

# MAIN DIRECTIONS OF THE NINTH DEVELOPMENT PLAN

## 2.1 INTRODUCTION

Similar to preceding development plans, the Ninth Development Plan 2010–2014 emanates from the basic terms of reference embodied in the Basic Law established by the State; namely, to contribute to human civilization within the context of Islamic values and high moral standards; consolidate the foundations of the State, its identity and its Arab, Islamic and international heritage; safeguard national security; promote national unity; guarantee human rights; maintain social stability; reinforce the mission of family in society; and achieve comprehensive sustainable development. In formulating its directions, the Plan bases itself upon the long-term future vision of the Kingdom, as expressed in the long-term strategy of the national economy up to 2024, as well as on the achievements of the Eighth Development Plan.

This chapter addresses the major directions of the Ninth Development Plan, presenting in detail the overall objectives and a summary of the main implementation mechanisms; concluding with a detailed presentation of the general framework for these directions.

## 2.2 OBJECTIVES

The plan bases its directions upon objectives that include: accelerating the development process and consolidating its sustainability, achieving balanced development among regions, continuing to improve the standard of living and quality of life of citizens, caring for needy social groups, and minimising unemployment. The objectives further include development of national human resources and raising their efficiency, enhancing contributions of the private sector to the development process, supporting the move towards a knowledge economy, raising the rates of growth and performance efficiency and competitiveness of the Saudi economy in an international environment dominated by globalisation and heightened competition based on science and technology achievements.

The Plan adopts thirteen objectives as follows:

**First objective:**

To safeguard Islamic teachings and values, enhance national unity and security, guarantee human rights, maintain social stability, and consolidate the Arab and Islamic identity of the Kingdom.

**Second objective:**

To continue to develop the holy places, and improve the services provided to Hajj and Umrah performers to ensure performance of religious rites easily and conveniently.

**Third objective:**

To achieve sustainable economic and social development by accelerating the rate of economic growth and social welfare.

**Fourth objective:**

To achieve balanced development among regions of the Kingdom and enhance their role in social and economic development.

**Fifth objective:**

To enhance human development, expand the range of options open to individuals to enable them to acquire and use knowledge, skills and expertise, and provide appropriate healthcare services.

**Sixth Objective:**

To raise the standard of living and improve the quality of life of all citizens.

**Seventh Objective:**

To diversify the economic base horizontally and vertically, expand the absorptive and productive capacities of the national economy and enhance its competitiveness, and maximize the return on competitive advantages.

**Eighth Objective:**

To move towards a knowledge-based economy and consolidate the basis of an information society.

**Ninth Objective:**

To enhance the role of the private sector in socioeconomic and environmental development and expand domains of private investments (domestic and foreign) and public-private partnerships.

**Tenth Objective:**

To develop, conserve and ensure rational utilization of natural resources, particularly water, protect the environment and develop environmental systems within the context of sustainable development.

**Eleventh Objective:**

To continue socioeconomic and institutional reform, develop regulations aimed at raising efficiency and improving performance, work towards entrenching transparency and accountability, and support civil-society institutions in advancing their developmental activities.

**Twelfth Objective:**

To strengthen economic integration with Gulf Cooperation Council and Arab states and develop relations with Islamic and friendly countries.

**Thirteenth Objective:**

To develop the sector of Small and Medium Enterprises to increase its contribution to GDP, and create frameworks for nurturing and organizing it.

## 2.3 IMPLEMENTATION MECHANISMS

The Ninth Plan paid special attention to the process of identifying the mechanisms through which its objectives will be achieved and its policies, programmes and projects implemented. These are outlined in

twenty-three major mechanisms, from which a set of sub-mechanisms is derived. These mechanisms include the following:

1. Accelerating the pace of economic growth and the distribution of its dividends among the regions of the Kingdom and the various social strata.
2. Enhancing the developmental effectiveness of foreign direct investment.
3. Reducing development gaps among the various administrative regions.
4. Intensifying efforts aimed at diversifying the economic base.
5. Maintaining an enabling environment for sustainable development.
6. Intensifying efforts aimed at raising living standards and improving the quality of life and continuing to reduce poverty rates.
7. Creating an enabling environment for moving towards a knowledge-based economy and a gradual shift towards an information society.
8. Deepening the partnership between the public and the private sectors and accelerating the privatization process.
9. Achieving financial stability and continuing to pursue fiscal and monetary policies that contribute to higher rates of economic growth and reduce inflationary pressures.
10. Increasing the contribution of the Saudi workforce in various development sectors.
11. Providing educational opportunities and improving enrolment rates at all educational levels, and developing the educational system to ensure qualitative and quantitative response to development and social needs, as well as to emergent knowledge.
12. Expanding, developing and disseminating vocational and technical training programmes in all administrative regions.

13. Providing comprehensive and integrated healthcare to all society members.
14. Adopting a population policy that takes into consideration quantitative and qualitative population and geographical distribution variables, and strengthening correlation between population characteristics and sustainable development.
15. Developing and promoting active participation of Saudi women in the Kingdom's development.
16. Supporting and developing participation of youth in development, and enabling them to contribute actively to social development.
17. Providing adequate housing on the widest scale to meet the needs of society.
18. Protecting integrity and combating corruption and reducing its repercussions on the investment climate and the economic and social dimensions of the development plan.
19. Promoting and developing national culture, and increasing cultural and scientific production.
20. Deepening economic integration among the GCC countries and strengthening Arab, Islamic and international relations of the Kingdom.
21. Improving implementation mechanisms of development programmes and projects, and evaluating the implementation policies adopted by the plan.
22. Providing all forms of support and assistance to small and medium enterprises (SMEs) and removing obstacles confronting their development.
23. Emphasising the social dimension of development by promoting community participation in development processes and social care and supporting disadvantaged groups and people with special needs, and paying special attention to youth, women and children.

## **2.4 GENERAL FRAMEWORK OF THE DIRECTIONS OF THE PLAN**

The six main directions of the Ninth Development Plan can be summarised as follows.

### **2.4.1 Improving Standard of Living and Quality of Life**

To entrench the principle that the Saudi individual is the means to and the end of development, the Ninth Development Plan gives utmost priority to improvement of standard of living and quality of life, devoting to it its sixth objective and sixth implementation mechanism. To this end, the plan has several focal points. The first is to continue to raise real incomes at rates above the rate of population growth, which, in turn, requires accelerating the pace of GDP growth while maintaining the stability of the cost of living and the exchange rate of the Saudi Riyal. The second focus is to continue improving the services provided to citizens quantitatively and qualitatively, for these services have a direct impact on the standard of living and quality of life. The third focus is to develop the productive and creative capacities of citizens, provide them with rewarding employment opportunities, broaden their participation in various economic activities, and take all possible measures to reduce unemployment, particularly among young males and females. Balanced distribution of development effort and its benefits among and within regions of the Kingdom, which is one of the main directions of the plan, is a basic guarantee for citizens, wherever and from whichever social strata, to enjoy the improvement that the Plan will achieve in the standard of living and quality of life.

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In order to ensure long-term sustainability of the improvement in the standard of living and the quality of life, the tenth general objective of the Plan provides for “developing natural resources – particularly water resources –maintaining them and rationalizing their use, and protecting the environment and developing environmental regulations within the framework of sustainable development”. Moreover, the fifth implementation mechanism of the Plan, which provides for “setting the appropriate environment for achieving sustainable development”,

incorporates a set of policy guidelines; including, improving utilization of economic resources and enhancing the benefits derived from them, protecting and developing the environment and wildlife, and continuing to build the infrastructure in response to demand, while improving its performance and caring for its maintenance.

### **2.4.2 Balanced Development among Regions**

The fourth general objective of the Plan provides for “achieving balanced development throughout all regions of the Kingdom and enhancing their role in economic, social and environment development”, and the third implementation mechanism of the Plan clarifies the major measures to be taken to reduce the development gaps among the administrative regions. This underlines the importance of spreading the benefits of economic and social development in a balanced manner among the regions of the Kingdom and reducing regional disparities in development levels, for this is the best way for achieving efficient comprehensive exploitation of the resources and potentials with which the Kingdom generally abounds. Moreover, reducing development disparities among the regions would help reduce internal migration from rural areas to large cities, which has caused, in some major cities, the population escalation and geographic expansion that have resulted in growing pressure on public utilities and infrastructure.

The directions of the Ninth Development Plan emphasise that achieving balanced development among the regions requires not only providing facilities, equipment and services, but also concurrently building a productive base that rests on the specific development potentialities of each region. It also has to be based on a national strategy aimed at reducing regional disparities by stimulating private investment in less developed regions.

The Plan envisages continued expansion of the national energy network, comprising natural gas, oil, and electricity, to provide fuel, feedstock and electricity for the new development corridors. It also envisages expansion of the railway network that will in the medium

term link the mining areas in the North to the Eastern Region for transporting extracted raw materials to the processing and manufacturing centres, in addition to linking the centre of the Kingdom with the west.

Establishment of economic cities should reinforce the drive towards regionally balanced development, since these cities would be integrated production systems, based on the visible and latent comparative and competitive advantages of the various regions.

Envisaged development of the regions involves five key elements:

- Completion of embedding regional development strategies within the Ninth Development Plan.
- Distribution of public development projects among the various administrative regions, providing the regions with the requisite public facilities and services on the basis of specific criteria.
- Enhancement of the developmental role of regional councils and development of the capacities of local administrations, in order to effect a gradual shift to decentralization.
- Reduction of internal migration, which has negative effects on major urban centres.
- Addressing implications of the high pace of urbanization, particularly in major cities.

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The regional development strategy of the Ninth Development Plan aims to strengthen the links among and within the various regions, through implementation of the development corridors proposed in the National Spatial Strategy, which was adopted in 2000 by the Council of Ministers. These would contribute to the ultimate objective of developing the regions, which is to improve the quality of life of all people and reduce development disparities among and within the regions.

The Plan is keen to give priority in the distribution of programmes and projects to regions with lower levels of development, as well as to

provide incentives to the private sector to increase investments in these regions.

### 2.4.3 Diversification of Economic Base

With successive development plans recognising the risks inherent in one-sided heavy reliance on production and export of crude oil, diversification of the production base of the Saudi economy has been, ever since the beginning of development planning, a prime target for economic development.

Diversification of the economic base is a main direction of the Ninth Development Plan, to which it devotes its seventh objective and fourth implementation mechanism. Such diversification is important for being a necessary condition for building a stable modern economy, based on a broad range of varied economic resources and characterized by a high degree of internal integration, embodied in close interrelationships among the various sectors and activities.

Implementation of this approach requires significant increases and quality improvements in the contributions of non-oil sectors, including production and service sectors, to GDP and exports and in providing employment opportunities for the national workforce. Moreover, diversification should be based on the comparative advantages of the Kingdom and should support its competitiveness. It is also important not only to increase the contribution of non-oil sectors, but also reform the productive structures of these sectors themselves by diversifying their productive activities, in order to enable them to produce a wide range of goods and services, part of which would be utilised as intermediate input in various sectors, thereby strengthening linkages among them to enhance the internal integration of the economy as a whole. Other non-oil production would be directed to foreign markets as exports and to the local market for use in final government and private consumption.

To achieve tangible progress in diversifying the economic base, the Ninth Development Plan envisages intensifying efforts in the following areas:

- Industries that exploit the comparative advantages of the national economy and transform them into competitive advantages, such as petrochemicals and energy-intensive industries.
- High-tech, capital-intensive industries, such as mining and pharmaceuticals, which contribute effectively to the transition to a knowledge-based economy.
- Capital goods industries, such as the manufacture of metal products, machinery, equipment and electrical appliances.
- Strengthening and developing small and medium enterprises (SMEs) for the important role they play in and the contribution they make to diversification of the economic base and provision of employment opportunities.
- Export-oriented manufacturing industries.
- Tourism.
- Modern agriculture that focuses on high-value-added crops, which use advanced technologies to rationalize water use and improve efficiency of exploitation of natural resources.
- Various mining activities, through which a series of integrated industries can be built.

#### **2.4.4 Towards a Knowledge-based Economy**

For many years, the Kingdom has been laying the foundations of a knowledge-based economy capable of keeping abreast of, capturing and indigenising the accelerating developments in knowledge and technology, as well as of generating and disseminating knowledge internally. Such an achievement would then lead to restructuring of the national economy, raising the productivity of the various economic sectors, establishing new activities and services based on knowledge, enhancing competitiveness of the national products in domestic and external markets, generating new competitive advantages, developing the natural resources and rationalizing their use for sustainable development, and building a highly-skilled knowledge workforce. In order to strengthen and consolidate this aim, the Ninth Development

Plan devotes its eighth general objective and seventh implementation mechanism to this aim.

The Plan indicates that the drive towards a knowledge-based economy requires the integration of several activities: dissemination, transfer, generation, production, utilization and investment of knowledge in various activities of production and development.

On the basis of an analysis of the most important issues facing the Kingdom, the Ninth Development Plan adopts a package of specific general objectives and targets designed to guide the desired progress towards building a knowledge economy. To achieve these objectives, the plan adopts a set of policies, as well as programmes for implementing each policy. The overall objectives are as follows:

- Promoting human development, disseminating knowledge, and expanding the options available for acquiring knowledge, skills and experience.
- Reinforcing efforts to transfer and indigenise knowledge in all economic and social sectors.
- Upgrading the knowledge production capabilities of the Kingdom in economic and social fields.
- Raising the level and improving the content of knowledge in the production and service activities of both public and private sectors.
- Providing the technical, administrative and organizational environment, as well as infrastructure, for information and communications technology.
- Reducing knowledge gaps among regions and increasing citizens' awareness of the importance of knowledge, as well as increasing the Arabic digital content.

The Plan adopts the following policies to achieve the objectives of the drive towards a knowledge-based economy:

- Adopting mechanisms for enhancing the dissemination of knowledge.

- Increasing the technology-transfer-and-indigenisation capacities of the Kingdom.
- Continuing to increase public and private knowledge generation activities.
- Improving the knowledge content of goods and services produced in the Kingdom, in order to improve productivity and competitiveness.
- Sustaining the development of an appropriate knowledge-management environment, in terms of technology, structure, legislation and funding.
- Raising the level of knowledge of members of the community.

The success of the Kingdom in building a knowledge-based economy would contribute effectively to the achievement of balanced development, diversification of the economic base, and enhancement of the competitiveness of the national economy.

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### **2.4.5 Enhancement of Competitive Capacities**

Through economic advantage in energy and petrochemicals, the Kingdom has come to occupy a distinguished economic position internationally. Economic realities, dominated as they are by globalization, heightened competition among states, and accession of Saudi Arabia to the World Trade Organization (WTO), which is based on free trade and free capital movement among member states, face the Kingdom with the challenge of enhancing competitiveness of its economy, to enable it to attract national and direct foreign investments; improve competitiveness of its products in domestic and overseas markets; and gain new competitive advantages, enabling it to develop and diversify its exports and open new markets for them.

Under the Eighth Development Plan, efforts aimed at developing regulations and institutional, economic, administrative structures, as well as improving performance of the production and services, particularly export-oriented sectors continued. These efforts improved the ranking of the Kingdom in international reports, enabled it to

assume a leading position among the countries attracting foreign direct investment, and increased the volume and diversity of non-oil exports.

The Ninth Development Plan intends to continue and consolidate efforts aimed at enhancing the competitiveness of the national economy, which is one of the main directions of the Plan. Such enhancement will depend on the extent of the progress made in diversifying the economic base, then transitioning from heavy reliance on the comparative advantage afforded by the abundance of oil and its derivatives to reliance on the competitive advantages inherent in the production of non-oil goods and services.

The Plan highlights a range of issues and challenges facing the Kingdom in its drive towards attaining higher international competitiveness rankings. These include:

- The need to raise the educational level of the workforce, towards a well-qualified workforce, capable of absorbing new technologies, is one of the cornerstones of competitiveness.
- Weak participation of Saudi women in the labour market as measured by the women's labour force participation rate, which is a sub-indicator of the international competitiveness index produced by the World Economic Forum.
- Limitedness of business clusters, which consist of several industries, companies and institutions, with strong interlinks and interrelationships, leading to intensive interaction that contributes to increased productivity, stimulates innovation, and generates new business opportunities.
- The need to promote investment in research, development and innovation, as there is a shortage of specialists in science and engineering, as well as weak linkages between the academic and the business communities.
- Predominance of the family ownership of private enterprises, which constrains development of their competitiveness and management systems, in addition to limited application of effective control systems and corporate governance, poor use of modern

technologies, and lack of total quality systems.

- Weak technological content of non-oil exports, for most industrial exports have a simple technological content, such as clothing, food-industry products, paper, iron and steel and their products, and jewellery, with exports having a medium or high technological content (apart from petrochemical exports) accounting for only 10% of total non-oil exports .

The Plan adopts a set of specific general objectives and targets for development of competitiveness and specific policies and implementation mechanisms to achieve those goals. The general objectives include:

- Moving the national economy to innovation-based competitiveness.
- Improving competitiveness of national products in domestic and external markets.
- Supporting competitiveness of non-oil exports and increasing their technological content.
- Raising the general level of education and training and expanding scientific and technical education.
- Continuing to develop the investment environment and the export environment.
- Intensifying processes of technology transfer, adaptation and indigenisation in order to enhance competitiveness and keep pace with globalization of production.
- Expanding establishment of business clusters with strong multiple interlinks (forward and backward linkages), and promoting merger of national companies, as well as closer collaboration with foreign companies possessing advanced technologies.
- Increasing investment in industrial infrastructure and informatics.
- Improving the quality of goods and services.

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To achieve these objectives, the Plan has adopted a set of policies and implementation mechanisms, including:

- Continuing efforts to improve productivity in the national economy.
- Developing legislations, judicial systems and the legal environment, in order to enhance protection of business activities, facilitate these activities, and promote greater transparency of public economic decisions and measures.
- Accelerating the drive towards universal application of e-government.
- Stimulating investment in information and communications technology and those activities in which the Kingdom enjoys comparative advantage.
- Developing business clusters.
- Encouraging conversion of family businesses into joint stock companies.
- Continue efforts to develop higher education, scientific research and innovation, and linking these activities to the needs of the industrial sector and the economic activity of the private sector.
- Adapting and indigenising modern technology.
- Deepening the culture of quality, professionalism and excellence among members of society.

#### **2.4.6 Human Resources Development**

Recognising that the real wealth of a nation resides in its human resources and the productive skills of its workforce, successive development plans attached great importance to development of human resources, exemplified by the remarkable expansion of education and training over the past decades. The Ninth Development Plan continues to emphasise human resources development, with its fifth general objective setting an overall framework of the vision and future prospects of this sector. Moreover, the eleventh implementation mechanism of the Plan emphasizes improvement of enrolment rates at all levels of education, as well as development of the educational system to ensure an adequate qualitative and quantitative response to development and community needs and emerging challenges.

Similarly, the twelfth implementation mechanism emphasizes the importance of expanding and developing vocational and technical training programmes and distributing them over all administrative regions. Notably, interest in human resources development has added importance in the Ninth Development Plan for being one of the key elements of building a knowledge-based economy.

The educational strategy of the Ninth Development Plan aims to achieve qualitative and quantitative development through a consistent integrated set of general objectives, policies and targets for each level of education. For public education, the Plan adopts a set of goals, including:

- Fashioning advanced educational curricula aimed at holistic development of students to enable them to contribute to building the society.
- Improving competence of teaching staff to enable them to comprehend modern curricular objectives.
- Improving internal and external efficiency of the educational system.
- Educational care for early childhood and preparation of children for entry into general education.
- Improving systems of teaching the talented, groups with special needs and adults.
- Applying quality systems and standards in education.

For higher education, objectives of the Plan include:

- Raising internal and external efficiency in order to meet the requirements of development.
- Optimum use of information and communications technology.
- Expansion and diversification of graduate programmes.
- Supporting and strengthening scientific research and furthering knowledge production.

- Putting into effect the principle of partnership with local communities.
- Develop cooperation and coordination with scientific institutions at home and abroad in order to achieve development goals.

For training, objectives of the Plan include:

- Accommodating the largest possible number of those interested in technical and vocational training.
- Technical and vocational development of human resources to meet the needs of the labour market.
- Providing training programmes that would qualify the trainee for an appropriate job in the labour market or enable the trainee to become self-employed.
- Building strategic partnerships with the business sector to implement technical and vocational programmes.
- Expanding advanced training in support of national plans and participation in technology transfer and development.
- Providing the needs of the various regions of vocational training centres in disciplines and specializations appropriate to their development projects, particularly in the new economic cities and technology zones.
- Linking the incentives provided for private investment (national and foreign) to the extent of contribution to training and preparation of national manpower.

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