

CHAPTER 7

SECTORAL DEVELOPMENT

7. **SECTORAL DEVELOPMENT**

The following chapters (eight to thirteen) cover the six main socioeconomic sectors: natural resources; the producing sectors; services; human resources; social development; and physical infrastructure.

Each chapter outlines the stage of development reached in the sector following the achievements of the Third Plan period, the objectives and policies to guide development during the Fourth Plan, the main development programs designed to implement the policies, and a summary of planned government expenditure. There is also a brief outline of the relevant private sector and GCC considerations.

7.1 **STRATEGIC PRINCIPLES FOR SECTORAL DEVELOPMENT**

The sectoral development programs have been planned in full accordance with the strategic principles of the Fourth Plan, as approved by the Council of Ministers in resolution No.36 dated 24/2/1404. These principles were circulated to all government agencies and private sector organizations, and published in the mass media. They act as guidelines for the planning and budgeting departments of government agencies in the preparation of their operation plans.

The objectives for the Fourth Development Plan are presented in Chapter 3, and the policy framework to guide the process of development towards these goals is formed by eight basic strategic principles, which are:

1. ***Economic efficiency:*** emphasis will be placed on improving the economic performance of the services, utilities and products which the Government provides for citizens, both directly (such as education and security services) and indirectly (such as electricity, transport and basic commodities provided by government-owned corporations or with government assistance).
2. ***Privatization of economic activities:*** the Government will adopt a policy of giving the private sector the opportunity to undertake many of the economic tasks of the Government, while it will not engage in any economic activity undertaken by the private sector.
3. ***Rationalization of subsidies:*** the system of direct and indirect subsidies on many goods and services provided by the state will be rationalized.
4. ***Predominance of economic considerations:*** the considerations of economies shall predominate in the Government's investment and expenditure decisions.

5. **Development of Saudi manpower:** the development of Saudi manpower shall be continued, through the evaluation of educational and training programs and curricula, as well as by their further development or modification, in conformity with the Islamic Sharia, with the changing needs of society and with the requirements of the development process.
6. **Social development:** attention will be given to the development of Saudi society; to the provision of social welfare and health care for all; and to the support given to society's participation in the implementation of the Plan programs, as well as in reaping the benefits of development.
7. **Defense and security of the nation:** the defense and security agencies shall plan their strategy to ensure the defense of the nation and shall submit that strategy to the National Security Council prior to presenting it for consideration to the Council of Ministers.
8. **Fiscal balance:** a fiscal policy shall be adopted which keeps the level of expenditure in line with the Government's revenues.

These eight basic strategic principles encapsulate a total of 61 more detailed policies. Together, they form a comprehensive policy framework which determines the direction and focus of government expenditure and development effort. Most of these detailed policies have particular relevance to individual sectors and are summarized in the following sections; others apply more generally to all government agencies and the private sector, as follows:

- the production costs of public services and utilities will be reduced;
- services will be planned to an appropriate scale, for example, by specifying the construction or operation of projects at levels which are actually required;
- technology will be utilized in all public service sectors through mechanization and the use of advanced methods;
- the economic feasibility of projects shall be judged by including operation and maintenance costs, including management costs, and not only capital costs;
- administrative organization will be developed in accordance with the changing needs of society;
- the private sector will be given the opportunity to operate, manage, maintain and renovate many of the utilities currently operated by the Government, provided that this results in lower costs, better performance and employment opportunities for Saudi citizens;

- some of the prevailing methods, policies and regulations will be reconsidered so as to allow the private sector to operate more freely and flexibly and to assist it in becoming more creative and developed;
- subsidy rates will be reduced in ways which will rationalize consumption without significantly affecting low-income consumers;
- all government departments which administer government services will make economic efficiency fundamental to the functioning of these services by adopting two basic principles: first, the cost of providing such services to the Saudi community should be reduced; second, the prices of such services should be not less than production costs, except in rare cases, and then only with the proviso that the prices shall be periodically reviewed.

7.2 THE PROGRAM PLANNING APPROACH*

The Fourth Development Plan introduces a new planning method based on a 'program approach' for planning government expenditures. The emphasis in the program approach is on whole programs, rather than on individual projects; on structure, rather than the component items; on responsibility for priorities and proportions, rather than detailed commitments.

The program-based planning method is encapsulated in the operation plans for each government agency. Each operation plan has a set of objectives and policies which directly relate the agency's particular activities to the economic development strategy and the strategic principles, and thus set the structural priorities for the programs. The programs themselves form the link between the Five-Year Plan strategy and the annual budget, since each program has an allocated level of expenditure for each year in the operation plans. Thus, the combined annual program expenditures cover the agency's total range of spending.

7.3 SECTORAL OVERVIEWS

7.3.1 STRATEGIC THEMES FOR SECTORAL DEVELOPMENT

Through the program approach, the operation plans for each socioeconomic sector were prepared to maximize the contribution of that sector to the overall development strategy. With the start of the Fourth Plan, the Saudi Arabian economy enters the second phase of diversification at a time when there are less favorable demand conditions in the world oil market. Accordingly, the Fourth Plan is designed to cope with this stage of adjustment by emphasizing three major themes in the economic strategy:

★ See also Chapter 15, section 15.2

- **Structural change**, to be attained through differential growth rates among the various sectors, with higher growth rates for key producing sectors (industry and agriculture) and financial services, and lower rates for other sectors, especially physical infrastructure. These higher growth rates in the producing sectors will progressively reduce, and in the long term largely replace, the function of government expenditure as the primary vehicle for growth of the other sectors, through stimulating a system of linkages throughout the economy;
- **Consolidation** of past achievements, through concentrating on efficiency in all activities and in the use of material and human resources;
- **Enhanced role for the private sector** to fulfill the critical production activities necessary for the structural diversification of the economy.

In addition to the objectives encompassed by these three major themes, the Fourth Plan will integrate certain other specific objectives:

- an appropriate balance between economic and social development efforts;
- the stabilization of the expatriate labor force;
- the promotion of viable import substitution in agriculture, industry and selected service activities;
- the special emphasis on maintenance of the nation's fixed capital in all sectors.

7.3.2 NATURAL RESOURCES

The natural resources sectors include water, energy resources such as oil, gas and solar power, and minerals. The Kingdom is very well endowed with energy resources; there is also increasing evidence of extensive rich mineral deposits — but water is a scarce resource, forming a major constraint to development in some areas.

7.3.2.1 Specific Strategic Principles and Policies for Natural Resources Sectors

This combination of abundance and scarcity means that the main guidelines for the natural resources sectors are: the strategic goal to reduce dependence on the production and export of crude oil; the principles of efficiency, especially in water use; and the reduction of subsidies.

Some of the specific policies for water confirm that it will be considered a basic factor and an important determinant of efficiency in government projects, and that new technologies will be deployed in the use of saline water for irrigation.

The importance of technology for greater efficiency is reflected also in the policies for the energy sector, to support investment in the application of solar energy. In addition, privatization will be encouraged by the policy to offer shares in government-owned companies for public subscription.

Structural change will be stimulated by policies to expand the processing of natural gas and the production of gas and petroleum derivatives, and to increase the capacity for producing refined petroleum products to the maximum extent of economic feasibility.

The plan guidelines emphasize mineral development. The strategic goal to develop mineral resources is supported by explicit policies to explore, map and develop mineral and sea resources, to inform investors regularly about the results of official mining studies and to encourage investors to develop and utilize mineral discoveries, through the provision of basic infrastructure.

7.3.2.2 Government Expenditure on Natural Resources

The combined government expenditure on natural resources will be SR 55,038 million, representing 8 percent of the total civilian expenditures in the Fourth Plan. Among the natural resources sectors, 58 percent of the expenditure will be related to water, 34 percent to energy, and 8 percent to mining.

7.3.2.3 Main Sectoral Objectives and Programs

During the Fourth Plan, the fundamental objective for the *water* sector will be rationalization of the use of this most critical and scarce resource. This will be achieved through the implementation of the National Water Plan to upgrade water management, and by programs to improve the supply and distribution of water, such as desalination, reclamation of wastewater, and reorganization of government functions for greater efficiency in drinking water supplies.

The main objectives for the *energy* sector are to continue the prudent management and development of the Kingdom's hydrocarbon resources and to develop solar energy as one of the alternative sources. The programs will include the continuation of oil exploration, management and maintenance; the completion of the (non-associated) gas gathering and distribution system; the development of four major refineries and new bulk storage plants and pipelines; the continued implementation of four applied solar energy projects; and the introduction of a new project to produce hydrogen through solar power.

The main objective for the *minerals* sector is to encourage the discovery and utilization of deposits. This will be supported by a shift from basic geologic research to mineral exploration; the detailed evaluation of proven reserves; the development of the Mahd al Dhahab gold mine to beneficial production; and pilot projects for mining the Red Sea mineral deposits.

7.3.3 THE PRODUCING SECTORS

The non-oil producing sectors are composed of agriculture, industry, electricity and construction. Agriculture, industry and construction are all in a pivotal position in national development

strategy — the two former because they are the critical growth sectors for the future (together with financial and business services), the latter because it has been the main engine of non-oil development in the past two decades but, being heavily dependent on government expenditure, cannot sustain such growth in the future. Electricity is a prerequisite both for economic production and for good living standards for citizens.

7.3.3.1 Specific Strategic Principles and Policies for the Producing Sectors

One of the main long-term goals of development is to continue the real structural changes in the Kingdom's economy to produce a diversified economic base, with due emphasis on industry and agriculture. In addition to the general principles such as rationalizing subsidies, the guiding policies for the Fourth Plan reflect the long-term priorities of diversification and stipulate specific requirements of the producing sectors.

The same principles of viability, efficient use of resources and modern technology are applied to industry. The public will be encouraged to invest in feasible, worthwhile industries which are dependent on local raw materials and employ production methods requiring minimum labor and critical resources such as water. In addition, horizontal and vertical expansion of the petrochemical industry by the private sector or joint private and public companies will be encouraged when possible.

The principles of giving greater opportunities to the private sector and rationalizing subsidies all have particular application to the electricity sector.

For the construction sector, there are explicit policies to support the Saudi private sector: priority to qualified and classified Saudi contractors; and projects to be divided into multiple contracts or sub-projects to enable Saudi companies to participate in their implementation.

7.3.3.2 Government Expenditure on the Producing Sectors

The combined government expenditures on the producing sectors will be SR 87,054 million, representing 12.7 percent of total civilian expenditures. Of this, 48.2 percent will be directed to electricity, 34.4 percent to the Royal Commission for Jubail and Yanbu projects, 12.4 percent to agriculture, 4.9 percent to industry and 0.1 percent to construction. The relatively low proportion for the producing sectors is due to the fact that most activities are undertaken by the private sector, with the government performing a mainly regulatory role in these sectors — albeit making a significant contribution to providing infrastructure.

As the activities in industry, agriculture and construction are undertaken by the private sector, the importance of these sectors in the economic strategy of the Fourth Plan is an indication of the support planned for the private sector.

7.3.3.3 Main Sectoral Objectives and Programs

The major objectives for *agriculture* are to achieve a satisfactory rate of increase in output with minimum cost and with careful use of water; to improve the welfare of the rural population; and to improve productivity and efficiency. These objectives will be achieved through continuing the broad range of programs which have proved so successful during the Third Plan, with new emphasis on efficiency.

The objectives for *industry* will be to continue high growth and diversification; utilize and add value to hydrocarbon resources; and train manpower in the industrialization process. The major programs will be to study and implement when feasible the next generation of petrochemical industries starting with the MTBE plant; to consolidate and improve the established industries, with new emphasis on small manufacturing operations; to promote industrial growth, especially in downstream petrochemicals; and to promote exports.

The Fourth Plan will witness the realization of a long-standing goal of the *electricity* sector, namely, full electrification of the Kingdom. This major achievement will be attained by programs to reinforce existing networks to serve about 828,000 new customers. In addition, particular attention will be given to improving efficiency, conservation, and the rational use of electricity. There will also be significant policies to encourage electricity integration with other GCC member states.

In the *construction* sector, special emphasis will be placed on reducing the impact of the decline in construction activity on Saudi contractors and on the numerous suppliers and services to the sector. The programs for the increased Saudiization of the sector will continue through the implementation of the '30 percent rule' and open tendering, while the Government will encourage construction companies to diversify into new activities, especially operation and maintenance.

7.3.4 THE SERVICES SECTORS

The group of service sectors comprises a wide range of public and private activities: wholesale and retail trade, storage, hotels and restaurants, financial and business services, banking, distribution, and personal services. The government agencies which provide services direct to the business community are concerned with specialized lending institutions, specifications and standards, statistical information, meteorology and the environment. All these may be grouped under the main categories of commerce, banking and finance, and government services.

7.3.4.1 Specific Strategic Principles and Policies for the Services Sectors

While the long-term goals emphasize diversification of the economic base in the natural resources and producing sectors, the services sector can also make a significant contribution to diversification, both by expanding their own activities to widen the economy as a whole, by facilitating the growth of industry, agriculture and mining, and by assisting the efficient operations of other sectors.

The government services will be guided by general policies to improve efficiency, to continue the development of environmental programs, and by the specific policy of standardizing the technical specifications of projects to reduce the costs of maintenance.

7.3.4.2 Government Expenditure on the Services Sectors

The total government expenditures on the services sectors will be SR 64,821 million during the Fourth Plan — 86 percent of which will be channelled through the various specialized lending institutions, such as the SIDF and Real Estate Development Fund. This allocation on the services sectors represents close to 10 percent of total civilian expenditures. Most activities of the services sectors will be funded by the private sector.

7.3.4.3 Main Sectoral Objectives and Programs

The objectives for the *commercial* services will be to identify shortcomings and gaps in supply and distribution of services and take positive action to overcome any deficiencies. The commercial services will also increase private sector involvement in activities currently undertaken by the Government and strengthen trading links with GCC countries. The main development programs will be concerned with coordination, regulation and monitoring of the sector by the Government, the continuation of consumer protection and trade development. The Chambers of Commerce and Industry will expand their role of facilitating commercial development.

The major objective for the *financial* services sector — comprising the commercial banks and the lending and investment institutions — is to develop in accordance with the changing requirements of the economy and with the need to harness private capital for domestic investment.

The *government* services will be guided by the primary objective of improving their efficiency to raise the quality of development activities throughout the economy. The main programs to achieve this will be through the standardization of minimum quality levels for technical specifications, and a system of Quality Marks as an official seal of approval on domestically produced and imported goods; through environmental protection; and through the preparation and publication of comprehensive statistics to help informed decision making in government and the private sector.

7.3.5 HUMAN RESOURCES

The human resources sectors include: general education for boys, girls, adult literacy and some teacher training; the higher education system; vocational and technical training; manpower policy, regulatory and service agencies; and scientific and technical research.

7.3.5.1 Strategic Principles and Policies for the Human Resources Sector

The long-term strategic goals clearly reflect the crucial importance of the development of human resources. The primary strategic goal is to form productive citizen-workers, by ensuring opportunities to earn their livelihood and rewarding them on the basis of their work.

The related wider goal is to develop human resources so as to ensure a constant supply of manpower, while upgrading and improving their efficiency to serve all sectors. Broad goals concerned with personal development and individual fulfillment are also implicit in the strategic policies requiring universal primary education, strengthening the dedication to Islamic principles, and increasing the appreciation of cultural values.

The strategic policies for the Fourth Plan set numerous requirements for the human resources sectors. Primary education will be mandatory for all boys and girls, and anti-illiteracy and adult education programs will be expanded. The quality and efficiency of training and education will be improved by a range of methods.

Policies are also set to ensure that training and education are practical and in accordance with the actual needs of economic development and the required level of efficiency. The general principles of maintenance will be included as part of the post-elementary educational curricula. Training on automation operations will be developed to avoid faulty operation, on-the-job training will be encouraged, and some basic military subjects will be introduced to secondary school curricula. The private sector will be encouraged to formulate and implement training programs.

The Government's manpower development policies will identify the areas and bases for the employment of women in a manner which will not be contrary to Islam.

The policies for science and technology research concentrate on those technologies which are available for the needs of the national economy, such as automation, and centers and programs for applied research will be supported.

7.3.5.2 Government Expenditure on Human Resources Development

During the Fourth Plan, the total expenditures on human resources will be SR 136,174 million, which is about 20 percent of the total planned civilian expenditures, reflecting the great importance attached to these sectors.

7.3.5.3 Major Objectives and Programs in the Fourth Plan

The main objectives for *general and higher education* are to improve the efficiency of the educational services, raise the quality of education, significantly reduce the degree of illiteracy among adults, and ensure that education is in positive accord with the religious values, and economic and social needs of the Kingdom. Most of the programs are directed to improving the quality and quantity of graduate output, through programs to improve administrative efficiency, physical facilities and teaching quality. The annual graduate output from general education schools will be raised from 201,000 in 1405/06 to 323,000 by 1409/10 — an increase of 60 percent. The detailed programs for higher education will be formulated in a long-range Master Plan for higher education development, to be completed in 1408.

The main objectives for *training* are to increase and improve in-house and on-the-job training programs; to increase coordination among government training agencies; and to establish formal training programs and Saudiization targets among private companies, in accordance with the labor law. Most programs are administrative measures to implement these objectives.

The objectives and programs for the *manpower policy and regulatory agencies* are to ensure that the public sector is staffed with efficient personnel; to enhance appropriate employment opportunities for women; and to devise and implement appropriate strategies for increasing the rate of Saudiization and improving productivity.

7.3.6 SOCIAL AND CULTURAL DEVELOPMENT

Socio-cultural development includes such aspects as religion, health, culture, youth and sport, supported on the institutional side by their respective specialized services. Also included are the information services and judicial services. The social development agencies are concerned with improving the overall quality of life. This includes providing health care, redressing social imbalances, stimulating citizen participation in community activities, supporting artistic, intellectual and leisure pursuits, and informing and educating the public. Housing and physical facilities are also considered to be part of social development since they make a vital contribution to standards of health and a comfortable environment.

7.3.6.1. Specific Strategic Principles and Policies for Social Development

The long-term goals of Saudi development give the highest priority to religious values and social development, stating that the first objective is to safeguard Islamic values, duly observing, disseminating and confirming Allah's Sharia. Other long-term goals are to uphold the social stability of the realm, and to raise cultural standards to keep pace with the Kingdom's development.

Detailed strategic policies are also set for the social development sectors. In the health sector, attention will be given to preventive medicine and health education; to increasing the effectiveness of preventive and curative institutions; and to widening the scope of health programs. To enhance the role of the private sector, some of the present regulations will be reconsidered to allow equitable adjustments of price controls at private hospitals and clinics to ensure fairness for patients and investors alike, while cooperatives, private benevolent societies, commercial organizations and institutions will be encouraged to undertake the management of private sanatoria, hospitals and clinics.

In the social services sector, increased attention will be given to the handicapped, and national programs will be introduced for their rehabilitation and welfare. More care will be provided for children at all levels, and greater priority will be given to social welfare programs, including inducements for the private sector to participate in the establishment of yet more private benevolent societies.

In addition to these mainly remedial policies, there are also policies to improve the capabilities of individuals to increase their incomes, thereby removing social imbalances, and to give more attention to local community programs, with effective participation of citizens in the planning and implementation of local projects. Greater priority will be given to youth welfare programs to develop the capabilities of young people and enable them to gain mental and physical skills in culture, science and sport.

For the information sector, the policies are to create in Saudi citizens an awareness of the objectives and requirements of development and the handling of the tools of development. This will be done through information campaigns in the public media giving religious and social values to work as an important and respectable activity, in order to change attitudes to certain occupations which at present are unacceptable to some people. Information will be provided to citizens through increasing the quality and frequency of special programs for identifying investment opportunities in the productive sectors.

Culture will be encouraged by supporting literary authorship, by the distribution of public libraries (to encourage and accustom students to make use of library facilities), by establishing museums and by preserving historical and archaeological sites. One particular policy is to establish a National Library with a collection of books and manuscripts representing every Saudi author.

In the judicial services, some of the present policies and regulations will be reconsidered to facilitate the development of more flexible procedures for commercial courts and notary public offices, to allow the private sector to operate more freely and creatively.

7.3.6.2 Government Expenditure on Social Development

The total expenditure on the social development sector will be SR 108,636 million, which is equivalent to 15.8 percent of the total civilian expenditures for the Fourth Plan. The major proportion of expenditure is allocated to health (57.3 percent), followed by religious affairs and judicial services (17.1 percent), culture, information services and youth affairs (12.5 percent) and social services (13.1 percent).

7.3.6.3 Main Sectoral Objectives and Programs

The main objectives for the *health services* are to continue to provide high-quality, comprehensive health services, based on primary care, and to improve coordination and operational efficiency. Special attention will be given to preventive medicine and mother and child care. The main programs will be concerned with strengthening the health service network with new facilities, improving the information and supporting services, and manpower development.

The main objectives for the *social services* are to extend the scope of integrated social development activities in coordination with other service providers, and to encourage the responsibility and participation of local communities in social affairs. The existing programs will be extended and improved, with new programs for women's activities.

For the *cultural, information and youth sectors*, the main objectives will be to raise cultural standards and provide guidance for individuals and society to keep pace with the Kingdom's development; and to contribute to strengthening the family for the development of youth. The main programs will include major expansion of cultural facilities, public information services, and the continued sponsorship of sports.

The objectives of the *religious and judicial agencies* do not change with time, and the agencies will continue to safeguard Islamic values, propagate the faith, uphold the law, and provide services for pilgrims. The surrounding area of the Holy Mosque at Makkah will be expanded to accommodate one and a half million pilgrims, and the Prophet's Mosque at Medina will be renovated. The administration of the judicial services will be improved, as will pilgrim services.

7.3.7 PHYSICAL INFRASTRUCTURE

Infrastructure is the physical foundation on which social and economic development takes place. It is a basic requirement for the achievement of the Kingdom's development goals. Physical infrastructure sectors include transportation systems, postal services, telecommunications networks, housing, municipal services required by industrial, commercial, and residential developments and public works.

7.3.7.1 Specific Strategic Principles and Policies for Physical Infrastructure

The long-term strategic goal for the Fourth Plan is to complete the physical infrastructure projects which are necessary to achieve overall development.

All the general strategic principles of economic efficiency and the predominance of economic considerations have direct relevance to the physical infrastructure sectors, as do many of the detailed policies to reduce production costs and plan services to an appropriate scale.

The strategic theme of special emphasis on maintenance is reflected in certain policies directed specifically at these sectors. Thus, full provision will be made, with regard to any project, for all foreseeable future maintenance and operational requirements. Consideration will be given in project design to reducing maintenance requirements as far as possible. Also, safety precaution programs will be included in maintenance schedules based on the life of the unit or the utilization of capacity.

To support the strategy of balanced regional development, development centers will be selected in areas capable of accommodating and supporting production projects, in order to attract people from neighboring areas which lack this development potential.

7.3.7.2 Government Expenditure on Physical Infrastructure

Total expenditure on the physical infrastructure sectors will be SR 150,760 million, which is 21.9 percent of the total civilian expenditures for the Fourth Plan. Of the infrastructure expenditure, 36.4 percent will be directed to transport (airlines, roads, ports, railroads), 18.9 percent to posts and telecommunications, 42.1 percent to municipalities and public works, and 2.6 percent to housing.

7.3.7.3 Main Sectoral Objectives and Programs

The main objectives for the *transport* sector are improvements in efficiency, productivity, safety, and training Saudi manpower. Now that most ports, airports and main roads have been largely completed, the emphasis is on minor expansion to cope with a gradual increase in demand, and on achieving high standards of operation and maintenance with good cost control. The main programs will be concerned with upgrading existing facilities, training, and studies to investigate the need for new transport systems. Stage I of the new Eastern Province international airport will be completed, and some new roads will be built to bring the total network to 20,000 kilometers of main roads, 15,000 km. of secondary roads, and 81,000 km. of rural roads by 1410.

The *posts, telegraph and telecommunication services* will be significantly expanded, since this is one infrastructural sector where coverage of the population is incomplete. An additional objective will be to improve further the high quality of service. Hence, the main programs are for the construction of new facilities, such as to introduce mail service to 1,200 villages, to enlarge local telecommunication networks to give access to a quarter of a million new subscribers, and to increase the network switching capacity by 300,000 lines.

The main objectives for the *municipal and public works* sector will be to achieve greater equality in living conditions throughout the Kingdom, and to improve the quality and efficient operation of infrastructure. Thus, the main programs are directed to expanding and enforcing the regulatory system such as building codes, improving the facilities in rural villages and needy urban areas, and upgrading administrative operations and training.

The *housing* sector has the constant objective to meet the housing needs of the Kingdom's citizens in a cost-effective manner. In the Fourth Plan, the main objectives will be to improve the quality of housing and increase the effective utilization of existing stock. The Government's main role will be to support private construction through the REDF, which will finance 52 percent of the total 285,000 new units targeted for construction during the Fourth Plan.

During the Fourth Plan, the infrastructure of the new industrial cities of Jubail and Yanbu will be substantially completed. Hence, the main objective for the Royal Commission will be to promote private sector investment and concentrate on administrative and training functions. The main programs are directed towards site development for the private sector, final completion of the infrastructure and services, and training 7,900 Saudi youths at the vocational training centers.

7.4 CLASSIFICATION OF SECTORAL DEVELOPMENT EXPENDITURES

The classification of government expenditure by development agencies, as presented in Chapter 5 (Table 5-1), relates to the following chapters on sectoral development, as shown below:

Development Agency Category (Table 5-1)	Sector Chapter
Economic Resources Development ⁽¹⁾	Natural Resources (Chapter 8) Producing Sectors (Chapter 9) Services Sector (Chapter 10)
Human Resources Development ⁽²⁾	Human Resources Development (Chapter 11)
Social Development and Health ⁽³⁾ Transport and Communications	Social Development (Chapter 12) Part of Physical Infrastructure (Chapter 13)
Municipalities and Housing	Part of Physical Infrastructure (Chapter 13)

Notes:

- (1) Not included in this Development Agency Category are: *Ministry of Commerce* and *Central Department of Statistics*, both of which are included under Administration Expenses in Table 5-1, and the government's *specialized credit institutions*, which are included under the category of Transfer Payments and Revenues in Table 5-1. These agencies are all discussed in the Services Sector (Chapter 10). The *Royal Commission for Jubail and Yanbu* is included in this Development Agency Category.
The *Deputy Ministry of Labor Affairs* is included in this Development Agency Category in Table 5-1, but is discussed in the chapter on Human Resources Development (Chapter 11).
- (2) Not included in this Development Agency Category are: the *Supreme Manpower Council* and the *Civil Service Bureau*, both of which are included under Administration Expenses in Table 5-1. These agencies are discussed in the Chapter on Human Resources Development (Chapter 11).
The *King Abdul Aziz Cultural Center* is included in this Development Agency Category in Table 5-1, but is discussed in the chapter on Social Development (Chapter 12).
- (3) The *Religious and Judicial Affairs* agencies, discussed in Chapter 12, are not included in this Development Agency Category. Their expenditures are included under Administration Expenses in Table 5-1.