The Dubai Mawaarid, facilitated by International Alert with Lord John Alderdice and Ambassador Charles Dunbar, brought together UAE officials, Dubai’s business leaders, members of international organizations, development practitioners, consultants, members of the media, academics and stakeholders, to discuss “The role of the Gulf States in reshaping Arab states in transition.”

The Middle East and North Africa is adjusting to demands for seismic social, political and economic change. The task at hand is to chart a course towards a new regional economic future while avoiding the trauma of macroeconomic instability. Transformative changes are burdened by the hardship of global economic recession and macroeconomic instability. As new transition government budgets stretch to counter the impact of limping economic growth across states in the region, rising unemployment figures threaten economic transformation efforts.

Findings from the Dubai Mawaarid

Foreign direct investment plays a vital role in driving economies worldwide and is increasingly recognized as the critical factor for economic development and regional competitiveness.

Trade and investment can create new economic opportunities in MENA economies. The Dubai Mawaarid addressed a range of issues related to increased levels of foreign investment throughout the region. Special consideration was given to the concerns of both Gulf investors and host states with respect to: institutional reform, development and investment.

Any comprehensive assessment of regional transformations now taking place must examine the role of Gulf investment in the MENA region.

Three key areas define the influence of the Gulf states in the wider MENA region.

\begin{itemize}
  \item \textbf{First} the impact of hydrocarbons as the primary source of regional wealth, the central source of income for health care, education and basic economic infrastructure spending. Hydrocarbons shape economies in the region highlighting the need for a fundamental transformation of economies and diversification across the region.
  \item \textbf{Second} the central role played by Gulf based Sovereign Wealth Funds and associated foreign direct investment. The economic implications of large and growing SWFs for regional financial markets and for the citizens of MENA states in which SWF reside.
  \item \textbf{Third} and finally the competition over potential markets as part of an export oriented development strategy all shape the way the capital investment can influence regional change.
\end{itemize}

Recasting the Arab transitions through the lens of the investment patterns of the gulf-states reveals a vital link between stability, sustainable investment and regional development. The task at hand is to use the region’s established infrastructure and industries to create equitable opportunities for the people of the Arab world. The means to achieving this is investment in sustainable development and education.

It is to this end that Alert’s Dubai Initiative focuses on the Gulf States as potential regional agenda-setters. Targeted investment from the Gulf has the potential to generate a virtuous cycle between economic growth and political stability throughout the MENA region. Alert’s Dubai Initiative project addresses the vital, unmet need for a comprehensive investment strategy radiating out from the Gulf to the transitioning political economies of the MENA region.

Themes considered:

\begin{itemize}
  \item Strategic, Sustainable Investment: Lessons from the Region
  \item Iraq: What Can We Learn from the Iraq Experience?
  \item Involving Stakeholders in Economic Development for States in Transition?
  \item Facilitating an Investment Environment: the Role of a Stable Central Bank and Banking System
  \item Syria and the Gulf: Opportunity and Responsibility in Conflict and Transition
  \item Current Migration Trends in the Middle East Harmonizing Interests: Dubai and the Gulf –A Plan for Regional Investment, opportunities for Engagement with GCC Investment
\end{itemize}

Findings:

\begin{itemize}
  \item Address the need for transparent management of public debt.
  \item Challenge the existing focus on real estate and prestige projects.
  \item Encourage development of long-term industrial and infrastructure projects.
  \item Advocate infrastructure development: Arab state government investment in infrastructure outside the GCC states is 5%.
  \item Generate opportunities, financial support, and access to markets.
  \item Develop education, expertise and capabilities in new industries regional training center for hydrocarbon industry.
  \item Strengthen the private sector and free the public sector to assume the role of regulator.
  \item Avoid exclusive relationships with sectarian political allies.
  \item Avoid prompt privatisation and associated destabilization in the transition phase.
  \item Address the need for transparent management of public debt.
  \item Challenge existing focus on real estate and prestige projects.
  \item Facilitate corporate social responsibility advocacy.
\end{itemize}
Speaker: Lord Alderdice

“What have we learnt from our experience? We should try to ask the questions that challenge what we do.”

• When you come from a community where conflict is normal there is no element of surprise.
• What was done in the last 40 years did not work.
• We need to develop a culture for economic change, development on its own simply will not work.

Speaker: Ambassador Charles F Dunbar

“Political transition in the Arab World begs many questions.”

• International Finance institutes shed money to the point of job creation. In developing states such as Yemen represent real opportunity for dynamic investment.
• Yemen is a place where the international and regional community can play a significant role.

Speaker: Hassan Aldahan

“A trillion dollars was spent in Baghdad, I don’t see it! Don’t give it in cash give it as an investment.”

The problem is that corruption is one of the biggest evils. We need to be mindful of the following:
When International aid comes in, we need to say what this is for.
• We need to provide opportunities before finance and let the local population invest in what they need.
• Secure local participation and involvement.
• Local participation is vital, and local buy-in for investment and development is key.
• We need to include individual stakeholders in the Economy.
• We need to create a level playing field.

Speaker: Mark Dempsey

“Iraq is a tragic case of mismanagement. The process to create a balance was destroyed…Yet Iraq is on track to become one of the wealthiest states in the world.”

• In the financial sector strong structural governance is vital.
• There is a lack of coordination and a lack of interaction with banks.
• Core issues for Iraq included the need to:
  • Strengthen finance and banking systems for the Central Bank of Iraq
  • Provide risk management and investment policy capacities
  • Conduct country, risk and compliance analysis
  • Structure staffing needs, build relationships, build trust
  • Collaboration across the financial sector
  • Acknowledge the time institutional transformation and learning takes

Speaker: Christian Henderson

“Syria represents both opportunity and responsibility we not obscure responsibility in the reality of the moment.”

What role is there for the GCC in creating long lasting industrial relationships in states in transition?

• Counter a decade of poorly managed economic reform
• Provide support to counter the collapsing economy
• Focus on repairing infrastructure
• Countering currency instability is key
• Sustain working industries to provide employment
• Support restructuring of state companies.
• Avoid early privatisation & selective investment through political clients
• Address employment and poverty needs to create stability
• Manage public debt

Speaker: Urs Freuhauf

“The role of refugees and remittances in post conflict reconstruction is revealed in recent migration trends in the MENA region”

• Migration shapes economic development.
• The role of remittances and the transfer of skills impacts on states in the midst of transition.
• The role of rising oil prices and regional growth in the last two years shapes migration systems.
• Escalating conflict create new waves of internally displaced people and refugees crossing international borders.
• The transfer of people for economic or conflict reasons undermines trans-regional stability.
• Currently there are refugees in the MENA regions of Palestine, Iraq, Libya, Yemen, Somalia and Syria.
How would you define strategic investment and sustainable development?

“Taxation, accountability, transparency, labour regulations” (Christian)

“When it comes GCC investment for example in the MENA region you have to link it with government policy, which means creating loads of employment and then obviously you will have your return on investment, there has to be a part of a policy for local employment” (Mark)

What we want to achieve is a stable economy only then will we foster a more long term investment plan in the region and a stable economy will create jobs for people” (Urs)

“I think sustainable development and investment go hand in hand investment has a butterfly effect. The wise investor would want prosperity in the place that he invests in so his assets will be worth more”. (Hassan)

How do we build trust?

“...investors in the GCC that plans to invest in the MENA regions has to change their investment plans from short term to long term and I would also like to say this could be quite controversial”. (Mark)

If investment is going to work, what kind of relationships do investors need to have? (Phil Champain, International Alert)

“We go back to governments; we go back to transparency in government. When you derail the process it only comes back to haunt you.” (Hassan)

Speaker: Lord Alderdice

What do we mean by strategic development?

Where do we put our resources for strategic development?

- Beware of doing harm
- Do not assume economic resource brings stability.
- Train to enable indigenous entrepreneurs
- Start with where you are and the people you have got.
- Create job opportunities for the people you have
- Involve building confidence
- Involve building skills

I would like to discuss the role of gatekeepers, what role do they play and how can we manage them?

“Engage with them to realise an opportunity to present your case. With creativity it may be in their interest that they will benefit from.

From a development perspective, one of the challenges is what to do when everything is urgent.

We need to react instead of respond to the changing conflict and development environments. We should think of priorities from here on end.

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