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Oman Passes the Succession Test with Flying Colors



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Within a few hours, Oman passed the succession test and blew away all risks and concerns associated with it. The swift and smooth transition of power was exemplary to say the least. Moreover, Oman has further cemented its reputation as a peaceful and orderly oasis in an otherwise troubled and politically challenged Middle East.

The royal family in Oman agreed to adhere to the will of the late Sultan Qaboos bin Said bin Taimur Al-Said, a decision that all Omani institutions and citizens happily accepted. Therefore, the appointment of His Majesty Sultan Haitham bin Tariq bin Taimur Al-Said is a unanimous one; as great as a vote of confidence can ever get!

Q: But what does that all mean for the future of the Sultanate of Oman?

A: Extremely POSITIVE.

Here is our 'qualitative' assessment that justifies our answer above:

- **Lower Risk** – The succession risk has completely vanished, a concern that was regularly raised over the past 12 months. At least now there is one less item on the list of risks associated with Oman's future.
- **Focus** – The unanimous appoint of His Majesty Sultan Haitham bin Tariq paves the way for the entire country to focus and work towards a brighter future as opposed to disputing and debating leadership related issues.
- **Head Start** – The fact that Sultan Haitham bin Tariq oversaw Oman's vision 2040 means that he is acutely familiar with the current economic challenges facing the country and has been actively engaged with a game plan to address those challenges, with a small caveat, he is now empowered to push forward with the implementation.
- **Decision Making** – A process that was nearly paralyzed on the economic front over the past 12-18 months due to (a) the centralized nature of the decision-making process and (b) the deteriorating health of the late Sultan Qaboos bin Said. The decision-making process is bound to revive immediately as now there is a new boss in-charge who is determined to make strategic decisions and enact those decisions to carry Oman's legacy into the future.
- **Council of Ministers** – His Majesty Sultan Haitham bin Tariq has, for many years, been part of the Council of Ministers in his capacity as the minister of Heritage and Culture. Therefore, His Majesty is well-aware of the working dynamics of the existing government.

- **Well Entrenched** – Throughout his career, Sultan Haitham bin Tariq has assumed various roles and responsibilities that have kept him very close to the citizens and allowed for many close interactions with the public. His Majesty remains socially active and is well-entrenched within the Omani society; therefore, he is well aware of the social challenges laying ahead.
- **Age** – His Majesty is in his mid-60s, an age bracket that allows him to be fully engaged, involved and on top of his game to set the execution wheels in motion and deliver an even brighter future for Oman.

What to Watch For?

Declaring an economic plan (not a Wishlist); an actionable plan with realistic targets and deadlines. More importantly, effectively communicating that plan, not only to the Omani citizens but to the entire world. Here are some of the key areas to watch for when a new plan is announced/communicated:

- **Low Hanging Fruits** – Identifying pockets of the economy that can bear fruits in a relatively short period of time.
- **Strategic Sectors** – Identifying sectors that will be strategic in the future and plan the infrastructure, human capital and financing required to position Oman as a regional/global hub and a leader. One can think of many such sectors, but the level of commitment certainly dictates a deeper assessment to pinpoint the one or two sectors that should be the country's focal point.
- **Infrastructure Spending** – Arguably there remains significant scope for developing the infrastructure in the country. Long term concessions are among the most effective techniques to attract Foreign Direct Investments (FDIs) and ignite the economy with hardly any financial burden on the budget.
- **Government Revenue** – The plan to increase and diversify the government's revenue stream; a goal that all Omanis have set and agreed for decades, but achievements to date have been small to speak of.
- **Debt** – With the public debt reaching nearly 60% of GDP*, the country needs to have a comprehensive plan to keep debt levels on a sustainable path. This entails a prudent analysis of future debt requirements and servicing capacity, while keeping a close eye on the reserves required to maintain the currency peg against the US Dollar over the coming years.
- **Unemployment** – There is no doubt that a massive reduction in the unemployment rate must be a top national priority and one of the most important deliverables of any future economic plan. Setting the economic wheels in motion will naturally result in new jobs. Having said that, it is crucial that the government embarks on and leads multiple programs in collaboration with global partners to generate a large skilled and qualified Omani labor force. Passing the burden to the private sector has not led to the desired results thus far.

Overhauling the existing execution platform, here are some key areas to watch for:

- **Prime Minister** – The most important appointment in this transitional period and it is yet to be seen whether His Majesty Sultan Haitham bin Tariq will personally assume the responsibilities of the Prime Minister or choose to delegate the role. We feel that at this stage it would be appropriate for His Majesty to assume that role and perhaps consider delegating it after a minimum of 3 years.
- **Decentralization** – Decentralizing the decision-making process is key to expedite execution and curb the overall bureaucracy, which has crippled the system for years.
- **Supermen** – The centralized nature of the existing system gave rise to “Supermen”; a phenomenon that Omanis have criticized in the past. Supermen assume a vital government role and simultaneously are mandated to lead numerous government related entities, which is a formidable job and is nearly impossible, even for a Superman, to deliver. Limiting the roles and responsibilities will naturally allow each individual to focus, and therefore, increase the chances of achieving the desired results. Moreover, such a move will, without a doubt, exploit the untapped expertise of qualified and professional Omanis that are awaiting their chance to serve their country.
- **New Appointments** – The criteria and process of making new senior appointments should largely emphasize the expertise and hence the value a person is likely to add. It is time for the Omani government to reap the fruits of nearly 50 years of continuous investment in developing world-class caliber of Omani citizens. Furthermore, conducting a rigorous evaluation process of suitable candidates is a must to ensure the right set of expertise and caliber fills the right position(s). Additionally, the replacement of any senior member of the government and/or government related entities must allow for an appropriate handover period to form a new team.
- **Regulations** – It is rather clear that the government is banking on a fundamental partnership with the private sector and expects it to play an instrumental role to enact reforms and spur future economic growth. Therefore, improving the regulatory framework in a way that encourages private sector participation and more importantly attracts long term foreign capital (sticky money) cannot be delayed or neglected. Having said that, Oman’s regulation and enforcement is highly regarded by the international community.
- **Accountability** – Creating a culture of accountability is critically important to achieve social and economic goals. Introducing simple measure(s) such as Key Performance Indicators (KPIs) coupled with performance-linked incentive schemes for government institutions, ministers and senior staff is likely to lead to a more productive, efficient and transparent system
- **Corruption** – a phenomenon that exists in every society, economy and country to varying degrees. Implementing basic anti-corruption measures and strict financial controls including the introduction of hefty penalties and/or sentences should go a long way to curb the corruption in the system and enforce the understanding that a senior government official’s mandate is all about serving the country and its people, not a fast track to becoming wealthy.

What to Expect Next?

- **Foreign Policy** – Could not have been any better, and hence no change is expected at all. In fact, we expect that Sultan Haitham bin Tariq and his team along with all Omani citizens will make every effort to preserve Oman's neutrality and continue to reinforce the country's status as the region's most ambidextrous conciliator. It is perhaps time to capitalize on this global network of friends to seriously help push economic prosperity.
- **Internal Affairs** – Also no major change is expected. Oman, with the help of its people and institutions, will continue to flourish as a country that is built around respect, tolerance and acceptance. Oman shall continue to be home for people with different ethnic backgrounds, colors, races, religions, etc. a relatively small, but truly a melting pot.

Conclusion

In conclusion, under the leadership of His Majesty Sultan Haitham bin Tariq, Oman is embarking on writing the next chapter of its journey that builds on the numerous successes of the late Sultan Qaboos bin Said to deliver even a brighter future for all Omanis.

The focal point should be a master plan highlighting economic reforms with a revamped execution strategy that introduces new norms, exploits the global network of friends and effectively capitalizes on Omani expertise in various fields.

Whilst we do not foresee major changes in the internal and foreign affairs, it does not mean that these files can or should slip down the priority list. The internal stability of Oman coupled with its wise and balanced foreign policies are key strengths that will allow the country to implement various economic reforms and more importantly attract foreign capital in the coming years.