

The background of the entire page is a photograph of the Kuwait skyline at sunset. The Kuwait Tower, with its three illuminated spheres, is prominent in the foreground. The city's skyscrapers are visible in the background against a golden sky. A dark blue diagonal shape covers the bottom left corner, containing the report's title.

# **KUWAIT: RESILIENCE & MANAGEMENT IN TIMES OF CRISIS**

SPECIAL REPORT

**thebusiness|year**

FROM THE EDITOR'S DESK

# THE BUSINESS YEAR: KUWAIT: RESILIENCE & MANAGEMENT IN TIMES OF CRISIS

Necessity has always been the mother of invention. Time and again history has demonstrated that in times of hardship new opportunities emerge that have had a profound impact on what followed. For Kuwait, the arrival of COVID-19, as with everywhere else across the globe, has presented an unprecedented type of challenge. Kuwait's response as a country, and its ability to rally together, has not only mitigated the worst exigencies of the virus, but poised Kuwait to be ready to thrive as the new normal is established.

This special report seeks to bring attention to the key themes that have emerged during this period, as well as shine a spotlight on the core decision makers whose experiences help contextualise Kuwait's wider ability to navigate the pandemic.

In the face of the viral threat, Kuwait has retained its reputation as a safe haven. Agile in its response, the central bank led the way, steering Kuwait's economy into calm waters. The stimulus package launched at the start of April proved to be vital and was recognized as such by Fitch. A reduction in liquidity and capital adequacy requirements for banks demonstrated a sense of prudence, whilst cutting risk weightings for SMEs reflects the holistic approach to Kuwait's response.

Together with the safety net cast by the central bank, Kuwait's private sector has been the beneficiary of a significant acceleration in digitalization. The advances in digitalization could not have been possible without the necessity imposed by the arrival of COVID-19. The last few months have witnessed key financial services—from dividends to AGM meetings—being uploaded online. As a result, there has been an increase in investment opportunities in tech SMEs and digitally savvy firms as people are realizing the potential of a more digital market. In spite of the challenges presented by the pandemic, Kuwait's private sector is poised, ready to reap the rewards that necessity has brought about.

As Kuwait turns its attention to the issues surrounding how to reopen, The Business Year offers a resource showcasing the ideas and discussions over the recent period. The substance of this report is intended to answer the questions around the lessons and themes experienced by leaders in the business community. Going a step further, The Business Year will provide content from innovators and disruptors whose reflections outline the most advantageous ways Kuwait will thrive as it reopens. ✖

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## *navigating* CHOPPY WATERS

Alok Chugh  
PARTNER,  
MENA GOVERNMENT & PUBLIC SECTOR  
TAX LEADER,  
EY

Amid the COVID-19 pandemic, EY has risen up to come up with new solutions and initiatives in support of its clients in all sectors.

**How has the COVID-19 pandemic impacted EY, and how are you working with clients to guide them through this period?**

Like the rest of the world, EY has been impacted by COVID-19, and in Kuwait we have been in a lockdown situation since the second week of March; however, there is an advantage of being global firm, and we have been able to parse out synergies during this time. We have been working closely with our global leadership and our EMEA support partners as well as our large team in India, with a large focus on integrating technology and setting up everyone to work from home. This progressed into establishing new protocols in engaging with the clients gradually and coming up with the top leadership that you are seeing in the market right now to support our clients. There are some large projects, upward of tens of millions of dollars, that continue progressing, and we, in turn have to enable our teams to maintain client engagement. We are also looking at new opportunities that are being presented to help our clients impacted by COVID-19.

**Which sectors are being the most impacted, and how has EY responded to this?**

We have identified the different sectors and the ways in which they were impacted to address the needs of our clients under the circumstances. The financial services sector is one of the sectors that was most impacted, largely in good ways; on the other end of the spectrum we have hospitality; tourism, particularly airlines and hotels; and transportation. Then there is the public sector, which is my forte, and the energy sector. Amongst these sectors, I have been involved closely with the financial services, government, and oil and gas sectors in the MENA region. This region specifically is further influenced by other factors, which have been amplified by COVID-19, such as the decline in oil prices. Everything combined has led to a need to rethink business strategies and created more space for EY to offer our services and solutions.

**Starting with the government, what work are you doing with the public sector?**

The government sector has been impacted in numerous ways. Its first and foremost priority is to ensure the health and safety of its people and maintain the supply chain. Then comes supporting business through financial and economic stimulus to avoid compounding financial crisis. Regulators have become more actively involved in trying to make all the necessary legislative changes to follow and manage the situation effectively. The government sector is doing a wonderful job at the moment, and we are assisting in developing such policies and frameworks. The government sector needs hands-on help in terms of building its capabilities and becoming better at dealing with these exceptional circumstances. This includes trainings for supporting digital transformation and integration of technology. We provide the technology so that it can interact with citizens and businesses as well as across public bodies. We also help in terms of developing the financial and economic stimulus packages to achieve various objectives, whether it is creating more liquidity or providing more funding in terms of lending. Another important area is data, particularly when it comes to supporting SMEs. With proper data on the number and size of SMEs, the government can better formulate measures to support them. This has been a huge challenge but is getting increased attention.

**Moving onto the financial services sector, what response is EY facilitating in this space?**

Our main aim is to ensure the fiscal and economic stimulus packages are effective in what they are trying to achieve. For example, the government's measures have buoyed the stock markets a fair bit. With these stimulus packages, the financial services sector has played an important role. The central banks of various governments, including Kuwait, have done a great job. The Central Bank of Kuwait was the first one to come up with a di-

**“The government sector is doing a wonderful job at the moment, and we are assisting in developing such policies and frameworks.”**

rective announcing new norms to allow more liquidity to the banks to support the economy. One of the changes that came about was an additional KWD500 million to banks that allows them to lend to businesses and improve cash flow. It has also reduced the liquidity ratio for banks, thus allowing them to lend more into the market. In the beginning of April, it made a further announcement to address the needs of SMEs, passing on this stimulus and support through the Kuwait SME Fund. We are extending our support to the sector through data and technology, integrating these with the kinds of procedures that business should enact to analyze the effectiveness of such stimulus packages. We are also extending support in terms of managing the workforce while everybody is working from home. The banking service sector also needs to benefit from the stimulus packages. This means if there is a tax exemption being granted, then the banks, as taxpayers, also need to take advantage of that exemption. In line with this goal, we have developed a real-time tracker tool that allows us to see the tax and fiscal changes governments worldwide are introducing. We are able to share that tracker with clients across sectors. Finally, for this sector and others, we are involved in the contractual aspects and helping clients amend contracts for working with other businesses.

**Seeing as the region is experiencing several shocks in the energy sector, how is EY helping this sector in particular face such nuanced circumstances?**

The energy sector in our region has been impact-

ed quite significantly. We never imagined prices would fall into the negative range; those were extremely interesting economic dynamics leading to a unique scenario. Thankfully, it was a short-lived phase, and oil prices have been hovering around USD25 a barrel, which for many countries is still below their costs of production. Consequently, we have seen a significant change in the entire thought processes of national oil companies (NOCs) in the region and others. Many discussions focus on cybersecurity. We are assisting a few NOCs through a whole digital and technology framework, then taking it one step further with cybersecurity framework and supporting infrastructure. These are massive undertakings that will keep us busy for a few years at least. The other focus area is cost reduction management. There are multiple ways you can address this, such as restructuring subsidiaries and joint ventures for distribution and storage, adjusting organization structures, and creating more efficient synergies. There is an active discussion with another NOC on how it can bring about synergies by merging a few entities and trimming costs. The third area is workforce advisory and support.

**How can Kuwait and the region lead the world following COVID-19?**

Despite the current challenges in the oil and gas sector, one major advantage that this region has over the others is access to significant cash and liquidity. In this region, discussions about moving toward transforming and diversifying economies is creating significantly more opportunities for other sectors. The pandemic will fast track this process and push countries to think more seriously about other forms of revenue generation. We have seen a big shift in Kuwait, for example. The government has created special committees and sub-committees to explore how it can address the different sectors, the necessary legislative changes, and new projects. We will probably see more timely and aggressive decision making in the coming weeks and months in this region. ✕

**BIO**

Alok Chugh is a tax partner with EY's Middle East practice and is based in Kuwait. He has been in the region for over 26 years and has detailed knowledge of business and taxes in the Middle East. He also leads the government and public sector tax practice for EY in the Middle East and North Africa region. He is a member of the Institute of the Chartered Accountants of India and is an active member and frequent lecturer at the American Business Council, French Business Council, British Business Forum, and Canadian Business Council in Kuwait. He is also on the Board of the American Business Council in Kuwait. He has consulted for various governmental organizations in Kuwait on the practical implementation of various regulations in Kuwait, including the Ministry of Finance. He also works closely with the Kuwait Direct Investment Promotion Authority (KDIPA) and a number of other tax and regulatory authorities across the region.



With uncertainty on the rise as a result of trade tensions and a global pandemic, EY's suite of solutions for every situation helps clients address challenges and turn them to their advantage.

## NAVIGATING UNCERTAINTY

**THE COVID-19 PANDEMIC** has resulted in an unprecedented level of disruption. In these very challenging and difficult times, EY has developed the Reframing the Future—Now, Next and Beyond framework that provides a map for navigating uncertainty and complexity. Now—safeguards business continuity through effective crisis response planning. Next—ignites recovery through business adaptation and stronger enterprise resilience. Beyond—focuses on delivering long-term value creation by reframing and transforming business.

A brief description of some of our services under the Reframing the Future framework is listed below.

### **GLOBAL TAX STIMULUS TRACKER TOOL:**

This tracker, which is updated daily, provides details of policy changes that have been announced in jurisdictions around the world in response to the global COVID-19 pandemic. It provides details about policies that have been proposed or implemented in almost all key jurisdictions. Other tax and law trackers are also available on our website.

**TAX AND FINANCE OPERATE (TFO):** Tax and finance departments are being impacted by global legislation, technology disruption, and evolving skills requirements. To achieve

efficiencies, they are exploring alternative sourcing from discrete services to complete outsourcing. TFO is EY's technology-driven delivery model that pairs highly skilled resources with best-in-class processes to help companies achieve their strategic vision.

### **NEXTWAVE GLOBAL TRADE SOLUTIONS:**

The NextWave Global Trade solutions overview highlights how EY's solution helps clients address today's challenges (from trade tensions to COVID-19) and opportunities as well as allowing them to turn trade disruption into a strategic advantage. It convenes clients across sectors to explore ways to build trust both within their organizations and across their broader trade networks.

### **COST OPTIMIZATION FOR VALUE CREATION:**

Rapid Profit Transformation (RPT) helps our clients stabilize, recover, and reimagine their business for profitability. We are helping our clients to address profitability levers across revenue, cost, and capital to address liquidity and unlock value, for a more flexible, cost-effective, and resilient organization. The current COVID-19 crisis creates lasting effects requiring all industries to reevaluate their business across the value chain, realize cost savings and reinvest differently for the future.

**MANAGED TREASURY SERVICES:** Managed treasury services can help increase operational performance and gain enhanced insights and greater comfort through access to the global EY network of specific treasury and treasury accounting knowledge and tools, on a continuing basis allowing organizations to focus on strategic activities.

**FINANCE AS A SERVICE (FAAS):** Finance as a Service uses cutting-edge technology, subject-matter professionals and EY Shared Service Centers that can support statutory, regulatory and tax reporting and compliance; and lease accounting and contract management. It can also help with consolidation of financial statements, treasury, pensions and HR or management reporting.

**LEGAL MANAGED SERVICES:** Legal managed services provide technology-enabled support, including automation for high-volume repetitive or event-driven legal work, to legal departments. These services include multilingual, compliance and governance, contract lifecycle management, research and regulatory mapping and managed review and functional analysis.

**GLOBAL PAYROLL OPERATE:** Payroll Operate is a global payroll solution that provides a

single framework that can be scaled by you as your business needs evolve operating as a managed service from data collection, preparation and source-to-gross right up to statutory reporting, payment preparation and employee communication.

**GLOBAL PAYROLL SOS:** Payroll never closes, and especially during this challenging time (with COVID-19), it is even more important that employees continue to receive their payroll. This solution powered by ServiceNow is leveraging on GDS and global EY teams in over 120 countries to help clients navigate their payroll business continuity issues and challenges.

**INTEGRATED MOBILITY:** EY Mobility Pathway brings an end-to-end, technology-enabled, integrated mobility solution for mobile employees and corporate users. The solution is integrated within an ecosystem of service providers which empowers employers and their global workforce and puts mobility at the heart of the people agenda. With a commitment to reducing cost, improving compliance, providing greater workflow management and insights, and enhancing the user experience, EY is ready to offer fully managed integrated mobile service to our clients.

**OPERATING MODEL EFFECTIVENESS (OME):** The OME service offering helps clients optimize the after-tax benefits of business transformation. In this way companies can achieve a competitive and sustainable effective tax rate that is driven by the business operating model.

**AGILE TAX:** EY's Agile Tax is an SAP-powered end-to-end transformation and technology enablement solution that addresses all the tax implications of the client's entire enterprise transformation. This includes the transformation of the tax function itself to align tax processes, technology and people. Agile Tax is a pillar of EY's Agile Business Transformation solution.

**CYBER BREACH RESPONSE PROGRAM (CBRP):** COVID-19 has seen a sharp increase in cyber-security breaches. A centralized, enterprise-wide CBRP is the focal point that brings together the wide variety of stakeholders that must collaborate to resolve a breach. It needs to be run by someone who is equipped with in-depth legal, compliance and technology experience, and is able to manage the day-to-day operational and tactical response. CBRP goes beyond the capacity of a traditional program management office

(PMO). In its coordination and oversight role, the CBRP can help ensure that an organization's business continuity plan is appropriately implemented, develop and enforce a communication and briefing plan among all internal stakeholders, and centrally manage all breach-related inquiries received from external and internal groups.

**EY-Microsoft Modern Workplace:** EY in collaboration with Microsoft, has a proven methodology that enable organisations to reinvent ways of working. This approach drives productivity and collaboration in an engaging way that is uniquely suited to the current crisis.

**RESILIENT AND RESPONSIVE RISK:** The COVID-19 pandemic has exposed companies to a unique set of risks and challenges. It is important these risks are well managed without necessarily having to increase precious spend. We are seeing companies move risk management functions from fixed to variable cost models, with the flexibility to expand and contract spend based on business circumstances. We are helping clients operate a new normal with a transformed risk function focused on the risks that matter. ✕



## INTERVIEW



## combined EFFORTS

KDIPA's focus is to ensure a streamlined business environment and further develop its service delivery and facilitation to better promote investment in the country.

## BIO

Sheikh Meshaal Jaber Al-Ahmed Al-Sabah is currently Director General of KDIPA. He also chairs the Permanent Committee for Streamlining Business Environment & Enhancing Competitiveness in Kuwait. He served as Deputy Chairman for National Offset Company (NOC), previously chaired the inter-Ministerial Steering Group for insolvency and creditor/debtor regime, and was a member of the board of directors for the Central Bank of Kuwait. Prior to that, he was chief of the Kuwait Foreign Investment Bureau Division under the Ministry of Commerce & Industry. He holds a PhD in HR and marketing management from the University of Portsmouth (UK), an MBA from Maastricht School of Management, and a BA in political science and public administration from Kuwait University.

Sheikh Meshaal Jaber Al-Ahmed Al-Sabah  
DIRECTOR GENERAL,  
KUWAIT DIRECT INVESTMENT PROMOTION AUTHORITY (KDIPA)

**Given that developing the private sector is key to Kuwait's Vision 2035, how do you assess COVID-19's impact on accelerating these plans?**

The current situation is still fluid and it is difficult to fully assess the magnitude of the impact on the economy and the private sector; however, measures to address the social changes and economic situation have been set by the government and continue to change to support the country's resilience. Kuwait National Vision 2035 continues to be KDIPA's roadmap, and we continue to support the private sector taking the lead in economic activities to foster the country's competitiveness and nurture the innovation ecosystem to ensure a sustainable future for generations to come.

**Could COVID-19 be seen as the tipping point for Kuwait to progress significantly in its digitalization process?**

The unexpected outbreak of COVID-19 played a catalyst role to speed up embracing new digital channels such as developing needed e-applications, delivering government e-service, utilizing e-commerce, managing virtual teams, and holding online events and meetings. In Kuwait, the profound and advanced ICT industry base continues to support the pivoting digital transformation with an accommodating regulatory and legislative framework as well as the presence of public institutions like CITRA, CAIT, and others. There is also a large talent pool of technologically savvy young people who comprise more than 60% of the population pyramid. In addition, the majority of KDIPA's cumulative approved direct investment from the ICT sector reinforces the market demand for this sector.

**Which efforts would you like to highlight with regard to ensuring Kuwait emerges from this crisis as an enhanced ecosystem for business and investment?**

From the start of the pandemic, KDIPA launched a COVID-19 response team to support its partners and disseminate relevant updates through multiple online outlets. KDIPA particularly stayed the course on strengthening the delivery of its facilitation and aftercare services to all its existing and interested investors by maintaining open lines of communication. A dedicated hotline was also established to answer forthcoming inquiries about busi-

ness conditions in Kuwait. Furthermore, the KDIPA board of directors approved support measures to initially alleviate the impact of COVID-19 for both existing investors and interested new investors that includes income tax and customs duties exemptions, a grace period for starting operations and reporting, as well as reducing KDIPA fees across the board by 50%.

**How is KDIPA supporting both its own human talent and employees in Kuwait more broadly?**

At the country level, human capital has always been an important factor in Kuwait's unique value proposition. #Team-KDIPA is our fundamental asset. We have always been keen, and now even more so under COVID-19 pandemic circumstances, to offer an enabling environment to ensure continuous learning and career path development to acquire new skillsets and competencies to ensure excellence in performance. The COVID-19 closures required the team to work remotely, which was not an issue as the digitalization infrastructure at KDIPA has already been set in place. This enabled the team to utilize various programs and applications to ensure work is progressing uninterrupted and efficiently from home with 24/7 technical support if needed. Furthermore, there are online training opportunities for KDIPA employees to participate in to encourage them to take this time to upskill and continue to develop their skillsets.

**Looking ahead, what is the best way Kuwait can bounce back, and how would you like to see Kuwait reopen?**

Kuwait is currently implementing a five-stage relief and recovery program, which allows for a gradual return to work in both the public and private sectors as well as opening the economy. We will continue to cater to existing and potential investors and seek to resolve any issues unsettled or that need to be adequately addressed. Moreover, we are preparing for a fully fledged, accommodating investment promotion strategy, identifying investment opportunities, adapting to the best policy and promotion framework, extending our economic benefit model, creating more integrated linkages between investors, and addressing local supply chain needs, as well as resuming our advocacy role. ✖







## FOCUS

Doing Business Updates

# BEARING FRUITS

Kuwait's COVID-19 business updates coincide with a broader effort to upgrade its business and investment landscape.

**KUWAIT SECURED A PLACE IN THE TOP-10 ECONOMIES** with the most notable improvements in the World Bank's "Doing Business 2020" report. Taking a deeper dive, Kuwait's reforms have facilitated processes in the following areas: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, and trading across borders. Moreover, The World Economic Forum's Global Competitiveness 2019 report also recognized Kuwait as the most improved country in the region, moving up eight spots from 2018.

Though these recognitions came before the outbreak of the novel coronavirus, Kuwait is continuing its trajectory, leveraging both the momentum of previous reforms and the opportunity to advance digitalization.

With regard to the former, Kuwait has implemented several measures to maintain economic stability throughout the crisis. Before the pandemic, delay of payments from the public sector was a significant challenge and caused issues of liquidity down the supply chain. Therefore, an important measure as a result of COVID-19 was expediting government payments to private sector vendors and contractors.

Another critical area of concern is supporting SMEs through such uncertain times, especially as SMEs will be even more fundamental in the post-COVID-19 era. Installments for loans funded by the Kuwait SME Fund and Industrial Bank have been postponed, as well as social security contributions and payments bank loans and facilities for six months. Regarding the latter, interest on such payments was canceled. Moreover, various resources were mobilized, and stopgaps implemented to protect workers' jobs, salaries, and overall financial security.

Looking at foreign investment, the Kuwait Direct Investment Promotion Agency (KDIPA) implemented several measures to support current investors and assure continued interest and FDI. HE Dr. Meshaal Jaber Al-Ahmed Al Sabah, Director General of KDIPA, noted that communication is critical for meeting investor needs and creating a conducive investment environment. "From the start of the pandemic, KDIPA launched a COVID-19 Response Team to support its partners and disseminate relevant updates through multiple online outlets." What's more, "The unexpected outbreak

of COVID-19 played a catalytic role to speed up embracing the new digital channels such as developing needed e-applications, delivering government e-service, utilizing e-commerce, managing virtual teams, and holding online events and meetings."

According to an update released by EY in May 2020, KDIPA's major amendments to support investors included: extension of the tax and customs incentives to all KDIPA-registered entities, revised mechanism for granting tax exemption, and reduction of service fees by 50% through December 31, 2020.

In an exclusive interview with TBY, EY Partner and MENA Government and Public Sector Tax Leader Alok Chugh explained how EY was supporting the government largely related to enhancing digital capabilities. In terms of facilitating digital transformation and integration of technology, "[EY] provides the technology so the government can interact with citizens and businesses as well as across public bodies. We also help in terms of developing the financial and economic stimulus packages to achieve various objectives, whether it is creating more liquidity or providing more funding in terms of lending." Though there were aforementioned efforts to support SMEs, Chugh goes on to point out the importance of data when it comes to SMEs. "With proper data on the number and size of SMEs, the government can better formulate measures to support them. This has been a huge challenge but is getting increased attention."

This public-sector support from EY and its effects point to a reinvigoration of the country's New Kuwait Vision 2035, which had lost steam before the pandemic.

The Central Bank of Kuwait is another pivotal stakeholder in terms of enabling economic stability. A testament to the central bank's success in this regard is the maintenance of Kuwait's scores from various rating agencies. To increase liquidity, the central bank's regulatory stimulus package raised domestic banks' lending capacity by KWD5 billion, and the institution lowered its capital adequacy instruction for banks from 13% to 10.5%. Furthermore, the central bank lowered the discount rate to 1.5%.

Kuwait may have been a first-time addition to the World Bank's Doing Business top-10 most improved countries, but it certainly may not be the last. ✖

BUILDING OFF OF SIGNIFICANT ADVANCEMENTS IN ITS BUSINESS AND INVESTMENT ENVIRONMENT IN RECENT YEARS, KUWAIT IS ENSURING PROGRESS IN THE WAKE OF COVID-19 CONTINUES, AND IS EVEN ACCELERATED. EY'S E-SOLUTIONS ARE PIONEERING THE WAY.


Kuwait is a **TOP-10 MOST IMPROVED MARKET** in the World Bank's "Doing Business 2020" report



 Electronic events & meetings

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**COVID-19**  
A CATALYST FOR  
DIGITALIZATION

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### EY'S SOLUTIONS:



### KUWAIT DIRECT INVESTMENT PROMOTION AGENCY (KDIPA) KEY TAX STIMULUS MEASURES

▲ Extension of the **tax & customs incentives** to all KDIPA-registered entities

● Revised mechanism for **granting tax exemption**

◆ **50% reduction of service fees** through December 31, 2020

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SOURCE: EY, KDIPA, & WORLD BANK



## INTERVIEW

# SPURRING *further growth*



Khaldoun Al-Tabtabaie  
CEO,  
KUWAIT CLEARING COMPANY (KCC)

Having demonstrated its resilience in the last few months, KCC plans to step up its efforts to ensure foreign investors find a larger appetite to invest in Kuwait.

**What lessons have been learned about Kuwait and your company's resilience and ability to withstand the impact of COVID-19?**

Our efforts in the past few years in terms of investment in technology served us well during the last three months. We had moved into digitalizing our operations extensively at an early stage. We also found a way to work from home during the lockdown period and ensured that the crisis did not impact stock market operations. This was greatly appreciated by local and foreign investors and reflects the resilience of KCC and the Kuwaiti Securities Market. Most of the barriers that we faced in the past few years necessitated the need to change certain behaviours and there is enormous potential to automate legacy services. During the past few months, governments and businesses alike collaborated to prevent the spread of COVID-19 by launching several public e-services within a short period. This was an outstanding achievement and clearly shows the potential to transform digitally is there. Therefore, I trust we will be able to adapt to these changes and provide operational efficiencies with full confidence in the future.

**Did the crisis impact development plans, and in what way has it made you reprioritize strategies?**

Some development plans had to be paused due to the restrictions imposed on businesses in the global effort to slow down the spread of COVID-19; however, we continued working on the plans and are confident they will be delivered eventually. In the past few months, we channelled our efforts to optimize operations and ensure business continuity. We showed our resilience during this crisis and ensured critical market operations were up and running without stoppage, even when the government imposed a full curfew. Therefore, this experience provides us with optimism that as a business we can withstand future crises. Our business strategies and goals remain the same, and the current circumstances will only spur us to develop further.

**What did you provide the market with during this crisis?**

Digital transformation sits at the core of our ambitious business strategy. We continue to work toward optimizing our operations to provide value added and modern services. During the past few months and due to curfews imposed on people and businesses, we faced the challenge of providing a

platform that enables general meetings to be held remotely and allows shareholders to vote on resolutions from anywhere in the world. This project was initially planned for delivery in 2021. However, we delivered the platform and the relevant procedures in record time and allowed local and foreign investors to participate in the voting process without the need to attend physically.

**What were the main challenges you faced to achieve that and how did you overcome them?**

Such projects normally require special legalisation to be implemented appropriately. These hurdles used to stand in the way of delivering digital services in timely fashion. However, due to the current crisis, the grounds were paved collaboratively and efficiently to allow us to introduce our new e-AGM platform to the public. The relevant regulatory authorities were extremely flexible and open toward implementing the necessary legislative changes that would support any initiative that eases procedures for the public.

**How would you like to see Kuwait reopen for business, and what role will KCC play there?**

KCC played a pivotal role in getting Kuwait's stock market upgraded on three major international indices—FTSE Russel, S&P DJI, and MSCI—through the development of its operating infrastructure and services introduced to foreign investors. This was the result of several years of planning and hard work. We also plan to step up our efforts to ensure that foreign investors find a larger appetite to invest in Kuwait. We have seen that appetite increase significantly over the past four years and foreigners have not diminished their investments in Kuwait. Our recent unique new services, like e-Dividends, e-AGMs and e-Voting will enhance our reputation as an international market and an attractive investment destination. ✖

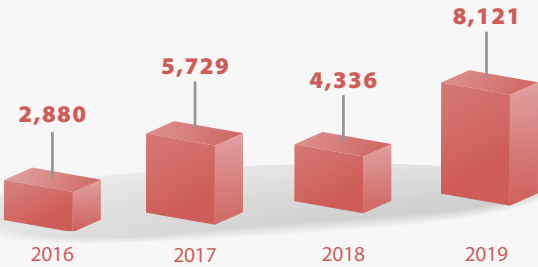
**“KCC played a pivotal role in getting Kuwait's stock market upgraded on three major international indices—FTSE Russel, S&P DJI, and MSCI.”**

## BIO

Khaldoun Al-Tabtabaie is the CEO at KCC, which is the central depository, clearing, and settlement entity for the Kuwaiti Securities Market. He is an active member of the CMA's market development and planning committee and played a major role in the reclassification of Kuwait to emerging market status by major index providers, namely S&P Dow Jones, FTSE Russell, and MSCI. He holds a master's degree in MIS and a bachelor's degree in business administration from the George Washington University, US, and a diploma in financial market operations from the International Capital Markets Association (ICMA) & University of Reading, UK. He has over 20 years of experience in financial market operations, IT and project management.

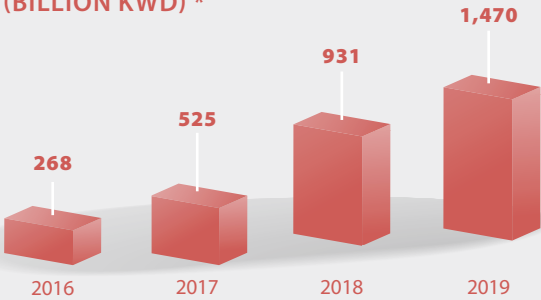
# TRANSFORMING VISION INTO REALITY, FOCUSING ON DEVELOPMENT, THE JOURNEY CONTINUES....

**TOTAL INVESTOR BUY TRADE VALUES  
(BILLION KWD) \***

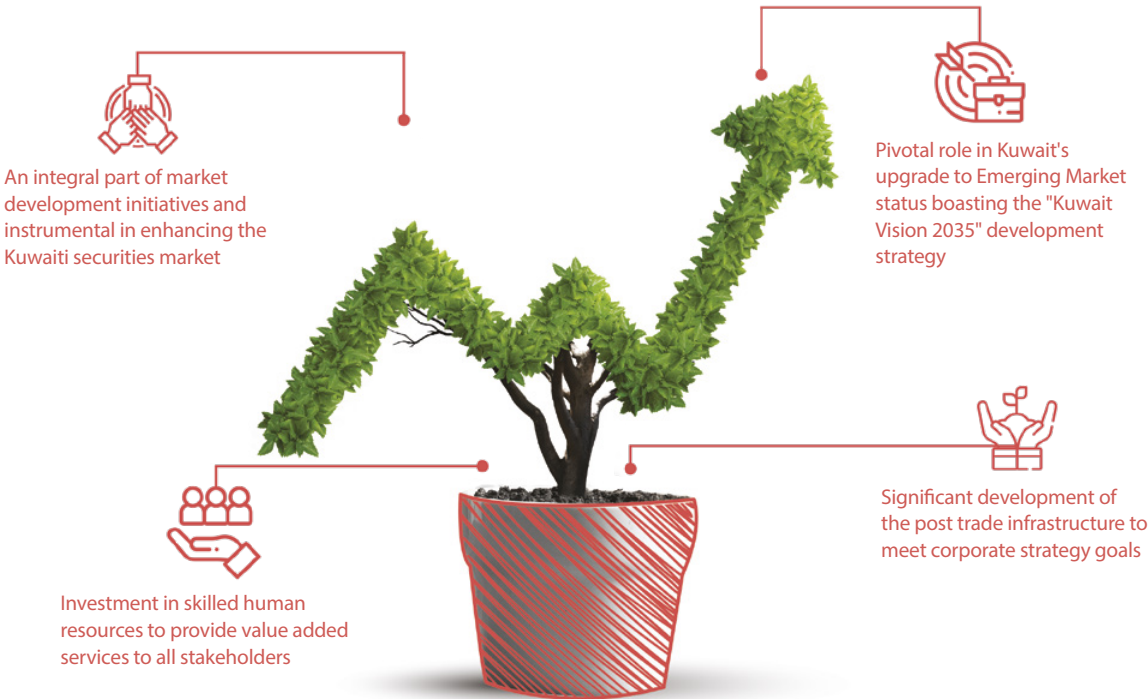


\*Trades on Bursa Kuwait

**FOREIGN INVESTOR BUY TRADE VALUES  
(BILLION KWD) \***



\*Trades on Bursa Kuwait



Kuwait Clearing Company (Maqasa) is a regional leader in capital markets providing world-class facilities and distinguished industry services. It aims to be at the forefront of innovation by relentlessly pursuing further enhancements to develop the market infrastructure, practices, thereby easing access for foreign investors to Kuwait's Capital Market.



[www.maqasa.com](http://www.maqasa.com)

## INTERVIEW

*on the* RIGHT TRACK

With a firm belief that any defense against the coronavirus is only as strong as its weakest link, KPA has assumed a public health responsibility to coordinate with governmental bodies to meet the highest standards.

Sheikh Yousef Al-Abdullah Al-Sabah  
Al-Nasser Al-Sabah  
DIRECTOR GENERAL,  
KUWAIT PORTS AUTHORITY (KPA)

**What precautionary and preventative measures has the Kuwait Ports Authority (KPA) taken to mitigate the impacts of the coronavirus pandemic?**

Every day, we are constantly making adjustments based on lessons learned. And we seem to be on the right track. We held a video conference with Shanghai International Port, comparing our measures to handle COVID-19, and encouragingly, 90-95% were the same. This was also the case for our video conference with the Arab Seaports Federation in mid-May. In a way, we are more agile than countries that perhaps have more legacy protocols. We have been able to implement new measures effectively and quickly. In Kuwait, we also had the advantage of forewarning that Iran and many in Europe did not have. KPA did not wait for any directive from the government, and I immediately closed down Kuwait's Doha Port, which is the smallest of our three main ports. This was important because 80% of the incoming freight from Iran comes on smaller dhow ships. We also worked with the Ministry of Health to implement screening measures at ports that receive larger ships. The staff on the ship observe social distancing and are well supplied with PPE, and when the ship comes to port, we deploy medical personnel to take the temperatures of everyone on the ship. We implemented measures regarding PPE three months before the release of regulatory circular from the International Maritime Organization (IMO) and before any other GCC country.

**How has KPA leveraged technology to ensure maximum safety?**

Some of the most effective measures require little to no technology. Early on, we reduced our on-site employee attendance to 30%. And some of our most vulnerable employees, for example, those who are immunocompromised or those above 60, were relieved from coming on-site and are being paid full salaries during this time. For others, we have reorganized shifts to minimize contact and enforced social distancing and PPE measures. We are also working with contractors to best protect the stevedores working at our ports. We have been screen-

ing temperatures and testing people, and we have had no cases in KPA thus far. Technology plays a more significant part in video-conferencing and remote working. We have also been securing some advanced PPE, such as devices that can measure body temperature from several meters away.

**How has KPA advanced WHO and IMO standards regarding coronavirus instructions?**

We have taken a lot of steps to work with shipping lines, tracking where the ships have been in recent periods, with special considerations given to ships coming from highly infected countries. The shipping lines themselves have been proactive in providing the necessary PPE and introducing rules and regulations for their crew. It is very much a collective effort across the sector, and we have donated PPE to other military and security organizations. KPA is the first port authority in the Middle East to purchase disinfecting trucks to sanitize the containers and all premises within the port. We have a public health responsibility to make sure we are meeting the highest standards; after all, any defense against this virus is only as strong as its weakest link. We have been coordinating these efforts with several governmental bodies. We have even taken our disinfecting trucks to several supermarkets and the coastguard base.

**How is KPA looking to move forward?**

We have signed an MoU with the Public Authority for Industry to build the first industrial port in Kuwait. This outbreak has reminded us that we need renewed efforts to increase local industrial capacities, which requires industrial-style berths. We are also restructuring KPA, with plans to go abroad and compete in the areas of port operation, logistics cities, and luxury berths for yachts. In this last segment, we have plans for a USD1-billion project called Al Fintas Marasi, with 2,000 yacht berths and a mall. Progressively and steadily, we are moving forward, and hopefully we will see KPA establish a presence in Europe and Africa. ✕

## BIO

Sheikh Yousef Al-Abdullah Al-Sabah Al-Nasser Al-Sabah is the Director General of the Kuwait Ports Authority (KPA). Previously, he served in progressive roles in the military. He holds a bachelor's in economics from Boston University, a master's in international studies and diplomacy from the University of London, and an MBA from Kuwait University. He completed several advanced military courses in both Kuwait and the US. He served as major and commander of foreign procurement in the Kuwaiti army and became lieutenant colonel before retiring from service in 2007, though remaining an honorary member of the Association of the US Army. He is currently pursuing a master's in major projects at Oxford University.



# ENERGY efficiency

ENGIE uses technology and innovation to optimize its solutions and showcase them to a broader range of clients.

Tom Greenwood  
COUNTRY GENERAL MANAGER,  
ENGIE KUWAIT



**We discussed Kuwait's transformation toward a zero-carbon future, but I wanted to put that discussion in the context of the pandemic. How is this unprecedented event impacting progress toward decarbonization efforts?**

For one, this has given ENGIE an opportunity to allow its engineers access to operational sites that run 24/7. For example, under normal circumstances, it is quite hard for our engineers to get access to assets such as chillers in hotels and hospitals. Now, we have the chance to access those vital components and make some changes. The current situation also demonstrates to the client exactly how much energy they use at full capacity. This has helped us to uncover new insights and trends.

**Have you seen increased interest from the public sector in your value-added services?**

Currently, we have most of our businesses in the private sector. ENGIE is a major global group that is financially stable and has the resilience to come through this stronger than some of its local competitors. This puts us in a good position to pick up extra work within the public sector. One segment in which we have not seen any real downturn or major impact is data centers. Even the private hospitals that we currently look after in Kuwait have had to diversify. A broad spectrum of our key clients, from hospitals to hos-

pitality and shopping malls, have been affected in different ways. The least affected has been the technology sector. We have also seen quite an increase in demand for sanitation services, for obvious reasons.

**Considering the ICT sector has been the least impacted thus far, do you foresee reinvigorated progress toward digital transformation and energy efficiency solutions?**

Innovation and technology can be a little bit of a slow burner here in Kuwait. But this depends on what you define as innovation. How the West looks at innovation can be different than how it is looked at in the Middle East. What I would say is that COVID-19 certainly emphasizes how technology and some of the processes that ENGIE offers can be beneficial. Within ENGIE, we use technology and innovation, particularly through data and KPIS, to really optimize our solutions. This situation has created a window of opportunity for us. For our current and potential clients, it really highlights our KPI business model, where we utilize technology and demonstrate efficiencies around energy. COVID-19 has provided an ultra-magnifying glass and allowed us to showcase how much our clients are able to save during this downturn in energy use. We are getting them to think outside of the box and use our energy engineers or office management structure. These are the potential real savings that are genuinely there. From that perspective, the pandemic is creating fresh opportunities for us.

**How is this increased awareness translating into higher demand for your services?**

The vast majority of our clients in Ku-

wait, because of a reduction in profits, have requested an equal amount in cost reduction solutions from us. We are working hand-in-hand to help them with that. COVID-19 has opened the door in that regard and facilitated our ability to demonstrate that the savings are genuinely there.

**How do you see things developing in the region and potentially Kuwait's ability to lead the recovery?**

The GCC has a unique economy. I hope that the effects of the pandemic on the healthcare sector and the economy will not go on for much longer. Within the GCC, we are heavily reliant on expats and the free movement of expats. So, the longer countries and airports are locked down, the bigger the negative economic impacts, certainly in Kuwait. As we look to come out of lockdown, it is worth noting that Kuwait did act swiftly, in a way that puts it ahead of the curve. Kuwait's economy is quite resilient and I hope it will bounce back quickly. ✕

## BIO

Tom Greenwood has been the General Manager of ENGIE Services Kuwait since June 2019. His background in engineering enabled him to reach several senior positions within ENGIE, including operational manager roles, country account manager, and business development manager. Greenwood's dynamic discipline and CSR initiatives stem from his athleticism and previous career as a boxer. With almost a decade of experience, he has helped ENGIE partner with clients from a multitude of sectors, providing tailored solutions for their company needs. This allows clients to focus on their core business whilst ENGIE provides a safe, compliant one-stop shop for all outsourced services coupled with innovation, digitalization, and energy savings initiatives.

**“As we look to come out of lockdown, it is worth noting that Kuwait did act very swiftly, in a way that puts it ahead of the curve.”**



# GLASS half full

Khalifah Al Yaqout  
MANAGING PARTNER  
AL YAQOUT LEGAL GROUP (AYLG)



While recognizing the setbacks of 2020, AYLG is confident that the challenges will eventually lead to better outcomes for Kuwait's economy thanks to changes in political and economic mindsets.

**What has been YFLG's response to today's changing business and legal environments, and how have you innovated to ensure clients remain the primary focus?**

The business and legal environments are continuously changing, with catalysts ranging from introduction to new laws and regulations, to extraordinary events such as the COVID-19 pandemic. As a law firm, our mode of doing business has always been based on a 'partnership' model, where we partner with our clients to provide them with the right legal support that allows them to adapt quickly to these changes, understand how their business is affected by it, and how to navigate their complexities. The Covid-19 pandemic will undoubtedly create a new historical divide in every sphere of human activity. The legal sector is no exception to this seismic change. Being a leading all-services law firm, YFLG has swiftly changed the whole of our legal ecosystem for remote working and virtual services. In short, we have shifted to virtual operations. Despite the government shutdown and curfews in Kuwait, our team remained available to our clients for full legal support in these critical times through virtual meetings, electronic document collection and

sending regular updates of the latest legal developments in Kuwait. The pandemic has unfortunately caused a rise in the number of disputes. Given that the Kuwaiti courts have been closed since the beginning of March 2020 and are due to open at the beginning of July 2020, we have allocated this time to our litigation clients to prepare for any new lawsuits, or revisit suspended lawsuits in terms of maximizing its potential or exploring the possibilities of an amicable settlement.

**As a global firm with a significant regional presence, what is your outlook for the region as we begin to bounce back and enter a new world of business?**

Despite the momentous challenges of the last few months, we remain optimistic on the region's ability to recover from the significant implications of the pandemic. It would be naïve to say that the world will go back to what it was before the pandemic, as certain aspects of social dynamics and economic framework have and will remain changed for the long term, which will continue to impact our day-to-day lives, the way we do business, and legal frameworks. Undoubtedly, these changes will all trigger a much larger macro-economic change. However, not all changes will be for the worst. For example, this may pave the way for local governments to change their modus operandi and find ways to ease the way government procedures are carried out. It is possible for certain companies to realize the benefits of having certain functions or employees working remotely, thus creating more jobs for people with disabilities and other workers whose performance can be maximized through such an arrangement. We can also anticipate a shift in manpower to the technology, media, and telecom sector, which has served as an excellent foun-

dation for surviving the pandemic and will continue to support the way we do business. The education sector may also experience a much-needed change in their current model and nourish electronic-based education that may be more affordable and accessible. In order to realize the positive impacts of these global changes, we must remain optimistic and keep a strong mind and empathetic outlook going forward. There must be a clear understanding that we can only move forward by working together, and aligning all stakeholders' interests.

**What are your strategic priorities moving ahead and what is your final message to stakeholders as Kuwait looks ahead to new opportunities?**

The strategic priority for Kuwait is recalibrating and re-creating a vision plan vis-à-vis its commercial and economic tie-ups and cooperation with nations. We must establish and foster relationships with trusted and open and liberal economies over highly-regulated and self-centered ones. This pandemic must be a revelation for all nations including Kuwait to revisit their programs, policies, and priorities of nation-to-nation cooperation including commercial matters. ✕

**“Despite the momentous challenges of the last few months, we remain optimistic on the region's ability to recover from the significant implications of the pandemic.”**

## BIO

Khalifah Al Yaqout is the managing partner of Al Yaqout and Al Fouzan Legal Group. He is a lawyer and arbitrator licensed to practice before the courts of various degrees in Kuwait, as well as various local and international arbitration institutions. Al Yaqout has also succeeded in leading a number of delegations in various international forums, including heading the Kuwaiti delegation to the United Nations Council and the US Department of Commerce in 2019. Furthermore, he is a well-known international speaker on various legal and commercial issues featured at international legal and business conferences regularly.

# INTEGRATION IMPERATIVE

DESPITE THE MYRIAD CHALLENGES, KUWAIT IS LEVERAGING THIS MOMENT TO FURTHER ADVANCE DIGITALIZATION AND INFRASTRUCTURE DEVELOPMENT AS WELL AS INTEGRATE THE TWO.

**AS KUWAIT BEGINS TO LOOK AT LIFE POST COVID-19**, the country stands readier than most to adjust to the new normal. With every moment of chaos comes opportunity and with every cloud a silver lining. So too is this the case with Kuwait's experience throughout the global pandemic. COVID-19 has accelerated the digital switch across sectors and the development of infrastructure projects. Already Kuwait is the first country in the Gulf Cooperation Council to have integrated 5G at scale, highlighting the entrepreneurial and tech-savvy mindset already in place at the onset of the coronavirus pandemic. Digitalization has been a key tenet of Kuwait's Vision 2035 with strides made in that direction over the last year. And this has positioned Kuwait very well for such an unprecedented event. On an individual level, Kuwaitis easily adapted to the conditions brought about by COVID-19 and experienced all around the business world, namely remote working and flexible hours. On the macro level, this forced acceleration of digitalization that will pay significant dividends for the country's economy.

Kuwait's government has played a key role in swiftly amending regulation to assist digitalization as many of the barriers previously inhibiting progress were legal. During the last few months, Kuwait's government as shown expedience in their ability to update laws as required to adapt to electronic development. This accommodation has led to essential government services being uploaded online, including voting for investors' annual general meetings. This in combination with other online services from Kuwait Clearing Company creates far greater access to resources and increases efficiency for capital market activities. Moreover, this modernization has presented a huge raft of opportunities due to progress toward

international standards. Kuwait is ready to build on the progress made in the last few years which resulted in Kuwait being upgraded on three international indexes, the Footsie 100, Dow Jones, and MCSI. This has again been reflected in Fitch Agency's reaffirmation of Kuwait's AA sovereign credit rating amidst a pandemic.

A renewed focus on investment opportunities will also be to Kuwait's advantage considering its infrastructure projects. Philip Kotsis, partner and co-head of office for Al Tamimi & Co. Kuwait, emphasized the need for infrastructure to progress along with digitalization, with an increased digital component in all big rail, road, and energy projects.

The opening of the Sheikh Jaber Causeway in May 2019 underlined Kuwait's ability to deliver on ambitious physical infrastructure. The 22-mile-long causeway is the fourth-longest sea bridge in the world, reducing the commuting time from the capital to the northern territories.

And infrastructural ambition remains a key part of Kuwait's horizon. The Northern Gateway projects is earmarked by the government as a key part of Kuwait's plans to diversify away from oil. In maritime infrastructure, the Mubarak Al Kaber Port will signal Kuwait's claim to be a trade and logistical hub at the mouth of the Gulf. All told these plans will generate up to 400,000 jobs. Meanwhile, Terminal 2, an environmentally sustainable development for Kuwait International Airport, is due to open in 2023. Up to USD20 billion has been pledged to airport infrastructure projects including new passenger terminals, cargo sites and an impressive Boeing Academy to train a new generation of Kuwaiti pilots. Along the lines of environmental sustainability, Engie Kuwait is seeing increased interest from the public sector to utilize digital solutions to increase energy efficiencies in buildings. Kuwait's future remains bright as it motors ahead on all infrastructural fronts.

Together, the strides made in infrastructural development along with Kuwait's digital switch, send a clear signal that its resilience and adaptability in the face of the pandemic makes Kuwait a unique attraction for global investment. With USD100 billion in development plans, a government actively engaged in helping change regulation and a private sector newly empowered by the forced digital switch, Kuwait stands poised to embrace a new way forward. ✕



## INTERVIEW



# A STEADY VOICE in strange times

Al Tamimi & Co's strategy is to keep communication links open with clients, adapt to the clients' needs, and modernize internal systems to provide top-notch legal and value-added services.

**Philip Kotsis**  
PARTNER & CO-HEAD OF OFFICE,  
KUWAIT, AL TAMIMI & CO

## How is Al-Tamimi being agile in this period and leveraging new opportunities?

For us, the key factor is being aware of our clients' needs. So, in many ways, our core role has not changed. We start with a proactive approach, maintain our awareness, and respond to our clients' needs, while keeping in mind the resources and requirements of our client. A challenge that we, and many service providers, now face is how to provide in a situation like COVID-19. We have to find ways to cope and adapt to a new way of doing business during this period, which will likely affect the way of doing business going forward even after the current crisis has passed. The top priority is constant awareness and contact with our clients, keeping our ears to the ground, and being at the forefront of knowing and reacting to the latest legal changes, commercial trends, and economic indicators to best serve our clients. We must always face challenges head on and adapt to whatever changes, positive or negative, that our clients are facing. To do this, we have focused on providing val-

ue-added services, news alerts, and reaching out directly to individuals and business to ensure that they are well, and if not, asking how we can help. Proactive actions of this nature are vital in maintaining and growing relationships and providing a resource that our clients can go to for advice and information. Strong law firms must be able to adapt quickly and be the steady voice that assists businesses and individuals in critical times.

## How are the needs of the clients and businesses changing?

The most noticeable aspects are that some requirements of businesses have completely stopped, some have been placed on hold for the time being, and others have shifted their focus to deal with the current social and business climate. A company may have decided that now is not the time to set up a business; however, one can still plan for it. After all, the current conditions will not last forever. The need for client advisory services continues to be strong. Given the lockdowns that have been put in place, businesses need to know what they can do within the law to address economic hardships and mitigate their losses in an effort to maintain a viable business that can survive the crisis. Some jurisdictions have issued amendments to labor laws that allow employers to be more flexible in terms of implementing mitigation procedures. Additionally, we have also seen higher client demand related to force majeure and government risk events and corporate restructurings.

## How would you assess the progress of fintech companies?

Kuwait has been a great incubator for many fintech businesses to start and then grow

outward. This period has forced change, so undoubtedly this sector will witness a boost in the coming months. If you are behind the curve in terms of digitalization, you will come across problems going forward, whereas the companies that have been on the forefront will certainly be best placed to adapt to the 'forced changed' that the crisis has created.

## What are your strategic priorities moving forward?

Our strategy is to make ourselves known and available to our clients so that they are aware of our presence and dedication to being at the forefront of this technological and digitally dependent future. Whether through the use of things such as the Al Tamimi app or finding diverse means of improving efficiency in communication, it is the willingness and determination to move forward that lies at the core of providing the best and most client-friendly services. Our key priorities are keeping communications open between ourselves and clients, adapting to our clients' needs, and modernizing our own internal systems to best provide legal and value-added services. Businesses must be prepared for the next steps without focusing on uncertain predictions and use this time to prepare for the days ahead. ✕

**"Strong law firms must be able to adapt quickly and be the steady voice that assists businesses and individuals in critical times."**

## BIO

A Partner and Co-head at the Al Tamimi & Company Kuwait office, Philip Kotsis is also head of the corporate commercial department in Kuwait. Prior to joining Al Tamimi in 2009, he was a senior legal consultant with DLA Piper, where he focused primarily on the corporate, commercial, banking, and finance sectors. He is a US-qualified attorney with a broad range of experience in local and transnational commercial and corporate transactions, corporate establishments, mergers and acquisitions, corporate/joint venture organization, and banking and finance, and has substantial experience in the commercial and finance aspects of PPP projects.

Fahad AlSharekh  
FOUNDER AND GENERAL PARTNER,  
TECHINVEST



## *embracing* CHANGE

With accelerated digitalization brought on by the COVID-19 crisis, TechInvest is optimistic about Kuwait's future forays into the digital economy.

**What lessons have you learned from the current crisis, and can you tell us about TechInvest's ability to adapt and be resilient?**

There is always an opportunity in every crisis. The gift of chaos is wasted on those who refuse to look past the obstacle. For example, the chaos forced everyone to adopt digitalization. Luckily, this has been in play for the past few years. The current crisis is validating online economy, which has become more resilient and more of a reality than the brick-and-mortar retail of branded regional malls. The pandemic is the final nail in the coffin for retail real estate; it has put an end to short-sighted business expectations. With barcodes and QR codes now being used by everybody, all parts of society are becoming automated overnight. Metaphorically, we have been resocialized in this period of crisis. We have automated and integrated into this virtual network of food delivery, acquiring all kinds of permits and licenses online. Capitalizing on this momentum will help us get ready to be on the forefront of the adoption of e-commerce and e-government, and transition toward a knowledge-based economy and society.

**What is your assessment of the government's response to the pandemic, and what more can be done to support start-ups and particularly tech SMEs?**

First, the government did a fantastic job

in adopting technology and educating people how to use it. The government has taken initiatives so that people can make appointments, consult a doctor, or do shopping online. This process was a crash course in educating the community, connecting people, and making them feel that they are a part of this. As to how this is going to translate into the government supporting business, we have seen public entities like Kuwait Ports Authority automate their processes. The Central Bank of Kuwait recently passed regulation allowing banks to accept new clients online. I am an investor in an online coding academy, and we have seen an increase in the number of people who want to learn coding and gaming, as well as people who want to learn how to start a business. The demand is there, the will is there, and so are the technological capabilities and infrastructure—all it requires is more direct support and investments.

**What opportunities are you looking for now, and from an investment standpoint, how does this change your priorities or redefine your strategies?**

Luckily, in February 2020, we had a final close for our Micro VC 3.0 Fund. It focuses on early stage, emerging managers, and operators. We are hoping people will realize now is the time to invest in early-stage private equity. It has been technically, statistically, and scientifically proven that the only asset class that realizes gains during such crisis is early-stage VCs. After 2008, investors who invested early in companies like Twitter, Airbnb, or Uber became billionaires. We have already identified online banking technologies that will completely disrupt the space. The three things I have invested in are edutech, fintech, and last-mile logistics.

**How should Kuwait reopen for business to maximize the potential on offer?**

What differentiates Kuwait and makes me hopeful is that all the start-ups here are started by people in their 20s. Kuwaitis are entrepreneurial in nature; we are the original venture capitalists. The government needs to understand that the entrepreneurs who came up with lifesaving technologies like Talabat, Carriage, and Zyda are all Kuwaiti. There are endless possibilities if we take that and scale it into every single vertical. We should empower employees to come up with alternatives to the old way of doing things in the oil, transportation, and real estate sectors. My role is to keep investing in funds that plan to enter the region and Kuwait. I would like to see the government funds invest in these start-ups and support local talent and employment. Without investment, there will be no growth, and we cannot generate high rewards without taking high risks. ✖

### BIO

Fahad Al Sharekh, the Founder & General Partner of TechInvest Corporation, has over 21 years' experience in global business development, with expertise and specialization in the IT and VC field. He was formerly CEO of Sakhr Software, where he received three US patents from US PTO office for Sakhr's proprietary technologies. He also played key role in founding the first Saudi Arabia ISP AwaNet and developed the first multilingual speech-to-speech app, Language Buddy. He sits on the advisory board of the Annual Investment Meeting (AIM) in the UAE and is a consultant at the Kuwait Direct Investment Promotion Authority. He serves as a director on the board of CODED, the first coding academy in the GCC.

**“Kuwaitis are entrepreneurial in nature; we are the original venture capitalists.”**

## FOCUS

Fintech &amp; Entrepreneurship

# COLLABORATIVE EFFORT

KUWAIT'S FINTECH LANDSCAPE HAS A LONG WAY TO GO. BUT ITS FOUNDATIONS ARE STRONG AND OPPORTUNITIES ABOUND.

## WITH A STRONG ENTREPRENEURIAL SPIRIT

and the will of stakeholders in the financial sector Kuwait is poised to use the pandemic as a springboard to catapult its previously sluggish fintech ecosystem. The first fully global fintech index covering over 230 cities across 65 countries from Findexable puts Kuwait City last out the nine included cities from the MENA region. With less than 4% of cities in the index from the MENA region, this represents a broader need for fintech ecosystems.

The study, which was produced in partnership with StartupBlink, Crunchbase, and Semrush, distinguishes the difference between a startup ecosystem and a fintech ecosystem, necessitating a specific Global Fintech Index. Notably, there is an unprecedented importance of emerging markets in the fintech space - of the world's top-100 fintech cities, almost half are in emerging markets. And prominence as a traditional financial center is not correlated to fintech ecosystem hub status. Along this line, fintech ecosystems in the MENA region are predicted to rise the quickest. And Kuwait certainly has several components that make it a compelling hub for fintech. In late 2018, the Central Bank of Kuwait, following several others in the region, launched a regulatory sandbox for fintech startups. And though startup and fintech ecosystems are not quite the same, the two are often in a constant feedback loop. Before the central bank's sandbox, Tap Payments leveraged Kuwait's relatively low costs and relatively high exposure to e-commerce to create a platform enabling digital payments. Tap Payment's growing offering is facilitating today's SMEs and other fintech solutions. With a mastering of the Kuwaiti market, it was easier to expand regionally.

On the other side of the coin, the traditional banking sector is developing and implementing their own solutions. Kuwait International Bank (KIB) is looking to lead this charge through a technological revolution of the customer experience. Through its digital transformation, KIB is placing the customer at the core and developing high-tech solutions with customers in mind. Perhaps most importantly, KIB recognizes the importance of establishing a well-rounded ecosystem, "Collaboration between fitness and banks is essential in order to advance processes and banking offerings."

In this cooperative spirit, Commercial Bank of Kuwait, in February 2020, signed an MoU with Zain Group in which Zain Group provides cloud solutions and data center services for the bank's headquarters—an impetus for their digitalization. In the same month, Gulf Bank became one of the first in Kuwait to offer an e-KYC service.

In the Kuwait Banking Report 2019, released by the Central Bank of Kuwait, Gulf Bank CEO Antoine Dahar notes, "Financial inclusion is another area for the banking sector to support the economy, so that all segments of society have access to banking products and services." Along the same vein of democratizing financial participation, Republic is using fintech, through an online crowdfunding platform, to spur investment in startups. The platform is leveraging the pandemic to get more Kuwaitis and people throughout the region to invest, with eventual hopes of also hosting Middle Eastern startups. It is another example of the intersections between finance, technology, and startups.

The main barrier to Kuwait's rise as a fintech ecosystem is largely attributed to its regulatory environment. Once stuck in outdated bureaucracies, the novel coronavirus pandemic seems to have shaken the Central Bank into more proactive action. There is a widespread sentiment, including within the financial sector, that one silver lining to COVID-19 is the revitalized interest in implementing the New Kuwait Vision 2035. The Central Bank of Kuwait's stimulus response has been widely praised within Kuwait and reaffirmed by international ratings agencies, which have maintained their positive outlooks for the Gulf countries. ✖



# investing for THE FUTURE

Despite the global economic woes brought on by the pandemic, Republic has seen increased interest from investors looking toward the future.



Anwaar AlMahmeed  
MANAGING DIRECTOR MENA,  
REPUBLIC

**What has been the impact of COVID-19 on funding start-ups in Kuwait and the region?**

There is growing interest in all sorts of specific deals, whether they are early stage, growth, or pre-IPO. This upward trend could be due to people having more time to focus and look into these deals, as well as the fact that now, relative to the current state of public markets, private investing seems less risky than it did before. The appetite for investment in Kuwait and in the region is picking up and focusing on certain areas. In general, people are restructuring their portfolios, diversifying their assets, and trying new things. We have been given a great opportunity to do this, given the extra time we have had to better analyze options. Younger people are increasingly getting involved because they have been out of work, giving them more time and less distractions to consider the options. In addition to that, they want to be better prepared for this type of situation in the future.

**Which areas are people focusing on when restructuring their investments?**

Generally, people are looking more into earlier-stage deals because they believe these companies are being built from the ground up for the “new normal.” In terms of industries they are looking at, it is an especially good time for fintech. Investment in fintech had previously slowed down but is now picking up again. People are looking into software enterprise solutions since the shift to digital has been greatly accelerated; biotech, and edtech are also getting more attention. All those technologies that were losing steam just before the pandemic are now picking up again. I still see interest in stock markets, though it varies from investor to investor and market to market. There is a great deal of uncertainty, but uncertainty is something we are used to in VC private investing. For us, it is not something new that we have had to adjust to; rather, we are re-evaluating this new environment

to shift interest to the right industries and ideas.

**Regarding the government's move to support start-ups and SMEs, what is your assessment of its response, and what more can it do to support start-ups, especially in the tech sector?**

SMEs are a priority for the government, and the government realizes how important it is to save this segment of the economy. We should continue focusing on the industries that are good for Kuwait, thinking bigger picture and more long-term. It is not about saving as many SMEs as we can, but about saving the right SMEs that will lead us in the right direction. And I see the intention to do just that. One major area where we need to ramp up efforts and guarantee support is in renewable energy. Oil will not last forever. The golden days are past us, and we need to diversify our energy exports and revenue streams. We need to get our act together and start promoting the many other industries in which we can excel. Technology will be the basis of everything, and we need to foster the knowledge and talent that will support growth in that area.

**Touching on blockchain briefly, how is the development of blockchain helping tech start-ups, and has Kuwait made any progress in this regard?**

Blockchain is an inevitable component of many solutions for the future. Compared to when we last spoke in 2019, when there was still a great deal of resistance and negative sentiment surrounding blockchain, awareness around its potential for good is getting stronger, more widespread, and more accurate. Most of the governments in the region, including Kuwait, are looking into it and seeing how they could apply it to their systems; COVID-19 will only amplify this. We should be taking blockchain seriously and see how we can leverage it, especially considering our fragile economic situation. ✖

**“There is a great deal of uncertainty, but uncertainty is something we are used to in VC private investing.”**

## BIO

Anwaar AlMahmeed is Managing Director of the MENA region for Republic and co-founder of the East Chain Co. Before founding the East Chain Co., AlMahmeed was product development manager at Boursa Kuwait during its initial privatization phase. She started her career in the Kuwait Investment Authority's (KIA) training program in 2011, where she interned at State Street's Financial Securities department and later joined the hedge fund department. During her five years at the KIA, she trained at Man FRM, AHL, & GLG in New York and London. She became a board member of the National Technology Enterprises Company in Kuwait and has been a CFA charterholder since 2015. AlMahmeed has a bachelor's in finance from Kuwait University.

## INTERVIEW



# cleaned, sealed, DELIVERED

Seham AlHusaini  
COUNTRY MANAGER,  
DELIVEROO KUWAIT

While Deliveroo's services were tailor-made for the challenges presented by the COVID-19 pandemic, it is still working hard to help restaurants rise to the challenges presented by lockdowns.

**"In terms of opportunities, this moment has served to really demonstrate why we are an important function and service to every country we operate in."**

## BIO

Seham Al Husaini is the General Manager of Deliveroo in Kuwait. Prior to joining Deliveroo, she was a senior manager in Agility's Venture Capital team and the COO of Shipa Freight, a corporate start-up backed by Agility. Before moving back to Kuwait, Al Husaini was a management consultant in New York with Strategy& (formerly Booz&Company) focused on the financial services sector. She received her MBA from Columbia Business School and BSc in engineering from the University of Texas at Austin.

**Could you elaborate on the challenges and opportunities presented to Deliveroo as a result of COVID-19?**

The challenges are twofold, coming from both a regulatory and health perspective. Knowing that decisions led by the Ministry of Health around the lockdown are being taken because it is in the best interest of the country has been challenging, one we have had to adapt to. The next challenge is more internal: reacting operationally to the virus, making sure, as ever, we are being safe when it comes to our riders, for example, by conducting temperature checks, making sure we provide them with protective equipment, and so on. From a product side, it is all about safety: the main initiative around this globally has been our contact-free delivery, which allows customers to select contact-free delivery. We have also been working closely with restaurants so we share information with them about how to remain safe and operate. This means what they need to do to make sure they minimize risks and protect both their staff and our riders. In terms of opportunities, this moment has served to really demonstrate why we are an important function and service to every country we operate in. We consider ourselves an essential service at this period of time, as we deliver food to people who are at risk and those who do not want to go outside or visit a grocery store, and so on.

**Are there any lessons to be learned from this period, and how has the current pandemic impacted demand for your product?**

There have been many lessons reinforced around how we deal with our partners and remain transparent, as well as about how much our customers appreciate our consistent openness and honesty during uncertain times. There is demand, and we have seen a great deal of creativity from the restaurant side to ensure we can service the demand in different ways. From

the traditional way of delivering meals that are ready to eat, to delivering do-it-yourself boxes where customers can order earlier and do a little basic cooking to prep the meal later, we have seen a great deal of adaptation and innovation. There is demand for us because people want to feel safe ordering food through delivery.

**How has the impact of increased digitalization validated Deliveroo's strategy?**

We will continue to deliver people's favorite food to their doorsteps. That will be our strategy, when we shift away from the things that we had to adjust to for this period. Our strategy in the interim is definitely about how we help restaurants as much as possible. In Kuwait in particular, penetration of delivery apps is fairly deep compared to many other markets.

**As countries across Europe and Asia are looking at life post-lockdown, what government response are you seeking in terms of how Kuwait will reopen?**

In Kuwait, the government has done a great job maintaining supply chains of food to ensure there are enough supplies of the essentials that customers need. We want to be able to work with the government, continue to provide our service to the people of Kuwait, and play a part in keeping the city healthy and moving through this period. Data is extremely important to us. Getting the right information so we can adapt our business to those decisions led by health concerns and safety is essential, so we have enough time to react and make the necessary changes to protect the public. I have been pushing for increasing the scope of delivery and allowing more delivery companies to operate because I firmly believe that delivery reduces the risk of the virus spreading. It will avoid congregation and allow people to comfortably stay at home. I am very much a proponent of more delivery—not less—going forward. ✕

# MINDING *our health*

Sheikha Majda Al-Sabah  
FOUNDER,  
ASAP INITIATIVE



**“Because of the mental stress brought about by COVID-19, people are now thinking about how to take care of their mental well-being.”**

**How has COVID-19 provided an opportunity to raise awareness about the ASAP initiative?**

There are still many people who do not believe in mental health or mental wellness. They still think it comes naturally and that you only need to have faith and trust in spirituality. Because of the mental stress brought about by COVID-19, people are now thinking about how to take care of their mental well-being. That is one thing I am grateful for. COVID-19 has made us take a small step forward and helped us advocate for awareness around mental health.

**How has the ASAP Initiative helped people deal with the pressures around mental health in this period?**

First, we started with our social media platforms. We try to have at least two messages a day, and their contents vary in regard to their messages around multiple mental health aspects. That gave us a great deal of recognition. After a few weeks, I was approached by the National Counselling Program for COVID-19, which is a virtual, interactive platform that aims to provide free mental health tips and counselling from specialists for frontline workers and those staying at home. In addition, we opened virtual support groups that were held before COVID-19, though on a smaller scale. Now, people from all around the Arab world are participating in these support groups, which are held twice a week. On top of this, the ASAP Initiative provides professional specialists with psychiatric backgrounds to help people through the pandemic.

**What role has the Kuwaiti royal family taken on during this time of national unity with regards to charity work?**

My mother, Sheikha Amthal Al Ahmad Al Jaber Al Sabah, who is the chairperson of the Volunteer Work Centre, has been working from day one during this pandemic. She, with her volunteers, have been like butterflies—going from place to place just to try to help in any way. They started with building the country's quarantine facilities from scratch. Then, they started working with vegetable markets to do deliveries for those in need in lockdown areas. She is my role model. She is the one who encourages me to do charitable work. I also have cousins working on the frontlines as doctors and policemen, all working together. Royals and non-royals here all work together to serve our community.

**Looking ahead, how would you like raise awareness for mental health after the pandemic is over and Kuwait reopens?**

COVID-19 has been a wakeup call for us. We need to do more. The situation of having everything virtually really helped us—we can get to messages quicker, more directly. Now, we can have conferences online and can spread awareness even more. We just started doing videos with Coronacare.kw for expats in Kuwait in different languages to help them be more aware of how to better care for their mental health. We still have a great deal to do; we do not have a hotline, for instance. We also need to talk about behavioral issues. We have to rethink our behavior; we have to embed messages in our daily lives. We even have to embed messages in school, as we do not have enough awareness in schools in regards to mental wellness. We must add subjects on mental health. Our national media is not doing enough, and I am considering approaching them and trying to do something in terms of radio and TV. Our future work depends on making sure that we all work together: mental health activists, physicians, everyone. ✖

Though the COVID-19 pandemic has greatly impacted mental wellness, it has also created greater awareness around these once-taboo topics, a boon for ASAP Beauty's initiative to promote well-being.

## BIO

Sheikha Majda al Sabah is a beauty industry entrepreneur and philanthropist whose business grew from a home beauty service into a beauty salon and diversified into a standalone product line. Her passion for women's ability to take care of themselves has led her to champion talking openly about the burdens that most women face in their lives and their inability to ask for more help, especially in times of mental stress. She strongly believes in self-care and that beauty starts with a clear and peaceful mind. She has dedicated a percentage of ASAP brand's sales to the creation of the ASAP Initiative, which has been solely dedicated to promoting mental health and wellness since 2017.





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