Gulf Business

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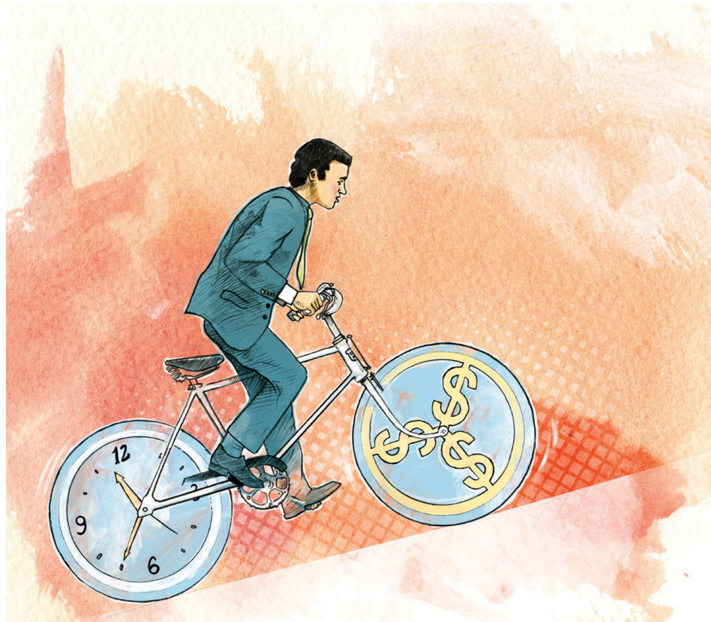
SOVEREIGN WEALTH FUNDS

THE GCC IS LEADING THE WORLD

WE ARE THE FUTURE

AIX INVESTMENT GROUP ON WHY PARTNERSHIPS ARE KEY TO ACHIEVING BREAKOUT RESULTS

Gulf Business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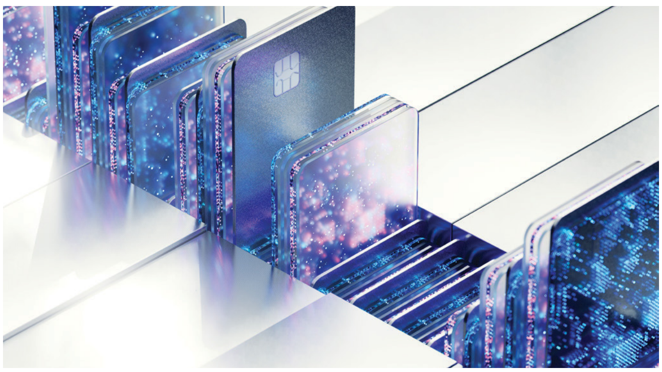
Pic: Supplied

"Dubai's Government has an unwavering commitment to provide the resources needed to empower top achievers, nurturing them to become competent and influential future leaders armed with advanced skills to enrich sectors in the emirate and write new chapters in Dubai's development journey."

Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of The Executive Council of Dubai

Pic: Getty Images



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FROM THE EDITOR'S DESK

"PREDICTING GDP GROWTH IN A FAST-CHANGING WORLD IS BECOMING MORE CHALLENGING."

In years gone by, predicting the economic growth of countries felt like a stock-standard game, where the results would be rather predictable and relatively accurate.

However, it seems that things have changed, perhaps because of how complex our world has become. Just this year, there have been several but varying forecasts for GDP growth in the UAE — all of which couldn't be more vastly different from each other.

Earlier this year, ratings agency Standard & Poor's (S&P) forecast that the UAE's gross domestic product (GDP) is projected to grow by 5 per cent in 2024, exceeding the 2.8 per cent growth forecast for the global economy.

Meanwhile, the Central Bank of the UAE (CBUAE) said it expects the country's GDP to grow by 5.7 per cent in 2024, compared to its previous projection of 4.3 per cent.

The World Bank, though, is much more modest in its expectations for the Emirates. It says that the UAE in 2024 will grow by 3.7 per cent. The World Bank further says the UAE economy will expand by 3.8 per cent in 2025.

When looking at the range of deviation, analysts differ in their assessments by as much as two percentage points. This can easily be a few billion dollars.

The real growth picture for the UAE may lie somewhere in the middle of all these figures. But even if it comes out at just 3.7 per cent, that is still a number that many a nation around the globe would be happy with right now.

Gareth

Gareth van Zyl, Group editor

The Brief

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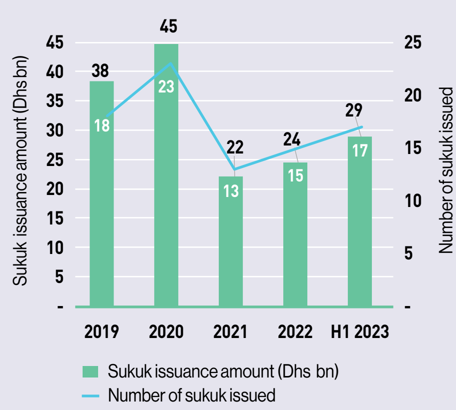
Sukuk issuance in the UAE



SOURCE: UAE ISLAMIC FINANCE REPORT 2023

ILLUSTRATION:GETTY IMAGES/RUNEER

Does your brand value you?

We look at why top companies should seek out and be willing to pay more for talent that matches their brand's uniqueness **p.13**

COMMENT

Abdulmohsin Al Omran,
founder and CEO,
The Family Office

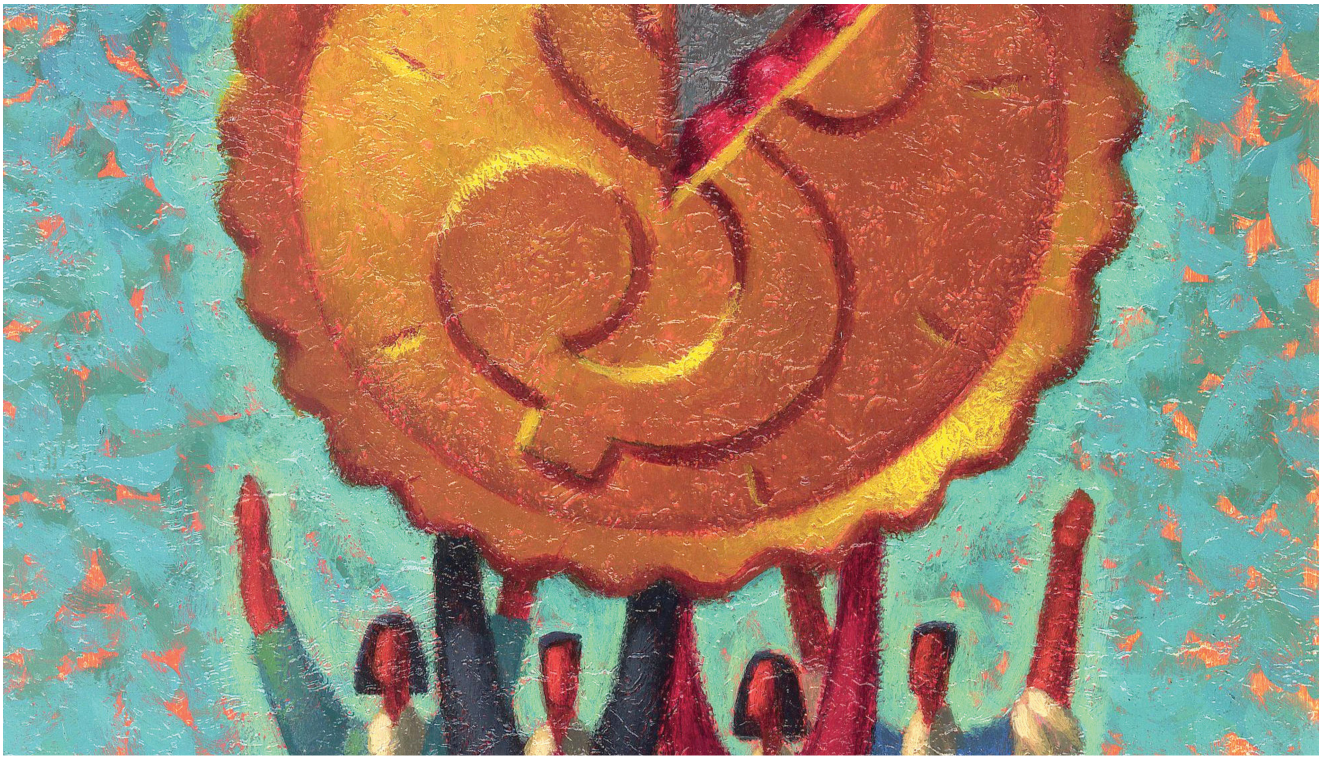


ILLUSTRATION: GETTY IMAGES/IMAGEZOO

Are you set for retirement?

We look at how private markets can boost your retirement portfolio

The ever-changing financial landscape of today presents numerous obstacles for people getting closer to retirement. The increasing lifespan of the ageing population strains traditional retirement systems, while inflation decreases the purchasing power of retirement earnings. As a result, the gap between retirement savings and maintaining a desired lifestyle continues to widen, driving retirement planners to look for other solutions. Independent and proactive investments in private markets stand out as a viable way to bridge the gap and ensure a stable financial future to be able to face these difficulties.

A growing ageing population and traditional retirement systems

Although living longer presents significant healthcare milestones, increasing average lifespans push retirement institutions to the limit, leaving many seniors without adequate financial support.

According to the United Nations, the number of people aged 65 years or older worldwide is projected to more than double, rising from 761 million in 2021 to 1.6 billion in 2050. Additionally, the number of people aged 80 years or older is increasing at an even faster rate. Extending working years in order to secure a decent retirement becomes an unavoidable reality for many, and with inflation added into the mix, the real value of retirement income gradually reduces. Retirees eventually become more susceptible to financial instability as the gap between their retirement income and the costs of maintaining a well-earned lifestyle grows with the rise in costs of living.

Financial literacy and independent retirement planning

In light of market fluctuations and lifestyle changes, proactive retirement planning has become a must to maintain the desired standard of living in retirement. Proper financial planning can support the individuals' unique needs and help them make prudent investments to provide a steady income throughout their golden years.

Financial literacy plays a vital role in enabling proactive retirement planning. In the Arab region, the average financial literacy rate is around 30.7 per cent. When compared to the global average of 33 per cent, this presents a significant challenge to solidifying adequate retirement incomes, as individuals might start saving or investing for retirement much later in their careers.

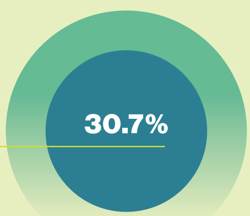
For a closer look, a 2022 survey by Friends Provident International found that around 45 per cent of UAE residents have not started saving for retirement yet, even though 63 per cent of residents hope to retire by 60 years of age. Additionally, 40 per cent of UAE residents will only start saving for retirement 10 years or less before they reach their retirement age.

Private market investment solutions

Private markets offer a plethora of choices outside conventional investment options like stocks and bonds. They include alternative assets like real estate, private debt, and private equity. These investments have the potential for higher returns and tend to perform better than public markets, particularly in times of high inflation, thereby helping shield retirees from the effects of growing living expenses.

Rent yields, profit distributions, and other sources are some of the main benefits of investing in private markets as they provide a regular stream of consistent income. Furthermore, the value of these investments frequently rises over time, adding to the overall worth of a retirement portfolio. Individuals can build a solid financial foundation that helps them weather market and economic turbulence by diversifying their investments in private markets.

THE AVERAGE FINANCIAL LITERACY RATE IN THE ARAB REGION



45%

OF UAE RESIDENTS HAVE NOT STARTED SAVING FOR RETIREMENT YET

RENT YIELDS, PROFIT DISTRIBUTIONS, AND OTHER SOURCES ARE SOME OF THE MAIN BENEFITS OF INVESTING IN PRIVATE MARKETS AS THEY PROVIDE A REGULAR STREAM OF CONSISTENT INCOME. FURTHERMORE, THE VALUE OF THESE INVESTMENTS FREQUENTLY RISES OVER TIME, ADDING TO THE OVERALL WORTH OF A RETIREMENT PORTFOLIO.

Private market investments have already been exemplified, as more than 44 per cent of regional investors are planning to increase their interest in private equity in the Middle East as they look to diversify more by raising their allocations in alternative assets.

Seek expert financial advice before execution

Private markets are full of opportunities, but investors need to tread carefully and seek professional, unbiased advice. Professional financial advisors help individuals navigate a complex environment to make informed decisions that match their unique financial objectives, risk tolerance, and retirement plans, focusing on the long-term perspective. Additionally, financial advisors can help individuals adopt certain behavioral tendencies that facilitate a 'retirement mindset' to increase the likelihood of saving or investing adequate amounts for retirement.

According to a collaborative industry report, four "optimal" behavioural features are evident in those who find it easier to prepare for retirement, including high optimism, high future orientation, high financial literacy, and reward orientation (as opposed to risk orientation).

Conclusion

Overall, independent and proactive retirement planning is more crucial than ever due to the growing disparity between retirement income and the costs of sustaining a desired lifestyle. Investing in private markets offers the chance to secure consistent income streams, guard against inflation, and achieve larger profits. Investors can minimise the distance between retirement and a secure financial future by embracing diversity and seeking professional guidance when navigating the intricacies of private markets. ●

Risk matrix: why the GCC is a bastion of stability

For over two decades, participants of the World Economic Forum in Davos have had the opportunity to digest the findings of the annual *Global Risks Report*. This year, climate woes and misinformation topped the key risks. But as Renée McGowan, CEO of Marsh McLennan IMEA, tells *Gulf Business*, the GCC is in a stable position where it could have a positive impact on world affairs

BY GARETH VAN ZYL

Misinformation, disinformation and climate change have topped the list of risks in this year's *Global Risks Report,* which was unveiled at the World Economic Forum (WEF) in Davos last month.

The WEF report, produced in partnership with Zurich Insurance Group and Marsh McLennan, draws on the views of over 1,400 global risks experts, policy-makers and industry leaders surveyed in September 2023.

The survey results are regarded as a key pillar of the WEF's Global Risks Initiative, which works to raise awareness and build consensus on the risks the world faces, in a bid to improve risk preparedness and resilience.

"The global risks report has been running over 20 years now, and it looks at taking stock of what are the global risks that are impacting countries, governments, institutions, organisations and, of course, individuals," Renée McGowan, CEO of Marsh McLennan IMEA, tells *Gulf Business* in a recent interview about the report's results.

"It's a very sophisticated report. It takes in the view of 1,500 experts around the world and we take their outlook regarding specific risks in both the relative near term as well as the long term," McGowan adds.

And chiefly, the report identifies five key risk areas, with these being: economic, environmental, geopolitical, societal and technological.

Diving deeper into the report, misinformation and disinformation (technological) are regarded as the top global risk for the next two years. This amid concerns over how technologies such as AI could impact our societies, especially amid over 50 elections being held worldwide in 2024.

This is followed by concerns over extreme weather events. Societal polarisation and cyber security concerns are in third and fourth position, respectively for the next two years.

Renée McGowan

But on the longer term 10-year view, respondents have markedly different views with environmental concerns taking over completely.

Here, concerns over extreme weather events, critical change to earth systems, biodiversity loss and ecosystem collapse, as well as natural resource shortages dominate the list of the top four risks.

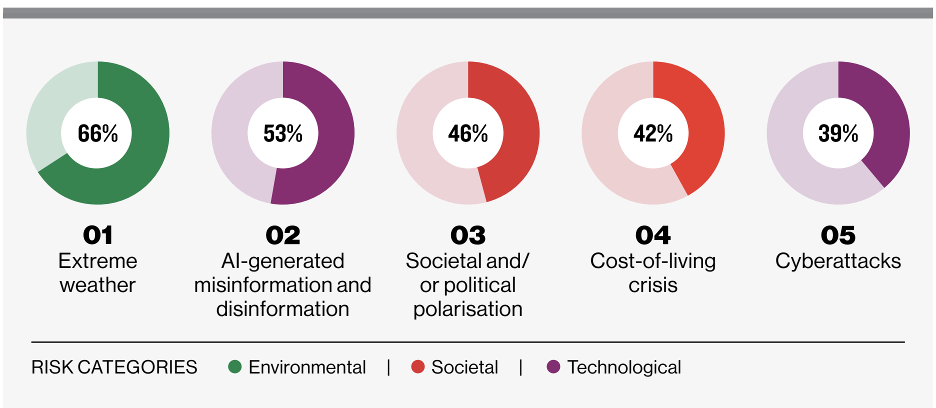
"We've had the hottest summer in the northern hemisphere on record, so people are feeling these impacts right now and governments are aware of them," says McGowan.

"And there's also an increasing realisation that local communities and even countries won't necessarily be able to mitigate these adverse weather impacts as well," McGowan notes.

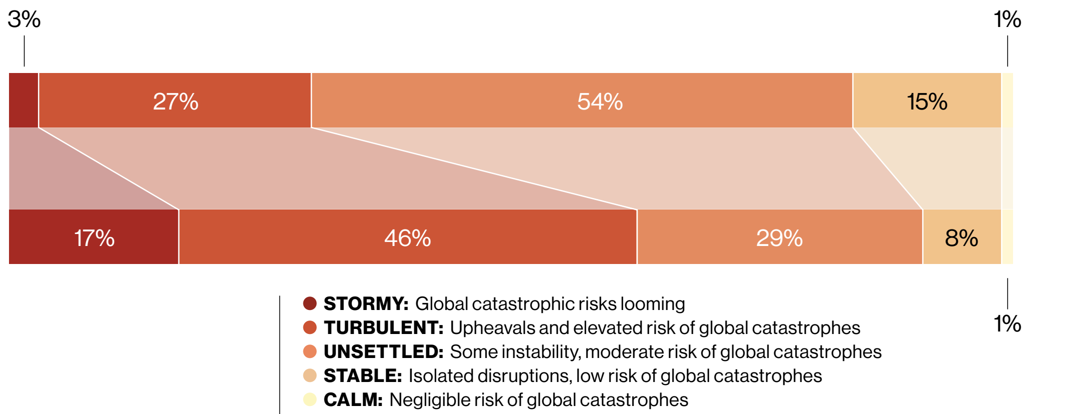
DIVERGENT OPINIONS

Another interesting facet of this year's report, however, is the differing views held by younger respondents versus their older counterparts.

"Sixty-six per cent of respondents in the survey actually placed extreme weather as a top risk. But the differences were quite acute between younger and older demographics. Extreme weather is particularly urgent for younger demographics but it is seen as less urgent for some older demographics. Now this obviously reflects cultural differences between demographics," says McGowan.



Source World Economic Forum Global Risks Perception Survey 2023-2024



Note The percentages in the graph may not add up to 100% because figures have been rounded up/down

Source World Economic Forum Global Risks Perception Survey 2023-2024

"It also reflects the fact that there is a healthy bias for action amongst younger generations as well. There may be a frustration with what has been the pace of change addressing climate change over prior years and an urgency for action. There was one other different bifurcation in there as well in that extreme weather was seen as more urgent in the public sector in organisations than it was in the private sector, which was a little bit of a surprise," McGowan notes.

GCC'S PLACE

The report also took into account responses from the Middle East and GCC countries.

"If we look at the Middle East, the big countries such as the UAE and Saudi Arabia had some similar risks aligned with the broad global risks," says McGowan.

There is also a view among respondents in the region that governments here are tackling some of the biggest issues facing the world right now, particularly when it comes to risks such as climate change.

"We just had COP28 in the UAE at the end of last year, and we really got to see the significant inroads that are happening in the Middle East to accelerate climate transition to ensure a just transition, as well as the sheer amount of investment," says McGowan.

"With all that investment and the positive direction from governments in the Middle East, we also see more social cohesion and we see more economic growth and opportunity. It's kind of like a positive flywheel, meaning that things like social impact and polarisation, things like the alarming impact that disinformation could have are probably reduced a bit in the Middle East.

"And then also things like climate change and the investment that is happening, we will likely see that parts of the Middle East will lead the way for other regions in the world," McGowan adds. ●

GLOBAL RISKS RANKED BY SEVERITY OVER THE SHORT AND LONG TERM

Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period.

THIS IS HOW RESPONDENTS ANSWERED THE QUESTIONS

	2 YEARS	10 YEARS
1st	Misinformation and disinformation	Extreme weather events
2nd	Extreme weather events	Critical change to earth systems
3rd	Societal polarization	Biodiversity loss and ecosystem collapse
4th	Cyber insecurity	Natural resource shortages
5th	Interstate armed conflict	Misinformation and disinformation
6th	Lack of economic opportunity	Adverse outcomes of AI technologies
7th	Inflation	Involuntary migration
8th	Involuntary migration	Cyber insecurity
9th	Economic downturn	Societal polarization
10th	Pollution	Pollution

RISK CATEGORIES ● Economic | ● Geopolitical | ● Environmental | ● Societal | ● Technological

Source World Economic Forum Global Risks Perception Survey 2023-2024

Nader Tavassoli, professor of marketing and the co-academic director of the Leadership Institute at London Business School; **Christine Moorman**, T. Austin Finch, senior professor of Business Administration, Fuqua School of Business, Duke University; and **Alina Sorescu,** Paula and Steve Letbetter `70 professor of Marketing, Mays Business School, Texas A&M University

Brand value

How 'brand' impacts pay, employee behaviour and profits

ILLUSTRATION: GETTY IMAGES/EXDEZ

A human resources (HR) director of a famous luxury brand once bragged, "Not only do customers pay more for our products, but we also pay less for talent!"

While this may well be true, is paying lower wages based on brand power such a good idea?

A school of thought known as "efficiency wages" challenges the seemingly straightforward notion that paying less results in higher profits.

In reality, higher pay can lead to greater profits because employees work harder and stay longer, with productivity gains and employee turnover savings outweighing the increase in compensation costs.

Our research across industries builds on this and shows that "how" a brand is viewed adds a surprising twist to the story.

Specifically, we find that brands seen as "better" in terms of brand quality approach pay very differently to brands seen as "different" in terms of brand uniqueness.

We further find that managers are myopic about the consequences of paying more or less based on brand perceptions - profits suffer when brands viewed as "better" pay less, whereas paying more boosts the profits of "different" brands.

Why do brand perceptions of being "better" or "different" affect pay?

Brands vary along two fundamental dimensions: the degree to which they are perceived as better and different. For example, Lexus is seen as high quality, but not particularly unique. In contrast, Jeep is viewed as unreliable and therefore lower in quality, but is uniquely perceived as rugged.

Of course, brands can be perceived as low or high on both dimensions. Take, for example, Dior and Gucci. They are both universally valued for the quality of their craftsmanship and heritage of excellence.

A SCHOOL OF THOUGHT KNOWN AS "EFFICIENCY WAGES" CHALLENGES THE SEEMINGLY STRAIGHTFORWARD NOTION THAT PAYING LESS RESULTS IN HIGHER PROFITS.

FIRMS THAT OFFER HIGHER PAY TO EMPLOYEES WHO MATCH THEIR BRAND'S UNIQUENESS TEND TO SEE THIS HIGHER PAY MORE THAN MADE UP FOR IN PRODUCTIVITY AND RETENTION GAINS

They are also different, with Dior renowned for its classic femininity and Gucci for its fashion-forward androgyny. Consumer preferences come down to a matter of taste.

So why would high-quality brands extend job offers with lower pay, and why would employees accept them? The answer is that well-regarded brands receive a greater number of qualified applicants, and being employed by them provides résumé power.

The brands' perceived quality rubs off on the employee and, knowing this, employees are willing to substitute lower current pay for more lucrative future job opportunities elsewhere. These dynamics provide high-quality brands with significant bargaining power – something many of them leverage to attract talent for less.

Brand uniqueness doesn't offer the same advantage, because HR is tasked with finding a particular type of employee whose idiosyncratic characteristics help build and deliver the brand – be it in a customer-facing position or behind the scenes. For example, Dior's femininity, Gucci's androgyny, or Wildfang's "tomboy chic" are each best suited by a different type of employee.

Similarly, being a travel aficionado – whether in a client-facing role, marketing, product development, or even finance – complements Louis Vuitton's travel-anchored brand DNA and strategic investments.

These dynamics are found across industries, whether it is McKinsey looking for a particular attitudinal and cultural fit, Pampers selecting people who are passionate about infant care, or Red Bull favouring people active in the cultural and sports domains they sponsor.

The nub is that HR needs to work harder to identify and attract matching talent when brand uniqueness is at play. And, when they find a match, they will not skimp on pay, especially as these candidates know their brand fit offers extra value.

HR is myopic about the consequences of these brand-based pay dynamics

Importantly, our research reveals that these pay decisions affect profits in unexpected ways.

Specifically, we find that employees who might have been glad to accept less pay at high-quality brands end up putting in less extra effort and exhibit higher voluntary turnover – no doubt, in part, because they now have a stronger résumé. We find that these negative employee behaviours cost brands more than they save by offering lower pay, resulting in lower profits.

In contrast, firms that offer higher pay to employees who match their brand's uniqueness tend to see this higher pay more than made up for in productivity and retention gains.

The higher pay motivates employees to go the extra mile and their better fit creates complementary value.

Association with a unique brand will also not provide universally valued résumé power at other firms, meaning employees are less likely to achieve the same higher pay elsewhere.

Employees therefore tend to stick around longer, thereby saving brands hiring and on-boarding costs.

Unfortunately, unlike compensation, these productivity and retention dynamics and their financial consequences are difficult to observe, which leads firms to make suboptimal pay decisions for both brand dimensions.

THE NUB IS THAT HR NEEDS TO WORK HARDER TO IDENTIFY AND ATTRACT **MATCHING TALENT** WHEN BRAND UNIQUENESS IS AT PLAY

A call for marketing, HR and finance to better align their efforts

The bottom line is that HR managers at high-quality brands should use this brand power to attract talent, but not to suppress pay, as doing so will ultimately hurt profits due to lower productivity and higher employee churn.

Conversely, brands should seek out and be willing to pay more for talent that matches their brand's uniqueness, trusting that this will eventually pay off in terms of productivity and retention gains.

These brands benefit from hiring people who possess an excellent cultural fit and who authentically and naturally bring unique brand differentiation to life.

This is easier said than done, of course, and there are structural impediments to getting it right.

Specifically, a CMO Survey* from last year found that marketing's cross-functional cooperation with HR and finance is significantly lower than with IT, operations, and sales. In fact, marketing's cooperation with HR and finance is the lowest overall.

Our research should encourage marketing and HR, in particular, to bridge this gap and work together closely to build and leverage the brand in attracting, rewarding, developing, and retaining the "right" talent. ●

WELL-REGARDED BRANDS RECEIVE A GREATER NUMBER OF QUALIFIED APPLICANTS

COMMENT

Sami Zaki, partner; **Rasha Salem**, principal; and **Efe Savas**, manager with Strategy& Middle East

ILLUSTRATION: GETTY IMAGES/JAUHARI1

Putting people first

Welfare systems in the GCC can be enhanced by building coherence among social protection programmes and focusing on the economic activation of social assistance beneficiaries

As Gulf Cooperation Council (GCC) countries transition towards diversified economies with increasing private sector participation, they must rethink their welfare system.

A common challenge for GCC social welfare systems, is the lack of a coherent philosophy. Indeed, some social welfare programmes work towards different outcomes. There is fragmentation and inconsistency at the governance, programmatic, and operational levels.

At the programmatic level, policymakers may design rules in silos, with the result that one programme can offset the intended outcome of another. Sometimes governments introduce temporary programmes to address imminent social challenges without a long-term view of how these initiatives integrate into the broader social welfare system.

At the operational level, there are delivery inefficiencies because of the lack of unified beneficiary and household information, along with limited opportunities for knowledge-sharing.

GCC countries also tend to rely on social assistance programmes, which places pressure on the government budget, while underutilising social insurance.

Generally, social insurance is limited to basics such as old age and survivor pension, along with disability and work-injury insurance. There is insufficient use of unemployment insurance and expatriate saving schemes.

SOME GCC COUNTRIES ARE STARTING TO EMPHASISE ACTIVATION AND ARE HELPING PEOPLE INTO WORK

GCC COUNTRIES CAN INCORPORATE MECHANISMS INTO SOCIAL PROGRAMMES THAT ACTIVATE AND MOTIVATE PEOPLE WHO CAN WORK TO PARTICIPATE IN THE ECONOMY. SUCH MECHANISMS PROVIDE ELIGIBLE RECIPIENTS WITH THE NECESSARY SKILLS TRAINING, EDUCATION, AND INCENTIVES TO JOIN THE WORKFORCE.

The absence of mature social insurance offerings, such as defined-contribution pensions, discourages people from remaining active in the labour market for longer. Instead, early drop-offs from the labour market and career interruptions are more common than in comparable economies, further increasing the pressure on social assistance.

Another issue is that many social welfare programmes in the GCC provide economic relief to low-income segments without encouraging economic activity.

Some GCC countries are starting to emphasise activation and are helping people to work. However, they can do more to improve labour market participation, which promotes their ambitious economic development and diversification goals.

Governments have not sufficiently sought effective social policy instruments that promote activation because of the popular belief that welfare is an entitlement rather than an earned benefit. This entrenched perception prompts governments to avoid negative perceptions by directly, or indirectly, providing hand-outs that create dependencies.

Three imperatives to reshape the social welfare system

GCC countries can reshape their welfare system by following three imperatives. The first imperative is to strengthen coherence among social protection programmes.

Building a new model means systemic adjustments in program design and funding. Social welfare programmes should primarily aim to deliver predefined national economic and human capital policy objectives. GCC governments should proactively design beneficiary-centered programmes that are integrated as one portfolio that provide the maximum, coordinated response – thereby ensuring the best use of resources. That demands a new architecture for programme administration ensuring proper coordination, oversight, and data-gathering.

The second imperative is to expand the social insurance offering. GCC governments should establish a clear link between the labour market and social policy. They can reform existing social insurance programs and institute new ones to maximise workforce coverage and achieve labour market policy objectives. That would also allow governments to target resources on the neediest cases and those unable actively to participate in the labor market.

The third imperative is to focus on the economic activation and behavioural change of social assistance beneficiaries.

GCC countries can incorporate mechanisms into social programmes that activate and motivate people who can work to participate in the economy. Such mechanisms provide eligible recipients with the necessary skills training, education, and incentives to join the workforce.

Governments can adopt active case management to engage relevant multi-sectoral agencies and beneficiaries in a coordinated manner. They also can integrate beneficiary data management to make it easier to assess eligibility, tailor services, and monitor impact.

Promoting activation also requires behavioural interventions to change public perceptions. It is critical to address any sense of entitlement, which has grown over time with over-reliance on generous government-financed assistance. Governments must communicate these changes through effective public engagement.

Governments can use behavioural approaches and tools to communicate the need for a new social welfare model to the public.

People are understandably wary of reforms that could take away their benefits, particularly when they are locked into long-standing programmes.

GCC countries are going through significant economic changes, with new sectors emerging and vast investments in infrastructure and cities.

The development of a modern, internally consistent, holistic social welfare model can support economic transformation, and a new era of prosperity, improve labour market efficiency and provide people with a stake in the system. ●

PICS: SUPPLIED

Peak into LEAP

Saudi Arabia's biggest technology event, LEAP, is taking place from March 4-7, and this year's event marks further strong growth for the gathering, according to Michael Champion, who is CEO of Tahaluf, the company organising the event

BY GARETH VAN ZYL

For an event that launched only in 2022, LEAP is already rivalling the region's biggest and longest-standing technology event, GITEX, in terms of relevance and pull-factor.

Last year, LEAP attracted 172,000 attendees to the Riyadh-based event in Saudi Arabia. This year, Mike Champion, the CEO of Tahaluf, an Informa company, says that they are expecting a further jump in this number.

This puts the Informa-backed event in the same league as GITEX technology expo in Dubai, which this year is expecting 180,000 visitors and has been going since 1981.


Michael Champion

While GITEX has traditionally built a name for being more of a product and gadget based event, LEAP is clearly positioning itself more as a gathering of thought leaders and techies. LEAP, in turn, describes itself bringing together the global tech ecosystem to network, connect, learn and discover.

As a result it has over 1,000 speakers and over 1,000 exhibitors.

"We're definitely tracking to increase the visitor numbers. We're positive that we will surpass the 172,000 attendance that we had last edition. I think LEAP has firmly established itself as a strategic conduit for international technology companies. We get a lot of VC's, and we have a lot of startups. We attract a lot of pioneers and inventors who come to the kingdom. These are all people who know that the kingdom has the appetite to be an early adopter of this technology and who has the appetite to invest early," Champion tells *Gulf Business.*

"I think because the Saudi market is quite liquid when it comes to its ability to invest, interesting companies and innovators around the world prick their ears up," says Champion.

There's no doubt that Saudi Arabia as a market for investing in tech has grown substantially.

Last year, Saudi Arabia overtook the UAE to become the top market for venture capital funding in the Middle East and North Africa, attracting more than $1.38bn of investment in 2023, according to a report by Magnitt.

And Champion says he has witnessed some of this uptick in investment activity first-hand.

"I've worked on tech events in the region before and I've been to lots of tech events around the world. The angel investor community would approach some of the startups at these events. And typically, these angel investors would say they'd like to get a percentage of a business and in return give the startup, say $50,000-$100,000. It tends to be sort of low ticket investments. But at Leap, we've seen angel investors make offers in the region of $500,0000 — just from the floor. This is because they're so excited to get involved in some of these emerging tech companies," says Champion.

DIGITAL DAVOS

Surfing the LEAP website, there is another stand out slogan that markets the event as a kind of 'digital Davos'.

LEAP's location in Riyadh couldn't be further from the snowy alps of Switzerland. But it certainly attracts all the big names.

Previously, the likes of popstar and tech investor, will.i.am, has made an appearance. This year's edition will see Sridhar Vembu, co-founder and CEO of Zoho making an appearance, while the CEO of global ride-sharing company Bolt, Martin Vilig will also be speaking.

"AT LEAP, WE'VE SEEN ANGEL INVESTORS MAKE OFFERS IN THE REGION OF **$500,0000** — JUST FROM THE FLOOR"

"IN 2023 WE DID ABOUT 10 EVENTS. IN 2024 WE ARE DOUBLING THAT AND IN 2025 WE MAY EVEN DOUBLE WHAT WE DO IN 2024. THAT IS A SERIOUS AMOUNT OF GROWTH. **WE COULD END UP IN 2025 BETWEEN 35 AND 42 EVENTS**."

“The media coined the term ‘Davos of the Desert’ and afterwards we thought it was actually quite a fitting term.

“LEAP isn’t necessarily as much of a government summit as Davos. But nevertheless, we do have very senior business leaders, ministerial presences, former prime ministers, and leading ministers of other countries flying in for this event. We’ve got dozens of chief executive officers of companies — we’ve had the CEO of Nokia in the past, we’ve had the CEO of Ericsson and there’s many more companies similar to this.

“We are attracting a strategic level of dialogue and participation in the event too,” says Champion.

LOOKING FORWARD

Beyond LEAP in 2024, Champion says his company is looking to rapidly increase the number of overall events in Saudi Arabia.

“In 2023 we did about 10 events. In 2024, we are doubling that and in 2025, we may even double what we do in 2024. That is a serious amount of growth. We could end up in 2025 between 35 and 42 events,” says Champion.

With Saudi Arabia winning the bid to host Expo 2030, there’s been no better time for events such as LEAP.

“We’re starting to see Saudi Arabia as not just a really important regional player, but it’s starting to make a big name for itself as a global hub for events now as well.

Government support has also helped LEAP grow further too.

“We’ve conceived these events and created these events, but Saudi Arabia’s Ministry of Communications and IT and also the Saudi Arabian Federation for Cybersecurity, Programming and Drones, have given us a lot of assistance in terms of how the content should be shaped,” Champion notes. ●

“WE’RE STARTING TO SEE SAUDI ARABIA AS NOT JUST A REALLY IMPORTANT REGIONAL PLAYER, BUT IT’S STARTING TO MAKE A BIG NAME FOR ITSELF AS A GLOBAL HUB FOR EVENTS NOW AS WELL.”

PICS: SUPPLIED

DeepFest AI event returns to Riyadh

More than 150 speakers will address 20,000-plus attendees on all aspects of artificial intelligence

BY AUSTYN ALLISON

DeepFest is back. The region's leading artificial intelligence (AI) event is returning for a second year. From March 4-7, it will take place at the Riyadh Exhibition and Convention Centre in Malham, Saudi Arabia. Organisers expect more than 20,000 visitors to come and see more than 150 speakers in this year's line-up.

DeepFest is billed as the premier meeting place for the global artificial intelligence ecosystem of thought leaders, change-makers, big tech, data scientists, innovators, enterprises, academia, start-ups, and entrepreneurs leading innovation across businesses.

Last year, DeepFest unveiled government AI initiatives and the latest innovations across many sectors. Its format incorporates a thought-leadership conference and a series of sector-dedicated tracks, trainings, live demos, innovation sessions, startup pitches and an exhibition that features the world's top tech companies from across the world.

The inaugural DeepFest took place last year in Riyadh, and was co-located with LEAP, which became the most attended tech event in the world.

LEAP is a global tech event that brings together tens of thousands of attendees to discover what's next for technology. Across four days, it explores the latest innovations from hundreds of the world's leading technology companies. Attendees can expect to hear from hundreds of experts and network with thousands of attendees. LEAP's 2023 event became the most attended tech event when an estimated 172,000 people attended its second edition. DeepFest and LEAP will be co-located again this year.

SPEAKER HIGHLIGHTS

While more speakers and topics are being added to this year's DeepFest line-up, highlights announced so far include Ramses Alcaide, CEO of Neurable, who will explore the pivotal milestones that have shaped the field of AI and propelled it to new heights. His session promises to take attendees on a journey through time, unveiling the breakthroughs that have revolutionised the way we perceive and harness artificial intelligence – from the evolution of AI research to symbolic AI, neural networks and deep learning.

Saad Godil, co-founder and chief technology officer of Hippocratic AI, will delve into the foundations and breakthroughs of AI, exploring its remarkable evolution over the years and the key milestones and foundational concepts that have shaped AI into the transformative force it is today. From early theoretical frameworks to ground-breaking algorithms and applications, he will trace the journey of AI's development, highlighting the pivotal moments that paved the way for its current capabilities.

Erica Lee, VP of machine learning (ML) at Upwork, promises to help her audience understand various AI applications of the past, present and future across ML language, vision and tooling such as SageMaker, KubrFlow and Kafka. Attendees will hear first-hand about Lee's career journey in AI, and what she has discovered about ML leadership whilst working as VP of AI at Upwork, director of AI at Zillow, and as manager of AI at Apple. Lee's team pioneered inventions including Apple's Siri 2.0 (with a 10 per cent language translation improvement), Zillow Zestimate 2.0 (with a 7 per cent house pricing improvement) and Upwork's Search & Fraud Engines 2.0 (which boast a quarterly $70m of revenue attributable to ML and 90 per cent automated fraud detection).

Artificial Intelligence is changing the landscape for every business. If businesses don't understand how to adapt and change their models they will be stuck in the past, says Meetup CEO David Siegel. As a leader, it is critical to learn the most important best practices

DEEPFEST IS BILLED AS THE PREMIER MEETING PLACE FOR THE GLOBAL ARTIFICIAL INTELLIGENCE ECOSYSTEM OF THOUGHT-LEADERS, CHANGE-MAKERS, BIG TECH, DATA SCIENTISTS, INNOVATORS, ENTERPRISES, ACADEMIA, START-UPS, AND ENTREPRENEURS LEADING INNOVATION ACROSS BUSINESSES.

when pivoting a business model related to AI. To this end, Siegel presents a Meetup case study. Meetup is a business with hundreds of thousands of AI-driven users and millions of overall users. In the early days of the global Covid-19 pandemic, Siegel had to pivot his company's business model from being a platform focused on an in-real-life community to offering online events. He will speak about how to work with your feelings of fear and uncertainty to make smart, decisive calls even when the stakes are high, and how to pivot and adapt to the massive changes ahead.

Alvin Wang, global vice-president of corporate development at HTC, will explore the emerging frontiers of technology and shed light on what lies ahead in the rapidly evolving landscape of the metaverse. Those attending his session can expect to engage in a lively dialogue, asking questions and gaining a deeper understanding of the possibilities that emerge when the metaverse and AI intersect. As with every transformation, it is always a

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172,000
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DEEPFEST AND LEAP WILL BE CO-LOCATED AGAIN THIS YEAR

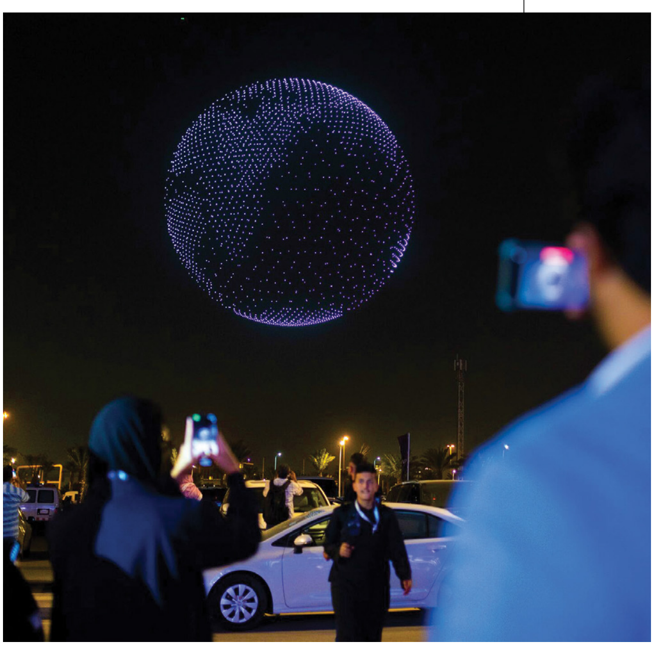
> THE AUDIENCE AT DEEPFEST WILL GAIN VALUABLE INSIGHTS INTO HOW BUSINESSES ARE LEVERAGING AI TECHNOLOGIES TO DRIVE INNOVATION, ENHANCE OPERATIONS AND CREATE NEW OPPORTUNITIES. THE PANELLISTS WILL LOOK INTO THE POTENTIAL FUTURE IMPACT OF AI ACROSS INDUSTRIES AND DISCUSS THE ETHICAL CONSIDERATIONS, WORKFORCE IMPLICATIONS AND STRATEGIES FOR SUCCESSFUL AI ADOPTION.

people-based transformation that sustains and drives enterprise value. With so much hype in the market, enterprises need to deploy tried and tested playbooks to drive growth and stakeholder value. Delegates at DeepFest can listen to Sanjeevan Bala, group chief data and AI officer at UK broadcaster ITV, an established AI leader who has the scars and has developed a playbook for successful transformations that deliver growth.

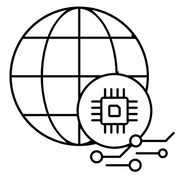
Deepfest will explore the latest advancements, trends, and challenges in the field of artificial intelligence through a group debate with Andrew Brinded, chief revenue officer at Nutanix; Jack McCauley, the innovative mind behind the iconic guitar controller for the Guitar Hero video game series and innovator in residence at UC Berkeley; Imran Ali Khan, CEO and co-founder of UAE-based unicorn Dubizzle Group; and Alliott Cole, managing director of Octopus Ventures, one of the largest venture investors in Europe with more than GBP1.7bn under management. The audience will gain valuable insights into how businesses are leveraging AI technologies to drive innovation, enhance operations and create new opportunities. The panellists will look into the potential future impact of AI across industries and discuss the ethical considerations, workforce implications and strategies for successful AI adoption.

In the session 'Collaborative Futures: AI, Geopolitics, and Sustainable Development', the panel will include Angela Kane, a 34-year UN diplomat in peace and politics, and former UN high representative for disarmament affairs; Tannya Jayjal, founder and CEO at Aiden; Thomas Davin, director of innovation at UNICEF; and Marc-Antoine Dilhac, who sits on the AI advisory council for the Canada government, is co-chair of the public awareness working group and was leader of the Montreal Declaration for a Responsible Development of AI. They will delve into the relationship between AI and geopolitics, discussing ethical considerations and collaborative strategies required for sustainable AI deployment.

Popular technologist Yonah Welker will explore global economic opportunities and the future of social AI systems, algorithms, and policies addressing disabilities, cognitive and sensory impairments, and autism spectrum disorders. He will help his audience understand areas of emerging AI and robotics-driven assistive technologies and accessible ecosystems, categories of systems, related policies, regulation and impact on a broader population and society, evolving adoption, literacy, and evaluation criteria. Rana Gujral, CEO of Behavioral Signals, will highlight the synergy between behavioural



ATTENDEES WILL BE ABLE TO CONNECT WITH MORE THAN
20,000 OTHER AI ENTHUSIASTS FROM ALL AROUND THE WORLD
TO DISCOVER, DISCUSS AND EXPLORE THE LATEST IN AI INNOVATIONS AND INDUSTRY APPLICATIONS



analytics and generative algorithms, illustrating their combined power in predicting complex patterns and behaviours. He will explore core technologies enabling this leap in artificial intuition and their broader applications, discuss ethical considerations, and envision the next wave of AI innovation.

Generative AI is here, and we need to steer it in the right direction to reach its potential. How can business leaders take the reins of this technology and bend the arc of its use towards something positive? There will be a panel discussion about how generative AI will revolutionise the workplace – with Aku Srikanth, director and principal at Workday; Fady Younan, co-founder and CEO at Unlock; and Noorin Virani, global head of data governance and growth at LVMH.

A talk on 'Responsible AI Meets Generative AI' by Ivana Bartoletti, global chief privacy officer at Wipro, will help attendees understand responsible data governance in the context of AI. She will address head-on the importance of data privacy, data security, and responsible data sharing in AI applications given the rise of Generative AI.

Eric Tan, Coupa chief information officer and chief security officer, will speak about the transformative role of AI in revolutionising how we safeguard our communities. He will delve into cutting-edge technologies, where predictive policing, drones as first responders, and proactive threat detection converge to empower law enforcement and emergency services. DeepFest attendees will disover how data-driven insights and intelligent algorithms, powered by large language models and computer vision contribute to more effective crime prevention and disaster management. This presentation will invite its audience to explore the possibilities and challenges for a safer and more secure future.

GENERATIVE AI IS HERE, AND WE NEED TO STEER IT IN THE RIGHT DIRECTION TO REACH ITS POTENTIAL

More speakers and topics are being announced regularly in the countdown to the event.

SAUDI ARABIA IS OPEN

Set in Saudi's capital city of Riyadh, the global tech convention will prove an opportunity to venture into the world's most up-and-coming city. On the sidelines of DeepFest, visitors can experience the culture, explore restaurants and have days out in Saudi Arabia with the people they meet at the event. This is all part of the DeepFest experience.

Attendees will be able to connect with more than 20,000 other AI enthusiasts from all around the world to discover, discuss and explore the latest in AI innovations and industry applications. They can network and grow their connections at DeepFest with like-minded individuals. ●

To find out more about the latest speaker announcements and topics to be covered, and to book your place at DeepFest, visit deepfest.com.

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PIC:SUPPLIED

Chris Ross

Travel and tourism: On a steady path to growth

CHRIS ROSS, CHIEF COMMERCIAL OFFICER, EMEA COLLINSON, GIVES US INDEPTH INSIGHTS INTO HOW THE TRAVEL INDUSTRY IS CONTRIBUTING TO THE REGIONAL ECONOMY, BLEISURE AND KEY TRAVEL TRENDS AND WHY 'FOSO' IS HAMPERING THE HOLIDAY EXPERIENCE

BY KUDAWASHE MUZORIWA

Q How is business in the GCC region given the travel industry has rebounded to pre-pandemic levels?

The GCC region's travel industry has rebounded strongly, surpassing 2019 tourist arrival levels by 15 per cent in Q1 2023, outperforming Europe. The UAE's tourism sector is expected to contribute nearly Dhs181bn in 2023, just 1.5 per cent below pre-pandemic levels, with substantial job creation.

The UAE has for a long time been a key market for the GCC for inbound tourism and Saudi Arabia, in line with its Vision 2030 strategy, has invested heavily to advance its positioning as a tourist destination with the developments of destinations such as Al Ula.

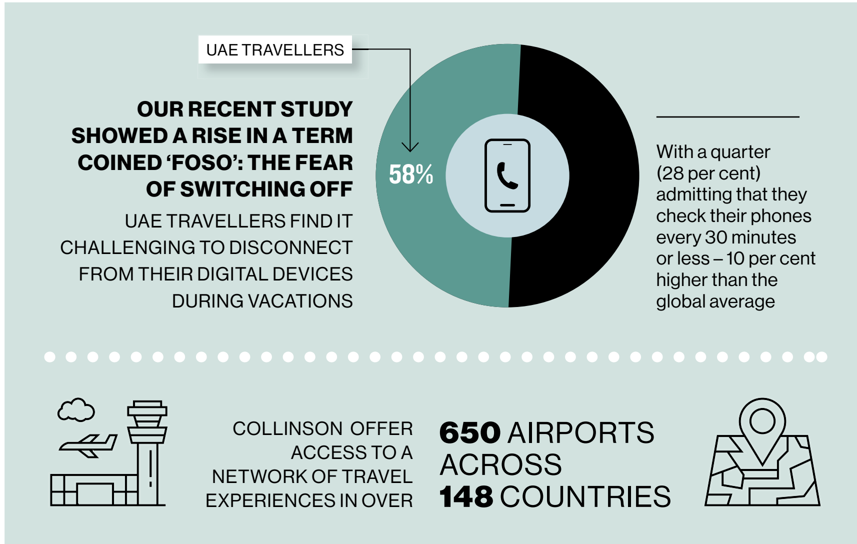
We've seen a continued trend post-pandemic for travellers arriving at airports hours earlier than they used to and making the most of their pre-travel experience whether that's using a lounge, shopping, or starting the trip early in F&B outlets. We've also seen that travellers are increasingly booking trips for longer periods whether that's through combining business trips with leisure trips or going on longer haul trips for more adventurous holidays.

Data also indicates that people are more willing to pay for premium experiences, whether they are seeking a little more space or extra comfort. Collinson has addressed this by adding more lounges and other experiences in the past year, covering 85 per cent of all international flights from the top 100 busiest airports globally.

As part of our broader approach to offer a wide array of airport experiences that extend beyond lounge access, we've introduced the largest Sleep 'n Fly lounge at Dubai International and a second Sleep 'n Fly lounge at Hamad International Airport in Qatar.

The GCC region is a thriving travel market how does it differ from other travel hot spots in Europe and Southeast Asia?

The GCC region's travel market stands out when compared to other popular travel destinations in Europe and Southeast Asia. What makes the GCC distinctive is its remarkable resilience and rapid growth in the travel industry. In the Middle East, there has been an impressive year-on-year increase in tourism, with a notable 28.1 per cent growthF, contributing an additional $47bn to the regional economy. Even in the face of operational challenges and closed borders in some areas, air traffic in the MENA region has surged by an astonishing 114 per cent. This reflects the



region's ability to quickly adapt to changing consumer demand and its strong recovery.

Despite ongoing challenges such as inflation and rising travel expenses, Europe's travel industry is showing resilience. It's noteworthy that we cover 100 per cent of all flights departing from Dubai, ensuring convenient access to our services, regardless of the terminal from which travellers depart.

Tell us about your collaborative partnerships in the Gulf region and how you expect these to enhance travel solutions.

Collinson is the global leader in the provision of airport experiences, loyalty, and customer engagement solutions. Our approach to travel loyalty goes beyond conventional programmes, uniquely rewarding travellers both before and during their journeys, setting us apart from other loyalty initiatives, especially in the Gulf region. By forming strategic alliances, we empower consumers to accumulate points year-round when making purchases with an array of merchants, subsequently enhancing their travel experiences. We are resolutely dedicated to extending this regionally, ensuring that travellers seamlessly integrate our benefits with their existing loyalty programmes.

In the Middle East, we have a strong partnership with Emirates Skywards where we've worked to develop skywardsmilesmall.com which is powered by Collinson's SmartEarn platform that helps boost Skywards Miles earning potential, whilst curating tailored and personalised rewards for members. Additionally, Collinson's SmartLink platform allows Emirates Skywards members residing in the UK and the US to link their payment cards and earn Miles when they shop with the participating partner brands.

Another key offering is Priority Pass, the travel and airport experience programme, and LoungeKey, a digital travel experiences programme, owned and operated by Collinson. Both are designed to enhance the airport experience for travellers. We recently conducted a global survey, which looked at travellers in different markets around the world and their behaviour. Our study found that half (53 per cent) of global travellers are able to switch off easily when travelling if they can visit an airport lounge before they fly. This is particularly prevalent in the UAE, where a similar number of travellers in the UAE also feel that shopping in duty free (51 per cent) and experiencing food and beverage (41 per cent) are also the most effective ways to switch off pre-flight.

This is crucial information that helps us to tailor our loyalty solutions to meet the needs and wants of our members. We recently commited to enhancing the pre-flight airport experience through partnerships that provide premium lounge access for members, so their trips are seamless from the minute they leave the house. Examples in the Middle East include The Primeclass Lounge at Muscat International Airport in Oman and the naSmiles Lounge at King Fahd International Airport in Dammam, Saudi Arabia. We also have a close partnership with Reward, a leading provider of personalised card linked offers (or PCLO), which extends its reach into the Middle East.

Overall, our strategic partnerships seamlessly enhance the travel experience for our customers. Our collaborations encompass shopping rewards, premium lounge access, personalised offers, and flight delay assistance, ensuring travellers worldwide enjoy exceptional and hassle-free journeys.

Which travel trends are advancing customer experience and how do you see shaping up in the medium term?

Flexible travel and the combination of work and leisure whether that's through the rise in 'bleisure' trips or remote work abroad – we're seeing a change in consumer attitudes whereby their travel experience from door to door is jampacked. SmartDelay is a flight delay feature that gives back to members if a flight experiences a delay exceeding 60 minutes. They receive valuable benefits such as access to airport lounges. This service has received growing interest as travel companies have struggled during the 'revenge travel' period and we see it increasingly supporting the trend where travellers are deeply affected if something in their itinerary changes beyond their control.

We're also witnessing a luxury evolution whereby travellers, including the younger generations, are actively seeking luxury experiences driven by influence on social media and heightened competition from airlines and hotels to offer the best deal and make travel more accessible across the board. To meet this demand, we're continuously evolving our rewards and offerings and continue to expand our lounge access and experiences for members globally.

Many travellers are now yearning to disconnect from the constant distractions of their devices and immerse themselves in the serenity of nature during their vacations. This new generation of travellers seeks an escape from reality and desires to learn survival skills, like fire-building and foraging for food, as part of their off-grid vacations, adding an adventurous dimension to their journeys. If you're looking to

> **"OUR MEMBERS HAVE ACCESS TO 1,500+ AIRPORT LOUNGES AND EXPERIENCES GLOBALLY, ALONG WITH REST AND UNWIND FACILITIES AT SELECT AIRPORTS."**

truly go off the grid, the Middle East is an ideal destination. Here, visitors can indulge in a variety of activities, such as camping under the desert stars, floating in the salty waters of the Dead Sea, and exploring the world's wonders.

Give us insight into new travel trends such as wellbeing holidays and smart spending.

The travel industry in the UAE is witnessing transformative trends in response to changing traveller preferences. A noteworthy trend is a rise in 'wellbeing holidays' driven by the impact of digital connectivity on travellers.

Our recent study highlighted a rise in a term we coined FOSO the 'fear of switching off'. The study found that 58 per cent of UAE travellers find it challenging to disconnect from their digital devices during vacations, with a quarter (28 per cent) admitting that they check their phones every 30 minutes or less – 10 per cent higher than the global average.

Seventy-four per cent of respondents in the UAE feel that managing their FOSO before traveling can greatly improve their overall wellbeing. When it comes to the ideal type of vacation for truly relaxing the best type of travel to switch off is a trip to the beach – followed by a city break, safari, or camping trip. The ideal time to go away is one week.

How is the use of digital technologies reshaping travel and tourism for both travellers and businesses in the industry?

Digital tech is reshaping travel for customers by helping businesses like us to understand our customers better, and therefore tailoring their travel experiences accordingly. Collinson invests in the creation of an interconnected traveller experience, powered by technology and data, to facilitate a frictionless journey. We are forging partnerships and collaborations across the travel ecosystem to develop disruptive technology that will benefit priority travellers.

Priority Pass and LoungeKey members, for instance, can pre-book essential travel services, such as ground transportation thanks to our partnership with CarTrawler, before they arrive at the airport. This makes each airport trip smoother, pleasant, and stress-free.

GCC countries are investing significantly in the travel and hospitality sectors. How is this contributing to economic growth in the region?

The GCC nations are strategically diversifying their economies away from oil and gas, with tourism recognised as a key viable industry. The UAE, particularly Dubai, exemplifies this transformation, luring investors with its expanding tourism offerings and favourable regulations. Saudi Arabia, Qatar and Oman are all actively working to boost visitor numbers.

Overall, GCC investments in the travel and hospitality sectors are spurring economic diversification, job creation, and infrastructure enhancement, making the region increasingly attractive for companies like Collinson that are reshaping the travel landscape for global travellers.

What's the key focus for Collinson this year?

Our focus this year is showcasing exactly how we aim to always put the customer first, ensuring a stress-free and seamless travel experience from the minute they arrive at the airport and using a loyalty programme that offers customers the benefits and rewards that actually appeal to them where they feel rewarded. The modern traveler seeks value-added benefits, and Priority Pass is renowned for providing a relaxed experience with luxurious facilities and amenities. We recently conducted another study that explored the value of travel benefits for consumers, and a lot of the results are pegged to their loyalty as a payment card holders. We found that 45 per cent of consumers are swayed by their card-holder decision dependent on airport lounge access as a reward benefit, which demonstrates how travel benefits are of such high importance when considering loyalty solutions. We're working closely to elevate our loyalty options with our partners in the UAE and globally to offer the best rewards and benefits for consumers. ●

GETTY IMAGES

FMCG retailer's circular shift: Urgency amid climate threats

GETTY IMAGES

Dr Althaf M M

DR ALTHAF M M, DIRECTOR OF ESG, LULU GROUP DISCUSSES URGENT CHALLENGES AND PRIORITIES POST-COP28, HIGHLIGHTING THE NEED FOR CIRCULARITY AND A 50 PER CENT CARBON FOOTPRINT REDUCTION BY 2030 IN RESPONSE TO ESCALATING CLIMATE THREATS

BY MARISHA SINGH

Q What are the primary challenges faced by the FMCG sector in transitioning towards circularity?

The primary challenge lies in combating the perception that sustainability equates to higher costs. Similar to how good food isn't necessarily expensive, sustainable practices in FMCG need not be costly either. As FMCG entities, we serve but don't entirely control the supply chain or consumer demands. Our influence is limited, making it crucial for practices across sectors to adapt. Collaboration between regulators, manufacturers, and retailers is key, although achieving this remains challenging. However, progress is being made.

Contrary to common belief, there's a positive inclination within FMCG towards circularity. One obstacle is the financial pressure within the industry, which operates on slim profit margins. For instance, packaging constitutes a significant portion of product costs (around 20-30 per cent). Opting for reduced or package-free solutions could either offer cost savings that benefit consumers or bolster our margins. Energy-efficient practices are also gaining ground, promising cost savings that can be passed on to consumers. The issue lies in the fragmented nature of innovations within FMCG. There's a need to unify efforts under an industry vision, similar to the cohesive approach seen in the oil and gas sector.

Current innovations, such as refilling stations in stores, highlight the potential for FMCG companies. However, for these initiatives to thrive, there's a necessity for packaging designed specifically for refill purposes that maintain product quality. Likewise, with recycling initiatives like reverse vending machines, preventing recyclables from ending up in landfills requires concerted efforts. Despite challenges, these actions are underway, not just within FMCG but across various industries. The need of the hour is collaboration and coordinated efforts to address these challenges collectively.

Is capex redistribution a challenge given the need for innovation and unified efforts, and the limited availability of green finance?

Certainly, it poses a challenge because much of our FMCG infrastructure operates within a cost-efficient framework, which includes substantial existing legacy systems. Implementing comprehensive changes all at once would pose significant obstacles. Hence, companies like ours focus on areas where financing is more attainable and where initiatives make immediate financial sense. For instance, investments in energy-saving measures involve retrofitting our stores, resulting in substantial energy savings of around 20-25 per cent. Similarly, initiatives like reducing plastic use and implementing refill systems present clear financial benefits for us.

Other practices, like addressing food waste through traceability and cloud-based management systems, also require capital expenditure. However, these investments eventually lead to cost savings. Yet, the most significant challenge lies in decarbonising our supply chain, as this aspect falls largely beyond our direct control, especially in Scope 3 emissions. This area demands substantial investment and attention.

When discussing circularity goals, what specific targets are you aiming for by 2030?

Our ambition is to reduce our carbon footprint by at least 50 per cent by 2030. While this may seem a shorter-term goal, we're accelerating our efforts. Already, we boast the region's first carbon-neutral supermarket. Other stores have made strides in energy-efficient building transitions. We're earnestly pushing towards these targets, hoping to meet them without any setbacks. ●

PIC: SUPPLIED

The net-zero journey

We explore how the the UAE's logistics sector can successfully achieve net zero carbon emissions from freight transportation

As per the Nationally Determined Contribution (NDC) commitment to reduce emissions, the UAE aims to achieve net-zero emissions by 2050. The UAE's National Energy Strategy 2050 is key to accomplishing the NDC's goal of lowering carbon emissions from freight transportation and reaching net-zero carbon emissions.

The environmental effects of carbon emissions from freight transportation are substantial. Trucks, aircraft, ships, and trains move billions of tonnes of cargo around the globe annually. Transportation contributes 8 per cent of the world's greenhouse gas emissions. Nearly one-fifth of greenhouse gas emissions come from transportation globally, and advanced countries like the US generate one-quarter of greenhouse gas emissions from the transportation industry alone, and these emissions are rising. Road vehicles such as trucks and vans are responsible for the bulk (65 per cent) of carbon emissions when it comes to modalities of freight transportation.

As part of ESG goals, service providers in the UAE operating in the freight transportation sector have taken important steps to reduce emissions from transportation services. Some of these practices include adopting low-emission vehicles, investing in fuel technologies, route optimisation, increasing the use of alternate fuel sources, and utilising efficient cargo management systems.

The UAE logistics industry is adopting the NDC climate action plan to achieve net zero carbon emissions from freight transportation by investing in the development and deployment of low-carbon freight transportation technologies, such as electric vehicles, hydrogen fuel cells, and advanced batteries. Also, the government has introduced fuel efficiency standards for heavy-duty vehicles and is promoting the use of telematics and other technologies to optimise freight routes and schedules.

The UAE is also developing sustainable urban logistics solutions, such as last-mile delivery by electric vehicles and cargo consolidation centres. For example, the government has launched a pilot programme to test the use of electric vehicles for last-mile delivery in Dubai. In addition to these specific opportunities, there is also an opportunity to reduce carbon emissions from freight transportation by improving the coordination and planning of freight supply chains.

Opportunities to lower carbon emissions

Governments, businesses and civil society organisations can all play a role in seizing the opportunities to lower carbon emissions from freight transportation. Industries can invest in low-carbon freight technologies, improve the efficiency of their freight operations, and work with their suppliers and customers to reduce the overall carbon footprint of their supply chains. Some of the practices that can help in achieving the net zero target:

Electric and hybrid trucks: Electric and hybrid trucks offer improved fuel efficiency, which can lead to cost savings for operators and reduce greenhouse gas emissions, which is beneficial for the environment. The adoption of electric/hybrid trucks plays a significant role in reducing the carbon footprint of the freight industry aligning with sustainability goals. However, there are some challenges to overcome, such as concerns about range, payload capacity, and the need for charging infrastructure.

With advancements in technology and infrastructure, electric vehicles are becoming increasingly feasible for a range of applications. The shift towards zero-emission models with payloads reflects growing confidence among truck manufacturers, who are now focusing on developing medium and heavy-duty trucks rather than just less container load.

This change is driven by numerous factors, including government regulations, market demand, and advancements in technology and infrastructure.

Gopal R, global leader, Growth Advisory, Supply Chain & Logistics Practice, Frost & Sullivan

Hydrogen fuel cell vehicles in freight transport: Hydrogen fuel cell vehicles offer advantages in the realm of freight transportation in long-distance trucking. In comparison, to trucks powered by batteries, hydrogen-fuelled freights have the advantage of refuelling and reduced weight penalty since tanks weigh less than batteries. Additionally, hydrogen fuel cells boast more efficiency levels than other energy sources, including various green energy solutions. This means that they can generate energy per pound of fuel. As a result, hydrogen fuel cell-powered vehicles can travel distances while using energy, which makes them particularly suitable for powering heavy-duty fleet trailers that cover hundreds of miles at a time. Moreover, heavy-duty hydrogen trucks can potentially provide cargo space while also being capable of carrying loads when compared to battery-powered trucks. Also, hydrogen fuel cells exhibit efficiency in terms of usage times and enable hydrogen vehicles to achieve ranges comparable to those powered by fossil fuels. This is a good advantage, in comparison to the current electric vehicle offerings.

Smart logistics and route optimisation: The use of IoT and big data, in freight management has an impact on developing logistics and optimising routes for sustainable practices. Companies can harness the power of IoT and big data to benefit from time tracking and data-driven decision-making capabilities.

With sensors, there is improved visibility and tracking of assets and vehicles well as monitoring environmental conditions in real time for better asset management. Big data analytics come into play by optimising routes and minimising fuel consumption leading to improving delivery times and enhancing efficiency in the supply chain. By incorporating enabled cargo monitoring companies can automate end-to-end visibility throughout the journey from manufacturing to delivery replacing traditional tracking methods.

Furthermore, IoT and big data contribute to waste reduction efforts while providing supply chain visibility to mitigate losses due to theft or damage. Ultimately adopting IoT and big data enables companies to analyse causes and predict outcomes with a scientific approach in business operations.

Predictive analytics for efficient shipping: Predictive analytics helps logistics and supply chain companies manage their operations proactively by predicting future disruptions before they happen and helps in efficient route planning to promote sustainability in freight management. Leveraging data with real-time information and machine learning algorithms predictive analysis accurately estimates package delivery times enabling shipping strategies such as route optimisation using alternative addresses through access points and precise demand forecasting. Moreover, it contributes to enhancing inventory management, warehouse efficiency, and order fulfilment processes. By incorporating analysis into operations, companies can reduce energy consumption and decrease their carbon footprint. This strategy enables businesses to understand cause-and-effect relationships effectively while modelling decisions, forecasting potential outcomes, and business optimisation.

IMPACT OF COP28

Key outcomes expected from COP28 in terms of net zero transportation include:

- **Stronger commitments from governments to reduce transportation emissions:** governments are expected to announce more ambitious targets for reducing transportation emissions. These measures could encompass strategies like implementing carbon pricing, enhancing fuel efficiency standards, and making investments in public transportation and electric vehicles.

- **Increased investment in research and development of low-carbon transportation technologies:** COP28 is expected to spur increased investment in the development and deployment of low-carbon transportation technologies, such as electric vehicles, hydrogen fuel cells, and advanced batteries.

Autonomous vehicles in freight transport: Autonomous vehicles can be programmed to prioritise fuel efficiency and adopt eco-driving techniques, such as smooth acceleration and deceleration, which can lead to significant fuel savings and emissions reductions. By optimising routes, speed, and acceleration autonomous trucks can enhance fuel efficiency. Operate continuously without downtime. Autonomous vehicles can communicate with each other and the infrastructure to optimise traffic flow, reducing congestion and improving fuel efficiency. This will increase the amount of goods transported and reduce the reliance on drivers, which can be expensive and time-consuming to manage. Moreover, the ability of autonomous vehicles to monitor speed limits ensures performance while reducing fuel consumption and maintenance costs can help in reducing carbon emissions.

Solar-powered freight vehicles for energy source: Solar-powered vehicles produce zero tailpipe emissions, making them an environmentally friendly alternative to traditional gasoline-powered vehicles. Using solar-powered energy as a sustainable power source helps decrease reliance on non-renewable fossil fuels and lowers greenhouse gas emissions. Moreover, adopting solar-powered transportation can lead to cost savings.

Once the initial investment is made the fuel costs become zero and it is an excellent choice for regions with rich sunlight. Additionally, it provides users with energy independence by enabling them to recharge their vehicles using the power without purchasing fuel or depending on the grid. This helps in reducing greenhouse gas emissions and enhances air quality minimising the industry's environmental impact.

Solar-powered cargo vehicles can decrease operational costs significantly because of the truck's self-produced energy. Solar-powered freight transportation holds promising growth opportunities in shaping the future of freight transportation. ●

PIC: GETTY IMAGES

Yousif bin Saeed Lootah

PIC: SUPPLIED

Oil's well and sustainable

YOUSIF BIN SAEED LOOTAH, FOUNDER AND CEO OF LOOTAH BIOFUELS, TELLS US WHY USED COOKING OIL IS A SUSTAINABLE SOLUTION TO ADDRESS OUR FUEL CONSUMPTION

BY NEESHA SALIAN

Q Tell us about Lootah Biofuels and its growth trajectory.

Our journey started with the simple idea of switching to low-emission fuel for our family group: S S Lootah owned the diesel trucks in our ReadyMix unit located in Al Qouz, and the Green Car Program under the group's CSR initiative. This inspired us to analyse our fuel consumption patterns and find a better, more sustainable way to use fuel. After conducting research and data gathering, we discovered the potential of biodiesel blends as a viable solution.

In fact, a 5 per cent biodiesel blend could be used in cars without any modifications. However, due to the scarcity of agriculture, finding feedstock for biofuels was a challenge. We found that used cooking oil (UCO) based biodiesel was a perfect alternative to traditional petroleum-based diesel fuel.

While electric cars were becoming popular in our region, many people overlooked the fact that the "greenness" of electricity was highly dependent on its source, which, in many cases, is derived from diesel.

In 2010, we founded Lootah Biofuels to become the leading collector of UCO in the UAE. Today, we collect over 160,000 litres of UCO every month from restaurants. We're so grateful to be making a difference to the environment and carrying out our mission to create a healthier planet for all.

Give us an overview of the biofuel production technology and processes your company utilises.

UCO is converted into biodiesel through a chemical process called transesterification. This process involves various catalysts such as primary acidic or enzymatic agents. At Lootah Biofuels, We convert UCO into biodiesel (B100) and blend it with high-quality, ultra-low sulphur petro diesel in a ratio of 5:95, resulting in the final product known as B5. By utilising UCO, which is sourced from food processors, restaurants and even home kitchens, we reduce not only waste that would otherwise end up in landfills or sewer pipes but also significantly lower production costs.

Generally, in biodiesel production from some feedstock, the cost of raw materials accounts for approximately 75 per cent of the production expenses. On the other hand, UCO-based biodiesel provides a waste-to-energy process that is an excellent solution for sustainable and cost-effective biodiesel production.

How are your biofuel production processes eco-friendly?

In line with the UAE's vision for sustainability and Net Zero by 2050, we are committed to introducing innovative and sustainable solutions to meet long-term energy requirements. To fulfil this commitment, we are rapidly expanding our production capacity, strengthening our distribution channels, and continuously enhancing the quality of our biodiesel.

It is crucial to focus not only on utilising waste materials but also on developing sustainable feedstocks and technologies for the success of biofuels.

Our conversion process produces 920ml biofuel from one litre of UCO, which is basically a 92 per cent yield, making it one of the most efficient fuel manufacturing. The rest of the products are used to make soaps, glycerin and other byproducts, making our processes completely circular and sustainable.

What is your current biofuel production capacity, and are there any expansion plans?

With a strong network for collecting UCO nationwide and a robust production capacity exceeding 100,000 litres per day, we are well-positioned to contribute to the growth of biofuels. We have taken significant steps towards expansion by signing collaborative MOUs with the governments of Maldives, India and a few more industry partners. Also, we actively engage in constant collaboration with the Circular Council and Ministry of Energy and Infrastructure to shape and discuss the future of the sector.

Tell us about partnerships that contributed to your production capabilities.

Yes, we have recently signed an agreement with Deasyl, a Swiss technology company specialising in developing chemical processes for green energy production; we will jointly explore new technologies to enhance biofuel production. Our first international pilot biodiesel plant is in collaboration with FENAKA, the water and electricity provider in the Maldives. Since our initial Biofuel plant in 2010, we have made significant progress. We will soon be opening a plant in Abu Dhabi, and we are now eager to support initiatives that promote the transition to a circular economy.

What markets do you primarily target for biofuel distribution, both domestically and internationally?

Our efforts are aligned with Dubai's sustainability goals. We are committed to increasing the share of biofuels, predominantly in the transport sector. Our aim is to provide biodiesel to each and every fuel station in the UAE and promote a circular economy beyond borders. We have four more partnerships in the pipeline. More recently, we also signed an MoU with the hospitality group Atmosphere Core to collect UCO from their hotels. Additionally, we are in the process of expanding our operations to Kerala in India.

How does the regulatory and policy environment in the UAE impact your biofuel operations? region?

Currently, the UAE Circular Economy Policy serves as a comprehensive framework for sustainable governance and optimal use of natural resources, fostering collaboration among businesses and creating an ecosystem to share resources and develop circular products.

The policy also aims to evaluate incentivising circular economy practices and pollution prevention technologies. As you know, incentives play a vital role in advancing sustainable manufacturing by providing financial support and market access. Additionally, mandating the use of renewables and biofuels for transport can significantly contribute to emission reduction.

In this regard, the UAE's recent membership in the Global Biofuel Alliance further enhances the country's position, providing access to knowledge, expertise, technological advancements, and international export opportunities for local producers. But more importantly, this will play a role in streamlining the scattered biofuel supply chain.

Can you share insights into any ongoing research and development efforts aimed at improving biofuel production or exploring new feedstocks?

A few recent announcements have been the UAE's partnership with the World Economic Forum to create a roadmap for the production of sustainable aviation fuel (SAF) and renewable hydrogen from PtL technologies by 2050. In addition, UAE state oil firm Abu Dhabi National Oil Company (ADNOC Group), renewable energy company Masdar, and oil major British Petroleum (bp) agreed in January to conduct a joint feasibility study on the potential for SAF using municipal solid waste and renewable hydrogen.

We recently welcomed a high-level delegation from the MoEI led by Engineer Saif Ghobash, Assistant Undersecretary for the Oil, Gas and Mineral Resources sector, in addition to discussing biofuel sector needs, we also discussed continuing to accelerate the development and deployment of advanced biofuels and green energy technologies to try to contribute towards the aviation sector.

A STRONG NETWORK FOR COLLECTING UCO NATIONWIDE AND A ROBUST PRODUCTION CAPACITY EXCEEDING

100,000

LITRES PER DAY

Are there specific technological advancements your company is working on in the biofuel sector?

Our partnership with Deasyl will explore merging their innovative capabilities and extensive industry with the advanced manufacturing capabilities we have to enhance energy production and catalyse biofuel production through chemistry. Currently, we are collaborating on glycerol valorisation.

What challenges does the biofuel industry face in the UAE, and how has your company addressed them?

Establishing a reliable supply chain for biomass feedstock is a major challenge for biofuel producers. We find it a critical challenge to ensure that the collected oil is minimally adulterated.

The sector basically runs on supplier-collector partnerships, wherein the recycler incentivises UCO supply partners; while this motivates restaurants and hotels to recycle UCO, it also leads to increasing volumes through adulteration with water and food waste for monetary benefits. The adulterated UCO reduces recycling in the production unit and causes losses for recyclers like us.

How do you see the future of the biofuel industry in the UAE evolving?

Global demand for biofuels is set to grow by 41 billion litres, or 28 per cent from 2021-2026. It would be enthralling to see policies and regulations for mandatory biofuel use. I am happy that the UAE is taking all the required steps towards energy diversification. ●


PIC: SUPPLIED

A traditional approach

CATHERINE CONE, SUSTAINABILITY PLANNING DIRECTOR AT THE ROYAL COMMISSION FOR ALULA (RCU), ON HOW THE AUTHORITY IS PRESERVING LOCAL TRADITIONS USING SUSTAINABLE CONSTRUCTION

BY NEESHA SALIAN

The Royal Commission for AlUla (RCU) was established in 2017 to safeguard and elevate the significance of AlUla's cultural heritage for present and future generations

Located 1,100km from Riyadh in northwest Saudi Arabia and home to an oasis, sandstone mountains and ancient cultural heritage sites, AlUla is being seen as a flagship project in terms of sustainable development, focused on the absolute preservation of the environment, respectful of history, and inclusive of local populations.

Here, we speak to Catherine Cone, sustainability planning director at the Royal Commission for AlUla (RCU), who shares how the authority is upholding local traditions using sustainable and traditional products.

Q How is the RCU preserving local building traditions, while driving forward the comprehensive regeneration of AlUla County?

This forms a key criteria across all projects in AlUla. For centuries, AlUla has utilised traditional building processes which use local materials such as earth, stone, and palm to merge a rich heritage and an imposing natural landscape into functional structures for residential and commerce.

I have been tasked to work across multiple teams to find ways to further utilise these local practices to address urgent 21st century challenges around climate and sustainability.

Explain RCU's plans for a Centre of Excellence in earthen architecture and sustainable construction and how this will support RCU's vision for AlUla?

The centre will provide a physical hub and educational platform to elevate our work advancing carbon-neutral buildings, bioclimatic architecture, and heritage preservation, supporting innovation in materials and techniques, and growing local and regional talents.

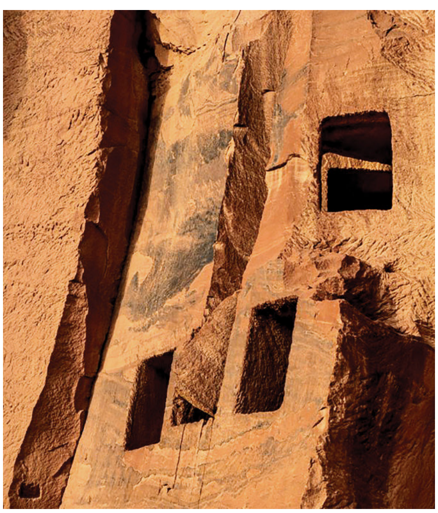
“SCHEDULED TO BE RELEASED BY 2027, THE ALULA CENTRE OF EXCELLENCE IN EARTHEN ARCHITECTURE AND SUSTAINABLE CONSTRUCTION WILL BE A BUILDING THAT DEMONSTRATES THE BEAUTY AND FUNCTIONALITY OF SUSTAINABLE CONSTRUCTION, LOCATED IN THE HEART OF ALULA.”

Scheduled to be released by 2027, the AlUla Centre of Excellence in Earthen Architecture and Sustainable Construction will be a building that demonstrates the beauty and functionality of sustainable construction, located in the heart of AlUla. But our efforts to explore and enhance sustainable construction and local building materials are very much underway and already yielding results.

Our aim is that it will uniquely combine heritage, sustainability and iconic design, to unlock the potential of the local building materials supply chain to serve AlUla’s legacy and unique visual identity, sharing insights with the world.

Its educational capabilities will also serve as a research hub, which will allow us to deepen our work to engage and educate the community and experts alike, contributing to shifting the construction paradigm and playing an active role in establishing the next generation of construction codes and standards.

The centre of excellence will provide hands-on training, prototyping, and nurture research, including PhD and post-doctoral.



Why is it so important to address such sustainability topics?

As demonstrated at the recently concluded COP28 in Dubai, and Saudi Green Initiative, the world is continuing to search for climate solutions that balance a wide range of competing interests.

We believe that a multi-pronged approach is vital, especially in finding and using low-carbon and low-impact building materials that will help to drive the development of more sustainable architecture.

We recently released a report in collaboration with the International Union for Conservation of Nature which addressed this, and presented a case for others to implement a policy of comprehensive regeneration. Focused not only on revitalising natural landscapes, comprehensive regeneration employs a diverse set of principles and approaches built around the goal of how people and societies interact with their surroundings. These principles encompass environment and heritage safeguarding; sustainable settlement patterns; development, growth and activation; and resilient infrastructure.

How is RCU working with the community to ensure future growth address their needs?

The AlUla Sustainability Charter provides the foundation for our efforts: from hosting community engagement workshops with CRAterre, an international centre for earthen architecture, to undertaking a comprehensive soil survey, analysing the suitability of over 20 different soils in AlUla for plastering, building blocks, and rammed earth walls.

To inform our efforts, we have prototyped the durability and feasibility of mud walls. We have developed guidelines for the restoration and preservation of the Old Town – a labyrinth of mud houses and fort dating back to the 10th century.

We are currently bringing the Experimental Lab on Local Building Materials to life. Over the next three years, the lab will provide design and prototyping assistance to iconic projects, initiate a R&D programme, and spark local and global conversations around sustainable construction and earthen architecture.

How does RCU select the right architects for its projects?

Continuing the architectural legacy of AlUla, the architects whom RCU has already commissioned for projects are known for embracing the heritage and beauty of the land.

For example, the Oasis Agriculture Campus will be designed by Francis Kéré, an architect who specialises in sustainable architecture and the use of local materials, and whose commissions have included the Centre for Earth Architecture in Mali.

Meanwhile Lina Ghotmeh, who is designing AlUla’s contemporary art museum, also designed Ateliers Hermès, the first low-carbon, energy-positive building in France.

The upcoming opening of Dar Tantora, an eco-lodge situated in sensitively restored mudbrick buildings in Old Town, is a testament to the captivating charm and enduring relevance of earthen architecture. For us, it is vital that we continue to find enduring value in the ways of AlUla’s ancestors. Like those who came before us, who lived in harmony with nature and conversed with travellers on the old Incense Road, we look forward to dialogue, collaboration, and learning to ensure buildings, and the materials and processes that create them, enhance the environment and community, in AlUla and beyond. ●

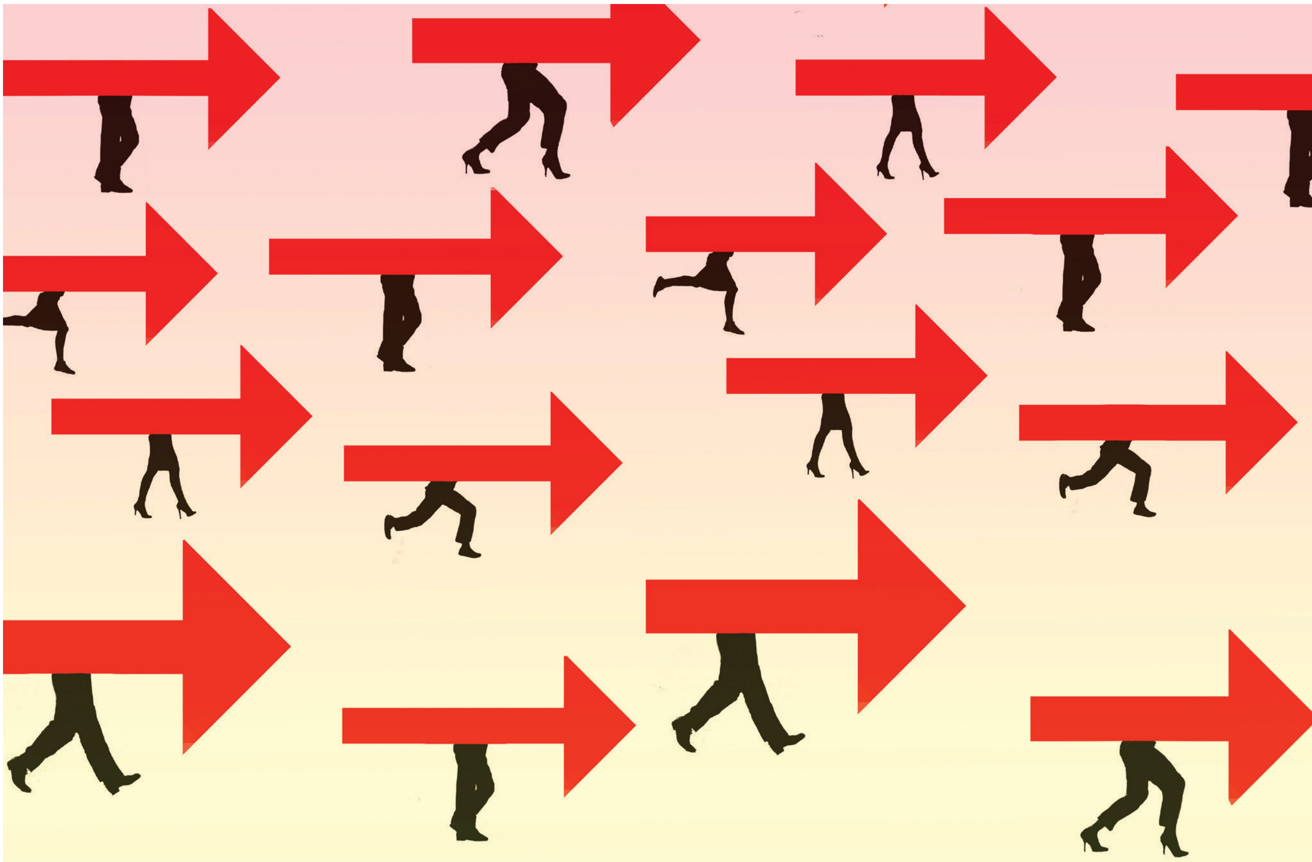


ILLUSTRATION: GETTY IMAGES/FANATIC STUDIO/GARY WATERS/SCIENCE PHOTO LIBRARY

Masculine and feminine energies: a new leadership paradigm

In the 21st century, traditional leadership models are no longer sufficient: we need leaders who embrace both masculine and feminine energies

This particular segment of the economy grew by 11.1 per cent during the first nine months of 2023, according to data released by the government of Dubai.

To put this into perspective, the value of this sector in the first nine months of 2022 was Dhs10bn, and in the same period last year, it was Dhs11.1bn. However, this growth does come off a smaller base as the accommodation and food sector contributes 3.4 per cent to the local Dubai economy. In comparison, wholesale and retail trade contributes 24.6 per cent to the Dubai economy but it grew by a more modest 1.5 per cent last year.

What these numbers do suggest though is that Dubai is beginning to leverage its position more as a top tourist hub in the world, and recent market liberalisations – such as the recent removal of a 30 per cent municipality tax on alcohol – have helped the accomodation and food sector to grow much faster.

Market liberalisations are the best way to grow economies and the government officials in Dubai clearly understand this very well. This is a positive attribute for the emirate going forward.

In today's ever-evolving global landscape of business and politics, our expectations of leaders are undergoing a significant transformation. Conversations surrounding diversity and inclusion, particularly concerning gender diversity, have gained momentum. Reports, such as the one from McKinsey & Company, indicate that gender-diverse executive teams may outperform their less diverse counterparts financially by 25 per cent. However, the focus shouldn't merely be on the number of women in leadership positions, an even more relevant

Paddy Upton, a leadership coach, keynote speaker and mental coach has over 25 years' experience working with high-performance teams in business and sport

SIMILAR TO BUSINESS LEADERSHIP, POLITICS HAS LONG BEEN INFLUENCED BY MASCULINE ENERGIES, PRIORITISING STRATEGIC THINKING AND DECISIVENESS OVER EMPATHY AND COLLABORATION. BALANCING THIS DOMINANCE WITH FEMININE ENERGIES WOULD BE BENEFICIAL, BUT FEMININE TRAITS CAN ALSO HAVE LIMITATIONS. EXCESSIVE CARING, OVER-COLLABORATION, AND EMOTIONAL SENSITIVITY CAN HINDER EFFECTIVE LEADERSHIP IN COMPETITIVE ENVIRONMENTS.

conversation might focus on the balance between masculine and feminine energies guiding leadership.

Before delving deeper into this concept, it's important to clarify what we mean by "masculine" and "feminine" energies. These qualities are not tied to one's gender; they are archetypal characteristics that all individuals possess to varying degrees. Masculine energy embodies traits such as assertiveness, competitiveness, logic, goal orientation, and risk-taking. In contrast, feminine energy encompasses qualities like compassion, empathy, collaboration, intuition, and emotional intelligence.

Both sets of qualities are vital in leadership. Masculine traits ensure financial viability, while feminine traits address the human aspect. When combined, they offer a holistic approach that promotes financial success, emotional intelligence and environmental care.

Historically, leadership has been dominated by male leaders displaying masculine energy, shaped by patriarchal leadership and social narratives. While masculine energy has its strengths, such as competitiveness and rationality, it also has drawbacks, including a win-at-all-costs attitude and emotional detachment. An excess of authoritarianism, dominance, and risk-taking can compromise employee well-being and ethical practices.

Similar to business leadership, politics has long been influenced by masculine energies, prioritizing strategic thinking and decisiveness over empathy and collaboration. Balancing this dominance with feminine energies would be beneficial, but feminine traits can also have limitations. Excessive caring, over-collaboration, and emotional sensitivity can hinder effective leadership in competitive environments.

While advocating for more women in leadership is important, it should not be reduced to a mere checkbox exercise. Some women leaders feel pressured to adopt dominant, assertive personas, suppressing their feminine energies. This approach may yield success, but it comes at a cost to themselves and the organizations they serve.

In the 21st century, traditional leadership models are no longer sufficient. We need leaders who embrace both masculine and feminine energies. Leaders such as Professor Brené Brown and Satya Nadella exemplify this approach, emphasising vulnerability, empathy, and authenticity. Beyond the interplay of masculine and feminine energies, it's important to recognise that leadership is a far more complex tapestry of factors such as race, sexual orientation and cultural background.

FINAL THOUGHTS: SEEKING BALANCE

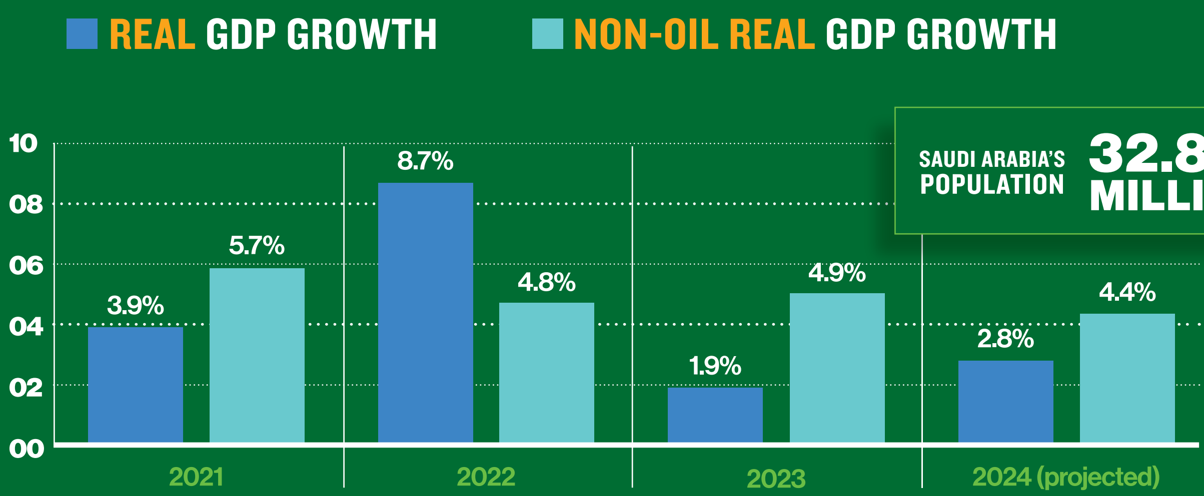
The world needs leaders, and maybe even more importantly, leadership teams that can effectively harness both masculine and feminine energies, regardless of gender. Leadership should encompass critical thinking and empathy, assertiveness and nurturing, and a focus on the bottom line while caring for the wellbeing of people and the environment.

It's time to shift the conversation from "more women in leadership" to "more balance in leadership." Leadership should be viewed as a harmonious blend of energies rather than a battle of the sexes. ●

IN THE 21ST CENTURY, TRADITIONAL LEADERSHIP MODELS ARE NO LONGER SUFFICIENT. WE NEED LEADERS WHO EMBRACE BOTH MASCULINE AND FEMININE ENERGIES

SAUDI ARABIA'S ECONOMIC AND TECH GROWTH STORY

THE GCC'S BIGGEST ECONOMY HAS BEEN BOOMING, WITH STRONG GROWTH DRIVING DOWN UNEMPLOYMENT AND SPARKING OFF AN EXPANSION. HERE ARE JUST SOME OF THE KEY NUMBERS AND FIGURES THAT ILLUSTRATE THE STATE OF SAUDI ARABIA'S ECONOMY



SAUDI ARABIA'S POPULATION **32.819 MILLION**

FALLING INFLATION

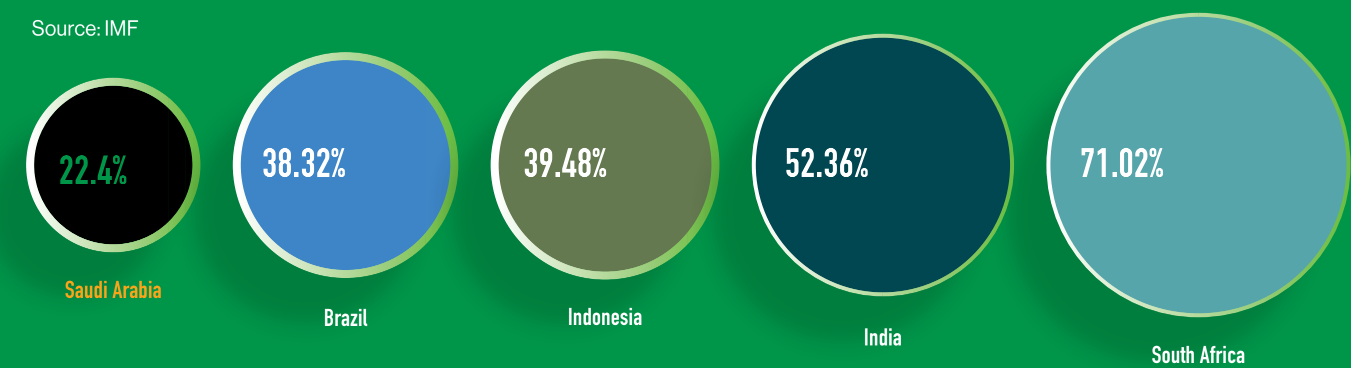
Source: International Monetary Fund

2021	2022	2023	2024 (projected)
3.1%	2.5%	2.8%	2.3%

IN PERSPECTIVE: SAUDI'S LOW DEBT-TO-GDP RATIO

COMPARED TO OTHER LARGE EMERGING MARKETS, SAUDI ARABIA HAS A VERY LOW DEBT-TO-GDP RATIO

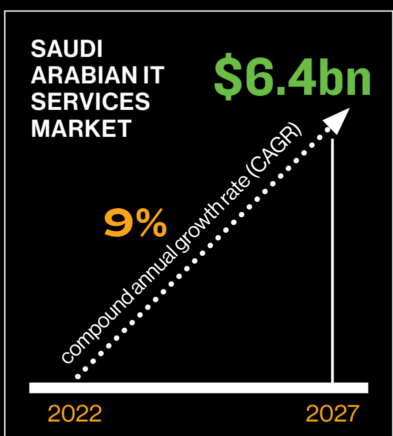
Source: IMF



SOURCE: INTERNATIONAL MONETARY FUND (IMF)

"SAUDI ARABIA'S SUBSTANTIAL INVESTMENTS IN MEGA PROJECTS AND DIGITISATION INITIATIVES HAVE CATALYSED SIGNIFICANT DEMAND FOR EMERGING TECHNOLOGIES. THIS HAS RESULTED IN WIDESPREAD IMPLEMENTATION OF DIGITAL TRANSFORMATION INITIATIVES ACROSS BOTH THE PUBLIC AND PRIVATE SECTORS, THEREBY ACCELERATING THE ADOPTION OF IT SERVICES THROUGHOUT THE COUNTRY."

— SURAJ GODSE
senior research analyst
for IT Services, Trackers and
Data Products at IDC



40%
from 2023 to 2024
Cloud computing registrations growth rate

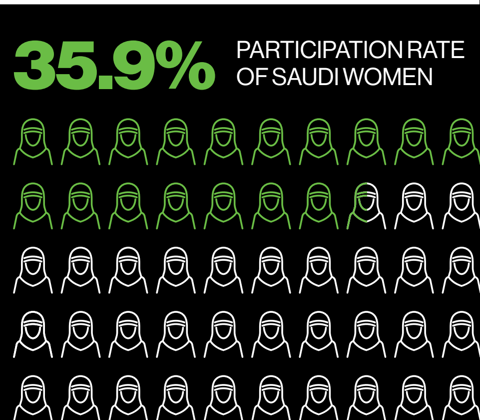
Source: Saudi Arabia's Ministry of Commerce

Source: Ministry of Tourism

*2022 and 2023 estimates are preliminary

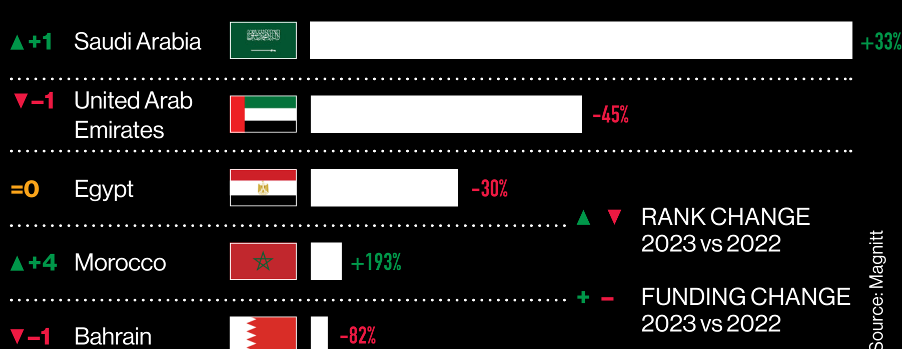
8.3%
Unemployment rate

Source: General Authority for Statistics (GASTAT) labor force survey



Source: GASTAT

MENA Country Funding Comparison 2023



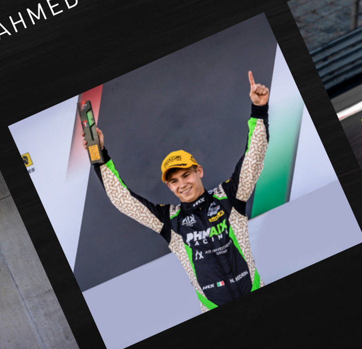
Source: Magnitt

ELEVATING IMPACT: FROM

THE 146TH FLOOR TO THE RACING TRACK

RUNNING AN INVESTMENT FIRM FROM DUBAI IS A FAST-PACED ENDEAVOUR THAT REQUIRES AMBITION AND DRIVE TO GET AHEAD. ONE OF THESE FAST-GROWING FIRMS IS AIX INVESTMENT GROUP. AND WHILE KEEPING ITS PRODUCT OFFERING HIGHLY FOCUSED, IT IS ALSO BRANCHING OUT WITH SEVERAL INTERESTING PARTNERSHIPS TO HELP GROW ITS REACH.

WORDS GARETH VAN ZYL **PHOTOS** AIX | AHMED ABDELWAHAB



Fadi Dabbagh, President of the Board of AIX

Being located on the 146th floor of the Burj Khalifa — standing among the distinguished few corporate offices in the world's tallest tower — is something that many businesses would love to tout as part of their DNA.

But for financial services firm, AIX Investment Group, this has been their home for several years now and they not only have a bird's eye view of one of the world's most important business centres, but they've also developed an understanding of the region's unique markets and dynamics. Ever since establishing itself in Dubai, AIX has become one of the big name investment advisory firms here where GCC and global investors turn to invest their wealth.

Strong growth in the GCC markets have helped firms such as AIX tap new investor markets. According to the World Bank's new *Global Economic Prospects* report the UAE's real GDP is expected to grow by 3.4 per cent in 2023, rising to 3.7 per cent in 2024 and to 3.8 per cent in 2025.

Some forecasts, such as those from ratings agency S&P, have gone as far to suggest that the UAE will grow by 5 per cent in 2024. However, AIX has a wider ambit than just the UAE as the company also has a presence in Zurich.

"We currently cater to a diverse range of markets globally, leveraging Dubai as a hub and gateway to connect with investors from various regions. Our strategic presence in Zurich has facilitated access to a broad audience. We remain committed to our expansion trajectory to further grow our reach and impact. While specific details on upcoming markets are proprietary at this time, our overarching goal is to continue extending our services to new regions and strengthening our global presence," says Fadi Dabbagh, President of the Board of AIX. In many ways, the investment advisory firm has kept its approach minimalist and to the point by primarily focusing on providing just two products

Harish Prithvi, Chief Operating Officer of AIX

OUR COMMITMENT TO THE 70/30 RULE, FOCUSING ON 70 PER CENT FIXED INCOME INVESTMENT OPPORTUNITIES AND 30 PER CENT VARIABLE INCOME OPPORTUNITIES, REMAINS STEADFAST.”

in the market. The first is AIX’s bond offering that touts an 18 per cent annual yield, a fixed quarterly coupon rate of 4.5 per cent, and a 36-month maturity period.

The other key offering that AIX has in the market is dubbed its ‘Property Secure Investment’ offering, which the company says allows investors to achieve rental returns from 14 up to 20 per cent at pre-established dates and paid directly to investors’ beneficiary accounts.

This product exists amid a backdrop where the real estate market in cities such as Dubai has been on a tear.

Billions of dirhams in transactions have occurred in Dubai’s real estate in just the first few days of 2024, according to data from the Dubai Land Department.

The authority, earlier this year, revealed that a total of 2,910 real estate and property transactions valued at Dhs10.1bn were conducted for the week ending January 12.

This, in turn, provides investors from the GCC and the rest of the globe with more choices.

“The appeal of these investment offerings extends both regionally and globally. We have witnessed significant interest and participation from investors in the local region as well as from around the world. This widespread demand underscores the attractiveness of our investment products, reflecting their

‘PROPERTY SECURE INVESTMENT’ ALLOWS INVESTORS TO ACHIEVE RENTAL RETURNS FROM 14 UP TO 20 PER CENT

ability to cater to the diverse needs and preferences of investors across different geographic locations,” says Dabbagh.

But the minimalist approach goes one step further with AIX sticking to an investment philosophy of its so-called ‘70/30 rule’.

This involves the company focusing on 70 per cent fixed-income investment opportunities and 30 per cent variable-income opportunities.

“Our commitment to the 70/30 rule, focusing on 70 per cent fixed-income investment opportunities and 30 per cent variable income opportunities, remains steadfast,” Harish Prithvi, Chief Operating Officer of AIX tells *Gulf Business.*

“This strategic allocation is designed to provide a balanced approach that combines the stability of fixed income with the growth potential of variable-income investments. While we continuously monitor market conditions, economic trends, and performance metrics, our core investment philosophy remains centred around this well-established ratio.

“We believe that this allocation strategy not only aligns with our historical success but also reflects our dedication to prudent risk management and delivering consistent returns for our investors. The 70/30 rule provides a framework that allows us to navigate various market scenarios while maintaining a resilient and diversified

INVESTMENT OUTLOOK FOR 2024

ACCORDING TO THE TEAM AT AIX, HERE’S A GENERAL CONSIDERATION AND TRENDS THAT MAY SHAPE THE ECONOMIC LANDSCAPE IN THE UAE AND THE GCC IN 2024

DIVERSIFICATION EFFORTS
The UAE and other GCC countries have been actively working on diversifying their economies away from oil dependency. The economic trends in 2024 may reflect continued efforts in sectors such as tourism, technology, renewable energy, and healthcare.

REAL ESTATE MARKET
If the demand for real estate continued to surge in 2023, it might remain a key economic trend in 2024. This could be driven by factors such as population growth, infrastructure development, and ongoing urbanisation projects.

GDP GROWTH
The projected GDP growth of 3 to 5 per centindicates a positive economic outlook. This growth could be fueled by various factors, including government investments, increased consumer spending, and a robust business environment.

TECHNOLOGY AND INNOVATION
The region has shown a keen interest in technology and innovation. Companies and investors might focus on opportunities in the tech sector, including fintech, artificial intelligence, and smart city initiatives.

SUSTAINABLE INVESTMENTS
With a global emphasis on sustainability, there might be an increasing focus on sustainable investments and environmentally friendly practices in the region.

This could be driven by both government initiatives and investor preferences.

investment portfolio. Our approach is built on the principles of stability, security, and long-term value creation," adds Prithvi.

The COO goes on to say that while AIX does make adjustments in response to evolving market dynamics, the company is "confident that this balanced approach positions us well to capitalise on opportunities and mitigate risks, ensuring the continued growth and protection of our investors' capital."

GROWING ITS FOOTPRINT

When asked about whether AIX will add any more products to the market, the team says it plans to stick to its two offerings for now. AIX is also not opening up new offices in any other markets any time soon.

However, the company is still expanding its footprint through a growing network of interesting partnerships that span the world of sports, innovation and changemaking.

Dubbed 'We Are The Future', this initiative is aimed at being a catalyst for positive change, bridging what AIX calls the gap between innovation and impact through strategic investments and philanthropic investments.

For starters, AIX Investment Group is the new co-owner of the PHM AIX Racing Team, which participates in Formula 2, 3 and F4 regional championships.

Nurturing young racing talent has been the cornerstone of this partnership. PHM Racing, a name synonymous with success in Formula 2, contributes its cutting-edge technology and expertise in developing top racing professionals.

"Last year, we proudly backed F2 driver Brad Benavides, and this year marks a significant milestone as we have become the co-owner of the F2 team, PHM AIX Racing," says Morne Reinecke, CEO of We Are The Future.

"Our involvement in various tiers of racing, from the launch-pad of F4 and the Formula Regional Middle East Championship (FRMEC) to the exhilarating competition of F3 and the challenges of ACI F4, reflects our commitment to providing diverse proving grounds for emerging talent. These platforms, where rookies like Maksimillian Popov hone their skills and experienced drivers

Morne Reinecke, CEO of We Are The Future

WE ARE CONSTANTLY WORKING TOWARDS REACHING NEW HEIGHTS IN PROVIDING OUTSTANDING RETURNS AND FINANCIAL SOLUTIONS."

DUBBED 'WE ARE THE FUTURE', THIS INITIATIVE IS AIMED AT BEING A CATALYST FOR POSITIVE CHANGE

KEY FEATURES OF AIX'S APPROACH

AIX BOND

Nature of the Investment:
- A bond is an interest-bearing security.
- It represents a loan from the investor (bondholder) to the issuer.

Coupon Payments:
- Investors receive fixed coupon payments at pre-agreed and predetermined dates.
- The payments are distributed quarterly directly from the payment agent.

Principal Repayment:
- The issuer is obligated to repay the principal amount of the loan (subscription amount) at maturity.

Dealing with Volatility:
- AIX says quarterly coupon payments "provide a regular income stream". The principal amount is repaid at maturity.

AIX PROPERTY SECURE

Nature of the Investment:
- A real estate investment product.

Rental Returns:
- Investors generate rental returns paid at pre-established dates.

Direct Payments:
- Investors receive secured principal directly.
- Profit payments are paid directly to the investors' beneficiary account.

Dealing with Volatility
- AIX says this offering collaterlises real estate to provide fixed returns

like Joshua Duerksen push the limits, serve as crucial steps towards the pinnacle of Formula 2," says Reinecke.

In addition, AIX has partnered with Euro 4, which further fuels the company's passion for racing at the grassroots level.

Furthermore, AIX Investment Group is also supporting the motorsport talents of Charlie Wurz and Oscar Wurz, who are the sons of the famous Former F1 driver and two-time Le Mans 24 Hours winner from Austria, Alex Wurz.

Charlie is rapidly advancing in Formula 3, while Oscar is making waves in Formula 4.

"Our belief in Charlie's remarkable abilities in Formula 3 and Oscar's potential as he enters the competitive arena of Formula 4 underscores our commitment to supporting these young racers. It's our way of contributing to the development of emerging athletes, providing them with essential support as they pursue their racing aspirations," Reinecke adds.

Another key partnership that AIX has is an initiative with Fursan Hispania FC, which is an initiative that improves access to training activities, and awareness about the significance of sports, and supports regional talent and growth.

Then there's also its partnership with the Al Jalila Foundation, where as part of its commitment to corporate social responsibility and enhancing healthcare in the UAE, AIX made a Dhs1m donation during the holy month of Ramadan last year.

The donation and partnership is expected to help in supporting essential medical treatments, advancing medical education, and pioneering health research. Key figures who attended a ceremony marking the launch of this partnership last year, included Dr. Amer Al Zarooni, CEO of Al Jalila Foundation, and AIX strategic partner Rashid Khalaf Al Habtoor.

Past partnerships in the We Are the Future initiative have further included tie-ups with RC Celta, Iker Casillas Academy and Brad Benavides.

But whether it's in the boardroom or out on the race track and in the CSI space, AIX COO Prithvi says his company has a growing team to help it meet all its obligations.

"As for our team, we are in a constant state of growth, consistently expanding to meet the evolving needs of our clients and the dynamic financial market. The exact size of our team can be dynamic due to ongoing recruitment efforts and business demands. We prioritise attracting top talent to ensure our clients receive the highest level of expertise and service. While specific expansion plans are proprietary, our commitment to strengthening our team remains unwavering as we continue to elevate our standards of service and performance," says Prithvi.

And just like its office location, the team at AIX say that they are determined to further entrench their position in the local market.

"Our prestigious headquarters in the iconic Burj Khalifa in Dubai serves as a symbol of our commitment to excellence and delivering unparalleled service to our clients. Much like our elevated location, we are constantly working towards reaching new heights in providing outstanding returns and financial solutions," Prithvi concludes.

AIX INVESTMENT GROUP IS THE NEW CO-OWNER OF THE PHM AIX RACING TEAM, WHICH PARTICIPATES IN FORMULA 2, 3 AND F4 REGIONAL CHAMPIONSHIPS

THE COMPANY IS STILL EXPANDING ITS FOOTPRINT *THROUGH A GROWING NETWORK OF INTERESTING PARTNERSHIPS THAT SPAN THE WORLD OF SPORTS, INNOVATION AND CHANGEMAKING*

CATALYSTS FOR SUSTAINABLE GROWTH

SOVEREIGN FUNDS IN THE GCC REGION ARE KEY TO THEIR RESPECTIVE GOVERNMENTS' NATIONAL DEVELOPMENT PLANS AND CONTRIBUTE TO DEPLOYING NATIONAL WEALTH IN STRATEGIC SECTORS OF INTEREST

WORDS KUDAKWASHE MUZORIWA

The GCC region is home to a range of sovereign wealth funds (SWFs), which have evolved into national champions that can move the needle locally and overseas.

With a projected $7.6tn in combined assets under management (AuM) by 2030 from a historical peak of $4.1tn in 2023, GCC SWFs have increasingly become an oasis of sustainable growth on their home grounds and a prominent source of cash for international deals.

These state investors have been among the biggest beneficiaries of the Gulf region's recent boom, on the back of higher oil prices and a thriving economy. "Gulf SWFs have reaped the rewards of the fiscal windfalls and recovered quicker than others from the 2022 financial markets debacle," Global SWF said in its annual report earlier in January.

The research consultancy firm said one of the key consistent themes when it comes to sovereign capital was the prominence of investors from the GCC in 2023.

GCC sovereign funds increased their dealmaking dominance last year, largely due to the maturity of the investment landscape, with a wide range of players entering both the domestic and global markets with a level of sophistication never seen before.

"The sovereign wealth fund industry is still relatively young at the global level — however, some of the funds in the Gulf region are now more than 50 years old and it is just natural that their investment strategies and sophistication evolve," says Diego Lopez, the managing director of Global SWF.

Lopez notes that GCC funds have for years used external managers and hired investment professionals who have nurtured local talent and are now ready for a new stage of growth with a second generation of leaders.

The sovereign funds' strategic investments are accelerating economic diversification, which is expected to push GCC's GDP growth to 3.6 per cent and 3.7 per cent in 2024 and 2025, respectively, according to the World Bank.

GCC states ended 2023 on a stronger footing and remain remarkably resilient against a backdrop of a slowing global economy and higher for longer rates despite stable inflation. The contraction in oil sector activities due to the successive oil production cuts by OPEC+ was largely compensated for by the non-oil sectors, which are expected to expand by 3.9 per cent in 2023.

DRIVERS OF SUSTAINABLE GROWTH

GCC SWFs play a significant role in accelerating economic diversification in the region. The six-member GCC bloc — Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain, and Oman — has traditionally been heavily reliant on oil and gas revenues. However, recognising the need for sustainable economic growth and reducing dependence on hydrocarbons, these countries have been actively pursuing diversification strategies, and sovereign wealth funds are integral to these efforts.

S&P Global Market Intelligence said wealth funds are key to achieving governments' wide-ranging reforms to achieve socio-economic transformation and contribute to deploying national wealth in domestic sectors of interest.

The state investors are playing a pivotal role in creating domestic employment opportunities and fueling growth, and in managing the transition to low carbon economies in line with National Visions such as Saudi Vision 2030, Oman Vision 2040, and We the UAE 2031.

Similarly, GCC SWFs are not only asked to perform financially but also to create jobs, propel the domestic economy and contribute to decarbonisation goals.

Global SWF said Saudi Arabia Public Investment Fund (PIF) was the lead investor with $31.6bn deployed in 49 deals, 33 per cent more than in 2022. Nearly a decade after its "reborn", the fund has emerged as the main vehicle for the expansive ambitions of Crown Prince and Prime Minister Mohammed bin Salman bin Abdulaziz, under Vision 2030. The PIF's sources of funding include assets transferred by the government, cash injections from the government, loans and debt capital markets funding, and retained earnings from its expanding investment base.

The fund has said it aims to invest $40bn a year in the local economy, an amount that dwarfs its international spending. Major projects underway domestically include the $500bn futuristic NEOM city, the Red Sea Project, the entertainment offering Qiddiya Project, and the ROSHN Project.

The $700bn wealth fund is investing in a broad range of sectors, including retail, sports, construction and real estate. Last June, PIF took control of four of the kingdom's top soccer clubs including Cristiano Ronaldo's Al-Nassr, Karim Banzema's Al-Ittihad, Riyad Mahrez's Al-Ahli, and Neymar's Al-Hilal.

Overall, GCC wealth funds that have large portfolios of domestic assets include Mubadala Investment Company (Mubadala) and ADQ in Abu Dhabi, Investment Corporation of Dubai (ICD), Qatar Investment Authority, and Bahrain Mumtalakat Holding Company.

> **"THE SOVEREIGN WEALTH FUND INDUSTRY IS STILL RELATIVELY YOUNG AT THE GLOBAL LEVEL - HOWEVER, SOME OF THE FUNDS IN THE GULF REGION ARE NOW MORE THAN 50 YEARS OLD AND IT IS JUST NATURAL THAT THEIR INVESTMENT STRATEGIES AND SOPHISTICATION EVOLVE."**

FOSTERING IMPACT INVESTMENT

Playing hosts to two consecutive UN climate summits (COPs) provided the Middle East with the opportunity to forge itself as a leader in the fight against climate change.

The recently concluded COP28 showcased sovereign investors' approach to sustainability, as the Gulf region's energy transition agenda is being delivered across asset classes from lithium mining to infrastructure to industrial development to venture capital.

"Sovereign wealth funds' characteristics, particularly their long-term investment strategies and their contribution to economic and financial diversification, make them well-suited to finance the transition to a green economy," the International Monetary Fund (IMF) said in a report in December.

GCC sovereign funds are leading green investments as the six-nation bloc has made considerable headway in transitioning to a low-carbon economy. Global SWF said in a report that sovereign investors are looking to gain exposure to all energy transition segments as well as greening existing "black" assets through decarbonisation.

Globally, sovereign wealth funds deployed a record $26.1bn in 'green assets' last year, with state investors from the Gulf region accounting for nearly half of that figure.

"While their wealth originates from oil and that cannot change, GCC SWFs are a driving force behind some of the largest environmental, social and governance (ESG) initiatives in the world," explains Lopez.

The sovereign funds are focused both on strategic investment in domestic renewables capacities and on yield-generating assets abroad, with Mubadala leading the way through Abu Dhabi Future Energy Company (Masdar).

Founded in 2006, Masdar is targeting a renewable energy portfolio capacity of at least 100 gigawatts (GW), and an annual green hydrogen production capacity of up to one million tonnes by the end of the decade.

With Saudi Arabia on track to invest more than $100bn in renewable energy and natural gas-fired electricity, PIF-backed ACWA Power's portfolio with an investment value of $82.8bn, can generate 53.69GW of power and produce 7.64 million m3/day of desalinated water.

GLOBALLY, SOVEREIGN WEALTH FUNDS DEPLOYED A RECORD **$26.1BN IN 'GREEN ASSETS'** LAST YEAR, WITH STATE INVESTORS FROM THE GULF REGION ACCOUNTING FOR NEARLY HALF OF THAT FIGURE

Founded in 2002, the utility firm develops power generation and desalinated water plants, with assets across the Middle East and North Africa, Europe, Asia and the Commonwealth of Independent States. It counts the $8.5bn NEOM green hydrogen project, Morocco's Khalladi 120-megawatt (MW) wind farm and the 950 MW Noor Energy 1 in Dubai among its biggest projects.

On the mobility front, GCC states are powering up their efforts to become a force to be reckoned with in the electric vehicle (EV) market.

One of PIF's key initiatives is to develop an auto manufacturing hub on the western coast of Saudi Arabia. The wealth fund is Lucid Group's biggest shareholder, and the US electric carmaker is already assembling cars at its production facility in Jeddah — where it is set to be joined by Hyundai Motor and Ceer, an electric car venture with Taiwan's Foxconn Technology Group.

"We are igniting a new industry and an ecosystem that attracts international and local investments, creates job opportunities for local talent, enables the private sector, and contributes to increasing Saudi Arabia's GDP as part of PIF's strategy to drive the economic growth under Vision 2030," Crown Prince Mohammed bin Salman, said in a statement following the launch of Ceer.

Abu Dhabi has long talked of becoming a manufacturing hub for electric cars as part of the emirate's wider industrial strategy and its plans to tackle climate change. Last December, Chinese EV maker Nio secured a $2.2bn investment from CYVN Holdings, an investment vehicle based in Abu Dhabi that is backed by the Abu Dhabi Investment Authority (ADIA).

Abu Dhabi Investment Office (ADIO) also partnered with electric car startup Faraday Future in December to bring the firm's generative AI and advanced intelligent EV capabilities to the SAVI cluster. The fund is set to introduce electric flying taxis in the UAE in partnership with US eVTOL maker Archer Aviation in 2026.

Green investments and net-zero carbon emission targets have been on the radar screens of GCC wealth funds for years - and the state investors show no signs of pulling back post-COP28.

THE ABU DHABI STATE INVESTOR SIGNED A **$3BN AGREEMENT** WITH TURKEY'S EXPORT CREDIT BANK LAST JULY TO FINANCE COMPANIES PLANNING TO EXPORT GOODS TO THE UAE AND OTHER MARKETS

Though the share of climate finance in GCC wealth funds' portfolios remains limited so far, the IMF said it has rapidly progressed over the years.

LENDING A HELPING HAND

The money from the GCC funds still overwhelmingly goes to developed markets, in particular the US and Europe. However, the state investors are readier than ever to shine regionally by directly supporting peer governments in neighbouring countries, through lending or deposits at the central bank.

"Although GCC SWFs' foray into global markets will likely continue in the near term, we are also likely to see a recycling of GCC petrodollar inflows into MENA countries and other emerging markets that present interesting investment opportunities and need external funding," S&P Global Market Intelligence.

Türkiye has been on the hunt for foreign investment deals to support its embattled economy. It signed around $51bn worth of deals with the UAE in July and the agreements include wealth fund ADQ possibly buying as many as $8.5bn of bonds from Türkiye to fund reconstruction efforts following devastating earthquakes a year ago.

The Abu Dhabi state investor signed a $3bn agreement with Turkey's Export Credit Bank last July to finance companies planning to export goods to the UAE and other markets. It also launched a $300m joint investment fund with Türkiye Wealth Fund (TWF) to invest in venture capital funds and growth potential companies in Türkiye in 2022. Egypt has been courting Gulf investment as the North African seeks to stimulate inward investment, which has been limited due to the country's yawning budget deficit, weak currency and high interest rates. Saudi Arabia's PIF launched a $10bn fund, the Saudi Egyptian Investment Company, which has already acquired minority stakes in four listed companies for $1.3bn.

> **"WE ARE IGNITING A NEW INDUSTRY AND AN ECOSYSTEM THAT ATTRACTS INTERNATIONAL AND LOCAL INVESTMENTS, CREATES JOB OPPORTUNITIES FOR LOCAL TALENT, ENABLES THE PRIVATE SECTOR, AND CONTRIBUTES TO INCREASING SAUDI ARABIA'S GDP AS PART OF PIF'S STRATEGY TO DRIVE THE ECONOMIC GROWTH UNDER VISION 2030."**

Jordan is also a recipient of money from GCC sovereign funds. ADQ launched a $100m technology-focused venture capital fund with Jordan's Ministry of Digital Economy and Entrepreneurship in 2022 to drive growth in the kingdom's burgeoning digital economy.

PIF established the $3bn Saudi Jordanian Investment Fund alongside 16 domestic banks in 2017 to pursue investments in the country's "vital and promising sectors".

Within the GCC region, Oman has drawn interest from PIF and Abu Dhabi funds — Mubadala and ADQ. Saudi Arabia's wealth fund joined forces with Oman Investment Authority in July 2023 for $5bn Saudi Omani Investment Company — an investment platform that was an anchor investor in Abraj Energy Services' public listing in Muscat.

Mubadala pledged support to the Oman and Etihad Rail Company, which is building a $3bn high-speed railway network connecting the sultanate and UAE. ADQ and OIA identified investment opportunities worth $8.2bn (Dhs30bn) across different sectors in Oman including hydrogen, solar and wind, green aluminium and steel.

Flush with cash after the latest oil boom, GCC wealth funds are reshaping their strategies, emphasising supporting local economies and creating wealth for future generations while bankrolling some of the world's biggest rescue packages, investments and acquisitions. The funds are driving significant domestic investments and deals to support economic diversification and transition to low-carbon economies.

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Honor rides the wave of foldables

The Magic V2 comes with all the bells and whistles expected of a premium phone

Foldables are redefining the smartphone user experience. The book-style smartphones have matured considerably since they arrived on the scene nearly half a decade ago – going from weirdo hobbyist gizmos to stable, predictable devices.

Though foldables command a small market share in the context of the overall smartphone market, the devices are starting to gain a more meaningful share of the premium segment in certain markets, including the UAE.

Market research firm, Counterpoint Research, said HONOR Magic V2 was the best-selling model in China in Q3 2023, capturing a 25 per cent share of the booming foldable smartphone market.

HONOR shipped more than one million units since the launch of Magic V2 in China last July. The growing scale of production demonstrates how the smartphone maker is well-positioned to meet the growing demand for foldable devices.

Magic V2 is a true game-changer. It delivers amazing multitasking and productivity, more immersive gaming and overall enhanced media consumption.

The all-new foldable smartphone has set a new benchmark in the industry, thanks to its slim and sleek profile, which exudes a premium look that effortlessly catches the eye.

Pics: Supplied

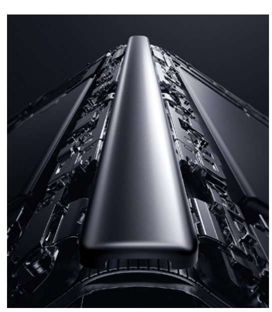
A FUSION OF LUXURY & INNOVATION

As the most lightweight and thinnest foldable device available in the Middle East and Africa market, the HONOR Magic V2 boasts a high-quality and highly capable foldable form factor, stunning display, all-day battery life, and flagship performance – a combination that makes it the go-to foldable device for entrepreneurs.

Holding the HONOR Magic V2, you can straight away feel the future unfolding. The device weighs just 231g, with a thickness of 9.9mm folded, and 4.7mm when unfolded, which makes it almost as thin as most bar smartphones out there.

With a screen-to-body ratio of over 90 per cent, the internal and external display of the foldable smartphone also allows you to view content and input text with remarkable ease.

The HONOR Magic V2 is an engineering marvel. The foldable smartphone boasts a battery powered by state-of-the-art silicon carbon technology that ensures a long-lasting performance while keeping up with the demands of ambitious entrepreneurs.



With its 5000mAh battery and 66W fast-changing technology, you can bid farewell to the anxiety of running out of power during crucial moments. The HONOR Magic V2 empowers users to stay connected and productive for extended periods, no matter where your ventures take you.

HONOR pushed the boundaries of innovation for foldable smartphones on the HONOR Magic V2. The device was built with durability and longevity in mind. For the first time, HONOR utilised titanium alloy in the hinge cover, an aerospace-grade material and a pioneering innovation in the hinge design of the foldable smartphone industry.

The hinge mechanism, which is engineered to be the strongest of all time, ensures a seamless folding experience while allowing you to maintain uninterrupted workflow and enjoy uncompromised functionality and display quality.

Furthermore, HONOR enhanced the smartphone's display experience, with a 120Hz high refresh rate on the inner and external displays, and the industry's highest 3840 PWM dimming technology that was used for the first time on a foldable display. This allows for excellent browsing and entertaining experience while taking into account eye protection.

The HONOR Magic V2's Falcon Camera system has set a new standard in smartphone photography and videography.

It features a triple rear camera setup that includes a 50MP Ultra-Wide Camera with a larger sensor and aperture for enhanced light sensing performance, a 50MP Wide Camera, and a 20MP Telephoto Lens Camera - allowing users to produce decent photos with its superior light sensing capabilities.

The flagship device's proprietary HONOR Image Engine 2.0 offers users a more intelligent and efficient photography experience with revolutionary features such as AI motion sensing technology, millisecond falcon capture, and ultra-fusion computational optics.

Pics: Supplied

DP World: A key partner in the **breakbulk industry**

DP World offers unparalleled breakbulk expertise underscored by a high degree of specialisation, advanced purpose-built facilities and disruptive digital solutions

In the tightly choreographed ecosystem of global trade, containerised cargo reigns supreme. However, behind the neatly stacked Lego blocks of standardisation lies the niche yet vital sector of breakbulk cargo, which is mainly non-containerised.

It's a world dominated by over-dimensional cargo (colossal wind turbine blades, massive oil rigs, huge propellers and gigantic earth moving equipment) and unconventional demands, and it is expected to reach a staggering \$20.8bn by 2026, according to Research and Markets' *Global Break Bulk Shipping Market 2023-2027* report.

How breakbulk works

Going beyond the technical terms, 'breakbulk' comes from the phrase 'breaking bulk', where part of a ship's cargo is extracted or unloaded. A break-in-bulk point is a place where goods are transferred from one mode of transport to another, for example, docks where goods are transferred from ship to truck. This type of cargo is often too large or oddly shaped to fit into a standard shipping container, so it must be loaded directly onto the vessel.

It is usually transported in bags, boxes, crates, drums or barrels, or as unit loads secured to pallets or skids. Specialist breakbulk vessels come fitted with heavy-lift cranes that can manage heavy cargo safely and quicker than dockside cranes, which makes the process of loading/unloading faster and more efficient. The cargo must be securely lashed down to prevent it from shifting during transit and causing damage to the vessel or other cargo.

All this requires specialised expertise and handling, and state-of-the-art facilities and resources at ports like Jebel Ali in Dubai, the flagship port of DP World.

Industry critical sector

Breakbulk has become particularly relevant in current times. As global infrastructure continues to grow, so has the demand for large-scale projects. These mega-projects, from bridges to power plants, require massive, non-standardised equipment and parts.

The breakbulk industry is pivotal in ensuring these components reach their destinations.

On a regional level, the breakbulk industry is poised to play a key role with the momentum on infrastructure projects picking up this year and beyond. This development is aligned with the strategic 'visions' of different Gulf Cooperation Council (GCC) countries focused on diversification and reduced dependency on oil.

According to a Kamco Invest report, the value of infrastructure projects awarded in the Gulf countries nearly doubled in 2023, reaching \$209.8bn compared to \$109.7bn in 2022.

This upward trend is expected to continue in 2024, with projections portending continuing growth. The World Bank Group's latest *Global Economic Prospects* report presents an optimistic forecast for the Middle East and North Africa (MENA) region. The MENA region's GDP is expected to grow 3.5 per cent in 2024. This is an upward revision from earlier predictions, mainly driven by the robust performance of oil-exporting countries and a resurgence in oil-related activities.

In particular, GCC countries are projected to experience a rise in growth to 3.6 per cent in 2024, followed by an increase to 3.8 per cent in 2025.

Growth sectors such as energy including renewables, tourism, transportation and urban development will drive the demand for breakbulk shipping in the region.

Another key factor that will support growth is the Middle East's rising profile as a key global maritime hub.

Geographically positioned at the crossroads of trade between East and West, the region has always been a critical hub for maritime commerce. This strategic location means ships that arrive to offload cargo also have the opportunity to take on new cargo for their return journeys, boosting breakbulk operations worldwide.

Additionally, the global and regional push to decarbonise energy production and improve energy security is supporting optimism in the breakbulk and project cargo logistics sector.

The DP World advantage

As one of the world's leading port operators specialising in cargo and logistics, DP World's pioneering breakbulk prowess, customer focus and extensive global network have positioned it as a leader in this field, particularly in the region.

In 2023, DP World's Jebel Ali Port handled over 4.35 million tonnes of breakbulk cargo, adding to the 40 million tonnes handled over the last decade for local and international clients. The port's rapid growth has played a pivotal role in facilitating major projects in Dubai, including the Al Wasl Dome, Mohammed bin Rashid Al Maktoum Solar Park, Dubai Harbour and Lighthouse.

The port has gained recognition for its purpose-built facilities and hydrodynamic marine structures, which have enhanced its capability to handle diverse cargoes, including breakbulk, bulk, project cargo and Ro-Ro (Roll-on/roll-off).

Jebel Ali Port's infrastructure encompasses a total capacity of 22.4 million tonnes, facilitated by more than 100 berths spread across an extensive quay length of 25 kilometres. This vast expanse is a testament to the port's ability to efficiently handle a significant cargo volume.

The General Cargo / Ro-Ro Terminal is specifically designed to manage large, oversized machinery catering to various industries. This terminal features a maximum depth of 15 metres and boasts a substantial storage facility, covering an area of over 1.4 million square metres. The terminal's expansive capacity is highlighted by the fact that it has 27 berths.

Beyond Jebel Ali, the smaller Mina Al Hamriya port efficiently manages bulk and breakbulk cargo, accommodating various vessel types, including dhows,

DP WORLD PORT AND TERMINAL INFRASTRUCTURE

TOTAL CAPACITY
22.4MILLION

OVER
100+ BERTHS

SPREAD ACROSS
25KM OF QUAY

CONTAINERS

GENERAL CARGO
(BULK, RO-RO AND BREAK BULK)

CLOSE TO A MILLION SQM STORAGE FACILITY
OPEN AND CLOSED

MULTI-MODAL CAPABILITIES
SEA, AIR AND LAND

RoRo vessels, and breakbulk ships. This versatility in handling diverse trade types is yielding tangible benefits.

DP World's expertise extends beyond the hardware. It has built strong relationships with shippers, airlines and other stakeholders, which is key to ensure every step of the breakbulk journey is in sync.

Another advantage lies in the close proximity of Jafza which provides facilities such as customisable manufacturing plots, light industrial units (LIUs), and other infrastructure to support value-added services including assembling, fabricating, and various manufacturing activities.

The port operator's risk management expertise anticipates potential challenges and implements proactive solutions, minimising disruptions and safeguarding precious cargo.

DP world's commitment to sustainability also extends to breakbulk cargo, with initiatives like green terminals and energy-efficient handling practices setting a responsible pace. Digitalisation in breakbulk transport has significantly aided the entire end-to-end logistics process. DP World is instrumental in this digital evolution, providing tools like SeaRates.com and CARGOES Flow to support and streamline processes.

This transparency and efficiency translate to a smoother breakbulk journey, where every step is meticulously planned and efficiently executed, making DP World a trusted partner for companies around the globe. ●

BENEFITS OF BREAKBULK SHIPPING

Oversized, heavy lift and out-of-gauge cargo: Equipment or goods that are tedious to break down or oversized can benefit from breakbulk shipping. Instead of breaking down the product to fit into a container or bin, the shipper can send the item in its entirety. Typically, a breakbulk ship is equipped with high-capacity deck cranes and additional equipment necessary to load and unload these oversized or heavy goods. Additionally, high deck strength barges are sometimes used to facilitate loading this cargo by rolling it on and off the vessel.

Affordable option: Cargo is transported to and from ports by land, which is usually an efficient option for shippers needing inland services. Otherwise, breaking products up into containers tends to be more expensive than wholly containerised goods.

Reduced deconsolidation and reconsolidation: Cargo on a breakbulk vessel, such as a barge or ship, doesn't have to be deconstructed or separated into pieces. It can be a more affordable option for shippers with oversized cargo. Ultimately, this leads to a faster delivery time.

Smaller ports: Breakbulk is deliverable to most ports around the world. When loading and discharging goods at a port, equipment is already available on the ship, which saves time in transporting products.

Separated containers: Breakbulk doesn't require that goods are separated into containers to be transported. Instead, heavy or oversized items are loaded with special equipment such as cranes to load the ship. This makes bulky items easier to transport.

BENEFITS

- Minimal handling
- Reduced damages
- Lower supply chain costs
- Quicker turnaround - reduced lead time
- Integrated supply chain
- Fewer vendors to be managed
- One-stop shop

JEBELI ALI PORT HEAVY LIFT CAPABILITIES

Over 5km of quay length

State-of-the-art infrastructure

Efficient handling

Option of med mooring within wide port basin

Staging area with quayside access

Customised assembly and fabrication set-up options

24/7 Operations

Mobile shore crane (Gottwald Crane) capacity of 100MT safe working load

GENERAL CARGO / RO-RO TERMINAL

Ability to handle large and oversized machinery for **VARIOUS INDUSTRIES**

> 5KM length of the quay

OVER 1.4 MILLION sqm storage facility

HYDRO-DYNAMIC marine structures

Maximum depth of **15 METRES**

Spread over **27 BERTHS**

Lifestyle

FEB 24

Elegant and electric

The Spectre, Rolls-Royce's first EV, sets a new standard for effortless power and refined luxury **p.59**

"Creativity is always born from interaction with your surrounding environment. The more you open up to the world, the more you build your patchwork of inspiration, connecting unexpected dots. This leads to disruptive views, innovation and creativity."

Antoine Pin, managing director of Bulgari's watch division

ORIS FATHER TIME LIMITED EDITION

Oris became the first official timekeeper in the club's history in 2022. Celebrating their three-year partnership, Oris and the club collaborated on a special bronze edition of the Big Crown Pointer Date. Set in a 40mm bronze case with a matching bronze bracelet, the limited watch (only 1,926 pieces) commemorates the year (1926) the weathervane was gifted to Lord's Cricket Ground.

PUSHING THE BOUNDARIES OF INNOVATION

ANTOINE PIN, MANAGING DIRECTOR OF BULGARI'S WATCH DIVISION, SHARES THE HIGHLIGHTS OF 2023 AND WHAT WE CAN EXPECT FROM THE BRAND THIS YEAR

BY NEESHA SALIAN

Antoine Pin

"However, I have to say that historically we are known to be disruptive and not necessarily follow trends, but rather follow our own beliefs which then become trends."

Bulgari has several iconic watch collections. Highlight a collection that received significant attention in 2023.
Our Serpenti Collection celebrated its 75th anniversary in 2023, this confirmed the unique position of Serpenti among the leading jewellery watch collections. This year has also been important for our jewellery watches, with the striking Diva's Dream Peacock showcasing the savoir-faire and craftsmanship our maison is known for.

We must also highlight the success of the Octo line with the launch of Octo Roma Mark II, which is characterised by its versatility, sophistication, and elegance. With its distinctive daring design, the Octo Roma exemplifies Bulgari's innovation capacity and contributions to Swiss watchmaking.

Tell us about the recent technological innovations Bulgari has incorporated into its timepieces for men and women.
The Octo Finissimo series reflects the constant pursuit of innovation at Bulgari. Often, constraints lead to discoveries and hence innovations, in terms of materials, methods, movements and even thinness. This is perfectly illustrated by the Octo Finissimo collection, which holds eight world record-breaking watches, but more importantly, has led to the creation of more than 20 patents over recent years. These include the Octo Finissimo Tourbillon Manual, Octo Finissimo Minute Repeater, Octo Finissimo Tourbillon Chronograph Skeleton Automatic and Octo Finissimo Ultra. We worked on new materials such as tungsten carbide and monobloc technology. Innovation is not just related to the items per se. For instance, we also signed a patent for a system enabling an inseparable connection of two different blockchains for our Octo Finissimo Ultra.

What inspired the design or concept behind the Octo Roma Collection?
First introduced in 2012, Octo has had a considerable impact on the watchmaking communities over the last decade. At the time of the launch of L'Originale, the first model of the Octo family, its design had never been seen before. The skillful blend of profound innovation and powerful Italian-style design inspired by historical architecture has significantly enriched Swiss watchmaking art – and has also offered Bulgari the opportunity to renew and reinvigorate its hallmark aesthetic in watchmaking.

Bulgari has collaborated with various artists and designers in the past. Tell us how this has contributed to the brand.
At Bulgari, collaborations have been part

Pics: Supplied

of our creative process for a while. We like giving the stage to artists and letting them express themselves. We've always believed that well-selected collaborations enable us to benefit from each other insights and explore new frontiers of innovation and creativity, which is both interesting and necessary.

In 2022, we collaborated with the Japanese architect Kazuyo Sejima, who offered a unique perspective on the three-dimensional structure of the Octo Finissimo. Her dots created a 'fumé (smoked) effect on the dial, so that, when you look at it, you do not see the dots, but you perceive a series of shadows, depending on the angle of the reflection of the light. This is a great example of artistic creation for us.

How do you stay attuned to the changing preferences of watch enthusiasts, and how does Bulgari incorporate customer feedback into its designs?

We take pride in creating privileged moments with our clients and watch enthusiasts. I believe that the exchanges

we have together paired with our limitless creativity, allow us to always stay in touch with trends and preferences.

However, I have to say that historically we are known to be disruptive and not necessarily follow trends, but rather follow our own beliefs which then become trends. Creativity is always born from interaction with your surrounding environment. The more you open up to the world, the more you build your patchwork

BULGARI LIKES GIVING THE STAGE TO ARTISTS AND LETTING THEM EXPRESS THEMSELVES

of inspiration, connecting unexpected dots. This leads to disruptive views, innovation and creativity. Collaborations are a very strong way to discover someone else's vision of the world. They are an amazing inspiration for our future collections.

Tell us about Bulgari's upcoming novelties for 2024. Can we expect something more iconic?

In 2024, we celebrate Bulgari's 140th anniversary. We have a history of innovation and creativity, and we will continue to push boundaries in watchmaking, leveraging our unique combination of 'Italianess' and Swiss excellence.

Our creative efforts will focus on our iconic Octo collection as well as jewellery watches, both strong symbols of our Roman roots. More than ever, we will remain focused on elevating the substance and creative power of the brand.

SILENTLY SPECTACULAR

THE PHANTOM SPECTRE, ROLLS-ROYCE'S FIRST ELECTRIC VEHICLE, DELIVERS A DRIVING EXPERIENCE THAT'S AS SMOOTH, QUIET AND POWERFUL AS ITS FUEL-POWERED PREDECESSORS

BY SHIVAUM PUNJABI

For over a century, the Rolls-Royce name has been synonymous with opulence and power. But last year, the storied marque embarked on a new chapter, one that featured the hum of electric motors on the road to the future of mobility, as it introduced the Rolls-Royce Phantom Spectre.

DEETS ON THE DESIGN

From the outset, the Spectre is undeniably a 'Phantom'. Its iconic silhouette remains, impossibly long, exuding an air of quiet authority.

The design is sleek and flowing but, at the same time, sculpted out of rock. The car's stance is very unique. It sits higher

than most sedans but slightly lower than CUVs. Making it stand out with its imposing dimensions.

The signature Pantheon grille is present, albeit reimagined with illuminated vertical bars that flow down the front end, creating a beautiful waterfall effect at night. The meticulous craftsmanship is visible in every detail.

The fabled Spirit of Ecstasy has also been redesigned to be more aerodynamic; the wings are more swept back. The new split headlight design suits the Spectre, and even though it follows the current trend of split headlights, Rolls-Royce somehow managed to elevate the trend. The entire look is minimalistic and elegant at the same time.

INSIDE INFORMATION

The Spectre's interior is a masterclass in bespoke luxury. The cashmere-soft upholstery, lambswool carpet, polished wood accents and the analogue centre console buttons ensure the most tasteful interiors.

Starlight Headliner, a fiber-optic ceiling mimicking the night sky, sets the tone for an atmosphere that's both opulent and serene. Bespoke touches abound, from laser-cut air vents that blend seamlessly into the dash to a Starlight Carpet that projects constellations onto the floor.

To access the plush and luxurious four seats, you have first to open the beautiful rear-hinged suicide doors, which are the longest-ever doors fitted on a modern Rolls-Royce. The rear seats are as spacious and comfortable as the front seats. Rolls-Royce has maintained the analogue style interiors on the Spectre to ensure

customers feel no difference between older models and the new EV.

It is eerily quiet inside the Spectre. Due to the lack of an engine and transmission, the requirements for noise, vibration, and harshness (NVH) completely change. For the first time, Rolls-Royce had to introduce sound into the cabin as test drivers would get disoriented by the lack of sound. The majority of the sound that comes into the cabin comes from the 'thuds' of the tires hitting a bad spot on the road or the wind noise from the side view mirrors. The insides of the Spectre are so quiet that it would put the strictest of libraries to shame. While conversing, your tone and volume become hushed as well.

The Spectre features a bespoke audio system with 18 speakers that delivers a concert-like listening experience, while a digital instrument cluster and head-up display keep the driver informed of every detail. Advanced driver-assistance features like adaptive cruise control and lane departure warning add a layer of safety and comfort.

> "To access the plush and luxurious four seats, you have first to open the beautiful rear-hinged suicide doors, which are the longest-ever doors fitted on a modern Rolls-Royce. The rear seats are as spacious and comfortable as the front seats. Rolls-Royce has maintained the analogue style interiors on the Spectre to ensure customers feel no difference between older models and the new EV."

THE ELECTRIC POWERTRAIN PROVIDES **577HP** AND **664 LB-FT** OF TORQUE, PROPELLING IT FROM FROM **0-60KM/H** IN **4.5 SECONDS**. SO IT IS SWIFT

PERFORMANCE AND POWER

Rolls-Royce claims the car delivers 520km on a single charge. When asked why it offered only this much, the automaker responded by saying that if its customers needed to travel more than this, they would prefer flying. Such is the demographic of a Rolls-Royce customer.

Even though the Spectre is a heavy car, it is no slouch. The electric powertrain provides 577hp and 664 lb-ft of torque, propelling it from 0-60km/h in 4.5 seconds. So it is swift. The instant torque delivery ensures effortless acceleration, while the near-silent operation adds to the sense of serenity.

At no given point do you feel that you need more speed or power than the Spectre provides. In true Rolls-Royce speak, it is 'adequate'. The Spectre also retains the fabled Rolls-Royce 'waft ability'. That means it glides over everything the roads throw at it. The suspension is so good that Rolls-Royce had to make sure there is a sense of sensation coming through the steering wheel and tires as a safety requirement.

The handling is also impressive for a heavy, luxurious EV. The turn-in radius is on point and quite sharp. The car has great balance and handles impressively for what it is.

THE VERDICT

Deliveries of the ultra-luxury electric super coupe started in October last year, but there's a long waitlist for the colossus. However, if you're looking for the ultimate in automotive luxury and are willing to embrace the future of electric mobility, the Rolls-Royce Phantom Spectre is a compelling choice, and worth the wait.

The starting price for the Spectre is Dhs2m, and the customisation options are endless. GB

Pics: Supplied

RACE TO THE FUTURE

Pics: Supplied

ONCE VIEWED AS A NICHE RACING TOURNAMENT, FORMULA E HAS BURST ONTO THE GLOBAL STAGE, CAPTIVATING AUDIENCES AND REDEFINING THE VERY ESSENCE OF MOTORSPORT. *GULF BUSINESS* SPOKE TO FORMULA CEO JEFF DODDS ON THE FACTORS DRIVING ITS RISE IN POPULARITY AND WHY FORMULA E IS MORE THAN JUST A CAR RACE

BY NEESHA SALIAN

Following a memorable season opener in Mexico City, Formula E held the 2024 Diriyah E-Prix Rounds 2 & 3 on January 26 and 27 in Saudi Arabia. Formula E CEO Jeff Dodds spoke to us ahead of the race about it growing popularity, the race's role in driving EV technology, and the impact of the Change. Accelerated. Live. exhibition, as well as the future of motorsport.

You stepped into the role of CEO in May last year. How have you adapted to the job since and what has your strategy been to promote and enhance the all-electric racing series?

My main goal is to grow the sport and simply to make as many people as possible know about Formula E. That starts with incredible racing – having the best teams, drivers and circuits delivering competitive wheel-to-wheel racing - and a sporting format that allows them to produce the best on-track action for fans.

Next, however, is about maximising our whole events platform and partnerships to make as much noise around the events as possible, making sure fans know who we are, and what we deliver and get to understand more about our sport and the incredible racing we produce.

With a 344 million fan base at the moment, we want to grow that as much as possible, both in our legacy markets as


Jeff Dodds

well as new markets like Japan and those we're returning to as well as China with our new Shanghai race.

How has the championship shaped up to not just be a racing series but also a platform for driving sustainable change and showcasing EV performance?
Formula E has always been proud to be a world-leading test-best for EV technology where some of the world's largest and most advanced EV manufacturers can learn from and develop their own EV cars. This remains central to our mission today and with each season and each race that goes by, learnings from our teams are going straight into the cars we drive today.

Our new GEN3 car, as well as our unlocked record-breaking GENBETA car, shows just how far EV performance has come in recent years, so we're not just a racing and performance platform, but one that actively drives sustainability and innovation from its core.

Formula E debuted its Change. Accelerated. Live. exhibition two years back. Tell us about the highlights of the third edition?
As a world leader in racing and sustainability, in addition to technology development, we wanted to leverage and bring together the best minds in our ecosystem and tackle some of the largest issues faced by society today.

We see an added benefit though when we also bring in leading names in academia, government and other industries and come together for a day of collaboration, workshops, panels and speeches.

We have key leaders from Formula E, its teams and partners as well as other business leaders across the kingdom who explore creative and deeper ways where we could collaborate and foster greater knowledge sharing.

The theme of this year's event on positive change is aligned with one of our key focuses on not just driving change, but making sure we leave a legacy where we race, so that once we're all packed up and not racing here our positive influence and the momentum we create in this area continues.

> "Formula E's mission however is bigger than sport itself. We're about looking after people and the planet and accelerating sustainable human progress."

What do you expect for this racing season? Who are the drivers and teams we should be looking at?
This season is expected to be our most competitive yet, with even more action and competition on track. Last year, we saw a huge leap in driver and team competition, with three teams able to win the world title heading into the final weekend. This year, we expect even more, as teams already have a year of mastering the GEN3 under their belt. As for which team will come out on top, who knows? With eight different race winners last season, it's anybody's game.

Tell us about the 2024 Diriyah ePrix. What are some of the highlights for fans?
The 2024 Diriyah E-Prix is an important set of races for us as not only are they the only Formula E races to be held in the Middle East region but our only night races of the season. I've heard from many of the drivers that it's one of their favourite tracks of the season, with tight corners and some very technical overtaking areas. Not least, we're racing through the heart of a UNESCO World Heritage Site that is unique for world

THE NEW GEN3 CAR AS WELL AS THE UNLOCKED RECORD-BREAKING GENBETA CAR SHOW JUST HOW FAR EV PERFORMANCE HAS COME IN RECENT YEARS

sport, let alone a motorsport world championship. We also have a huge spectacle of entertainment around the track and in our fan village, with performances from The Backstreet Boys, Afrojack and One Republic in addition to our extensive Allianz Fan Village. While we have nail-biting action on track, it's a whole day of immersive entertainment for avid motorsport fans, sports enthusiasts and families alike.

How do you see the role of motorsport, particularly Formula E?

Formula E has been a test bed for world-leading EV technology since its inception, and that's something that will continue to be at the forefront of our development and commitment to our manufacturers. Other series have been using essentially the same combustion technology for the last 75 years.

While in its early years, the rate of development was pretty steep, for the last 30-40 years the technology has largely stayed the same. The real-world benefits have been fairly minimal in the benefit they give cars on the road today. While only 10 years old, we're helping manufacturers such as Jaguar and Nissan develop road-relevant technology and engineering that can directly benefit the cars we drive. In fact, that transition has been happening for a number of years already, so we're at the forefront of that revolution. Formula E's mission however is bigger than sport itself. We're about looking after people and the planet and accelerating sustainable human progress.

Leaving a positive lasting legacy where we race is central to our DNA and we do this through education programmes, community improvement projects and bringing together leading experts across education, business and government through our Change. Accelerated. Live. thought leadership events platform. We also want to showcase that world-class sporting events can be delivered sustainably without compromise.

We do this through powering them on renewable energy, such as hydrotreated vegetable oil that emits 90 per cent less CO2 than ordinary diesel generators, as well as transporting all freight through the most sustainable methods possible like a sea of road freight using bio fuels in collaboration with our founding and logistics partner, DHL. GB

BIG ON BESPOKE

ADRIAN HALLMARK, BENTLEY'S CEO, GIVES US AN INSIGHT INTO THE COMPANY'S PERFORMANCE IN 2023 AND WHY CUSTOMISATION IS KEY TO ITS SUCCESS IN THE REGION

BY NEESHA SALIAN

Bentley is considered the king of customisation. Here's why: In 2023, around three-quarters of its customers went beyond the 46 billion different configurations on offer from the standard options range to add bespoke 'content' from Bentley's Mulliner division. And here's another exciting fact, this number represents a 43 per cent rise over 2022.

This achievement also marks the British luxury automaker's third-best year, with global sales hitting 13,560 luxury cars. The figure, though, showed an 11 per cent decrease over 2022. Bentley reported sales of 15,174 in this year, breaking all its previous records. The year 2021 also witnessed strong sales, with the luxury brand selling 14,659 cars.

Looking at the regional performance, Asia Pacific saw sales rise by 5 per cent, while the Middle East, India and Africa saw numbers grow by 2 per cent.

These results can be attributed to Hallmark's results-focused brand stewardship since he took over the reins in 2018. The automaker's CEO was in Dubai recently to mark the UAE launch of the Bentayga Mulliner EWB. During his visit, Hallmark, and Richard Leopold, regional director for the UK, Middle East, Africa and India, spoke to *Gulf Business* about the brand's robust performance and the region's penchant for customisation. Here are excerpts from the discussion:

Tell us about your strategy to drive the company's lagging performance when you took over as CEO in 2018. How did you help Bentley survive the 'perfect storm'?

Seven years ago, when I re-joined Bentley, I shared my five-point plan with the team. The company was launching new cars at the time. But the delays and the non-availability of cars for well over a year, particularly in the case of the Flying Spur, were big issues. However, underneath it all, it was easy to see that the company was solid. We had great products and we just needed to address and solve the issues

Adrian Hallmark

impacting delivery. The first order of the day was to get the business running and fix the 'profitability' issue because it was critical. The second was to get the growth that we deserved with those new products. The market had grown significantly over the past five to ten years, but Bentley had the same volume while everything else was taking off. The price segment trebled in the last 15 years, but we didn't. So, getting our entitlement from these new products was a priority.

The third goal was a big one. It was to get ready for the next wave of emissions legislation (EU7, C7 and the equivalent US legislation) because it's arriving any time now, and this is bigger than what almost killed us in 2018 (Hallmark is referring to the EUR55m loss the company sustained). I wanted to build the operational processes to make the company strong to be able to

> "The luxury market was not immune from the challenging market conditions seen around the world in H2 2023 and despite this we were able to deliver our third highest retail position in history and enter 2024 with a strong order bank."

develop and launch products effectively right the first time.

The fourth was to 'start' the electrification journey and to do that through a breakthrough in design, first with hybrids, to make sure that our carbon emissions were on target right the way up until the point where we get battery electric vehicles (BEVs). You'll be hearing more about that in due course. We already have the Flying Spur and Bentayga hybrids. We promised they would all be hybridised before the end of 2026 and that's the case.

The fifth is to 'become' electric. In our Beyond100 strategy, we committed to becoming a global pioneer in sustainable luxury mobility. That means becoming fully carbon-neutral, from our factory to the cars we create, by 2030. Our suppliers are also expected to meet minimum sustainability standards — and by 2025, our entire global retailer network will be carbon neutral too.

This focus has helped us get on track and achieve the results we've seen over the past three years.

Any words on your performance in 2023?

The luxury market was not immune from the challenging market conditions seen around the world in H2 2023 and despite this we were able to deliver our third-highest retail position in history and enter 2024 with a strong order bank.

Building on this, our quality of sales was much greater, with significant increases in our higher-value derivatives, and a significant growth in demand for bespoke personalisation.

What were the top-selling cars in 2023?

Customers showed a preference for higher priced models such as Azure, S and Speed, the mix of which reached 70 per cent of our sales, up from 30 per cent in 2022. The Bentayga EWB also exceeded expectations reaching more than a third of the company's SUV orders in its first year on sale.

Bentley's range of hybrid vehicles remained popular, with the UK being the leading market with one in four Flying Spur and Bentayga customers choosing the hybrid option. Bentayga remained Bentley's number one model, accounting for 44 per cent of total sales. Continental GT and GT Convertible accounted for nearly a third of sales, 31 per cent, with the Flying Spur, the luxury four-door grand tourer, reaching 25 per cent of total sales.

The Americas maintained its position as the biggest selling global market. Bentley's home market in the UK represented the top region for sales of hybrid models number one selling region for hybrid models by proportion, with 27 per cent of sales in 2023 selected as a hybrid option.

What are some of the unique trends you see in the regional market?

Wherever you go in the world and walk into a Bentley showroom, you'll see a different mix of vehicles. In this region, you see the bright colours, the interesting interiors and preference for customisation. Buyers here are more interested in creating something unique and more personal to their tastes. The retailers are also braver because they anticipate and can see what customers want.

Customisation is critical for Bentley. To give you an example, the Middle East's total sales make up around 7 to 8 per cent of our global sales. However, the coachbuilt or customised cars (the cars that cost circa EUR2m) make up 25 per cent of our global sales.

We want to create more of these coachbuilt cars. And these are for collectors. Yes, you can drive them every day, they're still doing 207 miles per hour, they're certified and safe, exactly like our core products because of the values and processes we follow. There's also the offer of exclusivity. There are only 12 people in the world that have got one of these cars and you're probably the only person in Dubai that's got one. Then we have our bespoke 'content' and this has been a key factor in our success

Pics: Supplied

"SO IN 2022, WE RECEIVED OUR CARBON-NEUTRAL CERTIFICATION IN THE UK. I'M HAPPY TO SAY THAT ALL OUR RETAIL SITES IN THE GCC STATES HAVE RECEIVED THEIR CARBON-NEUTRAL CERTIFICATION AS WELL."

over the past few years. So it's not just the volume growth but it's the value per car.

What we've got with the Mulliner (Bentley's in-house bespoke and personalisation division) is an "innovation" team, and that's what they are there to do. They look at what customers do with their cars when they've taken them from us, how they've modified them, etc. They talk to buyers and ask: "What would you do if you could do anything with the car?"

Based on their findings, the team come up with ideas and fill a hopper every year. As soon as the ideas go into production, we industrialise them and ensure their quality, taking them away from the Mulliner team. And it's done in the same way as a standard car. That means Mulliners are redundant every year. So the team goes out every year to find a new set of ideas that respond to changing customer needs, and the cycle repeats. It is a constant rebirth of ideas at the top end and making them work down the same assembly line with the same quality as every other car — it's been our key process.

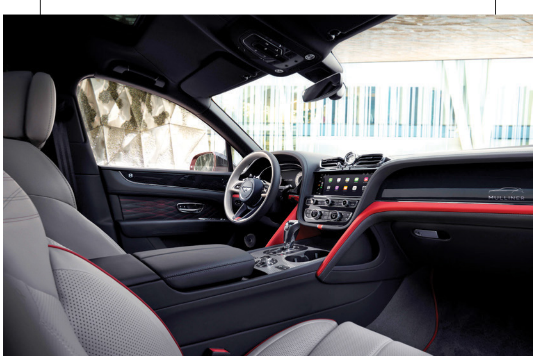
Tell us about your plans for introducing sustainability across your operations and cars.

Sustainability is relevant for our customers, even if they don't demand it necessarily, we know it will be in the future. So not just at the factory but also with our retail partners around the world, we're focused on making a difference.

In 2022, we received our carbon-neutral certification in the UK. I'm happy to say that all our retail sites in the GCC states have received their carbon-neutral certification as well. So it is relevant for the customers and it's also on the doorstep here that we're taking action. This means that the teams here are engaging with constant improvements. They have to get the qualifications and also look at what they use. Some of those are physical measures, others are not. So it may be solar power, but it may also be the production of plastic, etc. They do this constantly and consistently.

If you go back three years, there was a massive push by all governments to make electric vehicles (EVs). There was no discussion about alternative technologies or whether all EVs are equal, whether they're all clean. For example, if they're made from electricity generated by coal-fired power stations or wind energy, they've got a totally different C02 footprint. Even if customers aren't asking for sustainability or prepared to pay for it today, we believe that luxury has a perfect symbiosis with sustainability. It's make it better, keep it longer, fix it and don't throw it away. If you take that principle, you could turn it the other way and say we could be seen as the poster child, the symbol of excessive consumption and resource use for no ultimate purpose.

So we want to make sure that luxury has zero critique. And we can do it, so why wouldn't we? And ultimately, if we do build clean cars and we run them clean, when that gets measured, we'll be ahead of the game. And we can claim that high ground. So even if customers don't shout for it today, they'll be proud of it when they realise what they've bought and we'll educate them.



How soon will that happen?

We may move around a little bit in terms of time, and that's because the ban on the sale of internal combustion engines (ICE) is being delayed in the UK. The EU7 has been changed in Europe and others will follow; they'll soften the regulation. We may now be able to sell more of our current cars right up until the deadline, whereas we were expecting them to drop off quickly. So we won't be building brand new ICE cars, but we may well as enhance the ones seeing that we have more time. That's a sensible way to go forward, I think.

The SME Story

A dedicated hub for the regional startup and SME ecosystem

INTERVIEW

Money matters

These enterprising startups are serving the financial needs of the region's underserved communities

Pic: Supplied

Karl Abou Zeid, founder and CEO, **Fundbot**

What inspired you to start your company?

Fundbot is my second entrepreneurial venture. I discovered my passion for entrepreneurship during my first venture, Sqwirl, which operated as a trucking marketplace. It connects truck drivers with major transportation companies like DHL, Aramex, and CMA CGM. The platform offered embedded lending services to guarantee timely payments to drivers on day zero and eventually received reimbursement from the transportation companies upon maturity.

During the time, I realised that cash flow problems and delayed payments were not limited to the logistics industry, it was a global problem that every industry suffered from. In fact, it was affecting 75 per cent of the 19 million SMEs in the MENA region.

This is what drove me to create Fundbot, a fully automated end-to-end solution enhancing the efficiency of accounts receivables finance.

What were some of the biggest challenges that you faced when starting the business?

Financial institutions in the region were accustomed to manual and offline banking models, and there was hesitancy to embrace change. At the same time, the MENA (Middle East and Africa) region is home to a lot of underbanked companies that tend to resist digital adoption. Introducing new technologies may, at the beginning, raise concerns about security, reliability, and the potential disruption of financial processes. Building trust required not only robust security measures but also effective communication, understanding of local regulations and challenges highlighting the potential for growth, improved efficiency, and enhanced services that Fundbot can offer.

The economic volatility in the MENA region presented another layer of complexity. Fluctuations in economic stability could impact the adoption of innovative financial solutions. Another challenge we faced was ensuring strict compliance with regulatory requirements, particularly on the security front. The financial sector operates within a tightly regulated environment, and addressing these regulations was not only crucial for gaining trust but also non-negotiable for legal and operational reasons. We invested heavily in building systems and processes that not only met but exceeded the demanded security standards. This focus on compliance instilled confidence in our clients and positioned us as a trustworthy player in the market.

"DURING THAT TIME, I REALISED THAT CASH FLOW PROBLEMS AND DELAYED PAYMENTS WERE NOT LIMITED TO THE LOGISTICS INDUSTRY, IT WAS A GLOBAL PROBLEM THAT EVERY INDUSTRY SUFFERED FROM. IN FACT, IT WAS AFFECTING 75 PER CENT OF THE 19 MILLION SMES IN THE MENA REGION."

What is your business model and USP?

Fundbot employs a tier-based SAAS model, operating as a technology provider for workflows and automated jobs, offering scalable solutions to banks, and financial institutions.

Our APIs are designed with flexibility in mind, facilitating a seamless integration with core banking systems, ERPs or third party platforms. One standout feature is our real-time data synchronisation capability, ensuring instantaneous updates and consistently up-to-date information across systems. Furthermore, we take pride in offering unrivaled and robust security measures, prioritising the confidentiality and integrity of sensitive data.

Our platform stands out in the market by understanding regional dynamics and regulations with a commitment to serving the underbanked communities. We offer our platform in English, Arabic, and French, ensuring accessibility to the MENA audience.

What are your plans to raise capital and drive growth?

Fundbot successfully closed its seed round of $1.5m, led by Oryx Fund, with participation from Aditum, MEVP, PlusVC and Flat6Labs.

We intend to leverage the infusion of funds to expand both our operations and team by bringing on board additional experts. The increased capital will enable us to grow our business, explore new markets, and enhance our service offerings.

We aim to become an integral part of the dynamic startup ecosystem, make meaningful contributions to the local business environment, and position ourselves for sustainable growth in the UAE.

FUNDBOT SUCCESSFULLY CLOSED ITS SEED ROUND OF

$1.5M

Pic: Supplied

Naif AbuSaida, founder, **Hakbah**

What inspired the creation of Hakbah?

The inspiration behind the creation of Hakbah stems from the pressing savings crisis in the Middle East. It is deeply concerning that 70 per cent of Saudi citizens do not have any savings, and the average household savings stand at a mere 1.6 per cent.

Recognising this urgent need, we saw an opportunity to develop a social savings platform that would modernise traditional group savings and promote financial inclusion in Saudi Arabia. It is worth noting that up to 79 per cent of young adults in the MENA region are unbanked, and we are committed to addressing this issue as well. In addition to modernising our platform, we are dedicated to educating younger generations and fostering a positive attitude towards savings.

It's worth mentioning that 70 per cent of our users fall within the 21-28 age group, highlighting our impact in transforming saving habits among the youth.

Tell us about your business model.

Our business model revolves around digitising the collective savings pool concept through our flagship product, Hakbah, also known as 'Jameya'. With Hakbah, users can prioritise their financial goals by determining the required amount over a specific period. They then contribute to a shared pool of money circulated among the participants. Our platform is accessible through a user-friendly mobile application. In terms of fees, we have a one-time low fee for joining Hakbah, along with on-demand ancillary services that incur fixed fees. It's important to note that our platform boasts a high rate of repeat customers, surpassing that of traditional, non-digital Jameya models.

Our business model aims to provide a seamless and efficient savings experience while ensuring financial discipline and accountability among our users.

What sets Hakbah apart from other fintech platforms in Saudi Arabia? What are some of your product offerings?

In Saudi Arabia, we achieved remarkable milestones last year, with an 18-fold increase in total savings under management and a four-fold increase in revenue. Our customer base has exceeded 500,000 users, and we have received authorisation from the Saudi Central Bank (SAMA) to test our innovative services within the Regulatory Sandbox environment.

Our flagship product is a decentralised savings platform known as Jameya, which focuses on digitising traditional group savings to meet financial needs. Through Jameya, Hakbah users prioritise their long-term financial goals and contribute to a shared pool of money that is rotated among them.

This approach revolutionises traditional savings practices, encourages purpose-driven savings, and enhances financial literacy. We offer public and private Jameyas, catering to individuals of all nationalities. Our mobile application provides a user-friendly experience, featuring a fully automated process and a one-time low joining fee. Furthermore, our platform promotes financial inclusion and seamlessly integrates with any banking system in less than a week, thanks to our robust AI-powered technology foundation.

In addition to our existing offerings, Hakbah has an exciting pipeline of new product developments for the future. We are constantly striving to expand our range of innovative solutions to meet the evolving financial needs of our users.

Tell us about the recent $5.1m Series A fundraise. How do plan to use the funds?

Our Series A fundraise, which concluded in December 2023, has been a significant milestone. In this round, we raised

Pic: Supplied

$5.1m, bringing our total raised capital to $9m. VentureSouq, a MENA-based venture capital firm with a global portfolio, led the funding round. We were also fortunate to have the participation of new investors, including M-Capital and Bunat Ventures, and support from our existing investors, Global Ventures and Aditum Investment Management.

The infusion of funds will be instrumental in driving our growth and development. A significant portion of the proceeds will be allocated to further enhance our product offerings, with a strong emphasis on leveraging machine learning technology and advancing the capabilities of our easily integrable savings engine. Continuous innovation is crucial to delivering an exceptional user experience and maintaining our position as the leading savings platform in the region.

Additionally, we have allocated capital to attract and nurture top talent in the region. We recognise the importance of assembling a talented and dedicated team to support our mission and drive our growth trajectory forward.

We have exciting plans to expand into two regional markets through strategic partnerships or alliances. These efforts will enable us to extend our reach and impact, bringing the benefits of Hakbah to even more individuals in the region.

We are immensely grateful for the support and confidence shown by our investors. Their backing will play a pivotal role as we continue to scale, build a sustainable business, and make a lasting positive impact on the lives of our users.

70 PER CENT

OF HAKBAH USERS FALL WITHIN THE 21-28 AGE GROUP, HIGHLIGHTING ITS IMPACT IN PROMOTING SAVING HABITS AMONG THE YOUTH

Tell us about Saudi Arabia's fintech market. Where are the opportunities and what are the challenges?

The fintech landscape in Saudi Arabia is experiencing remarkable growth and transformation. With over 200 fintech firms operating in the country as of August 2023, there has been a staggering 300 per cent increase in the sector since 2021. This growth can be attributed to several factors, including high smartphone penetration, extensive internet connectivity, and evolving consumer preferences that embrace digital solutions. The Saudi fintech market presents ample opportunities for innovation and expansion.

From an investment perspective, fintech has emerged as the preferred industry for investors, with $704m deployed in the sector in 2023. This highlights the supportive environment and investor confidence in fintech ventures. Saudi Arabia has also taken significant steps to foster a business-friendly environment and implement regulatory reforms. The Regulatory Sandbox, established by the Saudi Central Bank (SAMA), allows local and international fintech companies to test their products and services in the Saudi market. This initiative creates new opportunities for fintechs while mitigating risks associated with market entry.

The government has also introduced various initiatives to promote savings and financial literacy nationwide. The Zood savings programme, led by the Saudi Development Bank, and the Financial Sector Development Programme under Vision 2030 are noteworthy examples. These initiatives aim to diversify the financial sector, boost household savings, and foster economic development and inclusion.

We are committed to supporting the kingdom's savings goals by expanding our savings offerings and forming strategic partnerships with citizens. We are excited about the ongoing growth of the fintech sector in Saudi Arabia and the increasing ease with which individuals can save through innovative solutions and national initiatives.

What's in the pipeline for Hakbah?

We are incredibly excited about our plans for 2024. Our primary focus is to expand our footprint in the Saudi market further and aim to serve a couple of million customers. To achieve this, we have an exciting pipeline of new and diversified products and partnerships in development.

We are dedicated to continuously enhancing our offerings and introducing innovative solutions that cater to the evolving needs of our users. We aim to provide comprehensive financial services that empower individuals to achieve their savings goals and improve their economic well-being.

While I can't reveal specific details now, we are committed to delivering value and creating a positive impact in the lives of our customers, and we are executing and implementing our plans fast and efficiently.

COMMENT

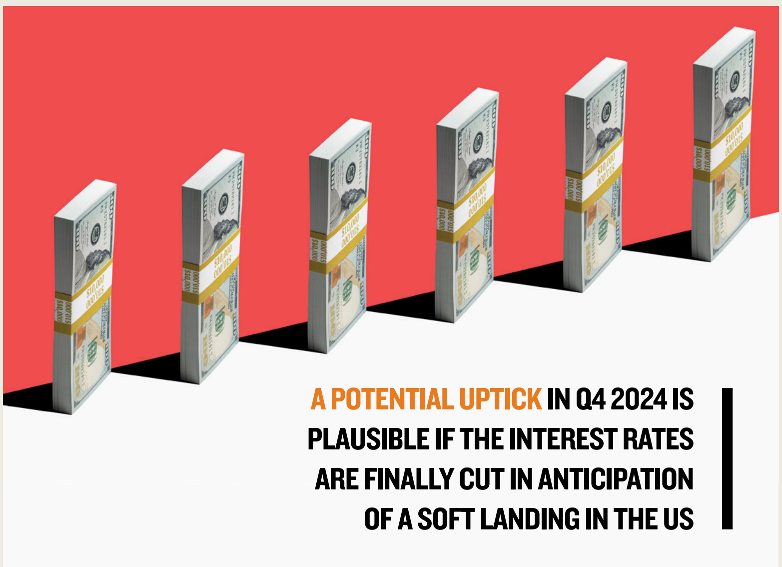
Navigating the waves

Philip Bahoshy, CEO at MAGNiTT shares key trends impacting MENA's venture capital landscape this year

01

FLAT INVESTMENT FOR FOUR QUARTERS

Excess investment is a thing of the past. We anticipate the quarterly investment trends to remain flat across the Middle East and Africa (MENA) throughout the year, excluding the mega deals. A potential uptick in Q4 2024 is plausible if the interest rates are finally cut in anticipation of a soft landing in the US, as hinted by Jerome Powell.



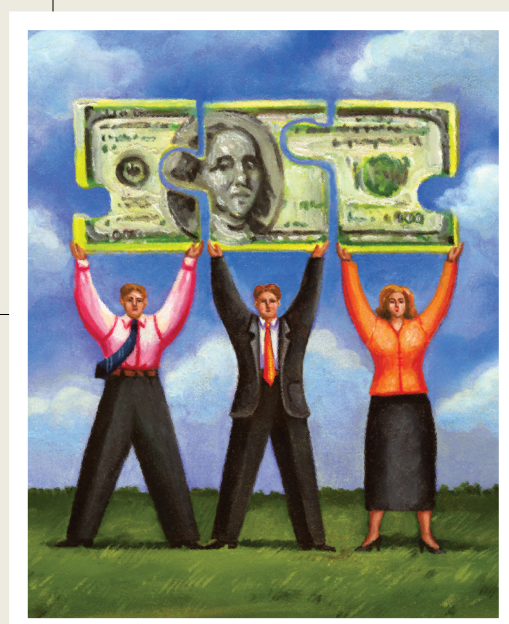

Pic: Supplied

Philip Bahoshy

02

ASCENT OF CORPORATE VENTURE CAPITAL

Corporates have emerged as active players in MENA, exemplified by entities like E& Capital, Chalhoub and STV. In 2024, we anticipate the ascent of off-balance sheet investment mandates by large corporations from the GCC, driven by the rise of FinTech and the imperative to digitise corporate institutions. Historically accounting for 13 per cent of investors, we expect this figure to rise closer to 20 per cent in 2024.



PicS: Getty Images

04

EXITS SOAR WITH A FOCUS ON IPOs

Building on last year's prediction, we're confident about an exit boom, particularly through IPOs in the MENA region. Despite economic challenges, as the region looks towards recovery and attracts more international interest, a slowdown in valuations makes international and corporate acquisitions of regional startups far more appealing than in years gone by. Similarly, in an attempt to stimulate liquidity for investors, founders, and employees, we anticipate the start of the IPO window for local listings, especially in Saudi Arabia.

03

SAUDI ARABIA IS LEADING IN DEALS AND FUNDING

Saudi Arabia's growth trajectory remains uninterrupted, with five consecutive years of expansion. All indications from the government, investment appetite, and startup migration point towards continued growth as the leader in the region in the venture capital space, not only by funding but also by transactions. Having achieved this feat in 2024, it will be interesting to track Saudi Arabia's growth when compared to more historically active emerging venture markets with Türkiye leading in terms of transactions and Singapore by funding in our annual report.

05

FUNDRAISING DRIVE

More than 2,100 funded startups have emerged in the MENA region in the past decade. With a total of 15 per cent of them having exited successfully and 6.5 years on average to exit. We anticipate 2024 to mark the rise of serial entrepreneurs raising funds from the MENA region as they move on from their first ventures to start new entities with their experience.

This year offers great potential for startups in the region, particularly as the lessons learned from the last three years have taught us to expect the unexpected. Globally, interest rate hikes have slowed the growth in the venture capital arena, and the MENA region is not immune to these challenges. Yet, certain individual venture markets, such as Saudi Arabia and the UAE, have weathered the storms. As the year unfolds, cautious optimism prevails among investors, with renewed interest in technology and venture opportunities.

The MENA region, with its dynamic ventures and adaptable strategies, is poised not just to weather the storms of the global market but to carve its own path toward growth and innovation. With valuations now more attractive for investments and favorable conditions for business development, the outlook appears promising.

COMMENT

Saudi's VC market: Bucking the trend

Saudi startups attracted significant interest from investors in 2023, despite a plunge in global venture capital investment due to macro headwinds such as inflation and high interest rates

Pic: Getty Images

Investment in Saudi startups surged by 33 per cent year-on-year (YoY) to $1.4bn in 2023, according to Dubai-based data platform MAGNiTT, constituting just over half of all venture capital funding raised in the Middle East and North Africa.

The growth in Saudi Arabia's venture capital market is being driven by the government's focus on innovation, a dedicated unicorn project, and investments from sovereign funds such as SVC, Jada and Sanabil.

The kingdom captured the highest share of total venture capital funding in the Middle East in 2023, accounting for 52 per cent of the total capital deployed in the region, up from 31 per cent a year ago.

"The kingdom's leading position in the venture capital scene in the region comes as a result of the many governmental initiatives launched to stimulate the venture capital and startup ecosystem within the Saudi Vision 2030 programs, and the development of the legislative and regulatory environment for the ecosystem," Dr Nabeel Koshak, CEO and board member at SVC said, adding that this is in addition to the emergence of active investors from the private sector.

Saudi Arabia's tech sector was helped by two large deals involving local fintechs Tabby and Tamara in the last quarter of the year, which allowed the Gulf state to grab a top-five spot for emerging market funding alongside Singapore, Turkey, Indonesia and Vietnam.

THE KINGDOM CAPTURED THE HIGHEST SHARE OF TOTAL VENTURE CAPITAL FUNDING IN THE MIDDLE EAST IN 2023, ACCOUNTING FOR 52 PER CENT OF THE TOTAL CAPITAL DEPLOYED IN THE REGION

Saudi Arabia's Public Investment Fund created a $1bn fund of funds for venture capital firms, and it also invests directly through its subsidiary, Sanabil.

The $700bn wealth fund has been plowing money into tech firms and startups as the kingdom seeks to bolster its venture capital industry while encouraging entrepreneurs to set up their businesses and create jobs.

Earlier this year, Saudi Aramco said it would allocate an additional $4bn to its venture capital unit, Aramco Ventures, which will more than double its capital from $3bn to $7bn. The state-owned energy giant plans to invest the capital in new energies, chemicals and energy transition materials, and digital technologies.

THE FUNDING WINTER

Despite a 33 per cent increase in venture funding in Saudi Arabia, funding across the MENA region plunged by almost a quarter to $2.6bn in 2023 as rising inflation, soaring global interest rate hikes and oil production curbs impacted appetite for venture capital across the world.

"Interest rate hikes have proven to be challenging for the venture capital landscape globally and the MENA region has not been immune to this. As we enter 2024, investors are cautiously optimistic, showing renewed interest in technology and venture opportunities," said Philip Bahoshy, CEO of MAGNiTT.

The latest data from MAGNiTT shows that several local and foreign investors retreated from the region last year, with only 366 investors backing MENA startups, down 30 per cent than in 2022.

Despite initial interest from Silicon Valley and global investors in the region, MAGNiTT said that only 45 per cent of investors came from outside MENA.

Meanwhile, UAE maintained its lead over deal flow, boasting the highest number of transactions in the region despite a 9 per cent YoY decline, driven by an increase in the number of serial entrepreneurs and early-stage companies using the Emirates as a regional launchpad. GB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