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Ideation Center insight

Private-sector participation in the GCC

Building foundations for success

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Executive summary

The governments of the Gulf Cooperation Council (GCC) states[1] have decided to change their economic development model. The state-led approach which relied upon natural resources successfully raised incomes from developing to developed country levels in a little over a generation. However, that model is no longer appropriate as it is undermined by oil dependence, a lack of workforce diversity and skills, a growing need for public services, and insufficient innovation. One effective response is private-sector participation (PSP). GCC states are already using PSP, but have wielded it tactically and ad hoc. As a result, they have not tapped its full potential. Instead, a comprehensive strategic program of public–private partnerships (PPPs) and privatization initiatives that covers all major sectors of the economy is needed to define a country's PSP plan.

If GCC states can successfully develop, launch, and execute such a PSP program, they can transform their economies. The GCC states could avoid US$164 billion in capital expenditures by 2021 and generate $114 billion in revenues from sales of utility and airport assets alone, and up to $287 billion from sales of shares in publicly listed companies. Furthermore, GCC states could narrow the innovation gap with other countries, enhance the delivery of and access to government services, and improve their infrastructure.

To capture these benefits, GCC governments will need a rigorous and comprehensive approach to PSP and a clearly articulated, long-term implementation plan that encompasses all economic sectors. Such an approach rests on three foundational elements: A governing policy for PSP that is either a standalone policy or part of a broader national policy; a legal framework that encompasses the new laws or modifications to existing laws necessary to facilitate PSP activities; and an institutional setup that clearly defines and allocates authority over PSP to existing government entities or establishes new entities to govern it.

The state-led economic model is not sustainable

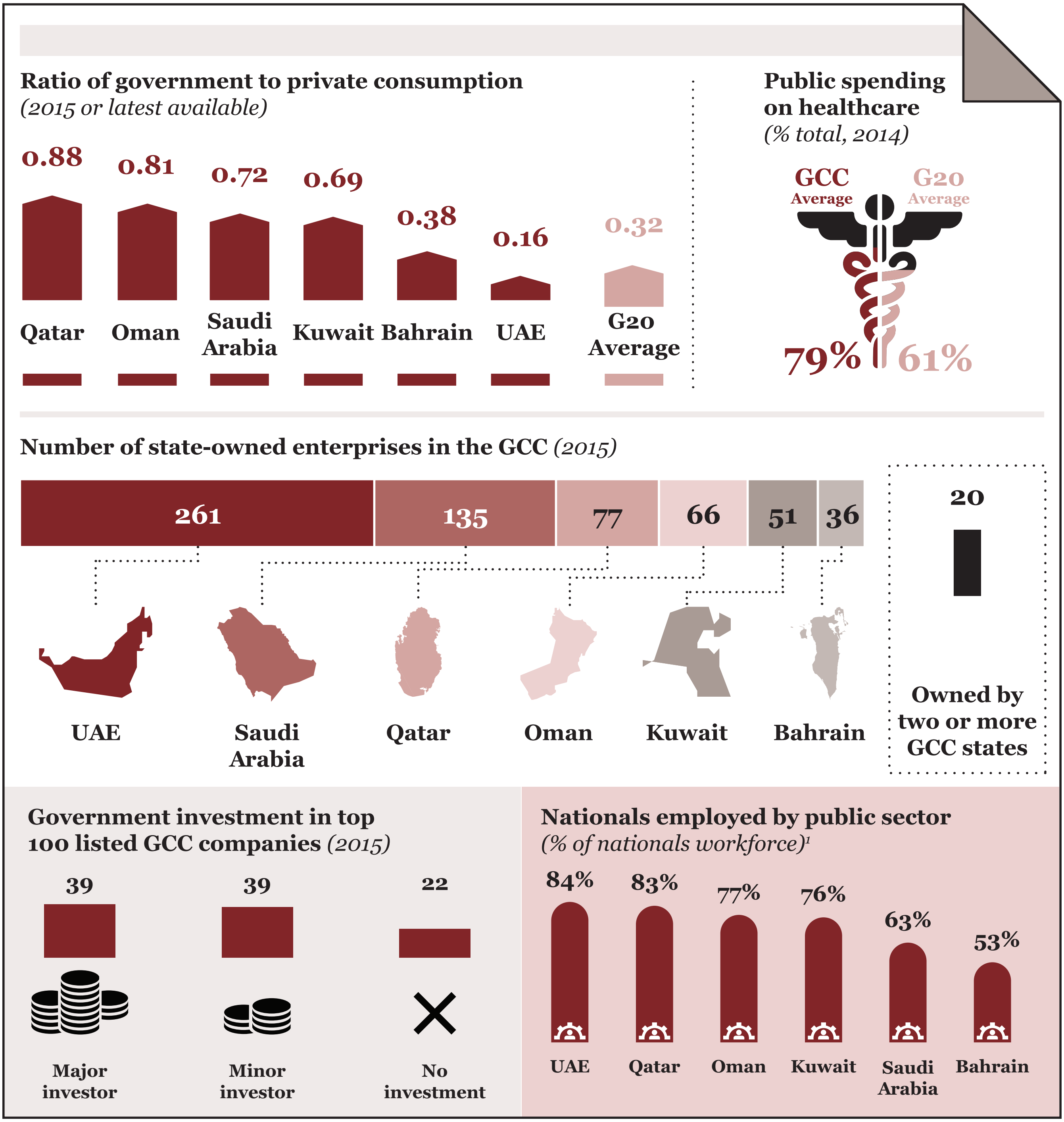
GCC governments are currently the dominant players in their economies (*see Exhibit 1, page 7*). A majority of the national workforces within the GCC states are employed by the public sector: more than 75 percent of nationals work in the public sectors in Kuwait, Oman, Qatar, and the United Arab Emirates (UAE), while the proportion in Saudi Arabia is 63 percent and in Bahrain, 53 percent. Collectively, GCC states hold stakes in 78 of the region's top 100 publicly listed companies and operate approximately 650 state-owned enterprises. GCC states also are the main providers of social services within their respective countries. For example, GCC governments account for nearly 80 percent of healthcare spending, compared to an average of 60 percent in the G20 countries.[2]

It has, however, become clear throughout the GCC that this state-led model is not sustainable. The immediate pressure is the price of oil, which remains significantly below the budgetary needs of GCC states. Additionally, there are a number of even greater long-term challenges to the sustainability of GCC economies:

- A high dependence on oil for government revenues and exports has impeded the development of a diversified economic base. Oil provides 73 percent of GCC governments' revenues and 82 percent of exports at a time when new technologies and environmental concerns are reducing the demand for fossil fuels.

- The limited participation of women and young people, and high levels of expatriates, have created unbalanced labor markets in the GCC. In Saudi Arabia, for example, one-quarter of citizens 15 to 29 years old are not in education, employment, or training (NEET), and 78 percent of women do not participate in the workforce. Moreover, 54 percent of Saudi Arabia's workforce is composed of expatriates.
- A growing need for infrastructure, healthcare, and education will increase budgetary needs at the same time that current revenue streams decline. The UAE, for example, will invest $300 billion in infrastructure by 2030; and Qatar will spend $205 billion to host the World Cup in 2022. Meanwhile, the GCC population growth is rising rapidly, which will require more spending on increasingly expensive education and healthcare services.
- The ecosystem for innovation, a key driver of national competitiveness, is insufficiently developed in the GCC. The UAE, Saudi Arabia, and Qatar are ranked 41, 49, and 50, respectively, in the Global Innovation Index, while Bahrain, Kuwait, and Oman are ranked 57, 67, and 73, respectively.[3]

Exhibit 1
Governments across the GCC dominate the economy



[1] Data for nationals employed is available for Bahrain, Kuwait, and Saudi Arabia for 2013; Oman and Qatar for 2012; UAE for 2010.

Source: Sovereign Wealth Fund Institute; Alexandrina Maria Pauceanu, *Entrepreneurship in the Gulf Cooperation Council: Guidelines for Starting and Managing Businesses*, Academic Press, 2016; IMF; GCC countries' ministries of finance; Zawya; arabianbusiness.com; gulfbase.com; Gulf Labour Markets and Migration, European University Institute and Gulf Research Center; *BQ magazine*; Bahrain, Central Informatics Organization; Oman, National Center for Statistics and Information; UAE, Federal Competitiveness and Statistics Authority; The World Bank, World Development Indicators; The World Bank, World Bank national accounts data, and OECD National Accounts data files; Strategy& analysis

GCC states can address these challenges using two forms of PSP: the establishment of *public–private partnerships* (PPPs) and the *privatization* of government assets. PPPs involve various kinds of contractual arrangements through which a public entity and a private-sector partner can share skills, assets, and risks in the delivery of infrastructure, products, or services. Privatization involves the transfer of full or partial ownership of a property, product, or service — and its risks and benefits — to a privately owned entity (*see Exhibit 2*). The context will determine whether a PPP or privatization is preferable, with the optimal choice being determined by criteria such as readiness, risk, and the attractiveness of the opportunity to the private sector.

Indeed, the GCC states are already seeking to transform the basis of their economies with the help of PSP. In Saudi Arabia, Deputy Crown Prince Mohammed bin Salman has released Saudi Vision 2030, an ambitious plan that embraces public–private partnerships and privatization as a key element. It calls for the sale of a 5 percent stake in Saudi Aramco to investors, along with sales of stakes in state-owned enterprises in a variety of economic sectors, including utilities, transport, education, and healthcare.

Exhibit 2

Governments use two main forms of private-sector participation: PPPs and privatization

Low private-sector involvement → **High private-sector involvement**

Service management contract	Lease	Concession/BOT	Joint ownership	Full/partial divestiture of public asset
- Public sector outsources service/facility under a short-term contract - Private sector delivers service/manages facility	- The government leases the assets to a private operator for a fee. The private operator takes on the operational risk.	- A private-sector partner is given the right to collect fees where the government would, usually in return for construction and operational commitments and a sharing of risks for a specific period of time	- The government and one or more private-sector investor(s) enter into a partnership to form a company in which each entity has a share	- The government sells a facility/company in part or whole to the private sector through share issue privatization (SIP) or asset-sale privatization - The government sells shares in publicly listed companies - The government sells a facility/ company in part to the private sector
Public–private partnerships				Privatization

Source: The World Bank, "PPP Arrangements/Types of Public-Private Partnership Agreements," Public-Private-Partnership In Infrastructure Resource Center, July 13, 2016 (https://ppp.worldbank.org/public-private-partnership/agreements); Strategy& analysis

The benefits of greater PSP in the GCC

If GCC states embrace and bolster private-sector involvement in their economies, they could avoid $164 billion in capital expenditures by 2021 across utilities, airports, healthcare, and education alone. The largest portion of this capital expenditure avoidance, $117 billion, would accrue from the greater PSP in utilities and airports. In addition, the proceeds from the sale of public assets could generate sizable revenues, which can be reinvested in activities that support economic growth, such as education and innovation. For instance, sales of government utility and airport assets alone could generate $114 billion in revenue, and sales of government shares in publicly listed companies across sectors offer up to $287 billion in revenue (*see Exhibits 3 to 5*). Additionally, operational efficiencies of 10 to 20 percent can be achieved through PSP. This would help reduce government budget deficits.

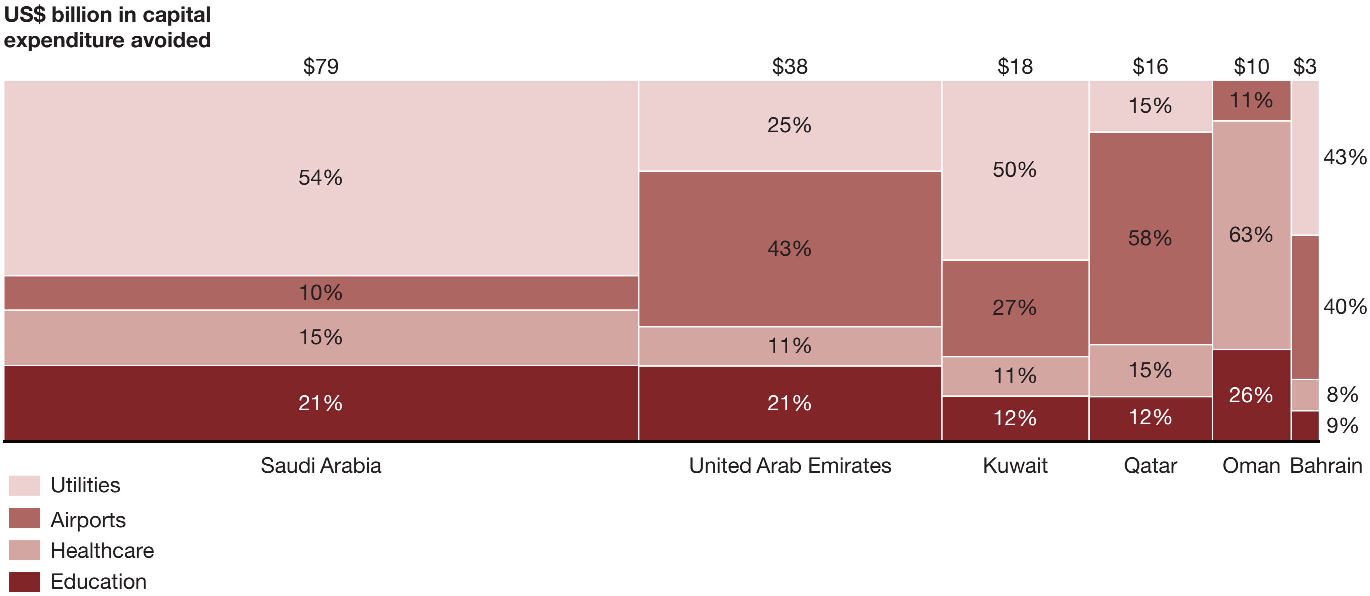
Greater PSP offers other longer-term benefits to the GCC states. Well-structured PSP projects would attract interest from international investors around the world, thus promoting foreign direct investment. The sale of public assets through share-issue privatization and the reduction of government ownership in currently listed assets would spur the broadening and deepening of GCC capital markets.

With greater PSP, GCC states can begin to reshape their labor markets to look more like those of developed markets such as the U.K. and the U.S., where 80 percent of the workforce is employed in the private sector, compared to only 20 percent that is state-employed. Furthermore, the creation of new private-sector jobs would provide much-needed employment opportunities for women and the young generation.

Greater private-sector involvement in the GCC could help improve the delivery and reach of services — including education, healthcare, transportation, and utilities — as well as benefits in the construction and management of infrastructure.

Exhibit 3

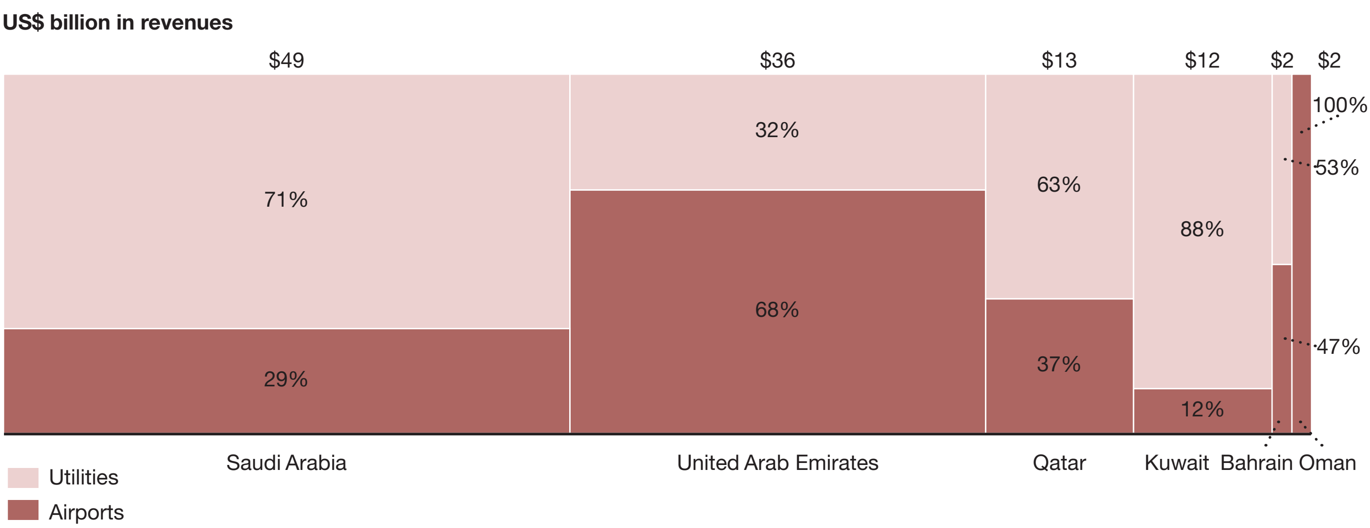
With PSP, GCC states could avoid $164 billion in capital expenditure across four sectors by 2021



Source: MEED database; government budget reports; Strategy& analysis

Exhibit 4

Privatization of utilities and airports alone could raise $114 billion



Source: MEED database; Strategy& analysis

Exhibit 5

Government shares in publicly listed companies could raise $287 billion

	Financial Services	Oil and Gas	Telecoms	Mining and Mineral	Other	Total in US$ billion	Total number of companies
Saudi Arabia	31.6	54.5	26.4	7.9	8.2	**$128.6**	**46**
United Arab Emirates	32.3	-	31.3	-	21.1	**$84.7**	**53**
Qatar	25.6	6.0	5.9	11.4	4.4	**$53.3**	**34**
Kuwait	7.8	0.2	1.6	-	1.7	**$11.3**	**57**
Bahrain	2.1	-	0.7	0.8	0.4	**$4.0**	**18**
Oman	2.0	0.2	1.4	-	1.0	**$4.6**	**58**
Total	**$101.4**	**$60.9**	**$67.3**	**$20.1**	**$36.8**	**$286.5**	**266**

Note: Figures as of October 2016. Saudi Electricity Company and Qatar Electricity and Water Company were excluded from this assessment.

Source: Zawya database; Strategy& analysis

Greater PSP could also help GCC states close their innovation gap with other countries. Between 2013 and 2015, fully 70 percent of global innovations stemmed from the private sector, versus 13 percent from the nonprofit sector and only 8 percent from the public sector. Within the private sector, small and medium-sized enterprises were responsible for over 65 percent of global innovations. A more robust private sector in the GCC would play a role in broader efforts to foster innovation in the region.

In summary, PSP would enable the GCC states to refocus their efforts on the essential tasks of government, which means becoming more "fit for service" (defined as becoming more cost-effective and better equipped to meet constituents' needs in the process).[4] They could focus on fewer and more important tasks — bringing more effort and resources to bear on the achievement of critical goals. Instead of being the leading provider of services and employer of people, for example, government entities could refocus on their roles as facilitators and regulators.

Successful PSP efforts require a rigorous approach

To benefit from PSP requires an approach that fends off the pressure of short-term financial dictates, the lure of opportunism, and the tendency to over-simplify complex issues. Such an approach must be strategic in conception and execution.

In the past, GCC governments have embarked on multiple PSP projects with limited success, mainly in the energy, water, and waste sectors. Furthermore, although all GCC telecom incumbents have been privatized, their respective governments still own large stakes in many of them. As with many PSPs across the world, these initiatives had a common and fundamental characteristic: they were approached in an ad hoc fashion. Among the resulting problems were:

- A dearth of clear governance, typified by the lack of an active governing body to support the acceleration of PSP programs and set clearly defined privatization guidelines
- Limited support from stakeholders, typified by apprehension on the part of citizens, employee resistance to change, and limited ministerial support
- Ineffective planning and prioritization, typified by delays in securing required regulatory approvals and endorsements, and in establishing and launching the PSP companies
- Continued structural issues in the economy, typified by the continuation of pre-existing monopolies and/or high levels of governmental control
- Limited investor confidence, typified by a lack of appetite in the private sector to participate in the PSP programs

Three essential, foundational elements are required to avoid these problems and establish a rigorous and comprehensive approach to PSP:

- A *PSP policy,* which can be either a standalone policy or part of a broader national policy
- A *legal framework,* which encompasses the new laws or modifications to existing laws necessary to facilitate PSP activities
- An *institutional setup,* which identifies all of the entities involved in driving the PSP agenda, and clearly defines and allocates authority over PSP to existing government entities or, when necessary, establishes new entities.

Most GCC countries lack a dedicated PSP policy and legal framework. The exceptions are specific PPP laws in Kuwait and Dubai, and PSP laws in Oman and Bahrain that define PSP at a high level. Kuwait is the only country in the region with a dedicated institutional setup for PPPs. Thus, the first step in moving toward greater private-sector participation in the GCC states should be the establishment of these three foundational elements.

PSP in Australia, Malaysia, and Turkey

Australia, Malaysia, and Turkey demonstrate how successful PSP requires all three foundational elements — a PSP policy, a legal framework, and an institutional setup. They also offer several instructive lessons: First, they suggest that a unified PSP policy supports the alignment of PSP activities with the national vision and economic targets, and allows governments to prioritize sectors and projects in which PSP offers the greatest returns. Second, dedicated legal frameworks for PSP are required in civil law countries, but they can evolve over time. Third, the most appropriate institutional framework for PSP will depend on the PSP program and the capabilities within existing institutions in government.

Australia adopted a national PPP policy framework in October 2015, but does not have a privatization policy.[5] Malaysia has a set of PSP policies that were created in piecemeal fashion — beginning with a privatization policy in 1983 and ending, most recently, with the adoption of guidelines for PPPs in 2009. In 1980, Turkey adopted a comprehensive policy that governs all of its PSP efforts.

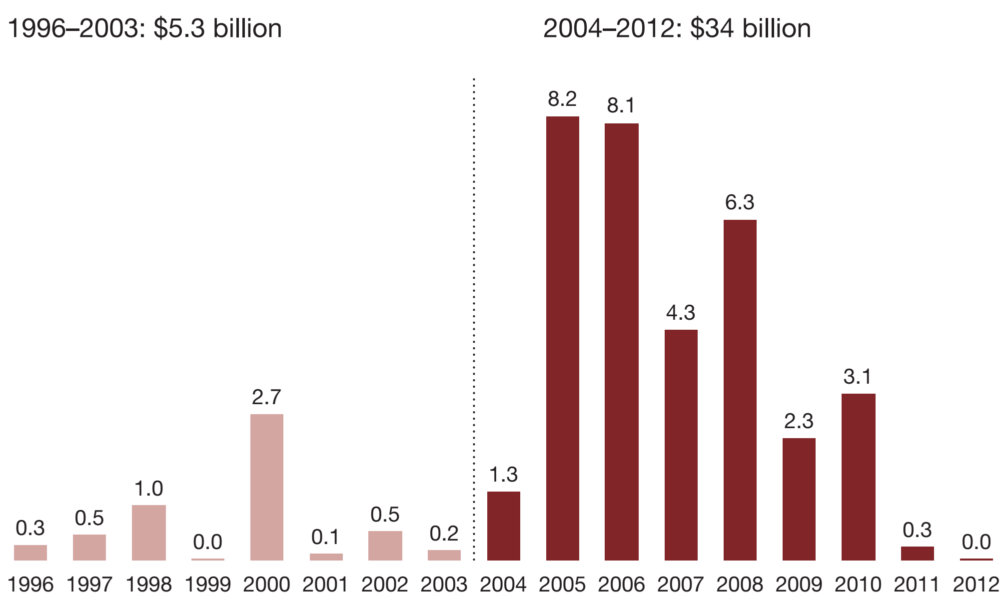
Each country has a legal framework for PSP. Australia and Malaysia do not have PSP laws per se, but their common-law legal systems lessen the need for a separate legal framework for PSP. Turkey, which has a legal system based on civil law, has a dedicated law for privatizing SOEs. Turkey has a draft PPP law that is not yet adopted and a number of laws and regulations governing PPPs in different sectors that cover the sector-specific issues.

The institutional setups for PSP, which tend to develop gradually in a "learn-as-you-go" approach, also vary. Australia has adopted a decentralized institutional model for SOE privatization, with line ministries managing the process; and a centralized model for PPPs with a national policy framework. Malaysia has created another variation: a centralized institutional setup for both SOE privatization and PPPs in a dedicated entity known by its Bahasa Malaysia acronym, UKAS, which is located in the prime minister's office. Although Turkey does not have a dedicated entity for PPP projects, they are all managed by the Ministry of Development. Turkey's privatization projects, however, are supported by a dedicated entity, which answers directly to the prime minister. In conjunction with strong support from the prime minister, the creation of this entity, which includes a high council composed of ministers and an administration, has accelerated Turkey's privatization efforts and revenues (*see Exhibit 6*).

Exhibit 6

Most Turkish privatization revenues have accrued since the creation of a dedicated privatization entity

Privatization revenues (US$ billion)



Source: Privatization Administration, Turkey; Strategy& analysis

PSP guidelines for GCC states

When it comes to implementing a strategy for PSP, GCC governments have a variety of options to choose from in terms of policies, legal frameworks, and institutional setups. The context will help to determine which choice will be most effective.

Policy
A national PSP policy should be developed and adopted, especially if the PSP agenda is sizable. Such a policy articulates the government's goals vis-à-vis private-sector participation. A comprehensive PSP policy that covers both PPPs and privatization allows policymakers to properly prioritize sectors and projects, assess sector readiness and capital availability, and consider all of this within the country's PSP plans and targets.

A PSP policy highlights the government's commitment to enhance the role of the private sector. It facilitates a consistent and streamlined approach to PSP and a basis for enacting PSP laws. It ensures alignment with the country's broader national policy and economic targets. Moreover, it inspires trust in the government's PSP plans.

Legal frameworks
The legal issues and ramifications of PPPs and privatization initiatives are so different that they require separate legal frameworks.

Legal framework for PPPs
GCC governments need to adapt some aspects of their existing legal frameworks to ensure that PPP contracts can be enacted smoothly. These include procurement laws, public financial management laws, and some sector laws and regulatory frameworks. As the GCC states have civil law systems, dedicated PPP legislation that adapts all relevant laws in one place is recommended.

The major elements of a dedicated legal framework for PPPs include a definition of a PPP, tendering guidelines, contractual frameworks, implementation guidelines, and an institutional framework definition (*see Exhibit 7*).

Dedicated legislation provides the private sector with requisite safeguards. It increases confidence and transparency. It establishes a unified and standardized contractual framework with clear guidelines to avoid additional costs and potential complications. In addition, it outlines defined roles and responsibilities for the different government entities involved in PPPs.

PPP legislation in the GCC can set out high-level principles or can be supported by more detailed regulations. This depends on the country-specific context including existing laws and current level of investor confidence. In any case, GCC governments should avoid rigid frameworks and instead design the PPP framework so that it can be adapted over time.

Exhibit 7

The key elements of a PPP legal framework mitigate risk and enhance transparency for private investors

PPP project definition

- Definition of a PPP project
- Allowable PPP forms
- Industries included/excluded
- Allowable project term
- Allowable payment/revenue mechanisms

Contractual framework of project

- The key contracts/agreements to be executed in the context of a PPP project
- General structure of each contract
- Parties to each contract/agreement

Project tendering guidelines

- Tendering methods and principles
- Tendering stages
- Proposals' evaluation and award criteria
- Receiving, evaluating, and tendering unsolicited project proposals

Project implementation guidelines

- Roles and responsibilities of different project parties
- Allowable securities granted to lenders
- Dispute resolution principles
- Reporting responsibilities

Institutional framework definition

- Roles and responsibilities of all entities involved in the implementation of PPP
- Monitoring and evaluation roles
- Maintaining standards and protecting consumer interests`

Source: "Adopting the Public Private Partnerships Model and its role in attracting Foreign Direct Investment," PwC and DUBAI FDI, January 2016 (https://www.pwc.com/m1/en/publications/documents/adopting-ppp-and-its-role-in-attracting-fdi-dubai.pdf); Karim Aly, George Atalla, and Mirian Itani, "Partnerships for transformation: Using public–private partnerships in the GCC," Strategy&, 2012 (http://www.strategyand.pwc.com/reports/partnerships-transformation-using-public-private); "The EPEC PPP Guide – A Note on Legal Frameworks for PPP" (http://www.eib.org/epec/g2g/annex/2-legal-frameworks/); Strategy& analysis

Legal framework for privatization
As with PPPs, a dedicated legal framework for privatization is often needed to address any shortcomings in existing laws. Existing laws that might need to change include corporatization law, competition law, labor law, laws protecting foreign investors, and laws governing land ownership. A privatization law can also specify the acceptable methods of privatization and any limitations on potential bidders. Such a law would demonstrate government's commitment and build investor confidence, because laws tend to be more binding than policies.

In many cases, sector laws will be required to cover sector-specific privatization issues, especially those that encompass reform and restructuring efforts. When required, these sector laws should clearly allocate government roles within the sector and, if needed, create new institutions, such as an independent regulator. This is particularly useful in sectors within GCC states in which the same entity may play multiple roles that have conflicting interests, including shareholder, operational manager, policymaker, regulator, and customer.

Institutional setup
PPPs and privatization initiatives require distinct capabilities. So, as with legal frameworks, they also benefit from separate institutional setups.

Institutional setup for PPPs
Typically, a key element in a PPP institutional setup is a unit that facilitates the implementation of national PPP programs. These units have a number of roles that can include promoting PPPs to investors, guiding PPP policies and plans, offering technical support to projects, overseeing project implementation, and approving projects or advising on the approval process.

Exhibit 8
PPP units vary by the needs and capacity of the government

	PPP unit	Policy guidance	Investment promotion	Technical support	Capacity building	Projects approval
U.K.	Infrastructure and Projects Authority	☑	☑	☑	☑	☑
Victoria state, Australia	Partnerships Victoria	☑	☑	☑	☑	☑
South Africa	National Treasury's PPP unit	☑	☑	☑		☑
South Korea	PIMA C	☑	☑	☑	☑	
France	French PPP Think Tank	☑	☑	☑		
Greece	Special Secretariat for PPPs	☑	☑	☑		
Italy	Unità tecnica Finanza di Progetto (UTFP)		☑	☑	☑	
Germany	PPP Task Force	☑		☑		
Turkey	International PPP Platform	☑		☑		

Source: PPP Knowledge Lab; government websites; Ian Hawkesworth, "Dedicated PPP Units," 2009 (https://www.oecd.org/gov/budgeting/42344329.pdf); "Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures," OECD, 2010 (http://www.keepeek.com/Digital-Asset-Management/oecd/governance/dedicated-public-private-partnership-units_9789264064843-en#page36); Strategy& analysis

The roles assumed by a PPP unit depend on several factors: the objectives of the PPP program and the functions required to achieve them, the existing capacity within government to manage the program, and existing weaknesses or failures within government that the PPP unit must fill. Moreover, the roles of a PPP unit can change over time, when, for instance, the capacity of the line ministries to manage PPP projects becomes more sophisticated. In such a case, the responsibility for administering PPPs might be redirected to their respective ministries, and the PPP unit's role could be shifted to establishing best practices and setting guidelines (*see Exhibit 8*).

The governance model for a PPP unit and its location within government also take various forms depending on the unit's roles, and the existing institutional roles and experience within the government. In some countries, the PPP unit is subordinate to a central body such as a ministry. In other cases, the PPP unit is under the wing of the center of the government (i.e., the prime minister or cabinet) or a committee composed of ministers. A third option is to have an advisory unit that is beneath a development bank or investment promotion body (*see Exhibit 9*).

Exhibit 9

A PPP unit's governance model can take several forms depending on its role and the scope of its work

	Ministry of finance/economy/ development	Center of government body/ committee	Investment promotion entity/ development bank
Location	Ministry PPP unit	Center of government/ committee of ministers PPP unit	Investment promotion entity/ development bank PPP unit
Description	- The PPP unit reports to a central agency; which typically is a ministry: ministry of finance, economy, planning, development, or an equivalent entity	- The PPP unit reports to the center of government or a committee of ministers, typically including minister of economy or finance, and representative ministers for the sectors to be engaged in PPP projects	- The PPP unit's role is to promote PPP investments; i.e., in an advisory function - It reports to an investment promotion entity or development bank
Pros	- PPP projects are assessed in line with country's budget, economic prospects, or development plans - Detailed assessment of projects are conducted	- Independent from political bias - Provides an overarching view across sectors - Accounts for sector ministries' views - Projects assessed in line with country targets	- Politically independent - Provides a holistic view on PPP pipeline - Facilitates projects' funding
Cons	- Does not provide an overarching view - Does not account for sector ministry's view - Could be dependent on political bias	- Conducts a high-level review of projects at hand	- Needs to ensure close coordination with ministries and other related entities - Does not account for sector ministries' views
Benchmarks	- U.K. - Australia - Germany - Colombia - South Africa	- Malaysia - Bangladesh	- Brazil - Uruguay - Jamaica - Mexico - Peru

Note: The PPP unit can be a separate entity reporting to these entities or a department that sits within them.

Source: PPP Knowledge Lab; government websites; Strategy& analysis

The key success factors for PPP units include political commitment, coordination of roles and responsibilities, location within a powerful agency, and a high-caliber talent pool with technical expertise. PPP units should focus on adding value via the promotion and structuring of projects, rather than only becoming an additional level of approvals. Furthermore, studies show that locating a PPP unit within an influential and politically connected agency can be a critical determinant of success.[6]

Institutional setup for privatization

The function of privatization units includes opportunity identification, the management of the tendering process, investment promotion, proceeds management, corporate reorganization, sector restructuring, and laws. The roles of such a unit depend on several factors, including the size of the privatization agenda, the functions required to achieve it, and existing capacity within government (*see Exhibit 10*).

As with PPP units, the governance models of privatization units also will vary with the role and scope of their work. If privatization units are centralized, they can be placed at the center of government or under a committee of ministers. If they are part of economic change agenda, they can be attached to the economic or finance ministry. If they are part of an asset divestment program, they can report to the state ownership agency.

The key success factors in privatization unit design are also similar to those of PPP units. They require the sponsorship and commitment of senior leadership, and location within a powerful entity. They need to coordinate their activities with the rest of the government and with the private sector (usually through an advisory board). They also require a high-caliber staff with technical expertise.

The institutional setup for privatization includes the additional possibility of mass investment via investment funds. There are three generic models for investment privatization funds (IPFs): a free market model, a restricted market model, and a regulated market model. In the free market model, the establishment of funds is left to market forces, and the role of the state is limited to stipulating the establishment procedure. IPFs accumulate their voucher capital from individual voucher holders, who can invest their vouchers directly in privatized companies or use them to acquire shares in IPFs. In the restricted market model, voucher holders cannot invest their vouchers directly in privatized enterprises and must choose instead among the existing IPFs. In the regulated market model, IPFs are founded by the state, but privatized in the process of issuing shares to the public in return for vouchers. Again, voucher holders may invest in IPFs only, not directly in enterprise assets.

By enlarging the pool of potential investors, IPFs and vouchers can help accelerate the progress of privatization projects. A broader distribution of investment opportunities also can help programs achieve equity and fairness targets, and diffuse investment risks.

Exhibit 10
The roles of privatization units vary by the needs and capacity of the government

				Technical support			
	Privatization unit	**Policy guidance**	**Investment promotion**	**Tendering process management**	**Sector restructuring and laws**	**Corporate reorganization**	**Proceeds management**
Turkey	Privatization Administration	☑	☑	☑	☑	☑	☑
Pakistan	Privatization Commission	☑	☑	☑	☑	☑	
Greece	Hellenic Republic Asset Development Fund	☑	☑	☑			☑
Italy	Global advisory committee on privatization	☑					
Sweden	Division for State-Owned Enterprises	☑		☑		☑	
France	Agence des participations de l'État					☑	☑

Source: Strategy& analysis

Conclusion

A holistic, long-term plan to increase private-sector participation will reap greater returns for GCC countries over the long term than their current short-term approach can offer. Growing the size, involvement, and capabilities of the private sector by allowing it to participate more in the economy will lead to a lower fiscal burden on the economy. It will lead to a workforce with improved skills and a broader-based economy less vulnerable to commodity price volatility.

Endnotes

[1] The GCC countries are Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, and the United Arab Emirates.

[2] The World Bank, World Development Indicators.

[3] Soumitra Dutta, Bruno Lanvin, and Sacha Wunsch-Vincent (editors), “The Global Innovation Index 2016: Winning with Global Innovation,” Cornell University, INSEAD, and WIPO, 2016 (https://www.globalinnovationindex.org/gii-2016-report).

[4] Fadi Adra, Haroon Sheikh, Rawia Abdel Samad, Ashish Labroo, and Sevag Papazian, “Fit for Service government: The opportunity in the GCC’s fiscal challenge,” Strategy&, 2016 (http://www.strategyand.pwc.com/media/file/Fit-for-Service-government.pdf).

[5] Australian Government, Department of Infrastructure and Regional Development, “National Public Private Partnership Policy Framework,” October, 2015 (https://infrastructure.gov.au/infrastructure/ngpd/files/National-PPP-Policy-Framework-Oct-2015.pdf).

[6] “Public-Private Partnership Units: Lessons for their Design and Use in Infrastructure,” World Bank, 2007 (http://documents.worldbank.org/curated/en/220171468332941865/pdf/431390REPLACEM0te0partnership0units.pdf).

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