

CHAPTER 13

REGIONAL AND URBAN DEVELOPMENT

13. REGIONAL AND URBAN DEVELOPMENT

This chapter discusses the progress made during the Fifth Plan in regional development, rural and municipal services, and housing, as well as the key issues to be tackled during the Sixth Plan, and the topics of Saudiization, economic efficiency and the opportunities available for the private sector in these sectors. It also highlights the objectives, policies and programs of these sectors during the Sixth Plan.

13.1 REGIONAL DEVELOPMENT

During two and a half decades of planned development, significant changes have occurred in the settlement structure, transport links, industrial concentration, land use patterns and living standards in the Kingdom. Because of its vast size and the diverse geographical distribution of population and natural resources, however, the extent of these changes has not been uniform throughout the entire country. For this reason, the regionalization of planning has become an essential tool for studying regional phenomena and for proposing corrective solutions where necessary, as well as for exploiting various resources in the regions and for expanding public services in rural areas.

During the Fifth Development Plan period, the five former planning regions were replaced as spatial references for planning by the 13 regions, which differ from each other by a host of geographic, demographic and economic factors. The new regions have their own administrations and councils, which are essential prerequisites for the system of planning in the Kingdom.

The Kingdom's development planning approach is based on comprehensive planning of all sectors of the national economy and of each administrative region, thereby taking into consideration regional development needs through the government agencies which advocate regional aspects in their development plans. These plans are prepared within the context of the general objectives and the strategic principles of the development plans, and through the reports prepared for different regions of the Kingdom.

With the issuance of the "System of Provinces", the institutional foundations have now been laid for coordinated regional and sectoral planning within the region itself, so that an equitable and efficient distribution of investments and public services can be achieved.

The private sector will play a vital role in supporting regional development in the future through implementation of some investment projects in the regions of the Kingdom, in addition to the public sector. Cooperation between the public and private sectors will enhance the joint efforts devoted to the development of different regions of the Kingdom.

Future development will concentrate on education, technology transfer and environmental protection. Information will also be provided on investment opportunities in industrial, trade and administrative activities, as well as on the various regions. The development plans and the reports of the regions will reflect their potential to provide opportunities for the private sector in each sector.

The development process in the Kingdom has paid attention to satisfying the basic needs of all citizens for health care, education and employment. This is considered not only as a humanitarian commitment but also -- more fundamentally -- as an investment in Saudi human capital for the longer term benefit of society as a whole. The main concern of regional planning will continue to focus on resolving the issues that face each region, on identifying their development strategies, on the optimal exploitation of comparative advantages, on reconciling the disparities between regions, and on satisfying the living needs of the population settlements in these regions.

Under the old system of planning, specific economic roles had been identified for each region. Such roles will become more apparent in the Sixth Plan as a result of the formation of the Provincial Councils, which will identify and exploit the comparative advantages of each region.

13.1.1 PRESENT CONDITIONS

13.1.1.1 Institutional and Administrative Changes

In the Fifth Plan period, a crucial administrative breakthrough was effected with the transition of regional planning from its earlier status as an aspect or dimension of national planning towards a more fully institutionalized and integrated activity :

- First, a new provincial system has been established (by Royal Decree No. A92 on 27/8/1412) which aims at upgrading the level of administrative work and development in all parts of the Kingdom. The system identified the responsibility of the new Provincial Council in each region to study all relevant aspects and proposals to upgrade the level of services in the region. In particular, each Provincial Council will: determine the needs of the region for programs and projects, and suggest their inclusion in the national Development Plan; rank useful projects according to their priorities and propose their approval in the annual state budget; study the organizational plans of the region's cities and villages and follow up their implementation after approval; follow up the implementation of projects that have been included for the region in the national development plan and annual state budget, with due consideration to the necessary coordination in this regard.
- Second, the provincial system was amended by Royal Decree No. A20 on 30/3/1414, which identified the members of each new Provincial Council and set the number of

regions at 13. The administration of each region has also been enhanced according to a standard organizational structure which will strengthen the role of regional planning in the future. Therefore, regional development bodies are being entrusted with the task of determining their own development objectives, programs and priorities within the framework of the objectives and strategic principles of the development plans.

- Third, the determination of 103 sub-regions (both type A and B) under the 13 regions offers yet another dimension to regional planning by providing the spatial and institutional references for planning the provision of municipal facilities and services in the context of their surrounding rural (catchment) areas, for which they must provide some basic services as well. The administrative and institutional innovations for regions, sub-regions and centers also give new support to the concept of the program-oriented approach to planning, which leads to improved coordination on the selection of the most essential and effective projects at national and local levels.

13.1.1.2 Central Place Concept

Although the new administrative system for the regions has been formally established and standardized, cities and towns vary between regions, in terms of their number, size, economic significance, distances between them and the extent of their rural population catchment areas. Because of these differences, the new system will continue to use the “central place” concept as an essential tool for spatial planning and development. The existing system of Development Centers and Village Clusters remains a basic tool for guiding the investment location decisions of development agencies and private enterprises alike, so they can take advantage of existing or planned infrastructure and established economic linkages, in providing goods and services to the maximum possible populations within and near these centers. The three levels of Development Center are defined as follows :

- **national** centers, where various economic and administrative functions relevant to the whole country are available and where highly specialized services are provided ;
- **regional** centers, where less specialized administrative and service functions are performed for a number of local centers ;
- **local** centers, where institutions and services that are needed on a frequent (daily) basis and serve a number of villages and village clusters, are located.

The central place concept is made complete with the addition of the village clusters, which provide municipal services from a central village to a cluster of villages or to the surrounding population.

In the light of the development experienced by the Kingdom in all fields and the demographic and economic changes that occurred in these centers and the major catchment areas, as well as the improvement of feeder roads to and from these centers, some of the centers have been upgraded and the geographic limits of some serviced rural areas have been extended. Figure (13.1) shows the proposed development centers in the Sixth Plan.

13.1.1.3 Geographical Data and Information System

A comprehensive regional information base is necessary for improving the effectiveness of regional planning. In this context, the information content of the regional reports has been updated during the Fifth Plan period and a system of regional indicators and geographical information adopted.

The regional reports describe the present conditions of various facilities and services sectors. The regional indicators system aims at describing the level of development in each region in a quantitative manner and helps to set priorities for selecting appropriate programs and projects and to assess their impacts on the development of each region, in order to achieve balanced regional development.

With the completion of the geographic data and information system during the Sixth Plan, there will be a statistical and geographic information base, as well as computerized digital maps that will include regional analysis in various fields.

The above-mentioned information will help the concerned government agencies and the Provincial Councils in identifying the level of development in the region and in selecting useful programs and projects and following up their implementation. It will also help in preparing regional development plans in the future.

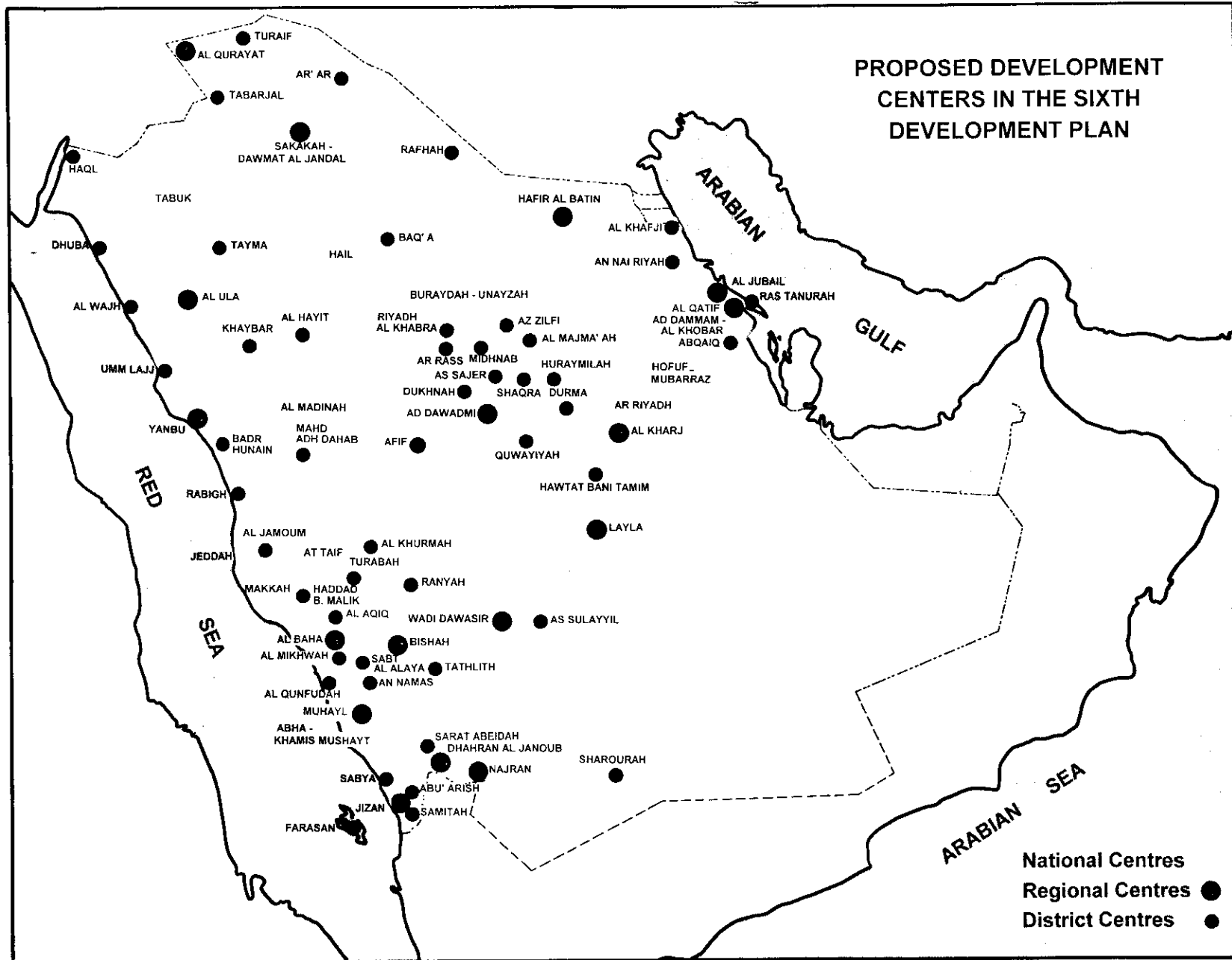
13.1.1.4 Regional Achievements

Various achievements have been made during the Fifth Plan, resulting in tangible progress in roads construction in the rural areas. Thus, access to various facilities and services, which were previously under-utilized, was provided to a greater number of people. This is a good example of how projects that are well coordinated at the level of the regions and their sub-regions and centers, can relieve the need for additional investment in facilities without greatly affecting the standard of service.

Concentration of spatial development in the rural areas facilitated access to facilities and services. Such concentration is necessary for achieving balanced regional growth. Improved services in the rural areas also reduces migration to urban areas, thereby relieving the pressure on urban facilities and services, while limiting maintenance requirements and environmental problems in urban areas.

There are many tourism and recreational facilities for citizens to enjoy in the regions of the Kingdom, which helps to improve the economic conditions of these regions.

Figure (13-1)



Great efforts have been made during the development plans to boost regional development by establishing public institutions and by encouraging private establishments to undertake some activities in such locations. The provision of infrastructure, such as water and electricity facilities, telecommunications, highways, pipelines, oil production facilities, and industrial complexes has generated remarkable growth in all fields. Military installations also played a great role in the development of some regions.

13.1.2 KEY ISSUES

After settling the administrative division and determining the administrative and institutional responsibilities, the detailed framework for the whole regional planning process has to be formulated by the relevant regional development agencies and to be institutionalized in the form of a code of practice and executive rules. A number of key issues will affect the successful completion of this task.

Administrative Coordination

Development planning at the regional level requires a high level of coordination between concerned agencies and institutions, particularly with respect to the delegation of powers and the determination of responsibilities for the branches of government service agencies represented on the Provincial Councils, as well as the exchange of information, where it is necessary to adopt standard specifications for the storage, updating and communication of computerized data.

There is no doubt that the establishment of the Provincial Councils, on which the different government services sectors and the private sector are represented, has led to better coordination between concerned agencies.

Regional Planning Standards

The regional studies carried out by some agencies have varied considerably in terms of content and degree of coverage, so that it became difficult to undertake a reliable review of the existing and required services and facilities in the administrative regions of the Kingdom. To achieve that, rules and standards must be developed for the methodology of regional studies, not only in terms of their content and coverage, but also in terms of technical and planning specifications, data storage and processing, and communications technology in all sectors. Consulting firms contracted by government agencies for the preparation of regional studies must adhere to these rules and standards.

Proliferation of Small Scattered Settlements

Between 1403 and 1415, the number of villages and hamlets in the Kingdom has risen from 11,700 to approximately 20,000. Most of these new settlements were established along newly built roads,

near agricultural or industrial sites, or in remote areas, which lack basic services. This trend undermines the government's efforts to promote development in areas where local production projects may be viable and not to waste resources in the establishment and support of non-viable settlements.

Regional Disparities

The regions of the Kingdom are distinguished by their diversity of economic, social and geographic characteristics, due to the nature of population distribution and the concentration of natural resources in certain areas, as well as to the rapid proliferation of villages and hamlets in some areas. All of these factors have led to inter-regional disparities in the level of services.

Despite great efforts to provide various services throughout the regions in a relatively balanced manner, there are some disparities between urban and rural areas because of the nature of short and long term development. The Sixth Development will give a higher priority to regional planning in order to effect greater balance in the development of the regions.

13.1.3 OBJECTIVES AND POLICIES

Through coordination between the various sectors and agencies, the objectives and policies of regional development during the Sixth Plan have been identified as follows :

13.1.3.1 Objectives

Regional development will be directed through the following long term objectives that conform to the Objectives and Strategic Principles of the Sixth Plan :

- To achieve comprehensive development in all urban and rural areas through the provision of basic facilities and services according to the standards of the development centers, with due consideration to performance efficiency and the optimal utilization of each region's comparative advantages ;
- To encourage the private sector to locate enterprises in the regions, so as to stimulate local economic growth, the transfer of knowledge, the provision of jobs, and to limit internal migration ;
- To encourage and support the private sector to establish investment projects in the regions through the provision of assistance, incentives, consulting services and information ;
- To encourage Saudi citizens to take up employment in rural areas through the provision of career opportunities, material incentives and ongoing training ;
- To enhance the economic efficiency of regional infrastructure through spatial planning, physical development control, the application of appropriate technology, operation and preventive maintenance, and improved inter-agency coordination ;

- To preserve the environment from the adverse impacts of human settlements, industrialization and exploitation of natural resources in various regions ;
- To protect natural and historical areas and to rehabilitate environmentally damaged sites to their original state in all regions ;
- To develop and institutionalize the operational and technical framework for regional planning that is needed to complement the new System of Provinces, in close cooperation with other service ministries and agencies ;
- To improve cooperation among technical departments within each development agency and with other related agencies through the re-organization of administrative procedures and the provision of state-of-the-art management techniques and communications technology in order to facilitate the exchange of vital information.

13.1.3.2 Policies

To achieve these objectives, long term policies and plans should be formulated to guide regional development in the desired direction. Accordingly, the following policies will be implemented during the Sixth Plan :

- Regional planning will be activated at the regional level according to the new System of Provinces, by specifying the tasks and responsibilities of the provincial administrations and planning consultants, while procedures will be adopted to ensure cooperation between the provinces and the ministries involved.
- More attention will be paid to determine the contents, format, specifications and requirements of regional development plans of provinces and to their revision and approval for integration into the national plans.
- The specifications of regional planning data will be standardized, in addition to the computer hardware and software used for their storage, manipulation and transfer between the related agencies.
- Regional information centers will be established to collect, update and deliver regional data to those development agencies participating in regional planning efforts.
- The “Development Centers” and “Village Clusters” systems will be updated in the light of the System of Provinces, so that they can serve as indicators for the regional investments of the public and private sectors.
- The specialized university colleges and the Institute of Public Administration will be encouraged to develop specific education and training programs in order to enhance the regional planning capabilities of Saudi nationals in the light of the new systems and the latest regional development literature.

- Government agencies with regional branches that differ between regions in terms of their number and span of supervision, should unify their administrative divisions into a single branch of that agency within the region, while the regional representation of agencies should be in accordance with the new System of Provinces.

13.2 MUNICIPAL AND RURAL AFFAIRS

13.2.1 PRESENT CONDITIONS

The municipal and rural affairs sector has an important role to play in achieving the Kingdom's development objectives to raise the standard of living and satisfy the basic needs of citizens. Its many contributions to local and national development include the overall spatial planning of cities, towns and village cluster centers (master plans, zoning etc.), the construction and operation of municipal networks (such as water, waste water, storm water drainage, streets) and facilities (slaughter houses, souqs, markets, parks), as well as the maintenance of environmental hygiene through street cleaning, waste collection and environmentally safe disposal, and the removal of debris.

It is through spatial planning and the timely provision of municipal infrastructure that the development efforts of both public and private sectors are spatially directed and supported towards desired objectives. Over the past two and a half decades of planned development in the Kingdom, municipal facilities and services had been primarily concentrated in the main urban centers. More recently, with this crucial task largely accomplished, municipal development has focused increasingly on provincial towns and village cluster centers, and the provision of adequate services to the maximum number of citizens, thereby discouraging population migration to the cities.

It is the government's firm intention to provide municipal services to all regions of the Kingdom in line with the actual needs of a growing population. Thus, in many cities and towns, parts of the existing municipal infrastructure have been modernized or replaced due to completed life cycles or functional deficiencies. At the same time, facilities and networks for water, sewage, storm water drainage and the asphaltting, paving and lighting of urban streets have been further expanded to cope with the increase in population. Through the provision of sanitation services the overall appearance of cities and the quality of urban life has been greatly enhanced.

The sustainable economic growth rates of recent years have also had a positive effect on urban development, as the planning, coordination and supervision of public projects have become more manageable. Moreover, land utilization in urban areas has been intensified with the construction of additional, more compact commercial and residential buildings. Thus, the utilization rate of municipal infrastructure has been increased, thereby providing municipal services to a greater number of urban households, even at reduced unit cost.

The scheme of five metropolitan areas (amanat) and 96 municipalities, have been retained in order to use resources more efficiently and concentrate the services and provide them in a better manner although some municipalities have been consolidated. One water and sewage department, however, has been established in Tabuk, thus bringing the total number of these establishments to seven. Also, the number of village clusters has been increased from 43 to 62, now with approximately 2,300 member villages (Figure 13.2), thus providing a wider rural population with better access to schooling, training, health care, communications, markets and other essential facilities and services.

The recent changes in the size and importance of communities have been embodied in the new municipal classification system, with the municipalities being re-grouped within four categories ('A' through 'D'), while village clusters were divided into three categories (B through D), as shown below.

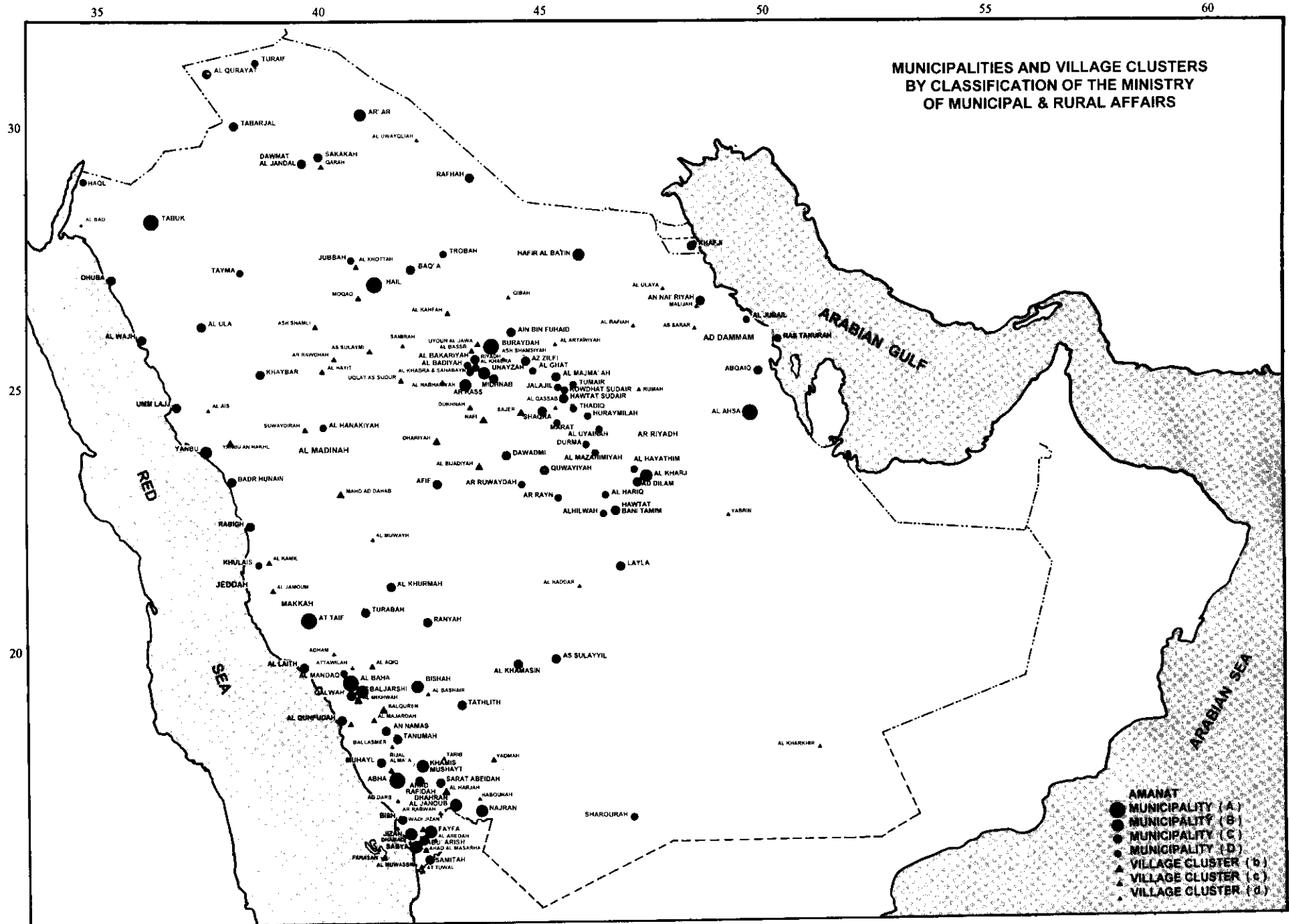
	A	B	C	D	Total
Amanat					5
Water and Sewage Depts.					7
Municipalities	7	14	46	29	96
Village Clusters		9	25	28	62
Total	7	23	71	57	170

Furthermore, ongoing efforts are being exerted to produce digitized maps of all cities in the Kingdom, and to develop local land registration systems.

With the establishment of the new provincial system in the Fifth Plan period (in Shaban 1412), the municipalities in the regions will become more active in development planning and involved in closer dialogue with the respective agencies. Through their institutionalized administrative capabilities, the provinces (amarahs) will now be fully entitled to coordinate the various projects within their region. When this new pattern of systematic planning becomes more firmly established and supported by an information system with regularly updated data, the municipalities are also likely to gain more administrative and planning autonomy.

In spite of reduced municipal expenditure during the Fifth Plan, a total of 1,363 projects had been approved by fiscal year 1413/14, of which 903 projects had been completed. Water, waste water and municipal street projects continued to claim the major share of municipal spending.

Figure (13-2)



13.2.2 KEY ISSUES

In the past quarter of a century, the Kingdom has changed from a rural and nomadic society into a predominantly urban one, with more than 60 percent of the population now living in cities and towns. In this rapid transition, the level and quality of facilities and services attained are comparable to those in many advanced countries. However, the unprecedented speed of urbanization has created a number of issues which require increasing attention during the Sixth Plan period.

Statistical Data

Notwithstanding the progress made by the municipal sector in the collection and processing of data during the Fifth Plan period, there is a lack of integrated information about the capacity of municipal facilities and services, their utilization rates, the status of existing structures and their economic and operational efficiency. Furthermore, this sector lacks up-to-date information about the population, in terms of the number of beneficiaries or consumers of services, and about the urban areas covered by these services. This makes the precise identification of needs difficult.

In order to address this situation, it is imperative to establish an automated information system, linking MOMRA and all affiliated agencies, and to establish unified standards, specifications and models for collecting, evaluating, classifying and utilizing data.

Coordination and Overlapping Responsibilities

Rational urban development requires high levels of coordination and integration, but also flexibility, so that the various stages of development can be accomplished efficiently, from planning through to implementation and evaluation. Intensive coordination between MOMRA and other government agencies at all levels will eliminate the duplication of development efforts in some locations, and lead to the efficient and optimal use of services in other areas where they are needed. Improved coordination between MOMRA, MOAW and the Water and Sewage Departments will generate greater efficiency in the provision of water and sewage services to citizens at targeted levels. Also, improved coordination with the SWCC will facilitate the full utilization of projects and ensure that the capacity of water networks will be consistent with the output of desalination plants. Furthermore, enhanced coordination is needed with the Ministry of Communications so that the provision of municipal services can be planned to coincide with the construction of main and secondary roads.

Environmental Hygiene

Environmental hygiene has an important role to play in maintaining the welfare and health of citizens, in the preservation of national resources and in the control of epidemics, diseases and pollution.

The Kingdom's main cities, in particular, have witnessed the rapid physical expansion of their outer boundaries, along with a growing concentration of population. Even the huge investments in urban infrastructure could not cope fully with this rapid growth in such a short period, leading to some adverse impacts, mainly on the environment. In particular, the problem of rising ground water tables and the resulting environmental damage in urban communities will be addressed through the provision of comprehensive sewage services. At the same time, the quality of treated waste water and its suitability for re-use will be raised by expanding the number and capacity of sewage treatment plants.

It is a fact that the quantity of waste increases as cities and urban populations continue to grow. Available statistics show that the Kingdom's per capita production of waste is about double the world rate. This creates a major burden for waste collection, treatment and disposal. Hence, in order to eliminate excessive waste generation, it is imperative to boost the environmental awareness of citizens. It is important that specialized national companies share advanced global experience in dealing with waste. MOMRA has made steps in this direction covering the main cities of Riyadh, Jeddah and Dammam.

Utilization of Treated Waste Water

The total volume of treated waste water in the Kingdom amounts to (1.1) million cubic meters per day, of which only about 200 thousand cubic meters or 18 percent is used for agricultural, industrial or municipal purposes. This low utilization rate represents a waste of a renewable resource that could be used to reduce the burden on primary water resources. More extensive use of treated waste water for industrial, agricultural and municipal purposes will require special distribution networks and measures to promote its wider acceptance. It is crucial that the private sector be encouraged to invest in the construction of treatment plants and in the distribution of the water produced from such plants.

Control of Urban Development

Considerable inconsistencies have emerged between spatial urban expansion and the number of inhabitants, particularly in the main cities. This has led to the inadequate utilization of infrastructure and the accumulation of vacant urban lands. Furthermore, the scattered nature of population settlements in these outlying urban districts prevents their linkage to normal urban facilities and service networks, which will need to be substantially expanded if the needs of such residents are to be met. The Council of Ministers, therefore, in its Resolution No. 175 of 18/9/1409, ordered the limitation of urban expansion and set strict regulations, to be complemented by local plans and studies, for future extensions of urban boundaries in proportion to actual urban growth. The sustained application of these regulations and procedures will ultimately enhance the structural coherence of cities and towns.

Municipal Resources

The provision and operation of municipal facilities and services requires substantial financial resources, particularly when the demand for such services is rising. All efforts must be made, there-

fore, to augment existing municipal revenues and to ensure their best use through the efficient management of municipal facilities and services on a commercial basis. Such commercial practices could encourage greater private sector involvement in certain municipal enterprises. At the same time, existing service charges could be restructured to ensure both rational use and consumption and a financial contribution that at least covers the O & M costs of municipal facilities. Notwithstanding such opportunities, it is imperative to enhance the process of fees collection.

Efforts to make the supply of services more economic should also include greater attention to preventive maintenance, the unification of standards and specifications, and the optimal location of municipal facilities and services.

Intensified use should also be made of leasing urban land owned by the municipalities for setting up investment projects. MOMRA has been quite successful already in this field.

Rural Services

The Village Cluster concept is the most rational way of providing basic public services to the greatest number of rural inhabitants, and of creating centers to attract mainly agriculture-based economic activities and to reduce population migration to the cities. Thus, it is imperative to enhance the potential of existing clusters and to upgrade their efficiency through the provision of needed facilities and equipment, and through linking cluster centers with affiliated villages by rural roads. The establishment of proposed new village clusters according to the specified time schedule is also important. During the Fifth Plan period, MOMRA has re-grouped village clusters by size into three categories (B, C and D), so as to further rationalize their development and enhance their efficient operation.

13.2.3 SAUDIIZATION

Total manpower at MOMRA and its sub-agencies reached 52,735 employees and workers by the end of the Fifth Plan period, of which 60.4% were Saudis.

While a high percentage of Saudiization has been achieved in the management positions, Saudiization has not been realized to the same extent in the professional, sub-professional and technical, skilled labor and the manual service worker positions. These groups, however, comprise the majority of the sector's manpower, due to the technical expertise needed for the various municipal activities and services in all cities, towns villages and hamlets.

With respect to the sector's approved positions, the manpower structure shows that management and administrative positions reached 2,024 (of which 95 percent were occupied by Saudis),

professional positions reached 2,593 (of whom 60 percent were Saudis), sub-professional and technician positions reached 5,616 (of whom 57.6 percent were Saudis), clerical positions reached 4,964 (of whom 70 percent were Saudis), skilled labor positions reached 11,957 (of whom 52.6 percent were Saudis) and manual service worker positions reached 32,308 (of whom 47.5 percent were Saudis).

These conditions are expected to continue over the Sixth Plan period due to the nature of the work in this sector, the range of its activities and services, the required expertise and increasing responsibilities. MOMRA will meet its manpower requirements through filling existing approved positions with Saudis, so that the total manpower in this sector will actually reach 59,462 employees and workers by the end of the Sixth Plan, while the rate of Saudiization is targeted to reach 70 percent. By that stage, the management and clerical positions will be completely Saudiized, while the percentage of Saudis is to increase to 84 percent for professional positions, 76 percent for sub-professional and technician positions, 62 percent for skilled worker positions and 56 percent for manual and service worker positions.

13.2.4 ECONOMIC EFFICIENCY

Problems in precisely quantifying both inputs and outputs make productivity in the municipal sector difficult to measure. Nevertheless, more efficient utilization of resources can be achieved in the sector's affiliated agencies through the establishment and enforcement by MOMRA (in coordination with the Ministry of Public Works and Housing) of standard maintenance specifications and schedules, technical norms, performance specifications and procedures for input/output control.

Economic efficiency in the municipal sector will be improved through the following measures :

- rationalizing recurrent expenditures while raising expenditures on operation and maintenance and on new projects ;
- more efficient implementation of new projects through controlling differences between planned and actual costs, and abiding by specified schedules ;
- reducing operational costs and collecting municipal services fees ;
- organizing and improving manpower training programs ;
- forming independent inspection teams for monitoring construction projects and for operation and maintenance activities ;
- expanding the responsibilities and powers of municipalities in the provinces.

13.2.5 PRIVATE SECTOR OPPORTUNITIES

In past years, the private sector implemented municipal projects financed from the government budget. It maintained and operated various municipal facilities and performed

services such as the cleaning of city streets and buildings, and garbage collection and disposal. In recent years, some municipal facilities have also been leased to the private sector, including some public parks, playgrounds, car parks and slaughter houses, with fees being collected for services provided. The private sector has also invested in the establishment of several shopping complexes, children's playgrounds and buildings for holding private functions.

However, during the Sixth Plan period, the municipal sector will have many more opportunities for the private sector to implement programs and projects for a wide range of municipal facilities and services, including the asphaltting, paving, lighting and "greening" of municipal streets, the fencing of cemeteries, the development of village cluster services, as well as the establishment of water and sewerage networks and connections, water purification and treatment plants, storm and rain water drainage networks, flood protection projects and the construction of municipal buildings.

Private investment opportunities are further available under other municipal programs and projects, such as the establishment of souqs, comprehensive commercial/residential/car-parking complexes, public parks, water transport services and the utilization of treated waste water.

13.2.6 DEVELOPMENT STRATEGY

The development of the municipal sector will be implemented through the following objectives, policies and programs.

13.2.6.1 Objectives

The main objectives for the development of the municipal sector in the Sixth Plan are :

- to rationalize the use of municipal infrastructure and ensure the economic feasibility of municipal projects ;
- to encourage private sector participation in the development process, where feasible, through the implementation of municipal projects ;
- to enhance administrative and operating efficiency and to improve access to municipal employment, to increase Saudiization rates at all job levels and to raise the productivity of Saudi manpower through systematic training ;
- to complete potable water networks, to develop sewerage services in densely populated urban areas, and to attain the maximum possible utilization of treated waste water ;
- to continue improvements in citizens' living, health and environmental conditions throughout the Kingdom, and to contribute to the completion of infrastructure needed by other ministries to perform their development role.

13.2.6.2 Policies

The main supporting policies for the achievement of the municipal sector's development objectives in the Sixth Plan are as follows :

- enhancing the efficiency of the existing information systems and regularly updating them ;
- planning for urban development at both local and regional levels in cooperation with the concerned public and private agencies ;
- defining the scope for re-organizing the administrative structure of MOMRA and its affiliated agencies, with reference to the new provincial system ;
- promoting the appropriate use of modern technology for the treatment of waste water ;
- developing the financial resources of municipal agencies to ensure sufficient and sustainable revenues, enabling them to develop their services and to maintain their infrastructure ;
- identifying appropriate opportunities for privatization, and establishing rules and regulations necessary for their realization ;
- adopting appropriate techniques for the disposal and economic utilization of waste on the basis of experience from other countries ;
- creating new village clusters and developing existing ones, so that municipal and other services will be available to the rural population at reasonable cost, with the aim of eliminating the gap between urban and rural areas.

13.2.6.3 Programs

The objectives and policies of the municipal sector in the Sixth Plan will be implemented through the following programs :

Management and operation:

This programs aims at administering and operating the executive agencies affiliated to the municipal sector.

Operation and Maintenance

The aim of this program is to operate and maintain the municipal infrastructure and services in an efficient manner.

Manpower Development

This program aims at the development of manpower by providing regular management and technical training to the staff of MOMRA and its executive agencies, particularly in the smaller municipalities and village clusters.

Studies and Research

This program deals with the physical and spatial planning of communities and the optimal utilization of public infrastructure and services. The program includes urban planning and design, zoning, and the technical planning of municipal networks and installations as well as updation of studies.

Water Supply

Under this program, more water tanks, towers and networks will be constructed, particularly in new residential and commercial districts, as well as in village cluster centers. Existing installations will be modernized or replaced in order to increase the quantity and improve the quality of water delivered, and to reduce water losses.

Waste Water Drainage

Waste water networks will be extended in urban areas with high building densities, especially in locations with overflowing waste water. New treatment plants will be established and the existing plants will be upgraded for tertiary treatment. Treated waste water will be used more intensively for irrigation and industrial purposes. Comprehensive measures will be undertaken to eliminate the problems of rising ground water levels in some towns.

Storm Water Drainage and Flood Protection

Under this program, storm and rain water drainage networks will be extended in cities, towns and villages (which have specific climate and topography) in order to protect people and properties against flood damage.

Municipal Streets

This program will expand the existing street networks and provide them with lighting, sidewalks and greenery. Increasing urban traffic volumes will be efficiently accommodated by additional tunnels and bridges at the main intersections, improved traffic signals and more off-street parking.

Municipal Facilities and Services

This group of programs covers the development of the following municipal facilities and services :

Parks and Playgrounds

This program aims at increasing the number of gardens, parks and children's playgrounds particularly in cities with high population density. The establishment, operation and maintenance of these recreation facilities will depend largely on the private sector. This program will concentrate less on those rural areas with their own natural parks.

Markets

The private sector is expected to provide more markets in major and medium-sized cities, while in small cities and village clusters emphasis will be placed on the establishment of food retailing outlets. This program will stimulate agriculture-based economic development in the Kingdom's regions.

Municipal Buildings

Under this program, small municipal units will be constructed in areas that currently lack buildings to be used as offices, workshops, laboratories and storage depots. The larger cities that already have several owned and leased municipal complexes will receive less consideration.

Environmental Improvement

This program is concerned with the disposal of waste, the filling-in of swamps and land leveling. With the involvement of the private sector, collected waste will be processed in the larger cities, while improved disposal methods will be introduced in other urban communities.

Miscellaneous Municipal Facilities

This program covers the establishment of a number of public facilities, such as slaughter houses, public toilets, fencing of cemeteries and waste disposal sites in order to protect the public and safeguard environmental hygiene. This program also deals with the development of services in village clusters and the provision of computers for upgrading the efficiency and productivity of the sector.

13.3 HOUSING

13.3.1 PRESENT CONDITIONS

Besides the need to replace old housing stock, the main factors influencing the demand for housing in the Kingdom are the high rate of population growth and the increasing share of young people in the population. On the supply side, both the government and the private sector are active in meeting this demand. By the end of the Fifth Plan period, the total housing stock in the Kingdom amounted to 2,850,000 units, of which 2,604,430 units (or 91.3 percent) were constructed by the private sector, with the remaining 245,570 units constructed by the Ministry of Public Works and Housing and other government agencies.

There are two categories of private sector housing: self-financed units and those financed by Saudi citizens through loans on favorable terms from the Real Estate Development Fund (REDF). The total number of housing units in the first group amounts to 2,058,610, of which 309,490 were completed during the Fifth Plan period. The second group consists of 545,820 units, of which 79,120 were completed in the Fifth Plan.

Housing provided by the government also falls into two categories : units built by the Deputy Ministry of Housing Affairs and distributed to Saudi individuals by the REDF, and units built by various government agencies for their own employees. In the first group, 24,570 units have been built by the Deputy Ministry of Housing Affairs, of which 4,570 units were completed during the Fifth Plan period. The second group includes 221,000 units constructed by government agencies for their employees. Developments in the Kingdom's housing stock are shown in Table 13.1.

Table 13.1

Housing Construction and Stock in the Fifth Plan

	Constructed during the Fifth Plan (units)	Stock at the end of the Fifth plan (units)	Structure of Housing Stock (percent)
Government Housing :			
Ministry of Public Works and Housing	4,570	24,570	0.9
Government agencies for employees	---	221,000	7.8
Sub-total	4,570	245,570	8.7
Private Sector :			
REDF	79,120	545,820	19.1
Self-financed	309,490	2,058,610	72.2
Sub-total	388,610	2,604,430	91.3
Total	393,180	2,850,000	100.0

13.3.2 KEY ISSUES

Although the Kingdom's achievements in expanding the total housing stock are impressive, a number of key issues have emerged which need to be resolved in the Sixth Plan period.

Residential Land in the Main Cities

The limited availability of development land within existing municipal boundaries and the rising demand for such land has resulted in high land prices in the main cities. New households and middle-income groups have thus been bound to build their homes outside existing urban boundaries, where public utilities, such as sewerage networks and electricity, are not yet available.

Data Base

The pace of structural change in these agglomerated areas has not been matched by the availability of statistical information for planning purposes. As a result, public and private sector planners have insufficient knowledge of the real estate market, in terms of land prices, rents and size of transactions, and the likely future patterns of housing demand and supply. The Census of Population and Housing carried out by the CDS in 1413 provides a good information base that must be updated in the future.

Limited Housing Finance

Because of the rapid growth in population, the demand for housing loans on favorable terms from the REDF is likely to exceed the available supply of such loans in the future. At the same time, the financial institutions consider housing finance as a long-term investment that, in some respects, is less profitable and carries more risk than other lending opportunities. A need exists, therefore, to study how the private sector might be encouraged to provide long-term housing finance. In this regard, the employee housing programs of large companies such as ARAMCO and SABIC provide suitable examples for other companies to follow. Thus, the private sector could implement housing projects for various agencies who would then transfer ownership of these housing units to their employees, according to specific conditions and criteria that would ensure full cost recovery and a reasonable rate of return to investors.

13.3.3 SAUDIIZATION

In addition to private sector activity, a number of government agencies are linked to the development of the housing sector, such as the Ministry of Public Works and Housing, the REDF and the Ministry of Municipal and Rural Affairs. The subject of replacing non-Saudi manpower with Saudi manpower is discussed in Chapter 8 of this document under the "Construction Sector" (section 8.4.3).

13.3.4 ECONOMIC EFFICIENCY

Through its linkages with the domestic construction and building materials industries, and a wide range of associated services, the housing sector plays an important role in generating economic growth. Current indicators of development in the housing sector compare favorably with those of other countries. For example, house ownership levels in the Kingdom range between 60 and 65 percent compared to 65 percent in the United States. Expenditure on rent and services by those on middle incomes accounts for 26 percent of personal consumption expenditure compared to 31 percent in the United States.

A more efficient real estate market can be promoted through upgrading the technology and manpower of existing real estate offices so that they become more effective intermediaries between buyers and sellers as well as centers for the collection and exchange of data. Further, such market could be promoted through adequate finance arrangements and rationalizing the decisions of real estate dealers. At the same time, the government agencies responsible for the housing sector will continue to raise their performance and productivity levels in the Sixth Plan period through the implementation of appropriate training programs.

13.3.5 PRIVATE SECTOR OPPORTUNITIES

In general, the housing sector in the Kingdom operates according to free market principles and plays an important role in stimulating private investment and economic activity. At the same time, the government supports and encourages the private sector through the following measures :

- the provision of easy long-term loans from the REDF for the construction of private housing units and housing complexes ;
- the granting of residential land to citizens through the Ministry of Municipal and Rural Affairs ;
- the distribution of housing units built by the Ministry of Public Works and Housing to Saudi individuals through the REDF.
- increasing the role of the private sector in housing development.

Whereas the final ownership of housing remains in the hands of private sector individuals, companies or investors, the government's role will be concentrated on providing assistance in kind for the private sector. The government also provides the regulatory framework for a free market environment characterized by competition and equal opportunities, and prepares the spatial and planning indicators needed by the housing sector.

The demand for additional housing in the Sixth Plan is estimated at between 500,000 and 600,000 units, which will be financed mainly by the private sector and loans from the REDF. This incremental demand will require substantial investment and will generate significant new activity in the construction and related sectors, thereby strengthening linkages in the domestic economy.

13.3.6 DEVELOPMENT STRATEGY

The development strategy in the housing sector will be implemented through the following objectives, policies and programs.

13.3.6.1 Objectives

The main objectives for the housing sector during the Sixth Plan include the following :

- to encourage the private sector to provide a sufficient quantity of good quality housing for all citizens ;
- to keep housing costs at affordable levels and to increase the house ownership rate among middle-income groups ;
- to provide the necessary infrastructure and services to Development Centers and areas zoned for housing, in order to enhance the supply of residential land and to facilitate effective urban land management ;
- to use housing policies and programs as incentives and tools to achieve the objectives of comprehensive development.

13.3.6.2 Policies

The following policies will be adopted in pursuit of these objectives :

- Appropriate institutional mechanisms for expanding the sources of private finance for housing development will be studied in order to stimulate the supply side of the housing market.
- The existing loan system of the REDF will be reviewed and the ownership transfer of housing units financed by the REDF between citizens will be expanded.
- The tools and incentives of housing policy will be concentrated as far as possible on regional and local Development Centers, in order to reduce the pressure on the housing market in the major urban centers.
- The supply of land for housing will be regulated through the establishment of housing zones, the provision of public infrastructure and services, and the establishment of necessary measures for distributing and developing residential land grants.
- The national building codes and technical specifications will be revised in order to improve the quality of housing and design standards.
- National housing objectives and policies will be integrated and coordinated with those of other GCC countries.

13.3.6.3 Programs

Studies Program : This program aims to update housing surveys and housing designs, to prepare a field study of occupied housing units, and to conduct studies of various construction techniques and real estate market conditions.

Public Housing Program : This program aims to complete the ongoing housing projects of the Ministry of Public Works and Housing and to continue the maintenance of these buildings until their distribution to citizens by the REDF.

Revision of Building Regulations : This program will review existing building regulations prior to the preparation of a national building code that includes a manual of standard specifications for each building element. This code will take into consideration safety requirements, the need to rationalize consumption of water, electricity and other facilities, social and natural conditions relating to building design, and traditional regional building patterns. The revision of building and planning regulations will focus on “set-back” factors for housing construction appropriate to the desired population density, the land area required for buildings, construction methods and building materials.

Data Base Program : This program will establish and regularly update an integrated and detailed statistical data base, and will publish a directory of technical standards for buildings and their maintenance.

Experience Exchange : This program entails the exchange of training and experience through visits to specialists in GCC and other countries with a view to improving techniques such as the conservation of historical buildings, housing rehabilitation and the preparation of architectural standards. The program also aims to develop the experience of national manpower in consultants’ offices and construction and maintenance contractors, and to develop unified standards for building materials testing laboratories, while ensuring supervision of implementation.

13.3.7 GROWTH TARGETS IN THE SIXTH DEVELOPMENT PLAN

The demand for new housing in the Sixth Development Plan is estimated at between 500,000 and 600,000 units. Of these, about 100,000 will be replacement units, or around 3 percent of the total existing housing stock, while the remainder will cover the needs of new families, which will amount to between 14 percent and 17.5 percent of the total units achieved at the end of the Fifth Plan, on the assumption that 75 percent of new families need an independent housing unit.

Around 57,710 housing units are expected to be constructed through REDF loans during the Sixth Development Plan, with a total cost of SR 12.98 billion. Thus, the total number of housing units to receive financial support through the REDF will reach 603,530 units at the end of the Sixth Plan period. The private sector is capable of financing the remaining demand.

