A BRIEF
OF
The Ninth Five-Year Development Plan
(2016 – 2020)
A Plan Building on Achievements and Laying Foundations for the Future
“Development is not a goal in itself. Rather, it exists for building man, who is its means and maker. Therefore, development must not stop at the achievement of material wealth and a diversified economy. It must go beyond that to contribute to the formation of the citizen who is capable of taking part in the process of progress and comprehensive development. Such goals can be achieved through the improvement of the citizen’s technical and professional ability, the stimulation of their creative and scientific capabilities, and the improvement of their diversified skills. All this must be directed towards serving the country and achieving the happiness of all citizens.”

From the Royal Speech of His Majesty Sultan Qaboos bin Said, Sultan of Oman, on the occasion of the “Conference on Oman’s Economy-Vision 2020” June 1995.
Foreword

The 9th Five-Year Development Plan (2016-2020) Moving Towards Economic Diversification Policy and Coping with Change

This booklet presents a summary of the broad features of the 9th Five-Year Development Plan in order to achieve broad engagement in following the economic and social developments in the Sultanate.

The formulation of the Plan coincided with an important phase of the path of the blessed Renaissance, the forty-fifth anniversary of which we celebrated last November. These works were culminated by the issuance of the Royal Decree No. (1/2016) ratifying this Plan (attachment 1). The recurrence of these planning efforts, which spans about five decades, demonstrates the continuity in planning and development efforts in a framework of economic and social stability that the Sultanate enjoys under the prudent leadership of His Majesty Sultan Qaboos bin Said. The 9th Five-Year Development Plan acquires special importance as it is the final plan for Vision (2020), and paves the way for the formulation of the long-term Vision (Oman 2040).

The formulation of the Plan coincided with a number of regional and global changes. In the forefront of these changes were the sharp fluctuations in global oil prices, instability of the geopolitical conditions in the region, and emergence of a wave of recession in the global economy due to the decline of growth rates in both the advanced and emerging economies. These changes have necessitated that this Plan should have a specificity to its formulation methodology and in identifying its objectives, which enable it to build on what was achieved in the previous plans, to create a quantitative paradigm shift in the economic diversification sectors, to establish projects with an
emphasis on job creation, to foster sources of non-oil fiscal revenues for the State, and to enhance the role of the private sector in the national economy. All of these objectives are directed to realize the welfare of the Omani citizen who is the means of development and its objective. The Plan’s objectives and dimensions were based on the results of evaluation of previous performance – what was achieved in the framework of the Vision (2020) and the 8th Plan, dialogue with the concerned parties, especially the ministries and the government authorities to ensure reflection of their long-term strategies in the objectives of the Plan, and dialogue with youth, academics and non-governmental organizations. In addition, studies conducted by international organizations, global research centers and specialized consulting firms were also utilized. The Plan methodology also took into consideration the international reports that monitor the ranking of the Sultanate according to comparative international indicators.

Having assigned the issue of economic diversification the role of achieving growth rates at an accelerating rate, five promising sectors were selected, which are: Manufacturing, Transport and Logistic Services, Tourism, Fisheries and Mining.

The effort to formulate the 9th Five-Year Plan would not have been realized without the development of a new methodology in planning and defining mechanisms for implementation. Related to this, the Plan methodology relied on developing multiple scenarios for the national economy’s trajectory in order to guard against local, regional and international changes. In addition, the Rolling Plan and Zero-Budgeting methodologies were adopted to ensure the efficient usage of financial resources in directing them to achieve the Plan’s objectives. Establishment of an integrated mechanism for follow-up and evaluation was also commenced guided by successful international
experiences, and with the belief that sound implementation is the basic criteria in evaluating the Plan.

The Royal Directives of His Majesty Sultan Qaboos bin Said were, and still are, the guiding light we follow, which His Majesty summarized in the meeting of the Council of Ministers (26 April 2016) as the importance of “moving forward in the economic diversification policy and mobilizing other sustained sources for revenue that lead to adaptation with all changes” and emphasizing the “necessity of maintaining the realized achievements and continually upgrading capabilities and qualifying Omani workers to achieve a productive take-off in the various sectors.” This can be accomplished by taking full advantage of the unique geographic location of the Sultanate, working to encourage domestic and foreign investment for economic projects that are of public value and that provide more work opportunities for citizens, and achieve a significant return for the economy.

As we present this booklet, we hope that Almighty Allah blesses our sincere efforts seeking to overcome our challenges and to achieve our aspirations under the prudent leadership of His Majesty Sultan Qaboos bin Said – Sultan of Oman.

Secretariat-General
Supreme Council for Planning
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Plan methodology and its specificity

The 9th Five-Year Development Plan is imbued with a special importance as it is the last plan of Vision (2020) and paves the way for the formulation of the long-term Vision (Oman 2040). The formulation of the Plan kept pace with a number of regional and international changes. In the forefront of these changes were the sharp fluctuations in the oil prices, recurrence of conflicts and the violent political changes in many Arab countries, and the beginning of a wave of recession in the global economy as a result of the decline of the growth rates in both advanced and emerging economies. This necessitates that this Plan should have a specificity in the formulation methodology of defining its objectives to enable it to build on that achieved in the previous Plans, to create a quantitative paradigm shift in the economic diversification sectors, to establish projects with an emphasis on job creation, to foster non-oil revenue sources for the State, and to enhance the role of the private sector in the national economy. All of these objectives are directed to achieve the welfare of the Omani citizen who is the means of development and its objective.

The Plan aims to respond to these challenges through four main transformations:

- Shift in the structure of the Omani economy from one depending primarily on one source, which is oil, to a diversified economy by broadening the production base to include the promising sectors in which the Sultanate has a clear comparative advantage.
- Shift in growth drivers by empowering domestic and foreign investment to take a leading role promoting Public-Private Partnerships
PPP), and development by the government of a supportive climate for the growth of an economy that is capable of competition.

- Shift in the management of public finance to be more effective and disciplined through rationalizing expenditure and increasing non-oil revenues.
- Shift in the labor market structure through creation of a paradigm shift in preparing and qualifying Omani citizens, particularly youth, to undertake a prime role in shifting from public service work to self-employment and productive work.

**Figure (1)**
The 9th Plan is the last Plan in the series of Vision (2020) and paves the way for the formulation of the long-term Vision (Oman 2040)

In this context, and to realize the principle of dialogue that accompanied the formulation of the Plan, the Secretariat-General of the Supreme Council for
Planning is issuing this booklet that reviews the main aspects of the Plan, in order to ensure the participation of the different categories of society in follow-up of the Plan implementation, and to ensure interaction with the ideas herein. The subject of this booklet has a special importance due to the 9th Plan goal of laying the foundations for sustainable development in changing circumstances.

The booklet covers five main dimensions, each of which focuses on a specific aspect of the Plan: Starting with governing factors for Plan formulation, showcasing the application of the principle of dialogue with key parties, particularly the ministries and government authorities to ensure the inclusion of their long-term strategies in the Plan’s objectives, as well as the dialogue with youth, the private sector, academics and civil society. This has resulted in defining the future challenges in the Plan period depending on the performance evaluation of the Omani economy in the previous periods. This was followed by presenting some novel aspects in the Plan formulation, and lastly, emphasizing the importance of the plan implementation and its mechanisms, and the systems of follow-up and evaluation due to the necessity for concerted efforts to ensure the Plan reaches its aspired objectives.

First: Dimensions governing the Plan formulation
The Plan formulation was based on five basic pillars:

**The effective response to Royal Directives**, at the forefront of which is “the necessity that the government in its future Plans focuses on social development especially in these aspects related to citizen quality of life. This means creating more work opportunities, training and qualification programs, raising individuals’ productive efficiency, catalyzing new scientific, cultural and knowledge development,” and also the “importance of continually monitoring the economic and social dimensions when preparing the Plans, especially related to creation of work opportunities for youth”. The Plan, then, is an outgrowth of these Royal Directives, not only in its strategic directives, but also in the form of the executive plans, programs and projects.

- Guided by the results of evaluation of the achievements of Vision (2020) and the 8th Plan (2011-2015).

- Confronting fluctuations in oil prices, the prime driver of growth in the Omani economy, taking into account the fall of global oil prices by about (67%) at the formulation of the Plan, as compared with the prices prevailing before June 2014. Hence, the Plan pursued the “Planning under uncertainty” approach taking precautions against the fluctuation in global oil markets, which necessitated the change in methodology of the preparation of the Plan’s estimates, preparing a number of alternative scenarios instead of assuming a unique path, as was the case during the previous plans that witnessed an increase in oil prices.
• **Maintain an annual real growth rate of GDP** of around (3%) on average during the Plan period to maintain the level of real income of the Omani citizen.

• **Consistency with developments in international development declarations**, in the forefront of which is the “2030 agenda for achieving sustainable development” approved by the UN on 28th September 2015, particularly the statement in objective No (8) indicating the necessity of “promoting the comprehensive, continuous and sustainable economic growth for all, the full productive employing, and provision of suitable work opportunities for the same.” In defining these principles as part of the Plan formulation methodology, the main objective of the Plan was achieving the shift from an economy that depends on one main resource (oil) to a diverse economy in which other promising sectors participate. This is in order to mitigate the repercussions of the external shocks that result from price volatility in the global oil markets.
Second: A Plan based on dialogue with stakeholders and guided by successful international experiences

To ascertain the level of credibility of the Plan’s objectives and pillars, the proposed sectoral policies, and to maximize the benefit from successful international expertise, a number of panel discussions and workshops were organized as follows:
- **Panel discussions** with over (40) sessions. The panel discussions were focused on learning the views of the different ministries and authorities as related to the proposed objectives and pillars of the Plan, the sectoral components, the plans for management of macro-economic and financial policies, the investment program, development of the governorates, private sector and economic diversification, employment policies and Omanization and youth programs.

- **Organizing five workshops** with participation of international experts and UN organizations to get knowledge of successful international expertise and draw out the lessons learned that are appropriate for the Sultanate’s conditions.

- **Dialogue with authorities responsible for long-term sectoral strategies**, especially those related to the promising sectors which are included in the Plan: Manufacturing, Transport and Logistic Services, Tourism, Fisheries and Mining. The dialogue sessions also included other important sectors of high priority, which were: ICT, Education, Health, Agriculture and Environment. The dialogue aimed to create a common ground between sectoral strategies and the objectives of the 9th Plan.

- **Organizing a number of workshops with Omani youth** to understand their aspirations and agreement with the Plan’s objectives for confronting the main challenges in this important sector.
Methodology of the 9th Plan formulation: A Plan built around dialogue with key parties and guided by successful international experiences.

- Studies prepared by World Bank and SQU.
- Mid-term evaluation of the 8th Plan.
- Studies of economic diversification.
- Evaluation of investment climate.

Identifying views of various ministries and authorities related to proposed objectives and dimensions for the Plan, sectoral components, plans for management of macro-economic and fiscal policies, the investment program, development of the governorates, private sector development and economic diversification, employment policies and Omanization, and the youth program.

- Emphasis on promising sectors included in the Plan which are: Manufacturing, Transport and Logistic Services, Tourism, Fisheries and Mining.
- Also other important sectors at the forefront including ICT, Education, Health, Agriculture and Environment.

Organizing five workshops with participation of international experts and UN organizations to expand knowledge of successful international experiences and draw out lessons learned, which are appropriate for the Sultanate’s conditions.

Organizing a number of workshops with Omani youth to better understand their aspirations, and to ensure conformity of the Plan’s objectives for confronting the main challenges in this important sector.

- Due to regional and international changes particularly related to global oil market fluctuations, the formulation of the Plan included designing different scenarios assuming different prices for oil and a defined production quantity.
- The preparation of the scenarios utilized a forward-looking model prepared specifically for the Omani economy in cooperation with the World Bank.
Third: A Plan building on realized achievements, and responding to future challenges.

As the 9th Plan (2016-2020) represents the last of the Plans of Vision (Oman 2020) and paves the way for Vision (Oman 2040), it was necessary that its formulation be preceded by a comprehensive evaluation of the Omani economy’s performance during the previous development Plans in order to identify what was accomplished from the objectives formulated in the Vision (Oman 2020). This to define the sources of strength and challenges to be confronted. This was accomplished through an evaluation in which some of the international institutions (World Bank) participated, with specialized academic institutes (SQU), academics, and local and foreign experts. Also, with participation of a broad cross-section of the community that included civil society organizations and those concerned with youth and women, in addition to the ministries and government authorities. The aim is that the Plan should express the aspirations of all community groups and ascertaining the credibility of its objectives and pillars should be incorporated in this process.


The Vision (Oman 2020) defined a number of objectives for achievement through Five-Year Development Plans in order to transform the Omani economy into a diversified and sustainable one, which included:

2. Ensuring the stability of per capita income at its level in 1995 as minimum, and seeking to double it in real value by 2020, which is to raise the living standard of the citizen.
3. Provision of social services in terms of health, education, and human resources development through training of citizens and developing their skills.

4. Setting up the appropriate conditions to realize economic diversification and work towards the optimal exploitation of the Sultanate’s natural resources.

5. Development of the private sector so it will be characterized by effectiveness, capability of competition, and contribution in a larger magnitude to the national economy.

6. Achieving balance in development among the various regions of the Sultanate to ensure benefit to all citizens from development outcomes.

7. Maintaining the gains accomplished since the onset of the blessed Renaissance era in 1970 until 1995.

Perhaps the most important factor regarding Vision (2020) was that it succeeded in defining the right priorities manifested in: stable sustainable economy, economic diversification, development of human resources, and development of the private sector. The role of the evaluation was to identify the extent to which these objectives were achieved in reality.

At the conclusion of the 8th Plan that terminated at the end of 2015, which was the year preceding the beginning of the 9th Plan, it was necessary to review the most important performance indicators therein. The goal was to identify what objectives of Vision (2020) were accomplished including a comprehensive evaluation of the Vision until the end of 2015, and before the start of the 9th Plan (2016-2020). This performance evaluation would therefore define the challenges faced in the framework of the Plan and identify the aspects that need more work pursued to complete them.
It can be inferred from the evaluation conducted of the performance of the 8th Plan that the performance was good despite external unfavorable conditions, particularly since mid of 2014, manifested in the significant fall in global oil prices and deceleration of global economic growth where the initial forecasts indicated a growth of the national economy, during the Plan period, at an average annual rate of (3.7%) in current prices and (3.3%) in constant prices compared with the Plan for (6%) in current prices and (4.6%) in constant prices. It is worth mentioning that the growth in other economies reached (1.7%) in advanced countries and (3.3%) in Middle East and North Africa countries. This indicates that the Sultanate’s performance is still within the regional and international rates.

In the context of diversifying the national economy production base during the 8th Plan, non-oil activities grew by a rapid pace exceeding those of oil activities. Their average growth reached (7.2%) in current prices compared with (0.6%) for oil activities, and about (5.8%) in constant prices against (2.3%) for oil activities. This is a positive indicator showing that the national economy is on the right track to gradually lessen the dominance of the oil sector in economic activities.

The Plan years also witnessed low inflation rates in spite of the tangible increase in employing citizens and increasing their wages. Inflation was highest reaching (4.1%) in 2011 and did not exceed (1.5%) in 2015 with an annual average for the Plan period of (1.9%). This can be ascribed to the fiscal and monetary policies followed by the Sultanate, together with procedures undertaken to control and monitor the markets, activation of procedures pertaining to consumer protection, in addition to the marked retreat in the prices of imported basic commodities in the global market.
The significant increase in oil prices, especially at the beginning of the implementation of the 8th Plan until mid of 2014, and the increase in quantity produced contributed to realizing an economic revival and enabled achievement of a positive financial balance until mid of 2014. Also, current expenditure patterns increased which affected the stability of the public fiscal status, particularly in the last year and a half of the Plan period as result of the marked decrease in oil prices. The government undertook a number of additional financial procedures in the first two years of the Plan in 2011 and 2012. The procedures were to solve the problem of unemployment, increase employment in the public sector, and increase wages, allowances and incentives. In addition, there was establishment of new investment projects in the fields of infrastructure and the social sector. The resulting financial commitments were financed from oil revenue surpluses. The increase in the size of the current expenditure led to some deviations that affected the financial balance and economic stability in case of a fall of oil prices as is seen currently. Therefore, there is an urgent need to implement more procedures and policies to contain the expansion in the current expenditure from one side, and increase non-oil revenues from the other side in order to maintain financial sustainability. Therefore, it can be said that the Sultanate succeeded, in general, in realizing the 8th Plan objectives at the macro-level through reconciliation between an increasing growth rate of the GDP with a decrease in inflation rate, and increase in per capita income in general, which led to improvement of the living standard. It is also worth mentioning that the Sultanate was classified in the 2014 Human Development Report (HDR) among the High Human Development Group. It ranked (56) among (187) countries covered by the report. In addition, it was classified in the UN Development Program (2010)
as one of the fastest countries in growth in the 2010 Human Development Index (HDI) components not linked to income. It accomplished a marked improvement and progress in the areas of education (significant increase in enrollment in secondary and higher education, improvement in quality of education during the last decade, in addition to large decrease in illiteracy rate). This indicates that oil revenues were efficiently exploited in the development of social structures and expediting the establishment of infrastructure manifested in establishment of an expanded network of roads, ports, and airports, and implementing significant improvements in size and quality of health services, education and other social services.

In spite of the numerous achievements in the fields of economic stability, financial balance, increasing the living standard of Omani citizens, as well as in the social fields in terms of education, health, infrastructure (roads, ports, airports, industrial estates and free-zones), there are still some aspects where defined objectives in Vision (Oman 2020) and the 8th Plan were not accomplished. These, in particular include those related to the private sector, economic diversification and the labor market, which shall be the most important challenges facing the 9th Plan (2016-2020).

Regarding the private sector, it did not witness significant growth and development, especially in establishing productive projects in the areas of economic diversification. Its activity continued to rely on government expenditure in the oil sector and on infrastructure. Therefore, the activity of the private sector focused in service areas and not in producing tradeable commodities, and did not provide real work opportunities for citizens; rather, it depended on the expatriate workforce, particularly in the areas of construction, and wholesale and retail trade. Overall, there has been an
increase in the sector share in GDP to more than (50%) from the total share of non-oil sectors in GDP.

In the area of economic diversification, many manufacturing activities relied on the oil and gas sector. Therefore, much of what it achieved in terms of added value is limited to depletable resources that did not contribute to diversifying the production base, and which were supposed to be independent of the oil sector. In addition, the sector’s role in employment of citizens remained limited due to its technical nature. Thus, it is clear that the 8th Plan did not achieve many of its objectives in economic diversification. Oil revenues continue to constitute about (80%) of total revenues of the State General Budget, and proceeds from oil exports formed about (70%) of commodity export returns. Economic diversification activities were dependent on government expenditure and in non-tradable sectors such as construction, transport, communication and trade. They did not target production sectors that can contribute to increasing of exports, and instead focused on low-productivity operations. Therefore, dependence was primarily on the low-paid expatriate workforce. Further, the economic diversification activities did not contribute to provision of suitable work opportunities for citizens.

The labor market is considered the most far removed from the targeted path among the main sectors. The employment structure is imbalanced to a large extent. Expatriates comprise about (75%) of the total employed in the civil sectors, where their number, in mid of 2015, reached around (1.6) million. This comes at the time of increased numbers of citizens entering the labor market annually with the number of those searching for employment reaching (140.9) thousand in mid of 2015.

**Drawing a map of the challenges to be confronted by the 9th Plan:**
In view of the aforementioned evaluation of the development Plans, and accomplishments related to targeted macro development objectives in the Vision (2020), as well as due to the inability to sufficiently achieve some Vision objectives in a number of aspects, in addition to increasing requirements for development from one side, and fluctuations pertaining to global oil prices from the other side, there remain key challenges that should be taken into account for the formulation of the 9th Plan. These can be summarized as follows:

1- **Regional and global economic changes**, especially fluctuations in global oil prices and the decline of growth in the international economy. In addition, turbulence in regional geopolitical conditions and the negative impacts of this on the financial status of the Sultanate. This calls for caution and confronting this challenge with suitable procedures that ensure the sustainability of the financial position and provide a stable macro-economic climate.

2- ** Provision of work opportunities for those currently searching for employment** and the new entrants to the labor market during the 9th Plan period. It was anticipated that their numbers shall increase significantly in escalating manner as a result of the youthful structure of the population pyramid of Omani society. About (67%) of the Sultanate’s population are below thirty years i.e. in the age group (15-29). Also, the continual increase in the rate of women’s participation in economic activities, which necessitates adjustment to the labor market structure in terms of requirements and supply from the education and training system. Also, in other aspects related to labor laws, wages, incentives and the role of the private sector in employment, in addition to encouraging and supporting SMEs with execution of mega projects
of economic return that provide a share in provision of employment opportunities.

3- Accelerating the pace of economic diversification in a manner that decreases the reliance of the national economy on oil whether in revenues or exports, and mitigates the repercussions of the external shocks resulting from the fluctuation in oil prices in the global market. This requires reconsideration of previous economic diversification policies and altering the approach to benefit from the achievements realized in previous development Plans. The achievements realized include those in areas of infrastructure, logistic services, and those provided in terms of ports, airports, and transport services, in addition to maximizing the usage of natural resources in the Sultanate. Also, benefiting from the unique and advantageous geographic location facing the countries of the emerging economies in East Asia, and also acting as a gateway to East African countries. Further, it requires defining promising economic sectors based on competitive advantage and benefiting from these factors. This is strengthened by the unanimous agreement that diversifying the sources of growth is the optimal option to ensure a stable environment for sustainable growth.

4- Promotion of an effective and competitive private sector making optimum utilization of human and natural resources of the Sultanate, contributing to economic diversification through a paradigm shift, from focusing on traditional sectors (construction and services) to investment in the productive promising economic sectors. In spite of what was provided in terms of legal and regulatory frameworks, and improvements in the investment climate, the role of the private sector in economic activity still fell short of aspirations. This matter requires
reconsidering the stimulating policies of the private sector in the economic, legal and legislative aspects related to the laws of investment, labor and wages in a manner that contributes to the ease of doing business.
Fourth: Responding to challenges: Objectives and pillars of the 9th Five-Year Plan.

These challenges formed the most important directive principles for the development approach of the 9th Plan, enabling the opportunity for transformation from a single main resource-dependent (oil) economy to a diversified one in which other promising sectors contribute. For accelerating this process, the Plan focused on the following objectives and pillars:

1. **Sustainability of economic growth in a changing world:**

   The first priority of the 9th Plan is to realize stability of the macro-economic status of the Sultanate in order to promote investors’ confidence – individuals and enterprises – in the ability of the Omani economy to achieve high sustainable growth rates to mitigate oil price fluctuations which have become a major and recurrent feature of global oil markets since the oil hike in the mid seventies of the twentieth century, noting their direct impact on growth rates and citizen income levels.

   **Figure (2)**

   Fluctuations in oil prices
   (the main driver of the Omani economy)
Due to global changes, especially those related to fluctuations in the global oil markets, the Plan formulation methodology included developing multiple scenarios for the path of the Omani economy as an alternative to using only a single scenario. This is to accomplish the principle of precaution against regional and international developments. The scenarios were prepared (based on a forward-looking model specifically prepared for the Omani economy). Each of the scenarios is based on assuming a defined price for oil, ranging between minimum and maximum limits. Also, assuming changes in quantity produced of oil ranging between stability or a change to the quantity. These scenarios affected the potential economic indicators and variables used for the Plan period.

**Figure (3)**

Development of multiple scenarios for the national economy path during the 9th Plan period

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Average US$/BB.</th>
<th>Quantity BB/day thousand</th>
<th>GDP growth rate (%)</th>
<th>Investment</th>
<th>Deficit of budget % from GDP</th>
</tr>
</thead>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Oil activities</td>
<td>Non-oil activities</td>
<td>Total</td>
</tr>
<tr>
<td>Scenario 1. the preferred.</td>
<td>55.0</td>
<td>990</td>
<td>0.2</td>
<td>4.3</td>
<td>2.8</td>
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<tr>
<td>Scenario 2.</td>
<td>62.0</td>
<td>990</td>
<td>0.2</td>
<td>4.7</td>
<td>3.0</td>
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<tr>
<td>Scenario 3.</td>
<td>71.0</td>
<td>990</td>
<td>0.2</td>
<td>5.5</td>
<td>3.6</td>
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<tr>
<td>Scenario 4.</td>
<td>60.0</td>
<td>990</td>
<td>0.2</td>
<td>5.5</td>
<td>3.5</td>
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<tr>
<td>Scenario 5.</td>
<td>78.2</td>
<td>990</td>
<td>1.2-</td>
<td>6.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Scenario 6.</td>
<td>75.0</td>
<td>990</td>
<td>0.2</td>
<td>6.2</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Through coordination between the Supreme Council for Planning and the Financial Affairs and Energy Resources Council, the first scenario was
adopted, which represents the base in the various estimates used in the Plan and assumes a stable quantity of oil production at the level of (990) Thousand BB/day and ascending prices of (45- 55- 55- 60- 60 US$/BB).

According to the preferred scenario, the Plan targets achievement of an annual real growth rate for GDP of around (3%), and total investment reaching R.O (40.8) billion compared with R.O (38) billion during the 8th Plan, and with an annual average of R.O (8.2) billion i.e. (28%) of the GDP. The private sector share shall be about (52%) (Table 1). Also, it is expected that non-oil activities shall grow by about (4.3%) and that oil activities shall witness a limited increase of (0.2%).

The value of GDP, at constant prices, is anticipated to be about R.O (28.6) billion on average for the Plan period compared with about R.O (24.6) billion during the 8th Plan. The period extending from 2016 to 2020 shall witness good growth rates in non-oil activities in light of the procedures and plans targeting the support of economic diversification (Table No. 2).
### Table No. (1)
The investment program for the 9th Plan (2016-2020)

<table>
<thead>
<tr>
<th>Detail</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Total for Plan period</th>
<th>Annual average of the Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total local investments:</td>
<td>7217</td>
<td>7011</td>
<td>7752</td>
<td>8120</td>
<td>8747</td>
<td>9182</td>
<td>40811</td>
<td>8162</td>
</tr>
<tr>
<td>Investments in private sector</td>
<td>2997</td>
<td>3376</td>
<td>3592</td>
<td>4015</td>
<td>4627</td>
<td>5453</td>
<td>21063</td>
<td>4213</td>
</tr>
<tr>
<td>Investments in public sector of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development expenditures for civil ministries</td>
<td>4220</td>
<td>3635</td>
<td>4160</td>
<td>4105</td>
<td>4120</td>
<td>3729</td>
<td>19749</td>
<td>3950</td>
</tr>
<tr>
<td>Capital expenditures for oil production</td>
<td>1650</td>
<td>1200</td>
<td>1400</td>
<td>1500</td>
<td>1650</td>
<td>1700</td>
<td>7450</td>
<td>1490</td>
</tr>
<tr>
<td>Capital expenditures for natural gas production</td>
<td>780</td>
<td>700</td>
<td>720</td>
<td>750</td>
<td>780</td>
<td>710</td>
<td>3660</td>
<td>732</td>
</tr>
<tr>
<td>Total local investments:</td>
<td>27.5</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Investments in private sector</td>
<td>11.4</td>
<td>13.5</td>
<td>13.0</td>
<td>13.8</td>
<td>14.8</td>
<td>16.6</td>
<td>14.3</td>
<td>14.3</td>
</tr>
<tr>
<td>Investments in public sector including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development expenditures for civil ministries</td>
<td>16.1</td>
<td>14.5</td>
<td>15.0</td>
<td>14.2</td>
<td>13.2</td>
<td>11.4</td>
<td>13.7</td>
<td>13.7</td>
</tr>
<tr>
<td>Capital expenditures for oil production</td>
<td>6.3</td>
<td>6.6</td>
<td>4.3</td>
<td>4.8</td>
<td>4.8</td>
<td>5.0</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Capital expenditures for natural gas production</td>
<td>3.0</td>
<td>2.8</td>
<td>2.6</td>
<td>2.6</td>
<td>2.5</td>
<td>2.2</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Capital expenditures for natural gas production</td>
<td>2.8</td>
<td>2.4</td>
<td>2.8</td>
<td>2.4</td>
<td>2.0</td>
<td>1.5</td>
<td>2.2</td>
<td>2.2</td>
</tr>
</tbody>
</table>
Table No. (2)
Comparative analysis for the important indicators of the economic performance during the 8th and 9th Plans

<table>
<thead>
<tr>
<th>Actual average</th>
<th>Estimated average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-2015</td>
<td>2016-2020</td>
</tr>
<tr>
<td>96.7</td>
<td>Average price of crude oil (US$/BB) 55</td>
</tr>
<tr>
<td>935</td>
<td>Crude oil production (BB/day thousand) 990</td>
</tr>
<tr>
<td>28,646</td>
<td>GDP in current prices (R.O million) 29,151</td>
</tr>
<tr>
<td>24,599</td>
<td>GDP in constant prices (R.O million) 28,579</td>
</tr>
<tr>
<td>3.3</td>
<td>GDP in constant prices (growth rate%) 2.8</td>
</tr>
<tr>
<td>2.3</td>
<td>Oil activities (growth rate %) 0.2</td>
</tr>
<tr>
<td>5.8</td>
<td>Non-oil activities (growth rate %) 4.3</td>
</tr>
<tr>
<td>46</td>
<td>Private sector share in macro investments 51.6</td>
</tr>
<tr>
<td>27.2</td>
<td>Investment rate (% of GDP) 28</td>
</tr>
<tr>
<td>30.2</td>
<td>Savings rate (% of GDP) 13.5</td>
</tr>
<tr>
<td>3.1</td>
<td>Gap of savings to investment 15.7</td>
</tr>
<tr>
<td>1.9</td>
<td>Average consumer’s prices (%) 2.9</td>
</tr>
</tbody>
</table>

1. Includes production of crude oil and natural gas. Despite the assumption of stable size of crude oil production, the natural gas production is expected to increase during the 9th Plan years.
2. In spite of the increase in savings rates during the Plan years, local investment is expected to see a higher increase in rates which will lead to a continued gap in % of savings to investment during the Plan period.

The Plan targets maintaining stable and safe inflation rates during the 9th Plan of about (2.9%) annually, which is a rate that reflects the difference of the main determinants and influencers of the consumer price index in the Sultanate. On the one hand, stable global prices for fuel and food stuffs are at low levels compared with that prevailing during the previous years, which represents an important factor for limiting inflation pressures that are expected to be generated due to higher rates in demand and domestic consumption during the 9th Plan years.

The estimates of the fiscal framework, in the medium-term during the Plan years, relied on assuming ascending prices of crude oil starting from US$(45)/BB in 2016 to reach US$(60)/BB at the Plan end. Also, stability in the
oil production quantity at the level of (990) thousand BB/day. The estimates in the fiscal framework reflect following a financial policy that can withstand periodic fluctuations in the oil prices along the Plan period by targeting annual growth rates in public expenditure that are lower than those targeted in the 8th Plan (Tables No. 3, 4).

Table No. (3)
The most important assumptions and indicators of the economic performance during the 9th Plan years (2016-2020)

<table>
<thead>
<tr>
<th>Detail</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP in current prices (R.O million)</td>
<td>26244</td>
<td>25038</td>
<td>27685</td>
<td>29000</td>
<td>31239</td>
<td>32752</td>
<td>29151</td>
</tr>
<tr>
<td>Real growth rate of GDP (%)</td>
<td>3.6</td>
<td>1.9</td>
<td>2.7</td>
<td>3</td>
<td>3.1</td>
<td>3.2</td>
<td>2.8</td>
</tr>
<tr>
<td>GDP for non-oil activities:</td>
<td>18834</td>
<td>19890</td>
<td>21009</td>
<td>22314</td>
<td>23778</td>
<td>25321</td>
<td>22462</td>
</tr>
<tr>
<td>In current prices (R.O million)</td>
<td>2.7</td>
<td>3</td>
<td>4.2</td>
<td>4.7</td>
<td>4.8</td>
<td>4.8</td>
<td>4.3</td>
</tr>
<tr>
<td>GDP growth rate of non-oil (%)</td>
<td>9091</td>
<td>6833</td>
<td>8369</td>
<td>8386</td>
<td>9168</td>
<td>9187</td>
<td>8389</td>
</tr>
<tr>
<td>Crude oil production (million BB/year)</td>
<td>361</td>
<td>361</td>
<td>361</td>
<td>361</td>
<td>361</td>
<td>361</td>
<td>361</td>
</tr>
<tr>
<td>Crude oil production (thousand BB/day)</td>
<td>990</td>
<td>990</td>
<td>990</td>
<td>990</td>
<td>990</td>
<td>990</td>
<td>990</td>
</tr>
<tr>
<td>Average oil price (US$/BB)</td>
<td>60</td>
<td>45</td>
<td>55</td>
<td>55</td>
<td>60</td>
<td>60</td>
<td>55</td>
</tr>
<tr>
<td>Per capita income (R.O)</td>
<td>7556</td>
<td>6944</td>
<td>7395</td>
<td>7461</td>
<td>7739</td>
<td>7823</td>
<td>7472</td>
</tr>
<tr>
<td>Inflation rate (% of GDP)</td>
<td>0.5</td>
<td>4</td>
<td>2.3</td>
<td>2.6</td>
<td>2.7</td>
<td>2.7</td>
<td>2.9</td>
</tr>
<tr>
<td>Total revenues of which:</td>
<td>36.9</td>
<td>34.3</td>
<td>35.4</td>
<td>35.5</td>
<td>35.5</td>
<td>34.4</td>
<td>35.0</td>
</tr>
<tr>
<td>Oil</td>
<td>29.2</td>
<td>24.6</td>
<td>25.9</td>
<td>25.2</td>
<td>25.5</td>
<td>24.6</td>
<td>23.9</td>
</tr>
<tr>
<td>Non-oil</td>
<td>8.4</td>
<td>9.8</td>
<td>9.5</td>
<td>10.2</td>
<td>10.2</td>
<td>10</td>
<td>9.9</td>
</tr>
<tr>
<td>Total expenditure of which:</td>
<td>53.8</td>
<td>47.5</td>
<td>45.9</td>
<td>45.9</td>
<td>44.5</td>
<td>43</td>
<td>45.4</td>
</tr>
<tr>
<td>Current</td>
<td>41.7</td>
<td>34.7</td>
<td>32.7</td>
<td>33.2</td>
<td>32.2</td>
<td>31.7</td>
<td>32.8</td>
</tr>
<tr>
<td>Investment including investment expenditures</td>
<td>12.1</td>
<td>10.6</td>
<td>11</td>
<td>10.7</td>
<td>10.4</td>
<td>9.4</td>
<td>10.4</td>
</tr>
<tr>
<td>Surplus/Deficit.</td>
<td>-16.9</td>
<td>-13.2</td>
<td>-10.5</td>
<td>-10.4</td>
<td>-9</td>
<td>-8.6</td>
<td>-10.3</td>
</tr>
<tr>
<td>Consumption</td>
<td>66.7</td>
<td>70.9</td>
<td>67.2</td>
<td>67.9</td>
<td>66.1</td>
<td>66.9</td>
<td>67.8</td>
</tr>
<tr>
<td>Private</td>
<td>34.7</td>
<td>40.8</td>
<td>38.7</td>
<td>38.8</td>
<td>37.9</td>
<td>39.2</td>
<td>39.1</td>
</tr>
<tr>
<td>Public</td>
<td>32</td>
<td>30.2</td>
<td>28.5</td>
<td>29</td>
<td>28.2</td>
<td>27.7</td>
<td>28.7</td>
</tr>
<tr>
<td>Total fixed capital formation</td>
<td>27.5</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28.0</td>
</tr>
<tr>
<td>Private</td>
<td>11.4</td>
<td>13.5</td>
<td>13</td>
<td>13.8</td>
<td>14.8</td>
<td>16.6</td>
<td>14.3</td>
</tr>
<tr>
<td>Public</td>
<td>16.1</td>
<td>14.5</td>
<td>15</td>
<td>14.2</td>
<td>13.2</td>
<td>11.4</td>
<td>13.7</td>
</tr>
<tr>
<td>Total national savings.</td>
<td>15.1</td>
<td>8.6</td>
<td>13.9</td>
<td>13.5</td>
<td>16.1</td>
<td>15.6</td>
<td>13.5</td>
</tr>
<tr>
<td>Private</td>
<td>14.6</td>
<td>8.7</td>
<td>10.9</td>
<td>10.9</td>
<td>12.4</td>
<td>12.5</td>
<td>11.1</td>
</tr>
<tr>
<td>Public</td>
<td>0.5</td>
<td>-0.1</td>
<td>3</td>
<td>2.6</td>
<td>3.7</td>
<td>3.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Gap savings investment = current account balance</td>
<td>-13.6</td>
<td>-20.3</td>
<td>-15</td>
<td>-15.7</td>
<td>-13.3</td>
<td>-14</td>
<td>-15.7</td>
</tr>
</tbody>
</table>
**Figure (4)**

Economic performance indicators during the 9\textsuperscript{th} Plan years (2016-2020)

![Graph showing economic performance indicators during the 9\textsuperscript{th} Plan years (2016-2020)]

**Table No. (4)**

The financial estimates for the 9\textsuperscript{th} Plan (2016-2020)

<table>
<thead>
<tr>
<th></th>
<th>9\textsuperscript{th} Five-Year Development Plan</th>
<th>Total for Plan period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average daily production</td>
<td>990</td>
<td>990</td>
</tr>
<tr>
<td>Average price (US$/BB)</td>
<td>45</td>
<td>55</td>
</tr>
</tbody>
</table>

**First: Revenues:**

|                                | 9\textsuperscript{th} Five-Year Development Plan | Total for Plan period |
| Net oil revenues               | 4560    | 5490    | 5480    | 6020    | 6010    | 27560     |
| Gas revenues                   | 1590    | 1675    | 1840    | 1950    | 2050    | 9105      |
| Current revenues               | 2400    | 2575    | 2920    | 3070    | 3180    | 14145     |
| Capital revenues               | 20      | 25      | 25      | 25      | 25      | 120       |
| Capital redemptions            | 30      | 35      | 35      | 35      | 35      | 170       |
| **Total revenues**             | **8600**| **9800**| **10300**| **11100**| **11300**| **51100** |

**Second: Public expenditure:**

|                                | 9\textsuperscript{th} Five-Year Development Plan | Total for Plan period |
| Total current expenditure      | 8700    | 9060    | 9640    | 10065   | 10385   | 47850     |
| Total investment expenditure   | 2650    | 3050    | 3100    | 3245    | 3095    | 15140     |
| Total shares and other expenditure | 550     | 590     | 560     | 590     | 620     | 2910      |
| **Total public expenditure**   | **11900**| **12700**| **13300**| **13900**| **14100**| **65900** |
2. Economic diversification and broadening the production base

- Economic diversification was defined as a strategic priority for economic growth in the Sultanate in light of the circumstances surrounding global oil markets, and necessity of shifting from an oil-dependent economy to development of other sectors for growth sources. The economic diversification policy in the Sultanate – similar to that of other countries dependent on non-renewable resources i.e. depleting such as oil – is linked to creation of significant positive changes in the structure of the national economy through development of non-oil activities. This is augmented by the uniqueness of the Omani economy that has a diversity of natural resources. The diversification policy, in addition to the observance of traditional income sources, targets focusing on promising sectors in which the Sultanate has clear comparative advantage. The diversification plan targets removing the obstacles that limit the exploitation of the promising sectors in diversifying growth sources. This requires:

- The optimal exploitation of the disposable natural resources and the unique and advantageous strategic location of the Sultanate, which is near to the growth centres of the global economy. In addition, working to re-invest the financial surpluses from the oil sector to finance infrastructure projects in terms of ports, airports and main roads, in order to promote the logistic position of the Sultanate.

- Promoting a diversified sustainable economy: Vertically through increasing in-country value added from oil and gas, and Horizontally by awarding priority to the promising sectors which are:
  - Manufacturing.
- Transport and Logistic Services.
- Tourism.
- Fisheries.
- Mining.

- Increasing the share of non-oil exports in total exports.
- Building on the progress achieved by the Sultanate to further the linkages between the Omani economy and the global economy.

Therefore, it is expected that the oil share of total GDP in current prices will decrease from (44%) during the 8th Plan (2011-2015) to (30%) during the 9th Plan years. Also, it is anticipated that the average share of natural gas activities will decrease to (2.4%) during the Plan period as opposed to (3.6%) as an average of its share during the 8th Plan. These estimates are in line with the main economic objective of the Sultanate which aims for diversifying the economic activities away from the oil sector. The assumptions made reflect the application of the targeted sectoral policies.

**The Sultanate’s expertise in economic diversification**

- The Sultanate has made significant progress in economic diversification where the share of the oil activities retreated from (66%) of GDP in 2000 to (44%) of GDP in 2014.
- The non-oil activities are still dependent to a large extent on oil and gas production.
The sectoral estimates indicate the probability for growth of non-oil activities in constant prices during the Plan years in high sustained rates that exceed those of the oil activities. The non-oil activities are anticipated to grow during the period (2016-2020) at (4.3%), while the oil activities are expected to witness (in real prices) a slight increase of (0.2%) on average. The Manufacturing sector is expected to achieve high growth reaching on average (6%) during the 9th Plan period. The Fisheries sector will achieve a real growth rate in constant prices during the Plan years reaching (6.5%) on average. The Mining and Quarrying sector shall realize a growth rate that reaches (6%) on average. The Plan aims to empower the Sultanate to benefit from its disposable mineral wealth in an efficient manner through encouraging the private sector to develop and upgrade this sector, and...
increase the share of the sector and the national companies operating therein to reach (35%) at the end of the 9th Plan period compared to about (20%) currently

**Figure (6)**

The formulation of the Plan relied on analyzing 19 sectors of the economic, social, enabling and supporting sectors:

*Oil, gas and energy sectors were summed together.*
Identifying the promising economic diversification sectors according to the following standards:

1. Provision of suitable work opportunities to the national workforce.
2. High competitiveness.
4. Promoting other sectors growth.

The Sultanate is expected to make significant strides in economic diversification, where the share of the oil activities in GDP in constant prices shall retreat from (41%) in 2016 to (36%) 2020.

**Figure (7)**

Necessity of diversifying the sources of growth (economic diversification and (broadening the production base)
**Figure (8)**

Targets of the promising sectors in the 9th Plan

<table>
<thead>
<tr>
<th>Sector</th>
<th>Current share in GDP (%)</th>
<th>Expected share by end of 9th Plan (%)</th>
<th>Annual growth rate during the Plan (%)</th>
<th>Expected investments during the Plan period (billion Omani Rial)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>9.8%</td>
<td>10%</td>
<td>6%</td>
<td>2.6</td>
</tr>
<tr>
<td>Transport and Logistic Services</td>
<td>6.2%</td>
<td>6.8%</td>
<td>5%</td>
<td>6.1</td>
</tr>
<tr>
<td>Tourism</td>
<td>3.0%</td>
<td>3.3%</td>
<td>5.3%</td>
<td>1.6</td>
</tr>
<tr>
<td>Fisheries</td>
<td>0.5%</td>
<td>0.6%</td>
<td>6.5%</td>
<td>1.1</td>
</tr>
<tr>
<td>Mining</td>
<td>0.4%</td>
<td>0.5%</td>
<td>6%</td>
<td>739</td>
</tr>
</tbody>
</table>
The performance of these sectors depends on overcoming the obstacles that face them. The important challenges confronting the various diversification sectors are:

### Joint challenges for most of the sectors

1. **Provision of an attractive business environment** that attracts the local and foreign investments.
2. **Provision of the qualified Omani workers**, and facilitating recruitment of required expatriate workforce.
3. **Difficulty in entering external markets** due to some procedures pertaining to customs.
4. **Weakness in marketing** and defining the Omani identity for promoting Omani products and enhancing tourism.
5. **Sectors’ governance and their regulations**: Completion of the statistical database, formulation of a clear integrated strategy, coordination between the sectoral policies

### Challenges of each sector

#### Manufacturing
- Shortage in gas supply for industry.
- Decreasing competitiveness in operational costs due to rise in gas prices.
- Low availability of programs to provide local content.

#### Transport & Logistic Services
- Deficiency in use of technology to facilitate commodities movement across borders including customs efficiency.
- Retreat of rank of the Sultanate in international classification in transport and logistic services sector, in addition to strong competition at regional level which has negative impact on attraction of investors.

#### Tourism
- Shortage in air connections, weak absorption ability, which are considered the main factors for attracting visitors.
- Difficulty in obtaining visas and internal connections, which limit ease of movement to tourism locations or travelling between regions and governorates.
- Tourism attraction locations are limited and difficult to reach.

#### Fisheries
- Inability of the Sultanate to completely exploit its production potential in fisheries due to the reliance on small fishing boats and focusing primarily on artisan fishing.
- Preserving the fisheries wealth without its depletion.

#### Mining
- Necessity of available geological maps for mineral assets in the Sultanate.
- Unavailability of necessary infrastructure for developing some promising mines.
- Limited number of mega companies operating in metals mining which is one of the important points of weakness of this sector in Oman.
Of the Plan objectives, is the redress of these challenges and focusing on intensifying the investments directed to these sectors.

Table (5)
Estimates of the anticipated investments in the strategic sectors in the 9th Plan (2016-2020) from both public and private sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Private</th>
<th>Public</th>
<th>Total</th>
<th>% from total investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investments in the strategic sectors</td>
<td>9.171</td>
<td>2.277</td>
<td>11.448</td>
<td>28.0</td>
</tr>
<tr>
<td>Fisheries</td>
<td>704</td>
<td>410</td>
<td>1.114</td>
<td>2.7</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>720</td>
<td>19</td>
<td>739</td>
<td>1.8</td>
</tr>
<tr>
<td>Tourism</td>
<td>1.247</td>
<td>357</td>
<td>1.604</td>
<td>3.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2.000</td>
<td>597</td>
<td>2.597</td>
<td>6.4</td>
</tr>
<tr>
<td>Logistic services</td>
<td>4.500</td>
<td>893</td>
<td>5.393</td>
<td>13.2</td>
</tr>
<tr>
<td>Total investment for the 9th Plan OR billion</td>
<td>21.063</td>
<td>19.749</td>
<td>40.812</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>52</td>
<td>48</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

3. Provision of productive and remunerative work opportunities for citizens.

There is consensus that the employment of citizens, particularly the youth, represents the first challenge for policymakers. This called for a complete study of the dynamics of the labor market and its mechanisms and their impact on the employment structure, and maximising the benefits from the workforce. The important results of these studies were:

- The problem of employment in the Sultanate is not reflected in a shortage of demand for labor (as is the case in economies of high population density), as the growth pattern in the Omani economy results in generating work opportunities exceeding the supply of the national workforce to a large extent. The share of the national workforce did not exceed (21%) of the total employed in 2014. Most of
these were in the government and public sector, where they represent about (85%) of the employed in this sector compared to (12%) only in the private sector.

- The employment structure in the labor market requires focusing on the supply side, particularly for the nationals workforce, with attention to the structure of this workforce in terms of age group, gender, education status, skill and geographic distribution.

- It is expected that the annual growth rate pertaining to the Omani workforce will reach (3.5%) during the 9th Plan period compared with the estimated Omani population growth rate of about (2.6%). Estimates of the Omani workforce for the Plan period were prepared by using the outputs of the education and training system in the Sultanate (graduates + drop-outs), and also, the outputs of the Omanis studying abroad. According to these estimates, the total number of graduates (males and females) is expected to reach (185.989) during the Plan period, of which (49.3%) are females. The number increases to (232.714) when adding the drop-outs. According to these projections, and taking into account the expected economic activity rates for the graduates group, it is estimated that the total number of entrants to the labor market will reach (220) thousand individuals, an average of about (44) thousand annually; divided in (53%) males and (47%) females.

- The expected investments during the Plan will lead to significant growth rates in the sectors characterized by the intensive usage of skilled, limited-skill and unskilled laborers. Such sectors include construction, manufacturing, trade sectors, transport, storage, communication, hotels and restaurants at a scale exceeding the
additional supply of the Omanis in these groups, although, the traditional sectors (construction and trade) are still generating more than half of the new work opportunities in the Plan, which is considered one of the important challenges of the labor market in the future (Table 6).

Table (6)
Workforce requirements during the 9th plan
Sectoral distribution of labor during 2015 and 2020

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
</tr>
<tr>
<td>Agriculture &amp; hunting</td>
<td>92478</td>
<td>5.2</td>
<td>102134</td>
</tr>
<tr>
<td>Fishing</td>
<td>11405</td>
<td>0.6</td>
<td>15659</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>33682</td>
<td>1.9</td>
<td>43909</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>208432</td>
<td>11.8</td>
<td>240600</td>
</tr>
<tr>
<td>Electricity &amp; water</td>
<td>4116</td>
<td>0.2</td>
<td>4902</td>
</tr>
<tr>
<td>Constructions</td>
<td>690923</td>
<td>39.1</td>
<td>816596</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>241682</td>
<td>13.7</td>
<td>288771</td>
</tr>
<tr>
<td>Hotels &amp; restaurants*</td>
<td>106163</td>
<td>6.0</td>
<td>133625</td>
</tr>
<tr>
<td>Transport, storage &amp; communication*</td>
<td>63034</td>
<td>3.6</td>
<td>77936</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>21518</td>
<td>1.2</td>
<td>25140</td>
</tr>
<tr>
<td>Real estate &amp; trade activities</td>
<td>101720</td>
<td>5.8</td>
<td>112505</td>
</tr>
<tr>
<td>Education</td>
<td>104159</td>
<td>5.9</td>
<td>128840</td>
</tr>
<tr>
<td>Health</td>
<td>45593</td>
<td>2.6</td>
<td>55916</td>
</tr>
<tr>
<td>Community, social and other personal services activities</td>
<td>43278</td>
<td>2.4</td>
<td>53128</td>
</tr>
<tr>
<td>Total</td>
<td>1768183</td>
<td>100.0</td>
<td>2099660</td>
</tr>
</tbody>
</table>
*Promising sectors.

- The real challenge in the labor market is to qualify the Omani graduates to join the private sector or be oriented to self-employment and entrepreneurship, especially in SMEs. This requires a national strategy for employment that includes two basic paths:
  - Targeting replacement of expatriates in the workforce with citizens in the middle group of the employment pyramid in the Sultanate (Figure 9), whereas (43%) of expatriates are of limited-skill or unskilled laborers and these are jobs that citizens refrain from, there is (50%) of the expatriate workforce in the groups: technician, professional and skilled laborers. This is what the short and medium-term strategy should target. As for the long-term, it is possible to target the specialists group (7%).
  - Adjusting the education and training path in the Sultanate to target alignment between education and training outputs and the needs of the labor market (in a framework of the National Strategy for Education). This requires a coordinated package of labor market policies.
Figure (9)

National strategy for employment:
Targeting the middle groups in the employment pyramid expatriate workforce distribution by professional groups in 2014

Design and execution of policies that synchronize education and training supply with demands from the labor market, and that needed to implement the development Plan should fit within the current and anticipated economic status projected during the Plan period. Also, the fall of oil prices and its impact on the financial situation may be an appropriate chance to introduce structural changes in the labor market aiming to benefit the Omani workforce as a primary driver of the private sector.
4. Development of private sector and improving the business environment and investment climate.

The Plan targets the support of both domestic and foreign private sector investment so as lead the sector in the process of growth with a share reaching (52%) in total investments. This is through a package of policies that include:

- Overcoming the obstacles that affect the ease of doing business, provision of an attractive environment for domestic and foreign investment through expediting the issuance of the investment law. Also, considering enhancing the role of the Public Authority for Investment Promotion and Development of Exports (Ithraa) in a manner that leads to it undertaking the responsibility of developing the private sector and promoting the business environment. Also, the formulation of a national strategy for private sector development and attraction of external investments should be undertaken.

- Execution of the proposed privatization program and depositing its proceeds in a special fund for financing partnership projects between the public and private sectors – Public Private Partnership (PPP) Projects.

- Revising the main trade laws aiming to simplify the procedures pertaining to trade, and enacting needed currently nonexistent laws such as a bankruptcy law that facilitates the protection and resilience of investors.

- Execution and promotion of the “Invest Easy” program for making the process of establishing a business more efficient and transparent,
together with cancellation of the minimum limit of capital requirements for establishment of a business.

Achieving the Plan’s objectives for promoting the role of the private sector requires continuing to provide an appropriate environment for supporting private and foreign investments. This is through overcoming obstacles that impact the competitiveness of the Omani economy and improving the business environment.

**Requirements for execution of the economic diversification strategy, promoting the role of the private sector as the primary driver of growth:**

1. Improving the investment climate and business environment.
2. Furthering the partnership between the public and private sectors (PPP).
3. Activation of the privatization program.
4. Development of SMEs.

**As for competitiveness, it was noted** the retreat of the Sultanate’s rank in the competitiveness index issued by the World Economic Forum (DAVOS), which summarizes the national competitiveness in general, and of the private sector in particular. In the 2015/2016 report, the Sultanate’s rank fell to (62) globally i.e. drop of (16) ranks from the previous year. Also its ranking fell to the sixth rank among the Arab countries (Table 7)
### Table (7)

Ranking of Arab countries in the 2015/2016 Global Competitiveness Index

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>12</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>Emirates</td>
<td>17</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>25</td>
<td>24</td>
<td>1</td>
</tr>
<tr>
<td>Kuwait</td>
<td>34</td>
<td>40</td>
<td>6</td>
</tr>
<tr>
<td>Bahrain</td>
<td>39</td>
<td>44</td>
<td>5</td>
</tr>
<tr>
<td>Oman</td>
<td>62</td>
<td>46</td>
<td>16</td>
</tr>
<tr>
<td>Jordon</td>
<td>64</td>
<td>64</td>
<td>0</td>
</tr>
<tr>
<td>Morocco</td>
<td>72</td>
<td>72</td>
<td>0</td>
</tr>
<tr>
<td>Algeria</td>
<td>87</td>
<td>79</td>
<td>8</td>
</tr>
<tr>
<td>Tunisia</td>
<td>92</td>
<td>85</td>
<td>7</td>
</tr>
<tr>
<td>Lebanon</td>
<td>101</td>
<td>113</td>
<td>12</td>
</tr>
<tr>
<td>Egypt</td>
<td>116</td>
<td>119</td>
<td>3</td>
</tr>
</tbody>
</table>


- The factors leading to the fall of the Sultanate’s competitiveness reflect the obstacles that confront the national economy’s performance in general, and the private sector in particular.
Table (8)
The Global Competitiveness Report monitor the following indicators in the case of the Sultanate

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>General rank</td>
<td>62</td>
</tr>
<tr>
<td>Basic education index</td>
<td>66</td>
</tr>
<tr>
<td>Secondary education index</td>
<td>88</td>
</tr>
<tr>
<td>Labor market efficiency index</td>
<td>89</td>
</tr>
<tr>
<td>Innovation index</td>
<td>103</td>
</tr>
</tbody>
</table>

As for the business environment, monitored by the World Bank “Ease of Doing Business” report, the Sultanate achieved progress in 2015/2016 where it ranked (70) (from 189 countries) compared to the rank (77) in previous year. Also it ranked third among the GCC States.

Figure (10)
Sultanate Oman rank in the 2016- “Doing Business” Report (from 189 countries)

By analyzing the factors influencing the business environment, it is clear that additional aspects that limit competitiveness at the forefront are investor protection, procedures of starting business, obtaining credit, and settlement of insolvency, as indicated in Figure (11).

**Figure (11)**

Factors limiting improvement of business environment

5. **Emphasis on comprehensive social development:**
   - Based on the report on “Social Policies in the Framework of Economic Upsurge” which was approved by the Supreme Council for Planning, the features and dimensions of social policies in the 9th Plan were formulated aiming to advance social connections among the community to improve the feeling of togetherness and achieving participation.

The following are the most important basic principles for social policies in the Plan:
   - Promoting a balanced development pattern by making social development objectives an integral part of public policies, particularly
economic policies pertaining to growth rates and their components, investment structure and its sectoral and geographic distribution, State General Budget, and policies related to subsidies and means of support for the national economy.

- **Relying on the results of previous Five-Year Plans and the Sectoral Strategies** prepared by the ministries and concerned authorities (such as the Tourism Strategy, National Strategy for Education, Logistics Strategy, Fisheries Strategy and Health Strategy). In addition, it should be taken into account the new developments at the national, regional and international levels, and those changes required in terms of the social policies and their execution mechanisms.

- **Targeting some social groups**, in the forefront of which are youth, women, and children.

- **Maintaining existing organizations and initiatives**, and proposing means to upgrade their performance and limiting new institutional proposals to what is necessary only, in order to raise the efficiency of the systems of implementation for social policies.

- **Guidance by successful international expertise** taking into account the specifics of Omani society.

The social policies in the Plan comprise the following main dimensions:

- **Education, training and employment**, aiming to upgrade the educational level of Omanis and bridging the gap between the educational system supply and the demands of the labor market. This will be achieved through continuous qualification and training in the framework of the “National Strategy of Education 2040” together with development of employment strategies.
• **Investment in human beings**, aiming at the development of the health care system with a focus on improving the quality of health services, developing the housing policy in a way that allows provision of suitable housing for the Omani youth, and using means of high efficiency to accomplish this. Further, upgrading the transport policy through provision of public transport means, development of community services by developing the markets, as well as recreation activities, parks and clubs. The Sultanate’s governorates should include in their strategies aspects related to community services.

• **Social protection**, aiming to upgrade the social insurance and pension funds by unifying the operational systems of these funds and raising their efficiency in order to achieve financial sustainability. Also, development of the social safety net through improving the efficiency of the social security system and targeting the least developed areas, improving social solidarity and directing programs to satisfy the needs of the those with low income.

6. **Enhancing the role of youth**:
As the youth are the means of development and its objective, the Plan aims to include them in all its programs and projects, focusing on the following:
- Formulation of a national plan for the workforce to bridge the gap between educational supply and the demands of the labor market by focusing on the sectors supporting economic diversification.
- Revising the defined and targeted levels of Omanization in the various sectors to be in line with the defined sectors’ requirements for economic diversification and development of SMEs.
• Creating youth centers as a prime component in the urban planning process.
• Setting up new programs for social guidance and youth education programs that are related to certain aspects such as marriage, fatherhood and psychological health.
• Engaging youth in simulation programs from international organizations, such as the UN and League of Arab States models in which youth participate to deepen their understanding and perception of the main political and economic issues, and allowing them to suggest suitable solutions.
• Linking Omani youth with the international organizations that work for the participation of youth from all over the world for exchange of ideas and development of talents and ability for leadership through conferences, competition, and cooperation.

7. Implementation of the National Strategy for Urban Development
Within the framework of the long-term national strategy for urban development, and focusing on the aim of balanced development among governorates, the features of the urban development policies in the 9th Plan are manifested in the following:
• Adopting an urban policy that observes the increase in the population and its needs in terms of services.
• Enhancing decentralization.
• Conducting adequate studies for the identification of each governorate’s resources, comparative advantages, other development constituents, and its economic and social statuses.
• Preparation of development plan studies for each governorate with participation from the regional population, private sector and civil community therein.

• More stimulation for the private sector to invest in the least developed regions.

• Intensifying government investments directed to the least developed regions and provision of basic services therein.

8. Development of governorates and local communities:
The 9th Plan awards a special place to the development of the governorates aiming to realize a balanced growth for development outcomes for all citizens in the various areas of the country. To further this directive, focusing with a more comprehensive approach during the Plan shall be carried out to upgrade the various governorates to achieve similar performance levels among them in areas of education, health, social services, engendering work opportunities, development of infrastructure and public facilities services. The Plan adopts a methodology that relies on descriptive information, needs and requirements of the social, economic, environment and urban areas in each governorate. The Plan shall enable a view pertaining to the status of each governorate and its priorities, which shall enable formulation and development of a development and investment program that is in line with these priorities.
**Figure (12)**

Mechanism of selection and execution of the development projects at the governorate level

<table>
<thead>
<tr>
<th>Work scope</th>
<th>Execution Mechanism</th>
<th>Aim</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Descriptive information of the governorate</td>
<td>• Defining a list of basic data and indicators.</td>
<td>Describing the governorate with data</td>
</tr>
<tr>
<td>2 Development indicators of sectors at the regional level</td>
<td>• Compared to Sultanate’s indicators.</td>
<td>Identifying development gaps</td>
</tr>
<tr>
<td>3 Defining the actual requirements</td>
<td>• Citizens’ needs. • Needs presented from Majlis A’Shawra members. • Needs from ministries and governors. • Other (media, social media/…)</td>
<td>Defining the needs’ list</td>
</tr>
<tr>
<td>4 Prioritize projects for execution and investments</td>
<td>• Selection of projects based on development indicators and defined needs and requirements</td>
<td>Defining a list of projects to be included in the Five-Year Plan</td>
</tr>
</tbody>
</table>

9. **Enriching cultural life and promoting the role of citizenship and identity.**
   - Continued support to the program for reparation of castles, forts, historical buildings and archeological mosques spread along the various governorates of the Sultanate. Completing the counting and documentation of historical buildings, sights, and archeological locations in cooperation with universities and local, regional and international research institutes.
   - Initiating the program of protection of historical and archeological sites, engendering the suitable mechanisms to prevent the urban overlap of these locations, and setting up regulations and rules that can protect the national urban heritage.
• Working towards implementing new museum projects that include Oman Across Ages Museum, the natural history museum, the maritime history museum project, Madha museum project, fine arts and music museum, and developing and upgrading existing museums to be in line with recent international development in the museum system.
• Formation of national bands of music, folk arts, theater and establishment of the required facilities therefor.
• Execution of programs for support of Omani literati, artists, and public art bands to raise the literary and artistic production for support of the national cultural industries.
• Establishment and qualifying the public libraries and supporting the civil ones to empower them to provide their knowledge services.
• Organizing local, regional and international cultural exhibitions and festivals to participate in cultural communication between the Sultanate and the world’s countries.
• Executing programs directed toward the promotion of citizenship and identity.

10. Furthering environmental sustainability and confronting natural disasters
• Revising, updating and executing the plans and programs currently available such as for biodiversity, marine life protection, agricultural lands protection and the national strategy for protecting the environment in coordination with concerned authorities.
• Formulating and executing plans and strategies in other areas that were not developed, such as the national strategy for management and
improving protectorates, and the strategy of efficient use of energy and water.

- Upgrading energy and facility usage efficiency in industrial areas in particular, and executing awareness programs focusing on the efficient usage of energy and water in the society in general.
- Expansion in use of renewable energy.
- Introduction of efficiency standards in new establishments.
- Study of the possibility of generating energy through other alternative energy sources (clean coal, bio-fuel).
- Establishment of more efficient new desalinization plants in order to increase the quantity of desalinized water.
- Launching a campaign for spreading environmental awareness targeting all community segments and decision makers.
- Support and development of a package of incentives for clean production to limit greenhouse gas emissions.
- Preparation of national policies and protocols related to potential emergency and crisis cases.
- Preparation, updating and follow-up of the national plan for disasters management.
- Cooperation and coordination with regional authorities to limit impacts resulting from disasters, and ensure readiness for emergency cases.
- Setting up a national effective liaison strategy and cooperation with the media to increase awareness pertaining to risks and measures of readiness to mitigate the impacts of natural disasters and responding to emergency cases.
- Awarding of projects directed to mitigate the impacts of climatic conditions and floods the priority and laying down execution plans for these projects by the competent authorities.

11. Upgrading government performance
- Raising efficiency by limiting the over-employment in the State Administration Apparatus and realizing more resilience and performance improvement.
- Expediting the execution of the e-government program.
- Setting a national integrated strategy for the various economic and social sectors, and identifying the competent authority from each sector, and awarding it the necessary competencies to execute in coordination with the other related parties.
- Implementing the new proposed principles and frameworks for distribution of the government budget allocations to be in line with strategic objectives.
- Updating the systems of human resources management and increasing their efficiency and distribution.
- Coordination between the National Centre for Statistics and Information (NCSI) and all related parties to develop and update the statistical data, as well as provide currently unavailable data, and remove the inconsistencies in data.
- Activation of a unit for follow-up and evaluation of performance related to the development plans with the government authorities, and setting standards for the services provided and communicating them. The ministries and government authorities shall carry out the follow-up
of the execution and monitor the results according to set standards, and periodically publish them.

- Supporting the capabilities in the Supreme Council for Planning and the Ministry of Finance, and providing the necessary specialized capabilities such as financial planning, macro-economic modeling and expertise, and conducting specialized training programs.

- Revision and reconsideration of the sectoral policies and regulations, updating them, and introducing needed amendments to ensure their conformity and comprehensiveness.
To achieve the Plan objectives, the fiscal and economic targets were estimated in light of local and international facts as follows:

**Figure (13)**

The main financial and economic targets included in the Plan

- Achieving an annual real growth rate in GDP of (3%) during the Plan period.

- Increasing investment rate to reach (28%) of GDP by the end of the Plan and working for the use of the disposable resources with high effectiveness and efficiency.

- Provision of sufficient work opportunities in both the public and private sectors for entrants to the labor market during the Plan period, while working towards changing the targeted skills’ structure away from low-level skills.

- Increasing the share of private sector in macro investments to reach (52%) on average by the end of the Plan.

- Awarding priority and injection of sufficient investments for development of the promising sectors where the Sultanate has comparative advantage, which are Manufacturing, Transport and Logistic Services, Tourism, Fisheries and Mining, and working to increase their productivity and exports.

- Necessity of sustainability of the financial statuses and increasing non-oil revenues and rationalizing public expenditures.

- The fiscal framework of the Plan targets realizing a deficit in the State General Budget and setting a ceiling for public debt at the lowest possible limit, which will not harm the path of the national economy while targeting reasonable rates of investment expenditure.
Fifth: From planning to implementation

Setting up mechanisms that can execute development plans is considered the basic prerequisite to achieve the objectives of these plans in reality. This requires working through two paths: Legislative and institutional development and reform, and provision of an accurate comprehensive information system relying on accurately defined and measurable development indicators for follow-up and evaluation of the efficiency and effectiveness of the execution.

In this context, the 9th Plan focuses on laying down an implementation strategy including the following components:

1. Development of a mechanism to achieve efficiency of implementation and performance.

The success of the proposed policies and programs is subject to designing and executing an accurate strategy to be applied in reality. Therefore, the target is to present a detailed plan reflected in the form of a matrix, providing a practical framework for implementing the proposed policies and programs. The plan proposed shall include the policies and objectives, the required institutional development, identifying the authorities for execution, performance measurement indicators whether qualitative or quantitative, and the time framework necessary for implementing these policies and programs.

For achieving this, the Secretariat General of the Supreme Council for Planning launched an execution mechanism for the Plan known as the “Tanfeedh” program, which has been guided by successful international experiences that were developed in 2009, and includes designing and executing a system for the follow-up and evaluation of plans, procedures and economic and social programs. Also, to follow-up the implementation with
the ministries and concerned authorities, defining the areas of support needed by these units in order to achieve the objectives of the economic diversification enhancement program, assisting the private sector to overcome the obstacles confronting investment, and giving directives to government authorities to work towards removing these obstacles. Taking into account specific conditions of the Sultanate, the Secretariat General began the following steps:

- Creation of the implementation program “Tanfeedh” so as to be the unit responsible for the follow-up of the execution of the diversification program with the relevant parties in the government and private sector.

- Initiating consultations pertaining to the implementation with a focus on three sectors (Manufacturing, Tourism, Transportation and Logistics Services, in addition to two enabling sectors of Finance and Labor Market & Employment) using a methodology employing “Labs” to assemble all the key parties in each sector, aiming to reach consensual plans that can be implemented in each sector. In addition, precise definition of the objectives, execution requirements, time dimensions, and assignment of the competent authorities for implementation. This includes setting up a plan for follow-up of execution through periodic reports that aim to identify the execution obstacles and crafting means to overcome them.

2. **Rolling Plan and Zero-Budgeting**

Due to the rapid developments in the global economy and their reflections on the national economy, the concept and mechanisms of the Rolling Plan were adopted. This necessitates the annual review of Plan projects to make sure of the efficiency and effectiveness for implementation and ability to respond to
the potential changes with observance for the economic, social and environmental dimensions.

Also, the principle of Zero-Budgeting was adopted in coordination with the concerned ministries, particularly with the Ministry of Finance, aiming to avoid the phenomenon that accompanied implementation in some of the previous Plans, which is the reduced speed of the execution rates from the planned rates, and the accumulation of financial commitments growing from one Plan to the next.

**Figure (14)**

Development of rates of the real and planned expenditure during the 9th Plan

3. **Establishment of governing rules for the investment program as a growth driver.**

The development program of the public sector has a crucial role as a growth driver in the national economy in general, and as stimulator for attraction of local, regional and foreign private sector investments. In light of the large amount of the sums carried forward from the 8th Plan, estimated at about R.O (8.5) billion, in addition to the allocations for new projects of the 9th Plan, and according to a study prepared for the reasons of the low level of execution of
the approved projects for the ministries and the various government authorities, the current estimate for the absorptive capacity of the Omani economy, and ability of these authorities for execution, a new mechanism has been applied for defining the commitments allocated for the 9th Plan as per the following:

- All the strategic projects, those contracted for, and the ones carried forwarded from the previous development plans are committed to and will be included in the 9th Plan. The government authorities shall be given a defined time period for execution of the forwarded projects.

- For the projects which did not start (whether forwarded from previous development plans, those not contracted for, or the new proposed projects for the 9th Plan) a new mechanism shall be applied for defining the allocations as follows:
  - Exclusion of the ongoing projects.
  - Priority for Royal Orders projects, and those with previous approvals, and the projects that maintain existing government assets and the natural growth of the ministries.
  - Defining the level of priority for the remaining projects shall be on the basis of economic, social and environmental returns and must conform with the Plan’s objectives.
  - The economic return shall be defined based on the share of the sector in the GDP, provision of employment opportunities, contribution to economic diversification, in addition to awarding priority for programs related to the promising economic sectors.
  - The social return shall be defined based on the contribution level of these projects to human development, building of national capabilities of youth, provision of social needs for all citizens,
and development of services and expansion of scope of e-government services.

- The environmental dimension shall be defined according to the ability of these projects to preserve the environment and limit the impacts of natural disasters and the floods.

**Figure (15)**

Framework of the distribution mechanism for development appropriations

According to the proposed methodology and the mechanism for approval of new development projects for the civil ministries and various government authorities, the projects shall not be approved in the unified financial system until after revising the proposed projects as per the new mechanism, and after the ministries and the various government authorities have completed the bidding of tenders for their projects, and knowing the actual cost thereof. The approval shall be in accordance with the actual costs in order to avoid the...
allocation of any additional commitments without setting up defined ceilings to expenditure on these projects to be in line with the ability of these authorities to carry out the execution. In addition, to ensure that ministries and various government authorities in the first two years of the Plan shall complete the execution of the forwarded projects from the 8th Plan, particularly the strategic ones. All this is in line with the principles of the Zero Base Budgeting approach for all expenditure items so that no government authority can commit to sums that exceed those allocated in the development program.

In the context of identifying the implementation priorities of the projects, the Supreme Council for Planning shall conduct a periodic review for the projects under study and analysis by the Tender Board for defining the ones that can be awarded, and those to be subject to more technical studies or postpone their execution, in coordination with the Ministry of Finance and the Tender Board.

4. **Undertaking a mid-term evaluation for the 9th Plan.**

Similar to that done within the framework of the 8th Plan (2011-2015), a mid-term evaluation for the 9th Plan in 2018 shall be conducted. The evaluation aims to revise the estimates on which the Plan was based if needed in light of local, regional and international developments.

5. **Monitoring and evaluation.**

International expertise indicates that the sound execution of public policies depends to a large extent on the presence of stable systems for monitoring and evaluation. Also, it depends on quantitative Key Performance Indicators (KPIs) for measuring the performance. In addition, follow-up and evaluation is a necessary condition for drawing out the lessons learned from the
implementation of the policies, plans and programs so as to improve their path in the future.

In this context, a mechanism was created in the Secretariat General of the Supreme Council for Planning (the “Tanfeedh” program) to undertake the process of follow-up of implementation of the 9th Plan and the diversification program with the ministries and competent authorities as per the policies and programs approved within the framework of the Plan, together with the use of KPIs which will be set-up to measure the extent of the execution progress. Also, the principle of the Rolling Plan was adopted by amending the objectives according to the local, regional and international changes, reviewing the Plan projects annually with observance to the economic, social and environment dimensions. Also, the follow-up of execution of the executive plan of the 9th Plan after approval in coordination with the ministries and government authorities concerned by the implementation and carrying an evaluation for the Plan in mid-2018.


Building on the work carried out by the National Centre for Statistics and Information to establish the Information Resources Management, IRM which targets maintaining the accumulated audited data with reasonable historical deepness, updated, disposable, ensuring maintaining and retrieving, and continuance updating for serving the analysis processes and the various planning stages. This is completed by: management of the data flow from the various authorities, auditing them with their sources whether from local sources or from international databases through provision of a system for management and documentation of the economic, social and sectoral data at the level of the Sultanate.

7. Revision of the legislative framework
Reconsidering the sectoral rules and regulations, reforming them and introduction of necessary amendments to ensure their conformity and comprehensiveness. In the forefront of this are the laws and procedures affecting the business environment and the investment climate.
Sixth: Epilogue

The 9th Plan represents a ring in the chain of the planning path that extended along the era of the blessed Renaissance. The Plan coincided with exceptional circumstances, the most important of which was the sharp fluctuations in oil price and the impact of this on the obstacles of development in the Sultanate. This Plan represents a comprehensive response to the challenges that are imposed by regional and international changes and uncertainty. Therefore, the basic feature of the Plan is assigning economic diversification objectives specific actions and real substance. Also, drawing a road-map for implementing the Plan with the participation of all effective parties taking into account the welfare of the Omani citizen as he is the means of development and its objective.
Annex (1)

Royal Decree No. 1/2016 promulgating the Ninth Five-Year Development Plan (2016-2020).

Royal Decree No. 1/2016

Promulgating the Ninth Five-Year Development Plan 2016-2020

We

Qaboos bin Said

Sultan of Oman

- After reviewing the Basic Law of State promulgated by Royal Decree No. 101/96.
- The 1975-economic development law.
- The Royal Decree No. 1/80 for establishment of the State General Reserve Fund.
- The Royal Decree No. 30/2012 for establishment of the Supreme Council for Planning and issuance of its regulation.

And

- Keenness to establish the main mainstays for the sustainability of the development through continuance of the developmental work in the framework of the long-term development strategy 1996-2020.
- Interest to support the development programmes to realize real development growth rates in GDP that maintain the citizen’s living standard and provide productive and awarding work opportunities particularly for youth.
- Emphasizing the necessity for awarding a significant observance for the social development in its aspects related to the citizen life,
development of the human resources and raising the production efficiency.

- Furthering the private sector role in the development path, and increasing its participation in its programmes, and that necessitating the upgrading of the competitiveness capability, creation of an environment attractive to the local and foreign private investments and expediting the economic diversification pace.

- Taking in account the awarding of special observance to the regional dimension of development in order to realize a growth and balanced distribution for the outcomes of the development for the citizens at the various governorates of the Sultanate.

And

After presentation to Oman Council

In accordance with the exigencies of the public interest

We Decreed as follows:

**First Article**

Approving the Ninth Five-Year Development Plan 2016-2020, objectives of which are stated in the attached annex No. (1).

**Second Article**

The Ninth Five-Year Development Plan to be implemented with observance to the basic dimensions of its fiscal framework stated in the attached annex No. (2).

**Third Article**

The Secretariat General of the Supreme Council for Planning shall publish the details of the Ninth Five-Year Development Plan in reports specially issued for this purpose.
Fourth Article
All ministries and government authorities shall implement the Ninth Five-Year Development Plan without prejudice to the provisions of the laws and regulations in force.

Fifth Article
The new projects in the Ninth Five-Year Development Plan 2016-2020 shall be approved in accordance with the methodology stated in the attached annex No. (3).

Sixth Article
The Supreme Council for Planning shall conduct a periodic evaluation for the Ninth Five-Year Development Plan in light of the local, regional and international changes.

Seventh Article
The Supreme Council for Planning shall carry out the formulation of an executive plan for the Ninth Five-Year Development Plan and all concerned government authorities shall be committed to its application after approval by the Council of Ministers.

Eighth Article
This Decree shall be published in the Official Gazette and shall take effect as of the First of January 2016.

Issued in: 20th of Rabea I 1437 AH.
Corresponding to: First of January 2016.
Qaboos bin Said
Annex No. (1)

Pertaining to the Objectives
of the 9th Five-Year Development Plan
2016-2020

First: Sustainability and stability of the macro-economic to ensure safety of the economic statuses and promote confidence of investors- individuals or enterprises- in the ability of the national economy to achieve the following objectives of sustainable development:

1- Realizing a real growth rate of GDP not less than (3%) during the Plan period which will have a positive impact on citizen’s living standard.

2- Diversifying the growth sources to participate in lessening the dependence of the national economy on a sole source (oil) through developing the other promising sectors, optimal exploitation of natural resources, the distinguished geographic location of the Sultanate and the existing infrastructure.

3- Ensuring the economic stability through realizing symmetry between the fiscal and monetary policies and control of the main economic imbalances, the main of which are: Deficit of the public budget, deficit of balance of payments in light of the fluctuations in the global oil markets and maintaining reasonable rates of inflation.

4- Achieving the sustainable development within the context of the UN objectives for the sustainable development 2030.

Second: Enhancing economic diversification through vertical expansion in the oil-dependent activities and horizontal expansion by developing the promising sectors such as: manufacturing, transport and logistic services, tourism, fisheries and mining. Also, training of the national workforce to strengthen its competitiveness ability and awarding priority for injection of
more sufficient investments to develop these sectors aiming to increase their productivity and exports.

Third: Provision of productive and rewarding work opportunities for citizens, upgrading their capabilities and skills in a manner that participate in their absorption by private sector. This, with adoption of an integrated approach for inclusion of youth in labour market particularly in the promising sectors and developing the performance efficiency in the government jobs.

Fourth: Promoting the private sector role by undertaking the measures and policies that qualify this sector to take the leading role in driving the growth rates of the national economy and employment through following a package of policies and programmes the main of which are:

1- Continuance in improving the investment climate and business environment, and upgrading the ranking of the Sultanate in the global indicators.

2- Furthering the partnership programme between the public and private sectors specially in the mega projects and those of economic return.

3- Activation of the privatization programme.

4- Activating the programmes aiming to the development of SMEs.

Fifth: Emphasis on the social dimension in the development through provision of more social services to citizens and awarding priority, when allocating the government expenditure, to development of education and training, building of national competences, upgrading the quality level of health services, provision of the suitable housing, development of public transport with awarding special observance to youth.

Sixth: Observance to the developing of the governorates in pursuance to that all society groups in the various governorates benefit from the outcomes of
the development. This is through adopting an urban policy that takes in account the increase in population and their needs in terms of services. Also, adopting a methodology that relay on descriptive information for the needs and requirements of the economic, social, environment and urban development in each governorate with defining the development gaps therein and hence formulating the plans therefor with wide community participation.

**Seventh:** Development of research and innovation through activation of the research strategy, national strategy for innovation which is based on making innovation part of the school curricula, adoption of the new technology in the new projects, especially in the economic diversification sectors. Further, establishment of the institutional structure that ensure the continuance in progress at both the scientific and innovation areas.

**Eighth:** Promoting the environment sustainability and confronting the natural risks. This is through reviewing, updating and execution of the plans and programmes pertaining to the environment preservation, development of water resources, expansion in usage of renewable energy, enhancing the mechanism for follow-up of natural disasters management, in addition to spreading the environment awareness among all the community sectors.

**Ninth:** Activation and enriching the cultural life and promoting the role of citizenship and identity.

**Tenth:** Upgrading the government performance, furthering the decentralization and execution of the e-government programme.
Annex No. (2)
The basic dimensions of the fiscal framework of the 9th Five-Year Development Plan (2016-2020)

1. Achieving the fiscal sustainability with observance to the social dimension through adopting a supporting financial policy to realize the targeted economic growth rates.

2. Observing the balance among the various governorates of the Sultanate at the distribution of financial allocations.

3. Working towards the application of financial policies to stimulate the private sector for growth, with maintaining the balance between wages levels in both government and private sectors to participate in making the private sector the preferred alternative for Omani youth.

4. Increasing the non-oil revenues whether from targeting new resources or achieving more efficiency in the tax system.

5. Achieving levels in the public expenditure that are sustainable through rationalization of the current expenditure.

6. Observance to the financial bases and control, through:

a- As for the limited financial resources resulting from the fall back of the global oil prices, the fiscal framework of the Plan targets achieving a deficit in the State General Budget and laying down a ceiling for the public debt at the least possible limits without harming the national economy path, with targeting reasonable rates of investment expenditure. This is by financing the annual deficit from the surpluses achieved in the previous years and the remaining part through borrowing whether from local or external sources.
b- Abidance to transferring sales of (15000)- Fifteen thousand- barrel of crude oil daily to the Oil Reserve Fund starting from the second year of the Plan with linking the decision of transferring any oil revenues to other funds in case of achieving surplus in the general budget.

c- Application of the governance systems to ensure the goodness of usage of the public money transferred to the government companies and their achievement of the targeted economic returns.

d- Engendering balance between increase in non-oil revenues and rationalization of the public expenditure.
### Annex No. (2) – continued

**The fiscal framework of the 9th Five-Year development Plan**

**2016-2020**

<table>
<thead>
<tr>
<th>Detail</th>
<th>9th Five-Year development Plan</th>
<th>Total for Plan period</th>
<th>Annual average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Average daily production (thousand BB)</td>
<td>990</td>
<td>990</td>
<td>990</td>
</tr>
<tr>
<td>Average price (US$/BB)</td>
<td>45</td>
<td>55</td>
<td>55</td>
</tr>
</tbody>
</table>

First: Revenues:

1- Net oil revenues | 4560  | 5490  | 5480  | 6020  | 6010  | 27560     | 5512         |
2- Gas revenues | 1590  | 1675  | 1840  | 1950  | 2050  | 9105      | 1821         |
3- Current revenues | 2400  | 2575  | 2520  | 3070  | 3180  | 14145     | 2829         |
4- Capital revenues | 20    | 25    | 25    | 25    | 25    | 120       | 24           |
5- Capital redemption | 30  | 35    | 35    | 35    | 35    | 170       | 34           |
Total revenues | 8600  | 9800  | 10300 | 11100 | 11300 | 51100     | 10220        |

Second: Public expenditure

Current expenditure:

6- Defense and security expenditure | 3500  | 3600  | 3700  | 3800  | 3900  | 18500     | 3700         |
7- Civil ministries expenditure | 4620  | 4670  | 4820  | 4970  | 5170  | 24250     | 4850         |
8- Oil production expenditure | 300   | 400   | 410   | 460   | 500   | 2070      | 414          |
9- Gas production expenditure | 190   | 290   | 600   | 715   | 685   | 2480      | 466          |
10- Interests on loans | 90    | 100   | 110   | 120   | 130   | 550       | 110          |
Total current expenditure | 8700  | 9060  | 9640  | 10065 | 10385 | 47850     | 9570         |

Investment expenditure

11- Investment expenditure of civil ministries | 1200  | 1400  | 1500  | 1650  | 1700  | 7450      | 1480         |
12- Investment expenditure of government companies | 150   | 150   | 150   | 200   | 200   | 850       | 170          |
13- Oil production expenditure | 700   | 720   | 750   | 790   | 710   | 3660      | 732          |
14- Gas production expenditure | 600   | 780   | 700   | 615   | 485   | 3180      | 636          |
Total investment expenditure | 2650  | 3050  | 3100  | 3245  | 3095  | 15140     | 3028         |

Shares and other expenditure

15- Investment in companies | 150   | 150   | 100   | 100   | 100   | 600       | 120          |
16- Support expenditure | 400   | 440   | 460   | 490   | 520   | 2310      | 462          |
Total shares and other expenditure | 550   | 590   | 560   | 590   | 620   | 2910      | 582          |

Total public expenditure | 11900 | 12700 | 13300 | 13900 | 14100 | 69900     | 13180        |

Surplus/Deficit (First-Second) | (3000) | (2900) | (3000) | (2800) | (2800) | (14800) | (2960) |

% Surplus/Deficit to revenues | (38)  | (30)  | (29)  | (25)  | (25)  | (29)     | (29)         |
Annex No. (3)
Methodology of approving the new projects in the 9th Five-Year Plan 2016-2020

1- The Secretariat General of the Supreme Council for Planning shall carry out defining the projects of priority in coordination with the government authorities and units concerned with the execution as per the objectives and basic dimensions of the fiscal framework of the 9th Five-Year Development Plan.

2- The new projects shall be approved after completion of the detailed studies, and feasibility studies and the completion of the legal and technical procedures for the awarding.

3- Setting up a defined ceiling for expenditure on projects in accordance with the execution phases and in line with the ability of these authorities for implementation.

4- The on-going projects from the previous Five-Year Plans, which are not committed to yet, shall be treated as per that stated in the article (2) of this annex.

5- The projects that were started during the previous Five-Year Plans and their implementation was not completed, and proposed to be forward shall be awarded priority in execution during the first three years of the 9th Plan particularly the mega strategic projects.

6- In case of any changes in the project’s components after the approving of its cost which necessitate additional approbations, the Secretariat General of the Supreme Council for Planning shall approve this additional sum whether from transference from existing projects or an additional approbation within the competences decided by the Supreme Council for Planning in this regard.