Oman 9th Five-Year Development Plan and the Strategic Economic Sectors (2016-2020)

Presented by HE Talal al Rahbi, Deputy Secretary General of the Supreme Council of Planning in the Sultanate of Oman
Berlin, March 29, 2017
Oman: A Historical Perspective

Oman has several comparative advantages that could put its economy on the high growth trajectory path

• The **strategic geographical location**
• Oman is endowed with **abundant level of energy supply**
• High level of **world quality infrastructure**
• Very **young and vibrant labor force**
• **Stable political and business environment**
• Effective **pro FDI industrial policy**
• **Supportive macroeconomic policies**

The Periplus map was prepared by a Greek sailor in the first century it shows the importance of Oman as a hub for the main sailing routes at a time when the frankincense trade was important.

*(Rights courtesy: The Office of His Majesty’s Counselor for Cultural Affairs)*
The Council of Oman, which comprises two Councils: The Majlls Ash’shura – a trailblazing experiment which has proved its success over the past years – and the Council of State, which we hope will be yet another strong building-block in the edifice of Omani society – a building-block that will reinforce Oman’s achievements and reaffirm the principles we have laid down. These principles include the establishment of solid foundations for a genuine consultative process based on the nation’s heritage, values and Islamic Shariah, which takes pride in its history while adopting the best that the modern world has to offer.”

Qaboos bin Said, Sultan of Oman
A transformational Journey for the past 45 years
Achievements of Oman Socio Economic Development 1970-2015 after a major role played by the vision 2020

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1970</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (in 000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Omani</td>
<td>658</td>
<td>2,345</td>
</tr>
<tr>
<td>Expats</td>
<td>~0</td>
<td>1,814</td>
</tr>
<tr>
<td>Oil extraction in 000 b/day</td>
<td>332</td>
<td>981.1</td>
</tr>
<tr>
<td>GDP at current prices (Mn.R.O.)</td>
<td>104.7</td>
<td>26,850.3</td>
</tr>
<tr>
<td>GDP per Capita in R.O</td>
<td>159</td>
<td>6,456</td>
</tr>
<tr>
<td>Life Expectancy at birth (years)</td>
<td>47.4</td>
<td>76.4</td>
</tr>
<tr>
<td>Pupils in general education in 000*</td>
<td>7</td>
<td>724.4</td>
</tr>
<tr>
<td>Students in Higher Education Institution in 000*</td>
<td>0.4</td>
<td>136.5*</td>
</tr>
<tr>
<td>Water Production in bn. Gallons</td>
<td>0.16</td>
<td>79.357</td>
</tr>
<tr>
<td>Population with access to Safe water %</td>
<td></td>
<td>94.9%</td>
</tr>
<tr>
<td>Girls in general education % of total Pupils</td>
<td>16.2%</td>
<td>49%</td>
</tr>
</tbody>
</table>

*Role of Private Sector in national economy has been expanding and strengthened.
*Infrastructure has been brought to advance modern standards over much of the country.

Source: NCSI
Economic Fundamentals of the Omani Economy

Oman has enjoyed a Strong Economic Fundamentals for the past Fifteen Years (2000-14)

Growth of Non-oil GDP accelerated in the past 15 years with low inflation and internal and external surpluses

Source: OMM, SCP and IMF, World Economic Outlook, 2016.
Quality of infrastructure is high, due to large investment in the past 20 years.
In the Vision 2020, Oman lays a roadmap for a sustainable economy rooted in diversification and private sector.

**THE VISION 2020 IS BASED ON 4 PILLARS INCLUDING DIVERSIFICATION...**

1. Economic Balance and Sustainability
2. Human Resource Development
3. Economic Diversification
4. Private Sector Development

...REINFORCED BY A SET OF 6 POLICY AGENDA GUIDING PRINCIPLES

- Developing Human Resources and Upgrading Omani Skills And Competences
- Encouraging the Establishment of an Effective & Competitive Private Sector
- Enhancing the Standard of Living of the Omani People While Ensuring Social Equality & a Balanced Development Across All Regions
- Creating a Stable Macroeconomic Framework Aimed at the Development of a Private Sector Capable of Operating Efficiently
- Enabling Economic Diversification & Striding Towards an Optimal Use of Natural Resources and the Geostrategic Location Of Oman
- Preserving, Developing & Building on the Achievements Accomplished in the Past 25 Years

Source: Oman Vision 2020
The 9th Five-Year Development Plan

The 2020 vision paving the way for the Future Vision (Oman 2040)

Future vision (Oman 2040) — The 9th Five-Year Plan — Vision (Oman 2020)

Evaluation of Vision 2020

Evaluation of the 8th Plan (2011-2015)

• Oman has succeeded in maintaining steady GDP growth in line with its 8th Development Plan targets, largely driven by non-oil sector growth and combined with declining levels of inflation

• Lessons learnt from Vision 2020 and the 8th Development Plan: Adopt a focused approach for economic sectors, redouble efforts to develop the private sector, create national champions to drive growth and build national human capital
The 9th Five-Year Development Plan
Developed through analysis of 19 economic, support, social sectors and enablers

*Oil & Gas and Energy sectors have been combined
The 9th Five-Year Development Plan
Policy Targets for the Strategic and Economic Diversification Sectors in the 9th 5YDP

Criteria for choosing the Diversification Economic Sectors

1. Ability to create job opportunities
2. High competitiveness internationally
3. Ability for sustainable and continuous growth
4. Ability to develop growth in other sectors

Mining
• Share of the sector in GDP is 0.4% and is expected to achieve 0.5% by 2020.
• Average growth is forecasted at 6.5% per annum.
• Total investment is expected to increase to 739 billions OMR.

Fisheries
• Share of the sector in GDP is 0.5% and is expected to achieve 0.6% by 2020.
• Average growth is forecasted at 7% per annum.
• Total investment is expected to increase to 1.1 billions OMR.

Tourism
• Share of the sector in GDP is 3% and is expected to achieve 3.3% by 2020.
• Average growth is forecasted at 5.3% per annum.
• Total investment is expected to increase to 1.6 billions OMR.

Transport & Logistics
• Share of the sector in GDP is 6.2% and is expected to increase to 7% in the Plan.
• Average growth is forecasted at 5.4% per annum.
• Total investment is expected to increase to 6.1 billions OMR in the Plan.

Manufacturing
• Share of the sector in GDP is 9.8% and is expected to achieve 11% by 2020.
• Average growth in the 9th Plan is 7.8%.
• Total investment is expected to increase to 2.6 billions OMR.
The National Program for Enhancing Economic Diversification (Tanfeedh)
A focused program to **accelerate** and **enable** implementation of the 9\(^{th}\) 5 year development plan

.. an 8 steps methodology

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Strategic Intent: defining the strategic sectors and pillars that the program will focus on.</td>
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<tr>
<td>2</td>
<td>The Labs: Deep dive into the defined strategic areas to agree on solutions and implementation requirements 18(^{th}) of September – 26(^{th}) of October 2016</td>
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<tr>
<td>3</td>
<td>28-30 November 2016 Open Days: sharing and the outcomes of the Labs with the public to obtain their views and buy-in</td>
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<td>4</td>
<td>Tanfeedh Handbook: Developing a clear and concise implementation plan and sharing it with the public and relevant stakeholders</td>
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<td>5</td>
<td>KPIs: Identifying the KPIs required to monitor implementation</td>
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<td>6</td>
<td>Implementation: Implementing the plan, resolving challenges and utilizing available opportunities</td>
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<td>7</td>
<td>Auditing and quality checking: Working with external parties to validate reported outcomes</td>
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<td>8</td>
<td>Publication of results: Publishing the outcomes via pre-approved reporting mechanisms</td>
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The start of the implementation phase in January 2017

Steps to be implemented until Dec- 2016

28-30 November 2016
For 6 weeks, on a daily average of 250 participants from the private and public sector

By the end of the 6 weeks the labs have produced lab reports with detailed activities for each of the proposed initiatives

... 14 Billion Omani Riyal Investments by 2020... (32 Billion Euros)
Strategic Sectors - Logistics

The sector has been growing at a stable rate of ~8% since 2010, of which land & sea transport contributed more than 60%.
Strategic Sectors - Logistics

Various infrastructure and enabling projects on top of existing developments, which can be syndicated with investors.
Strategic Sectors - Manufacturing

3 promising clusters in Oman: Chemicals, Building Materials and Food

Industrial and Free Zones in Oman

<table>
<thead>
<tr>
<th>Zone</th>
<th>Location</th>
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<tbody>
<tr>
<td>Sohar Freezone</td>
<td>Sohar</td>
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<tr>
<td>Al Mazunah Zone</td>
<td>Al Mazunah</td>
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<tr>
<td>Smail</td>
<td>Smail</td>
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<tr>
<td>Rusayl</td>
<td>Rusayl</td>
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<td>Nizwa</td>
<td>Nizwa</td>
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<td>Sur</td>
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<td>Duqm</td>
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<tr>
<td>Raysut</td>
<td>Raysut</td>
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<tr>
<td>Salalah Free Zone</td>
<td>Salalah Free Zone</td>
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<tr>
<td>Knowledge Oasis Muscat</td>
<td>Knowledge Oasis Muscat</td>
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<tr>
<td>Sohar Oasis Muscat</td>
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<tr>
<td>Knowledge Oasis Muscat</td>
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</tbody>
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Oman's export competitiveness

Export growth CAGR in 2005-2014 vs world market share; with 2014 export volume (bubble size); 14 sectors with >100M USD exports are included

- Manufactures of metals
- Cereals and cereal products
- Metal ores and scrap
- Iron and steel
- Non-iron metals
- Plastic
- Crude fertiliser and minerals
- Dairy and eggs
- Non-metallic minerals
- Manufactured fertilisers
- Veg. and fruit
- Veg. oils
- Seafood
- Electronics

Free Zone
Industrial Zone
Strategic Sectors - Manufacturing
Various projects to unlock, and also business opportunities of which can be syndicated with investors

True North

Ground Breaking Ideas
- Solar manufacturing (to be explored)

New Opportunities
- Dice & Mould Production
- Wheels Production
- New Grey Cement Factory
- White Cement Factory
- Cement Grinding
- Seafood Processing & Canning
- Vegetables Processing

Making the Most
- Development and Innovation of Date Products
- Aquaculture Development
- Integrated Dairy Farm
- Enhancing Poultry
- OCTAL PET Resin Capacity Improvement
- Sohar Alu. Phase 2

Enablers
- Gas Market Liberalisation
- Environment Standards
- Energy Diversification
- Advanced Manufacturing Research Centre
- Industrial Innovation Centre
Strategic Sectors - Tourism

Oman’s Tourism sector has its strengths in its culture and heritage, and exceptional natural endowment.

Culture and Heritage

- Rich culture, traditions, heritage & values
- Many cultural attractions including forts and castles, souks, oil alleys & ancient mosques
- Forts and castles classified as World Heritage Sites such as: Bahla Fort and Wall, Jabreen, The Five Falajs, and the Bat Tombs.

Exceptional Natural Endowment

- Strategic, central location accessible to potential tourists from the East & West
- Exceptional natural sights placing it at an advantage relative to GCC peers, sights include:
  - Natural reserves & water springs
  - Natural caves, Mountains & several islands
Strategic Sectors - Tourism

Oman’s Tourism sector has its strengths in its culture and heritage, and exceptional natural endowment.
Despite the challenges posed by global economic uncertainties,

Oman is Open for Business