

**An *IFC Reports* Interview with
His Excellency Yousef Al-Ebraheem,
Advisor to Al-Diwan Al-Amiri,
State of Kuwait**

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For our special report on Kuwait



IFC REPORTS: I would like to start the interview by talking about the legacy that His Highness the Amir is currently creating for Kuwait. He has been in power for 5 years and under his leadership a 5 year development plan has been passed to hopefully change the future of Kuwait. The plan aims to reposition Kuwait as a commercial and financial hub in the region. How do you plan to do this, considering what your neighbours Qatar, Dubai and Saudi Arabia are doing? Some would say that they are far ahead of Kuwait at the moment.

H.E. YOUSEF H. AL-EBRAHEEM: His Highness the Amir's vision to position Kuwait as a regional centre for trade, logistics and financial service is not about competing with other brothers in the GCC (Gulf Cooperation Council) countries. I think we can complement each other and we are aiming to integrate our economies in the future. Kuwait has certain advantages, among them its location at the north of the Gulf where a rail road system will make Kuwait a trade and commercial hub for the rest of the countries to the north of Kuwait i.e. Iraq, Iran, Turkey and the former Soviet Union states. I think this is a major advantage for Kuwait.

The second advantage is the wealth which Kuwait's public and private sector has accumulated over the past 50 years, not just in terms of money but also the experience, the trust, the legal system and the financial institutions. I think that investors and trade partners need this kind of foundation and infrastructure. Of course we might lack some fiscal infrastructure, which is in our priorities within the development Plan.

The third advantage we have I believe is our people. They are well-educated and open to challenges and they really have a spirit of taking risks. As you know, this is very important and essential in trade and finance. Of course, the political tension in the region over the past 30 years have been a major obstacle for Kuwait, and we hope that we can build economic and commercial ties with the new Iraq, especially the south of Iraq which needs major development projects to bring it back to what it should be.

The vision is very clear and the development plan is a first step towards achieving it. I do not believe that we will achieve this vision in 4 years, and I do not think it will be an easy task either. The vision was based on deep thinking and the options and alternatives have been studied. This is our optimum objective. Of course this requires major work in terms of human development, infrastructure and our legal system, and that is why the first 4 year development plan is concentrating on this. There is an airport, seaport and a railroad project and so on.

IFC REPORTS: You mentioned the political issues that perhaps clouded Kuwait's progress over the past 30 years. What are the keys to the Amir's current successes in terms of pushing the development plan through and holding a parliament and cabinet which works a lot better than what it did in the past?

H.E. YOUSEF H. AL-EBRAHEEM: I believe we are in a new era of democracy, and we have to be patient with democracy. We have to have an open mind and open heart to deal with this, and I believe this development plan is a positive development in our democratic process where the Government should be responsible and accountable for implementing this Plan. Of course, some local media bring different issues to the table, but we have to be patient, tolerant and accepting of other opinions. I am against people who are saying that democracy is hindering development. Without democracy, I do not think that development in Kuwait would take place. I do not want to comment on my neighbours; I wish them all the best and I am very happy to

see the development in those countries. They created competition and jealousy, which is good sometimes. Kuwait has a completely different social, political and economic structure. His Highness the Amir always emphasises that democracy will continue and we are great believers in democracy.

We need to work on building civic society institutions instead of individual opinions and acts in the political arena. It will take time to change a society from a tribal family background. Look at what is happening in Belgium for example – they are now divided into ethnic groups. I think with globalisation we have local shocks, not only in Kuwait but in the rest of the world, and we have to be patient and deal with them wisely. His Highness the Amir is very clear about his vision. It is based on a partnership between the Government and the Parliament. In an open free society like Kuwait where we have about 18 daily newspapers and dozens of television stations, you will hear different views, but it is OK.

Again, one has to be patient and open-minded. You have to just concentrate on what you want to do and make sure you are fair and doing your job and achieving your objective.

IFC REPORTS: The partnership between the Kuwaiti public and private sectors is one of the fundamental pillars of the 5 year development plan. Nonetheless, on a political level Kuwait has also been very successful with its foreign policy. It has always been very open and politically-neutral and has been able to be friends with everybody. How important is international participation in the Amir’s vision for the development of Kuwait?

H.E. YOUSEF H. AL-EBRAHEEM: With His Highness’ experience in international diplomacy, the Amir wants Kuwait to be an open society and have an open economy. In the past, because of the political tension and the wars in the region, Kuwait had to be a closed society in order to protect its people. With our oil wealth, we managed to live without the rest of the world. We had the money to import goods and commodities and we had the wealth to bring skilled labour over. But I think it is a completely different ballgame with the new vision. Even though we do not need foreign capital, we need foreign technology, management and know-how. This will bring Kuwait back to the international level. Nowadays no country or economy can say they can live in isolation from the rest of the world.

I believe that opening up the economy and changing the laws is important. A law was passed to reduce the corporate tax rate and this is very important. I know we have some problems with the foreign direct investment law and government bureaucracy, and these are issues that we have to tackle and I hope we can solve them. We may be moving very slowly in some areas, but in other areas we are moving at a good speed.

IFC REPORTS: You have a very extensive career with the Kuwaiti Government. Throughout your career, what have been the main challenges and successes that you have personally encountered?

H.E. YOUSEF H. AL-EBRAHEEM: I had the honor and the opportunity to serve in 2 cabinets – as the Minister of Education and Higher Education and as Minister of Finance and Minister of Planning. I am a great believer in continuously improving the education system; it is a dynamic target and one should work continuously to improve it and meet the requirements of local and international labour markets. This is a big challenge. In a country like Kuwait with a very advanced welfare system it is very challenging to motivate our students, including my children. I thought about how we could motivate them and I thought we could create competition

among them. So we created the Merit Scholarship Program where we give students who get into the top 15 universities in the U.S. a generous scholarship. It is amazing how Kuwaiti students started to compete, and now we have students at Stanford, Harvard and Carnegie Mellon for instance. This has created competition amongst public and private schools.

We passed a private university law when I was a minister and we now have some good universities and they are doing a fine job in Kuwait. This is not an individual effort – it is a group effort. Sheikh Sabah was the Prime Minister at the time and he really gave me a lot of support. In the Ministry of Finance it was a big challenge to transform our budget from a traditional classification into a performance budget. The public sector is huge and it is very hard to trim and manoeuvre so we thought about developing a performance budget where each Government agency or Ministry has to set their own objectives and how much money they need to achieve these objectives. When I was Minister, we started this programme with the Ministry of Health and Education, but it stopped for a while after I left for various reasons. Now the current Minister is reviving this program again.

Even when I was Minister of Finance, I was a great believer in education. We created training programs and MBA programs with the Kuwait Investment Authority, and if any Kuwaiti gets admitted to any of the top 10 or top 20 universities in the world, we will give them a scholarship. We have students getting their MBA's from all over the world; from Spain, France, the U.K. and the U.S. At that time I was in charge of the Kuwait Fund, and they are now training engineers for 1 year and then they send them to work on projects all over the world. These are some of my achievements that I am proud of.

IFC REPORTS: If you had the opportunity to send one message to the international business community and the American business community, what would that message be?

H.E. YOUSEF H. AL-EBRAHEEM: I think the message would be that Kuwait is a very small country and I do not think that Americans would be interested in the small projects in this country, but they should think beyond Kuwait. If they partnered with Kuwait they would not only be able to cover the GCC, but they would also be able to cover the whole MENA (Middle East and North Africa) region, especially Iraq and Iran as well, once they solve their problems with the international community. We have the legal framework here where you can create a 100% foreign-owned company, or you can engage in partnerships with Kuwaitis.

Being an hour and a half drive from Iraq is a good thing. I know many companies that their workers go for the day to Iraq to do work and then stay here for the night. I think that American businessmen and companies should look at a broader geographical area than just Kuwait, and in the next 5 years I think the emerging markets will continue to lead world economic growth. It is completely different in this part of the world with the oil wealth and the dedication of the leadership in all countries to spend money inside the region compared to the 1970s. In the 1970s we wanted to save our money and invest it abroad because it was safe, but it turned out that was not the case. I believe now they want to spend their money in their own economies to develop different sectors and create jobs for their people.

IFC REPORTS: Your Excellency it has been an absolute honour, thank you very much.