

Building a Resilient Society

An Interview with Badr Jafar, Chief Executive Officer, Crescent Enterprises

EDITORS' NOTE *Badr Jafar is also President of Crescent Petroleum. He is the Managing Director of Crescent Group, which has been operating from the UAE as a family business group for 47 years, and is the parent company of Crescent Enterprises and Crescent Petroleum. Jafar serves as Chairman of Gas Cities, a joint venture between Crescent Petroleum and Dana Gas PJSC, and as Chairman of Pearl Petroleum, a partnership between Crescent Petroleum, Dana Gas, OMV of Austria, MOL of Hungary and RWEST of Germany. In 2010, Jafar founded the Pearl Initiative, a nonprofit venture in cooperation with the United Nations Office for Partnerships to promote a corporate culture of transparency and accountability across the Gulf Region of the Middle East. He has been appointed as a member of the United Nations Secretary General's High-Level Panel on Humanitarian Financing to address and examine the growing humanitarian financing crisis. Jafar is an active member of the Young Presidents' Organization, serving as Ex-Officio Chair of the YPO Emirates Chapter. Jafar was honored as a Young Global Leader by the World Economic Forum in 2011 and is co-chair of their Family Business Community, a Global Agenda Trustee for Economic Growth and Social Inclusion, and a member of the Global Future Council on the Humanitarian System.*



Badr Jafar

The four platforms under Crescent Enterprises represent the cornerstone of its diversification strategy. What are the latest developments across these platforms?

Crescent Enterprises operates under four platforms, namely CE-Operates, our operating business platform; CE-Invests, our strategic investments platform; CE-Ventures, our corporate venture capital platform; and CE-Creates, our internal business incubation platform. These platforms work together in synergy to develop innovative, sustainable

and profitable businesses spanning diverse sectors including ports and logistics, power and engineering, food and beverage, business aviation, and across verticals such as private equity, venture capital and business incubation.

In 2021, our four platforms are continuing to deliver on their respective strategies. Gultainer, our ports subsidiary under CE-Operates, and the world's largest privately-owned independent port operator, is accelerating innovation through the adoption of digital technologies to ensure that it is at the forefront of what is a highly-competitive industry.

Through CE-Invests, we are seeking to maintain the growth of our holdings by capitalizing on efficiencies and expanding into new geographies while remaining focused on environmental, social, and governance (ESG) parameters.

COMPANY BRIEF *Crescent Enterprises (crescententerprises.com) is a diversified conglomerate headquartered in the UAE that operates a range of regional and global businesses across four verticals: CE-Operates, with operating businesses in ports and logistics, power and engineering, and business aviation sectors; CE-Invests, a strategic investments vertical with a balanced portfolio of diversified asset class investments; CE-Creates, a business incubation division; and CE-Ventures, a corporate venture capital arm that makes strategic direct investments in early- to late-stage start-ups across the world. Crescent Enterprises employs over 4,500 people in 20 countries across five continents. With a long-term investment and operating philosophy that embraces corporate governance, inclusive growth and responsible business practices, Crescent Enterprises is a leader in growing diversified regional and global businesses that are sustainable, scalable and profitable.*

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CE-Ventures is continuing its strategy of investing in high-growth companies and venture capital (VC) funds across the MENA region, the U.S., and Southeast Asia. We have so far deployed \$180 million across start-ups and VC funds in various tech subsectors including Supply Chain Tech, MedTech, EdTech and FoodTech, and in AI/ML powered horizontal Enterprise/SaaS companies with applications across sectors, offering synergies with Crescent Enterprises' own operations.

Finally, our purpose-driven incubator, CE-Creates, is pushing ahead with the development of a growing range of early-stage concepts into socially relevant, economically viable and scalable ventures aimed at spawning the next generation of operating businesses for Crescent Enterprises. The platform is a manifestation of our focus on fostering entrepreneurship, innovation, and generating positive sustainable impact. Since inception, the platform has launched four ventures in the areas of food and beverages, sustainable mobility, industrial workwear and food technology.

What is your business outlook for 2021 in light of COVID-19 and how has the pandemic impacted your global operations?

The pandemic has had a mixed impact on our diversified operations and investments. On one hand, lockdown restrictions have disrupted global supply chains, leading to slower growth in some of our subsidiaries. However, our ports and logistics operating companies have been relatively resilient considering the unprecedented scale of disruption. They have also been able to support local and international responses to the pandemic, enabling the timely delivery of life-saving supplies.

On the other hand, private equity and venture capital markets have been challenged with tightening credit and investment flow, declining asset values and longer holding periods. Since the start of the pandemic, many investors have been adjusting their investment approach, triaging their existing portfolio as a priority before venturing into new opportunities. That said, we believe 2021 will present a range of new opportunities, especially for companies that have shown resilience and emerged from the pandemic with more sustainable business models. Similarly, we have been working closely with companies across our platforms to help them identify opportunities that reduce costs and ensure their own business continuity, and we remain committed to deploying new capital in high-growth companies with robust business models and clear ESG standards.



Badr Jafar at the World Economic Forum Annual Meeting 2020 in Davos

In 2010, you founded the Pearl Initiative in partnership with the UN Office for Partnerships. How have attitudes to corporate governance and accountability in the Gulf region changed since then, and what are your current priorities in this area?

I founded the Pearl Initiative with the UN Partnerships Office and other business leaders ten years ago as a private sector led nonprofit with a focus on promoting corporate governance best practices to expand access to capital and boost value creation in the Gulf Region. The Pearl Initiative works closely with its stakeholders to understand their current challenges and opportunities and build interventions that will provide necessary support to businesses. These interventions include equipping businesses with the appropriate tools and knowledge to build vigorous systems of corporate governance, allowing them to build greater investor appetite and trust, promote long-term financial viability, and respond to operational disruptions.

Along these lines, the Pearl Initiative, in cooperation with the Bill and Melinda Gates Foundation, has recently launched The Gulf Philanthropy Circle to convene heads of family firms along with leading actors in the philanthropic ecosystem. The key purpose of the Circle is to establish and promote best practices on enhancing the effectiveness of giving within and from the Gulf Region.

The reality is that today, in light of the extensive socio-economic impacts of the continuing COVID-19 pandemic, the adoption of corporate governance measures to help facilitate more sustainable and inclusive growth in the economies of the Gulf Region has never been more important. A decade into our journey, we have just agreed on an expanded new vision for the next 10 years that doubles down on our efforts to align corporate goals with the economic and social resilience of our region's economies.

To what extent have local and regional efforts to create a more thriving ecosystem for start-ups and SMEs been successful? Will the MENA region ever have its own Silicon Valley?

Local and regional initiatives to stimulate the development of a vibrant start-up culture have been broadly successful in encouraging and supporting a new generation of local entrepreneurs, especially tech entrepreneurs, to pursue their own business ideas. This is to be applauded and it is something that definitely needs to continue. However, doesn't it feel sometimes like Silicon Valley is the only place left on earth not trying to

become Silicon Valley? The real question is, even if we were able to copy-paste Silicon Valley here, would that really guarantee the resilience that we need to withstand future shocks? I think not.

That's why I believe that in the MENA region, instead of blindly chasing the next big tech hub, what we really need is a new breed of human-centric innovation hubs, or what I like to call "Purpose Hubs," that can harness the power of technology and business innovation to inclusively serve humanity and our habitat, and actively address the needs of our societies through their operations. Instead of just looking for the next billion-dollar business, we can vigorously pursue businesses that can positively impact a billion lives.

We also need to avoid falling into the trap of thinking about entrepreneurship solely in terms of the stereotype young graduate building a tech company in his basement. That's one type of entrepreneur, but it is not the only type, especially here in the Middle East. We already have a thriving community of small and medium-sized enterprises, and the owners of these businesses have proven that they know how to build successful companies. These are people with actual businesses, not just business plans, and a big part of our effort to support entrepreneurship needs to be focused on them.

We also need to ensure that our institutional programs for supporting and incubating entrepreneurship are as inclusive as possible and are accessible to people of all ages and genders, including people of determination.

Even before COVID-19, the MENA region was facing a multitude of challenges, including high levels of unemployment, political instability, and a humanitarian crisis. In the face of all these challenges, how do you ensure that young people in the region are given greater access to hope and opportunity?



Badr Jafar visiting Kutupolrang Camp with the Big Heart Foundation, Bangladesh in 2017

“In recent years, the top 30 fastest growing economies in the world have all been in emerging markets. It is estimated that more than \$5 trillion in wealth will be passed from one generation to the next within these economies over the next ten years, and this suggests that there will be a significant increase in philanthropic activity in these societies in the coming decades, including in the Middle East.”

First and foremost, we need to be honest with our youth, and that means finding creative ways to prepare them for a world in which many of the jobs of today will no longer exist, and the jobs of tomorrow will not be built to last anywhere near as long as the jobs of yesterday. We also need to think about education as a way to equip youth to identify and pursue their own meaningful purpose in life, rather than merely as a way to prepare someone for the labor market.

The key to building a resilient society is not just to ensure that people have access to jobs, but also to ensure that people have purpose and meaning in their lives. Again, we need to accept that it is looking less and less likely that we'll be able to create the number of jobs that we are going to need in the future, anyway, so we have to be thinking broader than just jobs to create societal resilience. One of the most immediate things that we can do, and this applies to all of us, is to help to create more connected communities, and that begins at the neighborhood level. It may seem obvious, but when people feel like they are part of something that is bigger than themselves, then it is much easier for them to feel like they have purpose in their lives. Education has an important

role to play in this process, but so do business, government, the media and other institutions in our society.

You are the Founding Patron of a new Centre for Strategic Philanthropy at Cambridge University which opened earlier this year. What was the thinking behind the creation of the Centre and how would you describe the current state of philanthropy in the MENA region?

I was fortunate to partner with the University of Cambridge on the establishment of a new Centre for Strategic Philanthropy within the University's Judge Business School. What is unique about the Centre is that it is focused exclusively on strategic philanthropy both within and from the world's emerging markets, including in Africa, Developing Asia and of course the Middle East.

The work of the Centre for Strategic Philanthropy can be divided into three main areas: First, undertaking rigorous research related to strategic philanthropy within and from the world's fastest growing economies. Second, providing education and training to the next generation of philanthropic leaders to emerge from these regions of the world. And finally, convening

diverse voices to improve understanding of philanthropy in these markets with a view to enhancing its impact and effectiveness.

There is a seismic shift underway in the global economy right now. In recent years, the top 30 fastest growing economies in the world have all been in emerging markets. It is estimated that more than \$5 trillion in wealth will be passed from one generation to the next within these economies over the next ten years, and this suggests that there will be a significant increase in philanthropic activity in these societies in the coming decades, including in the Middle East. The Middle East has a very long and a very rich history of charitable giving. However, we have a much shorter history of institutional philanthropy. This is a distinction that is actually quite common in many emerging markets. The good news is that I think local attitudes to philanthropy are changing, especially among young people, and one of the biggest drivers of that is the amount of new wealth that is being generated in the region and the associated rise that is taking place in younger people's awareness and interest in strategic philanthropy.

You are also a member of the UNESCO International Commission on the Futures of Education. What lasting changes do you expect COVID-19 and the rise of new technologies to have on both education and work?

The International Commission has been mandated to reimagine how knowledge and learning can be used to shape the futures of humanity in a more positive way in a world of increasing complexity and uncertainty. My own view in relation to the MENA region specifically, mostly based on my experience in business, is that many of the old models of education are no longer fit for purpose in the world that we live and work in today. At least here in the Middle East, and probably more broadly, we need to be developing new models of education that are more human-centric and focused less exclusively on developing technical skills, but more on developing people. That probably means a greater emphasis on mental health, self-confidence, cultivating empathy, critical thinking, and equipping people with the “soft skills” that will serve them well no matter what happens to one particular industry or another. As long as there are humans walking the earth, these skills will be in demand and increasingly so, I believe.

We plan to release our main report and findings at the UN General Assembly later this year, so watch this space. ●



Badr Jafar presents HRH The Prince of Wales with the “Pearl Initiative Champion of Sustainability Award” in 2016