



**ADJUSTED
GROWTH STRATEGY:
SAUDI ARABIA**

SAUDI ARABIA'S ADJUSTED GROWTH STRATEGY, 2015

The purpose of this document is to highlight changes and new additions to members' growth strategies since Brisbane :

Changes to section A (Economic Objective)

Please discuss changes to the economic objectives, if any.

Our economic objectives remain the same; in the short-term: maintaining macroeconomic stability and in the medium-term: promoting potential growth and inclusiveness. In this context, the drop in oil prices just highlights the importance of continuing our efforts to conduct a pro-growth structural reform to promote economic diversification, broaden the export base, and enhance the resilience of the economy to external shocks, including the volatility of oil prices.

Accordingly, the only envisaged change to our growth strategy is the reclassification of the objective "to develop the SME sector and increase its share in the GDP and its creation of employment to nationals" from a short-term objective to become a medium-term objective. The reclassification reflects the medium-term nature of this objective and the need for it to move in parallel with other structural reforms in related areas such as financial sector reforms, productivity, and competitiveness.

We have also identified 6 key commitments in line with our key national priorities that aim at boosting domestic investment, enhancing competitiveness, and facilitating trade. These key commitments are to: 1) reduce the regulatory burden and increase government investment; 2) shift to greater private sector funding and management of investment through PPPs; 3) improve institutional settings including rules and regulations; 4) Enhance technical and vocational training; 5) boost female labor force participation; 6) implement trade facilitation agreement and improve port capacity. The choice of those key commitments benefited from technical consultation with the IOs to ensure that the identified commitments are expected to have the greatest impact on growth.

Please list the top 5 commitments from your growth strategy. These can be from either Brisbane or the current adjusted growth strategy.

Table1: Saudi Arabia's Key commitments

Key Commitments	Corresponding Commitments in the Saudi Growth Strategy
Boost investment	Increasing government investment spending to develop infrastructure without prejudicing coordination between government investments and private investments
	Maintaining a regulatory environment that is supportive and has stimulating effect on investment. SAGIA is elaborating a Road-Map for investment in major economic sectors.
Implement trade facilitation agreement and Improve port capacity	Improvement of ports capacity and streamline the procedures and substantial implementation of the trade facilitation agreement.
	Expansion FTAs to enhance non-oil exports.
Enhance technical and vocational training	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%
Boost female labor force participation	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.
PPP: Shift to greater private sector	Promote private sector investment in the four Economic Cities by overcoming obstacles that may limit the efficiency of investment performance. Reduce the rental charges of land in industrial zones and other investment projects.
Increase competition	Review laws governing the government purchases and tenders.
	Reforming contractors classification criteria
	Develop the mechanisms used in awarding contracting projects
	Revise maintenance contract rules and regulations and adopt KPIs

Changes to section B (Economic Outlook and Challenges to Growth)

Please discuss changes to the economic outlook and challenges, and if desired, highlight any new and existing gaps remaining to be addressed. Add discussion of risk of persistent stagnation, if relevant.

Update table of key indicators as follows:

The decline in oil price represents a key challenge to the Kingdom's economic growth outlook, especially if it turns out to be permanent. As a major oil exporter, Saudi Arabia is inherently exposed to risks stemming from the developments in the global oil market. Lower oil prices will affect government revenues as well as exports receipts, and consequently could affect economic growth. In the same vein, asset markets could be affected, including property assets and the stock market if lower oil price weakens investors' appetite, particularly for oil-related sectors and petrochemicals.

Nevertheless, economic activity has been resilient despite the large drop in oil prices thanks to sound economic fundamentals, strong banking system position, and the prudent use of fiscal policy space in a counter-cyclical fashion to support consumption and investment. Therefore, the economy is expected to continue to grow at a healthy rate in 2015. Indeed, the latest GDP data shows that the economy grew robustly by 3.8 percent year-on-year in the second quarter of 2015, up from 2.3 percent in the first quarter, with non-oil private sector growing at 3.1 percent. Accordingly, the IMF has recently revised up economic growth forecast for Saudi Arabia in 2015 from 2.8% to 3.4%. Over the medium-term, growth outlook would be underpinned by sustained expansion in private sector activity in the non-oil sector on the back of ongoing efforts to boost private sector growth and economic diversification in line with our key commitments.

Update table of key indicators as follows:

	2014**	2015	2016	2017	2018	2019
*Real GDP (% yoy)	3.5	3.3	2.2	2.3	2.7	2.9
Nominal GDP (% yoy)	0.3	-16.3	6.6	6.2	5.7	5.5
Output Gap (% of GDP)						
Inflation (% , yoy)	2.7	2.1	2.2	2.4	2.4	2.5
Fiscal Balance (% of GDP)	-3.4	-16.8	-12.1	-8.7	-9.6	-5.5

Update table of key indicators as follows:

	2014**	2015	2016	2017	2018	2019
Unemployment (%)	5.7	5.9	5.0	4.4	2.4	3.3
Savings (% of GDP)	45.1	43.9				
Investment (% of GDP)	27.8	29.5	30.2	30.3	30.5	30.7
Current Account Balance (% of GDP)	10.3	-5.5	-3.0	0.2	1.5	1.6

*GDP has been rebased to 2010, which has resulted in a higher share of the oil sector in the economy and consequently a downward revision of growth in 2013 and 2014.

**CDSI Data – Preliminary

Source: Saudi Arabian Monetary Agency (SAMA)

Changes to section C (Policy Responses to Lift Growth)

Please indicate any adjustments to measures taken in Brisbane Growth Strategies as well as new high impact policy measures taken since Brisbane.

Please include both macroeconomic and structural policy responses.

Macroeconomic Policy responses

Fiscal policy

In view of the huge uncertainty surrounding the oil price outlook and the nature of the shock at this stage, the 2015 budget seeks to strike a balance between a counter cyclical response to mitigate the impact of the oil price decline on economic stability in the short term and measures to promote medium term prospects. In this context, the budget continues to focus on priority programs and projects to promote sustainable and strong economic development and boost job creation for Saudi nationals in the private sector. Specifically, the emphasis remains on infrastructure, education, health, and social services. Moreover, we have attached particular attention to science and technology projects and e-government. In particular:

- **Education and training:** for general education, the budget includes 500 projects for rehabilitating existing school buildings and 11 projects for rehabilitating existing sport centers, with an estimated spending of around SR 405 (US \$108) million. For higher education, the new budget includes appropriations of around SR 12.3 (US \$3.28) billion for completing and rehabilitating of college campuses in several universities and opening of 3 new universities. With regard to the scholarship program, the total number of students studying abroad reached over 207,000 students. Total expenditure on the scholarship program is estimated at SR 22.5 (US \$6) billion, excluding scholarships for employees of government institutions. In addition, the budget includes several new projects that include building new vocational and technical colleges, additions to existing projects costs and a new project for operating Colleges of Excellence, focusing on particular professions to provide sector-specific skills, with a total cost of around SR 2.4 (US \$0.64) billion.
- **Health and Social services:** The budget includes new projects for new primary care centers throughout the Kingdom, 3 new hospitals, 3 Blood Banks' Laboratories, 11 medical centers, and 10 comprehensive care clinics. At present, there are more than 117 hospitals under construction with a capacity of 24,000 beds and 8 medical cities around the Kingdom with a capacity of 14,500 beds. It worth to be noted that in FY 2014, 26 new hospitals around the Kingdom were completed, with a capacity of 4,500 beds. For social services, the budget includes building 16 sport clubs, 5 centers for citizens with special needs, social welfare and labor offices. In addition, the budget includes additional support for social

welfare, citizens with special needs, and poverty eradication programs, with an appropriation of SR 30 (US \$8) billion.

- **Infrastructure and Transportation:** The budget includes new projects and additional appropriations for existing ones amounting to around SR 33.5 (US \$ 8.9) billion allocated to build 2,000 km of roads, upgrading and modernizing existing ports and building additional berths, additional infrastructure projects in the industrial cities of Jubail, Yanbu and Ras Al-khair, expanding and upgrading regional and international airports, and railroads projects. Spending will continue on all projects under construction that have been approved on previous FYs, which still have around SR 115 (US \$30.7) billion remaining in their costs.
- **E-government:** The continued implementation of the second phase of the National e-Government Project to support the initiatives and projects for the second operational plan for the e-Government (2012-2016). Currently, around 2000 online services are available through the National e-Government Portal (SAUDI). Moreover, the number of government entities connected to the secure electronic network has reached 111, and the number of government entities that exchange data electronically through the government integration channel has reached 100. Furthermore, a government electronic mail system was launched, which operates on a secure electronic platform to facilitate the exchange of transactions electronically between different government agencies. SADAD Payment System (SADAD) witnessed the joining of 4 new government entities in FY 2014, which increased the total number of entities (government and private) connected to the system to 139 entities. Total payments made through SADAD since its inception have exceeded SR 313 (US \$83.5) billion, increasing by 12 percent compared to 2013.

As for beyond 2015, the government is calibrating expenditure plans with the view of curtailing current expenditures and cutting back or postponing non-priority projects, while at the same time continuing the implementation of critical investment programs in both human capital and physical infrastructure to ensure that fiscal policy continues to strike a good balance between promoting economic growth and maintaining long-term fiscal sustainability, with a particular focus on productive investment spending. We remain confident that these investments along with the reforms to the investment environment will continue to support strong non-oil private sector growth and job creation for Saudi nationals in the private sector.

Specialized Credit Development Institutions and Government Financing Programs

Specialized credit institutions (Real Estate Development Fund, Saudi Industrial Development Fund, Saudi Credit and Saving Bank, Agriculture Development Fund, Public Investment Fund, and Government Lending Program at the Ministry of Finance) will continue to provide loans to support job creation and increase growth prospects. It is estimated that more than SR 73.7 (US \$ 19.7) billion will be disbursed in FY 2015 by these institutions. The total financing provided by these institutions since their inception up to the end of FY 2014 have reached around SR 587 (US \$156.5) billion.

Financial sector policy

The Saudi banking system is well positioned to weather oil price shocks. Profits in the banking sector and capital buffers are strong (average pre-tax return on assets was 2.5 percent, and the capital adequacy ratio was 17.9 percent at end-2014) and NPLs are low (1.1 percent of total loans). Moreover, banks have more than enough provisions set aside to cover any losses with provisions have increased to 183 percent of NPLs. Furthermore, Saudi banks were among the first banks at the international level to implement the Basel III capital, liquidity and leverage standards. They continue to show strong and comfortable capital and liquidity positions by holding capital and liquid assets well above the regulatory requirements. Indicators for corporate sector and non-bank financial institutions also reflect soundness and stability.

The macro-prudential framework is well established and Saudi Arabian Monetary Agency (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 within SAMA to monitor financial sector risks. In addition, a Domestic-Systemically Important Bank (D-SIB) methodology has been published and identified D-SIBs will be required to comply from January 2016 and the first Financial Stability Report was published earlier this year. The framework for countercyclical capital buffers is also being developed in line with Basel guidelines. A deposit insurance fund will be introduced in January 2016 and built-up gradually. This will protect deposits in participating banks up to a maximum of SR 200,000.

In terms of concentration risk, an aggregate large exposure limit of 400 percent of capital has been imposed, and single borrower exposure limits will be reduced from 25 percent of capital at present to 15 percent by 2019. A loan-to-value (LTV) ratio of 70 percent was introduced for mortgages in November 2014 (previously mortgages were often given for 100 percent of the property value) and its impact on real estate activity and mortgage lending is being monitored.

With the regards to the non-bank financial sector, the qualified foreign investors have been allowed from mid-June to directly invest in the equity market. This will help expand the investor base. Regarding the insurance sector, SAMA has continued to guide the sector to operate in accordance with the highest professional standards and practices.

Structural Policy

A large number of structural reforms have been implemented, including significant investments in human capital and physical infrastructure and improvements to the business environment. Privatization of state-owned enterprises has restarted with the sale of part of the government's stake in National Commercial Bank (NCB). Furthermore, the government is developing industrial clusters around oil and mining, and joint ventures in refining, mining, petrochemicals, automobiles, pharmaceuticals, and banking.

Promoting private investment and Economic diversification

A review of the investment environment in the Kingdom has been completed to identify key areas for reforms. Accordingly, eight campaigns have been organized, each of which addresses a combination of barriers and weaknesses in the Kingdom investment environment and a six-step process for a detailed action plan to make progress against the issues prioritized in the eight campaigns has been developed.

A Unified Investment Plan (UIP) has been adopted and currently we are forming dedicated teams to execute the UIP for the Healthcare, Transportation, Building Materials and Industrial Equipment sectors. More working teams will be appointed to other priority sectors, periodically. We are also 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.

More recently, a royal directive has been issued to review the commercial and investment regulations so as to allow foreign companies up to 100 percent investment in the wholesale and retail sector, which would boost the Kingdom's economy and make it more competitive while generating more jobs for Saudis. The directive would help attract major global giants to manufacture goods in the Kingdom as well as to sell their products directly to consumers and offer the best after sales services. The Ministry of Commerce and Industry and the Saudi Arabian General Investment Authority have formed a joint team to evaluate the current procedures and formulate the requirements with regard to foreign firms' entry into these vital sectors.

Increase private sector employment of nationals

The government is continuing to implement the labor market reform strategy to increase private sector employment of nationals. The reforms are designed to make Saudi nationals more competitive in the private sector labor market, make private sector jobs more attractive to nationals, and require or encourage private firms to hire nationals.

Spending on education and training has been increased substantially and the number of university graduates is increasing. Colleges of excellence, focusing on particular professions, have also been opened to provide sector-specific skills. Meanwhile, a number of measures are being taken to bridge the gap between expatriate wages and the reservation wage of Saudis. Wage subsidies and payroll tax rebates for Saudi employees are available, and monthly fees have been imposed on expatriate workers. The increased mobility of expatriate workers under the Nitaqat scheme will help increase their wages over time. The Hafiz program provides financial support for people searching for a job. Job placement services and an unemployment insurance program have been introduced.

Regulations on female employment have been eased, with more sectors being opened for their employment. As a result, Female participation has increased from around 14 percent in 2011 to 18 percent in 2014 and the unemployment rate has declined. Building on the success, proposals to reduce the private sector work week from 45 to 40 hours and to limit late night opening in retail stores, which will facilitate hiring of female workers, are being considered. On the Job training pilot was launched in late 2014. Moreover, measures are being developed to ease transportation child care barriers. Furthermore, Initiative is being developed to Support teleworking.

Housing

The government is continuing to implement its program to provide affordable housing for those in need. The government has allocated SR 250 billion from the budget surplus fund for the program, and the Ministry of Housing is continuing to develop options to support buyers which include the provision of interest-free loans (up to SR 500,000), and the payment of interest on behalf of the borrower for mortgage loans taken out from banks. The provision of support to buyers is being allocated according to a points system that favors those with greater need. On the supply side, options being developed include the provision of free public sector land and the proposed “undeveloped urban land tax” which would increase the land available for housing.

Financial inclusion

Financial access in Saudi Arabia is being broadened, including through improving financial access for SMEs from less developed regions of the country. In addition, the wage protection system that is being introduced requires nationals and expatriates working in the private sector to have bank accounts. Furthermore, the government is taking steps to increase the transparency of bank fees and charges.

Financial policies are also supporting SME 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. More generally, the Ministry of Commerce and Industry is working to better coordinate and strengthen the support to the SME sector. Furthermore, SAMA has recently issued Microfinance Rules that will contribute to the provision of finance to vocational small and medium enterprises.

Trade

The GCC leaders agreed at the 35th summit held in December 2014 on steps to reach a final status of the customs union in line with the proposal of the Customs Union Commission in this regard related to the direct and automatic transfer mechanism of customs duties and

the adoption of the single customs procedures manual in customs ports in the GCC countries and applied in all such ports as of early this year. GCC leaders also directed in this summit to complete the remainder of the requirements of the Customs Union, including those related national factories set up in the free zones and customs procedures that are applied in the first ports.

The expected positive economic impact in light of the customs union to increase intra-trade among member states and reduce the difficulties and constraints faced by the movement of 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 that seeks to benefit from the larger market. It worth to be noted in this regard that the volume of intra-regional trade of the Gulf Cooperation Council has jumped from nearly \$ 15 billion in 2002 to more than 121 billion in 2013.

ANNEX 1: NEW AND ADJUSTED POLICY COMMITMENTS FOR 2015

New and Adjusted Commitments since Brisbane

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

Please complete a table for each new or adjusted commitment put forward in 2015. We would expect each policy commitment table to be no longer than 1 page.

• The new or adjusted policy action:	Please describe the new or adjusted policy
Implementation path and expected date of implementation	Please describe when and how the policy will be implemented.
What indicator(s) will be used to measure progress?	Please indicate how the membership can check implementation.
Explanation of additional adjustment (where relevant)	If the commitment relates to policies for which past commitments (up to the Saint Petersburg Summit) have covered, clearly explain how the new commitment differs from, strengthens or accelerates the past commitment.

ANNEX 2: PAST COMMITMENTS – ST. PETERSBURG FISCAL TEMPLATE - UPDATE

Please update as necessary. In particular, please update tables as follows:

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

Estimate Projections

	2013-14*	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Gross Debt							
<i>ppt change</i>							
Net Debt							
<i>ppt change</i>							
Deficit							
<i>ppt change</i>							
Primary Balance							
<i>ppt change</i>							

Estimate Projections

	2013-14*	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
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

	2013-14*	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
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 3: PAST COMMITMENTS – BRISBANE COMMITMENTS

The purpose of these tables is to monitor the implementation of commitments from members' Brisbane growth strategies.

Key Commitments for Monitoring Purposes

The detailed table below is for the monitoring of key commitments, as identified by members. Please complete a table for each key commitment.

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, learning, assurance) 3 – Mid-term structural	1 – Complete 2- Late 2015 3 – Mid 2016	1- 37/50 CoEs are already established in partnership with 12 international providers 2& 3- Roadmap and programs are underway.

	improvements (incl. TVTC organization transformation, integration with job placement centers, skills verification)		
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.		

Boost female labor force participation	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.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<ol style="list-style-type: none"> 1 – Establish training schemes 2 – Remove transportation barriers 3 – Remove child care barriers 4-Assist with relocation 5- Support teleworking 	<ol style="list-style-type: none"> 1 – Scale-up in 2015 2 – Pilot go-live in 2015 3 – Pilot go-live in 2015 4 & 5- Initiative design 2015 	<ol style="list-style-type: none"> 1- On the Job training pilot launched in late 2014, on track 2 & 3- Concept blueprint under development- plan for pilot- on track 4- Have conducted baseline, preparing for survey & employer workshop to finalize program design 5- Initiative is being developed
Impact of Measure	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.		

Boost investment	Maintaining a regulatory environment that is supportive and stimulating effect on investment		
Detailed implementation path and status	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	2. July 2014	2. Complete.

	potential barriers to investment, to help the Kingdom achieve both real impact in the business environment and recognition on international rankings.		
	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 Improving the Availability of Quality Labour.	3. July 2014	3. Complete.
	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	7. Sep 2015	7. Two campaigns have almost completed and the

	each campaign and stakeholders.		others are in progress
	8. Implement action plans for each campaign	8. Feb 2016	8. Action plans will be implemented once the action plans for the campaigns have been agreed.
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		
	Interim Steps for Implementation	Deadline	Status
Detailed implementation path and status	1. Issuing RFPs to consultants for implementing the Unified Investment Plan (UIP) project	September 2012 March 2013 September 2013 December 2013	Done Done Done
	2. Liaising with different Government, semi Government & private sector entities to introduce the UIP and obtain sectors' information	On-going May 2015	Done On-going Done
	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		
	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		
	5. Forming dedicated teams to execute the UIP for the Healthcare, Transportation, Building Materials and Industrial Equipment		

	<p>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>	
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% 	2019	Up to date, around SR 412 billion out of SR 2.5 trillion has been spent on project of major sector.
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 13 region-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
	1. Establish regional investment councils.	1. 2017	1. 6 regional investment councils have been established since 2010. Regional investment councils have been created for: Najran, Jizan, Aseer, Madina, Hai'l and Tabuk. SAGIA is currently evaluating the establishment of investment councils for the remaining regions.
	2. SAGIA shall publish updated regional economic report for the 13 regions.	2. 2017	2. The regional economic reports were published in 2007, 2010, 2014. The next regional economic report will be published in 2017.
	3. SAGIA shall publish updated regional competitiveness reports for 13 Regions.	3. December 2015	3. SAGIA published regional competitiveness reports in 2007 and 2010. SAGIA is currently in the process of publishing a regional competitiveness report for 2015. SAGIA is working with third party vendor to publish regional competitiveness report for 2015.
4. SAGIA will work with regional investment councils to overcome obstacles, and improve the investment environment.	4. December 2016	4. After publishing the 2015 regional competitiveness report, 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 kingdom.		

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>Detailed implementation path and status</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
Impact of Measure	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.		

Increase Competition	Reviewing and updating the contractors classification system		
<p>Detailed implementation path and status</p>	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		
	Interim Steps for Implementation	Deadline	Status
Detailed implementation path and 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 Industry 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
	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
Impact of Measure	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 GDP growth projected at 4.51%over the next five years.		

Other Brisbane Commitments

This table is for the monitoring of other Brisbane commitments (non key commitments). Please complete a table for each commitment.

• The policy action:	Please describe the policy
Implementation path and expected date of implementation	Please describe when and how the policy will be implemented.
Status of Implementation and Impact	Status: Explain the current status of the implementation of the policy, for example by using “on track, delayed or complete” and if possible provide details Optional: Explain, quantitatively or qualitatively, observed and expected impact of the measure and whether the measure is achieving its intended outcome.

ANNEX 4: PRE-BRISBANE COMMITMENTS

Please include a maximum of 5 important structural reform commitments from Action Plans prior to Brisbane. Please also include all relevant monetary and exchange rate commitments. Fiscal commitments will be accounted for in the St. Petersburg Fiscal Template in Annex 2.

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	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.

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>Banking Consumer Protection Principles (BCPP) implemented on 1st September 2013. Insurance Consumer Protection Principles (ICPP) implemented 1st June 2014.</p> <p>These Consumer Protection Principles include ‘General Principles for Consumer Protection in Saudi Arabia as well as informing consumers about their rights and responsibilities when they engage with a supervised financial entity. They include specific commitments to consumers across the main transactional and engagement areas. Copies of the ‘Consumer Protection Principles’ are made available to consumers through the SAMA website, financial entities websites and by hard copy from the financial entities if so required by consumers. SAMA also established a call centre to receive and resolve consumer complaints.</p>