

Unlocking Diversification In The GCC States

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The World Governments Summit is a global platform dedicated to shaping the future of governments worldwide. Each year, the Summit sets the agenda for the next generation of governments with a focus on how they can harness innovation and technology to solve universal challenges facing humanity.

The World Governments Summit is a knowledge exchange center at the intersection of government, futurism, technology, and innovation. It functions as a thought leadership platform and networking hub for policymakers, experts and pioneers in human development.

The Summit is a gateway to the future as it functions as the stage for analysis of future trends, concerns, and opportunities facing humanity. It is also an arena to showcase innovations, best practice, and smart solutions to inspire creativity to tackle these future challenges.



Section 1

Foreword



The Gulf Cooperation Council (GCC) states have the potential to become a new engine of global economic growth. They have the resources, aspiration, and need to tackle the long-term challenge of transitioning to a post-oil era. Laying the groundwork for this transition will take more than an imaginative vision. GCC states will need to embrace a new and pragmatic way of conceiving economic diversification concepts and turning them into practical realities. As a result, GCC states are building on international best practices and combining national plans of economic diversification with centralized project management offices (PMOs) in pursuit of realistic outcomes. This can significantly shift the economic landscape in the region and improve the lives of millions of people regionally and globally.

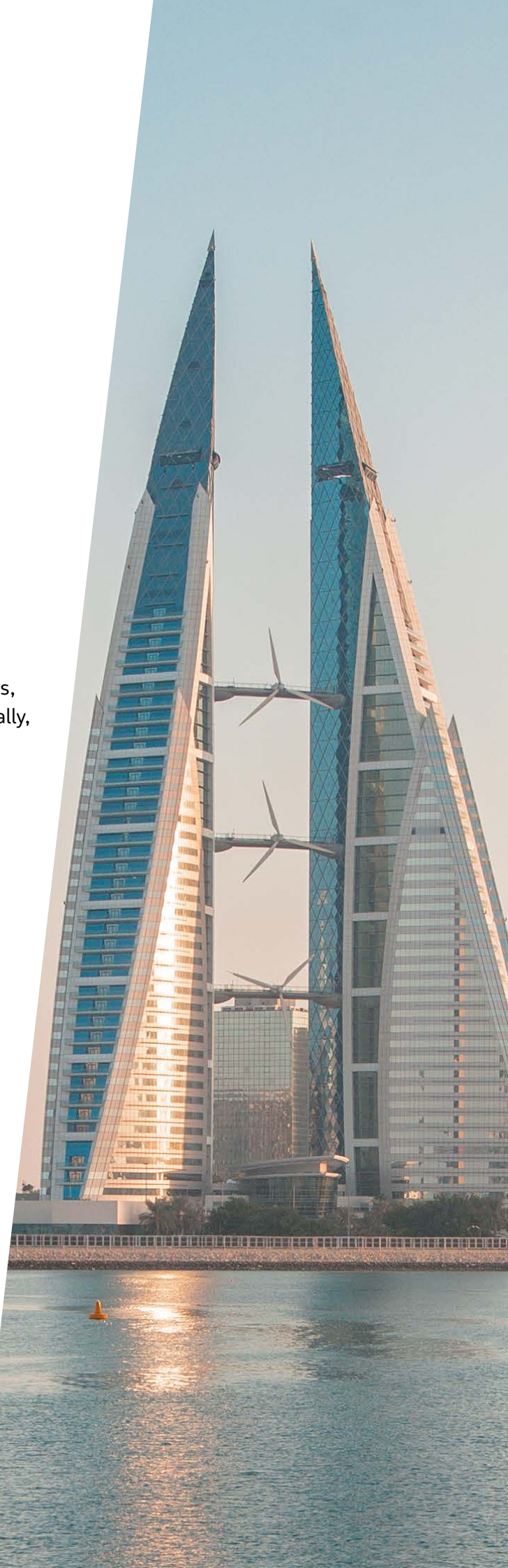
Saudi Arabia's Vision 2030, Oman's Vision 2040, the Dubai Economic Agenda D33, and the UAE's Vision 2031 illustrate the GCC's eagerness to act boldly in pursuit of economic diversification. When realized, these plans are anticipated to transform GCC economies into efficient, knowledge-driven engines of prosperity. This is a high stakes undertaking that calls for a paradigm shift in the way GCC states approach project management. Not only do they need to create an ecosystem that invests in public sector capacities and human capital, they must also unpack complexity and focus on long-term, ultra-high-risk projects.

Our report examines how GCC countries can benefit from the best of both worlds – economic diversification and centralized PMOs – to develop capabilities and collaborate across boundaries.

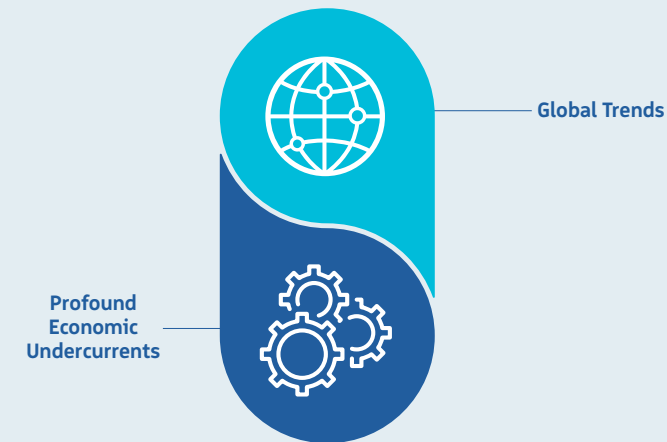
Section 2

Economic Diversification In The GCC: Navigating The Tides Of Change

In an era marked by rapid technological advancements and shifting geopolitical alliances, global economies are in a state of flux. Historically, the lifeblood of the GCC nations has been their vast hydrocarbon reserves. However, with changing global energy dynamics and the push towards sustainability, GCC nations are feeling the undercurrents of change.



Navigating The Tides of Change



Global Trends

The global energy sector is undergoing a seismic shift. Global investment in the renewable energy space reached over \$1.3 trillion in 2022, demonstrating the world's evolving energy priorities.¹ Both developed and developing countries are making monumental strides in transitioning away from fossil fuels. With the Paris Agreement serving as a guiding document, nations are recalibrating their energy strategies and aiming for a carbon neutral future. In this redefined world order, the once bottomless demand for oil is showing signs of slowdown.

For the GCC, this transition presents a dual-edged sword. On one hand, it brings forth challenges tied to their primary revenue source: oil. On the other, it offers opportunities to harness their strategic geopolitical location and financial reserves to pivot towards newer economic avenues. This is further compounded by geopolitical intricacies, underscoring the urgency for GCC nations to diversify and build more resilient economic structures.

Economic Undercurrents

A significant portion of the population in the GCC is under 30.² This youthful demographic is both an asset and a challenge; it offers a dynamic workforce ready to fuel the economies of tomorrow while demanding the creation of diverse job opportunities.

Recognizing this, GCC countries have embarked on visionary transformation programs. Saudi Arabia's *Vision 2030* and the UAE's *Vision 2031* emphasize sectors as varied as tourism, entertainment, sports, and advanced technology.³ Saudi Arabia's push to develop its Red Sea coastline into a luxury tourism destination and the UAE's drive to become a hub for tech startups exemplify this shift.

The onset of the Fourth Industrial Revolution, characterized by technologies such as AI, robotics, and nanotechnology, offers myriad opportunities.⁴ It offers a new paradigm for production, with modern and digitalized manufacturing facilities using interconnected devices, machines, and systems to deliver unprecedented productivity and efficiency. The GCC, with its financial clout and ambition, is uniquely positioned to not just take part in this revolution but to lead segments of it. Investment in research, fostering partnerships with global tech giants, and nurturing homegrown startups can propel the GCC into the epicenter of technological innovation.

Furthermore, the burgeoning role of the private sector cannot be understated. While historically the economic narrative of the GCC was dominated by state-led mega projects, the region is experiencing a palpable shift. With its inherent agility and knack for innovation, the private sector is stepping into the limelight. Governments are realizing that fostering a conducive environment for private enterprises, from small and medium enterprises (SMEs) to multinational corporations, is essential for holistic economic growth. From relaxed regulations to investment incentives, measures are being put in place to galvanize the private sector. This shift is crucial for economic diversification and fostering a culture of innovation, competition, and resilience.

Section 3

The GCC's Current Economic Diversification Efforts

Within the GCC consortium, each member state has crafted individualized strategic economic roadmaps, with notable undertakings such as the Bahrain's *Economic Vision 2030*,⁵ Kuwait's *Vision 2035*,⁶ Qatar's National *Vision 2030*,⁷ Oman's *Vision 2040*,⁸ and Saudi Arabia's *Vision 2030*.⁹ The UAE has presented comprehensive strategies like the *UAE Centennial 2071*¹⁰ and the 'We the UAE 2031' vision, augmented by regional endeavors such as the Abu Dhabi's *Vision 2030*.¹¹

There's a tangible strategic shift within the GCC towards comprehensive economic diversification. For example, Saudi Arabia's commitment to this paradigm shift is evident through ventures like the NEOM¹² project and the King Abdullah Financial District.¹³ Bahrain's progress, particularly following the release of its *Economic Vision 2030*, exemplifies the potential of diversification.

Dubai's rise as a global hub is underlined by achievements such as the Burj Khalifa¹⁴ and hubs like the Dubai International Financial Centre (DIFC)¹⁵ that cement its global standing.

Concurrently, Abu Dhabi is making strides in its diversification efforts while acknowledging the continuing economic contribution of its petrochemical assets.¹⁶ Its ventures into tourism, culture, and education are evident with establishments like NYU Abu Dhabi and The Louvre Abu Dhabi.

Exploring The Intricacies Of Each Vision

Each GCC nation, while bound by shared goals, has carved its distinctive trajectory based on individual strengths, challenges, and priorities.

Bahrain's Economic Vision 2030:

Bahrain's blueprint for 2030 endeavors to steer away from petroleum dependency, emphasizing knowledge-centric sectors. Its ascent as a financial nexus and growth in domains like ICT and tourism are notable accomplishments. Nonetheless, labor market reforms and the private sector's frequent reliance on governmental projects pose challenges.¹⁷

Kuwait's Vision 2035:

Termed 'New Kuwait', the 2035 vision aspires to metamorphose Kuwait into a financial and commercial epicenter.¹⁸ While there have been notable infrastructural advancements and a drive for foreign investments, bureaucratic impediments and protracted project timelines, coupled with continued petroleum revenue reliance, remain concerns.

Qatar's National Vision 2030:

This vision encompasses human, societal, economic, and environmental components. Infrastructure preparations for the 2022 FIFA World Cup and ventures into tourism are commendable achievements. However, delays in certain project schedules have posed challenges, albeit ones they are navigating.

Oman's Vision 2040:

Oman's 2040 blueprint seeks economic diversification, improved living standards, and human capital development. Noteworthy are its inroads into sectors like eco-tourism and digital platforms. However, the pace of diversification, elevated youth unemployment, and challenges in eschewing petroleum dependency remain.

Saudi Arabia's Vision 2030:

Saudi Arabia's 2030 vision amounts to an extensive economic transformation. Opening its gates to international tourism and ushering in a nascent entertainment sector are laudable steps forward. Yet concerns over societal reforms, the velocity of change, and challenges in attracting global investment persist.

We the UAE 2031:

Aiming to enhance the UAE's position as a global economic hub, *We the UAE 2031* follows the UAE Vision 2021's plan to develop the nation's healthcare, education, sustainability, and infrastructure. The vision focuses on moving the nation forward through society, diplomacy, the economy, and ecosystem.¹⁹ Challenges persist in fostering a genuinely diversified economy beyond petroleum and property, and there are apprehensions regarding the sustainability of certain ambitious projects amidst global economic shifts.

The visionary strategies undertaken by the GCC nations are poised to transform the regional economic landscape, showcasing their readiness to embrace a future beyond petroleum. However, while these strategies have undeniably influenced the direction of their economies, their full potential has yet to be actualized. Several of these initiatives, though innovative at inception, did not fully account for the myriad challenges the future held. The global disruption caused by the COVID-19 pandemic significantly altered economic dynamics, impacting trade, tourism, and global collaboration, areas where GCC nations hold significant stakes. Furthermore, escalating geopolitical tensions in recent years have further complicated the realization of these strategic visions.



The UAE: A Diversification Success Story Within The GCC

Over the years, the UAE has successively diversified its economy, showcasing a story of visionary leadership and strategic foresight. In the 1970s, oil was the dominant factor in the UAE's role on the economic stage, contributing nearly 90% of the nation's revenues. However, by 2022, data from the International Trade Administration highlighted a significant shift, with oil accounting for just approximately 30% of the nation's GDP.²⁰

Core pillars of this transformation have been trade and infrastructure. Jebel Ali Port, built in the late 1970s, today stands as the largest port in the Middle East.²¹ Concurrently, the UAE has become an irresistible magnet for global tourism. In 2022 alone, Dubai hosted 14.36 million international overnight visitors, a reflection of its appeal as a global tourism hotspot.²²

The UAE didn't merely rest on past successes; it then strategically positioned itself in the world of finance. DIFC, established in 2004, now teems with over 2,500 companies. In 2022, the financial sector's vibrant pulse contributed 15% to Dubai's GDP.²³ Dubai's skyline also narrates the story of a booming real estate sector, with real estate transactions in Dubai touching a staggering AED 528 billion (\$144 billion) in 2022.²⁴

The *Global Innovation Index 2022* placed the UAE 31st globally,²⁵ acknowledging its investments in tech hubs and its leadership's forward-looking vision.²⁶ Notably, Emirates Airlines, founded in 1985, by 2021 became the world's largest operator of the Boeing 777 and Airbus A380.

Building on the legacy of His Highness Sheikh Zayed bin Sultan Al Nahyan, the nation remains committed to sustainability. The inauguration of the Noor Abu Dhabi solar plant, one of the world's largest solar projects, underpins the UAE's pledge to source 50% of its energy from clean avenues by 2050.²⁷ On the cultural front, the Louvre Abu Dhabi welcomed over a million art enthusiasts in its inaugural year, showcasing the UAE's endeavor to become one of the region's most popular cultural hubs.

Expo 2020 Dubai represented a major milestone in the development and diversification of the UAE, drawing nearly 25 million global patrons and serving as a canvas of the UAE's global integration and its ability to convene the world.²⁸

Section 4

Challenges For Economic Diversification In The GCC

Economic diversification in the GCC is both a necessity and an opportunity. With visionary leadership, informed policies, and a focus on sustainable development, the GCC nations have the potential to chart a new economic trajectory, one that is resilient, diverse, and in tune with global economic evolution. While it is a complex and ongoing process, economic diversification is vital for the long-term economic stability and prosperity of the GCC countries.



The Resource Curse And Gulf Development Model

The challenge of the resource curse has been a focal discussion in many international forums, especially the International Monetary Fund (IMF).²⁹ Nations abundant in resources, especially non-renewable ones like oil and minerals, often face an economic paradox. While these resources bring in considerable revenues, they also introduce economic complacencies and vulnerabilities. For GCC countries, the overwhelming reliance on oil revenues has, in many instances, overshadowed other sectors, leading to a lack of diversification. The volatile nature of oil prices, as observed in the 2020 oil price crash, further intensifies this vulnerability. Moreover, as global energy consumption patterns evolve with increasing emphasis on renewables, the traditional oil-based revenue model for GCC countries is set for inevitable challenges. The Gulf Development Model involves a comprehensive societal shift from reliance on oil and gas as income sources towards revenue from primary, secondary, and tertiary sectors.³⁰ The model is evolving to emphasize private sector engagement in achieving this diversification for development and growth.

Infrastructure And Real Estate Focus

The modern urban landscapes and innovative architectural designs across GCC countries have played a significant role in putting these nations on the global map. However there is debate about the sustainability of such rapid infrastructural growth. These projects, while visually appealing, necessitate a balanced approach, ensuring they contribute to a sustainable economic model.

Calibrating Expectations

According to the *Global Competitiveness Index*, while GCC nations score impressively on infrastructure and certain aspects of innovation, they trail when it comes to industrial diversification.³⁴ Sectors outside of oil and gas, such as manufacturing, agriculture, and local crafts suggest opportunities for further development. Such a scenario underscores the challenge of not just creating new sectors but also making them globally competitive. Achieving this requires a blend of policy reforms, incentives, and creating an environment conducive to business growth and innovation.



Dependency On Imports

The GCC's economic model has traditionally relied on exporting hydrocarbons and using the proceeds to finance imports, ranging from food to luxury goods. World Trade Organization (WTO) data suggests that this model might be unsustainable in the long run.³² With the world moving towards a circular economy model and regional self-sufficiency (particularly in the wake of the COVID-19 pandemic), there's a pressing need for GCC nations to reconsider their heavy reliance on imports. Enhancing local manufacturing capabilities, investing in agriculture, and promoting local industries can go a long way in ensuring that GCC countries are not just self-reliant but internationally competitive as global hubs in new sectors.



Navigating The Oil Conundrum

For the foreseeable future, oil will continue to play a dominant role in the GCC's economic fabric. However, with global energy dynamics undergoing a tectonic shift, the once unchallenged dominance of oil is set to face trials. OPEC's *Monthly Oil Market Report* indicates fluctuating demand, and with major economies pledging to go carbon neutral in the coming decades, the demand for oil is poised for moderation.³³ For GCC countries, this necessitates finding alternatives, as well as optimizing and modernizing their existing oil sector to ensure it remains competitive in a changing world.

What is required is a dynamic and agile approach that embraces digital transformation and the world's renewed emphasis on sustainability. A strategy combining the region's inherent strengths with nimble adaptation to global shifts will be crucial in ensuring the GCC weathers contemporary challenges, positioning itself as a beacon of innovation and resilience.



Section 5

Pillars Of Economic Diversification

In a rapidly evolving global landscape characterized by complex supply chain dynamics and fluid geopolitical relations, the GCC region stands at a pivotal juncture. Adopting a new approach, accentuated by specific focus areas tailored to some of the region's critical sectors can shield the GCC from inherent vulnerabilities while laying a foundation for robust economic growth. At the heart of this transformation are three distinct yet interrelated pillars:

5.1 Investment Infusion And Innovation Advancement

One of the key underpinnings of a vibrant economy is competition. It fuels innovation, fosters efficiency, and drives the private sector to reach new heights. In countries like the USA and Germany, competitive markets have often been the catalysts for technological advancement, improved services, and the birth of globally renowned enterprises.



However, the GCC's economy is unique, with governments playing a dominant role and holding significant ownership within major sectors ranging from energy to transportation, banking, and healthcare. For instance, Saudi Aramco is not just a national oil company but also one of the largest companies globally. Similarly, Qatar's investments in its national airline, Qatar Airways, or the UAE's development of Emirates and Etihad showcase the countries' governments' profound roles in the real economy.


While this involvement has its advantages, including stability and strategic direction, it sometimes casts a shadow over private enterprises' growth potential. Hence, protecting private property rights and fostering a competitive market landscape are pivotal for the future.

The GCC region needs to diversify its investment portfolios, focusing on emergent sectors such as renewable energy, digital infrastructure, and biotechnology. South Korea exemplifies this approach with its significant investment in technology, leading to exports surpassing \$644.5 billion in 2021.³⁴ Moreover, much can be achieved by providing enticing incentives – Singapore's incentive model garnered an FDI

inflow of \$2,479 billion towards the end of 2021.³⁵ Adopting similar strategies, the GCC can become a hotspot for global entities, especially if paired with an emphasis on advanced R&D.

The governments of the GCC countries are making substantial investments and encouraging partnerships through investor-friendly laws and streamlined business registration procedures to diversify their economies away from oil revenues. Nevertheless, some issues exist related to protection of the investors, including the recovery and resolution process and transparency regarding the quality and quantity of information available.

Key Areas For Capital Inflows In GCC Region

-  **Digital Transformation**
-  **Retail And Tourism**
-  **Social Infrastructure**
-  **Renewables**
-  **Climate Technology**

5.2 Commercial Enterprise And Global Supply Chain Management

To genuinely diversify their economies, GCC countries must expand their commercial undertakings to resonate with evolving global trade dynamics. For example, Germany's Mittelstand (German SMEs) is a cornerstone of the national economy, contributing 52% of the nation's total output.³⁶ Empowering SMEs is vital to the GCC's growth trajectory. Infrastructure is another crucial element. On the digital front, the USA's e-commerce landscape is testament to the boundless prospects of digital commerce.

Given its strategic geography, wealth of renewable energy resources, and robust infrastructure, the GCC has emerged as a central nexus in global value chains (GVC). The ongoing recalibration of GVCs by global conglomerates offers the GCC a golden window of opportunity. An effective strategy would be to engage in backward GVC participation: harnessing local or imported raw materials to craft sophisticated components and finished goods, transitioning from a primary exporter of raw materials to a hub of value-added products.

Moreover, to truly harness the power of the private sector, particularly SMEs, the GCC needs to establish a comprehensive support program. By focusing on enhancing their competitiveness, the region can ensure grassroots economic growth and robust market dynamism.

However, the road ahead is not devoid of hurdles. Compared with other flourishing economies, the GCC's expertise and sophistication in export sectors seem somewhat muted. Their heavy reliance on imported manufactured goods, exacerbated by factors such as elevated wage structures in countries like Saudi Arabia and intricate business regulations, underscores this challenge.

Still, the allure of GVCs is undeniable. In today's fragmented international production landscape, countries are not required to construct entire products. Instead, they can surgically embed themselves into selected stages of a value chain optimizing based on their inherent capabilities. Engaging GVCs is not merely about economics; it

is about growth and transformation. Beyond the obvious economic windfalls of rapid scaling, there's the promise of amplified economic growth, job creation, and enhanced revenue streams. Moreover, GVC engagement forges avenues for knowledge exchange between firms, potentially leading to industrial evolution — marked by refined product quality, optimized operations, and a pivot towards higher value-added production segments.

PROMOTION OF LOCALIZATION

Some governments in the GCC are undertaking policies and programs to promote localization, seize a larger share of the global value chain, diversify their economies, and reduce their vulnerability to external shocks.

GCC governments are focusing on boosting localization on a large scale through local content rules, from the purchase of public services to the construction of public infrastructure. These regulations necessitate some degree of domestic capability in any business deal struck by the government.

5.3 Administrative Governance And Policy Reforms

Regulatory transparency stands out as another crucial focal point. The GCC should underscore the importance of introducing precise mechanisms to oversee critical aspects such as transfer pricing, international taxation, subsidy allocation, and the responsible management of state resources. Drawing inspiration from the regulatory environment of countries like New Zealand, renowned for its business-friendly regulations, GCC governments can create an ecosystem where businesses operate with clarity and confidence.³⁷

As the global community gravitates toward green initiatives and sustainable practices, the GCC's strategic pivot toward clean energy, digital economies, and innovative technologies takes on even greater significance. Following global success stories that emphasize property protection, market competitiveness, and forward-thinking policies, the GCC can chart a course toward diversified and sustainable economic growth.

The implementation of a diverse range of policies and reforms aimed at diversifying the economy form the basis for these countries' strategies. These measures encompass privatizing state-owned enterprises, investing in renewable energy, encouraging foreign investment, and nurturing a thriving tourism sector. One of the primary objectives is to bolster private sector involvement in the GCC economies to enhance efficiency and productivity. To achieve this objective, governments have introduced a series of regulatory reforms and increased investments in sectors such as technology and innovation.

While each of these nations possesses an ambitious plan to reshape their economies, they also face substantial challenges. One of the most formidable challenges is ensuring the effective execution of these plans, which necessitates meticulous coordination and investments.

In conclusion, adopting strategies from different nations and taking inspiration under each pillar while customizing them to address their unique strengths and challenges provides a roadmap to GCC countries. However, the success of this roadmap hinges on the ability of a centralized PMO team to rigorously evaluate, execute, and continually refine strategies, ensuring alignment with global best practices and regional aspirations.



Section 6

Centralized PMOs As Enablers Of Economic Diversification In The GCC Region

While a transformative shift in economic diversification remains a long-term challenge in the GCC region, a recent shift can be seen towards relying on centralized PMOs in realizing these visions. Centralized PMOs offer multifaceted aspects that can augment and drive diversification plans forward. PMOs ensure the successful delivery of projects by providing oversight, coordination, and support to project teams. Moreover, a centralized PMO office acts as a unified hub for project management practices, providing monitoring, course-correction, and ensuring successful realization of national planning.

In the context of realizing GCC economic diversification visions, PMOs' roles include:

- 1. Strategic Alignment:** Ensuring projects align with the nation's strategic objectives and contribute to the broader goals of governmental visions. This alignment helps organizations prioritize projects and allocate resources effectively.
- 2. Standardization And Governance:** Establishing consistent methodologies, processes, and tools to manage projects across the organization. PMOs also implement governance structures to monitor project performance, mitigate risks, and ensure compliance with relevant regulations.

- 3. Performance Measurement:** Developing and tracking key performance indicators (KPIs) to assess project success and inform decision-making. This data-driven approach enables organizations to identify areas for improvement and enhance project outcomes.
- 4. Capacity Building:** Helping organizations develop project management capabilities by providing training, mentorship, and knowledge sharing opportunities. This capacity building function is crucial in fostering a culture of excellence and professionalism in project management.
- 5. Coordination And Monitoring:** Coordinating efforts among various stakeholders involved in the vision's implementation process. They are responsible for closely monitoring progress to ensure initiatives are on track.
- 6. Impact Assessment:** Assessing the impact of initiatives towards a transformation paradigm. This involves evaluating the results and outcomes of the policies to gauge their effectiveness in achieving the desired economic diversification goals.
- 7. Foster A Culture Of Continuous Improvement:** Promoting a culture of continuous improvement and success nation-wide. By supporting learning, knowledge sharing, and performance measurement, the PMO can drive enhanced visions and outcomes. Consider the time-honored practice of creating a single repository to capture and disseminate lessons learned from the previous implementation of visions. This encourages project teams to document successes, challenges, and recommendations, enabling others to learn from past experiences.

6.1 Challenges Faced By PMOS In The GCC:

PMOs operating in GCC countries confront several distinctive challenges that require careful consideration and strategic planning, including:

- **Navigating Organizational Dynamics:** As PMOs introduce new processes and methodologies, they may encounter resistance from organizations that are more familiar with traditional, hierarchical management styles. To overcome this challenge, PMOs must effectively communicate the benefits of their approaches and secure support from key decision-makers. By demonstrating the value they bring, PMOs can drive meaningful organizational change and improve overall project outcomes.
- **Addressing Skill Gaps:** In recent years, GCC countries have experienced a significant increase in demand for skilled project management professionals, driven in part by the ambitious projects under diversification plans. To address this talent shortage, PMOs must prioritize the attraction, retention, and development of local professionals. By investing in capacity building and training programs, PMOs can contribute to the creation of a robust project management ecosystem that supports the GCC countries' long-term goals.



6.2 Strategic Openings For PMOS In The GCC Drive Towards Economic Diversification:

Diversification plans present several opportunities for PMOs in Saudi Arabia, including:

- **Cross-Sector Collaboration:** GCC visions encompass a wide range of sectors and industries, creating opportunities for PMOs to collaborate and share best practices across different domains. This cross-sector collaboration can foster innovation and drive improvements in project management practices, contributing to the successful execution of diverse projects under the *Vision 2030* framework.
- **Public-Private Partnerships (PPPs):** Economic diversification plans encourage collaboration between the public and private sectors. PMOs can play a pivotal role in managing PPP projects by ensuring that the interests of all stakeholders are considered, risks are effectively managed, and projects are delivered on time and within budget. This involvement can help PMOs gain valuable experience and build credibility in the market.
- **Foreign Investment And International Collaboration:** GCC countries seek to attract foreign investments and promote international collaboration to drive economic growth. PMOs can leverage this opportunity by partnering with international project management firms, adopting global best practices, and integrating advanced tools and technologies into their operations. This exposure can enhance the capabilities of local PMOs and help them compete on a global scale.
- **Digital Transformation And Technological Innovation:** Digital transformation and technological innovation are key to achieving economic diversification. PMOs can capitalize on this focus by adopting cutting-edge project management software, leveraging data analytics for informed decision-making, and integrating AI and machine learning (ML) to streamline processes and improve efficiency. Embracing digital transformation can position PMOs at the forefront of innovation and boost their value proposition.

- **Capacity Building And Talent Development:** One of the key objectives of the GCC economic diversification visions is to create job opportunities and develop local talent. PMOs can contribute to this goal by offering training, mentorship, and certification programs for project management professionals in the GCC. By investing in talent development, PMOs can help build a skilled workforce that can drive the successful execution of projects and support the nation's long-term economic growth.

6.3 An Interview With Mr. Almoatasim Alyaqoobi, Executive Director of National Program For Economic Diversification (Tanweea) In the Sultanate of Oman

Mr. Alyaqoobi is an experienced GCC leader in economic diversification and PMOs. Following stints as a manager in the Oman Gas Company, Alyaqoobi joined the National Program for Economic Diversification, Tanweea, in 2022 as the head of the manufacturing sector, before becoming CEO a year later.

Tell us a little about Tanweea, in terms of its concept and aims?

The Sultanate of Oman is keen to transform its economic landscape by executing the *Oman Vision 2040*, which is the anchor that sets the strategic direction of its economic efforts. In parallel to the national diversification program, Tanweea was launched in 2022, aiming to accelerate the implementation of the 2040 vision and the 10th Five Year Plan (2021-2025). The program focuses on driving sustainable growth and reducing dependency on oil revenues in Oman. The concept behind Tanweea is to diversify the economy by promoting the development of non-oil sectors, such as logistics, tourism, manufacturing, agriculture/fishery, and mining.

The program emphasizes creating a favorable business environment, attracting FDI, and fostering innovation and entrepreneurship. It also aims to leverage the region's strengths and resources to build competitive industries and enhance economic resilience.

The way we designed this initiative was to optimize the practical aspect of achieving the nation's economic diversification vision. Hence, the program operates along two tracks:

a planning track and an executive track. The planning track streamlines the shaping of initiatives, studies, and research; conducts financial and economic analyses; and develops a risk management system. The executive track operates in close connection with private sector firms dealing with specific diversification sectors: manufacturing, mining, logistics, agriculture/fishery (food security), and tourism, among others.

Moreover, it is important to bear in mind that the program's main mission is to come up with plenary economic diversification policies and develop detailed national indicators that will bring about transformation in the overall vision, and here we can begin discussing the importance of a centralized PMO.

We understand that Tanweea guides many transformation projects. Could you elaborate on the context that made you pivot towards utilizing a centralized PMO? How has this helped you realize these projects?

The centralized PMO in the Tanweea program plays a crucial role in ensuring the successful execution of the transformation projects. It provides a holistic view of the entire program, allowing for better alignment with strategic objectives. The PMO also helps in identifying dependencies and potential bottlenecks across projects, enabling proactive mitigation and resolution.

Looking at the big picture, what has been the impact of utilizing a PMO on Tanweea's performance and overall efficacy?

The centralized PMO facilitates effective coordination and collaboration among different project teams and stakeholders. It creates a platform for sharing information, best practices, and lessons learned, leading to improved decision-making, reduced duplication of efforts, and increased efficiency. Overall, the utilization of a PMO had a positive impact on the performance and overall efficacy of the Tanweea economic diversification program. It improved project delivery, enhanced coordination and collaboration, optimized resource allocation, facilitated proactive risk management, ensured strategic alignment, and increased transparency and accountability. These factors collectively contributed to the program's success in driving economic diversification.



Based on your experience, how can interactions between PMOs and economic diversification programs be improved?

The PMO ensured that all projects within the Tanweea program were aligned with the overarching strategic objectives. By providing centralized oversight and governance structure, the PMO helped in prioritizing projects, aligning them with the program's vision, and maximizing their impact on economic diversification.

To take PMOs to the next level, there is a need to strengthen the alignment between the PMO and the overarching goals and objectives of the economic diversification program. This can be achieved by ensuring that the PMO's structure, processes, and metrics are closely tied to the program's strategic direction. The approach needs to be agile and adaptive, accommodating to the dynamic nature of economic diversification programs. This involves being open to change, encouraging innovation, and continuously reassessing priorities to respond to evolving market conditions and emerging opportunities. It also includes ensuring stakeholders engagement and fostering strong and collaborative relationships with government entities, private sector organizations, and community representatives. Engaging stakeholders early in the planning and decision-making processes and seeking their input and feedback helps ensure that the PMO's activities align with their needs and expectations. Other important areas include knowledge sharing and capacity building.

What is the importance of a centralized PMO in effectively achieving national visions?

A centralized PMO is essential for effectively achieving national visions in economic diversification programs. It ensures strategic alignment, facilitates coordination and collaboration, optimizes resource allocation, manages risks, enables performance monitoring and reporting, and establishes governance and accountability. By embracing a centralized PMO, leaders can enhance the program's effectiveness, drive its success, and ultimately realize the national vision of economic diversification.

Section 7

Conclusion

The role of centralized PMOs in the GCC is becoming increasingly significant as the region transitions to a post-oil era and achieves sustainable and diversified economies. They are instrumental in ensuring the successful execution of strategic projects across various sectors, and their involvement in these initiatives is crucial to realizing the GCC countries' efforts. Additionally, the establishment of a centralized PMO would further amplify the importance of having institutional repositories of knowledge, providing centralized guidance, support, best practices, and fostering a culture of excellence in project management across the region. By capitalizing on the opportunities presented by national visions, PMOs can contribute to the transformation of the GCC's economy and help shape a brighter, more sustainable future for the region and the world.

About KPMG Lower Gulf

For 50 years, KPMG Lower Gulf Limited has been providing audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the United Arab Emirates and in the Sultanate of Oman.

KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms. KPMG firms operate in 143 countries and territories, and in FY23, collectively employed more than 270,000 partners and people. Established in 1973, KPMG in the UAE and Oman is well connected with its global member network and combines its local knowledge with international expertise.

For 50 years, KPMG Lower Gulf has provided audit, tax and advisory services to public and private sector clients and continues to serve the needs of business, governments, public-sector agencies, not-for-profits and through the firms' audit and assurance practices, the capital markets. As we continue to grow, we aim to evolve and progress, striving for the highest levels of public trust in our work. KPMG is committed to quality and service excellence in all that we do, helping to bring our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

Our values are: **Integrity:** We do what is right; **Excellence:** We never stop learning and improving; **Courage:** We think and act boldly; **Together:** We respect each other and draw strength from our differences; **For Better:** We do what matters. Our Values guide our behavior day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, and all of our stakeholders.

To meet the changing needs of our clients, we have adopted an approach aligned with our global purpose: Inspiring Confidence, Empowering Change.

At KPMG Lower Gulf, we believe that ESG is core to sustainable growth. KPMG's Global ESG Plan details its commitments across four ESG categories: planet, people, prosperity, and governance. These four priority areas assist us in defining and managing our environmental, social, economic and governance impacts to create a more sustainable future.

Through KPMG's ESG Plan, we aim to deliver growth with purpose. We unite the best of KPMG to help our clients fulfil their purpose and deliver against the SDGs, so all our communities can thrive and prosper.

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