Growing challenges!

Dear Friends of the Global Diwan,

Iraq and its reconstruction budget; Egypt’s significant potential despite its water scarcity problem: our latest issue keeps up with the latest news while reflecting on common trends.

We would like to thank our friend Medhi M.A. who would rather remain anonymous to provide his advice on best practices for conducting business in the Gulf. Our Event Coordinator, Khelil Mehenni, will share his thoughts on how culture is a vital component to the dialogue between civilisations. The club’s medium-term objective is to make the first Global Diwan face-to-face event in Nice on 6 and 7 October 2021 a success. The entire team is committed to take up the challenge, as well as our Advisory Board that has just been joined by former Minister Matthias Fekl.

In the near term, we intend to create a Business Board to better associate our partners and sponsors to the initiatives of our growing business. The team is now ready to introduce itself and you are most welcome to reach out to us on LinkedIn.

Our next letter will provide a foretaste of the Nice Forum on securing access to common goods via environmental security.

We would like to thank Jean-Charles Decaux who is the very first to commit to support this event with his company and teams, as well as Nice’s Mayor Christian Estrosi, who offered the precious contribution of Nice Metropolitan Area to welcome this special gathering aimed at fostering business opportunities between Euro-Mediterranean neighbours.

Éric Schell
Executive Chairman of the Global Diwan
A YEAR HAS PASSED SINCE THE OFFICIAL LAUNCH OF THE CLUB IN MARCH 2020. WE THOUGHT WE HAD TO INTRODUCE THE MEMBERS OF THE TEAM SO YOU HAD A BETTER IDEA OF WHO IS BEHIND THE CURTAIN.

The team is eclectic in its competences and experiences, our origins are diverse and it is also intergenerational. Some of us are former diplomats, others have a background in public relations, law, lobbying and sales. We come from Europe, Maghreb, the Middle East and the Gulf. Far from being an empty phrase, Connecting the East and the West is a calling we pursue and practice daily.

**The Founding members**

**Éric Schell**
Executive Chairman

Eric held positions in various local authorities in France with the mission to promote economic and international growth. Since 2000, he has operated as a lobbyist in Paris and Brussels where he has built cross-border platforms and projects at European and international scales.

**Alexandre Houssard**
Managing Director

Alexandre has been an advisor for major international personalities in business as well as a special advisor in several presidential and ministerial offices in France and in the United Kingdom. He took part in the organisation of international meetings such as the G8, the G20 and the World Economic Forum.

**Karima Anbar**
Deputy General Manager

Karima is in charge of the Diwan Leadership Program for youth and Women. As a former French Diplomat posted in different Arab countries, she has extensive expertise working in Human rights, political analysis and civil societies. She is currently the CEO of Intisar Foundation, a UK registered Charity founded by HH Sheikha Intisar AlSabah.

**Shathil Nawaf Taqa**
Middle East Advisor

Shathil is in charge of Middle East affairs for The Global Diwan. He is advising government agencies in the Gulf on issues of international law, cyber law and compliance. In 2017, Shathil was voted Legal Counsel of the Year by LexisNexis. He writes regularly in the literary sections of French magazines.

**Vincent Tabourdeau**
Communications Director

Vincent has a background in business and communication. His has a multifaceted experience of heightening influential reach by crafting engaging messages, developing sales strategy and online initiatives. Ex-military and passionate about economic intelligence and security, the Diwan was to Vincent a fitting opportunity to extend his interests in civil life.

**Soha Alharbi**
Growing-up in Saudi Arabia, Soha is a lecturer at Princess Noura University in Riyadh. Currently living in Paris to finalise a PhD in business law at Assas University, she is particularly well-integrated in the French spheres of influence. Her deep knowledge of the two cultures coupled with her sense of public relations allow her to effectively build East-West bridges.

**Khelil Mehenni**
Khelil is a staunch supporter of a closer integration between Europe and the MENA region. His diverse work experience encompasses economic diplomacy, development cooperation and public relations. In 2019, he took an active part in the Summit of the Two Shores. Khelil has also been involved in various non-profit organisations.
THE GLOBAL DIWAN’S TEAM

Advisory Board

HH Sheikha Intisar Al Sabah
Chairwoman
Sheikha Intisar Al Sabah is a princess from Kuwait’s Royal Family, highly influential in the Kuwaiti society where she is wholly dedicated to the issues of education, health, child protection, human and woman rights. Founder of Intisar foundation among other initiatives, she has dedicated all her life to philanthropist actions and has always been involved with humanitarian organisations providing education, upliftment and equal opportunities to those who need it most.

Maurice Gourdault-Montagne
Chairman
Maurice Gourdault-Montagne is a French career diplomat who has advised 4 former French Presidents and was appointed Secretary General of the French Ministry for Foreign Affairs in 2017 by French President Macron. Maurice Gourdault-Montagne is an accomplished polyglot and was the French Ambassador to China, Japan, the United Kingdom and Germany.

Jack Lang
Board Member
Jack Lang is a former French Minister of State and is currently the President of the Arab World Institute in Paris. Renowned expert of the Arab world, Mr Lang has multiplied the cross-cultural initiatives and dedicated his life to a better understanding and dialogue between cultures. He is the author of many reference books and articles.

Hervé Novelli
Board Member
Hervé Novelli is a former French Minister of Commerce, Craftsmanship, Small and Medium Businesses, Tourism and Services under Nicolas Sarkozy’s presidency. He is an accomplished entrepreneur that fostered reform in this sector when he was in office. Among other senior positions, he is the current President of the Franco-Tunisian Exchanges Association.

Sigmar Gabriel
Board Member
Sigmar Gabriel is a German statesman who has a vast experience in the political, diplomatic and business world. He is the former German Vice-Chancellor (2013-2018), Foreign Minister (2017-2018), Minister for Economic Affairs and Energy (2013-2017) and Minister of the Environment (2005-2009). As Foreign Minister, Mr Gabriel strongly promoted the EU’s strategic long-standing interests in the Mediterranean, including North Africa.

Matthias Fekl
Matthias Fekl, both French and German citizen, is a former French minister for international trade and was the youngest Home secretary in recent years. Specialist in global trade negotiations, he is now a lawyer in Paris.
WATER

Water security and the Nile: a national cause

By Shathil Nawaf Taqa

Water security is today more than ever a national security issue for Egypt. In 2011, the Ethiopian government started the construction of the Grand Ethiopian Renaissance Dam (GERD) in the Blue Nile watershed, which is a main source of water for the Nile River. The GERD has the capacity to store 74 to 79 billion cubic meters of water and generate 6,000 megawatts of electricity per year for Ethiopia. For Egypt, this project is a major concern because this dam would decrease the amount of water it receives (55.5 billion cubic meters) from the Nile River. Cairo is concerned that during dry months, smaller amounts of water would be released from the GERD, thus reducing the water received downstream. The country is 90% dependent on the Nile for its water supply. Therefore, the dam will greatly hinder Egypt’s attempts to alleviate water shortages during those months. Several avenues of negotiations have been opened to settle this dispute; the African Union is very involved in resolving this issue on which regional stability depends.

In recent years, the Egyptian government has been putting in place policies to deal with these challenges. The government’s 2018 decision to reduce the amount of land devoted to rice cultivation from 1.1 million acres to 750,000 acres aims to save water without entirely solving associated economic challenges. Moreover, Egypt has launched a twenty-year National Water Resource Plan, which aims to upgrade the country’s irrigation infrastructure, promote water conservation and invest in desalination plants.

Lately, Egypt’s prime minister pointed that access to water is one of the most important pillars of Egypt’s national security, as this resource is related to comprehensive sustainable development plans. Not surprisingly, the 2014 Constitution of Egypt further stipulates that “the State shall ensure the protection of the Nile and the preservation of Egypt’s historical rights attached to it”.

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Water, the diamond of the world

Camille Seychal

The Earth is sometimes called the Blue Planet. Indeed, when we look at it from space, we realise that it is 70% covered by water. While we can imagine that water is present in abundance, freshwater only represents 2.53% of all water on Earth. Freshwater is therefore a rare and precious good that must be «protected» because it is essential to the very survival of humanity.

Today, 2.2 billion people do not have access to safely managed drinking water services, 4.2 billion people do not have access to safely managed sanitation services. However, on July 28, 2010, access to water and sanitation became a human right. This requalification makes water a priority issue that must be taken seriously, and therefore it is part of the sustainable development objectives. Water remains an essential resource to satisfy the needs of people, commerce and agriculture. 70% of water consumption is used for agriculture, 20% for industry and 10% for domestic consumption.

Thus, the need to find a global balance in which everyone has a fair access to water. What is more, the issue of water is closely linked to the issue of sanitation and some countries have access to water but it is unfit for human consumption and can lead to diseases.

The MENA zone is very much concerned by water shortage, with the majority of countries in the zone below the “water scarcity threshold”. Water is therefore an increasingly sparse resource which is all the more alarming because the agricultural sector depends entirely on this resource. The lack of water leads to soil degradation, which in turn leads to decreased agricultural yields, and raises the question of food security in the area.

Some companies in Europe and the MENA region have taken up the challenge of finding viable solutions to improve the quality of water and thus access to cleaner water. Companies have explored different solutions to meet these challenges, such as water purification, water depollution and water desalination. These techniques sometimes take several years to be discovered and implemented, but these companies have focused all their efforts on providing solutions for a more equitable access to water.

Among these companies, Fonto De vivo, a French social impact company based in the city of Nantes. It specializes in water purification for humanitarian organizations using pumps or filters; their goal is to “provide sustainable drinking water”. This company works in close collaboration with French NGOs, allowing it to be as close as possible to the reality of the field and above all to offer efficient solutions.

Green Watech is a Moroccan start up specialised in wastewater reuse systems in an “ecological” and “affordable” logic in the rural world. Green Watech uses embedded filters to collect domestic wastewater. The water is filtered enough to become high quality water usable for crop irrigation. It is therefore an ecological, sustainable and overall economical process due to its low investment costs. Green Watech meets the objectives of sustainable development which is “Water and Sanitation for all”.

Another example is the startup Azuvia, a French company purification water with plants. It uses natural processes to filter and depollute water. Azuvia has entered the market in the field of water basins, but its goal is to develop their systems in other sectors such as industrial depollution.

Health security and water quality are common issues in different regions of the world. A strong cooperation between countries would allow to improve important matters and to mutualise efforts in order to reach common objectives more quickly. The Global Diwan forum, which will take place on October 6 and 7, 2021, will focus on the issue of water, as well as other issues such as food security and air quality. If you are a company involved in these issues, do not hesitate to reach out to the Global Diwan.

Camille Seychal is part of a very able team of students from SKEMA Business School that helped the Diwan on some of the preparatory work for the Nice Forum on Environmental Security.

As some of them are seeking jobs or internship opportunities, we warmly recommend these promising young persons :

- Adèle Giron
- Camille Seychal
- Thomas Taquin
- and Thomas Brasseur
Throughout last year, Iraq’s economy was badly shaken by the double shock of the COVID-19 pandemic and the ensuing collapse in oil prices. With oil revenues hitting a low of $1.5 billion last April, Baghdad was forced to take on unprecedented domestic debt and tighten its belt with the hope of navigating through the storm. At the time, $5-6 billion was needed every month just to balance the country’s inflated public payroll.

Iraq started 2020 with a resigned government, mass protests for reform, and failed attempts to form a new cabinet. The outlook was bleak. Facing a lack of political accord in parliament and volatile oil income, the government was unable to pass a budget. Instead, it managed to pass a $10 billion deficit financing emergency package in November. Baghdad almost failed to pay salaries in the next few months in the absence of the bill.

Iraq’s political elites, many fearing former Prime Minister Adel Abdul-Mahdi’s fate under public pressure, rushed to see the bill through, even at the cost of upsetting their Kurdish counterparts. Kurdish MPs boycotted the vote as the Kurdistan Regional Government’s (KRG) share was linked to handing almost 60% of their independent oil exports to Baghdad’s state oil marketer, SOMO. Kurdish leader Masoud Barzani said the vote by Iraq’s Shi’i and Sunni MPs “stabbed the people of Kurdistan in the back.”

After much negotiation, a compromise with Erbil was struck, handing Baghdad 250,000 barrels per day worth of oil exports at SOMO’s pricing in addition to half of border crossing income in the Kurdistan Region. For years these exports were the center of dispute. Erbil’s outstanding debts from oil prepayment contracts and dues to international oil companies operating in the region already leave little for KRG coffers. By leaving the payment mechanism vague, it is practically unlikely that the Kurds will sacrifice almost $5 billion in revenues even if they will get $6.6 billion in return.

But Mustafa al-Kadhimi’s government didn’t just have the Kurds to deal with: the Shi’i bloc was divided and budget negotiations became a means for MPs to campaign early for the upcoming parliamentary elections in October. Unrealistic populist promises of ever-more government jobs saw the initial planned deficit of $40.2 billion almost doubling during discussions. The socio-economic crises of the last two years made the unemployment rate jump to 27% while poverty hit 31.7% before falling to 25% in March. Iraq’s public wages still make up a significant portion of the approved budget’s $69.23 billion in current expenditures at 54%, although the budget does suspend new employment in the public sector this year.

Devalued by 23%, the new exchange rate of IQD 1,450 per USD provides the government with additional spending power, and credit goes to Finance Minister Ali Allawi and his team for preventing a Lebanon-style fiasco by implementing the new rate and supporting it with dollar inflows from the Central Bank almost immediately. Yet, the rate has been largely criticised by Iran-backed factions, with many suspecting it put a dent in dollar flows to Tehran.

The process of passing this budget gives a glimpse of what Iraq’s politics have become: dysfunctional and imprudent. The urgency of providing salaries and reaping political gains with the electorate have trumped the aspiration to minimise the state’s financial role in the economy as an allocator. While a number of articles may pave the way for quasi-privatization and growing non-oil revenues, Iraq’s economic decision-making is reluctant and fearful of popular resistance. Even the introduction of a value-added tax, upon which $13.9 billion in non-oil revenues were partially planned, was scrapped at the last minute.

Oil prices are favorable and Iraq may even reverse some of its petrodollar losses this year, but short-sighted budgeting and economic planning practices are unsustainable in a climate-aware world heading toward reduced oil consumption. For now, however, that is not an immediate concern in Iraqi politics.
Building bridges across the East and the West through Culture
Khelil Mehenni

"Culture is what responds to man when he wonders what he is doing on earth." This is how André Malraux, a prominent French writer and the first Minister of Cultural Affairs ever nominated in France in 1959, defined culture. Located at the very core of human feelings, at the crossroads of intellect and spirituality, culture is involved with identity, education and peace. In this regard, it is a genuine catalyst for implementing the Sustainable Development Goals. However, let’s not forget that cultural and creative industries (CCIs), sometimes referred to as the orange economy, are also a resilient economic sector which generates global revenues of $2,250 billion annually while providing 30 million jobs across the world, mainly occupied by the youth and women.

The issue gradually made its way through global agendas since the adoption of the 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions. In 2019, Indonesia hosted the 1st World Conference on Creative Economies and sponsored the proposal which declared 2021 as the International Year of Creative Economy for Sustainable Development. Development banks also followed suit. For instance, the French Development Agency has included CCIs within its mandate since 2018 and has committed more than €20 million to support 16 projects, essentially in Africa.

MENA countries are fully aware of the potential of this dynamic sector. Mega projects like the Louvre Abu Dhabi and AIUla as well as public and private initiatives such as the ones launched by the Fondation Nationale des Musées in Morocco or the Fondation Rambourg in Tunis offer good prospects for economic diversification, youth employment as well as soft-power and influence. Moreover, the gradual structuration, during the last 15 years, of a regional art market by global as well as local players has been instrumental in providing a more conducive framework for artists to create and the arts to flourish.

Our overarching goal is to exalt our common heritage and values, to shed light on the vibrancy of contemporary Arab artistic scenes and, ultimately, to foster new cooperation projects between Europe and the MENA region.

To conclude, I would like to highlight the fact that the Orchestra is based in Seville. The capital of Andalusia, Seville is famous for its architectural heritage of Al Andalus, a period in which different civilisations, ethnicities and religions where able to put into practice an ideal of tolerance and dialogue. Embodied by philosopher Averroes who mastered Greek thinkers as much as Islamic jurisprudence, this golden age allowed for a tremendous transfer of knowledge and creativity between the East and the West. This is exactly our roadmap for this new programme initiated under the aegis of the Global Diwan.
The Five Commendements for the Gulf-Oriented businessperson

Mehdi M.A.

Over 815 years after the invasion of Genghis Khan and the powerful Mongol Empire, the world’s economic centre of gravity is returning to its origin: somewhere in the North-Eastern region of the Arabian Peninsula. It is a strange development to see how a region, from its golden age between the eighth and twelfth century, reached its pinnacle with an economy based on knowledge and is now encountering its decline during the oil-based days. Maybe this explains why diversification is becoming key in the GCC’s economic growth strategy. This present crib sheet gives a personal insight or at least a preview on how to deal with local stakeholders in times of change.

1. Thou shalt not consider the GCC as a homogenous region (even less what we commonly call the MENA region)

Indeed, despite the shared traits, comparing each substantial country of the region, mutatis mutandis, would be similar to considering apples and oranges to be identical because they are both fruits. Focusing our understanding on the Gulf countries (Kingdom of Saudi Arabia, Kingdom of Bahrain, State of Qatar, United Arab Emirates, State of Kuwait, Sultanate of Oman), the very first mistake is to tackle this large region with a lack of cultural knowledge. These countries contain some of the world’s wealthiest people and at the same time the most underbanked populations. It is also a melting pot of 218 different nationalities locally based since decades with different religions, histories, ethnic groups, business methodologies, various decision-making processes and the list could continue limitless. Long story short, don’t even think about making a global strategy that will approach each country without taking into consideration its own specificity, no matter the field.

2. Thou shalt grow your network adequately and in ethical manners...

Numbers, they say, are worth a thousand words. Eighty-three percent of the total manufacturing facilities in the GCC is composed of SMEs privately owned, of which ninety-six percent are family-owned businesses. Advice does not cost much, but a few words that are worth gold: “Tell me who introduced you, I’ll let you in my circle”. Running a family-owned business is a long-term plan and any single decision could influence the entire success, longevity, or failure of the firm for thousands of people. Foreigners imagine that the GCC is quite simple and that a straightforward business methodology applies: Pay me and I will get the job done. For many years, and even more recently so, corruption has been dealt with ardently and there is no longer any place for unethical business in the region. Political leaders have made it clear to the world with several crackdowns on unethical and corrupt practices that these dealings will not be tolerated. Building trustworthy relations is a long-term process and investment. Being invited to a Majlis (special local gathering) requires prerequisites that are dictated by rules and codes. Once in, and to avoid being excluded, businesspeople should maintain a close relationship without being intrusive. It is the definition of a balanced relationship: being there at the right time without overtaking the space.

3. Thou shalt not duplicate but innovate...

Rather than struggling in the overuse “strategy” term, a more philosophical
approach should be conducted based on innovation, “give-back” initiative and real win-win deals. Indeed, locals are no longer just wealthy buyers ready to spend fortunes to get foreigners’ products. Nowadays, highly educated young generations are aspiring to develop their countries and contribute to change the world. Any local footprint should be made with a vision to contribute and to take into consideration each stakeholder, i.e. from the influencer, the decision maker, the institutions to the VITO (Very Important Top Officer). This systematic approach is a must in the roadmap of all those seeking to develop their business in this promising region.

4. Thou shalt consider diversification as a drive for change...

There is an old saying that “Arabs agree to disagree” but to one exception: an oil-based economy has a limit. Through his wisdom, Ibn Khaldun demonstrated the path with his theory of development. Indeed, extrapolating his theory to the current world, diversification is not just transforming oil-based products which, at the end of the day, are still a part of an oil-centric economy. Waste & Water management, healthcare, sports, food, agriculture, renewables, education, infrastructure, entertainment, and insurance are key sectors on which the GCC countries are rightly emphasising their effort towards their future economies.

5. Thou shalt not limit communication to verbal ...

Several smart, intelligent and experienced business foreigners failed in the region even though, on paper, their success seemed guaranteed. The common mistake between all failures is overconfidence. Without talking about arrogant behaviour, assuming too much, not recognising the limit of one’s knowledge and not considering local circumstances. These are a few factors of an unsuccessful approach. A good body language, dressing appropriately and communicating with tact is key to lower the entry barriers imposed by local business leaders.

To sum up the advice, know that being humble, recognising the fast pace of progress in the Gulf, and contributing to its development in an innovative and ethical manner are the main prerequisites for sustainable success.