



2016

GROWTH STRATEGY

Saudi Arabia



Saudi Arabia's 2016 Growth Strategy Update

A. Economic Objective and Context

Economic policies in Saudi Arabia continue to focus on safeguarding macroeconomic stability while pressing ahead with the economic transformation towards a more efficient and diversified economy. The drop in oil prices since July 2014, with its impacts on fiscal revenues and export receipts, has highlighted the importance of sustaining the fiscal and structural reform momentum with a view to broaden the sources of economic growth and enhance the economy's resilience to external shocks in order to achieve higher and more sustainable growth over the medium term. In this context, the Council of Ministers endorsed in April 2016 Saudi Arabia's Vision 2030¹. It is an ambitious yet achievable development agenda, which expresses the kingdom long-term goals and expectations and reflects the country's strengths and capabilities. The vision seeks to build a thriving economy in which all citizens can have better opportunities through education and training, and high quality services such as employment initiatives, health, housing, and entertainment. Towards this goal, the vision rests on three main pillars: the kingdom's position as the heart of the Arab and Islamic worlds, leading investment capabilities, and strategic geographical location.

Driven mainly by the drop in oil revenue, the fiscal deficit in 2015 increased to 15.9% of GDP from 3.4% in 2014. The current account moved into a deficit of 8.3% of GDP in 2015. The government used the strong policy buffers that have been built over the past decade to smooth the adjustment process. The government financed the fiscal deficit through a rundown of its deposits and domestic and international borrowing. At the end of 2015, government deposits at SAMA stood at above \$280 billion, government debt was around 5% of GDP, and SAMA net reserves at 32 months of import.

Despite the large drop in oil prices since the fourth quarter of 2014, Economic activity has been resilient on the back of solid fundamentals and supportive fiscal policy, with the economy continuing to grow by a healthy rate of 3.5% in 2015. Domestic demand held strong supported by the timely counter cyclical fiscal response, as the government decisively deployed policy buffers to compensate for the drop in oil related revenue in order to sustain planned public spending, rather than drastically cutting expenditures, with the objective to mitigate the impact of the oil price shock on the domestic economy and maintain consumers' and investors' confidence.

In addition, economic activity in the non-oil sectors continued to expand by a healthy rate of 3.6% in 2015 on the back of a broadly stable growth rate of public sector activity. Furthermore, private sector activity in the non-oil sector remained resilient to record a growth rate of nearly 4% in 2015, as the decisive fiscal policy response helped maintain confidence. Furthermore, a strong banking system and healthy corporate sector help sustain a steady domestic credit and investment. Profits in the banking sector and capital buffers are strong (average pre-tax return on assets was 2.0 percent, and the capital adequacy ratio was 17.8 percent as of the third quarter of-2015) and NPLs are low (1.2 percent of total loans for the same

¹ For more detail please visit <http://vision2030.gov.sa/en>



quarter). Moreover, banks have more than enough provisions set aside to cover any losses with provisions exceeding 164.4 percent of NPLs in Q4, 2015.

Looking ahead, sustaining progress in promoting economic activity in the non-oil sectors and enhancing competitiveness will be paramount to broaden the export base and boost potential economic growth and job creation over the medium term. Towards that end, Saudi Arabia's Vision 2030 seeks to promote the role of the private sector in the economy, improve the business environment, and maintain adequate investment in physical and human capital to improve labor force skills and economic infrastructure.

B. Macroeconomic Policy Actions to Support Growth

As noted above, the counter-cyclical fiscal policy pursued in 2015 was successful in supporting domestic demand and economic growth in the face of the sharp drop in oil prices. It worth highlighting in this regard that the total value of government spending on economic infrastructure projects in 2015 has reached about 253 billion riyals, which include large scale projects such as Riyadh Metro, the Haramain high-speed rail network, the King Abdul- Aziz International Airport, the affordable housing program, and Sadara Chemical Complex in Jubail. Furthermore, about 3 billion riyals was allocated in the fiscal year 2015 for the development of the infrastructure in the industrial cities. Spending on these investment projects is not only supporting economic growth in the short term but is also expected to propel potential growth over the medium term.

Looking ahead, as oil prices are expected over the medium term to remain lower than the level seen at the period before 2014, the government has initiated in late 2015 a gradual and growth friendly fiscal adjustment, which aims at safeguarding fiscal and economic sustainability over the medium term while continues to promote economic growth prospects by protecting critical social and investment spending. Towards that goal, the government has been following a balanced approach to fiscal consolidation that combines streamlining recurrent spending, enhancing the efficiency of public investment, and broaden the revenue base by boosting non-oil revenues. The authorities target a balanced budget by 2020. The following fiscal initiatives are being pursued:

- The government has been calibrating expenditure plans with the view to curtail recurrent expenditures and streamline investment spending with a particular focus on efficiency gains and eliminating waste, while at the same time continuing the implementation of critical investment programs in both human capital and physical infrastructure. By promoting efficiency and improving the allocation of public resources, the 2016 budget is targeting to reduce total government expenditure by about 13.8% to reach 840 billion Riyal compared to the 2015 expenditure level of 975 billion Riyal. The priority in the allocation of fiscal resources in 2016 continues to be given to development projects, which constitute more than 25 % of planned government spending in the budget.
- Consistent with the government's vision to promote the efficient use of public resources, the kingdom has initiated gradual price reform measures span with the aim to remove all energy subsidies over a five year period to complement non-price measures in place to improve energy and water efficiency.



Implementation began early this year, with the authorities increased prices across major energy and water product e.g. gasoline prices increased by 67%, Diesel by 80%, as well as electricity and water rates. The envisaged energy price reform will be accompanied by direct cash payment to low and middle income households.

- The government was able to increase non-oil revenues considerably in 2015 compared to 2014 on the back of government's efforts to improve administration and enhance compliance. Moreover, the government is in the process of introducing an excise tax system as well as finalizing the necessary arrangements for the introduction of a value added tax (VAT) by 2018 that was approved by the GCC countries. Overall, non-oil revenue is targeted to be increased from SR163 billion in 2015 to SR 530 billion by 2020 and to SR one trillion by 2030.
- Due to the recent excessive volatility of oil prices and to guard against the possibility of lower than expected revenues, a budget support provision of 183 billion Riyal has been established in the context of the 2016 budget to offer increased flexibility to ensure a smooth implementation of spending plans on both ongoing and new projects according to national developmental priorities and to meet any emerging expenditure needs.

In addition to development spending envisaged in the budget, Specialized Credit Institutions (Saudi Industrial Development Fund, Saudi Fund for Agricultural Development, Real Estate Development Fund and the Saudi Credit and Saving Bank) are expected to continue delivering on their respective roles in financing different development projects by more than SR 49.9 billion Riyal.

Finally, government debt in Saudi Arabia is very low at just 5.8% of GDP by end of 2015, which provides fiscal policy with a considerable room for maneuver against shocks. Furthermore, the low public debt enables the government to pursue the gradual fiscal adjustment needed to achieve a good balance between stimulating growth and maintaining sustainability in the longer term as noted earlier, taking into consideration the permanent nature of the oil price shock as indicated by the IMF medium term oil price forecasts. In this context, it worth emphasizing that the Saudi government views the available policy buffers as a supplement for and not as a substitute to a balanced fiscal consolidation to adjust for the oil price shock.

C. Structural Reform Priorities

C1. Implementation of Past Growth Strategy Commitments

The implementation of past growth strategy key commitments is progressing well in general, albeit with varying degrees of speed based on the nature and complexity of reforms.



On the commitment to increase competition, the government is in the process of completing the revision of the government's competition and procurement law in accordance with world-class practices. Moreover, reviewing government support, including revision of energy, water, and electricity prices gradually over the next five years, should help achieve efficiency in energy use, conserve natural resources, stop waste and irrational use, and minimize negative effects on competitiveness of the business sector. On a related note, the Council of Economic and Development Affairs has worked to evaluate the visions and objectives of 46 government agencies, and instructed them to develop plans and key performance indicators (KPIs) supporting the diversification of economic growth and sustainable development.

On the commitment to enhance technical and vocational training, the implementation is progressing on schedule with two of the three interim steps towards achieving this commitment has been completed and the remaining third step is expected to be completed on time by Mid-2016. In particular, 37 out of the planned 50 college of excellence have been established with nearly 13 thousand students are already enrolled. The colleges have been established in partnership with 16 international providers. Furthermore, blended learning was launched and continuous improvements have been achieved in the implementation of the quality assurance program.

On the commitment to boost female labor force participation, the implementation is progressing well generally, albeit with some delay in few areas. It is worth noting in this regard that the vision 2030 seeks to increase women's participation rate in the workforce from 22% to 30%. Implementation in the area of training in particular has been notably advancing with about 2 million women have been trained since the beginning of the program. Specific courses were introduced targeted to jobs in retail (accessories shops, beauty centers and tailor shops). Moreover, the initiative on supporting Teleworking is entering the pilot phase during the first half of 2016. It is worth noting that more than 3600 Saudi women are currently employed in telework in part due to the implementation of the first steps of the Telework initiative. The pilot on easing women's transport to the workplace is being finalized. Similarly, the initiative on removing child care barriers while progressing was slightly delayed but now is being reviewed by CEDA (Council for Economic and Development Affairs) for budget approval. The design of the initiative on assisting with relocation has been delayed to date to be announced later this year.

The ratification of the WTO TFA by Saudi Arabia is in its final stage and the Kingdom expects to submit the Instrument of Acceptance of the protocol in due time. The Kingdom has submitted its Category A notification to confirm implementation of all the provisions contained in Section I of the TFA, excluding only Article 2.1. Once the Trade Facilitation Agreement has entered into force, Saudi Customs will apply Article 3 on Advance Rulings in conformity with the Agreement. In the same connection, the free trade agreements for the GCC Countries with Singapore and EFTA countries has been implemented and work is on track to complete the remaining requirements of the GCC customs union. In addition, work on improving ports capacity is progressing in line with the schedule provided in the 2015 adjusted growth strategy **C2. New Structural Reform Measures**

As noted earlier, Saudi economic reform program is based on the Saudi Arabia's Vision 2030, which charts the development agenda of the kingdom through the year 2030. The vision seeks among other things to



boost the efficiency of public sector operations and promote private sector and SMEs contribution to economic growth and Job creation, including by opening up new investment opportunities, promoting human capital and economic infrastructure, encouraging innovation and competition, and removing all obstacles preventing the private sector from playing a larger role in development. To ensure the realization of Saudi Arabia's Vision for 2030, executive programs at the Council of Economic and Development Affairs will be launched soon which will have a significant impact on implementation. These include, but are not limited to the following: **the Human Capital program, the National Transformation program, the Privatization program, and the program for Strengthening Public Sector Governance.** The Council of Economic and Development Affairs will also continue to review and assess the performance in achieving the Vision. the National Transformation Program 2020² which was approved in June sets detailed strategic objectives, together with key performance targets and benchmarks for 24 ministries and government bodies. The NTP 2020 identifies 543 initiatives which include improving judicial services and its international ranking, strengthening the health care system, facilitating trade procedures and enhancing logistics, stimulating private sector investment, and promoting transparency and accountability in government operation. Among other objectives, share of private sector in economy to be increased to 65% of GDP from 40% currently; SME sector contribution to be raised from 20 percent of GDP to 30%.

Trade

The government will maximize the benefits from its exceptional and strategic geographic position, and its huge investment in the construction of ports, railways, roads and airports to be a unique regional logistical hub. Among other, the goal is to raise Saudi Arabian ranking in the logistics Performance Index from 49 to 25. This will be achieved through many plan measures, including more rigorous governance, leaner processes and a more efficient customs system. Government will strive to complete the process of implementing the GCC common market, unifying customs, economic and legal policies, and constructing shared road and railway networks. It will also seek to effectively link with other countries in the region, through enhanced logistics services and new cross-border infrastructure projects, including land transport projects with Africa through Egypt (recent agreement has been reached to build a bridge over the Red Sea connecting the two countries). The government aim is to increase the share of non-oil exports from the current 16% to reach 50% of the total.

Competition

The government approved another set of policies that would address the structural reforms needed to sustain growth in the long run. Such policies include privatization of certain sectors and public activities, removing the barriers facing the establishment of a vibrant, a resilient and a globally competitive private sector, as well as develop a number of economic strategies such as the knowledge economy, exports, and industry. The plan is to shift the government's role from providing services to one that focuses on regulating and monitoring them. The government seeks to increase private sector contribution by

² For more detail on structural reform measures please visit: http://vision2030.gov.sa/sites/default/files/NTP_En.pdf



encouraging investments, both local and international, in healthcare, municipal services, housing, finance, energy. The government will also work to deregulate the energy market to make it more competitive. Foreign investment is now permitted for several sectors, including, retail and wholesale, Mining, Petrochemical, Gas, and Telecommunications. In this regards, the government objective is to increase FDI share of GDP from 3.8% to 5.7% by 2020.

Employment

On labor market reform, the government target to reduce unemployment from 11.6% to 9% by 2020 and to 7% by 2030; increase women's participation in workforce from 22% to 30%; create 450,000 jobs in non-government sector by 2020; and reduce civil service workforce by 20% by 2020. some labor sector initiatives include the following:

National program for occupational health and safety: Safer workplace initiatives, with a national Occupations Safety and Health initiative in progress and the introduction of an employment injury scheme. The development of a national framework for OSH regulations is still ongoing, much preparatory work has been done but the program has not been launched yet. Since 2015 a series of quick-wins was identified and delivered, the scope of OSH was defined, and selected initiatives of the program are ongoing. Target is to conduct a total of 200,000 inspections per year. Reassuring workers that they will be protected at work will translate into higher worker productivity across the Kingdom

National Labor Gateway Program (Taqat): This new program aims to introduce a portal to become the gateway to productive and sustainable employment. This portal will allow the identification of jobseekers' competencies and will match these with the appropriate jobs to promote sustainable employment. The NLG is continuously being refined and catered to current contexts. Overall, the introduction of NLG is expected to bring immense benefits to the Saudi labor market: a more transparent job marketplace will benefit both jobseekers and employers, matching competencies requirements with skills offer, and providing a wider choice to both parties

Short vocational training courses: The Kingdom will implement a program of short vocational training courses that will support job seekers. These courses are designed to address skill gaps and other obstacles to employment by training high school dropouts and re-training and up-skilling adults who hold other educational qualifications. Some of these courses will be hosted on the Dorob online platform

National Productivity Program: The NPP will be a comprehensive national program aimed at increasing the KSA's productivity in the next 10 years. It will focus on the most important sectors of the KSA. In addition to restricting the employment of low-cost labourers, there will be sectoral initiatives aimed at sustaining private sector entities in renewing their business model by adopting new automation and innovative solutions. Programs will be rolled out on retraining Saudi employees in order to make them ready for more productive, higher-skilled work

Job Creation and Employment Commission (JCEC): the JCEC is a new entity created to promote job creation and employment in KSA through a long-term Employment Strategy and targeted job-creation initiatives. JCEC will achieve its mission in coordination with other governmental entities by leading



initiatives that focus on building new sectors and sub-sectors, removing barriers that prevent growth, incentivizing greater productivity, and developing the skills of the labor force

JCEC is governed by a board of representatives from several government entities, as well as prominent figures in the private-sector. First initiatives have been launched and process to refresh Saudi Employment Strategy has begun

Nitaqat: Originally launched in 2011, this program aims to encourage the employment of Saudi nationals, particularly of the young population, in the private sector. Currently, it's scope is being expanded to include thresholds of Saudization with a point based system to reward job quality, feminization and stable employment. This program has been proven to increase the productivity of the Saudi working population by economically activating previously dormant populations into the workforce.

Other Productivity Enhancing Measures

Improve the efficiency of public service delivery and the allocation of fiscal resources

In line with the Saudi vision 2030 emphasis on Improving the efficiency of public service delivery and the allocation of fiscal resources, the Ministry of Finance is establishing two key units to boost the ministry's institutional capacity for medium term fiscal planning and management, which is important to support the government's efforts in improving the efficiency of public spending and the management of public resources. The first unit is a macro-fiscal unit that is tasked with fiscal planning and the other unit is a debt management unit, which will be responsible for developing and overseeing the public debt and financing strategy, taking into consideration domestic financial markets development objectives. On a related note, the Saudi Council of Ministers has recently established The National Project Management Agency to be responsible starting from the fiscal year 2016 for working with all concerned parties to ensure the efficiency of public investment projects, including by reviewing government's projects and their scope and priorities in order to ensure an efficient implementation of those projects on one hand, and that they remain consistent with the development priorities, orientations and needs, and with financial and funding requirements on the other hand. In addition, "Qawam" Program will be launched to increase spending efficiency. The program is intended to move away from a narrow reliance on process auditing, and move towards a more integrated approach with effective and efficient spending controls, and specific and measurable goals, while sustaining resources and assets.

Moreover, the government is expanding the use of information technology to enhance the efficiency of government's operations and the delivery of government's services. The implementation of the second phase of the National e-Government Project is progressing with the number of government agencies connected to the secure government network has reached 138 by end of 2015, an increase of 24% from the previous fiscal year. The number of government entities that exchange data electronically through the government integration channel has reached 103. The number of online services available through the National e-Government Portal (SAUDI) has exceeded 2,500 electronic services provided by more than 170 government agencies, an addition of more than 500 new electronic services from the previous fiscal year.



The number of government agencies connected to the National Call Center (AMER) for e-Government transactions has reached 13, an increase of 85 percent from the previous fiscal year. Smartphone platform (MAAK) was launched to provide all e-Government applications and services for smart phones on a single platform.

Furthermore, the implementation of the “Sadad” electronic payment system, which manages fees and wages of government services in the Kingdom, is progressing with two new government agencies were recently linked to the system during 2015. Total payments made through the system during 2015 were SR 98 billion, an increase of 5 percent from the previous fiscal year. This brings the total payments made through the system since its launch to nearly SR 409 billion.

This has improved Saudi Arabia’s ranking in the UN e-Government Index from 90 in 2004 to 36 in 2014. The work in this area will continue to expand, the third operational plan for e-Government transactions in the Kingdom is currently being prepared. The plan is to be implemented during 2017-2021, to reach the vision goals of raising our ranking in the Government Effectiveness Index from 80 to 20 and on the E-Government Survey Index from our current position to be among the top five nations.

Macro-prudential financial sector policies

Saudi banks were among the first banks at the international level to implement the Basel III capital, liquidity and leverage standards. The macro-prudential framework is well established and SAMA continues to further strengthen the regulation and supervision, including the establishment of an early warning indicators dashboard and a high-level Financial Stability Committee (FSC) within SAMA to monitor financial sector risks. In addition, a Domestic-Systemically Important Bank (D-SIB) methodology has been published and identified D-SIBs are required to comply to additional capital requirement starting from January 2016. Furthermore, the first Financial Stability Report (FSR) was published in July 2015. The framework for countercyclical capital buffer is currently under its final stage of development in-line with Basel guidelines and it is expected to be approved by SAMA’s FSC by Mid-2016. Additionally, a deposit insurance fund has been introduced in January 2016 and will be built-up gradually throughout the year. This will protect deposits in participating banks up to a maximum of SAR 200,000.

Countercyclical Capital Buffer (CCyB)

The CCyB aims to ensure that banking sector’s capital requirements take account of the macro-financial environment in which the banks operate. Its primary objective is to achieve a broader macro prudential goal of protecting the banking sector from periods of excessive aggregate credit growth that have often been associated with the build-up of system-wide risk. In downturn environment, the release of this buffer should help to reduce the risk of undermining the performance of the real economy and additional credit losses in the banking system.

SAMA requires all banks in Saudi Arabia to calculate CCyB effective from 1 January 2016 following Basel timelines. This buffer varies between 0% and 2.5% to total risk weighted assets and is calculated as the weighted average of the buffers in effect in all the jurisdictions (including Saudi Arabia) in which the banks have a credit exposure.



For the year 2016, SAMA has computed 0% as a buffer rate for Saudi Arabia as published on SAMA and Basel website. The banks in Saudi Arabia should use published buffer rates for each country to be applied on credit exposure in those countries while computing the CCyB.

The CCyB for Saudi Arabia will be pre-announced by SAMA at least one year in advance. While increases in buffer rate becomes effective one year after the date of announcement of the increase, decreases will take effect immediately. However, in case of any immediate changes foreseen, SAMA will make the changes in the buffer rate more frequently.

Financial inclusion

SAMA has adopted the G20 Principles for Innovative Financial Inclusion as a platform to develop and begin implementation of a financial inclusion strategy for Saudi Arabia. In this context, SAMA has already implemented a range of initiatives to support Financial Inclusion, including:

- Consumer Protection Principles for Banking, Insurance & Finance: These Consumer Protection Principles embody the 'G20 High-level Principles on Financial Consumer Protection' and they set out the rights and responsibilities for financial consumers when they engage with a financial institution. They also specify specific requirements that the financial institution must adhere to in their interactions with consumers.
- Updating of Consumer Finance Regulations (July 2014) and Credit Card Regulations (May 2015) with a specific focus on transparency and disclosure of information to consumers.
- Extension of complaint handling channels to include online, mobile app & Call center.
- Enhancing the infrastructure to extend the availability of prepaid cards to meet the high demand of the government's Wage Protection System, which requires companies to pay employees their wages through local banks, and other programs.

In addition, SAMA has developed a strategy for a Financial Inclusion, with the following objectives:

- Develop a comprehensive financial inclusion strategy with targets, dedicated taskforce, budget, timeline and KPIs.
- Ensure that all financial inclusion initiatives are aligned with the overall SAMA strategy.
- Publicize the commitment to increasing financial inclusion.

SADAD Account

In April 2016, SAMA launched "SADAD Account" which is a secure online payment service from SADAD. It allows user to make real time purchases from online merchants without the need for cards or cash. It will act as a system that will facilitate direct debit from the consumer's bank account



earmarked for e-commerce. This service is expected to contribute positively to the economics activities. In particular, It is the first step in digitizing conventional payment options, involving innovation and enablement of mobile payments. It also will lower dependency on cash in the economy due to increased penetration of e-Payments and accelerated growth of e-Commerce economy. in addition, this service will increase SMEs and ‘home-based’ entrepreneurs and enabling SME’s to move away from Cash On Delivery and regular bank transfers.

D. Investment Addendum

Please briefly explain the status and progress of implementation of investment measures in your Brisbane and Antalya growth strategy. Please also provide a general assessment of the implementation status of your 2015 Investment Strategy.

Please highlight new high-impact actions in the investment area. Please also explain any key adjustments to measures put forward in your Brisbane Growth Strategy, Antalya Growth Strategy and Investment Strategy.

If possible, please link the identified policy actions to the themes of the investment strategies (i.e., facilitators and safeguards in the areas of investment ecosystem, infrastructure, and SMEs as referenced in the table below).

You may also wish to discuss the extent to which policy commitments put forward in this section foster balanced and inclusive growth.

Details of these new high-impact policy commitments should be included in the tables in Annex 2.

On the commitments to boost investment and PPPs, the value of large-scale construction projects in the economic cities amounted to 255 billion riyals in 2015 as shown in the text table below.

Text table: Value of large-scale construction projects in the Economic cities 2015

Project	Master Developer	Approximate Value (SAR Billion)
King Abdullah Economic City	Emaar, the Economic City	207.0
Knowledge Economic City in Medina	Quad International	8.0
Jazan Economic city	Saudi Aramco	40.0
Total		255.0

The objective of these cities is to promote private sector led economic activity in the non-oil sectors, which in turn would help broaden the sources of economic growth and job creation. The cities are expected to



create about 1.3 million jobs and absorb about 2.4 million residents by 2020. These cities represent a partnership between the private and public sector where the government acts as the regulator, facilitator, and promoter while the private sector is the capital provider, owner, and developer.

The government will continue to move ahead with privatization of state owned assets and toward greater use of PPP, including selling up to 5% equity stake of Aramco. Public Investment Fund's assets to be increased from SR600 billion currently to over SR7 trillion by 2030 with the aim to maximize the Kingdom investment capabilities and unlock strategic sectors requiring intensive capital input. To this end, the government will Establish and operate the center of excellence to support the privatization program and provide consulting services to evaluate opportunities and execute them. The NTP 2020 has identified possible sectors and government services where privatization will take place including Postal, Health, and electricity and water production and distribution.

Moreover, the Saudi Arabian General Investment Authority (SAGIA) published in August 2015 the second edition of its services Manual. The Manual sets out the objectives for investments, requirements to qualify for a license to invest and conduct business in Saudi Arabia, license fees, and the cost of subscribing to services provided by SAGIA. SAGIA has identified the objectives of investment in Saudi Arabia which include: transfer and localization of technological know-how, diversification of the economy, development of export, development of Saudi human resources, reinforcement of economic competitiveness, balanced development among the different regions of the Kingdom, and environment friendly manufacturing products.

With regard business environment, the government will coordinate with legislative authorities to review current regulations with the aim of improving the business environment and enforcing contracts. It will apply international legal and commercial regulations that will create environment conducive to long-term investment. By 2030, the goal is to reach the top 10 countries on the Global Competitiveness Index and to increase the private sector's contribution from 40% to 65% of GDP.

Moreover, financial policies continue to support SMEs development through increased SME access to finance, including through the establishment of dedicated SME units in banks, the "Kafalah" loan-guarantee program, and better access to credit information through "SIMAH", the national credit bureau. Furthermore, the Saudi Arabian Monetary Agency (SAMA) has recently issued Microfinance Rules that will contribute to the provision of financing vocational and micro-business. In the same vein, as the government targets to increase SMEs contribution to GDP from 20% to 35% under vision 2030, the SME Authority has been established to review laws and regulations thoroughly, remove obstacles, facilitate access to funding, and enable youth and entrepreneurs to market their ideas and products. The vision aims to facilitate enhanced access to funding and to encourage our financial institutions to allocate up to 20 percent of overall funding to SMEs by 2030 from the current rate of 5 percent. At the same time, additional new business incubators, specialized training institutions and venture capital funds will be established to aid entrepreneurs in developing their skills and networks. Support to SMEs in marketing to help export their products and services will also be provided, by leveraging e-commerce and collaborating with international stakeholders.

	Facilitators	Safeguards
Investment Ecosystem	<p>1 Supporting Improvements in Investment Climate Macroeconomic stability Competition strategy and regulatory reforms Removing restrictions on FDI Strengthening public investment efficiency Promoting R&D and business startup</p> <p>2 Facilitating Financial Intermediation Promoting domestic financial savings Private sector financing tools (local debt market and capital market) Respective role of different actors (banks, inst. investors, corporate finance)</p>	<p>3 Enabling Appropriate Legal and Institutional Settings Rule of Law and public governance Preconditions for long-term investment Governance and incentives of financial intermediaries Adequate regulatory framework Openness and information sharing Responsible business conduct</p>
Infrastructure	<p>4 Supporting Improvements in Investment Climate Regulatory framework for infrastructure Strengthening Public Investment Inflation and foreign exchange risk management alternatives</p> <p>5 Facilitating Financial Intermediation Promoting long term financing environment Developing financing vehicles Private Equity/ project bonds Develop secondary markets Tax incentives</p> <p>6 Mobilizing MDB Resources and Role of NDBs Country led MDB programs Technical assistance and experience sharing Role of National Development Banks</p>	<p>7 Enabling Appropriate Legal and Institutional Settings Develop an adequate PPP framework Stable and consistent regulation Sustainable and clean energy</p> <p>8 Project Spectrum: Project Planning, Prioritization and Process Development Project identification and prioritization Project preparation / Execution Procurement and contract management Ensuring Quality of Infrastructure</p> <p>9 Addressing Data Gaps Project availability Sharing project information</p>

SMEs	<p>10 Facilitating Financial Intermediation Movable collateral laws and registries Insolvency regimes Asset based instruments Securitization Banking sector competition Tax incentives Establish SMEs secondary market in 2017</p> <p>11 Mobilizing MDB Resources and Role of NDBs Role of National Development Banks Technical assistance and experience sharing</p>	<p>12 Enabling Appropriate Legal and Institutional Settings Product development Non-bank SME financing settings Availability of early stage capital (seed, angel, etc.) Incentives to formality</p> <p>13 Addressing Data Gaps Information sharing (standardized data set) Payment system information SME data gap dissemination <i>TAQEEM</i> Program managed by the credit bureau to help in mitigating risk associated with SMEs.</p>
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Annex 1. Past commitment – Brisbane and Antalya commitments

Brisbane and Antalya Key Commitments for Monitoring Purposes

The policy action: Enhance technical and vocational training	Please describe the policy: Establish 50 technical training institutes, (Colleges of Excellence), over the next 10 years, raise the number of national students registered in engineering faculties by 30%, Raise the number of national students registered in TVTC by 25%		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1 – Engage international providers in CoEs 2- Short- term TVET Paradigm Shift (incl. student performance incentives, blended learning, quality assurance) 3 – Mid-term structural improvements (incl. TVTC organization transformation, integration with job placement centers, skills verification)	1 – Complete 2- Blended learning and quality assurance - Completed Student performance incentives - TBD 3 – Currently being rolled out	1- 37/50 CoEs established in partnership with 16 international providers. 218,413 applicants and 12,841 enrolled students. 2- Launched blended learning. Continuous improvements in quality assurance program. 3-Roadmap developed and programs are underway.
Impact of Measure	The expected impact is increased employment of Saudi youth through improved skills development and matching. Most vacancies occur in the vocational trades with insufficient Saudi youth interested in or able to work in these professions. A performance dashboard is being put in place to benchmark future Capacity, Quality, Efficiency and Economics and will allow for quantitative description of impact in the future.		

<p>Boost female labor force participation</p>	<p>Please describe the policy: Expand Female employment in retail sectors to cover a significant number of sectors, Establish affordable daycare centers to boost the number of working women. The program is currently in the development phase.</p>		
<p>Detailed implementation path and status</p>	<p>Interim Steps for Implementation</p>	<p>Deadline</p>	<p>Status</p>
	<p>1 – Establish training schemes 2 – Remove transportation barriers 3 – Remove child care barriers 4-Assist with relocation 5- Support teleworking</p>	<p>1 – Scaled-up in 2015. 2 – being finalized. 3 –Currently being reviewed in view for implementation. 4 – TBD. 5-. Pilot centers launched, impl. Plan to be announced.</p>	<p>1- Provided training to female job seekers, approx. 2M women trained (cumulative figure). Introduced specific courses targeted to jobs in retail (accessories shops, beauty centers and tailor shops). 4- TBD. 5- Initiative is entering the pilot phase during the first half of 2016.</p>
<p>Impact of Measure</p>	<p>These measures will increase female participation in the workforce by removing barriers to participation and equipping young women with the on-the-job skills they need to succeed. As the program is still in the development stage, specific impacts on job growth cannot yet be measured.</p> <p>However, we have noted that more than 3600 Saudi women are currently employed in telework in part due to the implementation of the first steps of the Telework initiatives implemented.</p>		

Boost investment	Maintaining a regulatory environment that is supportive and stimulating effect on investment		
<i>Detailed implementation path and status</i>	Interim Steps for Implementation	Deadline	Status
	1. Study the current investment environment in the Kingdom and prioritize areas of reforms.	1. Jun 2014	1. Complete.
	2. Develop a customized framework based on 160 potential barriers to investment, to help the Kingdom achieve both real impact in the business environment and recognition on international rankings.	2. July 2014	2. Complete.
	3. Organize eight campaigns, each of which addresses a combination of barriers and weaknesses in the Kingdom investment environment. The 8 campaigns are Enhancing Trade Across Borders, Ease of Starting a Business, Regulatory Transparency & Stability, Enforcing & Aligning Gov't Procurement & Incentives, Enhancing Commercial Law Foundations, Improving Access to Markets & Competition, Foundations for Future Competitiveness, and	3. July 2014	3. Complete.

	Improving the Availability of Quality Labour.		
	4. Develop a six-step process for a detailed action plan to make progress against the issues prioritized in the eight campaigns.	4. Oct 2014	4. Complete.
	5. Setup for each of the campaigns a series of inter-government task forces to jointly develop with SAGIA's coordination the progress of the inter-ministerial action plan, and comprise the range of stakeholders involved in designing and enacting reforms to the campaign priorities.	5. Oct 2014	5. Complete.
	6. Conduct a preliminary analysis of the issues and engage the participating members of the task forces.	6. Oct 2014	6. Complete.
	7. Negotiate and develop detailed action plans, solutions, and KPIs for each campaign and stakeholders.	7. Sep 2015	7. complete
	8. Implement action plans for each campaign	8. Feb 2016-2020	8. Approved and in implementation phase and its ongoing status.
Impact of Measure	The impact will be measured through the KPI's set in the action plans for each of the campaigns.		

Boost investment	Elaborating a Road-Map for investment in major economic sectors		
<p>Detailed implementation path and status</p>	Interim Steps for Implementation	Deadline	Status
	<p>1. Issuing RFPs to consultants for implementing the Unified Investment Plan (UIP) project</p> <p>2. Liaising with different Government, semi Government & private sector entities to introduce the UIP and obtain sectors' information</p> <p>3. Identify and analyse the Kingdom's economic sectors' investment priorities, benchmark sectors' performance vs. other developed economies and identify each sector's value propositions to investors</p> <p>4. Obtain a Royal Decree to implement the UIP with the support of the Saudi Ministry of Economy & Planning and the Saudi Public Investment Fund (PIF) while involving all relevant stakeholders from the public sector in the project</p> <p>5. Forming dedicated teams to execute the UIP for the Healthcare, Transportation, Building Materials and Industrial Equipment sectors/segments. More working teams will be appointed to other priority sectors, periodically</p> <p>6. Launching "Invest Saudi" app on Google and App Stores to provide investors with up-to-date, interactive information about the Kingdom's economy, sectors' performance and the value-added investment opportunities to the economy</p>	<p>September 2012</p> <p>March 2013</p> <p>September 2013</p> <p>December 2013</p> <p>On-going</p> <p>May 2015</p>	<p>Done</p> <p>Done</p> <p>Done</p> <p>Done</p> <p>On-going</p> <p>Done</p> <p>On-going</p>

			<i>Done</i>
Impact of Measure	<ol style="list-style-type: none"> 1. Provided information on each economic sector and subsectors 2. Total number and value of developed/identified “value-added” investment opportunities 3. Number of executed investments opportunities 4. Number of new jobs created, percentage of local content in manufacturing, transfer of technology & know-how, amount of new exports or reduction of existing imports, and increase in collected income tax 		

Boost investment	Increase government investment spending to develop infrastructure without prejudicing coordination between government investments and private investments		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>During the years 2015-2019:</p> <ol style="list-style-type: none"> 1. An increase in the allocation to projects of major sectors to about 2.4 trillion riyal. 2. Allocation of 372 billion riyal for the infrastructure sector. 3. Increasing average government consumption annual growth to 5.2% 	2020	<p><i>Up to date, around SR 412 billion out of SR 2.5 trillion has been spent on project of major sector.</i></p>
Impact of Measure	This new policy is expected to contribute to the objective of the 10th Plan to finance development projects of the major sectors, including the human resources, economic resources, social and health, and infrastructure.		

Shift to greater private sector	Establishing regional -wise investment councils to encourage and develop investment in all Saudi regions. Each council will cooperate with SAGIA to support investment in its region, overcome obstacles, and improve the investment environment		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	Improving the efficiency of regional investment councils.	2017	6 regional investment councils have been established till 2010. The regional investment councils have been created for: Najran, Jizan, Aseer, Madina, Hai'l and Tabuk. SAGIA is currently evaluating the establishment of investment councils to increase the efficiency.
	SAGIA shall publish updated regional economic report for the 13 regions.	2017	The regional economic reports were published in 2007, 2010, 2014. The next regional economic report will be published in 2017.
	SAGIA shall publish updated regional competitiveness index for 13 Regions.	2017	SAGIA published periodical regional competitiveness index. SAGIA is currently in the process of preparing new vision of this index for 2016. .
	SAGIA will work with regional investment councils to overcome obstacles, and improve the investment environment.	2017-2018	After publishing the 2016 regional competitiveness index, SAGIA will hold workshops and training sessions with the regional investment councils and regional governors to implement recommendations identified in the regional competitiveness report.
Impact of Measure	Support investment, overcome obstacles, and improve the investment environment across the targeted regions.		

Shift to greater private sector	Promote private investment in economic cities and industrial zones.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>1 – Establish and operate industrial cities and zones in the Kingdom.</p> <p>2 – The establishment of “Wa’ad Al Shamal” industrial city located in the northern region of the kingdom to become the hub for the metals manufacturing industries.</p> <p>3- Provide financial solutions to the investors in the industrial cities.</p> <p>4- Establish technology zones in the kingdom.</p> <p>5-Establish industrial incubators.</p>	<p>1-Ongoing</p> <p>2- 2015</p> <p>3-ongoing</p> <p>4-ongoing</p> <p>5-ongoing</p>	<p>1- The Saudi Industrial Property Authority (Modon) currently overseas 34 cities across the kingdom that contain more than 5600 factories with investments exceeding 500 billion riyals and more than 405000 employees.</p> <p>2- done</p> <p>3- Modon works closely with banks and other financial institutions for that purpose.</p> <p>4-Modon is currently operating two technology zones and is seeking to earmark further zones towards acquiring the latest technological investments.</p> <p>5-Modon Has initiated the industrial incubators project which will launch four business incubators that focuses on advanced technology and manufacturing. The first incubator is expected to be ready for operation in the second quarter of 2016.</p>
Impact of Measure	Support private investment in non-oil sector, overcome obstacles, and improve the investment environment across the kingdom, which would ultimately promote export and economic diversification.		

Increase Competition	Review laws governing the government purchases and tenders and maintenance contract regulations.		
<p><i>Detailed implementation path and status</i></p> <p>Review laws governing the government purchases and tenders.</p> <p>Revise maintenance contract rules and regulations and adopt KPIs</p> <p>Develop the mechanisms used in awarding contracting projects</p>	Interim Steps for Implementation	Deadline	Status
	1. A comprehensive review by MOF of the current law governing government purchase and tender.	2014	Done
	2. The proposed changes to be studied by Bureau of Experts at the Council of Minister.	2015	Done.
	3. Approval of the law by the Royal Court.	N/A	Bending approval by the Royal Court
	4. Revise Maintenance contract rules and regulation. 5. Awarding contracting projects	N/A	MOF is currently reviewing maintenance Contract rules and the mechanisms used in awarding contract based on the proposed changes to the law. It is expected that the new contract rules will be implemented once the law is approved
<p>Impact of Measure</p>	<p>These measures are expected to improve the business environment by promoting a competitive and vibrant private sector in the non-oil sectors and hence supporting efforts to accelerate economic diversification.</p>		

Increase Competition	Reviewing and updating the contractors classification system		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	Reviewing and updating contractors' classification areas.	2015	In progress: 80% complete.
	Studying and adjusting the financial limits for contractors' classification grades.		In progress: 80% complete.
	Reviewing and updating contractors classification criteria and adding new criteria to account for safety, quality, sustainability, etc.	2015	In progress: 40% complete.
	Automating the whole process of contractors' classification.	2016	In progress: 50% complete.
	Merging the unclassified contractors into the classification system		Under study
Impact of Measure	<ul style="list-style-type: none"> • The improvement of the contractors sector and accordingly the construction industry; • Diversification of the economic activities; • Encouraging local and foreign strategic partners; • Expand the capacity of the national economy, promote growth, stability and competitiveness abilities; • Support growth of SMEs sector • Promote competition in all economic activities. 		

Implement trade facilitation agreement and improve port capacity.	Expansion FTAs to enhance non-oil exports		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>1 – Agreement with other GCC countries in December 2014 on steps to reach a final status of the customs union.</p> <p>2 – The Ministry of Commerce and Investment participated in a number of joint committees and meetings of boards of Saudi foreign joint councils.</p>	ongoing	<p>1- Work is on track to complete the remaining requirements of the Customs Union, including those related to national factories set up in the free zones and customs procedures that are applied in the first ports.</p> <p>2- The Free Trade Agreements for the GCC Countries with Singapore and EFTA countries has been implemented</p>
Impact of Measure	The customs union is expected to increase intra-trade among member states and reduce the difficulties and constraints facing the movement of national and foreign goods among the GCC countries. Customs Union will also contribute to and benefit from economies of scale and optimal use of resources. Customs Union will also help attract more foreign direct investment.		

Implement trade facilitation agreement and improve port capacity.	Improvement of ports capacity and streamline the procedures.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
Impact of Measure	1. completing a Master plan for the west and east coasts ports 2. the plan include 3 phases for upgrading the ports Phase I (2012-2017) Phase II (2017-2022) Phase III (2022-2032)		1. Done 2. under progress, main projects on the east coast
	1-Strong location advantage for transit cargoes to GCC states 2-Strong global and domestic interest in port concession opportunities 3-Development of logistics platforms 4-Strong financial condition of SEPA could leverage substantial financing for capital investment. 5-Promising possibility for development of logistics platforms. 6-Private sector interest in concession opportunities for port expansion. 7-Strong GPD growth projected at 4.51%over the next five years.		

Other Non-key Commitments

<p>The policy action: Promote employment of Saudi nationals in the private sector.</p>	<p>Please describe the policy: New adjustments to the Nitaqat program focused on female saudization, Saudi employees wages and Saudis in managerial positions.</p>
<p>Implementation path and expected date of implementation</p>	<p>Nitaqat program was implemented in 2011 with a general objective of Saudization. This year new quality parameters will be introduced to target female saudization, saudis in managerial positions and the average wage of Saudi employees.</p> <p>These adjustments to the Nitaqat regulations will be gradually phased. The new Nigate scope is being expanded to include threshold of Saudization with a point-based system to reward job quality, feminization and stable employment.</p>
<p>Status of Implementation and Impact</p>	<p>Status: Nitaqat program was launched in 2011 and is being reviewed on a regular basis to increase employment of Saudi nationals. The most recent adjustments were in early 2016.</p> <p>Expected qualitative impact from the additional quality parameters:</p> <ul style="list-style-type: none"> • Increase of the percentage of female Saudization. • Increase of average Saudi wage. • Increase of share of high wage earner Saudis in managerial positions.

<p>The policy action: On the Job Training.</p>	<p>Please describe the policy: Training program combining e-learning with a mentor and on the job experience.</p>
<p>Implementation path and expected date of implementation</p>	<p><i>First S-OJT pilots conducted in late 2015. Soft launch until April 2016: 7 end-to-end pilots with select employers and 8 different job qualifications available. Then start national scale-up during second half of 2016.</i></p> <p><i>By 2020 OJT will achive national scale targeting 25000 trainees and 200 employers.</i></p>
<p>Status of Implementation and Impact</p>	<p>Status: implementation is ongoing. In 2015, OJT was piloted in Riyadh involving 300 employees and 11 employers.</p>

<p>The policy action: Sanid Program</p>	<p>Please describe the policy: Coherent and comprehensive social protection package: which is a new compulsory unemployment insurance for all citizens with jobs) will be effective beginning 2014. It will lead to more of the country's younger workforce to seek employment at private companies</p>
<p>Implementation path and expected date of implementation</p>	<p>Policy has been implemented in 2 phases.</p> <p>Phase 1: Collection of contributions from employees/employers. This has already been actioned in August 2014.</p> <p>Phase 2: Payout of benefits to individual who were laid off after completing 12 months of contribution initiated in August 2015.</p>
<p>Status of Implementation and Impact</p>	<p>Status: Status: Phase 1 and Phase 2 are completed.</p>

<p>The policy action: Minimum wage for workers in the private sector</p>	<p>Please describe the policy: A new salary will be set for the coming five years.</p>
<p>Implementation path and expected date of implementation</p>	<p>Minimum wage to be introduced for Saudi workers in the private sector. A public sector minimum wage is already in place</p>
<p>Status of Implementation and Impact</p>	<p>Status: Initial study completed however, the project is on hold as the program is being redesigned.</p>

<p>The policy action: Improving competence of supervising and organizing agencies.</p>	<p>Please describe the policy: Improving competence of supervising and organizing agencies and developing its independence and capabilities.</p>
<p>Implementation path and expected date of implementation</p>	<p>The establishment of the centre for measuring the performance of government agencies in the Institute of Public Administration, which aims to reach excellence in the institutional performance and enhance the quality of performance and efficiency at government agencies. Moreover, nine workshops were held over the past year in the areas of regulations and legislation, administrative development, employment, and human resources development. All government agencies were invited to participate in these workshops.</p>

Status of Implementation and Impact	<p>Status: On track. Promoting the competence of government agencies should help support efforts to promote public sector efficiency and support economic development efforts.</p>
<p>The policy action: Establishing an employment readiness program for young Saudis.</p>	<p>The objective of the project is to design and launch a Career Education and Development (CED) program aimed at ensuring the best use of human resources, fostering life-long learning in career edu., and activating interest in the labor market. The project is split into two initiatives:</p> <ul style="list-style-type: none"> • Strategy Track: develop a nationwide long-term program aimed at providing career guidance and support to millions of Saudis from 'cradle through career'. • Fast Track: implement activities with high success as well as immediate and tangible impact, based on a relatively small scale. • Youth behavior changes strategy: additional initiative being implemented as part of the CED program.
<p>Implementation path and expected date of implementation</p>	<p><u>1/ Strategy Track</u> The program is made up of several initiatives and activities:</p> <ul style="list-style-type: none"> • Activities directly targeting youth in secondary and higher education • Activities aimed at creating capabilities in Saudi Arabia, either human resources or IT / infrastructure <p>These activities have been prioritized and their implementation is split across time into two Waves – Wave 1 and Wave 2:</p> <ul style="list-style-type: none"> • Wave 1 activities are feasibly implemented in a relatively shorter duration and have high impact and reach • Wave 2 activities focus on the longer-term, and are usually dependent on the implementation of other activities in Wave 1 <p><u>2/ Fast Track</u> Fast track implementation is under way.</p> <ul style="list-style-type: none"> • The program started in August 2014 with 8 national providing deploying their activities. Program has been completed mid 2015. • Most are of the activities are in line with the timings of the school year.
<p>Status of Implementation and Impact</p>	<p><u>1/ Status of implementation</u> Strategy Track:</p> <ul style="list-style-type: none"> • CED Programs fully implemented, providers have been engaged as planned. <p>Fast Track: Elements in the Fast Track have been fully implemented and are currently ongoing.</p> <p><u>Youth behaviour changes strategy:</u> New program is in execution and will aim to identify how to influence the behaviour of youth and parents and provide a better understanding of the needs and motivations of youth in order to facilitate behavioural change.</p> <p><u>2/ Impact</u> For both Strategy and Fast Track projects, the impact will be measured by the capacity to change the mindset and behavior of Saudi nationals over time. Five clear objectives have been identified:</p>

	<ul style="list-style-type: none"> • Empower Saudis to equally consider all sectors of the job market Instil the value of a productive, lifelong career • Encourage the principle that all jobs are valued • Engender realistic expectations about entry-level jobs • Enable Saudis to plan their careers according to personal aspirations and market needs.
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The policy action: Project Parallel (now called Dorooob)	Please describe the policy: Initiative to improve employability of Saudi youth through e-learning, blended learning, on the job training and certification using Open edX
Implementation path and expected date of implementation	Project has been implemented early 2015 and is fully functional and ongoing.
Status of Implementation and Impact	Status: The program is on track, 38 courses available, over 79,000 registered users who have completed more than 15,000 cumulated courses, over 37 major employer endorsements that translate into guaranteed jobs for certificate holders and OJT graduates.
The policy action: Unemployment Assistance	Unemployment assistance aimed at insuring basic quality of life and assistance to job seekers
Implementation path and expected date of implementation	The initial wave of Hafiz was Unemployment Assistance I (UA I), which provides 2,000 SAR monthly payments for job-seekers between 20 and 34 years hold.. Subsequently the Unemployment Assistance II (UA II) payment was introduced which provides a lower payment for job-seekers who are ineligible for UA I
Status of Implementation and Impact	Status: On Track. Since 2011 millions of Saudis have received Hafiz benefits across UA I and UA II. The latest report shows 2.1M currently enrolled in Hafiz (of whom 93% are women) and approx. 850 K financial support beneficiaries (of whom 94% are women).

The policy action: the implementation of competition law	Please describe the policy: placing emphasis on the implementation of the competition law to support more conducive environment for private businesses.
Implementation path and expected date of implementation	Currently under implementation with measures being taken to conduct the needed legal and technical studies and promote the capacity of the national Council for Competition Protection. Work is also ongoing to prepare the unified competition system for the Arab States of the Gulf.

Status of Implementation and Impact	Status: On track, nearly 30% of related projects are completed. Once these initiatives are fully completed it should help boost confidence in the business environment.
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The policy action: Strengthening the role of the Export Development Authority	Please describe the policy: Promoting the role of the Saudi Exports Development Authority as the government agency in charge of export development strategy and support its financial and technical capacity.
Implementation path and expected date of implementation	The coordination and cooperation between ministries and the Saudi Export Development is being strengthened and work is ongoing to support the Saudi Export Development financial and technical capacity.
Status of Implementation and Impact	Status: On track. Promoting the role of the Saudi Exports Development Authority should help support efforts to promote non-oil export growth.

The policy action: The establishment of new industrial zones and technology parks and incubators and financial centers.	Please describe the policy: The establishment of new industrial zones and technology parks and incubators and financial centres to support economic diversification efforts.
Implementation path and expected date of implementation	Currently under implementation with The establishment of 34 industrial cities in 21 areas throughout the Kingdom. Coordination between the Ministry of Commerce and Industry and the Industrial Estates and Technology Zones Authority is being strengthened to expand and continue to establish the industrial cities and technology zones.
Status of Implementation and Impact	Status: On track. These industrial zones and technology parks and incubators are expected to support economic diversification efforts.

Investment Strategy Commitments

Please provide a general overall assessment on the status of implementation of investment strategies as below.

	Facilitators	Safeguards
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<p>Investment Ecosystem</p>	<ul style="list-style-type: none"> • key high-impact policy action <p>Please provide a general assessment of implementation status</p> <ul style="list-style-type: none"> • ... 	<ul style="list-style-type: none"> • key high-impact policy action <p>Please provide a general assessment of implementation status</p> <ul style="list-style-type: none"> • ...
<p>Infrastructure</p>		
<p>SMEs</p>		

Annex 2. New and Adjusted Policy Commitments since Antalya

This annex is for describing new measures introduced since Antalya, or Brisbane and Antalya commitments that have been adjusted or modified.

<ul style="list-style-type: none"> The new or adjusted policy action: National program for occupational health and safety (OSH) 	<p>Please describe the new or adjusted policy: New policy- The program aims at protecting employees from the risk of injuries caused in the working environment by preventing their exposure to accidents, injuries and occupational diseases.</p>
<p>Implementation path and expected date of implementation</p>	<p>The development of a national framework for OSH regulations is still ongoing, much preparatory work has been done but the program has not been launched yet. Since 2015 a series of quick-wins was identified and delivered, the scope of OSH was defined, and selected initiatives of the program are ongoing.</p>
<p>What indicator(s) will be used to measure progress?</p>	<p>The progress will be measured through the evaluation of the compliance to the regulatory framework. OSH inspectors will be deployed to check each company's compliance.</p>
<p>Explanation of additionality or adjustment (where relevant)</p>	<p>The program displays Saudi Arabia's overall strategic vision for OSH for 2020 developing the roadmap for national policies in the kingdom through an integrated national program.</p>

<ul style="list-style-type: none"> The new or adjusted policy action: National Labour Gateway Program (Taqat) 	<p>Please describe the new or adjusted policy: New Policy-The program aims to introduce a portal to become the gateway to productive and sustainable employment. This portal will allow the identification of jobseekers' competencies and will match these with the appropriate jobs to promote sustainable employment.</p>
<p>Implementation path and expected date of implementation</p>	<p>The program has two phases:</p> <p>Phase1- online tool launched with first functionalities (Collecting jobseekers data, job postings, application forms, etc.)</p> <p>Phase2- Program review and improvement through the integration of additional features to improve the matching mechanisms and the services for employers and jobseekers.</p> <p>Pilot for phase 1 launched on 27th of December. Full implementation of phase 1 to be completed early 2016. Implementation of phase 2 expected early 2017.</p>
<p>What indicator(s) will be used to measure progress?</p>	<p>Four indicators can help measure progress:</p> <p>Number of features available on the online platform</p> <p>Number of jobseekers registered</p> <p>Number of jobs posted</p> <p>Numbers of job positions filled</p>

Explanation of additionality or adjustment (where relevant)	The goal of the program is to provide an efficient matching mechanism and promote the employment of Saudi citizens.
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The policy action: Employment Development Program	Up-skilling program designed to foster the next generation of entrepreneurs
Implementation path and expected date of implementation	One of the priorities of the new government is the nurturing of SMEs and the provision of one-stop government services whilst creating a dedicated and friendly SME environment. More concretely, the gov has established a cross-government SME commission which will design and implement the appropriate measures. The Ministry of Labor and Social Development has developed a range of 30+ support initiatives for SME's, including access to government bids and providing SME's access for B2B and B2C marketplace, providing financial support, and fast track access to workers. The new companies' law has also been approved recently. In addition, the percentage of SME from total suppliers to government programs and projects is targeted to reach 25% by 2020 from the current 10%.
What indicator(s) will be used to measure progress?	SME sector contribution to be raised from 20 percent of GDP to 30%

The policy action: Improve business environment	Improve judicial services and institution excellency
Implementation path and expected date of implementation	In 2016, Ministry of Justice MOJ will undertake several initiatives including utilizing information infrastructure, engaging private sector in notarization and in providing support services for the execution judiciary, digitizing real estate properties archive, developing mobile justice notaries and integrated system for managing the cases, and establishing comprehensive service center. 19 KPI has been identified in the NTP 2020 including the following: 1. 75 % of cases will depend on service from private sector, 50% of notarization transaction delivered by private sector, and 10% of facilities operate by private sector from the MOJ

	<ol style="list-style-type: none"> 2. 100% of deeds archived electronically. 3. more than 540000 service transactions will be by mobile notaries and 80 % of ministry services delevered electronically. 4. average resolution time for commercial cases will reach 395 day by 2020 from current 575 day.
What indicator(s) will be used to measure progress?	<ol style="list-style-type: none"> 1. international average execution time-WB 2. ranking in property ownership registration-WB 3. WB ranking on contract enforcment indicator

The policy action: Boost female labor force participation	Improve women participation in civil services sector
Implementation path and expected date of implementation	Ministry of Civil Services will devlope a program to support Teleworking and improve women participation in civil service sector.
What indicator(s) will be used to measure progress?	<ol style="list-style-type: none"> 1. percentage of females in Civil Service to reach 42% by 2020 2. prcentage of females occupying top positions to reache 5% from the current 1.3%.

The policy action: Enhance logistics Services	Building a unique Regional Logistical Hub
Implementation path and expected date of implementation	<p>In addition to continue building our port capacity, and improve their process and procedure, NTP 2020 sets several intiives to improve the logistics srvices this include the following:</p> <ol style="list-style-type: none"> 1. Development of Multi-Modal Logistics Hub in Yanbu Industrial City

	<ol style="list-style-type: none"> 2. Multi-Modal Logistics Hub in Jubail Industrial City. 3. Localization and transfer of transport and logistics technology 4. Improve logistics regulations. 5. remove trade restrictions on air and truck transportation. 6. establish executive office for the Global Logistic Center. 7. Develop a program to accelerate digitization
What indicator(s) will be used to measure progress?	<ol style="list-style-type: none"> 1. Logistics Performance Index 2. Number of daily scheduled trips for passengers and cargo trains 3. Accuracy of trips' departure and arrival times 4. Average stay duration of containers in the ports

The policy action:	Achieve the highest levels of efficiency, transparency and good governance in all sectors
Improve government efficiency	
Implementation path and expected date of implementation	Improving the efficiency of public services and the allocation of fiscal resources is a high priority. In this regard, NTP 2020 sets several objectives to raise the efficiency of spending on salaries, wages, and government projects, improve planning and implementation of government projects, increase the efficiency of government subsidy programs, improve efficiency of the healthcare sector. To achieve this, MFU, DMO, and NPM will be established. In addition, "Qawam" Program will be launched and the use of IT in government's operations and services will be expanded.
What indicator(s) will be used to measure progress?	<ol style="list-style-type: none"> 1. Salaries and Wages as a percentage of the budget. 2. percentage of non-performing and delayed projects. 3. value of water and electricity subsidy 4. UN e-government Index



Annex 3. Past commitment – St. Petersburg fiscal commitment

Please include the overall assessment of the 2010 Toronto commitments.

Please update the tables as follows:

Medium-term projections, and change since last submission (required for all members):

Estimate Projections

	2014-15*	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Debt							
<i>ppt change</i>							
Net Debt							
<i>ppt change</i>							
Deficit							
<i>ppt change</i>							
Primary Balance							
<i>ppt change</i>							
CAPB							
<i>ppt change</i>							

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for inflation and growth:

Estimate Projections

	2014-15*	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Real GDP growth							
<i>ppt change</i>							
Nominal GDP growth							
<i>ppt change</i>							
ST interest rate							
<i>ppt change</i>							
LT interest rate							
<i>ppt change</i>							

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.



Annex 4. Pre-Brisbane commitments

Pre-Brisbane Commitments

Please include a maximum of 5 important structural reform commitments from Action Plans prior to Brisbane.

Commitment	
Increase total housing stock and home ownership	
Structural reform	
Rationale for carrying forward	Labor market reforms together with investments in affordable housing to help younger people and the less well-off population enter the housing market are key elements of the government’s policy agenda.
Update on Progress	<p>To increase the supply of housing and home ownership, the Ministry of Housing has completed the National Housing Strategy. It has launched a new scheme to provide housing aid to buyers. The support to buyers will be allocated according to a points system that will favor those with the greatest need. In addition, the Ministry of Housing has launched an electronic rental system “EJAR”, which is an advanced electronic platform that provides complete integrated solutions for the commercial housing sector, and an ecosystem on which all the parties involved in this sector can exist and interact. EJAR service facilitates the process of looking for a housing unit or displaying a housing unit and regulates the relationship between all concerned parties and preserves their rights. In addition, a new “white land” tax (a tax on undeveloped land) has been approved recently. Additional initiatives are also introduced in the NTP (21 initiatives). This include:</p> <ul style="list-style-type: none"> • Devise new solutions to utilize un-developed or un-productive government land through land exchange to support the ministry in developing and providing affordable housing units • Loan Guarantee Program • Issue bonds to support cash flow management in the Real Estate Development Fund. • Cooperative Housing • Saving programs to enable financing applicants to save portion of the cost of owning home. • Encourage participation of major land-owners in residential development projects to achieve housing objectives and obtain financial returns for the land-owners



Commitment	
Improve public infrastructure for transportation	
Structural reform	
Rationale for carrying forward	Improving transportation infrastructure is an integral part in the government efforts to promote private investment and enhance energy efficiency.
Update on Progress	On June 8, 2014, the Saudi Railway Company (SAR) has invited applications to prequalify for the construction supervision consultancy contract for the Saudi Land bridge project. The applications are being reviewed. Transport network project in Riyadh proceeds as scheduled. Construction of the Riyadh metro started in April 2014, which will be 178km long with six lines and 85 stations including underground, elevated and at-grade sections. Regarding bus network, the road modifications for the first stage of the buses with dedicated routes have begun. Meanwhile, technical and financial analysis are being conducted for the projects' infrastructure contracts for the network routes (2 nd and 3 rd phases) after putting them out for public bid earlier. For Jeddah, a separate metro company was established and consultancy services are being provided in preparation for initiating construction work.



Commitment	
Implement a new financial Consumer Protection framework	
Structural reform	
Rationale for carrying forward	Support financial inclusion and to increase the transparency of bank fees and charges
Update on Progress	<p>Consumer Protection Principles for Banking, Insurance and Finance have been implemented. These Consumer Protection Principles embody the 'G20 High-level Principles on Financial Consumer Protection' and they set out the rights and responsibilities for financial consumers when they engage with a financial institution. They also specify specific requirements that the financial institution must adhere to in their interactions with consumers.</p> <p>Moreover, Consumer Finance Regulations have been updated in July 2014 as well as Credit Card Regulations, which have been updated in May 2015, with a specific focus on transparency and disclosure of information to consumers. Furthermore, complaint handling channels were extended to include online, mobile app & Call center. In addition, the infrastructure was enhanced to extend the availability of prepaid cards to meet the high demand of the government Wage Protection System and other programs.</p>

Annex 5. Key Economic Indicators

Key Indicators

	2015***	2016	2017	2018	2019	2020
I. Macroeconomic Indicators						
Real GDP (% yoy)	3.5	1.8	1.9	2.2	2.5	2.6
Nominal GDP (% yoy)	-14.3	-5.4	12.7	8.4	12.6	10.7
Output Gap (% of GDP)*						
Inflation (% yoy)	2.2	4.3	3.2	4.1	3.6	3.1
Fiscal Balance (% of GDP)**	-15.7	-12.4	-3.5	0.2	3.4	4.8
Unemployment (%)	5.6	6.0	5.8	5.7	5.7	5.7
Savings (% of GDP)	30.1	27.1	31.2	32.8	36.4	37.8
Investment (% of GDP)	32.7	28.6	27.3	27.3	26.5	26.3
Public Fixed Capital Investment (% GDP)	13.5	12.1	10.0	8.5	6.9	5.7
Private Fixed Capital Investment (% GDP)	14.7	8.8	9.3	10.8	11.8	13.2
Total Fixed Capital Investment (% GDP)	28.2	20.9	19.2	19.3	18.7	18.9
Current Account Balance (% of GDP)	-8.3	-9.4	-3.9	-2.0	1.4	2.7

*A positive (negative) gap indicates an economy above (below) its potential.

**A positive (negative) balance indicates a fiscal surplus (deficit).

*** Indicators can be presented on a fiscal year basis, should they be unavailable for the calendar year.