

CHAPTER 3

MAIN OBJECTIVES, CENTRAL THEMES AND KEY ISSUES OF THE SIXTH DEVELOPMENT PLAN

3. MAIN OBJECTIVES, CENTRAL THEMES AND KEY ISSUES OF THE SIXTH DEVELOPMENT PLAN

The Sixth Development Plan represents an important phase in the continuing economic and social development of the Kingdom. Through the implementation of the first five plans, the Kingdom has realized tremendous achievements in many different sectors of the economy, including its physical infrastructure, industry, construction, agriculture, mining, transport, trade and financial services, as well as in the regulatory framework and in the development of public and private institutions. Much still remains to be accomplished, however, as development is a continuing process, with the short and medium term objectives and central themes changing from one plan to another, according to the prevailing economic, social and political conditions. This chapter outlines the main objectives of the Sixth Development Plan and describes the internal and external conditions at the time of the Plan's preparation. It also discusses the central themes of the Sixth Plan and some of the key issues now facing the national economy.

3.1 OBJECTIVES OF THE SIXTH DEVELOPMENT PLAN

The objectives of the Sixth Development Plan (1415/16-1419/20), as established by the Council of Ministers, are:

1. To safeguard Islamic values by duly observing, disseminating and confirming Allah's Sharia (God's Divine Law);
2. To defend the Faith and the nation and to uphold the security and social stability of the Kingdom;
3. To form the productive national citizen through providing him with the appropriate means and sources of income, and ascertaining his reward on the basis of his work;
4. To develop human resources and continually ensure an increasing supply of manpower, upgrading its efficiency sufficiently to meet the requirements of the national economy, and replacing non-Saudi manpower with suitably qualified Saudis;
5. To achieve balanced growth throughout all regions of the Kingdom;
6. To continue encouraging private sector participation in socio-economic development;
7. To reduce dependence on the production and export of crude oil as the main source of national income;
8. To continue restructuring the Kingdom's economy through continuing diversification of the economic base, particularly through laying more emphasis on industry and agriculture;

9. To develop mineral resources and to encourage discovery and utilization thereof;
10. To concentrate on qualitative development of already-existing utilities and facilities by improving their level of performance;
11. To complete infrastructure projects necessary to achieve overall development;
12. To promote scientific activity and to raise cultural and informational standards to keep pace with the Kingdom's development;
13. To achieve economic and social integration among the Gulf Cooperation Council (GCC) countries, and to support economic cooperation with Arab, Islamic and other friendly countries.

3.2 STRATEGIC PRINCIPLES

To achieve these general objectives, the Council of Ministers - through its Decree No. 142 of 19.11.1413 - specified eleven strategic principles and more than eighty policies. The General Objectives and Strategic Principles are included as an Appendix in this document.

3.3 CONDITIONS PREVAILING DURING SIXTH DEVELOPMENT PLAN PREPARATION

The domestic and international conditions under which the Sixth Plan was prepared differed greatly from those prevailing for previous plans. Particularly important in this respect were the Kuwait liberation war and the steep decline of oil prices that followed in the later years of the Fifth Plan.

3.3.1 DOMESTIC CONDITIONS

Domestic circumstances early in the Fifth Plan period and later during its implementation influenced government planning policy in the preparation of the Sixth Plan.

3.3.1.1 Institutional Framework

Due to the substantial development witnessed by the Kingdom in the various domains and the desire to continue with this progress, the government established three new systems in the Fifth Plan period: (i) the basic system of government, (ii) the Consultative Council and (iii) the system of Provincial Councils. The basic system of government has affirmed the importance of five-year development plans as a tool for achieving balanced economic and social development among the Kingdom's various regions. At the same time, the formation of the Consultative Council brings an added dimension in this respect, as this new body of experienced advisors will have the responsibility for reviewing the overall development plan and for making known their views about its content. The new system of Provincial Councils aims to further the goal of balanced regional development by entrusting each Provincial

Council with a significant development planning role and with the identification of priority needs in its own region. Furthermore, each ministry and government agency will be responsible for informing the Provincial Council about all projects approved for each province in the annual budget and the national development plan.

3.3.1.2 High Population Growth Rates

Although the rapid growth of the Saudi population is not an entirely new phenomenon, it has now reached the stage of exerting considerable influence on many aspects of economic and social policy. The preparation of the rapidly expanding labor force for employment will require some significant new education and training policies, along with the creation of new job opportunities. At the same time, the large and growing non-Saudi population is adding considerably to the demand for a wide range of public services.

Rapid population growth, combined with industrial expansion and increases in government subsidies, have raised the demand for physical and social infrastructural services beyond existing capacity, so that some shortages have begun to emerge in the provision of services such as electricity, telecommunications, water, education and health services.

3.3.1.3 Government Revenues and Expenditure

Since 1403/04, government expenditures in meeting development needs under successive budgets have exceeded revenues. To finance these budget deficits, the government used its reserves built up during the period 1393-1401. In addition, from 1408 onwards, the government resorted to new methods of deficit financing through domestic borrowing by the issuance of development bonds, while public sector companies raised funds on the international capital markets. The unusual circumstances of the Fifth Plan period caused government expenditures to exceed revenues by a considerable margin. At the same time, the Kingdom cannot continue to use its foreign exchange reserves as a fiscal stabilization mechanism to finance budget deficits. The Sixth Development Plan, therefore, has been prepared under relatively difficult new financial conditions.

3.3.1.4 Expansion of Oil Production Capacity

A major program for the expansion of crude oil production and gas collection and processing was completed by the end of the Fifth Plan. This will provide the Kingdom with greater flexibility to exploit available opportunities, both in the international oil market and in the expansion of local downstream industries that will help to achieve the objective of diversifying the economic base. At the same time, the restructuring and vertical integration of the oil industry will boost the Kingdom's position in international markets through ensuring marketing channels in consuming countries such as the United States, Korea and the Philippines. Furthermore, efforts are continuing to secure other outlets for Saudi crude and refined oil products in Asian and European markets.

3.3.1.5 Increasing Role of the Private Sector

Previous plans (particularly the Fifth Plan) aimed at expanding the private sector's role in the development of the national economy and enabling it to undertake new activities commensurate with its own capabilities and the needs of social and economic development. Towards the end of the Fifth Plan period, the government declared its intention to privatize some of its commercial activities.

The private sector has responded with great interest to the investment opportunities that this initiative opens up. At the same time, the private sector has greatly enhanced its own investment capabilities, as evidenced by its growing confidence in the Saudi economy and the substantial repatriation of financial assets held abroad following the liberation of Kuwait. Thus, private sector liquidity is greater now than ever before. Among the challenges facing the Sixth Plan, therefore, are the implementation of appropriate policies and the identification of new opportunities for the private sector to transform these financial assets into investment in fixed assets within the Kingdom. Chapter five of this document deals with the various aspects of these issues.

3.3.2 INTERNATIONAL CONDITIONS

Significant developments in the international economic environment affecting the Saudi economy at the time of the Sixth Plan preparation included the following:

- continuing fluctuations in the oil markets and increasing competition in the world oil, gas and petrochemical markets;
- the slow recovery from recession in many of the world's largest economies and growing fears of protectionism in world trade, as well as the establishment of new trading blocs which might influence the Kingdom's position as an exporter of primary commodities;
- an increasing role for scientific and technological capabilities as the determinant of comparative advantage in world trade, with a commensurate decline in the relative importance of natural resources;
- growing competition for foreign capital investment from regions such as south-east Asia, Eastern Europe and the newly independent states of the (former) Soviet Union, making it imperative for the government to formulate policies to attract foreign investment and expand its role in the process of advanced technology transfer to the Kingdom;
- the substantial growth of international interest in development and the environment, and the response of the industrial countries by proposing new taxes on the consumption of crude oil and refined products as a means to protect the environment;

- the conclusion of the Uruguay round of GATT at a time when the Kingdom has applied to join this multi-lateral trade agreement and its successor, the World Trade Organization.

Thus, both domestic and external factors have influenced the preparation of the Sixth Development Plan. These factors must also be considered in the context of the long term view of the Saudi economy and its medium-term growth potential. The large and growing social expectations and enormous ongoing financial obligations require urgent action to raise the overall level of efficiency in the national economy and to open up new opportunities for the private sector to invest its financial resources inside the Kingdom.

3.4 CENTRAL THEMES OF THE SIXTH PLAN

The longer term development strategy points at the need for specific action in the individual plan periods, chiefly through appropriate regulatory policies and institutional mechanisms. As for the Sixth Development Plan, the circumstances described above dictate that overall development strategy will focus increasingly on a number of very important themes for the Kingdom's longer term development: the development and utilization of Saudi human resources, the need for greater economic efficiency, and the expanding role of the private sector.

3.4.1 DEVELOPMENT AND UTILIZATION OF SAUDI HUMAN RESOURCES

The longer term prosperity of any society ultimately lies in an educated and skilled work force rather than in shorter term cost or natural resource advantages. This basic truth does not deny the hugely significant roles of natural resource endowments or of skilled expatriate workers in the rapid economic and social transformation of the Kingdom. From the outset, however, the development plans fully recognized the finite nature of the Kingdom's oil resources and the consequent needs to diversify the economic base as rapidly as possible, and to educate and train young Saudis for the complex tasks on the path to future economic, social and institutional development.

The large government investments in infrastructure and basic industries have laid the physical foundations of a modern economy. It is now, however, after twenty-five years of successful development planning, the scale of which has been unique in world history, that human and institutional factors, along with their related aspects of technology transfer and productivity, take center stage. Future development in the Kingdom will properly be measured by the level of Saudiization of the labor force and the extent to which the private sector can provide meaningful employment opportunities for our educated young people.

It is the urgent joint responsibility of leaders in government, the educational institutions and the private sector, together in a spirit of mutual respect and cooperation, to identify industrial investment opportunities and to forge ahead in preparing young Saudis for employment through education

and training programs appropriate to the needs of development and the private sector. The challenge ahead, therefore, is to devise a recruitment, selection, training and placement system for Saudi nationals that will progressively reduce the dependence on expatriate labor without producing a serious loss of competitiveness or drop in economic efficiency. In this regard, some of the more important policies to be followed in the Sixth Plan will include the following:

1. *Addressing the constraints that impede the development of Saudi manpower, through:*
 - increasing the absorptive capacity of universities in those fields of specialization which meet the requirements of the national economy;
 - increasing the absorptive capacity of the technical education and vocational training institutions, as well as the technological colleges, to ensure that the number and quality of graduates match as closely as possible the actual needs of the national economy;
 - laying more emphasis on the quality of general education, higher education, and training;
 - concentrating education and training efforts on those fields of specialization that meet the requirements of the private sector.

2. *Replacing non-Saudi manpower with Saudi nationals and stimulating the private sector to provide employment opportunities for Saudi citizens through:*
 - preparing a detailed annual plan for Saudiization in each government agency;
 - addressing the problems of government sector employment outside the major cities;
 - re-allocating existing job vacancies in the government sector;
 - relating government loans and support facilities provided to individual private firms to the implementation of its Saudiization commitments;
 - identifying the percentage of Saudis to be employed annually by private companies and establishments according to their size;
 - restricting the recruitment of expatriates to skilled and semi-skilled manpower and reducing the demand for low productivity manpower in the community and personal services sector;
 - reducing the number of low-productivity non-Saudi workers.

3.4.2 ECONOMIC EFFICIENCY

During the first five development plans, the government necessarily played a major role in stimulating economic development, both directly through its massive investment program and indirectly through policies to promote private investment in those sectors selected to lead the economic diversification process. As the market economy matures in many directions, however, while its oil revenue base shrinks relative to the economy as a whole, efficiency aspects will begin to dominate economic activity in the future. In this context, both public and private investment decisions must increasingly reflect the optimal utilization of resources, the proper identification of real costs and benefits, a more accurate evaluation of the relations between risks and rewards, and a more sophisticated approach to managing risk. For its part, the government will focus its attention increasingly on the importance of efficiency for both the public and private sectors, and for the medium and longer term coherence of the development process as a whole. Thus, the government will implement the following steps in directing its regulatory policies and investment incentives towards the achievement of this goal.

3.4.2.1 Rationalization of Subsidies

Subsidies are an important tool for managing the economy and for the achievement of planned growth rates. Within the framework of comprehensive development, the government can use direct or indirect subsidies to attain a variety of social and economic objectives. However, the best methods of providing such subsidies depend on many factors, especially on the needs of particular stages of development and economic efficiency.

In its early stages of development, the Saudi economy faced many social and economic constraints because of the shortages of infrastructure, limited resources and the lack of scope for productive activities. As a result, the government provided direct and indirect subsidies to basic food producers and exporters, and to some other producing sectors, while restricting income subsidies to social security payments to citizens with special needs. As the Saudi economy matures, however, the dependence on specific product subsidies will decline. Direct income subsidies and social security payments can be expected to expand, thus according to needy citizens the freedom to exercise their own individual consumption preferences according to the principles of social care and charity as prescribed in the Islamic Sharia. At the same time, the Fourth Strategic Principle will increasingly influence the provision of subsidized public sector services, so that “the prices of public services should not be less than their production costs except in rare cases, and that they should be periodically reviewed.”

The next phase of development requires the rationalization of subsidies on goods and services because:

- the demand for many goods and services, such as water, electricity, health services, transport and communications has increased dramatically;

- the low fees and prices of these services, together with rising capital and operating costs, have resulted in additional burdens on the state budget;
- the excessive utilization of these services leads to a waste of resources and needs to be controlled.

In recognition of these factors, the Council of Ministers' Decree no. 142 (dated 19/11/1413) approving the General Objectives and Strategic Principles of the Sixth Development Plan, called for the rationalization of government expenditures through upgrading administrative efficiency and productivity in government agencies without affecting the standards and availability of services. At the same time, according to the priorities identified in the Sixth Development Plan, the government will seek appropriate means to expand the country's physical infrastructure to meet the demand from a growing population. The simultaneous implementation of both these principles will require the use of demand management techniques to control excessive consumption without relying solely on increasing the supply of public goods and services in response to rising demand.

3.4.2.2 Realization of Economic Efficiency

Productivity growth and the efficient use of resources are essential aspects of a comprehensive strategy for achieving balanced economic and social development. In this respect, the extensive provision of health and education services has both social and economic benefits for citizens. Substantial government expenditure programs have put special emphasis on these aspects of development, so that education and health standards in the Kingdom have now reached a high level, albeit at a high financial cost to the government. Moreover, the government has provided these and other public services at nominal prices over the years when per capita incomes have been rising. It is now necessary to review the provision of such services and to attain a better balance between the social goals of these services and the need to use limited financial resources more efficiently.

The government has also implemented a range of direct and indirect subsidies for the producing sectors, such as agriculture, industry, electricity and construction. These measures included the provision of inputs at below-cost prices and the purchase of outputs at support prices that exceed market prices. As a result of this continuous support, the productivity objectives for some sectors have been achieved and high investment returns have been realized. Thus, it is now necessary to apply the system of subsidies to the producing sectors on a more selective basis, in accordance with the strategic objectives of the Sixth Development Plan.

3.4.2.3 Policies

In reviewing the system of direct and indirect subsidies, the government will consider the following policy options:

- i) reducing existing direct and indirect subsidies in a number of ways, while continuing the policy of income support, which is considered to be more effective over the medium to long terms, while applying the principle that the prices of services should not be less than their production costs, except in rare cases;
- ii) the application of subsidies to producing sectors on a more selective basis, in accordance with the strategic development objectives and the potential consequences for value added, the international competitiveness of national products and the longer term capability for non-subsidized sustainable growth;
- iii) studying the possibility of providing academic bursaries and scholarships selectively according to individual need, academic talent and aptitude, and the introduction of educational loans at higher education and university levels;
- iv) studying the application of a health insurance scheme for non-Saudi employees in all companies and establishments regardless of the number of employees, thus helping to share the cost burden of medical services and medicines;
- v) the development of effective mechanisms to ensure the consistency of various subsidies with the general framework of economic and social policy and the overall development strategy;
- vi) taking necessary measures to increase the utilization of private hospitals and health centers, thus stimulating private investment in the construction of such facilities;
- vii) limiting the growth in demand for infrastructural facilities and services through administrative measures such as the re-structuring of user fees for electricity, water and other services, so as to rationalize consumption and recover costs;
- viii) training and upgrading graduates, introducing a system of cooperative education in the universities, and adopting advanced technology where possible in all fields.

3.4.3 PRIVATIZATION AND STRENGTHENING THE PRIVATE SECTOR'S ROLE IN THE NATIONAL ECONOMY

The Fifth Development Plan firmly reinforced the theme of greater private sector involvement in the development process. That plan called for the large-scale mobilization of financial resources into autonomous private sector investment in the domestic economy. Thus, the longer term development of the Saudi economy is becoming increasingly dependent on the ability and willingness of the private sector -- with appropriate government support -- to recognize and grasp emerging opportunities to engage in new and more complex economic activities whose returns on investment may be longer and may carry more risk than earlier "safe" investments in real estate and trading activities.

By the end of the Fifth Development Plan, the government had expressed its commitment to expanding the private sector's role in the development process through a range of institutional measures. This commitment requires the extensive study of possible techniques for financing or managing or transferring ownership of some of the government's existing commercial activities, and any other measures appropriate to the gradual expansion of the private sector's role in the economy. These topics are discussed in Chapter 5.

The following policies in support of private sector expansion will be implemented where deemed to be feasible:

- adopting new methods of cooperation between the government and the private sector in financing investment in development projects, such as lease-purchase agreements and build-operate-transfer arrangements, where the private sector finances, builds and operates new facilities, collecting revenues for a sufficient period to earn an adequate return on investment before transferring ownership to the relevant government agency;
- expanding the incorporation of large joint stock companies;
- attracting foreign investment in joint ventures or in large capital-intensive projects which use advanced technology in the Kingdom;
- expanding the Offset Programs to include large civilian projects, while ensuring that projects under these programs make an effective contribution to the transfer of advanced technology and the development of Saudi manpower;
- Accelerating the mobilization of private capital to finance many government projects;
- privatizing some government commercial activities.

3.5 KEY ISSUES OF THE SIXTH DEVELOPMENT PLAN

This section deals with some of the key sectoral and national issues that are currently influencing the development of the economy and the achievement of the Kingdom's long term objectives. Possible solutions and alternative policy measures to overcome these constraints are discussed, some of which are short term in nature, while others are directed towards the medium and longer terms. The key issues discussed in this section are not the only ones to be addressed by the Sixth Development Plan; other key issues relate more exclusively to specific sectors and are discussed in the relevant sector chapters that follow. The individual government agencies concerned have a direct responsibility to study the proposed solutions and to implement them during the Sixth Plan period.

3.5.1 SCIENCE AND TECHNOLOGY ISSUES

In all countries, scientific and technological innovation is an essential feature of economic development, where support for the development of science and technology is seen as a measure of development. Because it has links to all sectors and activities of the national economy, science and

technology are critical to the overall pattern of development in the Kingdom. The development of science and technology in the Kingdom, however, faces a number of constraints. These include the inefficient technology base, the emergence of a technology gap between the level of technology used in the Kingdom and that which Saudi Arabia can adapt or produce itself, a shortage of qualified manpower, and the inadequate utilization of scientific research centers.

3.5.1.1 Technology Gap

In its development plans, the Kingdom acknowledged its dependence on imports of the most advanced technologies and the latest management and production techniques in order to accelerate the development process. Although this approach was crucial to the substantial achievements in many fields, such dependence on imported technology, without the capability to develop it, will not enable the Kingdom to keep abreast of scientific and technological developments elsewhere in the world. To solve this problem, it will be necessary to concentrate on those technologies that enhance the Kingdom's applied research capabilities according to its development needs. In this respect, intensive cooperation is needed through joint ventures with international companies. These companies will be encouraged to establish high technology industries that will promote the development process and upgrade the skills and efficiency of the Kingdom's manpower resources. It will also be necessary to complete the comprehensive national plan for science and technology and to draw up appropriate guidelines for the transfer of technology.

3.5.1.2 Optimal Utilization of Scientific Research Centers

Although KACST and the Saudi universities have established specialized research centers, their benefits to the industrial sector remained limited. Many research activities are not being targeted at the problems and constraints of the development process. Furthermore, most national industries do not make use of the research centers. A much more effective mechanism is needed, therefore, to ensure closer links between the research demands of the producing sectors and the activity profile of these research centers.

3.5.1.3 Private Sector Role in Raising the Saudi Economy's Competitiveness

The private sector has an important role to play in improving the Saudi economy's international competitiveness through raising the quality of national products, reducing production costs and more intensive utilization of scientific and technological research, innovations and inventions. However, the high cost associated with investment in advanced technology and scientific research has deterred the private sector from developing its own technological capabilities and from innovation activity in the field of research and development (R&D). In this regard, the private sector needs more encouragement to develop its own technological capabilities, through the adoption of R&D policies and the establishment of research and quality control laboratories.

3.5.1.4 Policies

The government will consider the following policy options to address these issues during the Sixth Plan period:

- finalize the national Master Plan for the development of science and technology;
- finalize the formulation of guidelines for the transfer of technology;
- encourage the industrial sector to adopt R & D policies and assist it in establishing research and quality control laboratories;
- increase the utilization of scientific research centers by strengthening their links to the industrial sector;
- upgrade the standard of educational courses and curricula related to science and technology at all levels;
- deepen public awareness of science and technology's role in development through the mass media, symposia and exhibitions;
- enhance science and technology support services through improved information services, a patent protection scheme and the establishment of appropriate mechanisms for sponsoring research and development results and risk sharing systems.

3.5.2 INFORMATION ISSUES

The availability of ever increasing flows of data and information throughout all sectors is fundamentally important for economic and social development, because planners and researchers can use such information in formulating future expectations on which to base important policy decisions.

In this context, accurate and up-to-date information is of greatest benefit to users. The alleviation of obstacles impeding the flow of reliable and timely information will need the joint efforts and support of concerned agencies in the public and private sectors, so that the formulation of policies of positive value to the national economy and proper decision-making can be based on such information.

3.5.2.1 Basic Information Needs

The rising demand for information in all sectors of the economy is evidence of the growing awareness about the importance of information. Besides ongoing information requirements, some new information needs have emerged that require particular attention in the Sixth Development Plan. These include the following:

Labor Market Information: A data base on current job opportunities is badly needed to facilitate the absorption into employment of increasing numbers of new graduates entering the labor market. Such a data base must be linked to all labor offices and other employment agencies to widen the accessibility of information on job openings. To facilitate effective analysis of employment performance and productivity trends, labor force statistics need to be updated regularly through comprehensive annual surveys.

Quality of Education: To achieve the desired improvements in the quality of education, adequate information and information management support should be provided, through measures such as standardized national monitoring and evaluation procedures.

Health: Health needs and data must be monitored through the full implementation and eventual computerization of the health card system, to achieve the required effectiveness and to avoid cost increases.

Government and Social Services: With the considerable expansion of the Kingdom's infrastructure, it is important to follow up and analyze developments in the demand for such services and in their costs and usage patterns, to increase their social and economic value and to achieve a balanced expansion in their supply. In recent years, the need for information and social indicators in the areas of health, education, housing, municipal services and electricity, and their regional distribution, has greatly increased.

Housing: There is a lack of reliable up-to-date information on housing and a need to improve the flow of information for analysis, planning and decision making purposes. Although the population census of 1413 provides a great deal of information, it is necessary to update these data regularly.

Construction: At present, many government agencies and private firms are involved in construction activities. However, accurate information is not collected within a single central agency, while the classification and updating of information does not take place on a regular basis. There is a need, therefore, to establish an integrated and comprehensive data base for the collection, processing and management of information related to all construction industry activities.

3.5.2.2 Need to Improve Quality and Flow of Information

There is a direct relationship between the quality of information and its timely availability on the one hand, and effective socioeconomic development planning and decision making on the other.

Decisions based on inaccurate information can have very costly consequences. In many social and economic sectors, available information is not yet sufficiently reliable or timely for rational and responsible analysis, planning and decision making. This may be attributed to the lack of standardized definitions and data classification criteria, as well as to the lack of training in information collection and the shortage of manpower in the areas of information technology and information management support.

The lack of up-to-date information about economic performance at both sectoral and national levels acts as a constraint on the development of the private sector, which needs the maximum possible amount of information to guide its investment and management decisions. The following issues relate to the need for improving the collection and dissemination of information:

1. Data collection surveys still tend to occur on an irregular basis and with long time intervals between one survey and the next. In addition, discontinuities of time series related to important demographic and labor market data seriously impair analysis and rational policy making.
2. The elapsed time between the collection of data and its availability to users is often too long, thus diminishing the value of such data. Up-to-date information on production, sales, employment, investment and prices is badly needed in the producing and services sectors alike.
3. Statistical data collection and processing by several government agencies, without prior coordination, leads to the duplication of efforts.
4. The lack of standardized technical criteria and the shortage of qualified national manpower are factors hindering the efficient exchange and flow of information.
5. The private sector and other concerned agencies need improved access to information, which should be disseminated widely by government agencies in order to facilitate effective decisions about future development.

3.5.2.3 Policies

The Sixth Development Plan aims at strengthening the role of the Central Department of Statistics (CDS) in collecting and processing basic data to meet the information requirements of the future.

It also aims at encouraging the private sector to increase its contribution in providing and disseminating economic and trade information through the Chambers of Commerce and Industry and other private sector organizations.

Regarding data processing and information flows, the Ministry of Planning will implement a new project related to management information systems using the latest technology. The aim of this project will be to act as an information network for all government agencies in the Kingdom.

Moreover, information collection will be improved through better use of modern electronic data processing and communications facilities, together with the provision of the funds needed to accelerate technology transfer from the advanced countries. At the same time, it is imperative that the key issues related to training and understanding the basic principles for developing management information systems be addressed. Because of the importance of standardizing the criteria for the efficient use of electronic data processing technology, agencies shall review their administrative procedures to facilitate better exchange and dissemination of information.

3.5.3 ENVIRONMENT AND DEVELOPMENT ISSUES

Rapid economic development, high rates of population growth and increasing urbanization are all usually associated with adverse environmental impacts. For this reason, the Kingdom has paid particular attention to environmental issues in its successive development plans, in article 32 of the System of Government, and in the tenth basic strategic principle of the Sixth Plan, which reaffirms the need to safeguard the environment and prevent pollution. Further, the Sixth Plan document has assigned an entire chapter (chapter 14) to addressing environmental issues from a national development perspective.

The Kingdom has reinforced its environmental efforts through its participation in international conferences on the environment and its approval of some international agreements to promote a clean environment, the conservation of wildlife and the maintenance of ecological balance.

The ultimate objective of environmental and development policies is to fulfill the basic needs of citizens and to improve their quality of life. The direct relationship between the environment and development is widely recognized. Environmental protection, the preservation of natural resources and the prevention of pollution are critically important to ensure that economic growth will not adversely affect the rights and capabilities of coming generations to meet their future needs. Thus, this concept of “sustainable growth” recognizes the difficulty of continuing development activities on a deteriorating base of environmental resources and through neglect of the environment. From this point of view, environmental policies are integrated with development policies rather than conflict with them.

In recognition of the direct link between economic growth and sound environmental management, and the tremendous development achievements of the Kingdom until now, the Kingdom’s basic environmental strategy integrates the planning, institutional and management dimensions through:

- achieving balanced sustainable growth while making optimal use and extending the life span of natural resources -- particularly non-renewable resources;
- considering the environmental dimension at all stages of designing, implementing and operating development projects;
- maintaining a sustainable balance between population distribution and the absorptive capacity of the environment, with due regard to the effects of population growth and consumption patterns on the Kingdom’s natural resources;
- preserving the biological diversity and protecting the wildlife of the Kingdom with the aim of maintaining ecological equilibrium, particularly with respect to endangered animal and plant species;
- providing environmentally clean energy for industrial activities and lead-free fuel (gasoline) throughout the Kingdom;

- expanding the private sector's role in environmental protection and pollution control activities, while encouraging investment in environmentally sound industries and other economic activities;
- intensifying and developing environmental awareness and education;
- completing the establishment of a comprehensive national environmental data base.

3.5.4 WATER ISSUES

The Kingdom's environment and climate dictate that water be considered the most important of all natural resources, while the scarcity of potable water is one of the main constraints on social and economic development.

3.5.4.1 Water Demand

One of the most important policy issues facing the Kingdom is the change in the national water balance as a result of the remarkable increase in the demand for water over the past twenty years. In recent years, agriculture has been the largest consumer of water. At the same time, the growth in demand for water for domestic, recreational and industrial uses has been accelerating as a result of population growth, urban expansion, rising living standards and changes in individual consumption patterns.

This growth in the demand for water has brought the overall rate of water consumption to a critical level. Thus, effective water conservation measures are now needed, including possible changes in water tariffs, increasing the use of reclaimed waste water and the implementation of optimal cropping patterns.

3.5.4.2 Institutional Framework

The Sixth Development Plan pays particular attention to the optimal utilization of scarce water resources. The second Basic Strategic Principle calls for the concentration "on improving the economic and productive standards of the services, utilities and products which the government provides for citizens both directly and indirectly." In the case of water, this will be achieved through the development of effective management systems in conformity with society's changing needs, implementing and coordinating all water regulations, providing firm management and control, rationalizing water consumption patterns, defining priorities for water use, possible adjustments in water tariffs and close coordination between the development plans of the agriculture and water sectors. Thus, the institutional framework for the management of the Kingdom's water resources will need to be re-evaluated.

3.5.4.3 National Water Plan

Successive Development Plans have called for the completion and implementation of the National Water Plan as a necessary tool in the development and conservation of scarce water resources.

Because water consumption rates have now reached critical levels, comprehensive and accurate data and information on the Kingdom's water resources is now badly needed for effective planning. In this regard, every effort is needed and all measures must be taken to ensure that the National Water Plan will be issued and that negative impacts on the Kingdom's water security are avoided.

3.5.4.4 Policies

The policies to be adopted in the Sixth Development Plan will be based on the following major principles:

- water must be considered as the most essential and valuable resource, and an important factor in determining economic efficiency in public and private sector projects;
- long term policy considerations must take precedence over short and medium term concerns;
- priorities must be identified for the utilization of water resources, with continuous reconciliation between the objectives of concerned agencies and the future potential water supply.

The following water policy options will receive a high priority in the Sixth Development Plan:

- i) Non-renewable ground water resources must be conserved.
- ii) The National Water Plan will be issued during the Sixth Plan period, so as to ensure the optimal utilization and conservation of water resources.
- iii) An agricultural policy to reduce water consumption rates in agriculture will be adopted.
- iv) Effective demand management measures will be applied and water tariffs re-considered in order to rationalize water consumption for domestic, recreational and industrial purposes.
- v) The institutional framework for the management of the Kingdom's water resources will be re-evaluated to conform with society's needs.

