CRESCENT ENTERPRISES

Bi-Monthly News

Issue 12: Nov. 2015

Operating across multiple core sectors of the global economy

OPERATIONAL NEWS - PRIVATE EQUITY - CORPORATE CITIZENSHIP - INDUSTRY EVENTS - CORPORATE INSIGHT

OPERATIONAL NEWS

GULFTAINER - GAMA AVIATION PLC

SHARJAH TO REAP BENEFITS FROM GTL-USA PORT CONCESSION

"Gulftainer Facilitates 'Sister Ports' Agreement to Open Economic Opportunities"

Although Gulftainer has made impressive strides to becoming one of the leading port management companies in the global arena, it has always remained true to its UAE roots and dedicated to supporting the economic growth of the nation where its journey began. Ever-evident to this point, was Gulftainer's instrumental role in facilitating an agreement between Sharjah and Canaveral, Florida, set to open an abundance of mutually beneficial opportunities between the two nation's economies.

The agreement signed on 13 September was announced by the Department of Seaports and Customs in Sharjah, set to explore ways of developing cooperative projects and enabling private companies to collaborate on trade and investment prospects. Gulftainer is also set to play a key role in the development of this relationship by enhancing communication between both organizations and with clients and private companies currently calling at the company's ports.

This flourishing partnership is just one more example of the strong and prosperous relationship both the USA and UAE have celebrated through investment and trade over the years, with bilateral trade figures showing growth

Left to Right: Sheikh Fahim Bin Sultan Bin Khalid Al Qasimi, Head of the Department of Government Relations in the Emirate of Sharjah; Abdalla Sultan Al Owais, Chairman of Sharjah Chamber of Commerce & Industry; Jerry Allender, Canaveral Port Authority of Florida in the United States of America; His Excellency Sheikh Khaled Bin Abdullah Al Qasimi, Chairman of Canaveral Port Authority Board of Commissioners Department of Seaports & Customs, Government of Sharjah; Peter Richards, Managing Director of Gulftainer; and Badr Jafar, Chair of Executive Board of Gulftainer.

Left to Right: Canaveral Port Authority of Florida in the United States of America, represented by Jerry Allender; Managing Director Gulftainer, Peter Richards; and Chairman, Canaveral Port Authority Board of Commissioners Department of Seaports & Customs, Government of Sharjah, in the United Arab Emirates, represented by His Excellency Sheikh Khaled Bin Abdullah Al Qasimi

of more than 80% and exceeding more than $24bn in 2014 alone. In June of this year, Gulftainer signed a 35-year agreement with the Canaveral Port Authority, Florida, which is expected to generate $280mn of revenue to the port and will contribute more than $630mn to Florida's economy with more than $350mn in tax contributions. As part of high expectations for the new project, Gulftainer has also voiced its intentions to add a second terminal in the USA and one in Africa in Q1 2016, and could potentially operate as many as five terminals in the USA and others in South America by 2020.

"Gulftainer Welcomes New Chief Executive of International Operations

Flemming Dalgaard, Gulftainer's Executive Chief of International Operations

As part of Gulftainer's plans to becoming one of the world's top container terminal operators within the next 10 years, the company has enlisted Flemming Dalgaard, one of the industry's leading professionals, as the new Executive Chief of International Operations. Formerly employed by Maersk Line and DP World, two of Gulftainer's regional competitors, Dalgaard is expected to bring solid experience and add significant value to the company's expansion efforts and current operations.

Gulftainer currently holds three UAE operations located in Khorfakkan Port, and Port Khalid in Sharjah, Ruwais in Abu Dhabi, container and break-bulk cargo facilities in Iraq at Umm Qasr Port, Brazil at Recife Port, Lebanon at Tripoli Port, and container terminal facilities in Jeddah and Jubail Ports in Saudi Arabia and Port Canaveral in the Florida, USA.

Gulftainer is a subsidiary of Crescent Enterprises.

GAMA AVIATION RELEASES FIRST INTERIM RESULTS

"Proves Strong Growth in Revenue and Gross Profit in USA Operations"

Gama Aviation surprised the industry this year following the announcement of its reverse merger with Hangar8, and with pressure to deliver on a number of fronts, the impressive results from just the first few months proved the decision to be a great one both in the immediate as well as future success for the business aviation firm.

Following just six months of operation as Gama Aviation Plc, the company has issued its first interim results, revealing a strong performance in growth of revenue, while delivering the required integration and reorganisation of the business.

Following the completion of the reverse takeover of Hangar8 plc on 5 January 2015, Gama Aviation Plc has witnessed strong growth in revenue and gross profit.

Financial Highlights from the report include:

- Total consolidated revenue for the period was $191mn (2014: $130mn) an increase of 47% and an increase of 22% on a pro-forma basis (if you include both the Gama Aviation and Hangar8 figures added together), yielding a gross profit of $30.3mn (2014: $15.1mn), an increase of 100%, and an increase of 24% (2014: $24.3mn) on a pro-forma basis.
- Underlying EBITDA generated was up 269% to $8.2mn (2014: $2.2mn) and up 74% (2014: $4.7mn) on a pro-forma basis.

While its operations across the board witnessed growth, Gama Aviation's USA operations especially, appear to be the leading determinant for the impressive interim results. Long-term quality contracts within the air and ground operations spanning across the USA, coupled with a strong economy are suggested to be the main factors. Expectations also remain high for Gama's USA operational growth with ground business and line maintenance offerings in Dallas, Texas in full swing along with plans to open operations soon in Chicago, Illinois.

Following the conclusion of a favourable integration, Gama Aviation Plc will now focus on a strategy of organic growth and strategic acquisitions, while continuing to trade with a high percentage of contracted revenue.

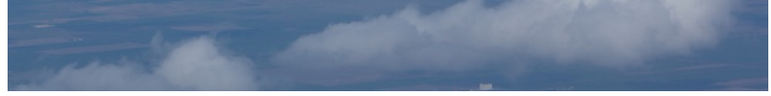
"Gama Aviation Adds Bombardier and Learjet 75 to Growing Fleet"

Since its merger with Hangar8 and joint venture forged with Hong Kong-based firm, Hutchison Whampoa, the demand for Gama Aviation's services has grown immensely, which has influenced a number of changes within the company, including an expanding fleet.

As of September, Gama Aviation began operating the Learjet 75 from Bombardier, complimenting an existing fleet consisting of the 45XR and 60 aircrafts, as well as aircraft from Bombardier's Challenger and Global series. The additional airplane, which will be based in Central America will enable Gama Aviation to offer all major OEMs and any type of aircraft that its clients might require.

Demand for Gama Aviation's service across the Asia Pacific has been unprecedented, confirmed by a recent analysis on the region that shows a stronger preference for larger and longer-rang aircraft. In response to these findings, Gama Aviation added the Bombardier Global business jet, taking its Hong Kong fleet to three.

With these significant aircraft additions Gama Aviation's worldwide fleet now includes more than 30 different aircraft types, and the company holds management contracts with over 145 business aircraft globally.



As of September, Gama Aviation began operating the Learjet 75 from Bombardier.

Gama Aviation Plc is an affiliate of Crescent Enterprises.

PRIVATE EQUITY INVESTMENTS

SAMENA LIMESTONE HOLDINGS - SIRAJ PALESTINE FUND I - TVM CAPITAL HEALTHCARE PARTNERS

SAMENA LIMESTONE HOLDINGS

"RAK Ceramics Eyes Asia Pacific Growth from Singapore"

Samena Limestone Holdings has been actively working with RAK Ceramics to implement a Value Creation Plan that will unlock shareholder returns through operational improvements and strategic initiatives, driving the company's growth and improving its overall productivity.

As part of the Value Creation Plan RAK Ceramics has turned its attention towards improving profitability by focusing on its core operations and evaluating potential opportunities with a focus on product mix optimization across markets in Africa, South East Asia, the USA and Russia. With this directive, the company has announced the opening of a regional office in Singapore, strategically placing RAK Ceramics to serve the Asia pacific region. As one of the fastest-growing regions in the ceramic tiles market globally, both in terms of production and consumption, and which is set to attract several major players and manufacturers of ceramic tiles in the near future, RAK Ceramics looks to see a great return on its recent strategic move.

"RAK Ceramics Named 'Brand of the Year' At 2015 World Branding"

On behalf of RAK Ceramics Abdallah Massaad, CEO of RAK Ceramics received the 'Brand of the Year' award.

RAK Ceramics celebrated its rising success at the prestigious World Branding Awards where it was named 'Brand of the Year' and given a regional award for being one of the largest brands in its category in the Middle East as well as for displaying far sighted and strategic value for its key stakeholders. RAK Ceramics was joined by more than 100 global and national brands that were evaluated based on three criteria: brand valuation, public online voting, and consumer market research.

In June of 2014, Samena Limestone Holdings, a subsidiary of Samena Capital, together with a consortium of investors, acquired 30.6% of Ras Al Khaimah Ceramics (RAK Ceramics) a $1bn global conglomerate that supplies products to over 160 countries and has been officially recognized as the world's largest ceramics manufacturer.

Crescent Enterprises is a Limited Partner of Samena Limestone Holdings.

SIRAJ PALESTINE FUND I

"First Planned Palestinian City Opens its Doors"

Located just 5.6 miles north of Ramallah, the Palestinian administrative capital, and 15 miles north of Jerusalem, is Palestine's first planned city, Rawabi, a refreshing response to the ongoing unrest of the country. The project, which was developed through Qatar Diyar and Massar International, the founding company of Siraj, will be a long-overdue fresh start for an expected 40,000 residents in the coming years.

Founder and chairman of Massaar International, Bashar Al-Masri led the development of the first planned Palestinian city, Rawabi, which will receive an expected 40,000 residents in the coming years.

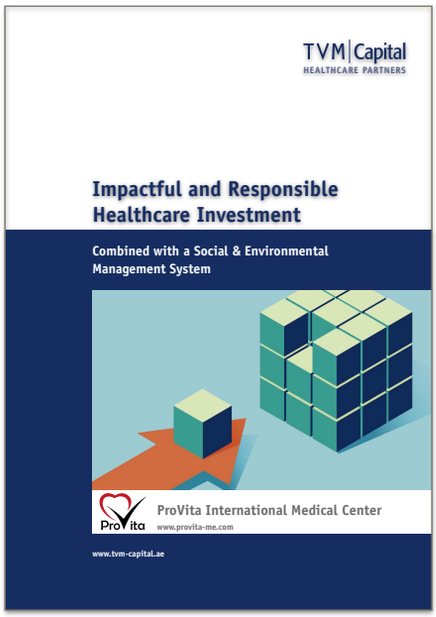
Rawabi started as one mans' vision, the founder and chairman of Massaar International, Bashar Al-Masri, who has high hopes for a project that has seen several delays and obstructions to reach where it is today. One million square meters of housing is being built up in the first phase with 639 units ready for immediate occupancy and 500 more which will be ready for move-in early next year.

Within six years' time, Rawabi will not only host luxury apartments that are energy efficient, and are a far cry from the current water tanks and satellite dishes strewn on Palestinian houses, it will have the largest amphitheater in the Middle East, and a five-star hotel that will serve as a business hub. Most significant to the sustainability and future of Palestine however, are plans set for mid-2016 when Rawabi will host a business center where local and international entrepreneurs and business owners can create permanent jobs for the community.

Crescent Enterprises is a Limited Partner of Siraj Palestine Fund I.

TVM CAPITAL HEALTHCARE PARTNERS

"ProVita Report: Responsible Investing Case Study"



"In June of this year, TVM Capital Healthcare Partners (TVM) conducted its first exit by its TVM Healthcare MENA I fund, through the divestment of ProVita International Medical Center, a long-term acute medical care facility, to NMC Health Plc, for a consideration of $160.6mn. TVM's exit in the 2010 investment is set to allow ProVita's continued development as it becomes part of one of the UAE's largest private hospital chains.

Following the exit, ProVita has issued a report to it stakeholders covering TVM Capital Healthcare Partner's investment approach, and the impact of its healthcare investing model through the two main themes of "Profit with a Purpose" and "Filling the Gaps".

To download the report,'Impactful and Responsible Healthcare Investment', click here.

Crescent Enterprises is a Limited Partner of TVM Capital Healthcare Partners.

CRESCENT INVESTMENTS

Crescent Investments is the division which holds all of the private equity and other alternative investments of Crescent Enterprises. With a long-term view, its strategy is geared toward maintaining a balanced portfolio by investing across asset classes, including private equity, venture capital and real estate.

Crescent Investments current portfolio includes The Abraaj Group, Growthgate Capital, Siraj Palestine Fund I, TVM Capital Healthcare Partners, Samena Limestone Holdings, Duet-IBC Real Estate Opportunities Fund, and Wamda MENA Ventures I.

CORPORATE CITIZENSHIP

SHARJAH INTERNATIONAL CHILDREN'S FILM FESTIVAL - UN WOMEN EMPOWERMENT PRINCIPLES

SHARJAH CHILDREN'S INTERNATIONAL FILM FESTIVAL

"Promoting Film Culture Throughout the UAE"

Crescent Enterprises proudly provided its support as the official Gold Sponsor for the second consecutive year of the Sharjah International Children's Film Festival (SICFF), the first children's film festival in the region dedicated to enhancing the media literacy of children and young people while fostering creativity and showcasing the very best in film-making for, by and about children.

From October 18-23, a total of 175 films from 20 countries screened at the festival across Sharjah, and were placed within six categories for awards. The event also offered workshops on how to make movies and media content for children. Although the festival has come to a close, films will continue to screen throughout the coming weeks in seven cities throughout Sharjah: Al Dhaid, Khorfakkan, Dibba Al Hisn, Kalba, Al Madam, Al Mariyah and Al Batayeh.

His Highness Dr Sheikh Sultan Bin Mohammed Al Qasimi, Supreme Council Member and Ruler of Sharjah, and his wife Sheikha Jawaher Bint Mohammed Al Qasimi, Chairperson of the Supreme Council for Family Affairs, inaugurated the third edition of the Sharjah International Children's Film Festival.

"It gives me great joy to see this festival grow every year and to receive such positive feedback. It makes our work worthwhile and makes us feel that we are truly contributing to arts scene in general and to the film industry in specific."

- Sheikha Jawaher Bint Abdullah Al Qasimi, Director of FUNN and Director of SICFF

The Sharjah International Children's Film Festival serves as an annual event celebrating and encouraging the artistic skills of the Emirates and wider region as well as serving as a platform for cultural tolerance among youth.

Left to Right: Sheikha Jawaher Bint Abdullah Al Qasimi, Director of the Sharjah International Children's Film Festival and Ola Al Haj Hussin, Manager of Corporate Citizenship for Crescent Enterprises, during the opening press conference for SICFF.

"The arts have an important role to play in shaping society and inspiring the community. Crescent Enterprises is proud to support initiatives that enable talent and champion the power of the arts, such as the Sharjah International Children's Film Festival. The goals of the festival align with our own objectives to positively influence the lives of the UAE's youth, while highlighting the incredible level of local talent within the creative community."

- Ola Al Haj Hussin, Manager of Corporate Citizenship for Crescent Enterprises

"I think the festival encourages filmmakers to create more work and to participate. I am optimistic about the future of children's cinema in the UAE especially under the patronage of the Sharjah International Children's Film Festival."

- Manal Bin Amro, Emirati writer and filmmaker, and member of the festival's jury

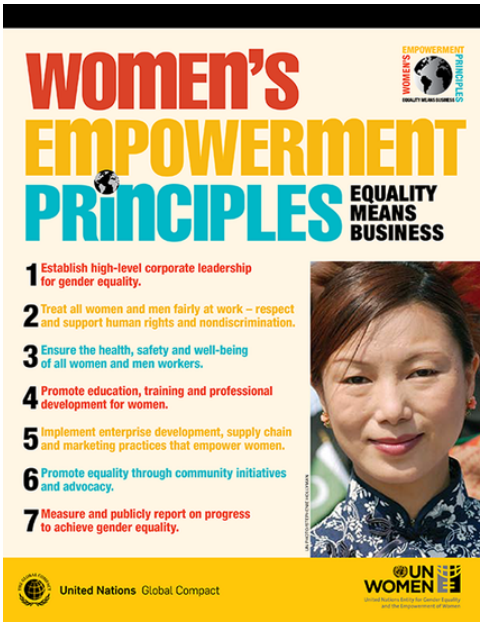
"It was a great honour to have our movies shown on the big screen and to a large audience. We also enjoyed seeing the works of other filmmakers from around the world and to learn from them. It's great that the festival targets children because it would encourage them to change the way they think and to make movies."

-Ramy Al Zanaty, star in two short films (Remorse, Cinema) and directed of one short film (The Broom) - products of filmmaking workshops held by FUNN

www.sicff.ae
مهرجان الشارقة السينمائي الدولي للطفل
Sharjah International Children's Film Festival

UN WOMEN EMPOWERMENT PRINCIPLES

"Crescent Enterprises Commits to Workplace Gender Equality"



In its commitment to gender equality in the workplace, Crescent Enterprises has signed on to the United Nation's initiative 'Women's Empowerment Principles-Equality Means Business'. Through its endorsement, Crescent Enterprises will implement the seven women's empowerment principles as guide posts for actions that advance and empower women in the workplace, marketplace and community. Crescent Enterprises joins in the membership of a continuously growing list of over 1,000 global corporate participants.

To learn more about the UN Women Empowerment Principles, click here.

INDUSTRY EVENTS & REPORTS

ARABIAN BUSINESS START-UP CLINIC — EMIRATES FOUNDATION PHILANTHROPY SUMMIT - INFRASTRUCTURE REPORT

ARABIAN BUSINESS START-UP CLINIC

"Samer Choucair Offers Advice on Developing a Business Concept"

On September 20, the 'Arabian Business Start-up Clinic' of Dubai, welcomed a room of budding entrepreneurs and leading industry professionals to discuss the ups and downs and in's and outs of conceiving and running a company. There is no one more qualified to discuss either of these topics than VP of CE-Ventures, Samer Choucair, whose career spans more than 16 years in global start-ups across a variety of industries. Today, he leads the new division of Crescent Enterprises, CE-Ventures, to conceive and develop sustainable

businesses that are socially conscious, environmentally friendly, and financially stable.

Left to Right: Samer Choucair, VP, CE-Ventures; Mona Ataya, CEO of Mumzworld; Abdulsalam Haykal, Founder and CEO of Haykal Media; and Sirine Fadoul, Founder of My Little Dubai, offer advice to budding entrepreneurs on start-ups.

Welcomed by a room of wide-eyed young men and women, Samer shared his own experiences in the world of start-ups and the often overlooked, but vital step, of how to turn an idea into a real business. While there are several factors to take into account as Samer explained, even great ideas may never come to fruition if the timing just is not right. He sighted the well-known example of Airbnb, which was turned down upon initial pitch and only became one of the largest global accommodation portals it is today when the recession hit and people were willing to open their homes for cash. To this point, Samer explained that if you cannot be honest with what the customer really wants compared to what you have to offer, then the timing will always be off.

Timing is not the only key however, rather the ability to 'pivot'. Being able to adjust and work around the obstacles that might come in the way of the initial concept, have allowed several companies to succeed including big names like Twitter, which started as a network for people to find and subscribe to podcasts and only turned into a leading social media platform because iTunes started to offer podcasts and they would have been unable to compete.

Among all of the traits, tricks and qualities however, experience, Samer stated in closing, is by far the most important aspect to building a successful business. Anyone who has failed at a start-up will have plenty of it and when the timing and concept are right, will succeed.

EMIRATES FOUNDATION YOUTH PHILANTHROPY SUMMIT

"Addressing the Need for Non-profits to Adopt Stronger Governance"

Philanthropic trends across the world are changing significantly. This was the focus for this year's Emirates Foundation Youth Philanthropy Summit held in Abu Dhabi, UAE on 27 and 28 October.

Badr Jafar delivers the keynote address on how deploying business principles can improve philanthropic effectiveness.

Badr Jafar opened the summit to a group of the region's leading professionals from both the business and non-profit sectors with a keynote address urging charitable foundations to extract good governance principles as a means to improve their philanthropic effectiveness, ensure long-term sustainability and multiply their impact. As Founder of the Pearl Initiative, the leading non-profit dedicated to improving corporate accountability across the region, Badr explained that the lines between philanthropy, business and our social lives are increasingly blurring and as a result have created a need for a new level of cooperation among governments, businesses and non-profits. By sharing knowledge and working more closely together in raising the standards of governance each and everyone will perform better for our society as a whole.

Philanthropy across the Arab world has always been prevalent, but what continues to remain vague for so many organisations are how and where the funds are being used, which is not only important for accountability purposes, but in showing stakeholders the concrete value of their contribution. According to the Coutts Donors Report 2014, over $1.8bn in contributions to charity were made in 2013, by Gulf businesses and corporate foundations, a majority of which went towards disaster relief and humanitarian causes. Reports also show that between 200 billion to one trillion dollars are donated through Zakat and Sadaqa across the Muslim World each year. "By enforcing transparency and accountability, organisations raise levels of trust, a forward-facing metric of stakeholder expectation, which is increasingly considered the most valuable commodity in the system and produces a result that is two-fold," Badr stated. "Not only can doing so improve the quantity of funds they are able to raise, but can also improve the quality of those funds by making donation flows more reliable and sustainable."

Responsibility for these suggested changes in philanthropy will not lie solely on non-profits implementing new monitoring procedures and governance structures, donors will also play a key role in this shift by reinforcing their expectations through active engagement to ensure a clear understanding of the end result to their financial contribution. The growth of digital communications and social media have enabled even greater accessibility to giving and created a generation of more informed, experienced and active donors, supporting the notion that they need to behave more like investors striving to maximize their social returns.

The two-day Emirates Foundation Youth Philanthropy Summit, 'Philanthropy in Transition: Maximizing Impact Through Deploying Talent', was held under the patronage of H.H. Sheikh Abdullah Bin Zayed Al Nahahyan, Minister of Foreign Affairs and Chairman of Emirates Foundation.

CRESCENT ENTERPRISES INFRASTRUCTURE REPORT

Healthcare expenditure in the GCC is expected to reach close to $80bn this year, as regional governments develop national infrastructure to accommodate rapidly expanding populations and a rise in lifestyle diseases. The region has been slow to embrace public-private partnerships but, as this report highlights, growing investment in the healthcare sector represents significant opportunity for myriad industries, from private operators to insurers, tech and telecom companies, and even medical tourism operators.

The GCC population is expected to reach 53 million people by 2020, the majority of which will be under 25. This rapid growth, coupled with the rise in lifestyle diseases - one in 10 people in the GCC suffer from type 2 diabetes, for example – means there will be a massive need to cater to the health needs of an aging population in the next 30 years, as the children of the youth bulge mature and life expectancies extend.

Regional governments continue to lead the way in terms of healthcare spending. Saudi Arabia's Ministry of Health, for example, increased its investment in healthcare by 83 per cent in 5 years, from $7.8bn in 2008 to $14.3bn in 2012. But low oil price's impact on regional government budgets, plus a desire to diversify economies, could prompt more public-private partnerships and private sector investment.

Despite substantial investment, Saudi's Ministry of Health states that providing services in remote areas is impossible due to a lack of necessary infrastructure. The opportunity is ripe for private medical providers to seize, by considering investment in health solutions and centres in these areas. The key to serving remote communities lies in partnerships between the Kingdom's telecom companies and health providers; Saudi Arabia has a strong telecommunications network to enable connectivity between remote stations and hospitals, and machine-to-machine and similar remote smart health solutions are readily available.

Saudi Arabia leads the way in terms of investments and opportunities, while the UAE currently has one of the most active healthcare sectors. Focus in recent years has been on the northern emirates, with almost 70 per cent of the Ministry of Public Works' expenditure on infrastructure allocated there, including US$190m worth of healthcare projects.

Private operators expanding in the UAE include NMC Healthcare, Al Noor, VPS Healthcare, DM Healthcare, Thumbay Group, Mediclinic, and Cambridge Medical and Rehabilitation Centre, amongst others.

Work has begun on Bahrain's US$153m Mohammed bin Khalifa Al Khalifa Cardiac Centre, funded by a UAE grant and managed by the Abu Dhabi Development Fund on behalf of the UAE government. This project, in addition to King Hamad University Hospital's US$81.7m cancer treatment centre, will increase the number of hospital beds in Bahrain to 24 for every 10,000 people.

Qatar intends to build up to 70 medical centres in the coming decade, which will be general wellness-focused. In addition to ensuring ample facilities to cater to future needs, a unique project in Qatar is the plan to build three hospitals specifically for expat single workers, which are expected to open early next year, in addition to a workers-only health centre. This addresses a niche in the region's market, where workers represent a substantial portion of the population.

As part of a Health Ministry plan to improve the provision of public health services, the Kuwaiti Public Works Ministry retendered a maternity hospital recently, with 600 beds for women, and 216 neo-natal intensive care beds.

Oman's 2050 Health Vision projects the construction of 18 hospitals with between 150-300 beds each by 2020. Several hospitals are expected to be tendered this year.

Regional players are adopting more innovative technology. According to a report from Alpen Capital, healthcare IT spending in the GCC is set to grow by to US$551m in 2015. Paramedics at Dr Sulaiman Al Habib Medical Group hospital in Dubai, for example, use Google Glass to transmit patient data and injuries to doctors, so they can prepare treatments before the ambulance arrives. Dubai Corporation for Ambulance Services recently launched two apps, Samee for the deaf and dumb, and Olem for the blind, which enables them to call emergency services. UAE-based telcos, Etisalat and du, both offer mHealth solutions.

Medical tourism has significant potential. With the exception of Dubai, the sector goes relatively unaddressed. Asia-based Apollo Hospitals recently announced that the GCC accounts for 30 per cent of patients to its India institutions. That represents a substantial economic loss for the GCC, which should do more to encourage local patients from going abroad, while enticing international medical tourists into the region.

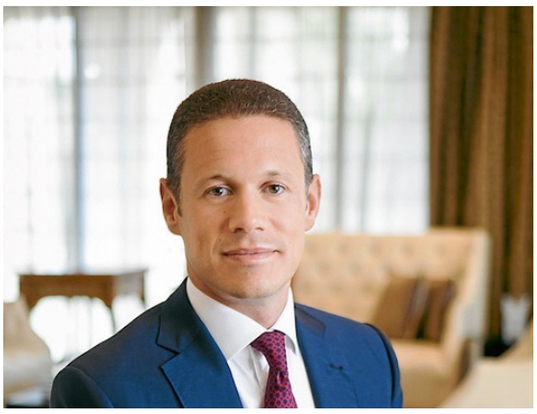
Another area of opportunity is health insurance. From August 2015, UAE companies must issue health insurance when issuing or renewing employee visas. One company looking at this area is Bayzat, a UAE-based medical insurance technology start-up, in which venture capital firm BECO Capital recently invested US$1m. Our belief is that this represents the first of many such companies to seize upon this opportunity, and we anticipate more tech-based insurance and health-focused start-ups to appear in the UAE.

This year has seen several healthcare mergers and acquisitions, suggesting a growing appetite for private investment which Crescent Enterprises expects to continue in the fourth quarter. Dubai's Amanat Holdings acquired a 4.14 per cent stake in Al Noor Hospitals for US$68.1m, and purchased a 35 per cent stake in the Saudi-based Sukoon International Holding for US$47.7m. UAE-based NMC Health bought two healthcare service providers for US$100m. TVM Capital Healthcare Partners conducted its first exit by its TVM Healthcare MENA I fund, divesting ProVita International Medical Center to NMC Health for US$160.6m, and NMC Healthcare acquired Sharjah-based Dr Sunny Healthcare.

Overall, the region's healthcare industry is on a steady upwards trend, and represents a significant area for investors to concentrate on. Sector participation is shifting to include increasingly more private investment, with public-private partnerships becoming more common. However, we have seen only a few specialised facilities being announced; the region needs more establishments focused on the specific needs of patients with life-affecting diseases like diabetes. Meeting the demand for beds is one thing, but the sector cannot afford to overlook the GCC's health demographics.

THE OPPOSITE OF TRICKLE-DOWN ECONOMICS

"Promoting Innovation and Entrepreneurship for Inclusive Growth"



It is often said that a rising tide lifts all boats. Experience tells us that the same is not necessarily true of a growing economy. In both developed and developing economies, the benefits of growth are seldom evenly distributed.

This did not always matter. For the proponents of trickle-down economics, the belief was that rising incomes at the top end of the spectrum would lead to more jobs, less poverty and higher incomes at the lower end. According to this thesis, as long as an economy is growing, the benefits will eventually make their way through the system.

Variations of this thinking have been taught to business and economics students for decades, leading to what many would describe as an unhealthy obsession with GDP as the most reliable measure of economic success. However, like a driver who focuses solely on their speed, an economist evaluating nothing but GDP is bound to miss important warning signs along the road.

In fact, a research study published by the IMF in June claims to have debunked the theory of trickle-down economics. Not only did it find that the benefits of growth within an economy are rarely spread evenly, but also that an unequal rise in incomes can actually slow the rate of economic growth altogether.

According to the report, a 1 per cent rise in income for the wealthiest 20 per cent of a society alone is likely to shrink annual growth by 0.1 per cent within five years. By contrast, raising the income of the poorest 20 per cent by a single percentage point increases annual growth by 0.4 per cent over the same time frame.

When it comes to eliminating poverty, the degree to which the benefits of growth are shared can have a significant impact on outcomes. According to Martin Ravallion, the former head of research at the World Bank, as cited in The Economist, a 1 per cent increase in incomes in the most unequal countries produces a mere 0.6 per cent reduction in poverty; however in the most equal countries, it yields a 4.3 per cent cut. In other words, societies can get much more 'bang from a boom' if they ensure benefits are more widely shared.

This brings us to the point at which trickle-down theory ends and inclusive growth begins. According to the Organisation for Economic Cooperation and Development (OECD), inclusive growth is "a new approach to economic growth that aims to improve living standards and share the benefits of increased prosperity more evenly across social groups".

Inclusive growth refers to both the pace and pattern of growth, which are considered interlinked and therefore need to be addressed together. Inclusiveness represents equality of opportunity in terms of access to markets, resources and an unbiased regulatory environment for businesses and individuals. In a nutshell, it is not just about the quantity of growth within our economies and societies, but also about its quality.

The need for more inclusive growth is clear. According to the OECD, the top 1 per cent of earners between 1976 and 2007 absorbed 47 per cent of income growth in the United States, 37 per cent in Canada and 20 per cent in both Australia and the United Kingdom. This matters, because widening inequality has been shown to lead to a range of social and economic challenges for societies over time. These include both social and political instability, not to mention the sheer waste of potential that occurs when large swathes of populations do not have the opportunity to improve their situation.

As the push for more inclusive growth gains momentum around the world, it is imperative that our youth, and particularly business students and budding entrepreneurs, are introduced to this more comprehensive measure of economic progress at the outset of their careers. As our business leaders of tomorrow, their understanding of what constitutes sustainable economic growth will have major implications on the business decisions they make in the future.

Today's business leaders can catalyse inclusive growth by applying equal opportunity employment principles, paying equitable wages and benefits to employees, and adopting ethical procurement and supply chain practices. This is not a new concept – the Fair Trade movement started decades ago helped producers in developing countries achieve higher social and environmental standards to promote sustainability. Trading partnerships based on dialogue, transparency, and respect that seek greater equity in international trade reduce the chance of people being left behind.

Another way that business leaders can contribute to inclusive growth is by providing basic services and infrastructure to previously excluded communities. Just last week, for example, a number of business pioneers, including Bill Gates and Facebook's Mark Zuckerberg, signed a "connectivity declaration" aspiring to deliver internet access to everybody on earth by the year 2020. In today's technology-driven world, internet access can be a powerful force for social and economic inclusion.

Successful inclusive growth is to a large extent linked to combating social and financial inequality, and the generation of productive employment, rather than just income redistribution. In the OECD's words, "employment prospects, job quality, health outcomes, education and opportunities to build wealth over time" are equally important to the well-being of people and communities. The state of the environment is also significant.

These are the tangibles and intangibles that inclusive growth can bring to our economies and societies if we, as both citizens and members of the business community across the Arabian Gulf Region, choose to make it a priority for our generation and the ones that will follow.

During the course of the past week at the 70th UN General Assembly in New York for the launch of the Sustainable Development Goals, I witnessed countless representatives of government, business and civil society grappling with laying the foundations for a new path to balance and satisfy the needs of human beings within the limits of what nature can provide on a sustainable basis. With business at the forefront of engaging with individuals and communities across the world, we have the potential to be a significant change agent during this unprecedented time in human history by promoting economic growth that can truly lift every boat in the water.

As featured in The National on 4 October 2015.

Crescent Enterprises CEO Badr Jafar continues to raise awareness on the Arab Region's most relevant challenges and opportunities including entrepreneurship, corporate governance, business sustainability, women in the workplace, and smart energy policy through his blog www.badrjafar.com.

HARVARD BUSINESS REVIEW IN ARABIC

كيف تدير الناس على متن سفينة آخذة بالغرق

Crescent Enterprises is proud to support the Middle East's leading Arabic business portal, Aliqtisadi, on its new management section hosting Harvard Business Review (HBR) articles, syndicated in Arabic for the first time.

With this resource, executives will have access to information in the context of business and its related areas, with local and regionally relevant topics that might otherwise be discussed in prominent Western publications. It is Crescent Enterprises' goal to fill this informational gap with a revered publication such as HBR.

A new HBR article is posted every month on the Aliqtisadi website. To view the latest article, "كيف تدير الناس على متن سفينة آخذة بالغرق," click here.

Aliqtisadi also offers readers the opportunity to subscribe to its monthly newsletters, which highlight news items and recent articles.

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