The National Program for Enhancing Economic Diversification (TANFEEDH)

TANFEEDH Handbook

July 2017

تنفيذ

TANFEEDH

البرنامج الوطني لتعزيز التنويع الاقتصادي

National Program For Enhancing Economic Diversification

تنفيذ

TANFEEDH

His Majesty

Sultan Qaboos bin Said

"We would like to confirm again that in order for our hopes and ambitions to be fulfilled, and our plans and programs to be successful, it is necessary that all Omanis have to cooperate; on top of them is the private sector, with the various authorities and administrations in the government to implement the future plans and programs. This should be done with a spirit of responsibility, understanding, and awareness that such cooperation will result in more progress, promotion, growth, and prosperity".

Qaboos bin Said

The National Program for Enhancing Economic Diversification (TANFEEDH)

The National Program for Enhancing Economic Diversification is an action-oriented program derived from the 9th Five-Year Development Plan (2016 – 2020). The Program aims to contribute to the achievement of the Sultanate's vision of economic diversification by addressing the challenges and difficulties faced by governmental, private and civil institutions in achieving the objectives of the 9th Five-Year Development Plan.

TANFEEDH aims to identify the responsibilities, resources, and timeframes needed for implementation of initiatives that drive economic diversification; set clear standards and Key Performance Indicators (KPIs) for said initiatives; and, provide periodic reports on the progress achieved in the implementation of the initiatives to ensure that the public is routinely informed of the Program's progress.

The Program adopts a systematic approach to assist the Sultanate in the execution of initiatives to achieve the goal of economic growth in targeted economic sectors. The methodology is based on collecting and analyzing data and information in the focus sectors, identifying the challenges and obstacles to growth in the targeted sectors, and developing solutions to these challenges. Moreover, the approach specifies the authorities responsible for implementation and further outlines the mechanisms through which initiative KPIs and implementation plans will be monitored and evaluated.

This phase of the program will cover three of the economic diversification sectors that are included in the 9th Five-Year Development Plan: tourism, manufacturing, and logistics. In addition, this phase includes two enabling sectors: labor market and employment and finance and creative financing. Solutions and interventions were defined through intensive labs (workshops) with the participation of government and the private sector as well as representatives from academia, civil society, and youth.

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Important notes:

Focus sectors and objectives of the labs

The labs phase (September 18th – October 26th, 2016) of TANFEEDH focused on three economic sectors (tourism, manufacturing, and logistics) and two enabling sectors (labor market and employment and finance and creative financing).

The TANFEEDH methodology, developed and customized for Oman based on the Malaysian model, depends on the participation of various civil society groups and stakeholders from the public and private sectors in the decision-making process through intensive six-week labs (workshops). This methodology builds on the approach taken in the preparation of the 9th Five-Year Development Plan which included conducting more than 40 workshops and forming multi-sector work teams. This is derived from the belief that all parties play a role in supporting the goals of economic diversification. Additionally, this approach reinforces the Program's principles of shared accountability and transparency.

Using the labs (workshops) in the TANFEEDH Program

- Provides a mechanism for sustainable dialogue among the relevant parties to discuss sectoral challenges in light of the current global and regional economic conditions, identify significant obstacles which may interfere with the implementation of developmental projects, and solve problems by suggesting implementation solutions that aim at bringing about the desired economic and social benefit.
- Enhances trust between society and government on the one hand, and government and private sector on the other, to establish a healthy work environment and identify common ground based on open and transparent dialogue.
- Activates organized, common, and sustainable communication channels among all parties. Through traditional media (visual and audio) and social media (YouTube, Twitter, Facebook, Instagram, etc.), and through holding periodic meetings and sessions with the stakeholders, the program looks to ensure all parties are able to provide input to support decision making.

Outputs of TANFEEDH

The TANFEEDH Program does not aim to develop new strategies and plans. Rather, it looks to detail existing strategies and plans to the level of actual implementation by documenting implementable and measurable tasks and work steps for executing parties to follow. Hence, the name TANFEEDH (which means "implementation" in Arabic) has been selected for the program. Additionally, the Program aims to promote a new work culture to be leveraged in the implementation of national plans. This entails identifying and distributing responsibilities and roles among the concerned parties and measuring the performance of their implementation efforts.

It is important to note that the outcomes of the labs are a "national product" which was formulated and established by a number of diverse stakeholders from the public and private sectors, civil society institutions, academics and the youth. This national product took more than 51 thousand man hours. Accordingly:

- The figures, statistics, performance indicators, and timeframes developed throughout the labs are subject to revision based on the nature of each project and the economic variables that may be encountered during the implementation phase.
- This Handbook previews the outcomes of TANFEEDH and the results of the labs conducted in 2016. Therefore, it is worth noting that the data used in this handbook refer to the statistics of 2015 and available information from years before.
- Private sector investors have yet to be identified for some of the projects mentioned in the handbook. Efforts are still ongoing to secure commitments, which may delay the implementation of said projects.

The outcomes of the TANFEEDH labs are not final, but the methodology followed encourages the:

A) Continuity of involvement from the same participants who developed these outcomes in coordination with the concerned parties, through the establishment of steering committees for each sector.

B) Periodic publication of updates to ensure that the public is aware of the latest status and progress of the program.

The TANFEEDH Program has identified many initiatives and projects for implementation in the five focus sectors. Some sub-projects and sub-initiatives are included under "main" projects and initiatives. For example, the initiative of "increasing the local production of cement" in the manufacturing sector includes five sub-projects: two new gray cement plants, a white cement plant, and two cement grinding facilities. This applies to other sectors as well. Therefore, the previously announced number of (121) projects and initiatives represents the total number of sub-projects and sub-initiatives of TANFEEDH. In light of this and after a review to group projects in a more streamlined fashion, the handbook describes 74 "main" projects and initiatives.

Based on the Malaysian experience, a "30-30-40" rule would be expected to apply to the implementation phase for the projects and initiatives as follows:

- 30% of projects and initiatives are expected to be implemented "as-is".
- 30% of projects and initiatives are expected to require adjustments during implementation as the need arises.
- 40% of projects and initiatives are expected to be reconsidered and might require the introduction of new ideas and alternative solutions depending on the new opportunities and new economic developments.

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Introduction

The Sultanate of Oman has observed numerous achievements over the 46 years since the dawn of the blessed renaissance under the leadership of His Majesty Sultan Qaboos bin Said. This has resulted in many benefits, including the development of human capital and utilizing the state's resources to enhance growth of different sectors in the economy.

The national strategic plans of the Sultanate underpin the policy of economic diversification and enhancing non-oil revenues of the Sultanate. Economic diversification is considered a strategic objective which will lead to economic growth in light of the global economic conditions. This focus creates an obligation to shift from a commodity-based economy – namely oil and its derivatives – to an economy focusing on growth in other sectors to propel economic development. The diversity of its natural resources presents the Sultanate a unique competitive advantage in regional and global markets as well as an opportunity to achieve its economic diversification objectives.

The economic diversification policy aims at focusing on promising sectors where the Sultanate possesses the potential to create a competitive advantage with a focus on tackling obstacles that limit the potential for growth in the targeted sectors. This requires:

- Utilization of the Sultanate's strategic location and available natural resources to diversify away from oil activities. Hence, there is a need to invest in infrastructure projects such as ports, airports, and main roads in order to enhance the logistical footprint of the Sultanate in the region.
- Leveraging on infrastructure investments to encourage non-oil exports. The emphasis will be on a) vertical growth through increasing the local added value of oil and gas and b) horizontal growth through priority investment in the promising economic sectors identified in this phase of the TANFEEDH Program: manufacturing, logistics, tourism, fisheries, and mining. These sectors can subsequently utilize the investments made in strategic logistical nodes to better integrate the Omani economy into the global trade network.

An emphasis on these non-oil sectors will result in a decline in the contribution of oil to the Gross Domestic Product (GDP) at current prices from 44% during the period from 2011 – 2015 to 30% by 2020. It is also expected that the average contribution of natural gas activities will reach 2.4% by 2020 compared to the average contribution of 3.6% during the 8th Five-Year Development Plan (2011 – 2015).

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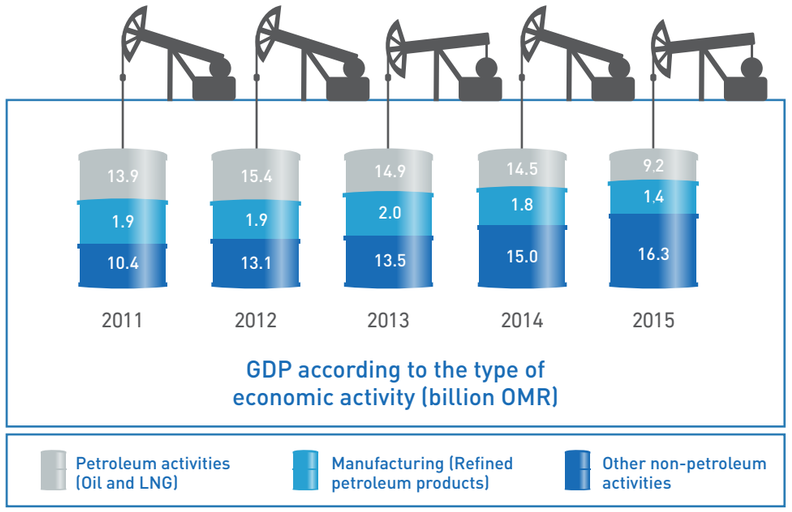
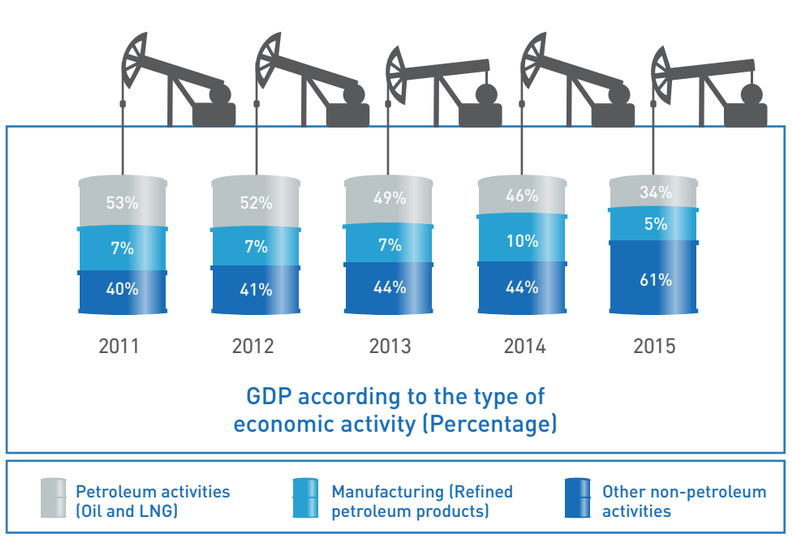




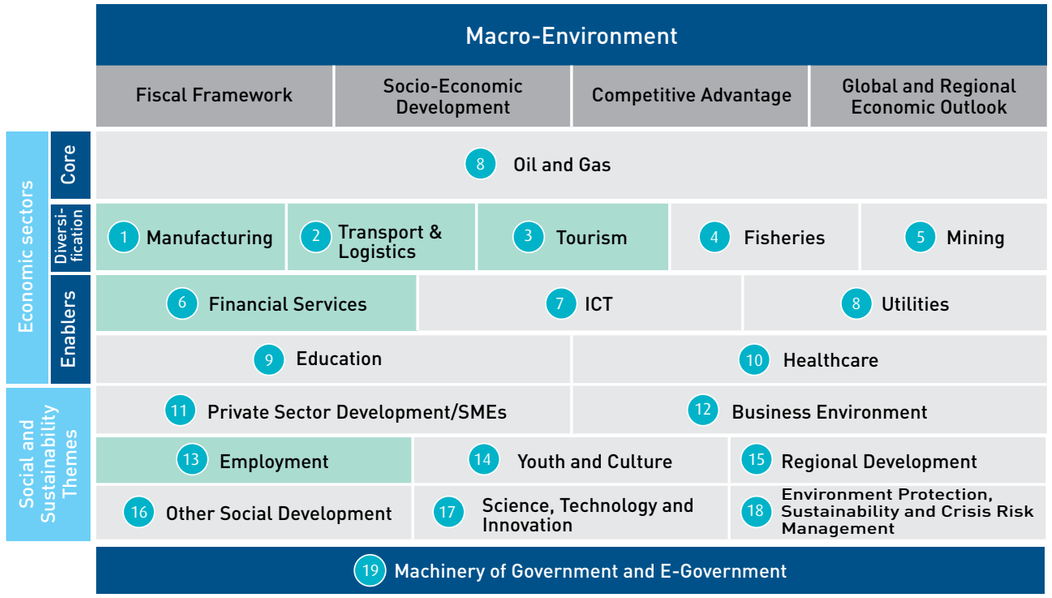
Source: NCSI

Although the decline in the global oil prices has played an important role in increasing the contribution of non-oil activities to GDP, the Sultanate has recorded development in economic diversification as the share of oil activities share decreased from 60% of the GDP in 2011 to 39% in 2015.

Based on estimates developed in the 9th Five-Year Development Plan, there is the possibility of faster growth in the non-oil sectors, compared to oil-related activities, for the period 2016 to 2020. Non-oil activities are forecasted to grow at 4.3% annually during 2016 to 2020 whereas the oil-related activities (at constant prices) will witness a slight increase at just 0.2% annually.

It is expected that the manufacturing sector will achieve high growth rates that reach 6% annually during the 2016 to 2020 period. As for the tourism and logistics sectors, they are expected to achieve growth of 5.3% and 5% annually, respectively. The fisheries sector is expected to achieve a growth rate of 6.5% annually whereas the mining sector to achieve a real growth rate of 6% annually.

Per the 9th Five-Year Development Plan, 19 economic, social, and enabling sectors have been identified to support economic diversification in the Sultanate. Relevant programs and policies have been set to ensure their growth based on encouraging local and foreign investments, supporting small and medium enterprises (SMEs), facilitating and simplifying procedures, as well as overcoming obstacles that hinder investors and businessmen in the targeted sectors.



Source: 9th Five-Year Plan (2016 – 2020). The Supreme Council for Planning

TANFEEDH builds on previously developed strategies and plans and their objectives and related policies. The Program aims at accelerating the pace of economic diversification in the sectors included in the 9th Five-Year Development Plan through creating mechanisms geared towards the execution of specific projects and initiatives. The initiatives were developed through the participation of representatives from the public sector, private sector, and civil society. Each initiative identifies the authorities responsible for implementation, financing requirements, timelines, and KPIs to measure performance. To enable the concerned authorities to implement the projects and initiatives developed by the Program, the Implementation Support and Follow-up Unit was established in October 2016 by Royal Decree No. 50/2016.

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Part One ▶

An Overview of the National Program for Enhancing Economic Diversification (TANFEEDH)

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Part One

An Overview of the National Program for Enhancing Economic Diversification (TANFEEDH)

On 1 January 2016, Royal Decree No. 1/2016 was issued approving the 9th Five-Year Development Plan (2016 – 2020). The Plan stresses the importance of economic diversification and the need to accelerate the economic growth of the Sultanate as well as the necessity to shift from an economy based on one main commodity – oil – to a diversified, vibrant economy based on many sectors.

A number of promising sectors were identified in the plan as focus sectors to foster economic diversification:

1. Manufacturing
2. Transport and Logistics
3. Tourism
4. Fisheries
5. Mining

To develop suitable mechanisms to achieve the objectives of economic diversification articulated in the 9th 5 Year Development Plan, Article 7 of the Royal Decree stated that, "the Supreme Council for Planning shall devise an Execution Plan for the 9th Five-Year Development Plan and instruct all government departments concerned to implement the Execution Plan after it is approved by the Council of Ministers."

Given this direction, and combining it with His Majesty's emphasis on learning from successful experiences and models developed elsewhere in the world, the General Secretariat of the Supreme Council for Planning examined several successful examples for implementing economic and social development plans. One of the experiences explored was the Malaysian model that emphasized economic transformation using a disciplined delivery management model, which is reminiscent of the successful model seen earlier in the UK. The World Bank, the 9th Five-Year Development Plan team, and other specialist experts recommended the adoption of the model implemented in Malaysia as part of the Economic Transformation Program managed by the Performance Management & Delivery Unit (PEMANDU).

After a comprehensive review of the Malaysian experience – which included a visit by a PEMANDU delegation to the Sultanate to meet officials from the Supreme Council for Planning and another visit by a delegation from the General Secretariat of the Supreme Council for Planning to Malaysia to closely examine the nature of PEMANDU's operations – PEMANDU was contracted as an international consulting firm to provide technical support to the General Secretariat of the Supreme Council for Planning. This partnership worked hand-in-hand to put in place implementation mechanisms needed to achieve the objectives and policies of economic diversification mentioned in the 9th Five-Year Development Plan. On that basis, the National Program for Enhancing Economic Diversification (TANFEEDH) was designed and launched.

With support provided by a technical team staffed from both the General Secretariat of the Supreme Council for Planning and PEMANDU, and with the participation of local and international experts, the methodology for a national program was custom developed for the Sultanate. The Program would be aligned with the aspirations of the 9th Five-Year Development Plan and the challenges facing the Omani economy, while also considering the existing strategies with the aim of developing implementation programs for targeted sectors: tourism, manufacturing, logistics, fisheries, and mining. In addition, there are other economic and enabling sectors that will be considered in future phases of the Program.

The methodology was submitted to the Diwan of Royal Court, and His Majesty subsequently blessed the Program and delivered orders to commence implemetnation.

A- Objectives of the Program

The Program aims to contribute to the achievement of the Sultanate's economic diversification vision by tackling the most significant challenges facing public authorities and other institutions in delivery and accelerate the pace of implementation.

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TANFEEDH's underpinning principles include a focus on developing projects with sound budget requirements that contribute to GDP and create job opportunities for nationals. The implementation of these projects are supported through a clear governance mechanism in each sector with plans that clearly outline how to implement each initiative and attract Domestic and Foreign Direct Investments (DDI and FDI).

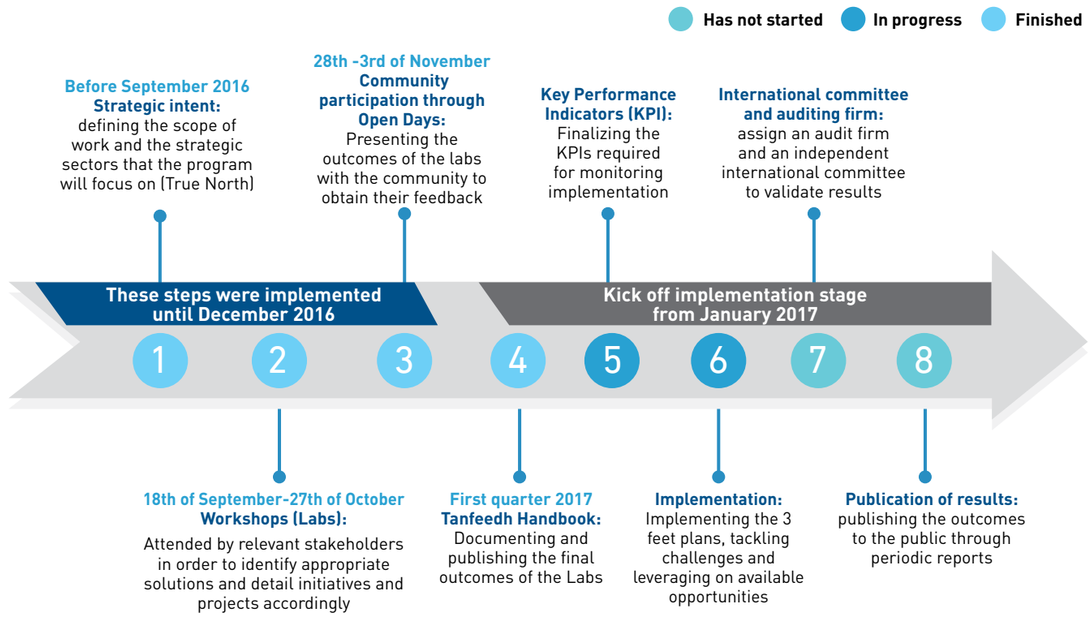
Moreover, the Program aims at making the Sultanate more competitive through improving its regional and international indicators and rankings that measure economic and social performance through building cooperation and facilitating the involvement of all concerned parties (governmental and private) in order to execute adopted implementation plans.

B- Methodology of the Program

TANFEEDH's methodology depends on involving decision-makers in open discussions where all concerned sectors (government and private) take part in identifying the feasible solutions and initiatives and consolidating the efforts and objectives within targeted sectors. The methodology is also based on creating a flexible and practical work environment founded on a sustainable dialogue among stakeholders and a comprehensive implementation framework (detailed action steps, time frames and accountable individuals, as well as KPIs) in addition to ensuring transparency and accountability through publishing periodic updates on implementation.

Therefore, the TANFEEDH Program adopts an eight-step methodology in alignment with the Malaysian model. These steps have been tailored to accommodate the unique Omani local context. The methodology is represented in the following steps:

1) **Strategic direction:** Identify the strategic intent, scope of work, and the sectors that will be the focus of the labs. This is done by outlining the objectives to be achieved, the involvement and role of various stakeholders, and directing the efforts being undertaken towards one unified objective. In this step, the strategic direction



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of the program – represented by providing new job opportunities, enhancing the contribution of non-oil sectors in the GDP, and increasing the percentage of the contribution of the private sector in capital investment was formally adopted and communicated.

2) **Labs (workshops):** Intensive labs were conducted for 6 weeks with the participation of stakeholders from public and private entities, academic institutions, and civil society organizations with the aim of transforming national plans for economic diversification into detailed implementation programs (3ft plans) that identify the organizations responsible for implementation, resources required, and budget needed. Additionally, time frames for implementation and detailed KPIs were also drafted. The labs included open discussions about various challenges, prioritizing these challenges, providing justifications for change, finding solutions to tackle these issues, and reviewing the outcomes of labs on a weekly basis with stakeholders.

To achieve consistency and harmony among the outcomes of the Program, the roles and responsibilities to ensure the flow of the discussions during the labs have been specified as follows:

- **Head of the Sector:** The minister responsible for that particular sector. The Head takes responsibility for lab outcomes and ensures implementation and follow-up on the outcomes of the labs. Sector heads periodically attend their sectoral labs and participate in syndication sessions.
- **Deputy Head of the Sector:** The undersecretary responsible for ensuring the success of the labs and implementation of the outcomes. In the pre-labs phase, he/she approves the roadmap, fact packages, and the final list of lab participants. He/she takes the responsibility of assigning tasks to the team members. During the labs, the Deputy verifies the proposed initiatives. He also informs the Head periodically of all relevant updates on the labs and takes the responsibility of the participants' attendance and commitment in addition to solving problems raised from discussions (if any). The Deputy is also responsible for the implementation and follow-up during the post-labs phase.
- **Session Moderator:** An individual responsible for administering the discussion and the flow of labs according to set schedules. All inquiries from inside and outside the labs shall be directed to the moderator so he can coordinate their introduction into the lab environment.
- **Participants:** They are the participants in the labs who take part in the discussions. They represent the government, private sector, universities, and civil society organizations. All participants' ideas and inputs are considered and evaluated.
- **Lab Leaders:** Lab leaders are selected at the end of the first week based on their contributions and ability to speak on behalf of the participants in the lab. The lab leader shall be considered as the representative of his own lab when interacting with other labs.
- **Focal point in the relevant ministries:** The focal point is the person authorized by the ministries assigned to assist in the daily tasks associated with the TANFEEDH Program. The focal point reports to the Deputy Head of the Sector in the pre-lab phase. He/she validates the information provided in the charter, fact packages, and the participants' list while also providing the relevant information to assist in background research for the pre-labs phase, acting on behalf of the Head of the Sector and the Deputy Head whenever they are not present. He/she is also responsible for periodically informing the leadership team in his/her ministry (the minister or deputies) with all the updates and developments during the time of the labs.
- **Experts who are specialists in the sectors:** Persons with high-profile and wide experience in their disciplines. In the pre-lab phase, the expert is responsible for completing the lab's charter and the sector's fact package as well as working on identifying and providing the required data. The expert also helps identify challenges facing the sector and may act as a participant in the labs.

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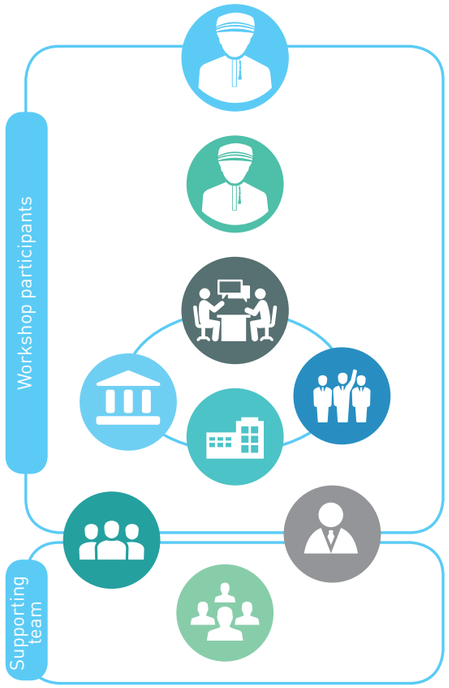
- **Lab coordinator for the sector:** This position helps coordinate the full-time participants and assists with visitors during the lab. The coordinator supports the mutual interests of the sectors and is responsible to the Deputy Head of the Sector. He/she contributes in the pre-lab phases in adopting the charter, fact packages, and the list of the candidates nominated to take part in the labs. He/she also follows up with the participants' commitment during the time of conducting the labs.
- **Support Team:** During the time of the labs, personnel shall be appointed to provide transport and supplies services, public relations, translation, etc.

Attendance of various groups of society and a number of sector representatives in workshops (laboratories)



1. Minister for the Sector
2. The undersecretary of the ministry in charge of the sector - full-time workshop to support debate and decision-making
3. Decision makers and representatives of the sectors involved in the debate
   - Government sector
   - Private sector
   - Civil society and academia
4. A dedicated working group to support and promote inter-sectoral discussion in the workshops
5. Local and international experts are available to participate in the debate and support the dialogue
6. A dedicated central team to prepare the program's needs and provide logistical support

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3) **Community participation (Open Days):** The TANFEEDH lab outcomes are presented to the general public for the first time in this step of the Program. This aims to enhance community participation in setting the Sultanate's future plans for economic diversification. This is achieved through an exhibition where public can view the outcomes of the second step (the labs) and provide feedback that will be considered during implementation. To ensure broad community participation, the program depends not only on an open exhibition, but also utilizes social media (Facebook, Twitter, YouTube, Instagram, etc.) and traditional media (television, radio, and newspapers). In addition, an electronic survey is available during the time of the exhibition and on the Program's website.

4) **TANFEEDH handbook:** This is a book published to the public and is available for anyone on the TANFEEDH website. It includes an overview of TANFEEDH, its significance in accelerating economic diversification, its outcomes (initiatives and projects), implementing authorities, and the Topline KPIs for each focus sector. The book is considered a reference for the program.

5) **Finalizing the KPIs:** Detailed KPIs are officially adopted and targets are set to measure performance in order to follow the actual implementation of the projects and initiatives. In this step, KPIs identified during the labs phase are further refined, validated, and broken down by month and year in order to allow for improved accuracy in monitoring and follow-up of the Program's main outcomes.

6) **Implementation of the projects and addressing challenges:** This step includes the implementation of initiatives and projects as well as tackling the challenges identified with support of the Implementation Support and Follow-Up Unit (ISFU). The ISFU works in coordination with the relevant ministries and those who are responsible for implementation, in accordance with a clear governance structure, to support the implementation of each initiative. Periodic reports related to the progress of work are provided to the ISFU to monitor the initiatives in line with the plans outlined during the labs.

7) **Verifying the results:** This step includes auditing the results of implementation. The audit is independent from the work of the ISFU and is performed in consultation with an independent committee of local and international experts. This committee will play an important role in revising the follow-up mechanism, the level of progress achieved, auditing and reviewing the periodic reports with the aim of verifying the validity of results and data, and making proposals and recommendations to enhance the follow-up methodologies and mechanisms.

8) **Publication of the results:** Results of each year's activities will be published for the public in an annual report that highlights the results related to the implementation of projects as well as the most important changes resulting from TANFEEDH.

C- Governance of the Program

In accordance with the Royal Decree No. 50/2016 issued on October 17, 2016, the Implementation Support and Follow-up Unit (ISFU) was established. The ISFU is an independent entity - whose head reports to the Minister of Diwan of Royal Court - responsible for the monitoring and following up on the implementation of national projects. Among these projects are the TANFEEDH Program projects and initiatives. The ISFU works in coordination with the ministries and officials involved in implementation of the Tanfeedh outcomes. The Unit also assists with problem solving and overcoming challenges that may arise during the implementation phase by adopting clear follow-up mechanisms based upon the KPIs and 3 feet plans developed during TANFEEDH.

The Program has adopted a governance structure for all targeted sectors. This model is overseen by a steering committee in each sector. The steering committees monitor the achievement of projects and initiatives. The initiative owners will receive support from sectorial working groups, ministerial delivery units in the relevant ministries, and the ISFU.

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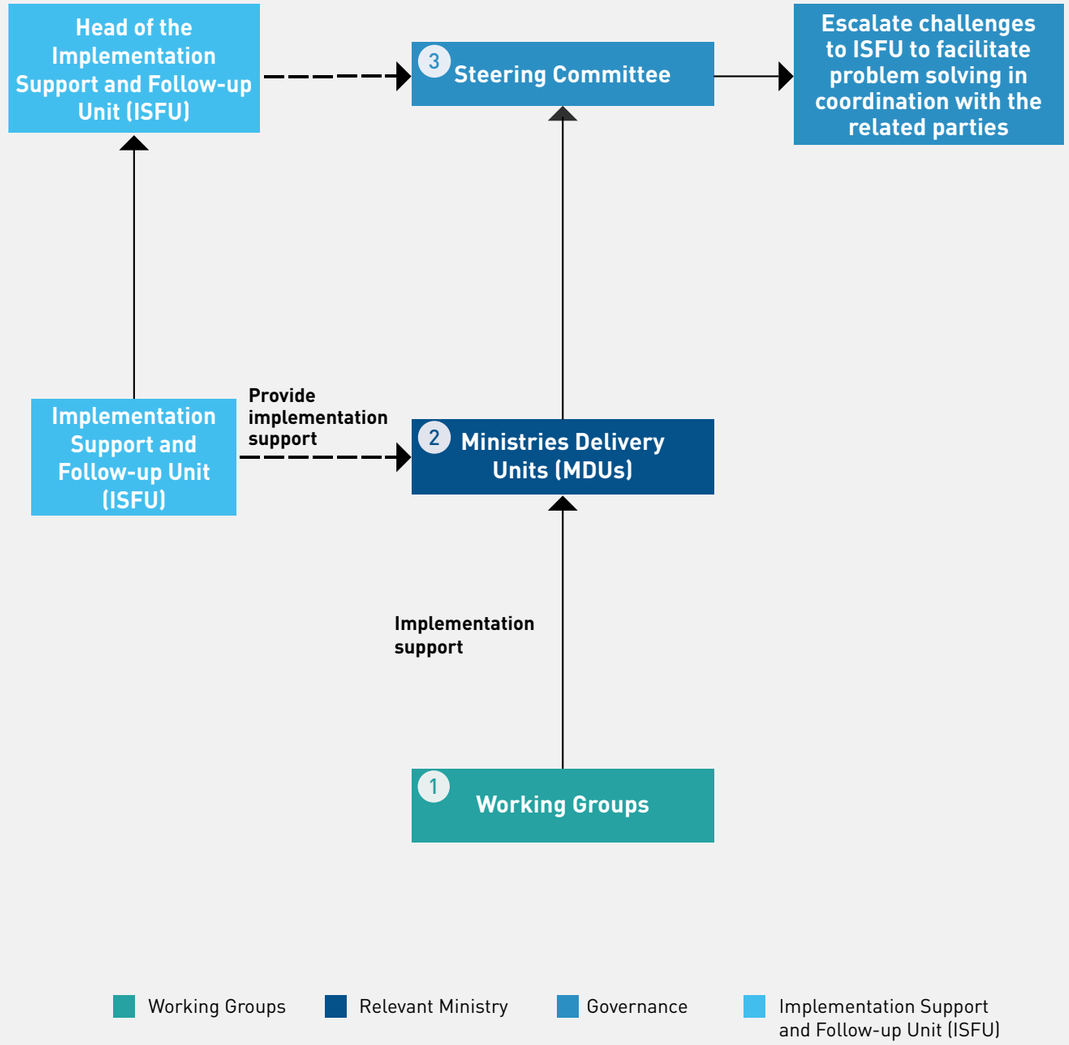
Implementation and Follow-up mechanism at Implementation Support and Follow-up Unit (ISFU)



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Part Two ▶

Steps Achieved in this Phase of the TANFEEDH Program

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Part Two

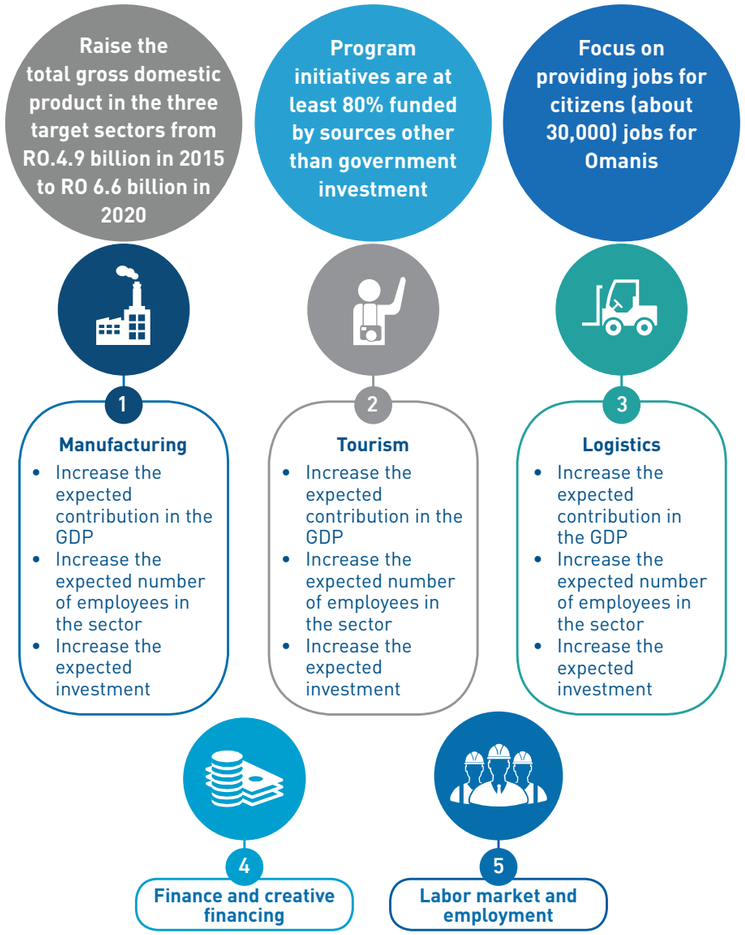
Steps Achieved in this Phase of the TANFEEDH Program:

1- The First Step: Strategic Direction

The sectors for economic diversification identified for this phase of the Program were selected based on their high potential to accelerate economic growth. They are: tourism, manufacturing, and logistics. Additionally, two enabling sectors have been identified: labor market & employment and finance & creative financing.

Three main objectives have been set. The labs aim at achieving these objectives by 2020:

1) Increase the contribution of the targeted economic sectors (tourism, manufacturing, and logistics) to the Sultanate's GDP from 4.9 billion Omani Riyals in 2015 to 6.6 billion Omani Riyals by the end of 2020.
2) Ensure no less than 80% of the labs' initiatives and projects are funded from sources other than government investment.
3) Create at least 30,000 job opportunities for Omanis through Tanfeedh Program initiatives.



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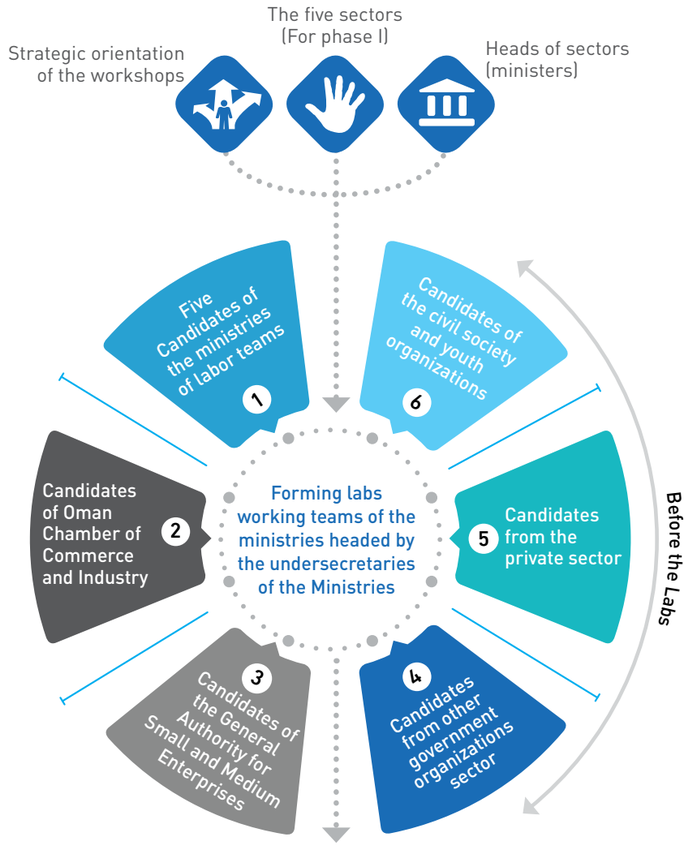
The participants in TANFEEDH have been selected according to a methodology that relied upon inviting various stakeholders to nominate and select the relevant participants from government, private sector companies, consultants, academics, those who are interested from the civil society, and the youth.



After initial lists were created, the sponsoring Ministries identified the final participants for the labs

During the labs, many additional participants were also invited after lab attendees suggested that their participation would provide additional insights.

Nominations to participate in the Labs are based on	
1. The participant's ability to address the subjects outlined in the lab charter created for the specific sector.	2. Percentages of representation are as follows: • 60% of participants from the private sector, civil society, academia, and the youth. • No more than 40% of participants from the public sector

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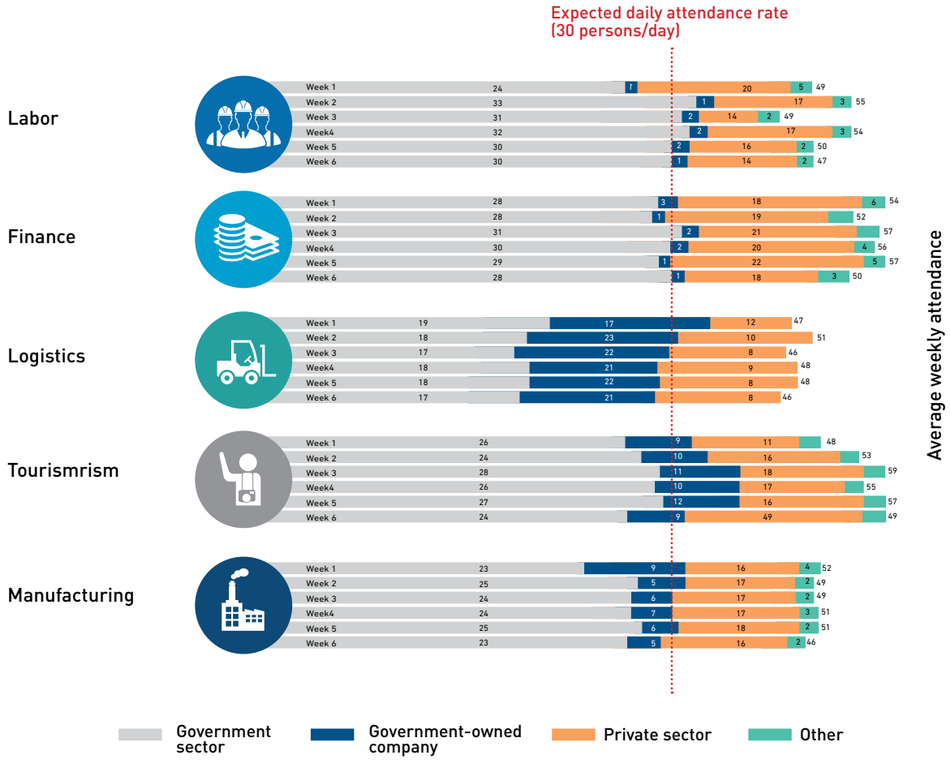
2- The Second Step: Labs (Workshops)

Labs, the most important step in TANFEEDH, were conducted in Muscat Governorate from September 18 to October 26, 2016. They were held daily from 8:30 a.m. to 4:30 p.m. Around 160 relevant ministries and governmental institutions, private sector organizations, academic institutions, and civil society institutions. The numbers of participants outnumbered the expected target with a daily average attendance of 250 participants. Participants were distributed across the five sector labs.



Also, every lab was attended by a group of experts and specialists from PEMANDU and the General Secretariat of the Supreme Council for Planning. Their role was to provide technical support and to facilitate the discussions. The participants took the responsibility of forming the initiatives and finding solutions. Every lab was chaired by the sector's related minister. The undersecretary was the deputy-chair and attended the whole session of the labs.

In the first and second weeks, the participants identified the difficulties and challenges faced by the sector. From the third week to the sixth week, the participants suggested and developed suitable solutions and created mechanisms and initiatives that may enhance economic growth, as well as confirmed necessary budgets and detailed implementation plans for the initiatives and projects. By the end of the sixth week, the activities of the labs were concluded in a closing ceremony attended by the heads of sectors, relevant officials in the ministries, honored Highnesses and Excellencies, and various guests from the media and civil society. A comprehensive report of the challenges and solutions was prepared as well as detailed implementation plans for the initiatives, projects, KPIs, required budgets, implementation schedules, and identification of implementing authorities.

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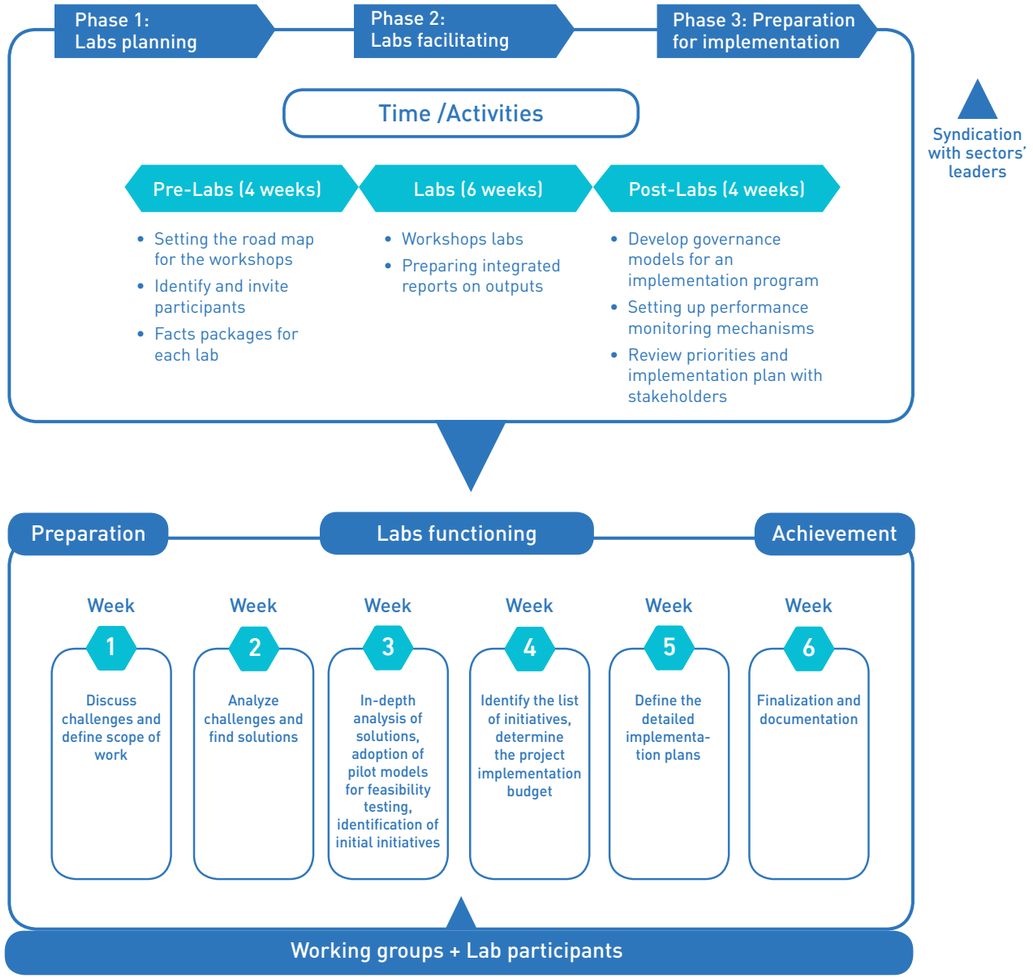

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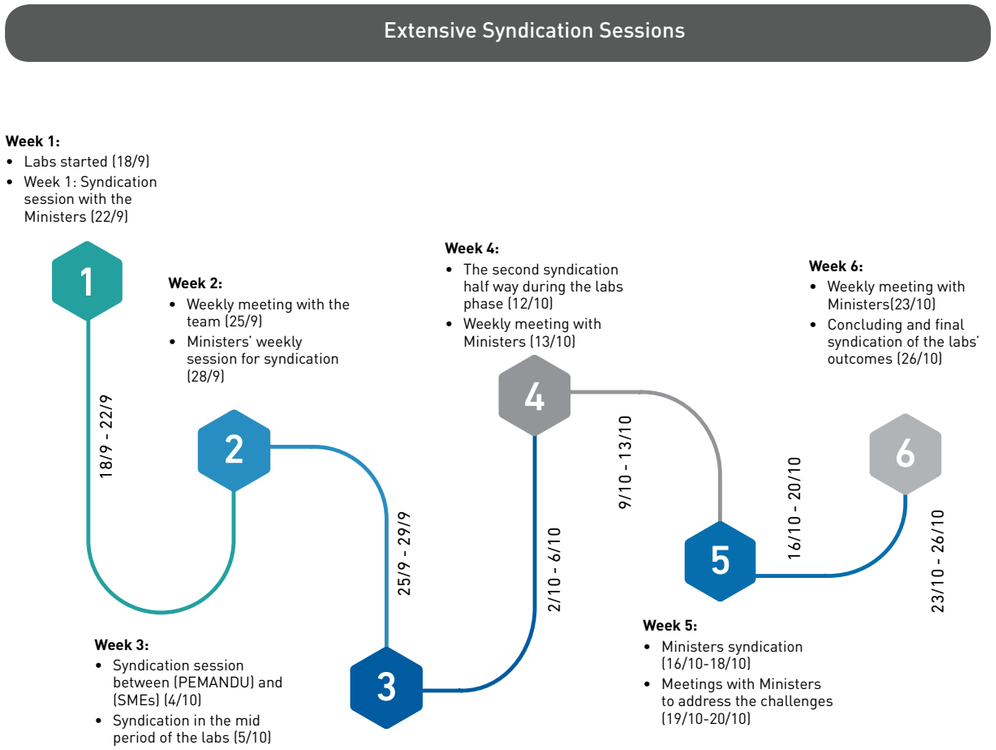
The sectors-related ministers attended many benchmarking sessions throughout the labs to look at the outcomes and approve the initiatives created by the participants. Other benchmarking sessions were held weekly with the undersecretaries to agree on the sectors outcomes.



An overview of the general outcomes of the labs

At the end of the six week labs, a report of the outcomes for all sectors was issued (around 2,000 pages). The report included details of activities related to every initiative or project. In addition, there were detailed project plans, KPIs, and budgets – as proposed by the participants – included as appendices. These outcomes are considered "a national product" that was produced after utilizing approximately 51,000 working hours. TANFEEDH outcomes include more than 100 initiatives and projects and more than 250 KPIs.

Given the Malaysian expertise in the field of economic transformation, it is expected that a 30-30-40 principle will be present during implementation of the projects and initiatives:

- 30% of projects are expected to be implemented "as-is".
- 30% of projects are expected to undergo some amendments as developments occur during implementation.
- 40% of projects are expected to be reconsidered and replaced by other projects to achieve the same desired objectives due to the possibility of having better economic opportunities or in response to the emergence of challenges or obstacles (economic, social, cultural, etc.) during implementation.

The initiatives and projects proposed represent investment opportunities estimated at 14 billion Omani Riyals - with approximately 13 billion Omani Riyals contributed by the private sector and an additional 1 billion Omani Riyals from the public sector.

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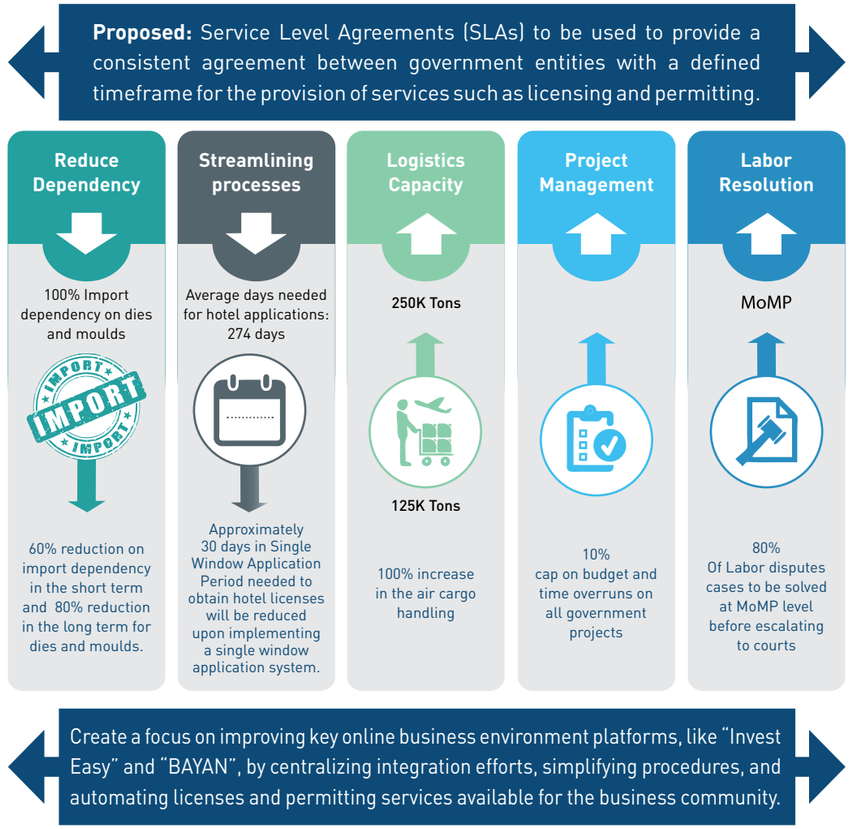
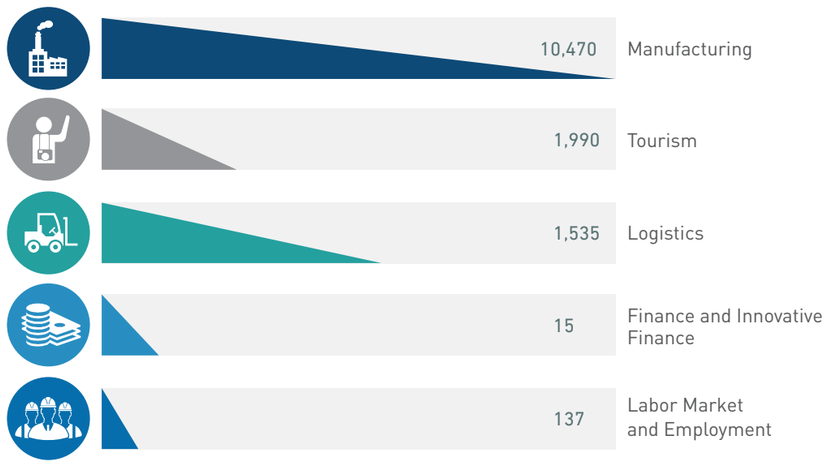
Unlocking Constraints for Implementation



The investment per each Sector- in Million/Riyals Omani



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The Labs Outcomes of the Tanfeedh Program
Certificate of Stakeholders' Acknowledgement

I hereby acknowledge to be committed to and support the TANFEEDH Program's outcomes developed from 18 September to 26 October 2016, taking into consideration the community's perspective during the open days (20-22 September 2016)

The Ministry	Comments	Signature
Ministry of Commerce and Industry		
Ministry of Tourism		
Ministry of Transport and Communications		
Ministry of Finance		
Ministry of Manpower		

3- The Third Step: Community Participation

This step aims to introduce the general public to the TANFEEDH Program and the focus sectors. Additionally, it aims to assess the general public's opinion and obtain feedback in preparation for the next phase. Three primary methods were used to communicate with the community: a public exhibition (Open Days) on November 28-30, 2016; traditional and social media; and, an online survey made available to the public from November 18 to December 1, 2016. Feedback on the outcomes of the TANFEEDH Program were documented and shared with key stakeholders for their consideration and further action.

- Public Exhibition (November 28 – 30, 2016)
- Traditional and Social Media
- Online survey made available to the public from November 28 to December 1, 2016 to gather feedback on the outcomes of the TANFEEDH Program

A- Public Exhibition (Open Days): a number of the lab outcomes were presented to the community during the public exhibition (known as Open Days) held from November 28-30, 2016 at the Oman Convention and Exhibition Centre. The Exhibition enabled the labs' participants and experts to interact with the public to discuss and share the initiatives developed during the labs. More than 5,000 people attended the Open Days to learn about the TANFEEDH Program.

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B- Traditional and Social Media

Traditional and social media played an integral role in introducing the TANFEEDH Program, and its outcomes, to the public. The public was able to interact with the Program by posing questions and inquiries through various media outlets and social media channels that were then answered by the TANFEEDH team. In addition, samples of the TANFEEDH outcomes were communicated through traditional media, and several interviews and call-in shows were held on television and radio to allow for the public to gain insights into the Program's methodology and deliverables. Moreover, the panels presented at the Open Days (public exhibition) were published on the TANFEEDH Program website in Arabic and English.

- Highlights of the TANFEEDH Program were communicated through the social media and the general public was able to submit questions through various platforms which would be reviewed and replied to by the relevant teams.
- Samples of the TANFEEDH outcomes were published through traditional media, and a number of interviews and call-in shows were held on television and radio to allow for the public to gain insights into the Program's methodology and deliverables.
- The panels presented at the Open Days (public exhibition) were published on the TANFEEDH Program website (www.tanfeedh.gov.om) in Arabic and English.

Date:
November 28 -30, 2016.
Venue:
Oman Convention and Exhibition Centre
Attendence:
More than 5,000 vistors

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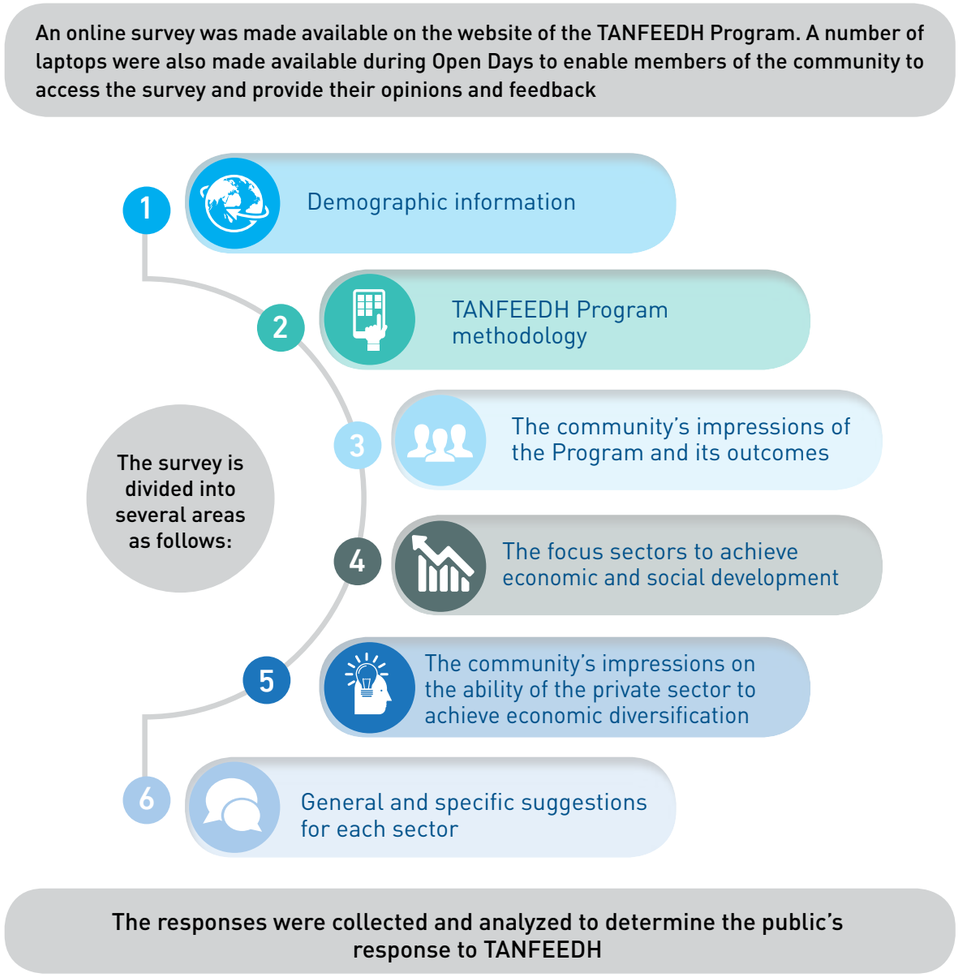
C- Online Survey

An online survey was made available to gather feedback on the presented outcomes of the TANFEEDH Program. The survey was also available on the TANFEEDH Program's website to provide those individuals unable to attend the Open Days with the ability to participate and give their comments. The survey was divided into several different areas:



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Upon the completion of the survey, responses were collected and analyzed to determine the public's response to TANFEEDH. In general, the results of the survey reflect a positive response from the community in relation to the Program and its outcomes.

Public involvement in the Tanfeedh Program continues through traditional and social media after the Open Days in order to provide the public with updates on the Program and its overall progress.

Highlights from the Survey:

The survey showed 66% of the participants believed in the private sector's ability to help the Sultanate achieve its goal of economic diversification. When requested to prioritize the sectors for future labs, participants indicated that the education sector is one of the most important sectors that should receive focus to achieve economic and social development in future phases of the program, followed by the agriculture and fisheries sectors as highlighted in the table below:

The Sector	Rank
Education and Higher Education	1
Fisheries	2
Health	3
Agriculture	4
Mining	5
Technology, Innovation, and Communications	6

Survey participants also highly approved of the mechanisms and methodologies utilized by the TANFEEDH Program:

Program Specific Questions	Agreement Rate (%)
The methodology followed by the TANFEEDH Program will contribute to enhancing economic diversification.	94.5
TANFEEDH Program outcomes will help the Sultanate increase competitiveness in different social and economic indicators.	92.6
TANFEEDH Program's methodology will support the concerned authorities in executing their projects and plans in alignment with leading practices.	91.2
TANFEEDH labs' outcomes will improve the quality of ongoing efforts and extend collaboration and participation among various stakeholders.	93.2
Using KPIs will support various government institutions to achieve agreed upon goals and expected outcomes.	96.4
TANFEEDH Program methodology will enhance public and private sector performance and collaboration.	92.6

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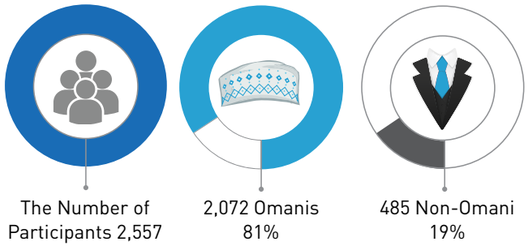
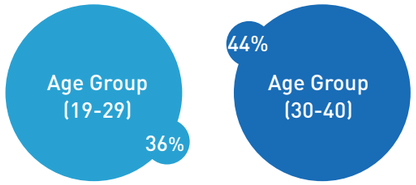
The Results of the Survey (the Community Participation Phase)

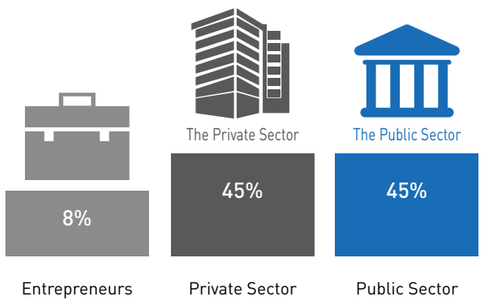
The demographic distribution of the participants in the survey



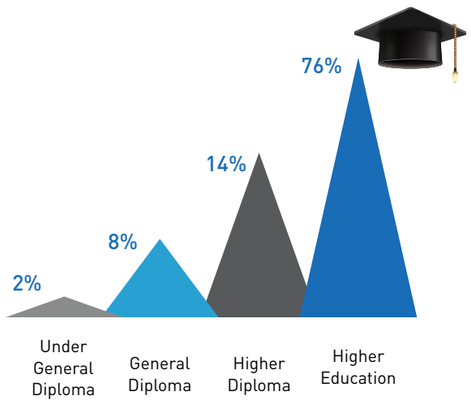
The age-group distribution of the survey participants



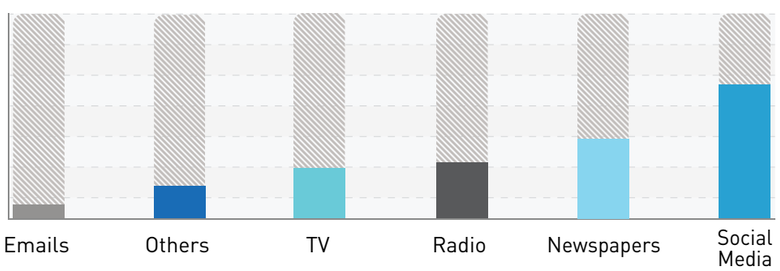
The participants' distribution based on type of employment



The survey participants' qualifications



How did Survey Participants hear about the TANFEEDH Program?



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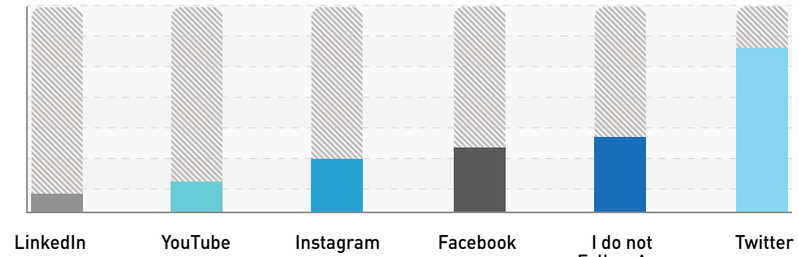
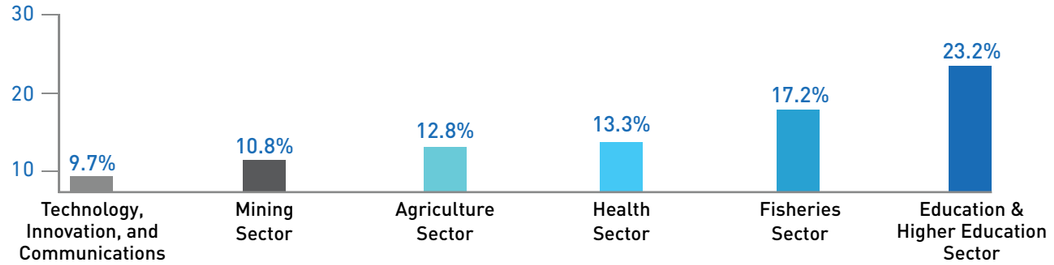
Which Social Media Platforms are Used by Survey Particiapnts to Follow on the Updates of the TANFEEDH Program?



What Sectors Would Survey Participants Like TANFEEDH Program to Focus on Next?



Tanfeedh Mechanisms and Methodology

Program Specific Questions	Agreement Rate
The methodology adopted by TANFEEDH will contribute in enhancing the economic diversification.	94,5%
TANFEEDH Program outcomes will support the Sultanate increasing its competitiveness in different social and economic indicators.	92,6%
Using KPIs will support various government institutions to achieve the agreed upon goals and the expected outcomes.	96,4%
The TANFEEDH Program methodology will enhance public and private sector performance and collaboration.	92,6%

Survey Participants Believe the Community and Private Sector should be Involved in Decision-Making for Economic Diversification

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Part Three ▶

Outputs of the TANFEEDH Focus Sectors

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Manufacturing Sector

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Overview

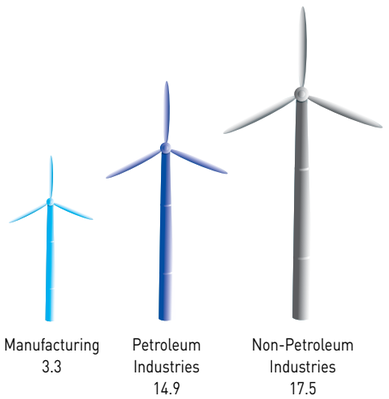
The manufacturing sector is listed in the 9th Five-Year Development Plan as one of the focus economic sectors for economic diversification. This sector contributed approximately 10% of the Gross Domestic Product (GDP), RO 3.3 Billion in 2013. Manufacturing's average annual growth was 10.3% during the period 2009-2013.

By preparing a detailed report of the Sultanate's annual exports and its share in the international market, the following manufacturing sub-sectors were targeted as the most promising fields for economic diversification in Oman's manufacturing sector: petrochemicals, metals, non-metals, and food production.

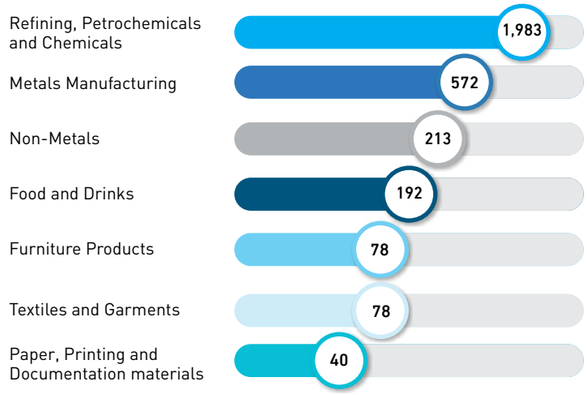
The sub-sectors that are contributing the most in the Manufacturing sector are: Petrochemicals, Metals and Non-metals Manufacturing and Food Industry.

The Manufacturing sector contributed approximately 11% to the Sultanate's GDP

The Gross Domestic Product in 2013 (in RO bullion)



The Gross Domestic Product in 2013 in RO



The Most Promising Manufacturing Sub-Sectors in the Sultanate

Chemicals and Petrochemicals
- Accounts for 63% of the manufacturing sector
- Moderate contribution throughout the past few years, indicating a weakness in economic diversification efforts and economic transformation
- High dependence on oil

Food And Drinks
- The fourth ranked among manufacturing sub-sectors
- Compound annual growth is less than the total growth of whole manufacturing sector
- It is an indicator of the weakness of competitiveness and exports volume

Metal and Non-Metals
- Accounts for 25% of the manufacturing sector
- High potential for growth and diversification
- Non-metal products have witnessed a major decrease between 2009 and 2013

Furniture and Wood
- Only 2% of the manufacturing GDP
- Recorded the highest rates of growth between 2009 and 2013
- The performance of this sub-sector was better than the other sub-sectors, but it started from a smaller base

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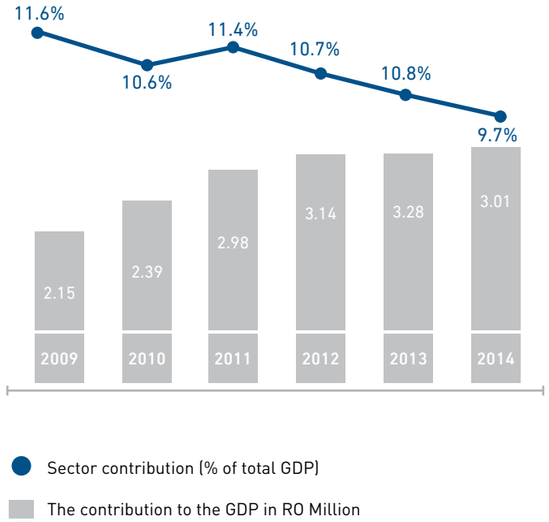
The most prominent trends that were discussed in the labs

The contribution of the manufacturing sector as a percentage of the GDP has witnessed a gradual decline, from 11.6% in 2009 to 9.7% in 2014.

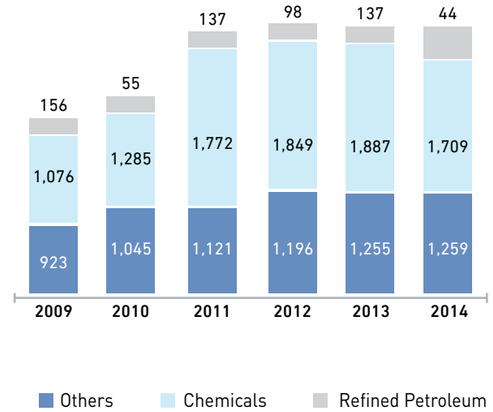
1 **The manufacturing sector as a share of total Gross Domestic Product.**

Sector contribution (% total of GDP)
The contribution to the GDP in RO Billion.



2 **The manufacturing sector is heavily reliant on petrochemicals.**

View of the manufacturing sector's contribution to the Sultanate's GDP per year (RO Million).



8.15% Manufacturing GDP CAGR (2009-2014)

11.23% Overall GDP CAGR (2009-2014)

Comments: In 2014, nearly 60% of GDP in the manufacturing sector is generated by oil-related activities (petrochemicals and oil refining).

Source: National Centre for Statistics Information

The Sultanate of Oman is heavily reliant on oil-exports, but there are a number of natural resources that can be leveraged. The Sultanate can make use of these resources and focus on the enhancement of the complementary industries in the fields of petrochemicals, metals, non-metals, and food production. Oman's production chain for exports regularly stops at the initial upstream stages of manufacturing or the midstream stages of manufacturing without focusing on downstream industrial activities, which can increase GDP. In addition, the sector needs to leverage non-traditional sources of energy (alternative energy). Current gas supplies are limited and do not have high enough levels of production to support both of downstream industries and industrial research, yet support of both is essential for continual innovation and development.

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The Challenges	Details
Competitiveness of the business environment	• Despite increases in the Sultanate's rankings in the World Bank Ease of Doing Business Index, there are a number of significant opportunities for Oman to improve the business environment, which would, in turn, affect the Sultanate's attractiveness to the local and foreign investors. • Limited efforts exist currently to promote and market the manufacturing sector, especially export producing activities in this sector. • Limited transparency of the regulating laws and policies. • Multiple authorities are involved in the issuance of licenses and permits for the sector.
Operational costs	• Increases in wages and the other operational costs has led to a decline in the competitiveness of the Sultanate in comparison to neighboring countries. • The shortage of the gas supplies, especially considering increased demand by the sector, have caused prices to rise, which impacts the productivity and efficiency of factories and their facilities. In particular, the energy sector's dependency on natural gas to generate power (97%) has created pressures on the allocation of gas for the manufacturing sector.
Productivity	• The productivity of the workforce in the Sultanate of Oman has witnessed a relative decline which has negatively affected the productivity of the sector.
Omanisation	• The manufacturing sector employs 12.5% of the total workforce in the Sultanate. Yet, the rate of Omanisation does not exceed 18%, which is low in comparison with other sectors.

The most prominent opportunities in this sector

Opportunities	Details
The National Income and Income Per Capita	• High degree of correlation between the increase of income per capita and the increase in the industrialization rate
Economies of Scale	• The manufacturing sector provides good opportunities to make use of the economies of scale. • As the sector grows, reductions in the marginal cost of inputs for production can lead to lower average unit costs for producers and increased efficiency of operations.
Technological Advancement	• The manufacturing sector provides technological advancement opportunities which enhance the effectiveness and efficiency of the processes of the sector. • Also, the focus on the industrial and technological advancement will enhance the innovation and development facets in this sector.
Spillover Effects	• Due to the diverse supply of the manufacturing sector and the connectivity with various sectors, improvements in the manufacturing sector can lead to growth in other sectors.

The existence of a supportive business environment that can meet the sectors' needs and satisfy the employers' needs are the most important of requirements for economic development in the manufacturing sub-sectors. There are several factors that affect the business environment in the manufacturing sector. These include:

- The ease of obtaining licenses and permits for factories and industrial establishments
- The costs of certain process inputs like energy and water;
- Workforce policies; and,
- Marketing of the Sultanate's manufacturing sector, including awareness of the Sultanate's products locally, regionally, and internationally.

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The Top-Line Key Performance Indicators of the Manufacturing Sector in this phase of the Program

1) Increase the sector's contribution to the total GDP to RO 6.6 B by 2020.
2) Increase foreign and local investments by a minimum of RO 9 Billion by 2020.
3) Increase the number of jobs in the manufacturing sector from 267,000 in 2016 to 280,000 by 2020.

Sub-Sector and Initiative KPIs in this phase of the Program

A- The Petrochemicals	
1.	Enhance OCTAL's production capacity for Polyethylene Terephthalate (PET)
2.	A plant to produce Polyethylene Terephthalate
3.	Ammonium Fertilizers Plant
4.	A Bituminous Waterproof Membranes Plant
B- Metals	
5.	Expanding Sohar Aluminum Plant to produce liquid metal
6.	Scaffolding and Scaffolding Parts
7.	Aluminum manufacturing downstream and steel products
8.	A plant to design and manufacture metal dies and molds
C- Non-Metals	
9.	Increasing the local production of cement
D- Food	
10.	A plant to provide and process vegetables
11.	Seafood processing and canning
12.	Establishing an integrated dairy farm
13.	Enhance the poultry production business
14.	Development and innovation of date products
E- Energy	
15.	Formulate a national environmental policy for the energy sector
16.	Review the gas-pricing policy for industrial uses
17.	Energy resource diversification
F- Innovation	
18.	Advanced Manufacturing Research Center (AMRC) in Oman
19.	Strengthening the existing Industrial Innovation Center (IIC)

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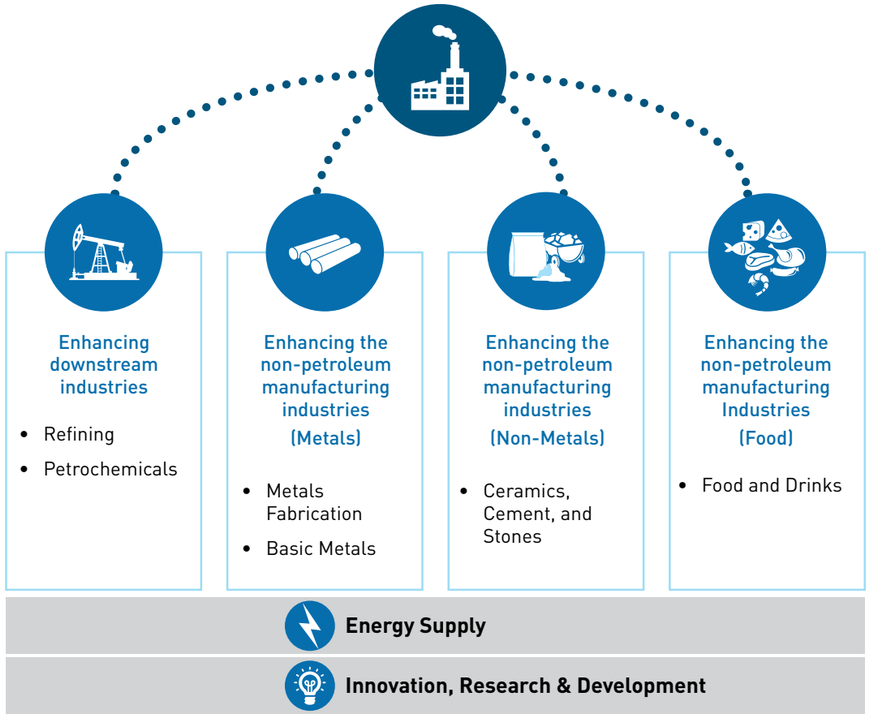

A- Petrochemicals

This sub-sector focuses on enhancing and developing the manufacturing activities of petroleum products and by-products. The petrochemicals and refining sub-sector accounts for more than 50% of GDP of the manufacturing sector (2013). Plastics and chemicals are among the products produced. The importance of this sub-sector is attributed to its influence and interrelation with the other sub-sectors such as mining, gas products, and consumer products. Fertilizers have achieved meaningful growth, which should be leveraged to increase this sector's growth rate and contribution to GDP.

1- Enhance OCTAL's production capacity for Polyethylene Terephthalate (PET)

This initiative aims to optimize the production capacity of OCTAL's assets. OCTAL is the largest producer in the world of the Polyethylene Terephthalate sheets and PET resins. The company is an international pioneer in exporting high-quality plastic packaging and boxing materials. The annual volume of foils and rolls produced is 1 million tons. Currently, the company operates only 50% of its Omani production capacity due to the limited supply of gas (74,000m3/day). OCTAL requires an additional 50,000m3 daily to achieve full production capacity. At full capacity, OCTAL could add an additional RO 13.9 Million to GDP by 2020.

In addition, once full capacity is attained, additional annual revenues of RO 100 million could be achieved and employment could be increased by 50 positions.

Implementing Agencies	• OCTAL
Stakeholders	• The Ministry of Commerce and Industry • The Ministry of Oil and Gas • Salalah Free Zone

2- A plant to produce Polyethylene Terephthalate

The Sultanate of Oman is producing and exporting

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polyethylene triflates sheets and rolls. However, it imports the Polyethylene Triflates pipes, which are manufactured for these sheets.

Titronic Middle East LLC will produce 16,000 tons of the polyethylene triflates sheets and rolls annually. Therefore, this sector can be supported by establishing another plant for the production of the polyethylene triflates in Salalah near OCTAL to produce the sheets, or in the other free zones to produce the pipes instead of importing them locally.

Some targets have been made for this investment; the total production capacity shall be 16,000 tons, and the annual profits will be RO 1.54 Million excluding the interest, taxes, and consumption. The project will provide an additional 80 job opportunities.

Implementing Agencies	• Titronic Middle East LLC • Salalah Free Zone	
Stakeholders	• Ministry of Commerce and Industry • Ministry of Oil and Gas	• The Ministry of Environment and Climate Affairs • Salalah Free Zone

3- Ammonium Fertilizers Plant

Although the consumption of fertilizers is increasing worldwide, the Sultanate of Oman produces only one type of nitrogenic fertilizer, namely the Urea fertilizer. Globally, increases in food consumption have increased the production of ammonia salts fertilizers such as the mono ammonium phosphate, ammonium diphosphate, ammonium sulphate, and ammonium nitrate. The Sultanate's production of the nitrogenic fertilizers has increased from 1 million tons in 2005 to 3.1 million tons in 2013, but there is a possibility to further enhance production to leverage on global market growth.

The ammonium plant, which is planned to commence operations by 2019, could produce 1 million tons of ammonium for use in the production of fertilizers. Moreover, it will provide 210 job opportunities, as well as support a number of small and medium enterprises (SMEs).

Implementing Agencies	• Oman Oil Company SAOC	
Stakeholders	• Ministry of Commerce and Industry • The Ministry of Environment and Climate Affairs • Salalah Free Zone	• Salalah Methanol Company • The Port of Salalah

4- A Bituminous Waterproof Membranes Plant

Insulation membranes are used in construction and building for heat-resistance surfaces, covering membranes channels, waterproofing of deep-based buildings, and for insulation systems of bridges in the ports. It is expected that the global consumption of this product will increase from 1 billion m2 in 2015 to 1.6 billion m2 by 2020 due to increases in the number of construction projects. This initiative will generate RO 5.17 million in investments and provide 26 direct job opportunities.

In partnership with TECHNO NICOL, Muscat International Bitumen (MIB) aspires to produce up to 10 million m2 of bitumen membranes. Up to 13 different types of downstream products can be produced from these membranes.

As per the plan, a 15,000 m2 plant will be constructed at the Port of Sohar. The construction process of the plant has four main phases and is expected to be completed by 2020.

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Implementing Agencies	• Muscat International Bitumen
Stakeholders	• The Ministry of Commerce and Industry • The Ministry of Finance • The Ministry of Manpower • The Ministry of Oil and Gas

B- Metals

This sub-sector is further divided into two main parts; the manufacturing of metal products and the manufacturing of basic metals products. Iron, steel and aluminium are the main products of this sub-sector due to high demand in the international markets. Domestically, the construction industry is the main consumer of these products, in addition to other potential consumers due to the presence of various industrial projects.

5- Expanding Sohar Aluminium Plant to produce liquid metal

Liquid metals are an essential input in the production of aluminium and support several sectors, including electricity, automobiles, and aerospace. This initiative aims to build a smelter with an annual production capacity of 385,000 tons per annum, with the potential to increase by by 13,000 tons per annum. Approximately 60% of the aluminium produced will be targeted for consumption by local manufacturing companies. The location of Sohar Aluminium Plant, which is next to Sohar Free Zone and Sohar Industrial Area, will allow for export of the product in order for it to be used in other downstream activities.

This initiative will help increase the total sector GDP from RO 1.5 Billion to RO 1.9 Billion by 2020. It will also provide about 1,000 job opportunities. Moreover, it will provide a larger quantity of the melted metal to downstream industries.

Implementing Agencies	• Sohar Aluminium	
Stakeholders	• Oman Oil Company • Takamul • Oman Aluminium Processing Industries LLC • Oman Aluminium Rolling Company	• Oman Gas Company • The Ministry of Oil and Gas • Prospective processing industries companies

6- Scaffolding and Scaffolding Parts

The Sultanate and other GCC countries are continuously increasing their imports of scaffolding parts. The Sultanate of Oman imports 80% of its needed scaffolding materials from the UAE and 15% from China despite the fact that it has great potential to produce and manufacture the scaffolding parts locally. These products can be classified into six classes, but the most used ones in the Sultanate are the caplock and scaffolding pipes and equipment. Therefore, focus initially will be limited to the production of these two classes only while the other classes of scaffolding in the Sultanate are based on the requirements of each project.

The execution of this initiative requires three phases. The first phase aims to attract investors and develop a local production strategy; the second phase includes commencing construction and operation of the facility and, the final phase is follow-up and assessment.

The proposed location is Sohar due to its closeness to Sohar Industrial Area, Free Zone, and the Port. The production capacity of this project will increase output by about 20-50 tons/year. The revenues of this project will be RO 9.5 million. Furthermore, 80% of the raw materials will be produced locally, and only 20% will be imported. This will increase the investments by RO 6.4 million and provide 170 operational job opportunities and 73 construction job opportunities. The effect of producing the scaffoldings locally will result in investment opportunities in the fields of specialised services that are related to scaffolding.

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Implementing Agencies	• Petroleum Development Oman	
Stakeholders	• The Ministry of Commerce and Industry • The Ministry of Oil and Gas • The Ministry of Finance	• Royal Oman Police • The Ministry of Manpower • The General Authority for Investment Promotion and Export Development (ITHRAA)

7- Aluminium manufacturing downstream and steel products

(Three Projects)

This initiative aims to use aluminium products to increase manufacturing activities for local use and export by focusing on three main products in the downstream value-add chain: wheels, valves, and flanges.

1) **Wheels:** The production of wheels in this project will increase to 2 million tons/year. Sohar Aluminium Plant will provide 45% of the raw materials needed as inputs. Therefore, it is suggested to make the location of the project next to Sohar Aluminium Plant in Sohar Industrial Area in order to reduce the cost of transporting raw materials. The production line of wheels will extend to 12 steps that are supported by engineering design services. This project will provide 780 jobs. The targeted export value will increase to RO 8 Million in 2017 and to RO 18 Million by 2020. India and the United States are among the largest importers of these products.

2) **Valves:** 100% of valves used in the oil and gas sector in Oman are imported. The production of the valves inside the Sultanate will add 38% to the value of locally existing raw materials. KOSO Gulf LLC is planning to cover the local demand for valves by its fifth year of operation. The location for producing valves has been identified at Al Misfat area in Bousher since it is near Muscat International Airport (Exportation). Currently, the plant itself is in the operational phase where it produces 50 valves per month. By 2020, the project will contribute 100 job opportunities in different skills. The expansion of valve production requires three phases that will increase the number of values produced to 2,280 within 3 years.

3) **Flanges:** The Sultanate imports RO 11 Million in flanges a year, most of which are produced in the GCC and China. The suggested location of the project is Nizwa Industrial Area. The establishment of this project involves three phases over a period of six years. The final phase, once completed, will allow the production of 8,200 tons of flanges and will provide 130 job opportunities by 2020.

Implementing Agencies	• Sohar Aluminium Plant • The Petroleum Development Oman • KOSO Gulf LLC	
Stakeholders	• The Ministry of Commerce and Industry • The Ministry of Finance • Royal Oman Police	• The Ministry of Manpower • Sohar for Aluminium • The Petroleum Development Oman

8- A plant to design and manufacture metal dies and molds

Many manufactured products require molds and dies, with a need to secure at least one specialized mold per type of product produced (whether it is metal, plastic, or other materials). Designing and manufacturing molds and dies requires high-precision technologies. It is commonly recognized in the world of engineering that advanced manufacturing industries require specialization

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in the production of molds and dies, including the processes for producing plastic moulding, cutting and processing metal plates, and the other processes such as alloying, forging, and fabrication.

Despite an increase in demand for molds and metal cutting tools in the Sultanate, there are not any industrial companies at present that manufacture these molds and dies. Moreover, there aren't any engineering design centers that work on developing the engineering designs of these molds and dies locally. Imports fill the increasing demand for these molds and dies, with prices ranging from $50,000 to $250,000 depending on the size, complexity, precision, quality, and origin.

Accordingly, this project aims to build a plant to manufacture molds and dies and to establish an engineering design center to open new opportunities to design and manufacture thousands of new products in Oman under the title "Designed and Made in Oman". It will reduce dependence on imports, provide 100 job opportunities, and provide maintenance opportunities to rehabilitate production equipment that are used in industrial establishments in Oman. Moreover, it will increase GDP by exporting molds and the dies to the GCC and the other countries.

The construction of the plant, which will include a center to design the molds and an integrated plant to manufacture, assemble, and inspect them, will be in Sohar. It will be in two phases. The first phase will lead to commencement of production and operation of the facility within one to one and a half years. The second phase will include the expansion of the design and manufacturing activity by establishing a technology park.

Implementing Agencies	• The University of Sohar	
Stakeholders	• The Ministry of Commerce and Industry • A few Metal Manufacturing and Forming Companies in Oman • Plastic Companies	• Food Processing and Packaging companies • Takamuk company to enhance the investment opportunities in the other downstream industries

C- Non-Metals

This sub-sector has witnessed prominent growth in the Sultanate of Oman due to diverse products and their application across a number of sectors. This sub-sector includes the production of the lime, ceramics, silicon, and industrial salts.

9- Increasing the local production of cement

Cement consumption in the Sultanate has increased from 2.7 million tons in 2006 to 9 million tons in 2015, with 54% of local consumption being imported from the UAE. As for the other 46%, it is produced by local Omani companies such as Oman Cement LLC (23%), Raysut, and Al Madinah (21%).

This initiative will increase the contribution of non-metals to GDP by RO 300 million. It will directly provide 1,200 job opportunities, and serve the needs of local construction projects. The initiative is divided into three sub-projects:

1) **Two new Cement Plants:** This project aims to establish two cement plants in the Duqm Special Economic Zone to cover local demand and reduce imports with a capacity of 3 million tons/year per each plant. The two plants might use coal to generate the 80 MW of required energy and sell excess energy to other projects.

2) **White Cement Plant:** White cement is a specialised sub-market which has witnessed growth during recent years. The international consumption of the white cement has increased from 5.80 million tons/year to 6.25 million tons/year during the period of 2005 to 2010, with a compound annual growth rate of 1%.

   Accordingly the initiative aims to establish a white cement plant in the Duqm Special Economic Zone with an annual production capacity of 300,000 tons. (the project requires 49 KW of power per a ton, 15 MW at peak production).

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An increase in the production will be made in a second phase by establishing an identical line of production that produces 600,000 tons/year.

3) **Two Cement Grinding Units:** it is suggested to build two cement grinding units where one unit will be in Duqm and the other in Sohar (since it does not have cement plants). It is expected that the production capacity of each unit will be one million tons/year. The annual expected energy to be provided for each unit is 8 MW.

Implementing Agencies	• Oman Cement LLC	
Stakeholders	• The Ministry of Commerce and Industry • The Special Economic Zone Authority at Duqm (SEZAD)	• Sohar Free Zone

D- Food

Currently, there are opportunities to develop the value-added chain related to the food industries sector. This sector is full of many production opportunities in products such as fruits, vegetables, canned food, cooking oils, poultry, meat, and fish. The growth rate of food consumption in the neighbouring countries and the increase of the volume of imported food products is one of the factors that reflect the importance of this sub-sector.

10- A plant to provide and process vegetables

The abundant local production of vegetables in Oman represents a good opportunity to achieve growth in GDP. The national production of vegetables is 399,172 tons based on a Ministry of Agriculture and Fisheries report in 2015. Despite this amount of production, there is limited manufacturing of high value-added products in Oman which fulfil the Omani consumer's needs and reduce reliance on imports.

This initiative aims at providing local vegetables and fruits products with added value and enhancing the potential to export products like canned vegetables, pickles, frozen vegetables, tomato sauce and paste, and other products. The estimated GDP increase of this initiative will be RO 86 million and it will provide 130 direct job opportunities.

Al Batinah Region, especially in Wilayat Al Suwaiq, was chosen as the best place to establish the plant for providing and processing the vegetables due to several reasons. The Al Batinah region's plain is the best agricultural area in Oman producing 50% of Oman's vegetables due to the availability of fertile lands and convenient climate. The Farmers Association in this region will additionally benefit from the establishment of the plant in Wilayat Al Suwaiq.

Implementing Agencies	• Oman Investment & Finance Co. (OIFC) • Al Hosn for Investment LLC • The Farmers Association	• A'Saffa Foods • Tawoos Industrial Services Company • AATCO
Stakeholders	• Omani Agriculture SME's • The Farmers Association • Ministry of Agriculture & Fisheries • The Public Authority for Small and Medium Enterprises Development (RIYADA)	• Al Raffd Fund • Oman Development Bank • The Public Authority for Investment Development and Export Promotion (ITHRAA) • Oman National Investment Development Company

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11- Seafood processing and canning

According to a Ministry of Agriculture and Fisheries report in 2015, the total amount of Omani fish caught was 257,172 tons. The total production of the sardines was 82,654 tons in 2015 – a 32% increase compared to 2014. 79,389 tons of sardines were exported whereas the local consumption of this type of fish is about 3,265 tons. Studies show that the total available reserve of the surface fish is 330,000 tons, and the annual sustainable fish out amount is 222,000 tons.

The amount of fish enables the Sultanate to invest in the field of seafood canneries. Therefore, this initiative proposes processing local fish into high-value products. Furthermore, the Sultanate can produce different types of canned fish in various cans with an Omani brand. The products include canned sardines, canned tuna, and the production of fish powder and fish oil. This initiative can create 530 job opportunities by 2020 in addition to contributing RO 150-400 Million to the GDP.

The Duqm Special Economic Zone was chosen as the most suitable place to establish the sardines and tuna fish canning project due to the available infrastructure, transportation, and the easy delivery of the products to the targeted markets. Preliminary approval has been awarded to operate this project in Duqm. Several agreements were made with the fishermen from Al Wusta Region to provide the plant with fish. This plant aims at producing 300 million cans/year, but it requires an area of 10,000 m2 and a power source with 2,000 MW/hour.

Implementing Agencies	• The Five Oceans for Environment Services LLC • Al Hosn for Investment LLC • Oman Food Investment LLC	
Stakeholders	• The Ministry of Commerce and Industry • The Ministry of Agriculture and Fisheries • The Special Economic Zone Authority at Duqm (SEZAD)	• Fishermen • The Ministry of Manpower • Al Wusata for Fisheries LLC

12- Establishing an integrated dairy farm

The self-sufficiency rate of dairy is 31% in the Sultanate, with the balance being imported. This 69% gap in dairy production represents an opportunity for investment. By establishing Mazoon Dairy LLC in Wilayat Al Sunainah in Al Buraimi, with a capital investment of RO 100 million, the farm will be able to start with 4000 cows in the first year and grow to 25,000 cows after ten years. This will enhance the self-sufficiency of dairy and products from 31% to 68% in 2020. It is expected that the self-sufficiency rate of dairy and other by-products will increase in 2035 to become more than 100% and exceed 135% by 2040 through the introduction of two more producers in the field of dairy (thereby allowing for stronger export production).

Implementing Agencies	• Mazoon Dairy LLC	
Stakeholders	• Oman Food Investment Holding Co.	• The Ministry of Agriculture and Fisheries • The Ministry of Commerce and Industry • The Ministry of Manpower

13- Enhance the poultry production business

The initiative includes establishing two projects: one to produce white meat and the other one to produce eggs. For white chicken meat, the self-sufficiency rate is now 36%, and it is expected that this rate will increase to become 75% in 2020 once the project commences operations. The rate will be 86% in 2030 and 96% in 2040.

A'Namaa Poultry Co. will be incorporated with a capital RO 100 million in Safaa in Willayat Ibri. The annual production target is 60,000 tons. As for egg production, Osool Poultry Company will establish a facility in Willayat Haima in Al Wusta Governorate with a production capacity of 150 million eggs for local consumption with a possibility to export the production to the GCC markets.

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Implementing Agencies	• Osool Poultry LLC. • A'Namaa Poultry Co.	
Stakeholders	• The Ministry of Commerce and Industry • The Ministry of Agriculture and Fisheries • Oman Food Investment Holding Co.	• The Ministry of Manpower

14- Development and innovation of dates products

Dates constitute 50% of the edible fruits exported by the Sultanate. Based on the Arab Organization for Agricultural Development's statistics in 2013, the Sultanate of Oman ranked third among the GCC in exporting dates with 8.9 thousand tons in comparison to the KSA, which ranks first with 72.98 thousand tons, and the UAE, which ranks second with 38.69 thousand tons.

This project proposes planting one million palm trees in Oman to boost the production of dates by 54,000 tons during the period between 2016-2024. Several additional recommendations are proposed to assist in boosting production, including: developing new by-products of dates, enhancing the production capacity of palm trees, developing human capital, and setting up a national strategy to manage the one-million palm tree project. The recommendations also include enhancing food security in the Sultanate, finding high-value derivatives of dates, discovering sweeteners made of local dates instead of those imported, and entering investment partnerships with international entities. It is expected that this initiative will contribute RO 290 million to the GDP and create 440 job opportunities.

Implementing Agencies	• Oman National Investment Development Company (TANMIA) • Industrial Innovation Center	
Stakeholders	• The Ministry of Agriculture and Fisheries • The Farmers Association • The local farmers	• The Public Authority for Investment Promotion and Export Development (Ithraa) • The Public Authority for the Devolvement of the Small and Medium Enterprises (Riyada)

E- Energy

A variety of sources of energy will serve as strong enablers in the manufacturing sector. Many manufacturing activities are energy intensive and require alternative and viable sources of energy. Considerations in this sector include determining what variety of energy sources the Sultanate should pursue and rationalizing their contribution to the Sultanate's total energy production. Government policies and legislation related to energy production, and their market value, are also included in focus for the proposed initiatives.

15- Formulating a National Environmental Policy for the Energy Sector (NEPE)

The lack of clear environmental standards for power generation limits the ability of investors to allocate funding in alternative sources of energy. This initiative encourages setting a new national environmental policy for generating power, which includes encouraging generation from alternative sources based on international practices. While there are existing environmental standards to utilize natural gas, coal, and oil, there are no standards related to pet-coke, diesel, and renewables.

In this respect, four focus areas have been identified where clear criteria are needed for environmental policy standards:

- Environment (air, water, waste)
- Pollutants (nitroxide, carbon dioxide, sulphur oxide...etc.)
- Health (severe and chronological breathing diseases)
- Externality costs (waste disposal, health care and alike).

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Implementing Agencies	• The Ministry of Environment and Climate Affairs	
Stakeholders	• The Public Authority of Electricity and Water • The Ministry of Regional Municipalities and Water Resources • The Ministry of Commerce and Industry • Oman Chamber of Commerce and Industry	• The Ministry of Oil and Gas • The Oman Power and Water Procurement Company • The Electricity Regularity Authority • The Shura Council

16- Reviewing the gas-pricing policy for industrial uses

This initiative is focused on reviewing existing gas pricing policies for industrial uses. The goal is to work on enhancing gas demand and redistributing gas allotments in a way that allows for an increase of RO 300 million in GDP.

Three main steps to achieving the efficient usage of gas have been identified:

1. Shift to price-based allocation as the main method for future gas sales.
2. Allocation of subsidized gas to "strategic projects" (e.g. projects that support high job creation or support the country's economic development goals).
3. Merging the institutions which are concerned with energy policy into in a single governmental entity.

There are many developing or developed countries that plan to eliminate controls that regulate pricing in the gas sector, and therefore the Sultanate can benefit from their experiences. In this respect, new controls can be considered such as dealing with a third party to sell gas to the consumers (plants) or deliver gas to businesses that are at the end of the value-add chain.

Implementing Agencies	• The Ministry of Oil and Gas	
Stakeholders	• The Public Authority of Electricity and Water • Oman Gas Company • Petroleum Development Oman • Oman Chamber of Commerce and Industry • Oman Chamber of Commerce and Industry	• The Ministry of Commerce and Industry • The Ministry of Finance • The Ministry of Environment and Climate Affairs • The Oman Power and Water Procurement Company

17- Energy resource diversification

The Sultanate of Oman is among the countries that depend on natural gas to generate power despite the availability of other renewable resources (which are not adequately used). Approximately 97% of the Sultanate's electricity is generated by gas-powered facilities. Yet, gas supplies will not be able to fulfil increasing demand in the future. This will require the use of alternative energy sources.

This initiative will diversify power resources used by the Sultanate by adding an additional 3,000MW of electricity production to the power grid and proposes two options to accomplish this:

1) **Coal:** Coal is currently the cheapest source of power; one ton of coal costs RO 15.5 and generates 1900 KW in comparison with 1280 KW, which is produced by natural gas at the same price. Coal power plants are modern, clean, and can meet rigid environmental standards.

2) **Solar Energy:** to make use of the high solar radiation in Oman, it is possible to manufacture solar cells and use them to generate the power. The cost of building the solar power stations can be calculated as follows:

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A. **Solar Energy:** One KW costs USD $2,362, and with the power of 2000 MW the cost will be USD $4.72 billion.

B. **Solar Energy Panels on Roofs:** One KW costs USD $4,266, and with the power of 500 MW, the cost will be USD $2.13 billion.

Implementing Agencies	• The Public Authority of Electricity and Water	
Stakeholders	• The Ministry of Commerce and Industry • The Ministry of Finance • The Ministry of Environment and Climate Affairs • The Oman Power and Water Procurement Company	• The General Authority of Electricity and Water • Oman Gas Company • Petroleum Development Oman • Oman Chamber of Commerce and Industry

F- Innovation

Enhancing innovation is a supporting factor for the manufacturing sector due to its effect on quality and its ability to increase GDP in the Sultanate. The enhancement of scientific research will enable applied research to occur in the manufacturing sector and eventually allow for these innovations to be applied in the field. With improved research capacity, productivity could be improved in the sector, resulting in growth that allows the Sultanate to better adjust to constant changes in global advancements manufacturing.

18- Advanced Manufacturing Research Center (AMRC) in Oman

The lack of a research center for manufacturing in the Sultanate of Oman limits innovation and hampers developmental efforts. Research is required by the manufacturing sector to design and develop innovative, new product designs and perform tests and improvements therein. The lack of a center also limits the Sultanate's ability to design innovative product prototypes and create pioneering ideas; it also hinders the intellectual capabilities and human capital in the sector.

This project aims at establishing and operating a center for advanced manufacturing research, which will adopt and transfer innovative ideas into tangible prototypes and asses their performance. It will also help streamline production processes currently in Oman and assist in establishing new production lines. It will adopt and set industrial solutions to overcome performance difficulties faced by industrial companies in Oman – such as manufacturing different parts of high-value industrial equipment that are difficult to procure. This can be achieved through research, studies, and partnership with international research centers (such as the advanced manufacturing research center at the University of Sheffield, UK). The center will provide opportunities to develop the human capital that is required in this sector through vocational training on advanced manufacturing equipment and production.

The project will increase GDP by 10 million OMR and provide 100 direct job opportunities. In addition, it will enhance the manufacturing sector's ability to increase in-country production of advanced manufacturing parts by designing, manufacturing, and testing the products within the Sultanate's borders.

This will provide investment opportunities to establish plants and production lines. At the same time, it will strengthen Oman's strategic relationships with international manufacturing centers by encouraging the transfer of technologies between partners and attracting capital investment to Oman from leading international companies in manufacturing.

This project will work as a joint venture with the Industrial Innovation Center, which will finance and supervise the execution of the industrial innovation projects. IIC lacks the manufacturing workshops, testing laboratories, and an engineering center to design the products. Therefore, the establishment of this center will serve to provide the needed infrastructure.

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Implementing Agencies	• The University of Sohar
Stakeholders	• The Ministry of Commerce and Industry • The Public Establishment for Industrial Estates • Industrial companies in Oman • Investment companies • The Industrial Innovation Centre

19- Strengthening the existing Industrial Innovation Center (IIC)

The Industrial Innovation Center faces a number of challenges that limit its ability to perform its primary function of supporting and enabling innovation in the national industrial sector. Key challenges include governance and the availability of human resources. It is crucial to realize the importance of: knowledge innovation in manufacturing; transfer of technology; investing in intellectual property; patents; and, cooperation among the industrial sector, academics, and the public sectors. This initiative seeks to transform the Industrial Innovation Center into a public company that works under the umbrella of the Public Establishment for Industrial Estates and the Ministry of Commerce and Industry. The revised Center would have financial and administrative independence and the power to develop the legal and legislative bylaws to suit its newly assigned tasks. The Center would have a board of directors which includes members from concerned authorities and would be managed by a CEO. The Center will work on creating and activating a strong innovation environment that supports attaining the objectives of TANFEEDH that pertains to improving human capital in the manufacturing sector.

The Center aims at achieving the following main objectives:

- Improving cooperation between the industrial, academic, and public sectors to establish an industrial knowledge base, develop human capital to enhance labor productivity to drive innovation, and enhance Oman's international competitiveness in manufacturing.
- Enabling the establishment of the industrial enterprises that are based on innovation and expedite the growth of entrepreneurial companies that are innovation based.
- Developing targeted manufacturing sub-sectors by assisting companies in these sub-sectors to find innovative solutions to overcome challenges and difficulties, increase their exports, and creating prototypes that can be commercialized.
- Supporting existing manufacturing facilities (as requested) in the following areas: product innovation support; consulting on improving production and service processes; encouraging intellectual and patent investment; and, assisting in transfer and commercialization of new technologies.

In order to achieve these objectives, the Center will activate the following four specialized programs:

- Innovation support program for existing plants/ industries.
- Support program for establishing and expediting the development of industrial enterprises that are based on innovative products that will eventually form the base of the "knowledge economy".
- Support program for promising industrial sectors that allow for quick economic diversification within the Sultanate.
- Training program focused on building the capabilities of human capital in the manufacturing sector.

To reflect its new mandate, the IIC will be renamed "The Industrial Innovation and Technology Transfer Center". The Center will be:

- A national authority that is responsible for everything related to industrial innovation and the transfer of industrial technology and knowledge.
- The official channel of government support directed toward the Advanced Manufacturing Research Center in the University of Sohar. It will supervise this Center, which serves as the focal point for national industrial innovation.
- An incorporated public company that is supervised by Public Establishment for Industrial Estates and the Ministry of Commerce and Industry.

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The Center will commence operations in line with the work plan adopted by the TANFEEDH Program, including the provision of funding from the Ministry of Finance over a period of four years. This Center will gradually work on attracting innovative and sustainable funding from the private sector to cover the expenses.

- The Center will be given the jurisdiction and ability to enter into agreements and strategic and cooperative partnerships with international experts and agencies to benefit from their expertise in developing the innovation environment in the Sultanate of Oman.
- The Center will work on directing innovation to expedite innovation that aims at enhancing the level of the market competitiveness locally and internationally as well as the increasing the rate of contribution of this sector to GDP.

The Center will contribute 50% of the total costs of each project to focus on the innovation of the industrial sectors' small and medium enterprises.

To guarantee accountability, this initiative laid out several key performance indicators for the center, such as: generating 16 direct job opportunities for experts, consultants, and technicians in the field of innovation; assisting in the incorporation of five start-up innovation companies; developing a single industrial sector; providing annual support to 15 existing industrial enterprises; and, training 300 innovation specialists during the next four years period.

Implementing Agencies	• The Industrial Innovation Center	
Stakeholders	• The Ministry of Commerce and Industry • The Public Establishment for Industrial Estates • The Ministry of Finance	• The Public Authority for Investment Promotion and Export Development (ITHRAA) • The Ministry of Manpower • Oman Chamber of Commerce and Industry

The Implementation Time line the Manufacturing Sector for Initiatives and Projects:

2017

Metals
- Scaffolding and Scaffolding parts
- Flanges Project

Innovation
- Industrial Innovation Center: assist innovative start-ups begin operation

2018

Petrochemicals
- Enhance OCTAL Production Capacity to 930,000 ton of PET per annum
- A plant to produce Polyethylene Terephthalate

Metals
- Plant to design and manufacture metal dies and moulds

Non-Metals
- Cement grinding facility in Sohar

Food
- A plant to prepare and pack seafood

Energy
- Finalize Oman's National Environmental Policy for the Energy Sector

Innovation
- Advanced Manufacturing Research Center (AMRC) to establish professional product design center, prototyping facilities, and an advanced manufacturing workshop

2019

Petrochemicals
- Bituminous Waterproof Membranes Plant

Metals
- Aluminium wheels project

Non-Metals
- Cement grinding facility in Duqm

Food
- Mazoon Dairy Farm

Innovation
- Advanced Manufacturing Research Center (AMRC) provides support services for prototyping and precision machining

2020

Metals
- Valves Project

Non-Metals
- Two grey cement plants in Duqm
- White Cement Plant

Food
- Two plants to process dates
- Finalizing first phase of A'Namaa Poultry Project with an annual production capacity of 30,000 tons
- Plant to process vegetables and fruits

Innovation
- Advanced Manufacturing Research Center (AMRC): new trainees onboarded as part of the training program of the Center
- Industrial Innovation Center: achieves training and start-up company targets

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Tourism Sector

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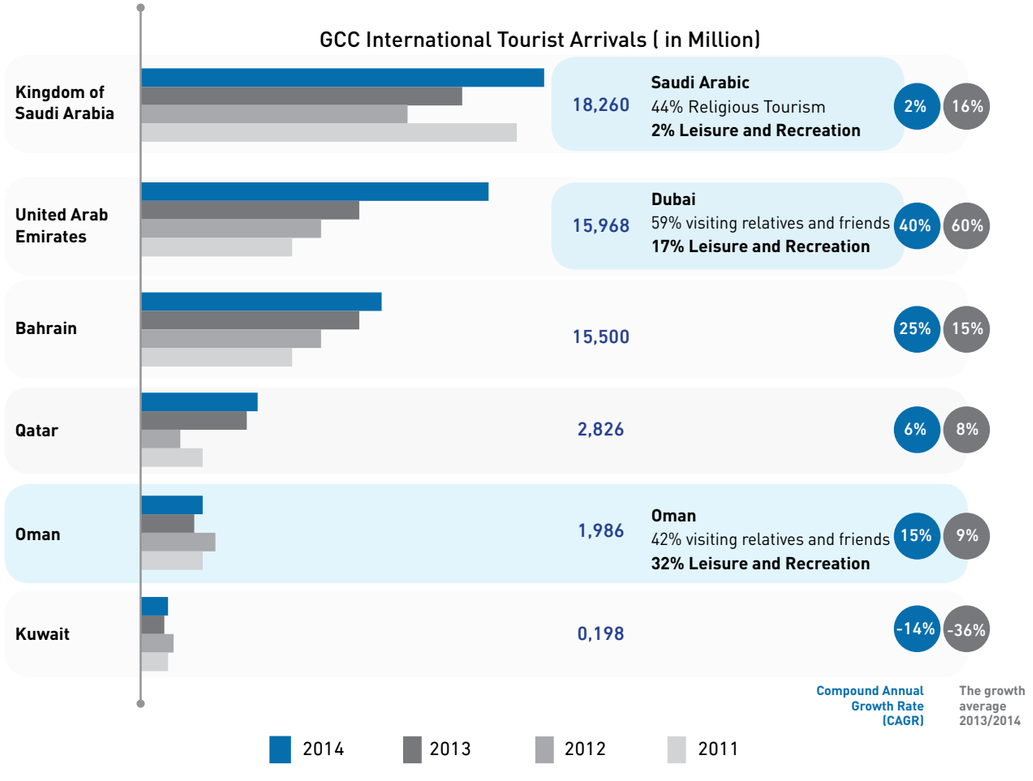
Overview

Tourism's contribution to the GDP of Oman averaged only 2.2% of GDP during the period between 2010 to 2015. Oman is ranked fifth among the GCC countries in relation to the number of tourists who arrive and stay at least one night, which is equal to only 4% out of the 49 million visitors to the GCC in 2014.

International classifications point out that the Sultanate of Oman has not been able to leverage These sites include public art establishments, cultural heritage sites, forts, mosques, traditional markets (souqs), and old cemeteries. These potential tourist destinations could be used as elements to attract numerous tourists from across the world. The Sultanate of Oman is also distinguished by its unique nature that is filled with many conservation sites, natural caves, sand dunes, mountain trails, islands, and springs, which should be used to market and support Oman's image from a tourism perspective. Furthermore, the Sultanate of Oman has a strategic location connecting three main continents (Asia, Africa, and Europe), which could enhance its ability to host and organize the major international and regional events. All these elements provide promising opportunities to increase the tourism sector's contribution to GDP.

Oman is ranked the fifth among the GCC countries in relation to the number of tourists who arrive and stay at least one night, which is equal to only 4% out of the 49 million visitors to the six GCC countries in 2014.



Source: Glimpses of the National Tourism Organization of the UN 2016. The data of Bahrain is from the IB, the UAE data for 2014 is from the Federal Competitiveness and Statistics Authority in UAE.

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Main Challenges Discussed in the Labs:

The main challenges facing the tourism sector are represented by the complexity and length of time to apply for approvals to operate tourism businesses, the lack of services and unique touristic activities, and insufficient spending on marketing. The image of Oman globally is not reflective of its rich culture and heritage; this limits the growth potential of the sector. Furthermore, the tourism sector suffers from overlapping regulations adopted by the different public authorities as it relates to issuing licenses and approvals. These challenges limit the ability of the sector to reach desired GDP growth targets.

The World Economic Forum (WEF) report issued in 2015 ranks countries by their travel and tourism attractiveness; unfortunately, the Sultanate's rank moved from 57 to 65.

The Sultanate was unable to capitalize on its tourism potential

These countries have provided a strong business environment, developed suitable infrastructures, and improved certain tourism outlets.

Country Ranked First in the GCC	Oman's Ranking in the GCC Countries (out of 6)	Travel & Tourism Policy and Enabling Conditions
United Arab Emirates	3	• Prioritization of Travel and Tourism
United Arab Emirates	3	• International openness
Kingdom of Saudi Arabia	2	• Prices competitiveness
United Arab Emirates	3	• Environment sustainability

Country Ranked First in the GCC	Oman's Ranking in the GCC Countries (out of 6)	Enabling Environment
United Arab Emirates	4	• Business Environment
Qatar	3	• Safety and Security
Qatar	3	• Health and Public Hygiene
Qatar	5	• Human Resources and Labor Market
UAE/Bahrain	6	• The availability of information, communications and technology

Country Ranked First in the GCC	Oman's Ranking in the GCC Countries (out of 6)	Natural and Cultural Resources
Kingdom of Saudi Arabia	3	• Natural Resources
United Arab Emirates	4	• Cultural resources and business travel

Country Ranked First in the GCC	Oman's Ranking in the GCC Countries (out of 6)	Infrastructure
United Arab Emirates	5	• Air Transportation Infrastructure
Bahrain	4	• Ground Infrastructure and Port Infrastructure
United Arab Emirates	4	• The Tourism Services Infrastructure

Require improvement
Strength points

Improvement Areas

- Low quality of air transportation
- Limited connectivity between the air and ground infrastructure
- Limited focus toward business class travel
- Insufficient number and quality of hotel rooms
- Lack of qualified staff in the tourism sector
- Low competitiveness in the prices of hotels
- Complex procedures for issuing visas

Source: World Economic Forum on Travel and Tourism 2015: The Ninth Five-Year Development Plan, Sultanate of Oman

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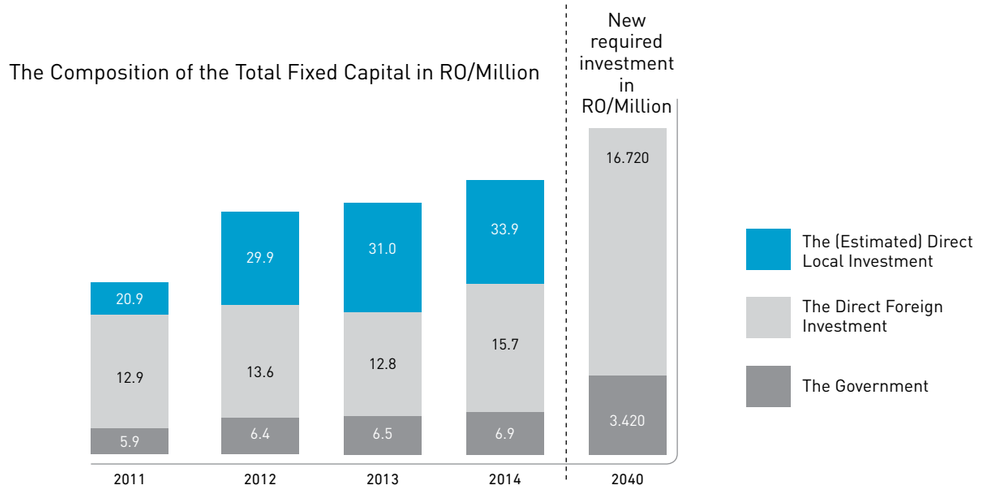
Investments must be doubled to achieve the Sultanate's ambitions in this sector

Challenges in Tourism Investment and Financing:

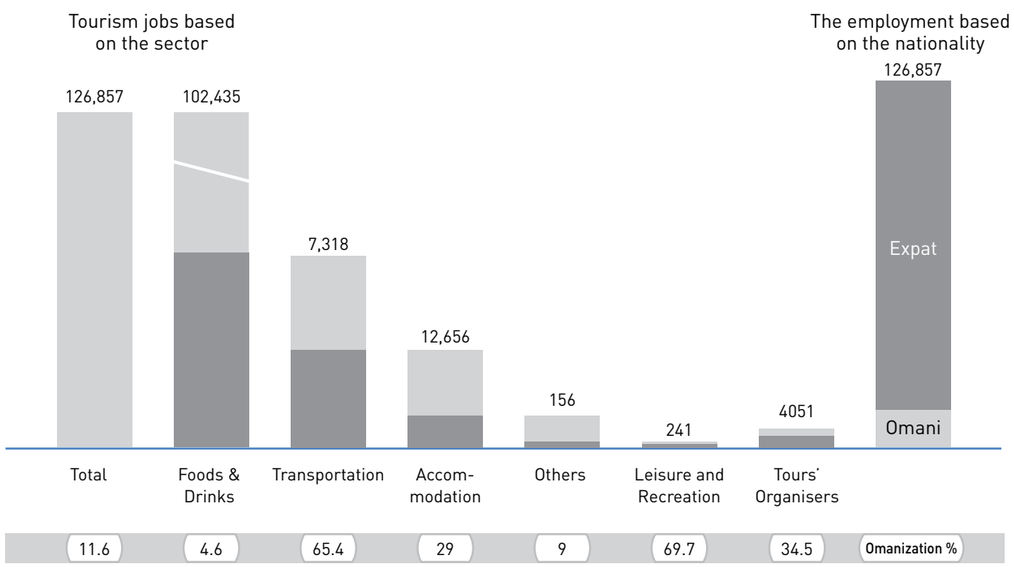
- Limited programs to encourage private sector investment, particularly among small and medium enterprises.
- Limited funding and ability to establish projects.



Note: New required investment based on the 2040 Tourism Strategy.

Source: National Centre of Statistics and Information (Investments): Direct foreign investment (hotels and restaurants); composition of the total fixed Capital (hotels and restaurants).

There are still opportunities to increase Omanization in tourism, especially if the number of jobs increases in the sector at the same rate as the targeted GDP growth rate.



Source: The Ministry of Tourism and the Ministry of Manpower.

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Opportunities for Growth in the Sector

Culture and Heritage

- The cultural traditions and heritage of the Sultanate are what make Oman unique. These elements can be the basis for attracting international tourists.
- There are numerous cultural attractions, including forts, castles, markets, historic neigbhorhoods, and traditional mosques.
- Several sites are classified as UNESCO World Heritage sites such as Bahla Fort, Jibreen Castle, the Five Fallajes, and Bat Cemetery.

Unique Natural Resources

- Strategic location of the Sultanate makes it accessible to international tourist markets.
- Numerous natural locations in the Sultanate in comparison with the other locations in the GCC countries. These natural sites include:
  - Natural reserves and springs.
  - Natural caves, mountains, deserts, and several islands.

International and Regional Events

- It is expected that the effect of a number of prominent activities held in the region may be leveraged to grow tourism in Oman.

The Geopolitical Situation

- The high levels of safety and security in Oman in comparison with the other countries in the Middle East and North Africa Region.

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Safety and Security

World Travel and Tourism Council - 141 Countries

The GCC Countries' Classification (2015)		World Classification
1	Qatar	2
2	United Arab Emirates	3
3	**Oman**	9
4	Kingdom of Saudi Arabia	29
5	Kuwait	43
6	Bahrain	71

An improvement in the overall business environment in Oman will directly enhance the performance of the focus sectors, and the tourism sector would be a prime beneficiary. The tourism sector business environment is impacted by a number of policies and procedures that require coordination between multiple government authorities. Additional areas of focus include a review of the various laws that regulate rent and loan policies and procedures; land use for tourism activities; and, policies related to the laborers, operations, and project funding.

Top-Line Key Performance Indicators of the Tourism Sector in this phase of the Program:

1) Annually increase the number of tourists to reach 2.7 million visitors [arrivals who stay at least one night] by 2020.
2) Increase the tourism sector's GDP from RO 0.749 billion to RO 1.50 billion by 2020.
3) Increase the private sector's investment to at least RO 1.8 billion by 2020.
4) Increase the number of jobs in the tourism sector from 24,900 in 2016 to 45,000 by 2020.

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Sub-Sector and Initiative KPIs in this phase of the Program

A- Nature and Adventure Activities	
1.	Privatizing the management of nature sites and protected areas
2.	Enable niche nature/adventure activities
B- Culture and Heritage	
3.	Privatizing the management of heritage sites
C- Activities, Conferences and Exhibitions	
4.	Develop the Business (MICE) Events Calendar of Oman
D- Leisure, Recreation, and Accommodation	
5.	Creation of Cultural Food & Beverage (F&B) precincts
6.	Creation of Iconic Tourism Projects
7.	Facilitating the establishment of Integrated Tourism Complexes (ITCs), hotels and themed attractions
E- Regulations	
8.	Setting-up negotiation mechanisms pertaining to the provision of infrastructure services for tourism projects
9.	Expediting the procedures of setting up tourism plans for tourist attractions in the following regions: Musandam, Al Dhakhliyah, Muscat, and Al Sharqiah South
10.	Revision of usufruct and lease agreements
11.	Setting-up a Client Service Center for Tourism related approvals
12.	Providing facilitations for new markets and finalizing Royal Omani Police eVisas system
F- Marketing and Promotion	
13.	Oman Tourism & Convention Bureau
14.	Activating the Tourism Development Fund
G- Labor Market in the Tourism Sector	
15.	Finding solutions to employ Omanis in the tourism sector

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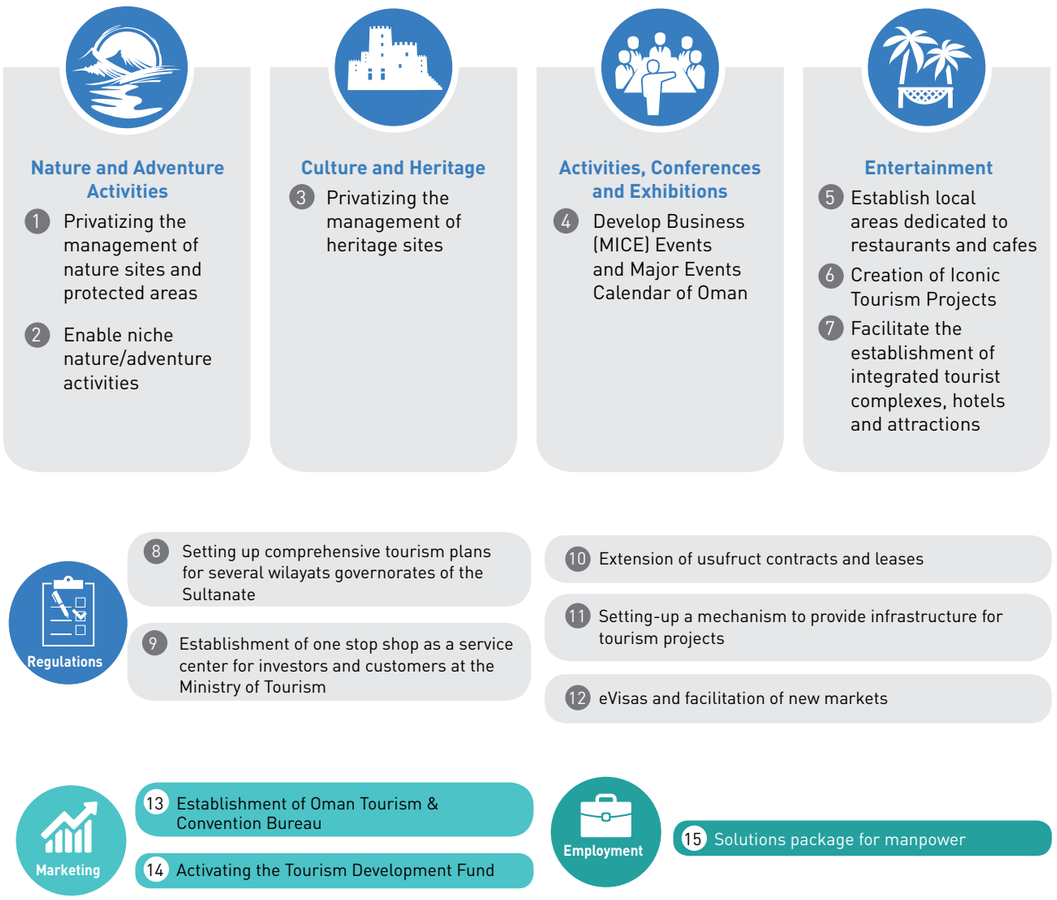

A- Nature and Adventure Activities

The Sultanate stands out for its wonderful and diverse landscape and unique terrain, which gives it an edge to host several adventure and challenge activities and attract nature enthusiasts from around the world. Promoting these advantages would positively impact the development and growth of the tourism sector.

There are several investment opportunities in tourism in various areas in the Sultanate which entail the development of facilities and services within these natural attractions areas. Some include the rehabilitation of the sites.

TA number of opportunities for private firms to manage and promote these natural areas will provide tourists with the full-service facilities needed for indulging various recreational activities. This will lead to an increased number of tourists enjoying the unique experiences Oman has to offer, and thus, contributing to the growth of the tourism sector in the Sultanate.

1-Privatizing the management of nature sites and protected areas

The Sultanate enjoys distinctive natural diversity that makes it one of the richest countries in the region for biodiversity; this attribute can be utilized to enhance sector performance. Unfortunately, there are currently no tools available for investing in nature reserves, which limit their role in creating employment opportunities and supporting state revenues.

Tourism statistics show that the number of tourists who visited Wadi Bani Khalid, the Ras Al Jinz Turtle Reserve, and Al Jabal al-Akhdar – which are among the most prominent sites – in 2015 was 307,000 visitors, which represents 16% of the total number of tourists. The number of visitors to these sites has increased by 12% since 2011. There are opportunities to increase traffic to these sites, thereby creating a larger contribution to the Sultanate's GDP through tourism, increasing state revenue, and reducing costs of maintenance and protection of these sites.

This initiative aims at entrusting the management of nature reserves and sites to private investors in accordance with a specific regulatory framework aimed at turning these sites into main tourist attractions in Oman. The initiative identified two pilot project sites. They are:

- The Qurm Nature Reserve, and the Qurm Natural Park as a complementary site. This will be the first project among the representative pilot projects. The Qurm Reserve was proclaimed a nature reserve in 1975 due to its biodiversity.

- The second project entails setting up a geological park in the Al-Wusta Governorate, given its natural biodiversity and geological diversity.

This initiative aims to attract 540,000 visitors to the two sites by 2020 and create 190 jobs, most of which are expected to go to Omanis.

The first project entails designating the Qurm Nature Reserve and Qurm Park as natural tourist sites that include activities such as birdwatching and hunting, health activities such as natural treatments and yoga classes, and recreational and educational activities aimed for children. The Qurm Natural Park will be developed to include a park for natural adventures, tracks for cycling and jogging, and miniature replicas representing Omani culture and heritage.

The Neoglacial Park in Al-Wusta Governorate will include a number of geological activities, such as geological education tracks, and activities related to cultural, social and environmental heritage.

The objective of these pilot projects will serve as models for other environmental and natural initiatives, such as the Wadi Diqah Dam and Al Saleel Nature Reserve.

Implementing Agencies	• Private Sector • Ministry of Environment and Climate Affairs • Ministry of Tourism

2- Enable niche nature / adventure activities

Adventure and challenge activities, and other nature-related activities, such as hot air balloons, paragliding, hiking and trekking, and other water, land and air activities are hindered by the absence of laws or guidelines to regulate such activities. This makes it difficult for specialized companies to engage in this field, which could provide significant competitive advantages for the tourism sector in the Sultanate in terms of accessibility to natural resources for eco-tourism.

The initiative focuses on the need for creating a system to issue permits for conducting adventure and challenge activities, provided that the concerned authorities ensure that safety and security standards are met and that specific areas are allocated for conducting such activities.

The initiative also includes developing a "Box Camp" project in Al Ashkharah through private investment. The project involves recycling

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shipping containers and converting them into accommodation on Al Ashkharah coast to encourage water-sports tourism in the area.

Project	Developers
Licensing of adventure and challenge activities, and nature related activities in coordination with the concerned parties	Ministry of Tourism
Box Camp	Private investor- Alam Oman for Tourism

B- Heritage and Culture

The Sultanate has a distinctive cultural heritage as reflected by its diverse folk arts. Oman is home to nearly 500 forts and 850 castles, as well as many historical tombs, and the ancient water channels (Aflaj) that criss-cross through various regions in the Sultanate. These cultural sites represent ideal opportunities for tourism investment and marketing, which will contribute to the growth of the sector. To achieve this vision, the utilization of some heritage sites for touristic purposes should be pursued as a step towards achieving Oman's tourism strategy for 2040.

It is worth noting that the Bahla Fort, the settlement and tombs of Bat, as well as five ancient water channels were listed among UNESCO World Heritage sites, which reflects the importance and status of these archaeological sites.

3- Privatizing the management of heritage sites

The Sultanate has a rich cultural heritage as demonstrated by nearly 500 forts, 850 castles, and 800 cultural and heritage sites. This heritage calls for effective marketing to utilize their full touristic potential. The Sultanate, therefore, must focus on its main strong points and optimize them. Several pilot heritage sites were identified for marketing; however, laws and regulations must be modified to rehabilitate and facilitate the utilization of these sites for touristic purposes. The initiative also proposes amending the usufruct rights for the archaeological sites to include social, touristic, environmental, and cultural aspects.

This initiative aims at attracting more than 54,000 visitors each year and increasing private investment by OR 57.2 million.

Currently, 13% of international tourists to the Sultanate visit heritage sites. These sites can be developed by introducing various activities to attract more tourists. The management of these sites will be assigned to the private sector to reduce the maintenance costs incurred by the government and to encourage the development of innovative tourism concepts.

The Al Bilad District in Al Dakhiliyah Governorate was identified as a ready-to-implement pilot project for the following reasons:

1- It is a ready-to-implement, government owned site. The Ministry of Heritage and Culture completed 50% of the restoration for the site, which makes it less difficult and expensive to develop for tourism purposes.

2- Strategic location: Al Bilad District is strategically located in the Ad Dakhilyah Governorate near the most important tourist attractions such as Nizwa, Al Jabal Al Akhdar, Jabal Shams, Al Hamra, and Bahal. The old Al Bilad District also features a diversity of heritage resources including natural wells, springs, and agriculture. Population density in the region will ensure extensive public participation in cultural and folklore events, which will contribute to the promotion of the project.

The initiative suggests the use of a public private partnership business model that secures participation of small and medium enterprises by allowing them to provide support services such as catering, transportation, car rental, laundry, maintenance, convenient stores, and other services that the tourist needs including handcrafts shops, spa, and others.

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Implementing Agencies	• Private sector
Stakeholders	• Ministry of Heritage and Culture • Ministry of Tourism • Public Authority for Craft Industries • Ministry of Housing • Ministry of Regional Municipalities and Water Resources

C- Events, Conferences and Exhibitions

Oman's strategic location between three continents is an advantage that can be leveraged for hosting and organizing various events, exhibitions, and business activities that contribute to the promotion of tourism. The hosting of various major events will attract tourists of all ages and prolong the tourist season in the Sultanate.

It should be noted that tourists who come to participate in events, exhibitions, and conventions spend four times more than the tourists who come for recreational activities, which underlines the importance of focusing on such activities.

4- Develop the Business (MICE) Events Calendar of Oman

Creating a standard process for the planning and promotion of events could help promote Oman as a prime tourist destination, and will serve as a catalyst for broadening the diversity of tourists visiting the Sultanate. As event-based tourism is a fast-growing sector, its development will enhance local tourism and create new job opportunities.

This initiative aims to document and promote events in the fields of health, culture, sports, and business to increase their impact on the economy. Tourists who come to participate in such activities spend four times more than the regular tourists who visit Oman for recreation and leisure.

Moreover, it is important to bear in mind that sports tourism is the fastest growing part of the tourism industry, generating a total of nearly $7.87 billion in revenue globally.

The initiative will focus on three types of event tourism: sports tourism, cultural and therapeutic tourism, and convention and business tourism.

Event tourism includes three levels: mega events, international conventions, and local and regional events. Promoting mega events and business tourism will have a positive economic impact on the local market as business tourism will yield 26 Omani riyals return for each 1 Omani riyal invested, while mega event tourism will yield 13 Omani riyals return for each 1 Omani riyal invested.

To help promote these events, the initiative also seeks to develop an annual calendar to encourage planners to distribute the events across the year. The aim is to distribute the events in a strategic way between different seasons during the period from 2017 to 2020. The initiative will offer 51 events divided among the three categories (cultural and sport, business, and medical events).

The initiative will also seek to address other challenges that stand in the way of events planning and organization, such as inviting tenders for the organization of events, setting up venues, and execution of events.

The initiative aims at attracting 1.2 million participants, including more than 100,000 foreigners, and to add RO 107 million to GDP by 2020.

Implementing Agencies	Oman Tourism & Convention Bureau

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D- Leisure, Recreation, and Accommodation

The Sultanate has many potential cultural sites that can be utilized to develop recreational and leisure areas that are appealing for tourists. These areas could allow tourists to experience restaurants that serve traditional Omani cuisine and enjoy Omani folk music in an integrated downtown setting. The Sultanate is also endowed with unique heritage sites that could be developed into important tourist attractions. Old Matrah and Matrah corniche, Qurum beach, and Al Khawd Village are all examples of cultural heritage sites which can be utilized to enhance the experience of visiting tourists

In addition, there is a need to develop iconic tourist attractions and accommodations (hotels and health spas) while improving the level of services they provide to increase their competitiveness.

5- Creation of Cultural Food & Beverage (F&B) precincts

The Sultanate currently lacks variety in restaurants, cafes, and shops. The establishment of designated areas for food and beverage establishments will offer various options to foreign and local tourists for shopping and going to restaurants and cafes of local character. This initiative proposes the establishment of a touristic center (Downtown) that features Omani cultural characteristics and offers tourists the opportunity to enjoy traditional Omani food, culture, and music.

The initiative proposes utilizing existing sites that have cultural characteristics to lower the total cost for investment in basic infrastructure. Examples of such sites are Matrah District, Qurm Beach, and Al Khawd Village.

The initiative is expected to contribute nearly 6.6 million Omani riyals to GDP, attract 60,000 visitors annually, and create 230 jobs. The initiative requires an investment of nearly 48 million Omani riyals, including 26 million riyals for Salalah Grand Mall and 22 million riyals for Muscat Restaurant Complex.

The initiative also seeks to make changes in the procedures governing restaurants to improve their quality and efficiency and to raise the Sultanate's competitiveness in providing services. Tourists visiting Oman pay less money on restaurants compared to neighboring countries.

Two pilot projects were identified where the private sector can invest:

1- **Salalah Grand Mall:** A diverse commercial complex with an urban character. It offers visitors entertainment and shopping facilities. It also offers a new shopping experience in the Sultanate through a diverse set of products and various restaurants. The total cost of the project is estimated at 26 million Omani riyals. It is expected that the project will be completed by the end of 2018, and will be developed under the supervision of the Ministry of Tourism and Dhofar Municipality.

2- **Muscat Restaurant Complex:** This project consists of a restaurant complex and a shopping center with a total area of 10,767 square meters. It has a traditional touch that reflects the Sultanate's culture. The total cost of the project is estimated at 22 million riyals, and it is expected to be completed by the end of 2019, and will be developed under the supervision of the Ministry of Tourism and Muscat Municipality.

Many other investment opportunities also exist for this initiative, such as the Matrah old market project, the marine cable car project, the Riyam amusement park, the Al Shaji'yah Plaza project, Al Arin Plaza, Matrah corniche, and the educational walk in Matrah.

Implementing Agencies	• Private sector
Stakeholders	• Ministry of Tourism • Ministry of Housing • Muscat Municipality • Dhofar Municipality • Ministry of Environment and Climate Affairs

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6- Creation of Iconic Tourism Projects (Include four projects)

This initiative aims to develop tourist landmarks that are unique to Oman. (example: Eiffel Tower in France.) These projects will be integrated into larger and more diverse development projects to ensure commercial viability.

There is a need to promote iconic tourist attractions that are surrounded by restaurants, cafes, souvenir shops, adequate public facilities, and other services to entice tourists to extend their stay and to repeat their visit. These iconic sites could encourage the growth of various services and tourist facilities, including:

- Restaurants and cafes;
- Souvenir and handicrafts shops;
- Parking lots, banquet facilities, emergency services, and toilets;
- Open space for shows and entertainment activities, as well as green landscapes; and,
- Creating new tourist attractions and entertainment venues to encourage tourists to extend their stay and repeat their visit.

Four developmental projects have been identified by the private sector to be among the most important iconic tourist landmarks in the Sultanate. Work on these projects will commence during 2017. The projects are:

1- Mount Wellness Project - Jabal Bushar Company
2- Sultan Qaboos Port Waterfront Project - Omran Company
3- Oman Rivera/Yiti-Yenkit Integrated Touristic Resorts - Oman Investment Fund
4- Al Mouj Muscat - Al Mouj

Implementing Agencies	• Private Sector
Stakeholders	• Ministry of Tourism • Ministry of Housing • Muscat Municipality • Ministry of Environment and Climate Affairs

7- Facilitating the establishment of Integrated Tourism Complexes (ITCs), hotels and themed attractions

Compared with neighboring countries, Oman currently lags in family tourism. This initiative aims to develop integrated tourism complexes that will make Oman an attractive destination for family vacation. In order to increase tourist stays in Oman by an average of at least one day by the year 2020, this initiative looks to encourage the development of integrated services and facilities and diversified tourism activities that increase demand. Examples of these type of establishments include water parks, amusement parks, and shopping malls.

The Ministry of Tourism will adopt the idea of this initiative in cooperation with concerned parties such as the Ministry of Housing, Muscat Municipality, and Ministry of Environment and Climate Affairs. The funding will come from the private sector, which will be expected to provide 746 million Omani riyals.

The Sultanate can benefit from the experiences of neighboring countries in order to develop successful family tourism sites. Examples of such experiences include: Ferrari World in Abu Dhabi, Legoland in Dubai, Dubai Aquarium and Underwater Zoo (the largest aquarium in the world which attracts 90 million visitors every year), and the Museum of Islamic Arts in Doha.

There is no doubt that the lack of diversity in family tourism attractions shortens tourists' stay in the Sultanate. In comparison with neighboring countries in the region, Dubai and Abu Dhabi rank first in the diversity of tourist attractions and leisure with tourists spending an average of two days.

Beyond family tourism attractions, there is also a need to focus on accommodations. There are 8,058 rooms available in the hotel and hospitality sector in Oman; with a growth in family tourist attractions, there is an urgent need to add 7,963 rooms by 2020 to meet the increased number of visitors, which is expected to reach 2.7 million by 2020 (up from 1.9 million in 2015).

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E- Regulation

There is a need to make amendments to some of the current policies and legislations that inhibit investment in the tourism sector. Reconsidering the existing laws and regulations could provide a suitable environment for increasing and attracting local and foreign investment in tourism. Areas of focus for legal amendments include usufruct rights, public and private land leasing contracts, facilitating the process of obtaining licenses for tourism investment, and various laws governing visa issuance to nationals of major international tourist countries.

8- Setting-up negotiation mechanisms pertaining to the provision of infrastructure services for tourism projects

A number of major tourism projects suffer from the absence of infrastructure and basic services in the project area, hence there is a need for an entity (or, a coordinating process) that is responsible for overseeing agreements between the public and private sectors on infrastructure development. The initiative suggests that an investor submits any partnership proposal associated with the provision of basic infrastructure to the Ministry of Tourism. The Ministry will review the submitted proposal and evaluate the proposition to determine whether to grant any incentives in exchange for the private sector developing the infrastructure. Possible incentives could include usufruct rights extension, rental exemptions, and tax exemptions. If no agreement is reached covering the costs of the proposed infrastructure, the matter shall be referred to the infrastructure committee of the Supreme Council for Planning for further consideration.

The initiative also suggests that the private sector be given the opportunity to issue tenders for infrastructure projects. It is expected that bids received by the private sector will be more competitive. Several tourism projects planned to be implemented by the private sector have been identified.

9- Expediting the procedures of setting up tourism plans for tourist attractions in the following regions: Musandam, Al Dhakhliyah, Muscat, and Al Sharqiah South

There is a need to develop plans for the development of tourism plans in several governorates that complement existing developmental programs and to ensure the participation of the private sector and investors. The Ministry of Tourism has identified four regions for tourism development. These regions are: Musandam, A'Adakhiliyah (AL-Jabal AL-Akhdar and Jabal Shams), Muscat, and South Al-Sharqiyah (Sur and Masirah). These areas will be included in the first phase (2016-2020) of the development plans for the Oman Tourism Strategy.

Implementing Agencies	• Ministry of Tourism
Stakeholders	• Local Communities • Ministry of Housing • Municipalities • Ministry of Environment and Climate Affairs • Ministry of Transportation and Communication

10-Revision of usufruct and lease agreements

Given the many challenges associated with the current approval process for usufruct rights for tourism allocated lands - which often stands in the way of attracting investors to develop these lands - and due to the terms and conditions required for using various types of lands, this initiative seeks to bring about legal changes to streamline the procedures for attracting investment. Specifically, the initiative proposes legal changes to usufruct rights that allow the investor's usufruct rights over public land to extend from 50 renewable years to a maximum of 99 years. As for private lands, the proposal is to extend the usufruct rights period from 30 renewable years to a maximum of 50 years. To accomplish this, the initiative suggests transferring the powers to issue approval for usufruct rights for tourist lands to the Minister of Tourism. It also proposes issuing usufruct rights over historical and cultural sites of interest.

Implementing Agencies	• Ministry of Tourism
Stakeholders	• Ministry of Legal Affairs • Ministry of Housing

11- Setting-up a Client Service Center for Tourism related approvals

This initiative proposes creating a specialized customer service center at the Ministry of Tourism to serve as one stop shop for obtaining all the approvals and licenses related to tourism investment from various competent bodies, including: the Ministry of Tourism, Ministry of Housing, Ministry of Environment and Climate Affairs, Royal Omani Police (including Directorate General Authority for Civil Defense), the municipalities, and various other stakeholders. The center will allow a tourism project manager to obtain all the required approvals from the various authorities for each project in a specified time period. To accomplish this, the center will work towards establishing clear standard procedures that conform to service level agreements.

A draft procedure for obtaining hotel construction permits has been conceived with the following goals:

1) Reduce the time required to obtain an approval for building a one-star, two-star, or three- star hotel to 27 working days.
2) Reduce the time required to obtain an initial approval for building a four-star or five-star hotel to 10 working days.
3) Reduce the time required to obtain a final approval for building a four-star or five-star hotel to 27 working days.

A working mechanism for the customer service center has also been proposed, which will improve the business environment and attract tourism investment by implementing standard operating procedures (SOP) and service level agreements (SLA) to assess the quality of the center's performance.

Implementing Agencies	• Ministry of Tourism
Stakeholders	• Ministry of Tourism • Ministry of Housing • Ministry of Environment of Climate Affairs • Royal Oman Police • Municipalities • Others

12- Providing facilitations for new markets and finalizing Royal Omani Police eVisas system

This initiative aims to attract tourists from emerging markets, which have the largest number of citizens engaged in global tourism. The initiative recommends offering facilities to the nationals of these countries to promote Oman as a tourist destination, as well as the need to accelerate the completion of the electronic visa system for issuing tourist visas through the portal of the Royal Oman Police.

Implementing Agencies	Royal Oman Police

F- Marketing and Promotion

The Sultanate should be promoted and marketed as a tourism destination for all events, whether business activities and conventions or leisure activities to attract investors and tourists from all over the world. This can be done by activating the Tourism Development Fund to achieve returns that could be reinvested to fund the Oman Tourism & Convention Bureau and other tourism development activities. It is also important to promote the image of the Sultanate through digital media and to a prepare comprehensive calendar that covers all the events hosted by the Sultanate during the whole year.

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13- Oman Tourism & Convention Bureau

This initiative aims to create an entity to promote the Sultanate as a tourist destination, particularly as a convention destination. The bureau will use interactive marketing and will be financially independent in dealing with promotional and marketing aspects of the tourism sector.

The importance of focusing on convention tourism lies in the fact that the revenue of convention tourism is almost three times as high as the revenue of leisure tourism. Also, international statistics show each business or convention traveler contributes twice as much to the local economy when compared to a leisure traveler.

The initiative proposes a range of tasks related to the promotion of convention tourism, including, promoting the Sultanate and putting it on the map of destinations for international conventions. The bureau would also prepare bids to try to be able to host international events. The implementation of this initiative requires coordination between the Ministry of Tourism and the bureau, including financial and human resources allocated for promotional purposes. A portion of the revenues from the tourism fee will be allocated to the bureau to ensure that appropriate funds are available and that the bureau will collaborate with several partners including Ithraa, Omran Company, Oman Air, and other relevant private sector institutions.

Implementing Agencies	Ministry of Tourism

14- Activate the Tourism Development Fund

The Ministry of Tourism collects the tourism tax and transfers it to the Ministry of Finance, which, in turn, reallocates it to the Ministry of Tourism. This leads to some delay in the adoption of tourism promotional activities. The initiative, therefore, aims to increase the tourism tax to 5%, and allocate 70% of it to the Oman Tourism & Convention Bureau and 30% to other development and training activities at the Ministry of Tourism. The initiative also proposes restructuring the tourism tax such that 1% be deducted from the municipal tax currently levied on hotel facilities and add it to the tourism tax to become 5 %. This increase will be allocated to the Tourism Development Fund while retaining 0.8% for the Ministry of Heritage and Culture. If this is adopted, tourism revenues are expected to reach nearly 18 million Omani riyals by 2020.

Implementing Agencies	Ministry of Finance

G- Labor Market in Tourism Sector

Although there are many job opportunities in the fields of hospitality and tourism, the sector faces many difficulties that prevent Omani youth from seeking employment in this field. Therefore, there is a need to enhance the attractiveness of this sector to job seekers through devising a package that includes attractive financial incentives with the aim of attracting and retaining Omani nationals. Ideas include providing staff training and development opportunities all over the Sultanate to improve efficiency and undertaking promotional campaigns to inform job seekers of the available positions in the sector.

15- Finding solutions to employ Omanis in the tourism sector

The tourism sector faces challenges in attracting Omani nationals to work in the sector due to the gap between demand and supply in the labor market for the tourism and hospitality sector, which is reflected in the sector's low Omanization numbers. This initiative aims to double the number of direct jobs occupied by Omanis in the tourism sector by 2020 with the target set that the tourism sector will create 21,000 new direct jobs, including 10,000 for Omanis, increasing the average Omanization ratio in the sector to 44%.

The initiative includes several sub-initiatives, including seeking a revision to the hiring ratios by adopting minimum wage as a unit to measure the hiring percentage and then calculating the hiring percentage per the salary received by the Omani employee. For example, if an Omani employee was hired with a salary ranging between 650 to 1000 Omani riyals, he will be counted as two employees. This will encourage the organizations to hire Omanis in middle management positions and give promotions to Omani staff with outstanding performance.

The initiative recommends providing a waiver period during which organizations are exempt from implementing the Omanization ratios for the first and second year while starting-up. The initiative also recommends setting up a tourism and hospitality training institute in Dhofar Governorate with private sector support, reactivating the staff training system adopted by the Ministry of Manpower, and changing the inspection system of hiring ratios from quantitative inspection to qualitative inspection. To promote these changes, an awareness campaign will be launched to encourage Omanis to work in the sector.

Implementing Agencies	Ministry of Manpower

The Implementation Timeline for Tourism Sector Initiatives and Projects

2016 2017

Natural Sites
- Private investment facilitation for heritage sites
- Private management of natural sites facilitation

Events, Conferences, and Exhibitions
- Preparing annual calendar for events

Integrated Tourist Complexes, hotels, and themed Attractions
- Full operation of Projects Facilitation Unit

Regulations
- Completing tourism development plans for some areas

2017 2018

Natural and protected sites
- Develop a legal framework to enable private investment in natural reserves and geological sites

Heritage Sites
- Al-Balad Project

Integrated Tourist Complexes, hotels, and themed Attractions
- Preliminary projects are run per schedules

Regulations
- Approve amendments to usufruct rights
- Operation of customer service center
- Visa regulation modified to encourage tourism from emerging market countries

2019 2020

Local areas dedicated for restaurants and cafes
- Salalah Grand Mall project
- Muscat Restaurant Complex

Iconic projects being
- Sultan Qaboos Port Waterfront project
- Mount Wellness
- Oman Rivera
- Al Mouj Muscat

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Logistics Sector

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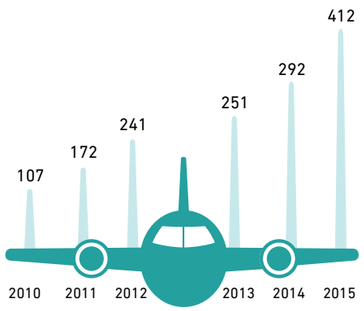
Overview

GCC countries, thanks to their strategic location, have the opportunity to be global logistics hubs. Currently, the region attracts 3.5% of international trade. In Oman, the logistics sector showed growth exceeding 8% on average in the period between 2010-2015; nearly 60% of logistics activities are in land and sea transportation.

Due to high dependence on oil income, the trade balance in Oman fell by 75% during 2014-2015. At the same time, the volume of goods shipped increased from 93 million tons to 103 million tons. When compared to the other GCC countries and other logistics hubs, Oman offers low competitive costs.

The average growth of the air freight sector in the GCC countries increased by 10% during the last six years

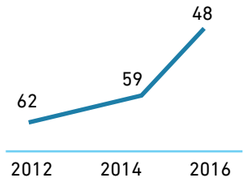


Air freight
(million tons/km)

Despite Oman's share of logistics activity in the region increasing by 33% (fastest growth in the GCC countries), it remains a small competitor in the region (2.1%).

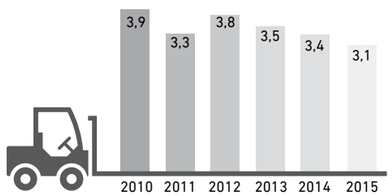
World Bank – Logistics Performance Index

Oman improved its overall ranking, while the indices related to customs procedures, tracking, and speed remain low.



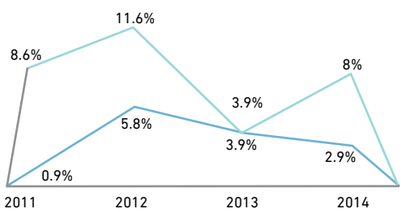
Logistics Sector Ranking

Containers Port Traffic (1000 TEU: 20 foot equivalent unit)



The average share of the containers at Oman's ports dropped continuously, amid a growth in the global goods transportation market

Average logistics and GDP growth rate



Average GDP growth

Average logistics growth

Logistics maintained an average growth rate of 7%, faster than the average growth rate in GDP or non-oil GDP.

Strategic sectors

Spreading infrastructure investment to different regions of Oman will boost the potential of emerging sectors involved in exporting, such as mining and fisheries.

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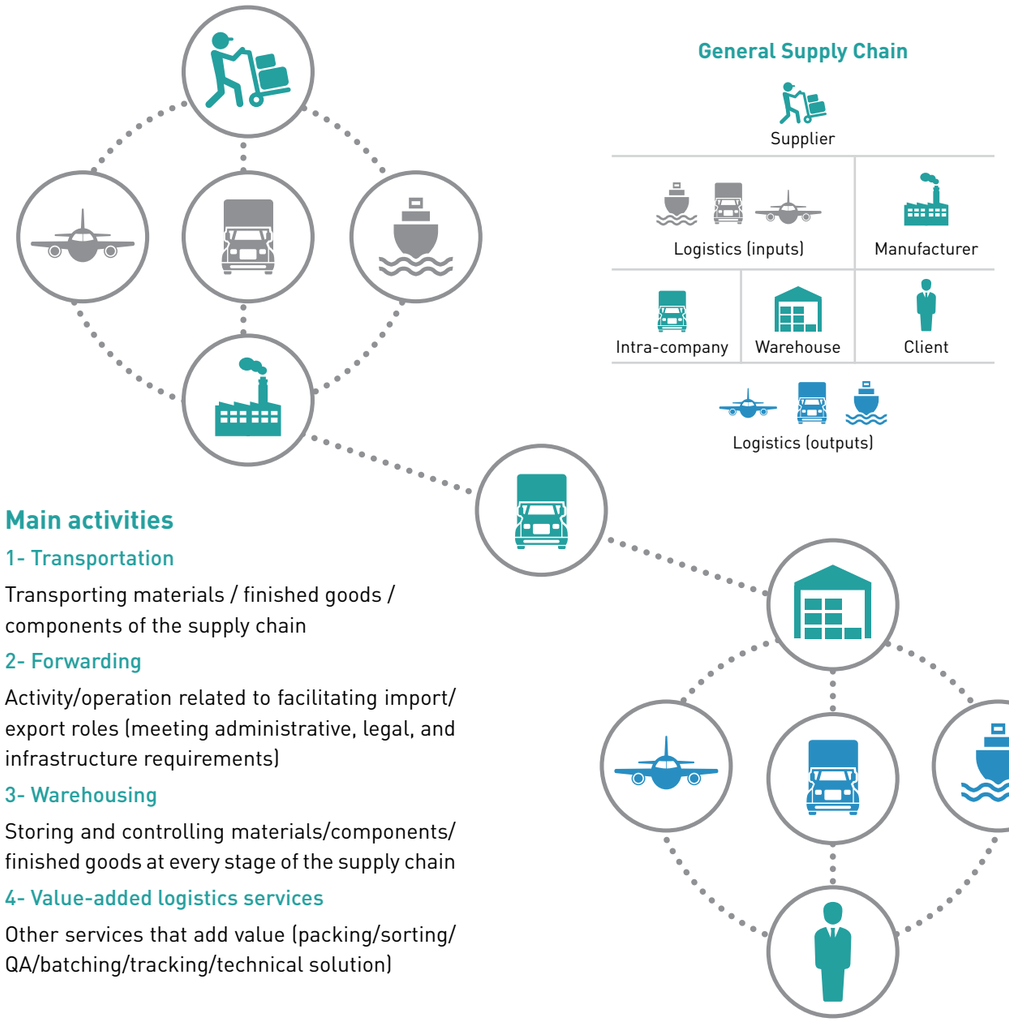
I **Logistics represent the set of activities that includes transportation, freight, warehousing and other services**



Main activities

1- Transportation

Transporting materials / finished goods / components of the supply chain

2- Forwarding

Activity/operation related to facilitating import/ export roles (meeting administrative, legal, and infrastructure requirements)

3- Warehousing

Storing and controlling materials/components/ finished goods at every stage of the supply chain

4- Value-added logistics services

Other services that add value (packing/sorting/ QA/batching/tracking/technical solution)

Main Challenges and Issues Discussed in the Labs

Despite the growth recorded in the logistics sector and the decrease of import and export costs, Oman lost market share in container traffic to other ports in the GCC. In addition, the Sultanate holds a very small market share in air freight as compared to neighboring countries. Air freight activities have shown potential as air freight has increased by 33% in Oman and the Sultanate's market share of air freight inbound traffic to the GCC states has increased from 6.6% to 10% of the world traffic. But, the World Bank also has pointed out the Sultanate is falling behind in terms of the customs clearance process (quality and speed) as well as in the development of a system for shipments tracing and tracking. When it comes to maritime and air freight, Omani ports and airports have less connections worldwide than the neighboring countries, and procedures to start a business in Oman take a longer time than other logistics hubs in the GCC states.

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Business Transactions Efficiency

- Lack of efficiency in business transactions
- There is room for improvement for container loading/ unloading time and the customs clearance time. There is also room for improvement for tracking and inspection facilities

Connections and Capacity

- Limited connections to ports and airports compared to other GCC countries
- The current capacity to handle goods is not sufficient to meet the expected growth in local and international production and trade

Infrastructure

- There is a need for investment to enhance the efficiency of infrastructure
- There is a need for improvement in infrastructure in some routes to support emerging industries in the local market

Competition

- To be able to successfully compete with other logistics operations globally, the Sultanate must enhance its level of service and efficiency in Omani ports

The main opportunities in the sector

The business environment in the logistics sector is tightly linked with a number of factors that affect commercial transactions. Logistics relies mainly on infrastructure; the better the infrastructure, the easier it is for investors and logistics professionals to improve and increase their commercial activities. Investors are faced with challenges related to setting up and expanding business and the procedures of clearing transiting goods. There is also a need for streamlined laws and procedures. Technologies and digital services are among the important factors that could improve the business environment and allow the Sultanate to keep up with the updates and innovation happening at the international level.

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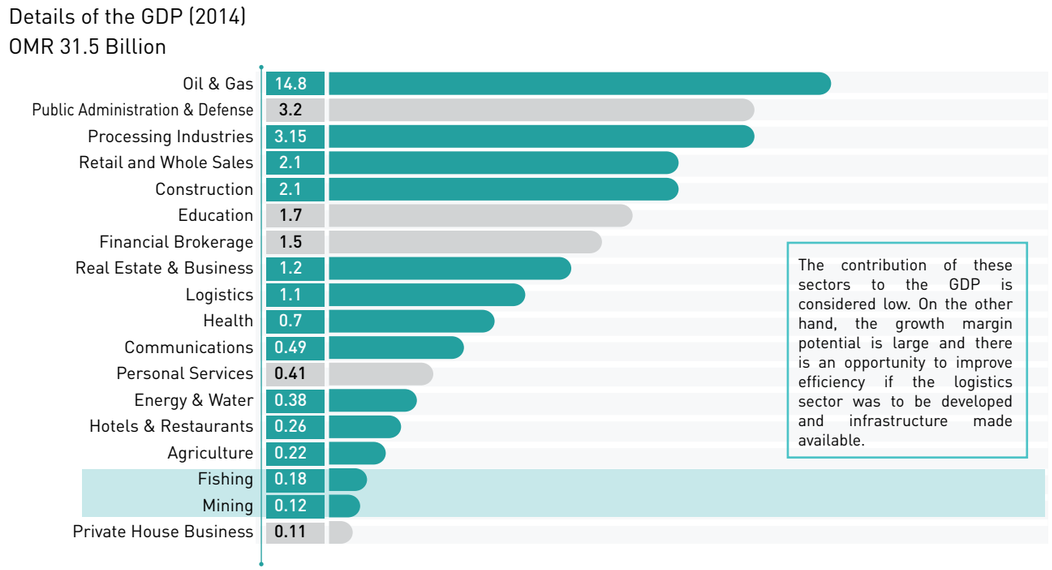
Developing the logistics sectors in Oman could improve the country's performance by more than 50% in sub-sectors contributing to the GDP



Source: Baseline Analysis of the transportation and logistics sector, as part of the Five-Year Development Plan, National Center for Statistics and Information

Sectors that would benefit from an improvement in the quality of logistical services

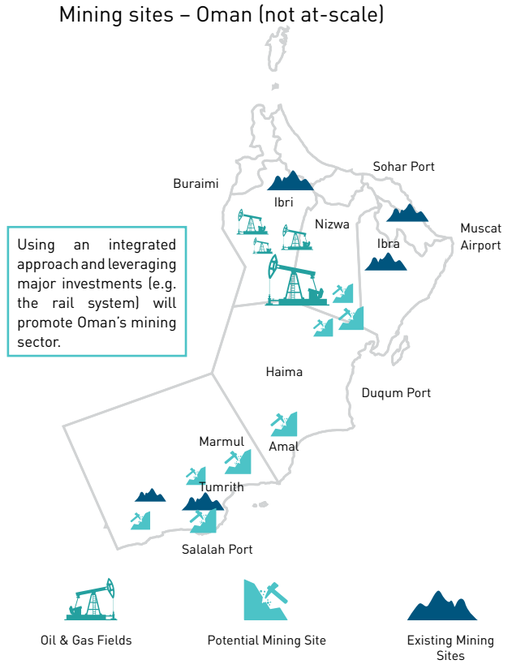
Mining is full of opportunities and has big potential, but challenges related to the logistics sector could hamper growth

Logistics-related challenges preventing the development of the mining sector

Port Location and Capacity	• Port infrastructure is based in three main locations with limited flexibility given the surroundings. Mining companies can't develop small-scale exportations ports close to the mining sites • Limited number of large capacity transport capabilities to the ports
Trade Procedures	• Customs and clearance procedures in Oman are complex and lengthy. There is a lack of coordination between all stakeholders.
Handling in ports	• Limited efficiency and inadequate ports procedures for handling big shipments.

Source: Baseline Analysis of the mining sector as part of the Five-Year Development Plan

Mining sites – Oman (not at-scale)



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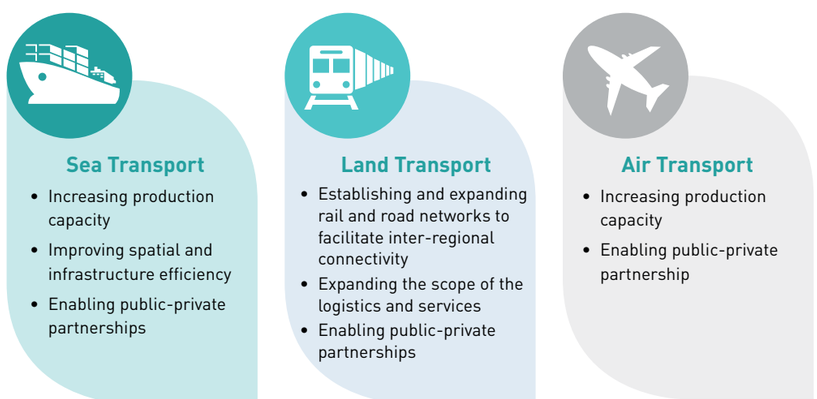
Top-Line Key Performance Indicators of the Logistics Sector in this phase of the Program

1. Increase the contribution of the logistics sector to the Sultanate's Gross Domestic Product to RO 2 billion by 2020.
2. Increase the number of jobs in logistics services sector from 67,469 in 2016 to 100,000 by 2020.
3. Increase investment by at least RO 1 billion by 2020.
4. Reduce the time required for the sea cargo import clearance procedure from an average of 7.2 days to an average of 1.5 days by 2020.
5. Increase port capacity from 3.1 million to 7 million Twenty Foot Equivalent Units by 2020.

Sub-Sectors and Initiatives in this phase of the Program

A- Land Transport	
1.	Rail connectivity to mining fields
2.	Land Connectivity with the Kingdom of Saudi Arabia
3.	One-Stop Shop window for clearance and inspections -Bayan
4.	Establish Bonded Warehouses
5.	Improve Cold Logistics Network
6.	Oman as e-Commerce hub
B- Air Transport	
7.	Muscat International Airport Cargo Village Project
8.	Enhance the operational efficiency of Muscat International Airport, with respect to customs procedures and cargo operations
9.	Increasing air cargo carriers
C- Sea Transport	
10.	New Services in Oman's Ports
11.	Strengthen feeder connectivity
12.	Increase competitiveness and service deliverables of local logistics
13.	Implementing the Port Community System across all ports in the Sultanate of Oman
14.	Providing a level playing field across all free zones by developing and enhancing systems and facilities
15.	Salalah Port Expansion



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A- Land Transport

The Sultanate of Oman needs to strengthen its land transport network to improve linkages with neighboring countries and to establish links between its economically productive areas (Salalah, Sohar, and Duqm) and its ports. Improvements to land transport infrastructure will encourage domestic and foreign investments and facilitate the use of many natural resources in the Sultanate of Oman such as mines and fisheries. In addition, enhancing efficiency, improving custom clearance procedures, and providing storage warehouses and cold chain networks will boost the logistics sector.

1- Rail connectivity to mining fields

This initiative aims to capitalize on the mineral resources of the Sultanate of Oman, and establish them as sources of national economic development, by providing an effective transportation network from the minerals at mining sites to the ports of the Sultanate of Oman. The railway will also help reduce traffic on the road network, as well as develop, unify, and establish transport routes between the Sultanate of Oman and neighboring GCC countries.

In addition to enabling the extraction of about 60 million tons of minerals per year, the railway will also help promote other economic sectors. For example, it will secure the transport of 1 million tons of equipment, such as pipes and drilling tools, for the oil and gas sector. It will also secure the transport of 3 million tons of industrial tools and equipment and 15 million tons of general goods such as foodstuffs and agricultural products. The railway will further help provide alternative routes across the Sultanate of Oman. Under the first phase of the project, it is planned the railway will span 337Km, from Duqm to Shuwaymiyah.

To fund the railway a public-private partnership model has been adopted. The public sector will provide 20% of the funds, while the private sector would contribute 80%. The private sector investors in mining will have a 30% share (subject to further consideration).

Implementing Agencies	• Oman Rail Company
Stakeholders	• Ministry of Transport and Communications • Oman Global Logistics Group • Other government institutions • Duqm Special Economic Zone Authority • Public Authority for Mining • Companies operating in the metals, mining, oil, gas, and logistics sectors.

2- Land Connectivity with the Kingdom of Saudi Arabia

The opening of roads linking the Sultanate of Oman to the Kingdom of Saudi Arabia will help improve Gulf integration and enhance social and economic communication. It will also facilitate trade and investment flows between the two countries and enhance the Sultanate's status as a regional trading hub. The project includes completing work on the road leading to Saudi Arabia through the city of Ibri and improving the quality of two roads: the first links between Hafeet and Wadi Saa, and the second is a bypass road next to the city of Ibri.

Implementing Agencies	• Ministry of Transport and Communications
Stakeholders	• The Tender Board • Ministry of Finance • Ministry of Commerce and Industry

3- One-Stop Shop window for clearance and inspections -Bayan

Bayan has proven its effectiveness and efficiency in facilitating customs clearance procedures through

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the agreement of relevant parties to use the system and its e-services. However, many government institutions have not yet been integrated into the system due to multiple reasons. Because of this, inspection procedures are not carried out in a systematic and a standardized manner, which has slowed down the customs clearance process. The establishment of an integrated system for inspections will help facilitate trade and improve economic competitiveness by accelerating clearance, inspection, and developing the tax collection process through sophisticated internal coordination between relevant government agencies.

The initiative seeks to consolidate all the procedures delivered by the government agencies involved in the system, establish an integrated inspection process, and apply a risk management program method to the inspection process. These measures will facilitate trade, promote economic diversification, and regulate the collection of customs and fees through better coordination between stakeholders. As of April 2016, Bayan has been used to request only 1,125 approvals, out of 34,352 requests across various government agencies; this amounts to only 3% of all applications.

The initiative will be implemented in three phases. Phase one will focus on the full application of the Bayan system. Phase two will focus on the activation of an integrated station for joint checkpoints. Phase three of the initiative will focus on integrating Bayan system with other government systems and portals.

Once the Bayan system is fully implemented, it will provide several benefits to all parties. These benefits include: optimum use of resources, improved revenue collection, increasing adherence to legal obligations, enhanced security, promotion of intergovernmental relations, and increased transparency. The private sector, on the other hand, will benefit from rapid inspection and licensing procedures, increased awareness of laws and requirements, increased transparency. Coordination will occur with the Royal Oman Police and relevant agencies to decide the best mechanism to integrate efforts.

The project will help reduce custom clearance wait time from 8 days to a maximum of 24 hours and increase the amount of domestic and foreign investments by RO 75 million, and the flow of goods across borders by 3% per year.

Implementing Agencies	• Royal Oman Police (Customs)
Stakeholders	• Oman Global Logistics Group • Ministry of Transport and Communications • All the Ministries and Authorities concerned with regulating trade and transport • Ports and Airports • Free zones • Traders • Logistics providers and freight forwarders

4- Establish Bonded Warehouses

Bonded customs warehouses are among the tools used to facilitate the movement of goods and increase re-export activities. The Sultanate of Oman faces a shortage in the availability of bonded warehouses. Also, the available warehouses are not optimally used concerning the movement of goods due to the lack of incentives to help encourage optimum utilization. Thus, there is an urgent need to establish new bonded customs warehouses to meet the growing demand.

The initiative aims to build bonded customs warehouses to store manufactured dutiable goods in strategic, high productivity sites such as Sohar, Salalah, and Mazyona. This will contribute in providing a value-added service by facilitating distribution, sorting, repackaging, and loading before being exported. The initiative also aims to provide incentives to use the warehouses such as facilitating the process of obtaining licenses, approvals and adopting international standards and certificates to accelerate the approval process. It further aims to facilitate and improve the laws, requirements, and procedures that allow for duty-free transport of goods from warehouses to free zones, managing warehouses per international standards, and facilitating manpower recruitment procedures and conditions in the field of logistics. This initiative will also provide additional incentives related to the use of warehouses, such as leveraging on the Bayan system, assigning Authorized Economic Operator status as of 2017 to raise demand for warehouses, and establishing the "Transports Internationaux Routiers" (TIR) system that will help facilitate the movement of goods across borders. The initiative finally aims to establish safe, duty-free storage areas for dutiable goods.

The project will contribute RO 100 million to the Gross Domestic Product and create 350 new jobs.

Implementing Agencies	• Private sector • Royal Oman Police (Customs) • Ministry of Transport and Communications • Free zones
Stakeholders	• Ministry of Transport and Communications • Ministry of Commerce and Industry • Oman Global Logistics Group • Second and third-party logistics companies • Shipping agencies

5- Improve Cold Chain Logistics Network

To ensure that Omani products reach their export markets and to encourage and attract refrigerated products, the Sultanate needs to improve its cold chain logistics network. The Sultanate of Oman also needs logistics services companies and more refrigeration facilities and services to provide improved transportation capabilities for refrigerated products to be able to compete in this logistics sub-sector.

The initiative seeks to provide refrigeration facilities and services for four sectors: fish products, agricultural products, meat and dairy products, and poultry products. To accomplish this, Oman will attract international companies and foster the establishment of Omani companies specializing in maintaining refrigeration facilities and providing refrigeration services. These facilities and services will aim to significantly reduce product quality loss. For instance, 24% of fishery production is lost throughout the supply chain. This loss could be minimized to 6% once the initiative is implemented, which will save RO 26 million.

In the agriculture sector, an estimated 40% loss occurring throughout the supply chain could be reduced to 10% once the initiative is implemented, with savings at an estimated RO 110 million. However, there are many challenges, such as the lack of services and facilities to cover the demand for refrigeration services; their high costs; lack of such facilities and services providers in strategic locations with an urgent need; and, the absence of incentives for private investment.

The initiative aims to establish an additional 53,000 square meters of refrigeration facilities and provide 760 refrigerated vehicles to cover demand by 2020. Thus, it will create 2,600 jobs and annually contribute RO 18 million to GDP.

Implementing Agencies	• Private sector • Ministry of Agriculture and Fisheries • Royal Oman Police (Customs) • Free zones
Stakeholders	• Export companies • Commercial companies • Third party companies • Oman Food Investment Holding Co. • Relevant ministries • Ministry of Health • Government hospitals and factories (Agriculture, health and trade) • Retailers and Information Technology Companies

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6- Oman as e-Commerce hub

E-Commerce is growing significantly, leading to a paradigm shift in the global market. The Sultanate of Oman seeks to keep pace with this rapid growth of e-commerce and improve the e-commerce infrastructure stimulating this growth by establishing the National E-commerce Platform, modernizing the infrastructure and the information technology tools in post offices, and automating postal consignment systems. E-commerce will also seek to further increase the growing trading volume in the logistics sector, which will encourage investment from small and medium sized enterprises (SMEs).

E-commerce in the Sultanate of Oman faces many challenges, including: a shortage of supported platforms and leading e-commerce companies, a scarcity of some necessary programs and mechanisms such as e-payment and storage and delivery systems, and a lack of legislation and regulation to regulate this kind of trade.

Through partnership between the public and private sectors, platforms can be improved in e-commerce by attracting strategic investment and coordinating, harmonizing, and amending regulations and relevant procedures regarding e-commerce.

This initiative is likely to provide several benefits, such as improving employment rates by promoting SMEs, reducing some logistics services' costs like light goods transport, enhancing trade exchange, and promoting the Sultanate of Oman as a regional e-commerce logistics hub.

The project will contribute around RO 200 million to the Gross Domestic Product. It will also create investment opportunities for some 120 small and medium-sized companies and 20 joint ventures (JVs).

Implementing Agencies	• Oman Global Logistics Group
Stakeholders	• The Ministry of Commerce and Industry • Ministry of Transport and Communications • Central Bank of Oman • Muscat Municipality • Ministry of Health • Oman Post • Telecommunications Regulatory Authority • Information Technology Authority • Oman Air • Private logistics companies • Al Raffd Fund • Riyada • The Public Authority for Investment Promotion and Export Development (Ithraa) • Small and Medium-Sized Enterprises

B- Air Transport

Air transport is a promising sub-sector of the logistics sector, given the possibility to expand its capacity and its link to other sectors such as leisure and business tourism. Focusing efforts on this area would make it possible to expand the Sultanate's international destination network and to improve air cargo operations for both export goods and goods in transit. Establishing a solid infrastructure is a key component in promoting this sector. Airports and air cargo centers equipped with modern technologies will increase air cargo capacities, improve airport procedures, and increase quality of services provided by airports.

7- Muscat International Airport Cargo Village Project

The movement of goods in the Sultanate of Oman is impacted by a shortage of warehouse, which reduces the overall operational efficiency of existing warehouses. Therefore, this initiative aims to facilitate the movement of goods at Omani airports and identify freight forwarders for specific geographic locations in order to increase operational efficiency. The project also aims to provide spaces for reclassification by establishing cold rooms, general warehouses (bonded customs warehouses), and multifunctional rooms, as well as choosing the mini logistics packages. All these measures will ease congestion and possibly enable expansion to improve cargo operations at the airport, enhance cargo handling, and generate additional revenue by providing additional services such as packaging.

The cargo village project consists of establishing an air cargo terminal for import, export, and re-export, and postal shipping and transit centers. The village will be equipped with all public facilities to carry out storage and shipping operations made by owners or tenants of already established buildings and facilities (warehouses, storage centers and units, parking lots, etc.). The cargo village would be the first destination for companies specializing in the abovementioned activities.

In order to promote multimodal transportation in cargo handling, the village project requires the creation of multiple modes of transportation that operate round-the-clock to support shipping and packaging on delivery times. Therefore, developing the infrastructure will require a linkage with communication and transport equipment, which will help provide telecommunications services, energy, and assistance tools. It will also help ease congestion by using the Inter-Model Connections System.

The initiative seeks to operate the cargo terminal by June 2019 and is expected to increase the volume of goods and revenues by approximately RO 30 million by 2020.

Implementing Agencies	• Private sector • Oman Airports Management Company • Ministry of Transport and Communications
Stakeholders	• Freight forwarders • Customs • Handling companies • Inspection agencies

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8- Enhance the operational efficiency of Muscat International Airport, with respect to customs procedures and cargo operations

The current air cargo management process is ineffective and prevents enhancement to the operational efficiency of Muscat International Airport. This initiative aims to execute a service-level agreement with air cargo service providers, establish an airport community system, and use specialized agencies to provide a number of government services in the air cargo sector.

The Sultanate of Oman was ranked 49th in the Logistic Performance Index (LPI), which is considered a low rank compared to other countries of the region. The custom clearance index was also low (2.76/5) when compared to neighboring countries. The main reasons behind inefficient cargo clearance procedures at airports are: the absence of service-level agreements (SLAs) with service providers in the entire value chain to provide global services; the lack of an airport community system, which causes inefficient communication; and, a lack of practical problem solving. The project will increase cargo handling by 20% annually and is expected to generate revenues of RO 180 million.

Implementing Agencies	• Private sector • Oman Airports Management Company • Royal Oman Police (Customs)
Stakeholders	• Oman Air • Oman Airports Management Company • Ministry of Agriculture and Fisheries • Ministry of Health • Freight forwarders • Customs

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9- Increasing the number of air cargo carriers

This initiative aims to increase air cargo capacity by approximately 180 tons for exported and imported goods, and to expand to the European market, the United States, and the East of Asia. It further seeks to develop air cargo operations that will provide an incentive for industries in the Sultanate of Oman. The initiative will increase each cargo aircraft capacity by 60 tons. It will also establish a cargo hub between the Sultanate of Oman, Europe, the United States, and East Asia.

Implementing Agencies	• Oman Air
Stakeholders	• Project partner • Ministry of Transport and Communications • Ministry of Finance

C- Sea Transport

The Sultanate of Oman has an advantageous strategic location which allows it to connect with the world's largest continents (Asia, Africa, and Europe). This strategic location makes the Sultanate commercially fit to be one of the main maritime hubs in the region. Ports availability and the level and quality of services are among the key factors in promoting the sea transport sector in the Sultanate of Oman. Providing appropriate port facilities and high quality services will assist in carrying out many commercial activities and help free zones enhance their productive efficiency. Sea transport efficiency is directly tied to many aspects such as the productivity of free zones and improved speed and efficiency of business operations and procedures.

10- New Services in Oman's Ports

The services provided by Omani ports are not competitive in comparison to those provided by other logistics services centers. The World Bank's Logistics Performance Index reflects the poor quality of logistics services provided by Omani ports when compared to neighboring countries.

The challenges facing Omani ports consist of inefficient cargo operations and the lack of competition, services, and infrastructure.

The initiative aims to remove barriers to competitiveness and attract major cargo operations by providing multimodal transportation, enhancing cargo operations, facilitating customs procedures, making re-export payment terms more flexible, improving service competitiveness, and creating more investment opportunities for the private sector by providing additional services at ports.

As it relates to infrastructure requirements, the initiative aims to establish a truck management system, develop automatic operation (smart), enhance cargo operations, attract 30% of vessels anchoring in Omani ports to use additional services in the ports, and improve supply chain efficiency.

Implementing Agencies	• Ports
Stakeholders	• Royal Oman Police • Ministry of Commerce and Industry • Oman Global Logistics Group • Ministry of Transport and Communications • Ports • Private sector

11- Strengthen feeder connectivity

The ports in the Sultanate of Oman are located in the deep-water shed of the region, which enables them to receive mother vessels directly from the main cargo operators. Expanding and improving cargo links will bring additional trade value to the ports. It will further help develop small ports, allowing in turn the transformation of major ports into distribution hubs.

Expanding linkages requires signing agreements and establishing joint ventures with service level agreements with feeder ports in some African countries, Iran, India, and Pakistan. It also requires promoting the services provided by the Sultanate's ports in order to attract Main Land Operators to connect to major ports. Consequently, this will generate additional revenue, stimulate development in small ports, and encourage businessmen to leverage on available opportunities.

Implementing Agencies	• Private sector
Stakeholders	• Ports • The Ministry of Transport and Communications • Oman International Container Terminal • Other government agencies

12- Increase competitiveness and service deliverables of local logistics

The logistics sector is suffering from instability due to the lack of benchmarks to measure the performance of logistics services providers, leading to an individual assessment of logistics companies. This initiative aims to establish an Association for Transport and Logistics. The Association will help establish normative standards for evaluating companies operating in the logistics sector, in accordance with international best practices. It also aims to examine logistics companies to identify and develop focus areas. The Association will represent the whole sector. It will further help improve the Sultanate of Oman's rank in the World Bank's Logistics Performance Index.

The initiative will result in several benefits such as increasing the levels of competitiveness and enhancing the quality of services provided by the relevant logistics companies. The proposed Association will also give the opportunity for companies and agencies to exchange information and experiences; develop their competencies; and, train their staff in following best practices by participating in conferences and workshops.

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Implementing Agencies	• Private sector
Stakeholders	• The Ministry of Commerce and Industry and the Ministry of Social Development • Oman Global Logistics Group • Logistics services companies • Omani ship owners • Ports • Private sector companies and institutions operating in the logistics sector

13- Implementation of port community system across all ports of the Sultanate

The absence of an integrated electronic system that contains all documents and information related to goods destined for all ports of the Sultanate reduces the efficiency of processes and associated procedures.

The initiative includes the establishment of a national port community system (PCS), to exchange information between multiple systems run by a variety of local and international government and private entities and to integrate and harmonize ports with other systems, such as the Bayan system and the one stop platforms. The initiative also includes careful implementation follow-up in the three major ports in order to raise efficiency and management capabilities.

Oman Global Logistics Group SAOC (OGL) has developed a plan that includes a set of options for the implementation of the PCS system for the three main ports in Sohar, Salalah, and Duqm. The system will include a mechanism for collecting information from different platforms across several organizations. It will also include mechanisms to control interaction between

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government agencies and the private sector, and between private sector companies themselves. According to the provided plan, the system will work smoothly with the Bayan system and will be a mechanism used in the one stop shops at the land, sea and air border ports.

This initiative will provide a number of advantages and benefits to ports, such as customer service development, utilization of available resources and increased efficiency of internal operations. Freight lines will also benefit from the availability of updated information; and, government institutions and customers will benefit from increased operational security, risk management and paper-transaction reduction.

Implementing Agencies	• Private sector • Ports • Airports
Stakeholders	• Oman Global Logistics Group • Ministry of Agriculture and Fisheries • Oman Royal Police (Customs)

14- Providing a level playing field across all free zones by developing and enhancing systems and facilities

Among the challenges facing investors in free zones are the various regulations, Omanization rates, and license and permit issuance procedures, the varying tariffs, and lack of facilities in free zones. As a result, this initiative is based on standardizing policies and regulations that aim to improve the attractiveness of investment in the free zones to increase investment.

The initiative aims to develop the business environment, reducing government costs, and improving free zone promotional schemes. The initiative also aims to provide a balanced work environment in terms of laws and legislation, such as granting the authority to grant and issue licenses and permits to all free zones, and to adopt the same service features in all these areas, such as water and electricity, and provide the same incentives to the private sector to do business based on the use of natural resources. In addition, the initiative includes the preparation of an equitable business model for all free zones.

Implementing Agencies	• Ministry of Manpower • Ministry of Commerce and Industry • Oman Royal Police (Customs) • Free Zones
Stakeholders	• Ministry of Legal Affairs • Free Zones Committee • Ministry of Finance

15- Salalah Port Expansion

The project aims at expanding ports 7, 8 and 9 at the container terminal of Salalah Airport, providing 2.5 million twenty-foot equivalent unit for additional capacity, rehabilitating all government-owned harbors, rehabilitating the public cargo terminal and providing a route for transporting dry and liquid goods through the port. The project will contribute to an increase of 2.5 million twenty-foot equivalent units and provide 7,600 new jobs.

The expansion of ports 7, 8 and 9 is in response to the growth of the shipping line, providing the space needed to cover the demand for contract increases, and the growing interest the Sultanate. Expansion is also necessary to take advantage of new opportunities in the market and to find solutions to the obstacles that affect the development of the sector.

The initiative also targets the development of a public cargo terminal, as the existing 18 berths are only for non-commercial vessels, and the terminal capacity ranges from 75% to 100%. The initiative also seeks to develop the LNG plant, as the current plant will not cover the projected capacity in 2018, estimated at 6 million tons.

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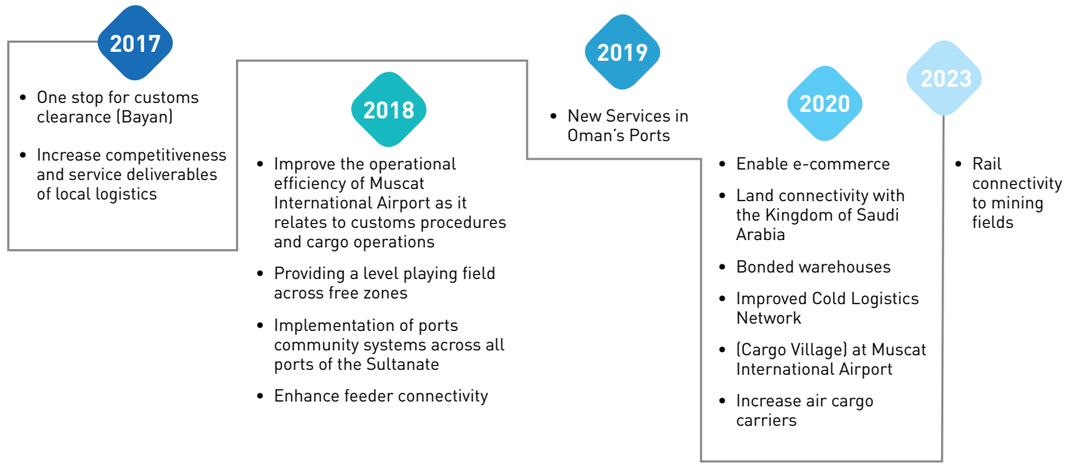
It also proposes the rehabilitation of government berths to enable high capacity operation which will accelerate the unloading process and raise the capacity to 10.5 million tons per year. It additionally proposes the establishment of the central service station to provide the service between the free zone in Salalah and the import and export terminals. The main objective is to provide an effective service for dry cargo ports by connecting storage facilities and ports through one central station and shipping liquid materials through fixed pipes.

Implementing Agencies	Ministry of Transport and Communications
Stakeholders	• Salalah Port Services Company SAOG • Salalah Free Zone • Shipping lines • Mining sector • Manufacturing sector

The implementation timeline for logistics sector initiatives and projects:



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Finance and Creative Financing Sector

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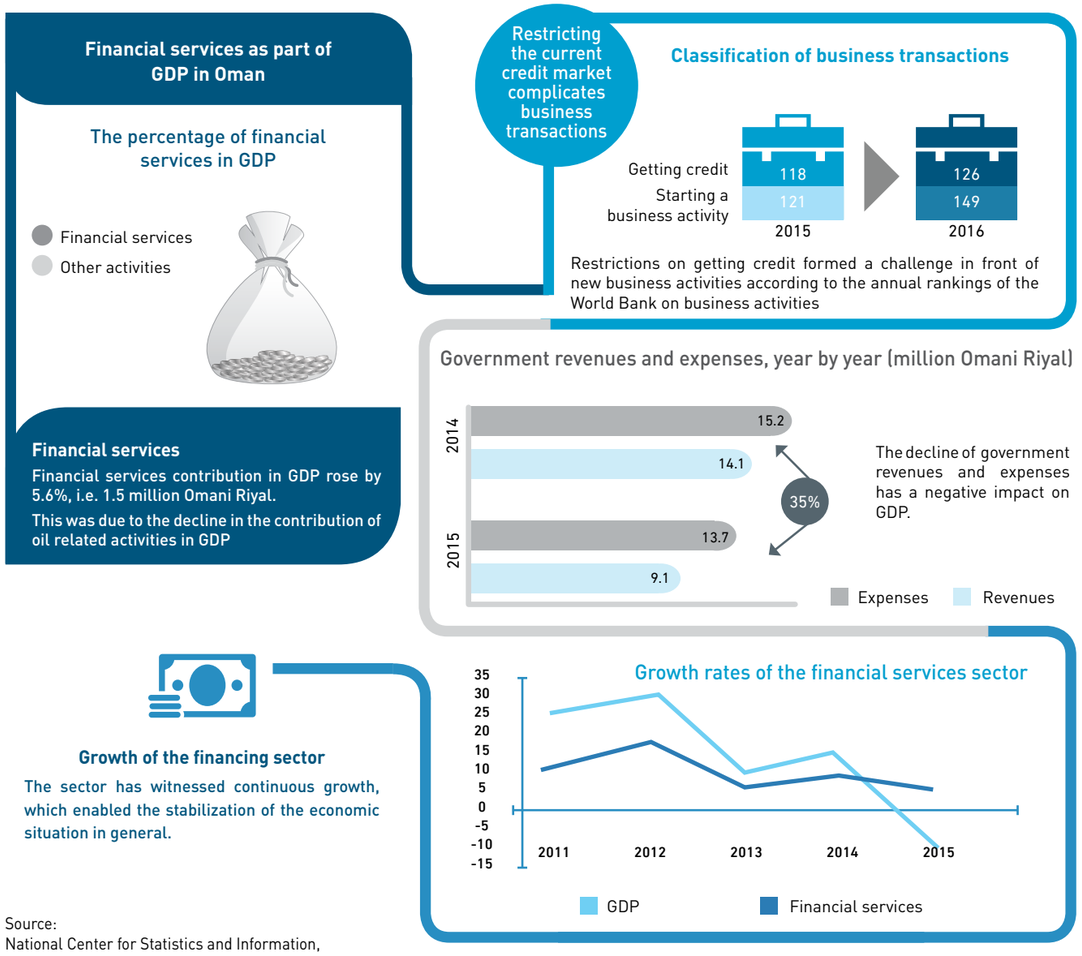
Overview

The government's revenues declined in 2015 due to the high dependence on oil and its corresponding prices. The lab accordingly aimed to address a number of key issues, such as methods to diversify sources of income, finding alternative sources of funding for projects, lowering development costs, and improving the investment and business environment in the Sultanate.

The Finance and Creative Financing lab consisted of two workstreams focused on different themes:

1) Project financing: These projects involve partnership between the private and public sectors, management of public projects, and capacity building in the ministries to improve capabilities that are directly related to the financial preparation and evaluation of projects. The initiatives seek to find innovative and alternative funding for projects targeted by economic diversification focus sectors, enhance the contribution of the private sector, and ease the burden on the state's budget.

2) Improving the business environment: several operational procedures were identified for enhancement and revision to streamline legislation, policy and practices that impact the business environment in the Sultanate. The revisions aim at establishing a mechanism to improve processes, obtaining credit for private commercial businesses, promoting government transparency and responsibility in a way that facilitates commercial activities, implementing governance mechanisms in all public-sector facilities, improving the procedures of public projects tenders, and creating mechanisms for privatization of state owned enterprises.



Source:
National Center for Statistics and Information,
National Statistics 2011, issue 13, and the Statistical Yearbook 2016, issue 44: classification of business activities according to the World Bank 2016

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The lab equally sought to identify solutions to attract local and foreign investment, and increase the private sector's contribution to the Sultanate's economy & overall GDP. The initiatives of the lab includes a proposal to regulate the creation of real estate investment trusts (REIT's), establish an institution that looks after governmental projects, and regulate the delivery & funding of projects managed by the public sector. It also focuses on capacity building as it relates to project design and classification, as well as the selection of suitable approaches to finance these projects. Because the government wants to boost its partnership with the private sector, the public-private partnerships initiative will fund governmental projects and implement development projects in promising sectors through the appropriate PPP models.

The implementation of these initiatives will lead to significant changes in the business environment, governance, and project management. They will raise the private sector's contribution to governmental projects and to national initiatives, enhance the Sultanate's competitiveness in attracting investment, and improve its ranking in the World Bank's Ease of Doing Business rankings.

Main Challenges and Issues Discussed in the Labs

The most prominent challenges that are faced by the business environment are the regulations and policies that restrict the Sultanate's competitiveness and financial growth, the difficulties faced by investors when they attempt to start a business, and the need to improve the competence of civil servants in defining the requirements of projects and improve the coordination between them.

The ranking of the Sultanate in several global indices related to commercial and economic environment over the past six years have been stagnant or in decline

Index	2011	2012	2013	2014	2015	2016	Status
Ease of Doing Business (The World Bank)*	65,88	67,61	68.74	68.92	63.67	65.40	stable
The Global Competitiveness Report (The World Economic Forum)	34	32	32	33	46	62	decline of 18 ranks
Human Development Index (UN)	0793	0793	0792	0793	0796	-	stable
Economic Freedom of the Arab World (Fraser Institute)	7	7	6	7	5	7	stable
Index of Economic Freedom (Heritage Institute)	34	47	45	48	56	52	decline of 18 ranks

*Ease of Doing Business reported as the Distance-to-Frontier score (which highlights the gap between the Sultanate and other countries), rather than the actual position ranking, as the methodology changed in 2015.

To achieve these goals, the Finance and Innovative Finance Sector relies on two work streams:	
1- Project financing	2- Improving the business environment

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The Top-Line Key Performance Indicators of the Finance and Innovative Finance Sector in this phase of the Program:

a. Project financing

- Enhance the partnership between the public and the private sectors and raise the contribution of the private sector in funding governmental projects and national initiatives by piloting one public-private partnership (PPP) project in the sectors of education, health, and housing.
- The value of privatized governmental institutions should reach 150 million Omani Riyal by 2020.

b. Improving the business environment

- Raise the Sultanate's capacities and its competitiveness in terms of attracting local and foreign investment and improve its rank so that it becomes the first among the countries of the Gulf Cooperation Council in the World Bank's Ease of Doing Business report.
- Raise the Sultanate's rank in the Ease of Doing Business Rankings overall among the Gulf Cooperation Council countries from the third to the first rank by 2020.
- Maintain the Sultanate's current first place ranking among the Gulf Cooperation Council countries for Starting a Business in the Ease of Doing Business rankings until 2020.
- Raise the Sultanate's ranking in the Ease of Getting Credit for the Ease of Doing Business among the Gulf Cooperation Council countries from the fifth to the first position by 2020.

Sub-Sectors and Initiatives in this phase of the Program

A- Project finance	
1	Establishing Real Estate Investment Trusts
2	Creation of two institutions specialized in the implementation of infrastructure and other governmental projects (Project Management Corporations)
3	Building Capability in Project Identification and Evaluation
4	Assessment and evaluation of projects for potential public private partnerships
B- Improving the business environment	
5	Develop Code of Governance for State Owned Enterprises (SOEs) and government agencies
6	Enhance the Tendering Process of Government Projects
7	Establish a credit bureau in Oman
8	Use the capital markets to enhance economic growth and privatization of some governmental companies
9	Accelerate the issuance of the Foreign Investment Law and its executive regulations
10	Unify Investment Promotion Efforts and Align Investment Facilitation Roles
11	Develop Roadmap for Invest Easy to Complete Licensing Simplifications

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A- Project finance

Project finance was emphasized because of its importance in reducing governmental spending and in promoting the participation of the private sector in funding development projects and boosting the national economy. Project finance is linked to several economic principles, mainly reinforcing the partnership between private and public sectors, management of national projects, capacity building, and the establishment of mechanisms related to the evaluation and the study of projects. Finding alternative and new finance methods will enable the implementation of the projects identified in the strategies of various national sectors including those outlined in the current and future five-year development plans.

1- Establishing Real Estate Investment Trusts

This initiative seeks to adjust current laws to pave the way for the establishment of Real Estate Investment Trusts (REITs). The trusts will allow real estate developers to sell their properties to the trusts in return for increased liquidity. The Real Estate Investment Trusts will own and manage profitable real estate properties and can subsequently be listed on the Muscat Securities Market. Retail investors could get exposure to commercial property by purchasing shares in REITs which is less expensive than the sale and purchase of traditional properties, with profits being distributed among shareholders annually. The REITs would operate per the laws and regulations of the Capital Market Authority. This initiative also aims to increase the liquidity in the capital market and in the real estate market. REITs allow investors to diversify their investments in different types of real estate, instead of focusing on a specific sector, and provides them with an easy way to exit their holdings through the sale of their unit shares of the REIT.

The initiative has resulted in two specific activities: providing investors from countries that are not members of the GCC the right to own assets through Real Estate Investment Trusts and the necessity to establish a trust law by the Capital Market Authority.

Implementing Agencies	• Capital Market Authority
Stakeholders	• Ministry of Housing • Muscat Securities Market • Other Concerned Ministries

2- Creation of two institutions specialized in the implementation of infrastructure and other governmental projects (Project Management Corporations)

Most governmental projects often exceed the budgets and timelines allocated to them due to the lack of a specialized and central management of governmental projects and a lack of ministry specialization in the implementation of projects within the required deadlines, costs, and quality requirements. For this reason, creating two institutions specialized in the implementation of infrastructure projects and other governmental projects was proposed.

The initiative consists first of establishing an institution for the management of infrastructure projects (roads, ports, airports, railways, etc.) under the umbrella of the Ministry of Transport and Communication. The rest of governmental projects will be managed by a second institution that specializes in other governmental projects.

These project management corporations will provide several benefits, including new funding strategies and promoting public-private partnerships. Through the centralization of project management, an Omani team capable of managing projects at a local level then expand it to the international level can be formed.

Implementing Agencies	Supreme Council for Planning

3- Building Capability for Project Identification and Evaluation

There is a shortage in information on projects that have been planned for and approved in the five-year development plan. The description,

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evaluation, and classification of the projects is insufficient and several details are omitted. In addition, an evaluation of whether projects can be privatized or offered for public-private partnership opportunities has not been conducted. This calls for the development of the capacities and the competencies of governmental institutions in conducting studies of planned projects, namely economic feasibility studies.

Several proposals were made to overcome these challenges including the need to develop clear classification standards for all projects by the Supreme Council for Planning for Ministries to follow prior to submitting their development projects for approval. The Secretariat General of the Council would then classify the projects per their types (governmental, private, or partnership between the public and the private sectors), create a model or methodology that ministries would follow before proposing any project, and work on the ministries' capacity-building so that they would be able to better plan for the submission of projects. The initiative also proposes to benefit from the expertise of independent consultancy companies in the short term to develop economic feasibility studies for a number of projects. In the long term, it proposes to build a framework for capacity building and development of human resources in governmental institutions by organizing training workshops, programs for the recruitment of governmental officials in the private sector, and other mechanisms. The initiative also seeks to build capacities in order to conduct economic feasibility studies and operational models of the projects and their impact on the economy.

Implementing Agencies	• Supreme Council for Planning
Stakeholders	• Concerned ministries

4- Assessment and evaluation of projects for potential public private partnerships

Public-private partnership (PPP) projects are those that have shared ownership between the government and a private sector partner. There are several PPP models that can be used to deliver various projects based on the unique considerations of each of them. The initiative aims to establish foundations and standards for a ministry to propose a PPP project and facilitate the participation of the private sector in national projects and initiatives. For that purpose, the 9th 5 year development plan was used as a source for the consideration of a number of projects that can be delivered via PPP, with the following projects identified as potential pilot projects to be carefully examined by the SCP:

- A mass housing project
- Public schools
- A hospital

Implementing Agencies	• Supreme Council for Planning
Stakeholders	• Ministry of Housing • Ministry of Health • Ministry of Education • Ministry of Finance

B- Improving the business environment:

The business environment is a major factor in economic growth. A supportive business environment can attract investors, encourage the formation of small and medium enterprises, foster entrepreneurship and facilitate economic transactions. Improving the business environment requires coordinating the efforts of several parties to simplify procedures and operations related to business, such as the issuance of licenses and permits. There is a need for an increase in the transparency of decision-making in regulated industries and speed up processes.

5- Develop Code of Governance for State Owned Enterprises (SOEs) and government agencies

The purpose of this initiative is to improve the competence of governmental procedures, encourage transparency and accountability, and limit conflicts of interest by drafting a code of governance for various types of state institutions. This would improve governmental work and the business environment in general, create fair competition, improve the government's productivity and competence, preserve public funds, and boost direct investment. The initiative focuses on state-owned enterprises in a first phase, then on government agencies in a second phase. The Oman Center for Governance and Sustainability has prepared a draft code of governance which can be improved and applied to state owned enterprises. The initiative recommends formalizing a specific framework for state owned enterprises through work with the Oman Center for Governance and Sustainability and collecting feedback from other parties like the Sultan Qaboos University, Oman Economic Association, and other nonprofit organizations. The initiative also recommends that the Ministry of Finance approves the governance framework and mandate that state owned enterprises implement the framework. The State Audit Institute would be responsible for conducting audits on the implementation of the code of governance.

The second phase of this initiative includes the implementation of the code of governance in ministries. The code of governance would include principles such as transparency, accountability, equality, and liability. The Ministry of Civil Service is currently working on identifying key performance indicators of each ministry. The Oman Center for Corporate Governance and Sustainability provides advisory services to government agencies, but does not have regulatory authority over them or over private agencies. The initiative requires that the Ministry of Civil Service gather all independent agencies concerned for the purpose of being consulted on developing a governance framework, and for the ministry to work with Oman Center for Corporate Governance and Sustainability, Sultan Qaboos University, and non-governmental organizations such as the Oman Economic Association to prepare a draft governance framework for government entities. The draft will be later submitted to the Council of Ministers for approval.

The initiative also seeks to introduce a training program to develop the competencies of the staff working on implementing and developing governance frameworks in relevant agencies by establishing the governance system. The initiative will also aim to establish training workshops for executive managers in ministries. At the end of each year, compliance with the code of governance in the various institutions would be evaluated and ranked for transparency purposes.

Implementing Agencies	• State Audit Institute
Stakeholders	• State-owned enterprises • Ministry of Civil Service • Council of Ministers • All government agencies

6- Enhance the Tendering Process of Government Projects

The establishment of a uniform assessment system for government tenders is one of the most important factors impacting the effectiveness of tendering. During the tender preparation phase, project estimates are approved, despite the fact that sometimes estimates are based on inaccurate data. Challenges facing the tender process include unclear project standards and requirements and incompatible specifications of similar projects. Other challenges facing the tendering and assessment phase relate to negotiations and the clarity of projects' technical and financial standards.

Accordingly, several measures have been agreed upon to develop the tender process. The most important ones include applying electronic tendering procedures to government agencies, monitoring projects to ensure compliance with time frames, minimizing change orders, and enhancing capacities per projects requirements. The implementation of an electronic tendering system will help enhance transparency and create a single window for applicants that allows for a one-stop-shop for bidding. E-tenders will help clarify requests for proposals by helping better evaluate minimum requirements and identify companies' information, problems, and violations. It will further speed up the process of issuing and assigning tenders.

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The initiative also recommends that the tender board should monitor government agencies' tender units by appointing a project manager in each agency and requesting information, data, and reports on the performance of vendors.

Implementing Agencies	• Tender Board
Stakeholders	• Government agencies' tender units • State Audit Institute • Government companies

7- Establish a credit bureau in Oman

This initiative aims to establish a credit bureau in the Sultanate of Oman. The bureau will serve as a reference for financial institutions to measure creditworthiness. It will also serve as tool to enable and grow commercial lending, increase access to credit, reduce credit losses, and enhance government supervision in relation to risk management. The bureau will seek to boost confidence among its users. It will collect information about individuals and institutions which will be used – in accordance with laws and regulations – by financial institutions, local and international companies, small and medium-sized enterprises (SMEs), credit rating agencies, and various segments of society. The bureau will also seek to increase the number of loan recipient institutions and facilitate access to bank loans.

This initiative will also address one of the most important challenges facing SMEs. The Central Bank of Oman's Occasional Report on SMEs in 2014 indicated that loans received by SMEs represent only 13% of their total funding. This is due to the lack of documentation and supporting information on SME's that are required for strengthening loan application. Additionally, SME's are concerned with high loan charges, fees and bank interest rates because of risks associated with lending to SME's.

The initiative outlines that leading international agencies shall be consulted during the establishment phase to ensure that the bureau is operating per international standards. During the operational phase of the bureau, the operational team should communicate with all stakeholders to obtain information. Operating the bureau would also require changing and amending laws to ensure that it is well regulated and effective.

Implementing Agencies	• Capital Market Authority
Stakeholders	• Royal Oman Police • Municipalities • Ministry of Manpower • Ministry of Housing • Service providers • Debt collection agencies • Ministry of Finance • Capital Market Authority • All financial institutions including banks and insurance and investment companies • Courts

8- Use the capital markets to enhance economic growth and privatization of some governmental companies

The capital market is one of the most effective financial systems used to promote economic growth. It provides low-cost funding for economic projects by directing capital (investments, savings, and deposits) towards these projects. The capital market is also used to build public wealth by providing easy investment opportunities for both citizens and residents. It has a significant role in establishing a true public-private partnership. In addition, listing state-owned companies in the capital markets will bring many benefits, including ensuring better corporate governance, providing more accurate financial reporting, and improving the Ministry of Finance's use of capital to fund various projects. Increased capital market utilization will also help minimize foreign remittances, which were estimated at about RO 4 billion in 2015.

Published data indicates that Oman's capital market has a great capacity to fund economic mega-projects. The last Initial Public Offering (IPO) was priced RO 56.3 million. Its value was covered almost 19 times – showing a capacity to potentially raise more than RO 1 billion. Data also indicates that the profit growth of companies listed in capital markets is 3 times higher than those not listed on the Muscat Securities Market.

Despite government focus on establishing economic projects by creating more than 60 government companies in various sectors, some companies have failed to achieve positive financial results due to administrative "red tape", which in turn has increased their burden on the government.

This initiative was launched to consolidate the role of the capital market so that the government may continue to establish economic mega projects. Utilizing the capital market will also minimize financial and administrative burdens on government by allowing the private sector to take on the burden of some projects. Private participation can also enhance the government companies' efficiency and productivity, improve services provided, and allow the government to play its role of making legislation, regulating economic activities, and monitoring performance. The initiative focuses on two principles:

1. Funding large-scale and promising development projects by the capital market shall be adopted as a public policy pursued by government.
2. Privatizing government companies of an approximate value of RO 150 million during the period 2017-2021.

The success of this initiative and the achievement of its desired impacts depend on using the capital market and developing effective, appropriate privatization programs. These programs shall involve establishing clear privatization methods, appropriate criteria to select government companies going private, and the percentage offered for privatization. Once selection is complete, a clear privatization mechanism will be established to determine the method and the appropriate timeframe for privatization. After completing privatization procedures, shares of those companies should be offered in the capital market via IPO.

Implementing Agencies	• Ministry of Finance
Stakeholders	• Capital Market Authority • Ministry of Commerce and Industry

9- Accelerate the issuance of Foreign Direct Investment Law and its executive regulations

The current Investment Law does not allow foreigners to own 100% of the shares of a company unless approved by the Council of Ministers. This law – in its draft format - has been revised to encourage investments in the Sultanate of Oman by allowing non-Omani residents to start a business and save their money in the Sultanate. This initiative seeks to attract high-value foreign investment and minimize illegal practices.

Opening the market to foreign investors will bring many benefits such as strengthening the currency by increasing exports, improving competitiveness, and diversifying the economy through foreign investments in promising sectors. Foreign direct investment will also help create more jobs and limit some negative economic practices such as 'hidden trade' and 'work permit trade'.

This initiative seeks to accelerate the issuance of the draft investment law with certain conditions that help attract major investors. It is based on two conditions:

1. No minimum capital requirements; and,
2. Prohibiting 100% ownership of shares in certain economic activities and certain sectors, as indicated in the new law.

The initiative recommends assessing and classifying investors when applying for visas to identify investors able to add value to local market. Applying the conditions stated in this initiative will bring many benefits such as organizing and encouraging SMEs in the local market and pave the way for ethical and serious companies to work in the best conditions. The assessment and selection process will help attract serious investors who can bring experience and competitiveness to the market. This will also help improve the Sultanate of Oman rank in the World's Bank Doing Business Report.

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Implementing Agencies	• Ministry of Commerce and Industry
Stakeholders	• Council of Ministers • State Council • Shura Council • 'Invest Easy' system • Royal Oman Police • Public Authority for Investment Promotion and Export Development (Ithraa)

10- Unify Investment Promotion Efforts and Align Investment Facilitation Roles

This initiative, which is based on strengthening the role of the Public Authority for Investment Promotion and Export Development (Ithraa), was launched with the aim of streamlining the national investment promotion strategy, which faces challenges due to the presence of different parties involved in encouraging foreign investment with a lack of coordination between them. This leads to conflicting messaging on the sultanate and results in a financial burden due to the high costs that arise from the duplication of work.

Therefore, the initiative seeks to strengthen the role of coordination to:

a. Attract foreign investment through coordination and innovative investment promotion
b. Identify and match the roles and responsibilities of stakeholders to support local and international investors
c. Develop investment facilitation services for foreign investors

The initiative aims to enhance Ithraa's responsibilities by making it the leading institution for the investment promotion process in the Sultanate. Ithraa will be responsible for studying the types of investments and identifying the investment advantages of the Sultanate in collaboration with the Ministry of Commerce and Industry (and, other relevant government bodies concerned with issuing licenses and permits) and communicating with investors to bring them to the Sultanate. Other responsibilities proposed for Ithraa include: preparing data packages for each economic sector that outline the most important business procedures related to the sector, operational costs in free zones, and different incentives available for businesses.

The initiative also proposes that Omani embassies and consulates abroad would be empowered to promote investment in the Sultanate. This requires the issuance of a royal decree granting the Ministry of Foreign Affairs the necessary powers to perform this role and training for a commercial representative in the different embassies and consulates.

Finally, the initiative also proposes harmonizing and coordinating efforts to facilitate investment in the Sultanate to ensure the highest quality standards and efficiency of services provided to investors. Ithraa shall direct potential investors to the appropriate entities (such as the free zones when applicable), help register the investor through the Invest Easy portal, and assist in the process of obtaining the needed licenses and permits.

Implementing Agencies	Public Authority for Investment Promotion and Export Development(Ithraa)	
Stakeholders	• Supreme Council for Planning • The Sultanate's embassies (Ministry of Foreign Affairs) • Oman Airports Management Company	• Invest Easy system • Ministry of Legal Affairs • All government bodies authorized to promote for the Sultanate (such as the Sovereign Funds and the Ministry of Tourism).

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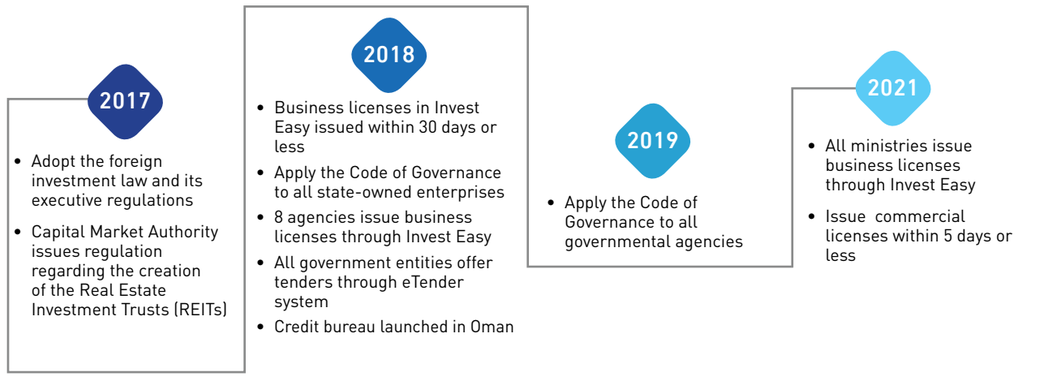
11- Develop Roadmap for "Invest Easy" to Complete Licensing Simplifications

Facilitating and simplifying the procedures for obtaining licenses for commercial activities is one of the most important factors for doing business and encouraging internal and external investment. The Invest Easy Platform was launched by the Ministry of Commerce & Industry to accelerate the process of starting a business and investing in Oman. However, a detailed plan to follow up the on the integration of several bodies within the system was not developed. The Invest Easy system seeks to integrate the different ministries that issue business licenses or permits for the platform to become an effective one stop shop for all major business activities. During the labs, only one ministry offered all of their licenses through Invest Easy; the lack of integration with other ministries is a major challenge. The initial vision of the Invest Easy system is designed to integrate all licenses and permits into a single portal. As for the 11 ministries participating in the system, there is no detailed and precise plan showing the scope of work and the number of licenses required to be linked by each authority. In addition, the use of service level agreements to know the time period required for each action has not been activated yet.

The initiative offers several proposals for developing the system and outlining a clear vision for it to work as a one-stop-shop to issue all business licenses for all types of business activity. The initiative also focuses on strengthening the system's relationship with Sanad offices to serve as a system link. It also develops clear standards and requirements for licenses and looks to codify all requirements to successfully be granted a license within a specified time period. The initiative also proposes streamlining licensing processes in the individual ministries and standardizing the procedures for reviewing licensing fees imposed by the stakeholders to comply with the requirements of Invest Easy system.

Implementing Agencies	• Ministry of Commerce and Industry
Stakeholders	• Muscat Municipality • Ministry of Transport and Communication • Ministry of Regional Municipalities and Water Resources • Ministry of Higher Education • Information Technology Authority • Ministry of Environment and Climate Affairs • Ministry of Agriculture and Fisheries • Ministry of Tourism • Ministry of Manpower • Telecommunications Regulatory Authority • Ministry of Commerce and Industry • Royal Oman Police

The implementation timeline for initiatives and projects in the finance sector and creative financing:



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Labor Market and Employment Sector

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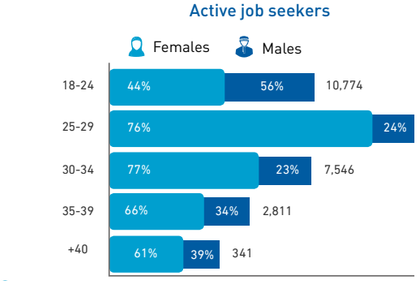
GENERAL OVERVIEW

The labor market in the Sultanate faces a number of challenges as it relates to the employment of the Omani workforce, the increasing number of job seekers, and the accompanying increase in the number of non-Omani employees in occupations that require limited skills – particularly in sectors related to infrastructure (e.g. roads, airports, ports, etc.). Additionally, there are challenges that relate to the structural composition of private sector enterprises (which in turn affects the capabilities of these establishments to provide jobs and provide an appropriate working environment), and issues that stem from the inability of the private sector to offer attractive wage levels to Omani job seekers.

There is a clear discrepancy between the supply and demand in the labor force, which casts a shadow on the targeted Omanization rates and the ability to achieve them. There is also concern that there is a need for the private sector to be provided more flexibility to increase its effectiveness so it can achieve the desired economic growth and provide employment opportunities to Omanis in an effective manner. As such, there is an urgent need to deliver a number of initiatives that aim to improve planning and training to better align demand and supply in the labor market.

Active job seekers in manpower register based on age and gender

Omani youth constitute 78% of job seekers and females constitute about 17% of the total. Job seekers are distributed unevenly in the governorates, with 45% living in just three governorates.

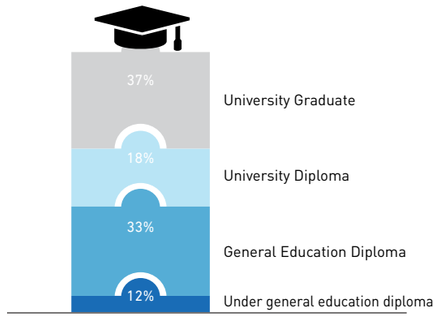


Gap

There is a clear disparity between supply of jobseekers and demand for labor from employers. There are many factors that contribute to this imbalance and widening gap.

High value added jobs

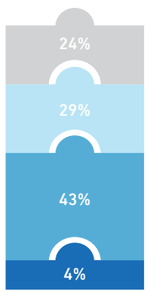
45% of Omani jobseekers with high academic qualifications can be employed to fill high value added jobs in the private sector.



Job Seekers Active in the Labor Force Register: Educational Level

Enrolled in the workforce (2016/2020)

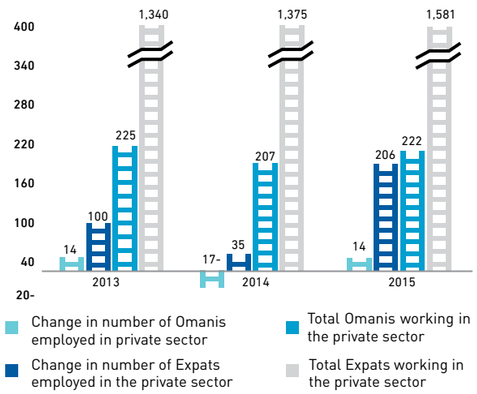
An estimated 44,000 people per year are expected to join the national workforce between the years 2016-2020 with a total of 222,000 enrolled



Enrolled with a high academic qualification:

54% of new entrants to the labor force between 2016 and 2020 are academic degree holders

Job opportunities provided in the private sector and the number of national and expat labor in a year (000')



Career Opportunities

Significant disparities:
In the period between the year 2013 and 2015, the average number of jobs provided for Omani nationals was only 11,000 - while the average number of job opportunities provided for expatriate workers was 320,000.

Private Sector: Professional Skills
50% of Omanis working in the private sector are classified as professional and specialized workers, a suitable category for work in private sector.

Public sector vs. Private sector
The public sector (excluding defense) employs 53% of the national workforce and the private sector employs 47% (2015), 85% of whom have a general education diploma or less (2014).

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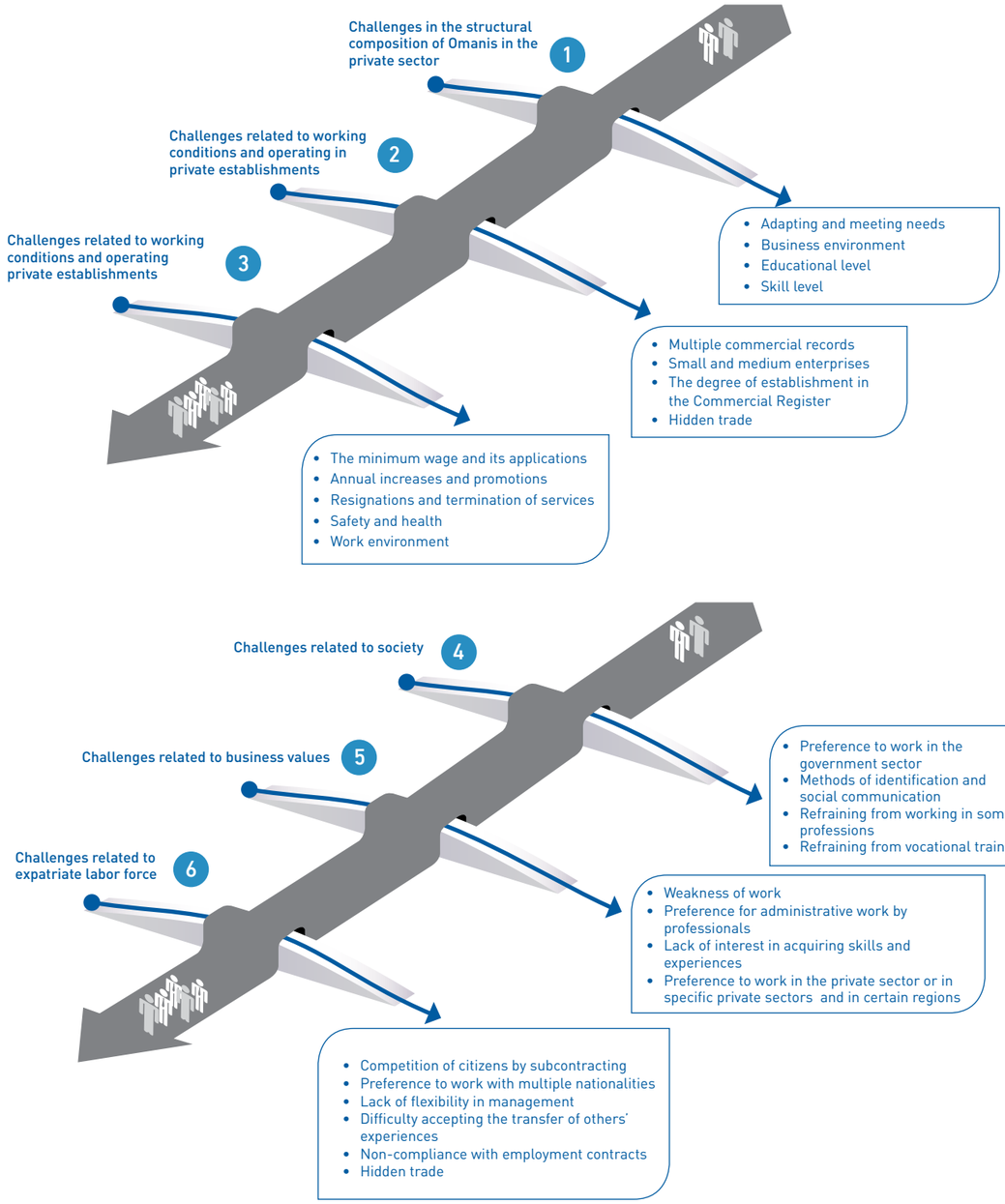
Main Challenges and Issues Discussed in the Labs

The labor and employment market faces several challenges, including those that relate to the possibility of achieving current Omanization targets, the negative impact of globalization on the Omani labor market, and ability to establish small or medium enterprises.

In addition, the phenomenon of migrant labor affects the labor market negatively, making it difficult to strengthen the appeal of the private sector for job seekers. Finally, a lack of strong private sector coordination in employment leads to inconsistencies in labor-related employment practices



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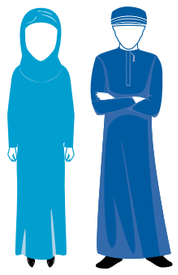
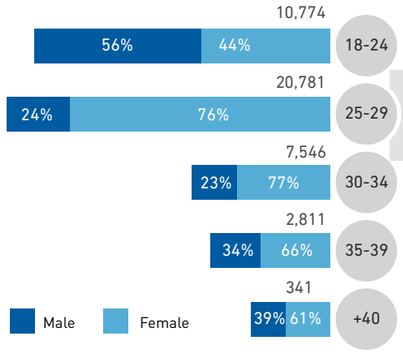
Most Omani job seekers are under 29 years of age

There are currently 42,253 Omani people looking for work and registered in the workforce database of the PAMR



Job seekers by age and gender (%)



75% of Omani job seekers are under 30, which constitutes an increasing burden on the labor market

The majority are female

Source: Monthly Bulletin of the Public Authority for Manpower Register, August 2016

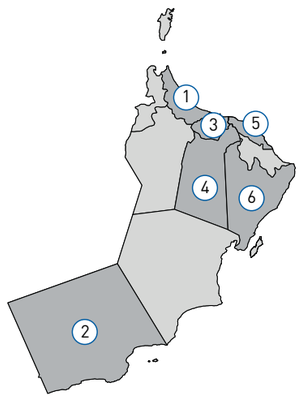
Some governorates are characterized by larger ratios of job seekers than others

Number of job seekers by governorate (2015)

Total				
9,086	30%	70%	Al Batinah North	1
5,444	37%	63%	Dhofar	2
4,720	31%	69%	South Batinah	3
4,708	30%	70%	Al Dakhiliya	4
4,707	31%	69%	Muscat	5
4,470	39%	61%	Al Sharqia South	6
3,461	29%	71%	Al-Dhahira	7
2,888	36%	64%	Al Sharqiya North	8
1,518	42%	58%	Buraimi	9
888	25%	75%	Musandam	10
363	46%	54%	Al Wusta	11

Male Female

The six governorates with the most job seekers



Three governorates constitute approximately 45% of the number of job seekers

Source: Monthly Bulletin of the Public Authority for Manpower Register, August 2016

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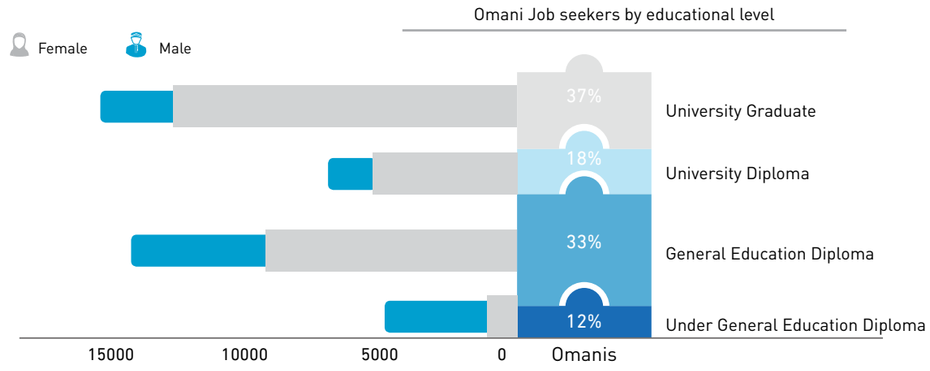
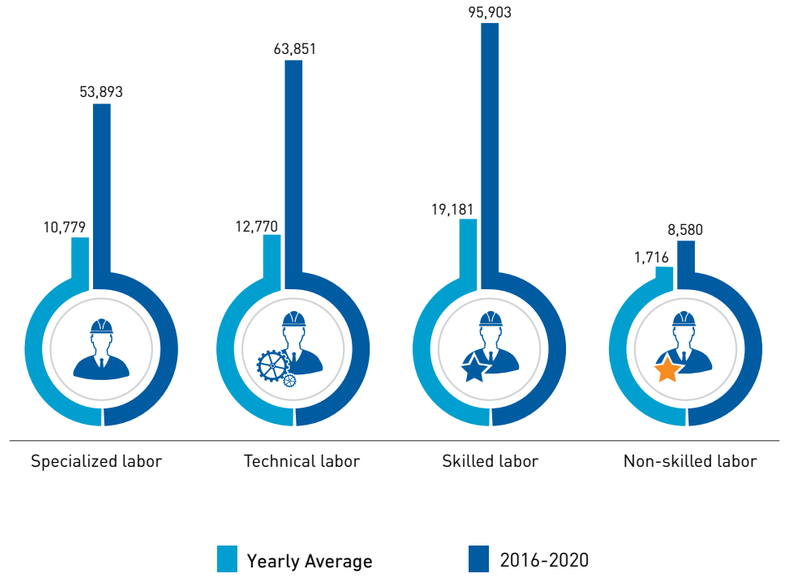
55% of Omani job seekers have university degrees, and females constitute the clear majority in the higher education levels



Source: Monthly Bulletin of the Public Authority for Manpower Register, August 2016

It is expected that 44,000 Omanis will join the labor force annually, totaling 222,000 new labor entrants in the period between 2016 to 2020



Source: Supreme Council for Planning, Estimates of the total outputs of the educational system and training during the Ninth Five-Year Development Plan – 2016

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The Top-Line Key Performance Indicators of the Job Market and Employment Sector in this phase of the Program:

1) The unemployment rate should not exceed 3% by 2020.
2) Provide approximately 67,000 jobs for Omanis and non-Omanis in the three targeted sectors to achieve economic diversification in the Sultanate by 2020.
3) Provide at least 30,000 job opportunities for Omanis at the skill levels of specialist, technician, or skilled labor by 2020.

Sub-Sectors and Initiatives in this phase of the Program

A- Unlocking Demand: Laws, Policies, and Systems	
1.	Unlock Part-Time, Temporary Work, and Flexible Movement of Labor
2.	Systemize the Free Flow of Human Capital (a unified electronic portal to facilitate the process of issuing work permits)
3.	Labor Solution Package for Construction Sector
4.	Strengthen Local Employment Policies (Labor Solution Package for Sector Labs, including Omanization Policies)
B- Strengthening Supply: Human Resource Development	
5.	Sustainable System for Creating, Managing, Updating and Implementing Occupational Standards
6.	Enhance the capacity of the Omani Academic Accreditation Authority to complete and implement the Oman Qualifications Framework and enable it to apply the accreditation system to all sectors of academic, technical, and vocational education (including professional qualifications)
7.	Enhancing Employability of Vocational and Technical Graduates By Improving Governance and Communication with Industry
8.	Launch the National Leadership Development Program to empower Omanis to be able to take middle and upper management positions in the private sector
C- Coordination of Demand and Supply	
9.	One-Stop-Centre for Jobseekers: The National Centre For Employment
10.	Initiatives to Increase Private Sector Employment Attractiveness for Omanis
11.	Full –Time, Specialized Labor Courts to Handle Employment Disputes
12.	Enhancing SMEs Development through Partnership Opportunities
13.	Formation of Sector Organizations to Enable Labor Market Coordination
14.	Adoption and Operationalization of National Jobseeker Definition (in line with ILO)

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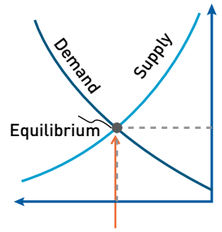
A. Enabling Demand (Employers' needs)

- Policies related to part-time employment and strengthening the mobility of the labor force
- Gradual Omanisation policies according to the nature of each sector
- Organization of the issuance of work permits



B. Enhancing Supply (Needs of job seekers)

- Developing and updating professional standards
- Development of a national qualification system
- Training programs for middle and senior leaders
- Strengthening the governance of vocational training institutes

C. Facilitating the coordination between supply and demand Enhancing the effectiveness of the Labor market

- Provide job opportunities through supporting small and medium enterprises
- Strengthen the representation of economic sectors to link supply and demand in the Labor market
- Changing the definition of a job seeker to match with the definition of the ILO
- Unify the efforts related to the employment of job seekers
- Make the private sector more attractive to the national workforce by introducing incentive packages
- Develop new mechanisms to deal with Labor disputes

A- Unlocking Demand: Laws, Policies, and Systems

The labor market faces many challenges that makes it difficult for job seekers to find or seize the appropriate opportunities. The needs of business owners do not match the skills supplied in the labor market. To address these challenges, the market needs to align existing laws and regulations with the aim of increasing the flexibility of Omani labor. For example, a number of current policies affect the availability of part-time and temporary work; and easing regulation in this domain may result in new areas of employment. There is also a need to strengthen local employment policies, like the Omanization policy, with the ultimate aim of assisting Omani job seekers and facilitating their employment. By addressing these challenges, the efficiency and effectiveness of demand for manpower in various sectors will increase.

1- Unlock Part-Time, Temporary Work, and Flexible Movement of Labor

This initiative aims to provide employment opportunities for part-time work in the private sector for Omani workers and job seekers, in addition to enhancing labor mobility of non-Omani laborers between enterprises registered with the same entity. It also aims to allow for the recruitment of non-Omani workers under temporary licenses in some specialized jobs.

Based on the targeted performance indicators, this initiative will result in an increase in the number of part-time workers (other than students) registered in the Sultanate from 102 currently to at least 13,000 by 2020, as well as an increase in the number of part-time employed students to 13,000 by 2020.

To accomplish these objectives, the initiative:

- Defines part-time labor as working between 4 and 25 hours per week.
- Raises the maximum permissible ratio of part-time employees in the enterprise to 20% of the planned Omanization rate.
- States that small and medium enterprises shall be excluded from this rate and allowed to operate an unspecified number of part-time employees if the employee is management or an Omani national is appointed for the management.
- Allows part-time employees to register in the Social Insurance System.
- Makes it compulsory to provide the necessary insurance (against work injury) to part-time employees.
- Allows for multiple jobs to registered by a

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single worker with the Ministry of Manpower in case of part-time work.

- Increases the part-time job opportunities for school students to encourage them to join the labor market.
- Encourages educational institutions to support and stimulate part-time work opportunities.
- Develops an electronic system to regulate the implementation of the part-time work approvals and temporary licenses.

The second part of the initiative is to enhance labor force mobility. The current Labor Law limits the mobility of laborers between affiliated entities (subsidiaries under a holding company, companies owned by the same family, etc.), which increases costs by requiring additional staff to fill interim gaps that could otherwise be filled by shifting laborers between the companies.
Overall, this initiative aims to increase the number of Omanis in the private sector, reduce unemployment, and allow for more workforce mobility. This initiative will also allow school and university students to undertake in part-time work, which helps prepare these students for the labor force.

Implementing Agencies	• Ministry of Manpower
Stakeholders	• Ministry of Education • Ministry of Higher Education • Public Authority for Social Insurance • Public Authority for Manpower Register • Oman Chamber of Commerce and Industry

2- Systemize the Free Flow of Human Capital (a unified electronic portal to facilitate the process of issuing work permits)

This initiative aims to streamline work force approvals by linking government and non-governmental entities through an online platform for job seekers. The initiative includes a number of basic proposals, including:

- Integration with the National Employment Centre initiative to improve the current employment process through a unified portal.
- Amend some laws and regulations that will help improve the business environment.

Implementing Agencies	• Ministry of Manpower
Stakeholders	• Ministry of Commerce and Industry • Ministry of Regional Municipalities and Water Resources • Ministry of Health • Royal Oman Police • Information Technology Authority • Public Authority for Manpower Register • Oman Chamber of Commerce and Industry

3- Labor Solution Package for Construction Sector

The construction sector faces many challenges in the current Omanization rate due to many jobs being based on temporary contracts for specific projects and the lack of elements that attract Omanis to the sector. Therefore, this initiative proposes gradually implementing Omanization rates for the construction sector in a flexible way that encourages economic growth in the sector.

The initiative also seeks to provide several options for employers (including small enterprises) to reach their Omanization targets, which will improve the regulation of the sector, reduce illicit trade, and strengthen the presence of trained and qualified Omanis. These efforts will be accomplished in coordination with the National Training Fund.

This initiative will:

- Start with an initial Omanization rate of 10% and gradually increase to reach 15% by 2020.
- Reduce unregulated employment and provide training opportunities for the labor force in the construction sector.
- Reduce the number of undeclared (unregistered) businesses.

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- Create clear targets for providing employment opportunities for Omanis and imposing fees (training contribution) on companies that fail to reach the progressive Omanization rates.
- Establish companies concerned with providing drivers and maintenance service workers of all groups and levels.
- Develop an electronic system to help implement this initiative.

Implementing Agencies	• Ministry of Manpower
Stakeholders	• Council of Ministers • Ministry of Commerce and Industry • Omani Contractors Association • General Federation of Oman Trade Unions

4- Strengthen Local Employment Policies (Labor Solution Package for Sector Labs, including Omanization Policies)

This initiative aims to review Omanization policies for the three focus sectors of the TANFEEDH Program (tourism, logistics, and manufacturing) and modifying said policies in a way that is commensurate with the current needs of the labor market and sustainable development requirements. Revisions to the policies will be done in such a way that contributes to the growth of the sectors so that they are compatible with national efforts to provide Omanis with job opportunities at all skill levels.

The initiative proposes:

- Gradually increasing the rates of Omanization for the three sectors (tourism, logistics, and manufacturing).
- Updating policies and regulations related to Omanization policies.
- Studying the requirements of the sectors and their actual workforce needs, taking into account the challenges facing the sectors in achieving the current Omanization rates.
- Encouraging the private sector to develop their practices and compliance with Omanization regulations.
- Activating training programs to train the workforce with skills needed by the sectors.

Implementing Agencies	• Ministry of Manpower
Stakeholders	• Ministry of Manpower • Ministry of Transport and Communications • Ministry of Commerce and Industry • Ministry of Tourism • Sectors representative bodies

B- Strengthening Supply: Human Resources Development

Human resources are the most important factor for the success and growth of the economy. Hence the need to develop and train human resources in alignment with the requirements of the private sector. The labor market faces challenges in providing job seekers with skills that match current workforce demands. For this reason, the skillsets of Omanis entering the workforce need to be developed to bridge the gap between supply and demand. The focus of this initiative cluster includes: implementing professional qualification standards for Omanis; enabling communication between representatives of sectors and educational institutions; improving the quality of workforce development programs to ensure they match marketplace needs; acquiring international recognition for various academic, professional and training programs; and, creating a program to train Omanis to be able to occupy middle and senior management positions in the private sector.

5- Sustainable System for Creating, Managing, Updating, and Implementing Occupational Standards

Professional standards are a set of knowledge, skills, and abilities that identify the characteristics, specifications, and conditions for employees in different professions. These standards need to be developed and updated based on the needs of the respective sectors to harmonize labor market needs with the qualities graduates require to enter the workforce. These professional standards are adopted as the basis for the development of curricula to qualify those enrolled in higher educational institutions for their desired profession, and they are also used to design specialized training

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programs.

Based on the importance of adopting national professional standards (on the basis of which tests can be administered to assess workforce capability), the Center of Occupational Standards and Tests at the Ministry of Manpower has been launched. This Center has developed 60 standards and 10 professional tests in various fields. The Center, however, has encountered many challenges to activate and update the standards due to limited resources and the absence of mandatory legislation for the various sectors to comply with these standards as the basis for employment and job specifications.

The initiative aims to develop a sustainable system of modern professional standards in order enable the Center of Occupational Standards and Tests to be the authority for the establishment of criteria for different professions per a set of knowledge, skills, and abilities in line with local and global standards. The Center would also be able to evaluate the competency of workers and help align the labor market with employer requirements in cooperation and coordination with representative groups of each targeted sector.

Implementing Agencies	• Ministry of Manpower • National Training Fund
Stakeholders	• Ministry of Higher Education • Ministry of Commerce and Industry • Ministry of Tourism • Ministry of Transport and Communications • Education Council • Oman Academic Accreditation Authority • Oman Chamber of Commerce and Industry • Private training institutions

6- Enhance the capacity of the Omani Academic Accreditation Authority (OAAA) to complete and implement the National Qualifications Framework and enable it to apply the accreditation system to all sectors of academic, technical, and vocational education (including professional qualifications)

Oman Academic Accreditation Authority (OAAA) was established in accordance with the Royal Decree No. (54/2010) with the specific responsibility for Higher Education Quality Assurance and Accreditation with the aim of ensuring that educational quality levels meet international standards and to encourage higher education institutions to improve their internal quality standards. Based on this, the current OAAA mandate does not include vocational, general education, and training institutions; however, the Authority's activities have covered technological education provided by the Colleges of Technology owned by the Ministry of Manpower as these offer programs that lead to obtaining recognized certificates listed in the National Qualifications Framework (such as a diploma, advanced diploma, and bachelor's degree).

OAAA's activities also cover a number of educational institutions that more closely resemble apprenticeship and vocational training than academic education, such as the Military Institutions of the Ministry of Defence and the Sultan Qaboos Academy for Police Science.

The initiative aims to recognize all vocational and academic qualifications and help oversee the higher education institutions that enroll 131,760 students in the Sultanate. To accomplish this, the issuance of a Royal Decree becomes necessary to expand the mandate of the OAAA to cover vocational training.

It is important to note, however, that there is a shortage in human resources at the Authority and the existing workforce is insufficient to achieve the anticipated goals and outcomes set by the initiative. Therefore, the Authority's organizational structure should be enhanced to provide for the expertise needed to fulfill the current and expanded mandate.

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Implementing Agencies	• Education Council • Oman Academic Accreditation Authority
Stakeholders	• Ministry of Higher Education • Ministry of Manpower • Ministry of Education • Ministries Connected to Educational Institutions • Royal Oman Police

7- Enhancing the Employability of Vocational and Technical Graduates by Improving Governance and Communication with Industry

The level of representation of the private sector in the boards of trustees and boards of directors that oversee the higher education institutions, Colleges of Technology, and vocational training centers is insufficient and creates a gap in the coordination between the private sector and the education and training institutions. This initiative aims to enhance the role of the private sector in the boards of trustees and boards of directors and to increase the level of collaboration to provide for specialized training programs and curricula that are consistent and aligned with business practices and requirements of the concerned sectors.

The private sector's participation in the boards of trustees and boards of directors shall be increased through this initiative to reach a rate not less than 50% of positions. Whereas, enhancing the quality of private sector representation will involve the modification of the education and training institutions' bylaws to reflect the need for private sector representation, such facilitation will help better qualify the trainees for the needs of the private sector and help private sector corporations meet their social responsibility programs' goals.

Implementing Agencies	• Ministry of Manpower • Ministry of Higher Education
Stakeholders	• Ministry of Education • Education Council • Oman Academic Accreditation Authority

8- Launch the National Leadership Development Program to empower Omanis to be able to take middle and upper management positions in the private sector

Currently, 79% of managerial and senior positions in the private sector are held by expatriates and Omanis still face challenges as it relates to occupying such positions. On the other hand, the private sector finds it challenging to equip and prepare Omanis for such positions. This indicates the need to create an initiative to qualify Omanis for occupying these leading positions to sustain Omanization in the sector's institutions.

Implementing Agencies	• Ministry of Manpower • Public Authority for Manpower Register • National Training Fund • Oman Society for Human Resources Management
Stakeholders	• Private Sector Firms

C- Coordination of Demand and Supply

The coordination of supply and demand aims to unify all efforts to effectively organize the process of determining the actual labor market needs of qualified Omanis. The labor market has faced challenges in providing Omanis with the skillsets that the private sector demands. One way to combat this issue is through coordinating the efforts that aim to enhance the employability of unemployed persons by providing job opportunities through the support of SMEs and encouraging them to join the private sector by making it more attractive.

9- One-Stop-Centre for Jobseekers: The National Centre for Employment

Currently, there are numerous authorities that provide jobs for unemployed persons: the Ministry of Manpower, the Ministry of Civil Service, Military Institutions, and the Public Authority of Manpower Register. This leads to various challenges, including the absence of a united database for unemployed persons, limited career guidance services, and other challenges that lead to scattering of efforts that hinders the fulfillment of the anticipated goals.

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Based on this, it becomes necessary to unify employment efforts to support and effectively coordinate the supply and demand of job opportunities in the Sultanate. The tasks outlined in this initiative include developing and integrating an unemployed person classification database of international standards, providing private sector employment training in the targeted sectors (tourism, logistic, and manufacturing), and monitoring of the status of the unemployed persons who got jobs.

Implementing Agencies	• Ministry of Manpower
Stakeholders	• Council of Ministers • Ministry of Higher Education • Ministry of Civil Servants • Ministry of Education • National Training Fund • Public Authority for Manpower Register

10- Initiatives to Increase Private Sector Employment Attractiveness for Omanis

Omanization in the private sector decreased to less than 12% during the years 2006-2010. The Ministry of Manpower has clarified that 140,025 Omani nationals have resigned from the private sector and moved on to work with the public sector. 83,000 other citizens resigned during the period of 2014-2016. This can be attributed to the difference in salaries, pension plans, job security, career planning, credit facilities granted by banks, additional paid leaves, and reduced working hours in the public sector when compared to the private sector.

This initiative aims to increase the employment rate of Omanis in the private sector from 12.3% in 2015 to 20% in 2020. The initiative also seeks to consider improving private sector retirement plans and establishing a system for workplace practices to measure the performance and attractiveness of firms. Additionally, residential units would be provided to ensure that the current employees remain and maintain their jobs and to attract additional Omanis to the private sector.

The initiative also aims to establish a fund for the unemployed persons who lost their jobs due to reasons that cannot be helped. This fund shall be managed by the Public Authority for Social Security. Numerous options were also discussed regarding the sources of financing for the fund (gradual percentage of the worker's income, increase in expatriate recruitment fees, or funds from the private sector), but further study is needed prior to a determination being made.

Implementing Agencies	• Ministry of Manpower • Public Authority for Social Security
Stakeholders	• Ministry of Commerce and Industry • Oman's Chamber of Commerce and Industry • General Labor Union of the Sultanate of Oman • Professional Associations and Societies

11- Improve the Judicial System Pertaining to Labor Market

Long judicial proceedings and non-conforming rulings related to labor cases have negatively affected commercial business activities in Oman. Labor disputes need quick and efficient solutions to decrease the costs and negative impacts on employers and employees. The dispute resolution system in Oman faces numerous challenges that limit the development of the labor market and employment, including:

- Long legal proceedings, which might continue for almost 600 days.
- A rising number of labor disputes, which represent nearly 40% of all legal disputes; 44% of which continue further to the Court of Appeals, increasing the length of the period needed to resolve disputes.

This initiative introduces four strategies that aim to resolve labor market and employment disputes, decrease the length of the proceedings and the period needed to reach a decision, and decrease the number of cases that are filed. Proposals include:

- Expanding the scope and jurisdiction of the Reconciliation and Settlement Committees of the Ministry of Justice to work with the Plaintiff and the Defendant after a case is raised through the Ministry of Manpower, thus preventing the case from reaching courts.

- Decreasing the period of time needed to resolve the dispute through the re-deployment of labor disputes with specialized judges to cover the areas that exhibit larger number of cases. Additional training would also be provided to specialized judges in labor disputes.

- Applying certain criteria for the escalation of cases as decisions and rulings are to be issued according to the type and estimated value of the case based on three levels:

1. **First Level:** Primary Courts, which receive all cases, have jurisdiction to decide on cases of a value less than OMR 1,000, and mainly those situations where salaries are not paid on time in addition to disputes related to over-time, medical reports, and cases of late attendance or absence from work.

2. **Second Level:** This phase is to be handled by the Courts of Appeals and for cases of values ranging between OMR 1,001 and OMR 30,000, wrongful dismissal, compensations for injuries at the workplace, and losses caused by negligence of property.

3. **Level Three:** This phase is to be handled by the Supreme Court for cases of a value greater than OMR 30,000 in situations of mass terminations and the violations of agreements committed by companies' senior managers.

Proposals for the necessary modifications of relevant laws should be provided to support the new structure, such as granting the authority for the Reconciliation and Settlement Committees to reach amicable solutions to disputes and the examination and classification of cases in terms of value and subject-matter before sending them to the Supreme Court.

This initiative will bring about many benefits, including enhancing the capacity of the judges concerned with labor market and employment cases and the capacity of the Ministry of Manpower staff. It will also increase the levels of compliance and lawfulness of rulings as well as decrease the period of judicial proceedings to around 200 days, which will result in enhancing the business environment and the development of the labor market and employment.

Implementing Agencies	• Supreme Judicial Council • Ministry of Manpower
Stakeholders	• Council of Judicial Administrative Affairs • Oman's Chamber of Commerce and Industry • General Labor Union of the Sultanate of Oman

12- Enhancing SME Development through Partnership Opportunities

There is a need to support specialized sectors to stimulate growth in sustainable SMEs, which will result in more permanent jobs, growth of Gross Domestic Product (GDP), and an increased balance in supply and demand in the labor market. To accomplish this, the initiative aims to develop a program that will stimulate and enhance the growth of SMEs by providing new opportunities to start innovative and productive projects. Additionally, the initiative strives to establish enterprises that are owned and managed by Omani citizens to contribute to the GDP.

The implementation process will involve three phases as per the following:

1- **First Phase:** Selection of unemployed persons with a minimum qualification of General Education Diploma. The candidates will be filtered through pre-defined criteria.

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2- **Second Phase:** The grouping of viable opportunities for SMEs and providing technical support through the concerned government authorities to create convenient opportunities for projects.

3- **Third Phase:** Seeking the assistance of consultants from the Public Authority for the Development of SMEs (Riyada) for the formation and implementation of work.

This initiative shall be added to the duties and tasks of the Public Authority for the Development of SMEs (Riyada), which will need guidance and commitment from stakeholders as well as the grouping of viable opportunities and the matching of work. It is expected that this program will provide around 1,878 job opportunities and contribute OMR 13.5 million to the GDP in 2020.

Implementing Agencies	• Public Authority for the Development of SMEs (Riyadah)
Stakeholders	• Ministry of Commerce and Industry • Public Authority for Manpower Register

13- Formation of Sector Organizations to Enable Labor Market Coordination

A number of sectors are not clearly and specifically represented through well-known organizational entities. This has resulted in a communication gap between training and educational institutions and the private sector firms in various sectors. This initiative aims to establish three sectoral associations (tourism, manufacturing, and logistics) to function as a connecting link with the governmental authorities and other sectors to represent classified SMEs in each sector, tackle challenges, and represent the sector in an organized manner. It shall also coordinate with representatives of the private sector, Oman's Chamber of Commerce and Industry, and educational institutions.

This initiative is of high impact, as it is connected to other initiatives and requires no financial costs for implementation to be initiated.

Implementing Agencies	• Main Corporations of the Sector
Stakeholders	• Ministry of Social Development • Oman Chamber of Commerce and Industry

14- Adoption and Operationalization of National Jobseeker Definition (in line with ILO)

There is a lack of a uniform definition at the national level for unemployed persons in the Sultanate. The data in the Sultanate is inconsistent with the criteria of the International Labor Organization (ILO), which results in discrepancies and inaccuracies in data. It also leads to difficulties in identifying truly unemployed individuals and analyzing the challenges they face in getting employed.

This initiative strives to align the definition of unemployed persons in the Sultanate with the one adopted by the ILO, which defines an unemployed person as, "a person without a job, available to take up employment, and have actively sought work." The current definition in the Sultanate is, "a person without a job, who is capable of working, available to take up employment, willing to work and ready to accept employment at the prevailing rate, without being able to find it."

The initiative makes a recommendation to use a similar definition to the one adopted by ILO. The initiative also suggests other recommendations that would ensure its effective implementation, such as the development of an appropriate salary scheme for the different qualification levels to prevent the exploitation of the new definition by employing jobseekers without granting them the financial entitlements that match their expertise and qualifications. Private sector companies would also have the right to introduce their own salary schemes and qualifications guidelines that suit their own needs.

The initiative also includes a comprehensive plan to raise awareness about the changes related to the new definition and a mechanism to keep the ILO informed and updated with the latest data of the Sultanate. Furthermore, the initiative will provide more accurate data and information for the purposes of conducting studies and research and for the preparation of developmental plans.

Implementing Agencies	• Ministry of Manpower • Public Authority for Manpower Register • National Center for Statistics and Information
Stakeholders	• Ministry of Civil Service • The private sector

The Implementation Timeline for the Labor Market and Employment Initiatives

2017

- Issuing the Ministerial Decree authorizing Part-time Jobs
- Initiating the implementation of part-time and temporary jobs' initiatives and the initiative of the flexible movement of workforce
- The approval of the new 'Unemployed Persons Definition' by the Public Authority for Manpower Register and the National Center for Statistics and Information
- Enhancing SME development through Partnership Opportunities through "Tahfeez" program
- Begin training programs related to the initiative of improving the judicial system to effectively handle labor disputes
- Establishing the Criteria System for Workplace Practices to measure the performance and attractiveness of private sector firms
- Increasing the participation rate of the private sector on the Board of Trustees for educational institutions to 50%

2018

- Launching the Leadership Empowerment Program for Omani nationals
- Enhancing the efficiency of Occupational Standards Center
- Developing the National Qualifications Framework

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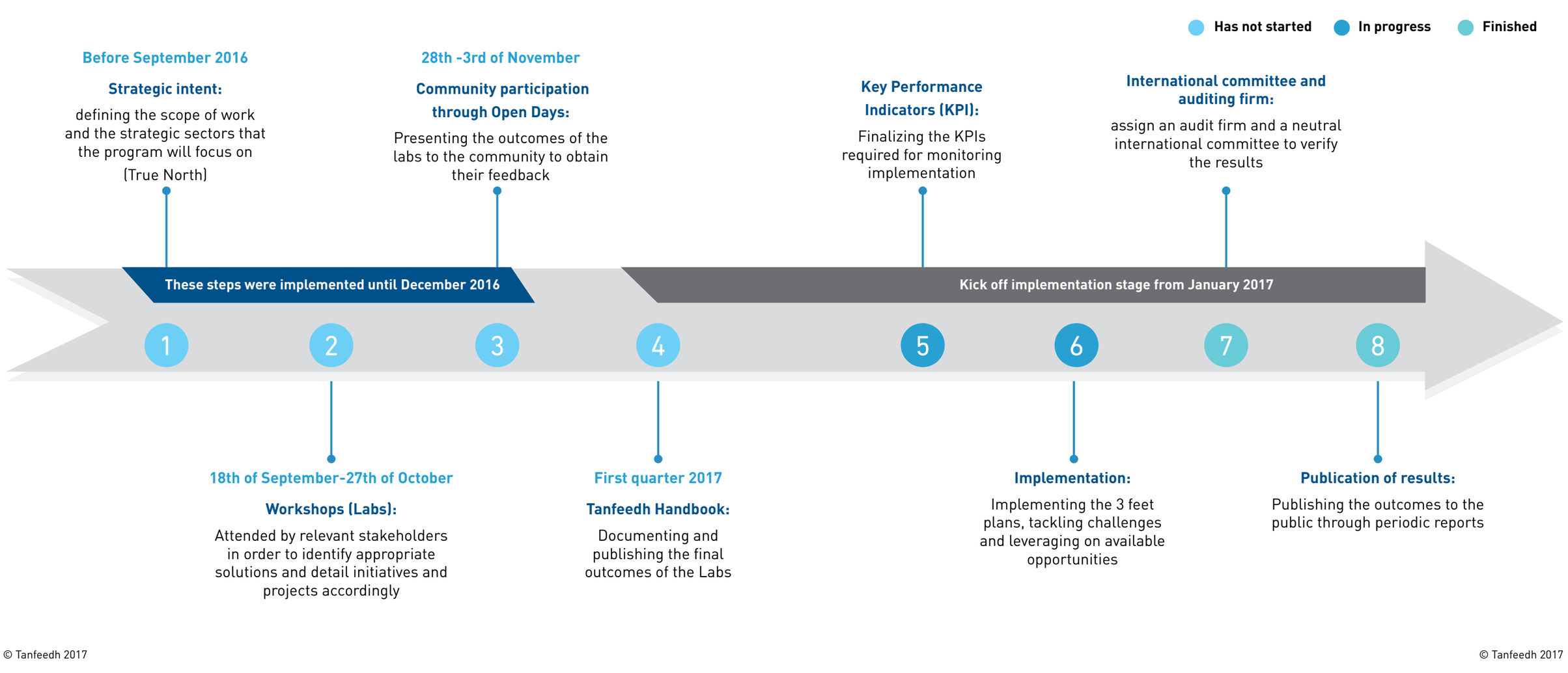
Conclusion:

The publication of this book represents the fourth step of the National Program for Enhancing Economic Diversification (TANFEEDH) Program's methodology. This marks the beginning of the next step: the actual implementation of the outputs of the labs to achieve the economic diversification goals in three sectors covered in the Ninth Five-Year Development Plan (2016-2020). The next step will support the vision for a diversified economy and sustainable economic development.

The upcoming stage is crucial. All stakeholders, supervisory bodies, business owners, and investors shall intensify their efforts to advance the economic diversification in Oman. The key will be to implement the approved projects, and monitor their progress, based on many precise performance indices which will be designed and monitored by a team of independent international experts. It goes without saying that the community will have a role to play at this stage. The community represents a key factor in the development process, and is a major partner in the economic growth. Thus, this book will be made available for all on our website www.tanfeedh.gov.om and the Program will endeavor to keep the citizens of Oman informed on updates and stages of implementation through yearly reports by the Implementation Support and Follow-Up Unit. The reports will serve to review the progress of initiatives and projects, and will outline the efforts deployed by various stakeholders along with the challenges and difficulties and the solutions to overcome them. The first report about the achievement stages is scheduled for 2018.



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Manufacturing sector

No.	Participants
1	Al Ajmi Marble LLC
2	Al Hassan Group
3	Al Hilal Plastic Industries LLC
4	Al Yousef Group
5	Al-Hael Ceramic Company
6	Al-Hosn Investment Company
7	Al-Safwa Group & Partners
8	Areej Vegetable Oils & Derivatives Co.
9	Atyab Investments
10	Authority for Electricity Regulation
11	Bin Salman Co.
12	Electricity Holding Company
13	Emdad Petroleum Projects and Services
14	Engineering Village
15	Environment Society of Oman
16	Five Oceans Co. LLC
17	Green Room
18	Gulf Mining and Materials Co
19	Industrial Innovation Centre
20	InnoTech
21	Jindal Shadeed Iron & Steel Co.
22	KOSO Gulf
23	Majan Glass Company
24	Mawarid Mining
25	Ministry of Agriculture and Fisheries

No.	Participants
26	Ministry of Commerce and Industry
27	Ministry of Environment and Climate Affairs
28	Ministry of Manpower
29	Ministry of Oil and Gas
30	Muscat International Tar Company
31	Nama Group
32	OCTAL SAOC
33	Oman Cable Industry
34	Oman Cement Company
35	Oman Chamber of Commerce and Industry
36	Oman Development Bank
37	Oman Flour Mills Company
38	Oman Food Investment Holding Co.
39	Oman Gas Company
40	Oman India Fertiliser Company
41	Oman Investment & Finance Company
42	Oman Liquefied Natural Gas LLC
43	Oman Oil Company
44	Oman Power and Water Procurement Company
45	Oman Seagate Automobiles Group
46	Omani Women Association at Al-Mudhibi
47	Omar Zawawi Establishment (OMZEST)
48	ORPIC
49	PAGW
50	Petroleum Development Oman (PDO)

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No.	Participants
51	Prosper Management Consultancy
52	Public Authority for Civil Defence and Ambulance
53	Public Authority for Electricity and Water
54	Public Authority for Mining
55	Public Authority for Small and Medium Enterprises Development
56	Public Authority of Manpower Registery
57	Public Establishment For Industrial Estates
58	Rabinson and Sons
59	Raha Co.
60	Public Authority for Small and Medium Enterprises Development (Riyada)
61	Royal Oman Police
62	Shura Council
63	Sohar Aluminium Company
64	Sohar Port
65	Sohar Port and Freezone
66	Sohar University
67	State Council
68	Supreme Council for Planning
69	Takamul Investment Co.
70	TC
71	The Public Authority for Investment Promotion and Export Development (Ithraa)
72	Trowers and Hamlins
73	United Nations Industrial Development Organization
74	Voltamp Energy

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Tourism sector

No.	Participants
1	1000 Nights Camp
2	AJYAL HEMA
3	Al Bustan Palace, A Ritz-Carlton Hotel
4	Al Madina Real Estate
5	Al Mouj Muscat
6	Al Siraj Holdings LLC
7	Ali Bin Abdullah Law Firm
8	ASAAS
9	Blurance
10	Bright Smile
11	Bunyan
12	Busafi Design LLC
13	Crowne Plaza Muscat
14	Dhofar Municipality
15	Dira
16	Environment Society of Oman
17	General Federation Of Oman Trade Unions
18	Genetco
19	GMH
20	Golden Group
21	Grand Hyatt Muscat Hotel
22	Haya Water
23	InterContinental Muscat
24	Khimji Ramdas
25	Ministry of Civil Service
26	Ministry of Commerce and Industry
27	Ministry of Environment and Climate Affair

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No.	Participants
28	Ministry of Health
29	Ministry of Heritage and Culture
30	Ministry of Housing
31	Ministry of Information
32	Ministry of Manpower
33	Ministry of Tourism
34	Muriya Tourism Development Company
35	Musstir, Hospitality & Property Development Company
36	National Ferries Company
37	NBS
38	Oman Air
39	Oman Chamber of Commerce & Industry
40	Oman Convention and Exhibition Centre
41	Oman International Exhibition Centre
42	Oman Investment Fund
43	Oman Marketing and Services Company
44	Oman One Pulse
45	Oman Sail
46	Oman Tourism College
47	Oman World Tourism
48	Omasco
49	Omran
50	Port Sultan Qaboos
51	Promind for Rehabiliation and Training
52	Public Authority for Craft Industries
53	Public Authority for Electricity and Water
54	Public Authority for Investment Promotion and Export Development (Ithraa)

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No.	Participants
55	Public Authority for Radio And Television
56	REC
57	Royal Oman Police
58	Sedan LLC
59	Shangri-La Barr Al Jissah Resort and Spa
60	Shura Council
61	Sidra Real Estate Development Company
62	State Audit Institution
63	State Council
64	Suhar Municipality
65	Sultan Qaboos University
66	Supreme Council for Planning
67	Sustainable Square
68	The Chedi Muscat hotel
69	The National Hospitality Institute
70	Ubhar
71	WJ Towell Group
72	World of Handicrafts
73	Zahara Tours

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Logistics sector

No.	Participants
1	23 Degrees North: ARCHITECTURE
2	Al Badri Group
3	Al Bahihi Fisheries
4	Al Madina Logistics Services
5	Al Maha Logistics Company
6	Alazher Supplies
7	DHL Express
8	DHL Global Forwarding
9	Directorate General of Customs, Royal Oman Police
10	Duqm Special Economic Zone Authority
11	Global Competitiveness Co.
12	Information Technology Authority (ITA)
13	International Maritime College Oman
14	Khimji Ramdas
15	Khimji Ramdas Shipping LLC
16	Kuehne & Nagel
17	Kuwait Airways
18	Minerals Development Oman
19	Ministry of Agriculture and Fisheries
20	Ministry of Manpower
21	Ministry of Transport and Communications
22	Nafath Renewable Energy
23	National Youth Committee
24	Nibras Group
25	Oman Air
26	Oman Airports Management Company
27	Oman Chamber of Commerce and Industry
28	Oman Drydock Company
29	Oman Global Logistics Group
30	Oman International Container Terminal
31	Oman Oil Company

No.	Participants
32	Oman Post
33	Oman Road Safety Association
34	Oman Shipping Company
35	Oman Telecommunications Company (Omantel)
36	Omani Integrated Logistics Services
37	Omar Zawawi Establishment
38	OSMC
39	Petroleum Development Oman (PDO)
40	Port of Duqm Company SAOC
41	Port of Salalah
42	Port of Sohar
43	Port Sultan Qaboos
44	Public Authority for Civil Aviation
45	Public Authority for Investment Promotion and Export Development (Ithraa)
46	Public Authority for Mining
47	Renaissance Services
48	Public Authority for Small and Medium Enterprises Development (Riyada)
49	Royal Opera House
50	Said Al Shahry Law Office
51	Salalah Free Zone
52	Salalah Port Services Co.
53	SASLO Legal Training Center
54	SFC
55	Shipco
56	Shura Council
57	Sohar Port and Freezone
58	State Audit Institution
59	State Council
60	Supreme Council for Planning
61	Vale
62	Vitality Logistics Services
63	WJ Towell Group

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Finance and creative financing

No.	Participants
1	Al Hosn Investment Company
2	Al Madina Investment
3	Al Raffd Fund
4	Al Yusr Islamic banking, Oman Arab Bank
5	Alizz islamic bank
6	Al-Rudha
7	Arab Oman Bank
8	Arabian Projects & Transport Company (Oman)
9	Azyan Telecom
10	Bank Dhofar
11	Bank Muscat
12	Bank Nizwa
13	Bank Sohar
14	Capital Market Authority (CMA)
15	Central Bank of Oman
16	Diwan of Royal Court Pension Fund
17	Ernst & Young
18	Financial Corporation Co. (FINCORP)
19	General Federation Of Oman Trade Unions
20	General Secretariat of the Cabinet of Ministers
21	Hema Investment Company
22	HSBC bank
23	Information Technology Authority (ITA)
24	Iskan Oman Investment Company
25	Meethaq Islamic Banking
26	Ministry of Commerce and Industry
27	Ministry of Finance
28	Ministry of Foreign Affairs
29	Ministry of Health
30	Ministry of Housing
31	Ministry of Interior
32	Ministry of Manpower
33	Ministry of Regional Municipalities and Water Resources
34	Ministry of Transport and Communications
35	National Bank of Abu Dhabi
36	National Bank of Oman
37	National Centre for Statistics and Information
38	National Youth Committee
39	Oman Brunei Investment Company
40	Oman Businesswomen Commission
41	Oman Chamber of Commerce and Industry
42	Oman First for Investment
43	Oman Investment & Finance Co.
44	Oman Investment Corporation
45	Oman Investment Fund
46	Oman Liquefied Natural Gas LLC
47	Omani Authority for Partnership for Development
48	Port of Sohar
49	PriceWaterhouseCoopers (PwC)
50	Public Authority for Electricity and Water
51	Public Authority for Small and Medium Enterprises Development (Riyada)
52	Qatar National Bank
53	Royal Office
54	Royal Oman Police
55	Shura Council
56	State Audit Institution

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No.	Participants
57	State General Reserve Fund
58	Sultan Qaboos University
59	Supreme Council for Planning
60	Takaful Oman Insurance
61	Tanmia
62	Tender Board
63	The Omani Economic Association
64	The Public Authority for Investment Promotion and Export Development (Ithraa)
65	United Securities LLC
66	University of Leeds
67	WJ towell Group
68	Yahmadi Call Centre

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Labor market and Employment sector

No.	Participants
1	General Secretariat of the Cabinet of Ministers
2	Al Busaidy Mansoor Jamal & Co.
3	HIST
4	General Federation Of Oman Trade Unions
5	Oman's Oil and Gas Sector Labor Union
6	Omani Society For Human Resource Management
7	Oman Society for Petroleum Services
8	Gulf for Data Analysis
9	Oman Telecommunications Company
10	Oman Technology Fund
11	Supreme Council for Planning
12	Royal Office
13	Public Authority of Manpower Register
14	Public Authority for Social Insurance
15	Oman Academic Accreditation Authority (OAAA)
16	Injaz Oman
17	Icommunicate
18	Sultan Qaboos University
19	Omani Lawyers Society
20	Oman Society of Contractors
21	State Audit Institution
22	Diwan of Royal Court
23	Pizza Corner
24	Public Authority for Small and Medium Enterprises Development (Riyada)
25	SAS for Entrepreneurship
26	Startup Oman
27	Royal Oman Police
28	Bhacker Suleman Jaffer Co.

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No.	Participants
29	Services & Trade Company LLC
30	Gulf Data Analysis Company
31	MB Holding Company
32	Occidental Petroleum Corporation
33	Petroleum Development Oman (PDO)
34	Gulfar
35	Haya Water Company
36	Shell Oman Marketing Company
37	Khimji Ramdas Corporate
38	Mohsin Haider Darwish LLC
39	Sarooj
40	Oman Sail
41	Oman Chamber of Commerce and Industry
42	Cake Heaven
43	The Research Council
44	State Council
45	Shura Council
46	The Council of Administrative affairs for the Judiciary
47	OHI Group
48	The RBL Group
49	AlKhonji Group
50	SABCO GROUP
51	Al Hassan Group
52	Al Hashar Group
53	Al Sireen Group
54	Shanfari Group LLC
55	Towell Group
56	Teejan Group
57	Shanfari Group

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No.	Participants
58	Marwan Al Houti Trading
59	Oman University Project
60	Institute of Public Administration (IPA)
61	Mohammed Ibrahim Law Firm
62	The Zubair Corporation
63	Engineering for kids Foundation
64	Port of Sohar
65	Public Authority of Manpower Register
66	Ministry of Education
67	Ministry of Higher Education
68	Ministry of Civil Service
69	Ministry of Defence
70	Ministry of Health
71	Ministry of Manpower
72	Ministry of Oil and Gas

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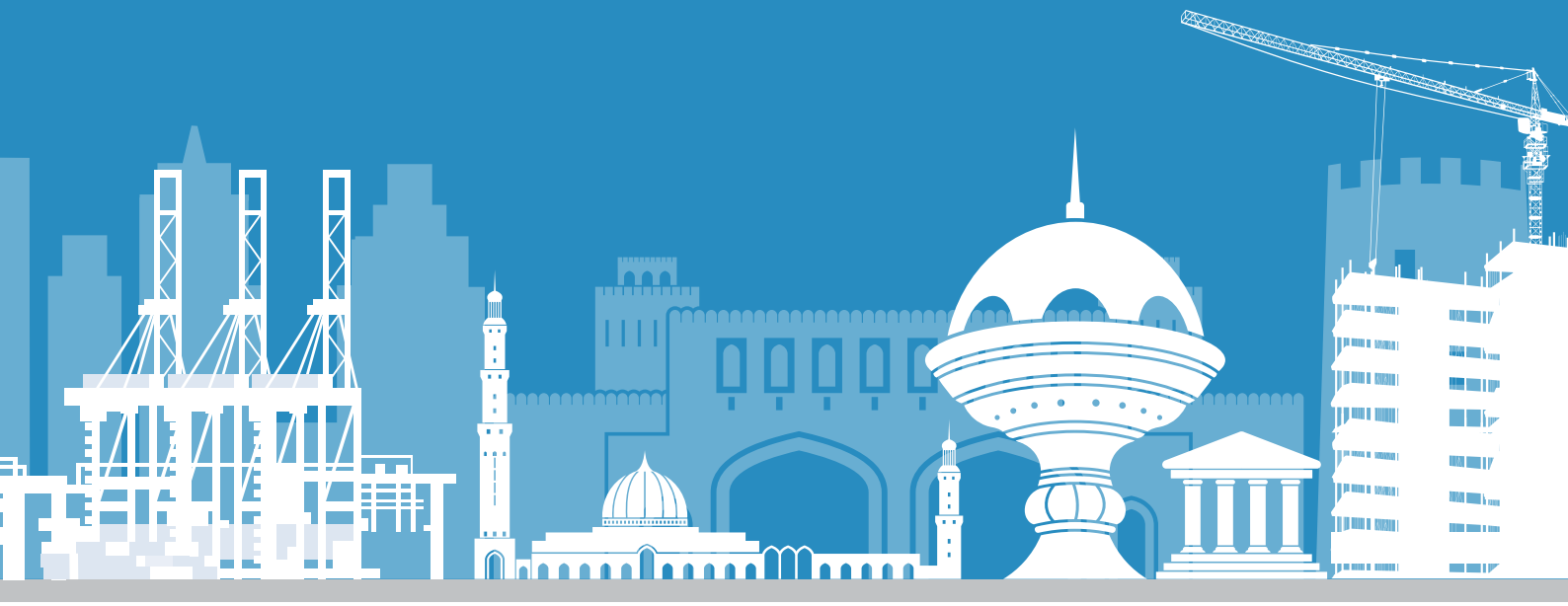

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