



Implementation Support
and Follow-up Unit

2017 Annual Report



Logistics



Tourism



Manufacturing



Labour



Finance





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and Follow-up Unit**



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2017
Annual
Report



**Implementation Support
and Follow-up Unit**

Guiding Words

"The policies followed by our government to encourage all non-oil sectors are now visible ... We can already see the projects which have been completed and those on-going. These will all lead to an increase in the national income and will provide larger opportunities for work and training."

Qaboos bin Said



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Minister of Diwan

HE Sayyid Khalid bin Hilal Al Busaidi
Diwan of Royal Court

Empowered by the wise guidance of His Majesty Sultan Qaboos bin Said, the Sultanate's national economy has witnessed spectacular growth of development since the dawn of the Blessed Renaissance.

Under the leadership of His Majesty, Oman has progressively reinvented itself and paved the way for development of all sectors including economic, financial, monetary and social. This principle has remained steadfast despite the global economic challenges which undoubtedly have had repercussions on the Sultanate.

Everyone is aware that the sustainable development of the nation will depend on diversification of the economy and that plans, and strategies should not be dependent on one source and its fluctuations. It is therefore imperative that government institutions across all sectors accelerate economic development and harness efforts to improve business environment and create a conducive environment for investment opportunities that will benefit the country. The private sector is the other arm that must complement the achievement of sustainable development goals.

Since the Sultanate is currently witnessing an important period, a sustainable and fruitful partnership between the public and private sectors is needed to consolidate efforts and work within a standardised national framework. The concrete steps taken will help overcome obstacles that may impede this partnership and create a strong and harmonious economy to confront any challenges.

The National Program for Enhancing Economic Diversification (Tanfeedh) is an outcome of this partnership. Among the first objectives set were ensuring the implementation of projects and initiatives carried out by the labs of various sectors, diagnosing the challenges that hinder the implementation of the projects and to introduce long-term solutions that facilitate the progress of any future projects. As part of this process, it was decided to establish a dedicated unit to follow up the implementation and ensure that initiatives and projects are carried out in accordance with the approved executive plans and that they work in alignment with the respective government and private entities. As a result, Implementation Support and Follow-Up Unit (ISFU) was established in October 2016. Upon its establishment, ISFU started assessing and reporting the performance of National Program for Enhancing Economic Diversification (Tanfeedh) projects and improving the business environment. The ISFU has played a notable role in achieving good progress of initiatives and projects identified under different sectors.

I would like to place on a word of thanks and appreciation to all the concerned implementation parties and to the ISFU for all the efforts made during the various phases of implementation during 2017. We call upon all of them to continue to exert more effort and dedication in 2018 and in the coming years. The government entities concerned with initiatives and projects are also required to foster continuous cooperation with the Unit and work together to overcome all difficulties and challenges affecting the implementation progress to better serve this beloved country, His Majesty Sultan Qaboos and patriots of this nation.



Chairman of ISFU

► **HE Dr. Khamis bin Saif bin Hamoud Al Jabri**
Implementation Support & Follow-Up Unit (ISFU)

The Implementation Support and Follow-up Unit (ISFU) was established in accordance with the Royal Decree No. 50/2016 issued on October 17, 2016, coinciding with the fifth week of the National Program for Enhancing Economic Diversification (Tanfeedh) labs.

I have personally witnessed keen enthusiasm and aspiration among participants from various sectors to achieve the set goals during the labs. Although the Unit was - and still is - in the process of being established, it has embarked on a well-defined methodology to follow-up outputs on a clear and defined basis. It has worked in close coordination with the various sectors primarily concerned with the implementation of projects and initiatives.

Furthermore, the Unit has played an important role in following up implementation and providing the required support to various sectors. Continuous cooperation and coordination among the various stakeholders was a requirement for overcoming all challenges encountered during the implementation process.

The Unit adopted a gradual escalation mechanism to overcome prevailing challenges faced by initiatives and projects by coordinating with technical task forces, Their Excellencies Ministers' sponsors of the respective sectors and ministerial committee. The ministerial committee comprises of concerned ministers formed under the directives of His Majesty Sultan Qaboos bin Said to study the social, economic, financial and monetary situation. This methodology has borne fruit in resolving many challenges during implementation.

Over time, as an integral part of the work methodology, the projects carried out by the labs have been subject to continuous evaluation and review in terms of financial costs, legal and legislative difficulties, overlapping disciplines, direct impact on the economy and their ability to achieve the envisaged objectives. This has helped to focus our efforts on projects that have a direct impact on the business and economic activity.

We present today through this report the important milestones the relevant sectors have completed and the challenges they faced during 2017. Overall, the results have been good and satisfactory. We hope to reach better levels in 2018 and the forthcoming years by taking advantage of the lessons and experience gained. The five sectors under the National Program for Enhancing Economic Diversification were not only the focus points for the Unit, as it also developed another programme with an objective to improve the business environment in the Sultanate. The Unit team in this programme along with their peers in various government institutions worked closely to overcome difficulties in order to improve the Sultanate's ranking in international indicators and attract investments.

Moreover, the Unit also formed a taskforce to establish a fisheries lab, which resulted in proposing 90 initiatives and projects, with a total investment value of about one billion Omani Rials. It was among the labs that received wide commendation from observers. The Unit also continued preparations for the energy and mining labs. Therefore, a new task force was formed specifically to support the implementation of the outcomes of these three sectors.

This report is testimony to the open and transparent approach followed by the Unit and its continuous efforts - in coordination with different sectors - during 2017 in publishing various achievements and challenges that characterised the completion of many initiatives through various media (visual and audio), and the involvement of private sector institutions as well as different segments of the community.

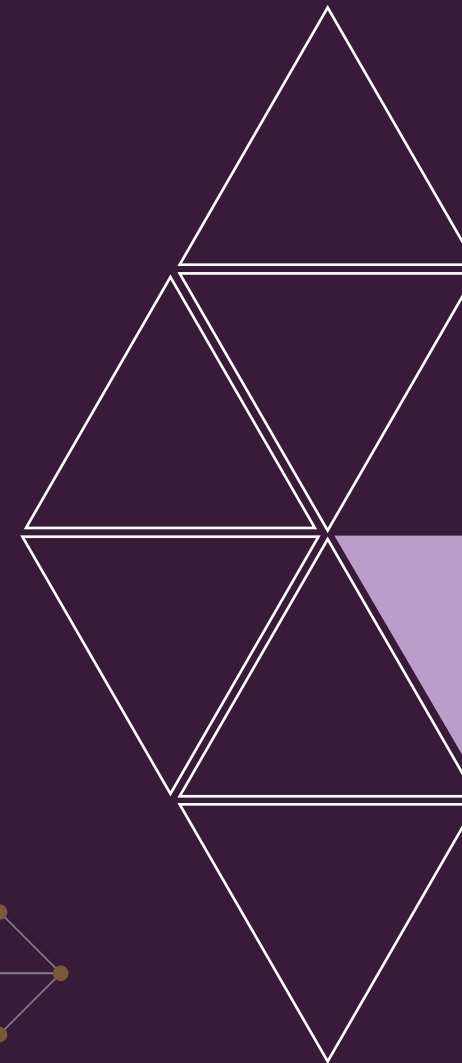
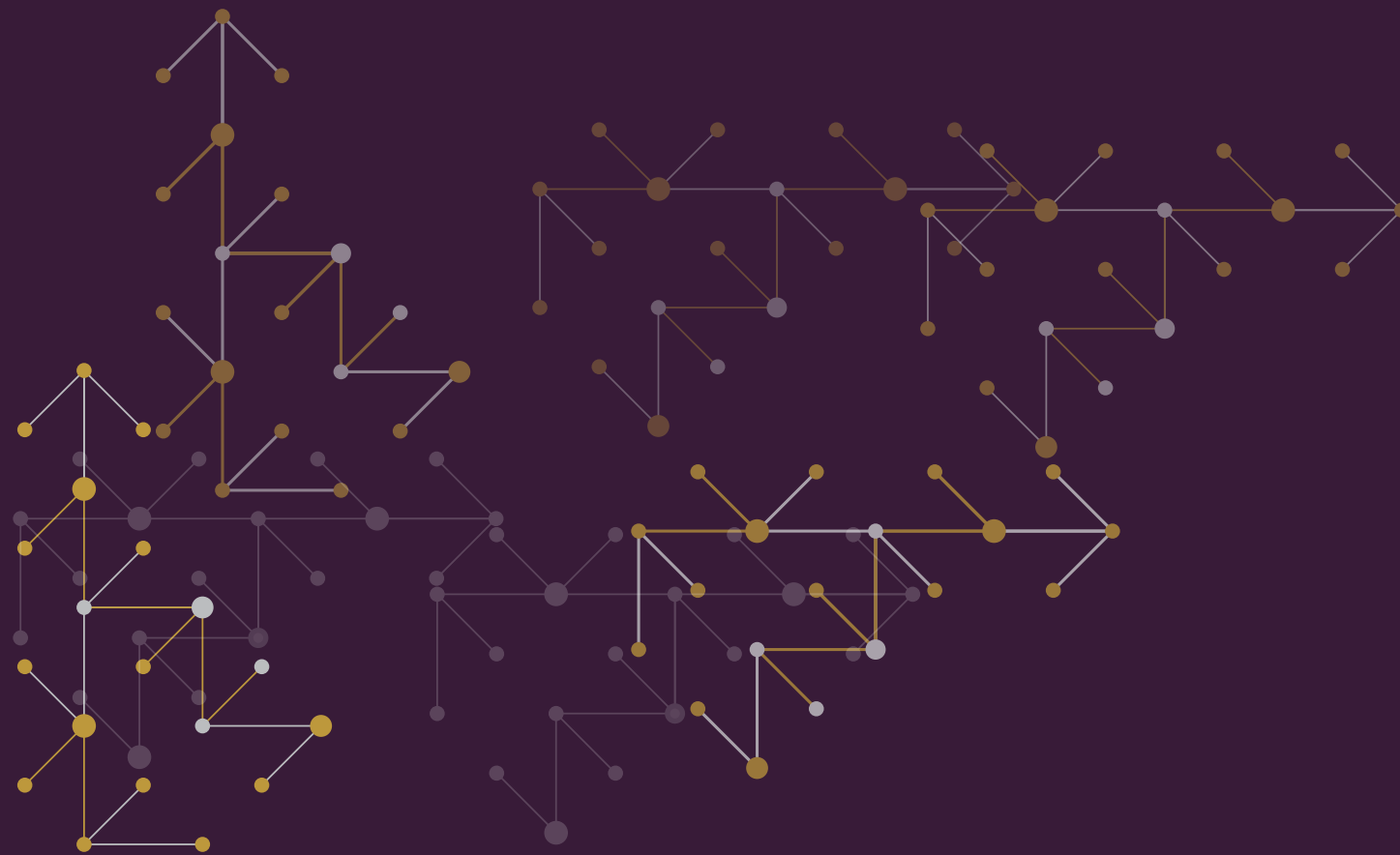
The report highlights the outcome of the follow-up efforts and coordination in 2017 as we seek to keep those interested about initiatives and projects informed about what has been achieved and the challenges faced during the implementation process. In conclusion, I would like to thank the members of the Ministerial team concerned with studying the social, economic, financial and monetary status for their efforts, follow-up and support to the programmes pursued by the Unit, which contributed to the advancement of the initiatives and projects.

I would also like to extend my thanks to the heads of the supervisory committees and the members of their task forces in helping resolve challenges and achieving remarkable progress. I call upon them to make more efforts during the next phase to push initiatives under their ministries. I am also grateful to all the staff of the Unit who have made great efforts under constant pressure. They have our gratitude and appreciation, and I urge them to leave no stone unturned due to the national significance of this task that requires patience and determination.

I ask Allah to protect the builder and the leader of the Blessed Renaissance of Oman, His Majesty Sultan Qaboos bin Said, and grant him health, wellness and long life, and to preserve the security, prosperity and economic wealth for this blessed country.



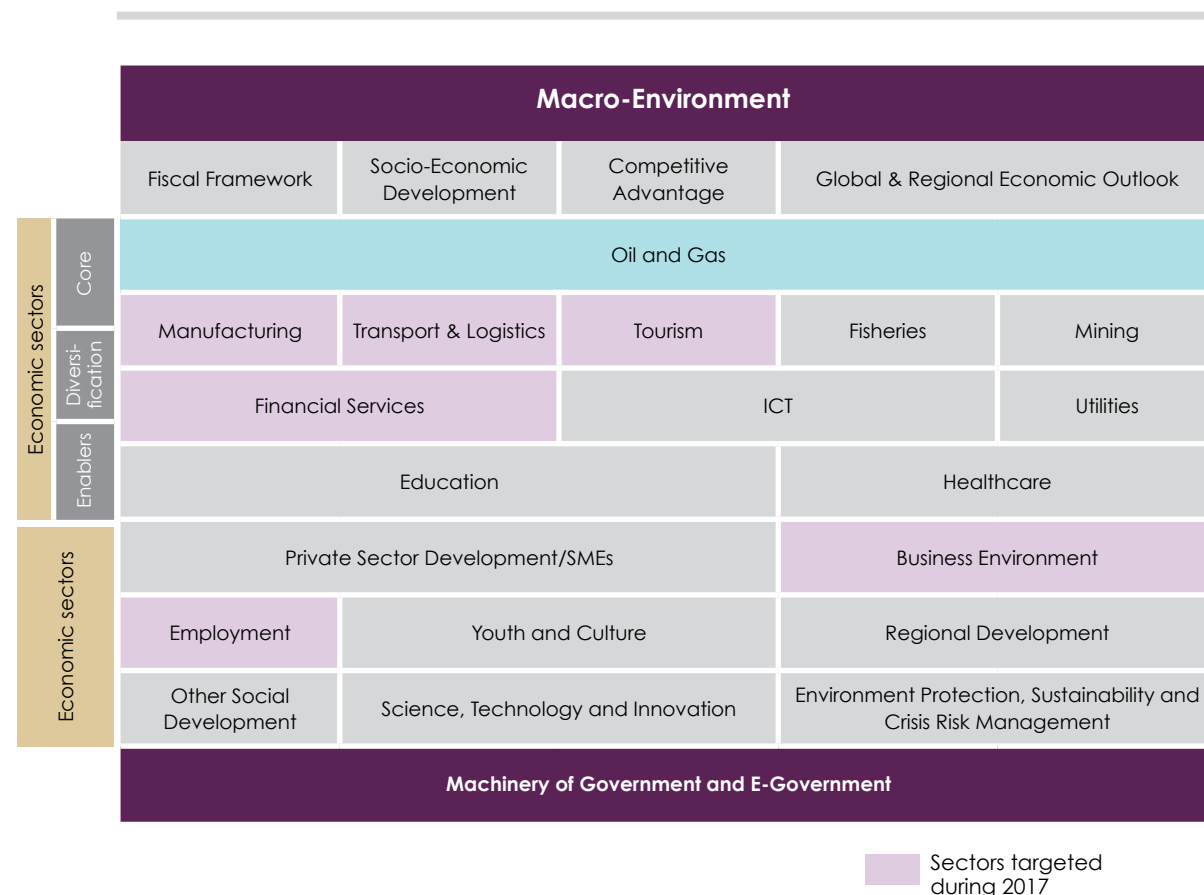
Implementation Support and Follow-up Unit



Introduction

Introduction

As per the 9th Five-Year Development Plan (9FYDP), 19 economic, social, and enabling sectors have been identified to support economic diversification in the Sultanate. Relevant programmes and policies have been set to ensure these sectors growth through encouraging local and foreign investments, supporting small and medium enterprises (SMEs), facilitating and simplifying procedures, as well as overcoming obstacles that hinder investors and businessmen from doing business in Oman.



Source: 9th Five-Year Plan (2016–2020). The Supreme Council for Planning

The National Programme for Enhancing Economic Diversification (Tanfeedh)

The National Programme for Enhancing Economic Diversification (Tanfeedh) is an action-oriented programme derived from the 9FYDP (2016–2020). The Programme aimed to contribute to the achievement of the Sultanate's vision of economic diversification by addressing the challenges and difficulties faced by public, private and civil institutions in achieving their developmental objectives.

The methodology adopted in this programme depended on involving decision-makers in open discussions where all concerned sectors (government and private) took part in identifying the feasible solutions and initiatives to consolidate the national efforts. The methodology focused on creating a flexible and practical work environment, ensuring sustainable dialogue among

stakeholders, setting comprehensive implementation frameworks (detailed action steps, timelines, KPIs and entities responsible of implementation) in addition to ensuring transparency and accountability through publishing periodic updates.

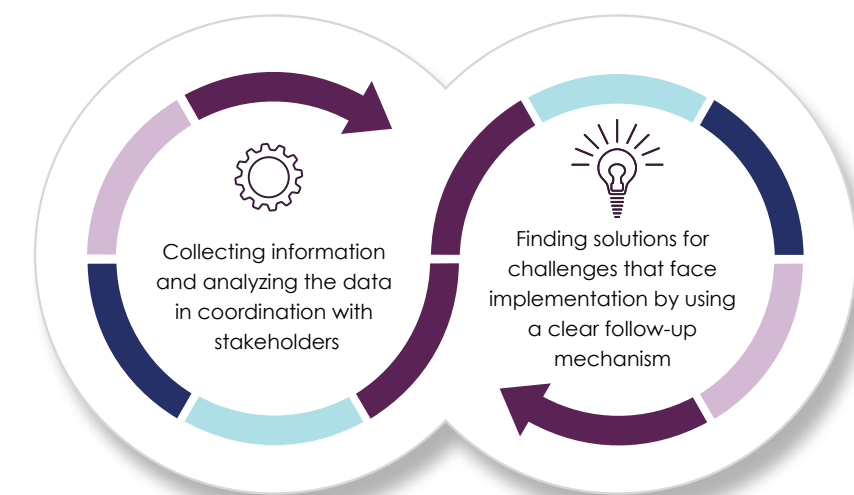
The programme was tailored based on previously developed strategies, plans and relevant policies. It aimed at accelerating the pace of economic diversification for the sectors included in the 9FYDP through instilling mechanisms geared towards the execution of specific projects and initiatives which were developed by representatives from the public sector, private sector, and civil society. By the end of the programme, each project/initiative had already identified the authorities responsible for implementation, financing requirements, timelines and KPIs to measure performance. **And in order to support the concerned stakeholders and efficiently implement the outcomes of such national projects, the Implementation Support and Follow-up Unit (ISFU) was established on October 17, 2016 by Royal Decree No. 50/2016.**

Implementation Support and Follow-up Unit (ISFU)

The ISFU is an independent entity which reports to the Minister of Diwan of Royal Court. The Unit's primary role is to provide support to governmental entities and assist them better implement their plans and programmes based on a clear governance structure and key performance indicators (KPIs).

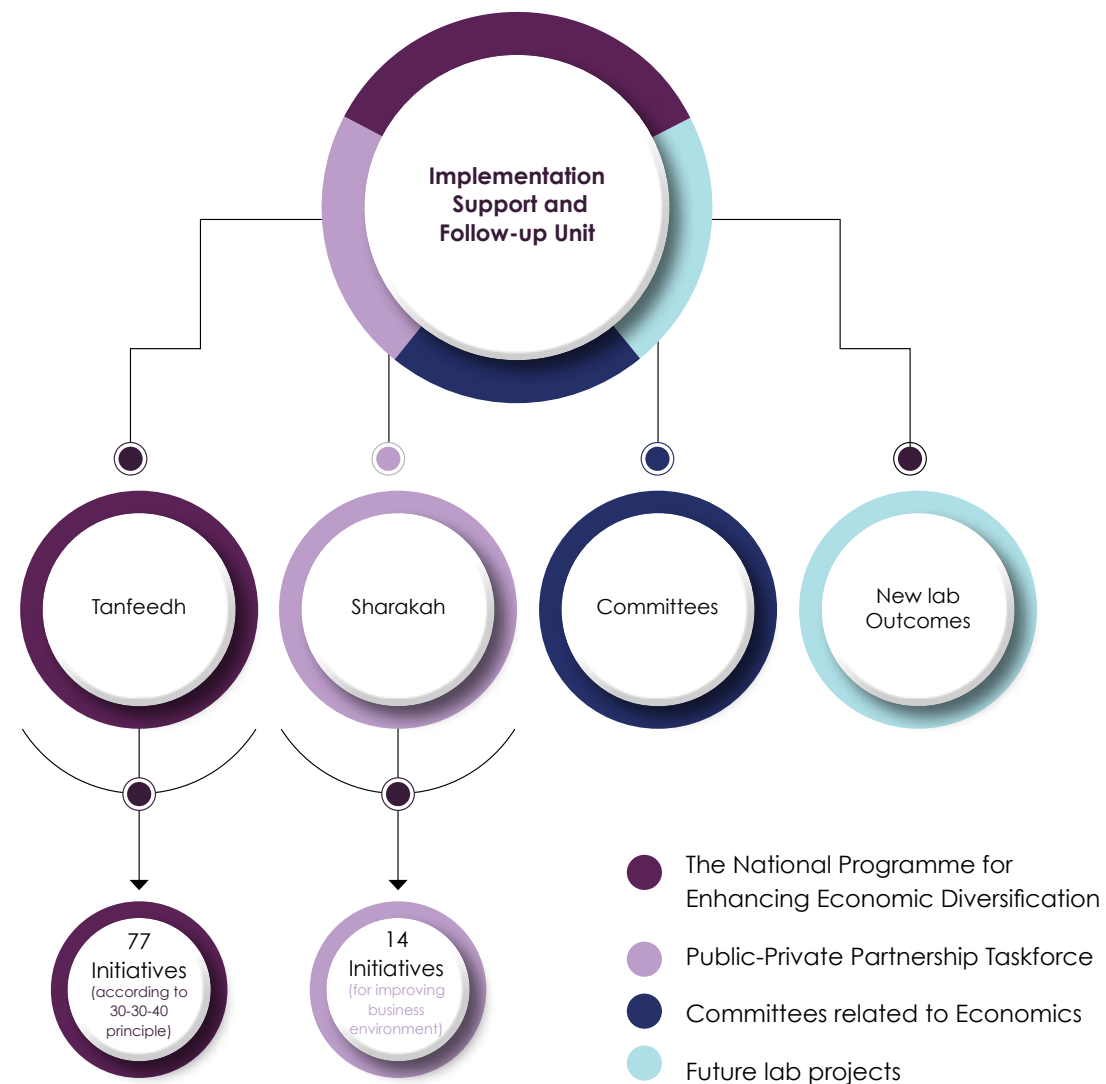
ISFU Main Roles

The Unit's main role is to support governmental institutions in implementing their initiatives and plans according to clear governance structure and targeted KPIs through:



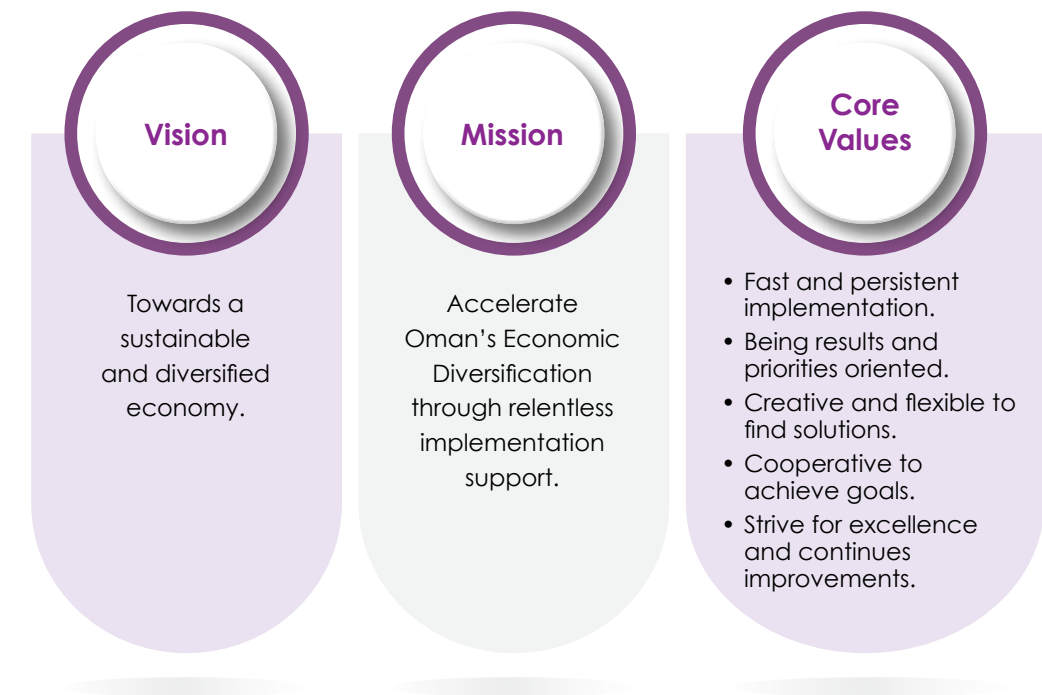
Further, ISFU is responsible for monitoring and following up on the implementation of specific national projects; among them the Tanfeedh project and Sharaka. The Unit works closely with different stakeholders involved in the implementation and assists with problem solving the challenges that may arise during projects/initiatives execution. This is manifested through adopting a clear and robust monitoring mechanism.

The projects that ISFU support their implementation



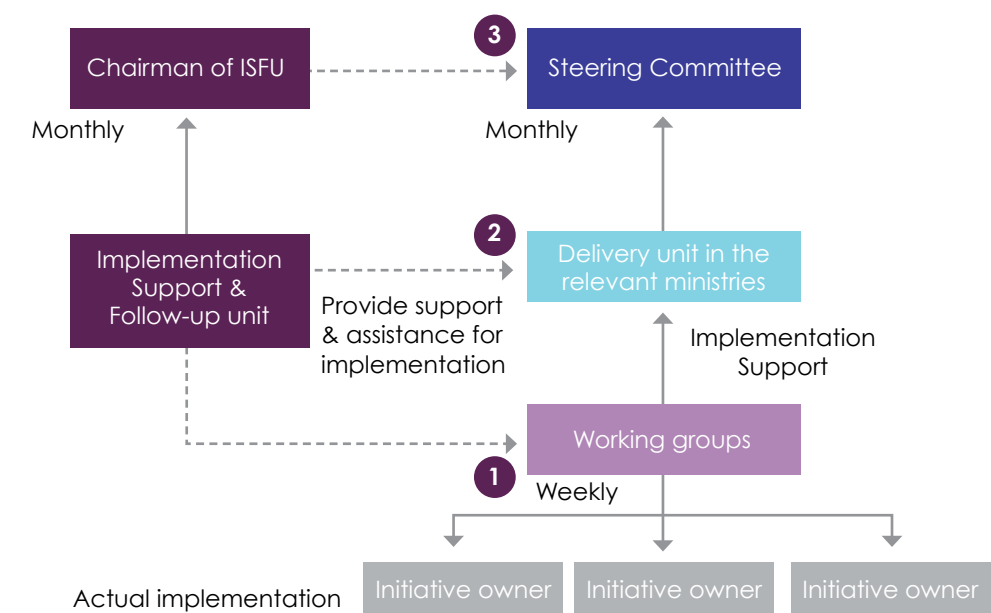
And in line with the different requirements of the country's development plans related to executing economic diversification related projects, it is expected that a number of projects may be implemented "as is", and other may require specific alterations and adjustments during execution as the need arises. In addition, some projects may be reconsidered and might require the introduction of new ideas and alternative solutions depending on the opportunities and economic conditions that may occur during implementation.

ISFU Vision & Mission Values

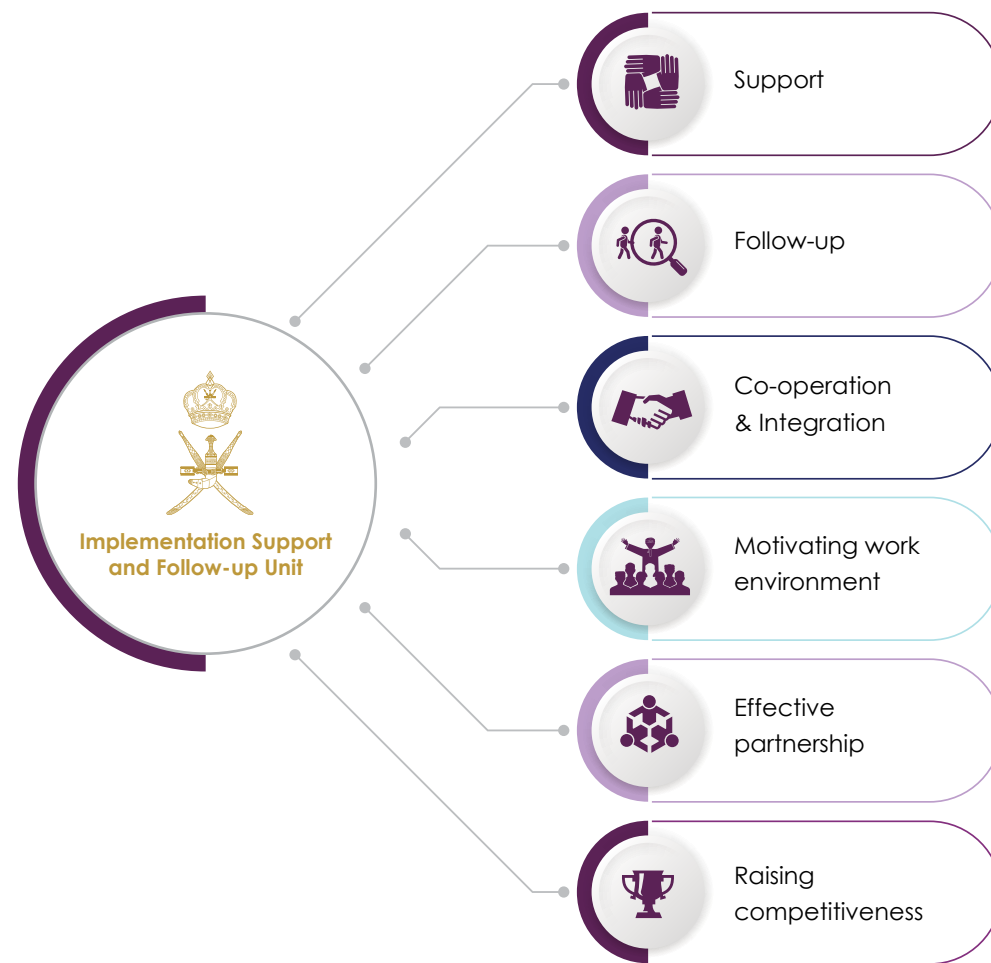


ISFU Support Model

The Implementation Support and Follow-up Unit has adopted a clear and supportive model that is overseen by a Steering Committee in each relevant sector. The steering committees supervise the overall progression of the projects and initiatives. It is a bottom-up process whereby the initiative owners report their updates and discuss their implementation challenges with the Sectoral Working Group (SWG). The SWG verifies and consolidates the critical hurdles and significant milestones achieved before they are escalated upwards in case intervention required.



ISFU Main Objectives



Detailed Roles and Responsibilities of the Levels of Support

1. Implementation Support and Follow-up Unit (ISFU)

As mentioned above, the ISFU is an independent Unit established to help the Government undertake performance management and delivery of results of the national key priority areas as stipulated in the 9FYDP. The ISFU is mandated by a Royal Decree to follow-up and support the implementation of the national key priority areas, ensuring effective and efficient delivery of the programme through coherent priority setting and robust performance monitoring and evaluation.

The Unit is responsible for operationalizing the delivery system by monitoring, managing performance, problem solving and ensuring consistent reporting across the entire delivery system. Due to its position under the supervision of the Minister of the Diwan of Royal Court, ISFU is able to facilitate and coordinate inter-ministerial or inter-agency challenges or requests and is able to provide an overall picture of the implementation progress across relevant Ministries. The ISFU also acts as a secretariat to the high-level problem-solving platform with the Ministerial Committee.

Roles and Responsibilities of the ISFU

- Facilitate development of detailed implementation plans with the Ministry Delivery Unit (MDU).
- Facilitate development of national and ministerial Key Performance Indicators for the projects.
- Facilitate, monitor and evaluate the implementation progress and support the MDU to ensure delivery of the identified projects.
- Provide problem-solving support to Ministries on lab implementation outcomes as well as help resolve cross-ministerial issues.
- Act as secretariat to the high-level problem-solving platform and monitor and report on progress of all KPIs.
- Coordinate and participate in the Sectoral Steering Committees.
- Support detailed performance dialogues between the ISFU Minister and the Lead Ministers.
- Organise and facilitate new labs based on the national priority areas.
- Carry out independent assessment of the performance of the result areas.
- Engage the public and communicate the results of the national projects supervised by the Unit.
- Prepare periodic implementation and performance reports on the results of the national projects ISFU supervising.
- Organize public forums to discuss progress in implementation of the programmes and projects.

During the week the ISFU technical teams, via the Ministry Delivery Units (see below), liaise with the owners of each project or initiative to request updates on the initiatives being monitored and the metrics being tracked. The metrics are then compiled and circulated in the KPI tracker (KPI Dashboard).

2. Steering Committees (SCs) for Each Sector

The Steering Committee is an assembly of key high-level officials – at the Minister and/or Undersecretary level(s) – who meet monthly to oversee the implementation of initiatives for each sector. The SC is chaired by the Lead Minister for each sector (the sponsoring Minister) and the Undersecretary is the Secretariat of the Committee. Members of the private sector responsible for the implementation of the projects monitored co-opted into these meetings as needed.

This Committee is responsible and accountable for the delivery of the projects and initiatives. Every month, (usually every 3rd week of the month) the committee meets to review performance and resolve implementation issues that arise during implementation.

During the Steering Committee meeting, the MDU Director, along with the Project Managers and Project Owners, will provide a progress update on the implementation of their respective initiatives. They also escalate issues of implementation that require Minister's attention and next course of action. The Steering Committee is in charge of making decisions, resolving conflicts and providing guidance/direction to the Sectoral Working Groups (SWGs) and initiative owners.

Roles and Responsibilities of the Steering Committee

- Monitor and review monthly progress on projects and KPI delivery.
- Escalate issues that require attention and approval.
- Resolve implementation issues through problem-solving session and escalating to high-level platform if cross-ministerial issues are involved.
- Review budget spend upon the progress of implementation.
- Identify and resolve ministry competence or skills gaps.
- Prepare for high-level meetings and other review meetings (e.g., the performance discussions between high level Ministers).

The committee monitors KPIs and unlocks problems of implementation that require cross-ministerial coordination. The SC brings together the Ministerial Delivery Unit (MDU) and the initiative/project owners as necessary. The committee's discussion is focused by overall KPI tracker, as well as by progress reports on individual project by project owners.

3. Ministerial Delivery Units (MDUs)

The Ministerial Delivery Unit is a small unit within a Ministry that supports the Lead Minister in managing the delivery of the projects/initiatives. The MDU is headed by the Undersecretary of the respective Ministry and consists of staff representing as much as possible of line departments within the Ministry, as identified in the 3-feet plan of the lab initiatives. The MDU is represented in each of the Working Groups of the sector (see below) and works hand-in-hand with project owners to implement and problem solve.

MDUs help ministries change from their business-as-usual mode into one where delivery against targets is both valued and achieved. Importantly, MDUs may be involved in hands-on delivery and they will also work in close collaboration with the supporting departments within the ministry e.g., Finance, Project Management, etc to support implementation of the projects and initiatives of the relevant sector.

Roles and Responsibilities of the MDU

- Act as secretariat to the Steering Committee (coordination, scheduling, follow-up on actions).
- Project manage and work closely with the project owners to assist in implementation of the projects/initiatives.
- Monitor delivery of the projects/initiatives within each ministry, ensuring ministerial departments are being held to account within the timeframes required for successful delivery.
- Support problem solving of issues within Working Groups, especially related to Ministry.
- Flag issues outside of the ministry and escalate if necessary.

4. Sectoral Working Groups (SWGs)

The Sectoral Working Groups are essentially clustered project owners or implementers of initiatives. The SWGs have representation from the MDU but may be headed by members who are not in the MDU or sponsor Ministry. Meetings are typically held weekly or biweekly, but the SWGs with particularly challenging issues can meet more often. This platform is an important mechanism for sharing knowledge, providing support and working together on implementing a set of related projects or initiatives. The involvement of ISFU and MDUs varies with the challenges faced and experience of the representatives. If issues are not resolved, they are escalated to the ISFU and/or MDU.

Roles and Responsibilities of the SWG

- Carry out the implementation of the relevant projects or initiatives.
- Responsible and accountable for the progress of implementation.
- Monitor and report their implementation progress to the MDU and ISFU.
- Problem solve as far as possible within their areas of knowledge/expertise.
- Escalate unresolved issues to the ISFU and/or MDU.
- Share knowledge and expertise within their SWG.

5. Project Owners

Project owners are the implementers of the individual projects or initiatives. They are the natural "owners" of the projects. They carry out the 3ft implementation plan for their initiatives, and report the KPIs to the MDU on a weekly basis. When issues arise, they escalate them to the SWG and from there to the ISFU/MDU staff.



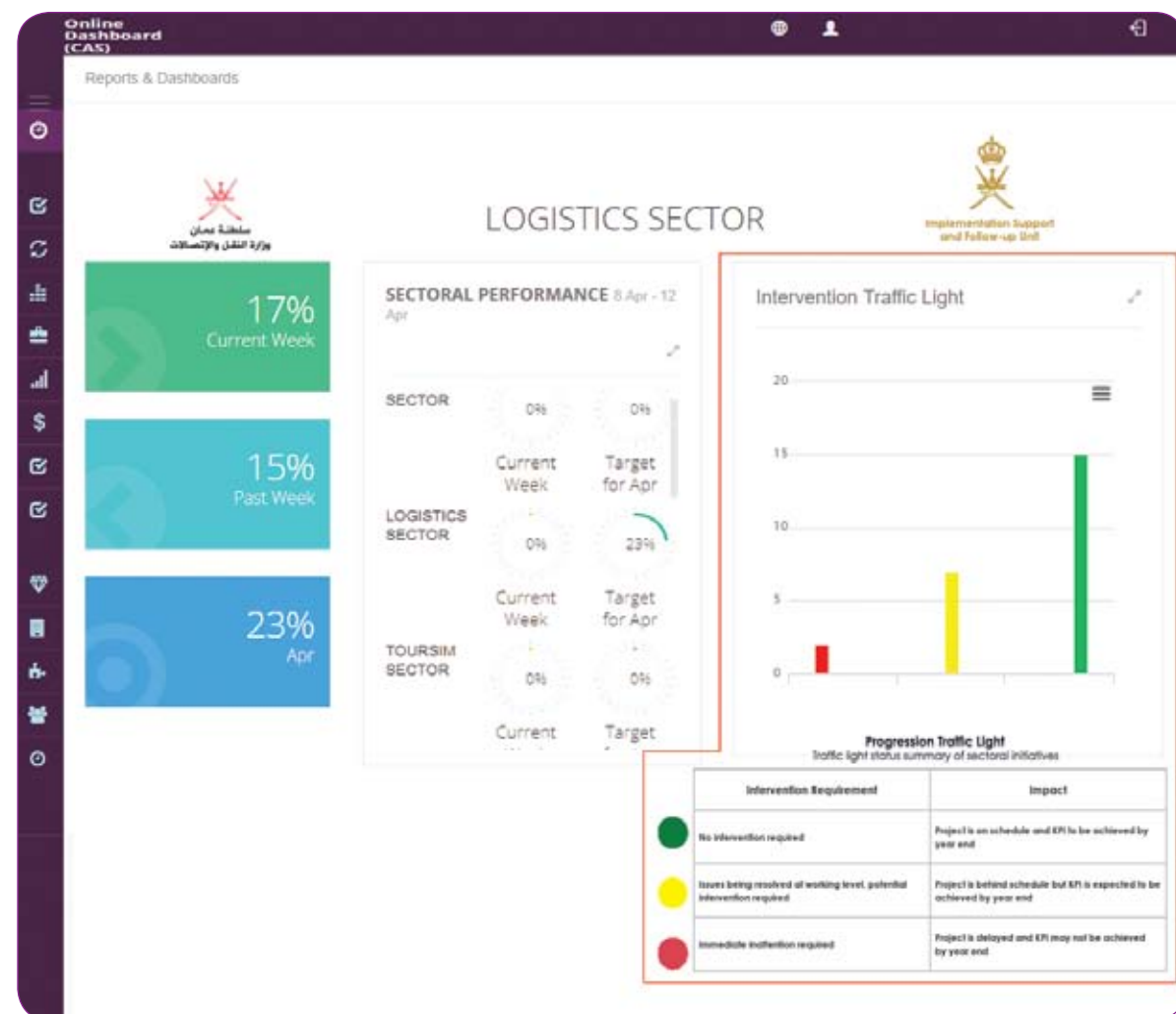
ISFU Monitoring
Mechanism
(KPI Dashboard)

Overview

At the beginning of each year, ISFU rolls out sectoral KPI dashboards to monitor and assess implementation progress of the projects and initiatives. The Key Performance Indicators (KPIs) are set annually for each initiative and project to ensure they meet the True North objectives of increasing sector's contribution to GDP, attracting FDIs and DDIs as well as creating job opportunities for the locals.

ISFU teams in collaboration with the MDUs and SWGs update the KPI dashboards on a weekly basis. The dashboard contains a Progress Tracker (Traffic Light System) that indicates the overall progress of a project. It also shows actual and targeted achievement percentages in addition to the current status of the project's operations on the ground. Weekly KPI monitoring enables problem solving of the issues that may occur during actual execution of the projects. It also highlights the impact of potential issues on the KPIs and may suggest any required intervention from high management.

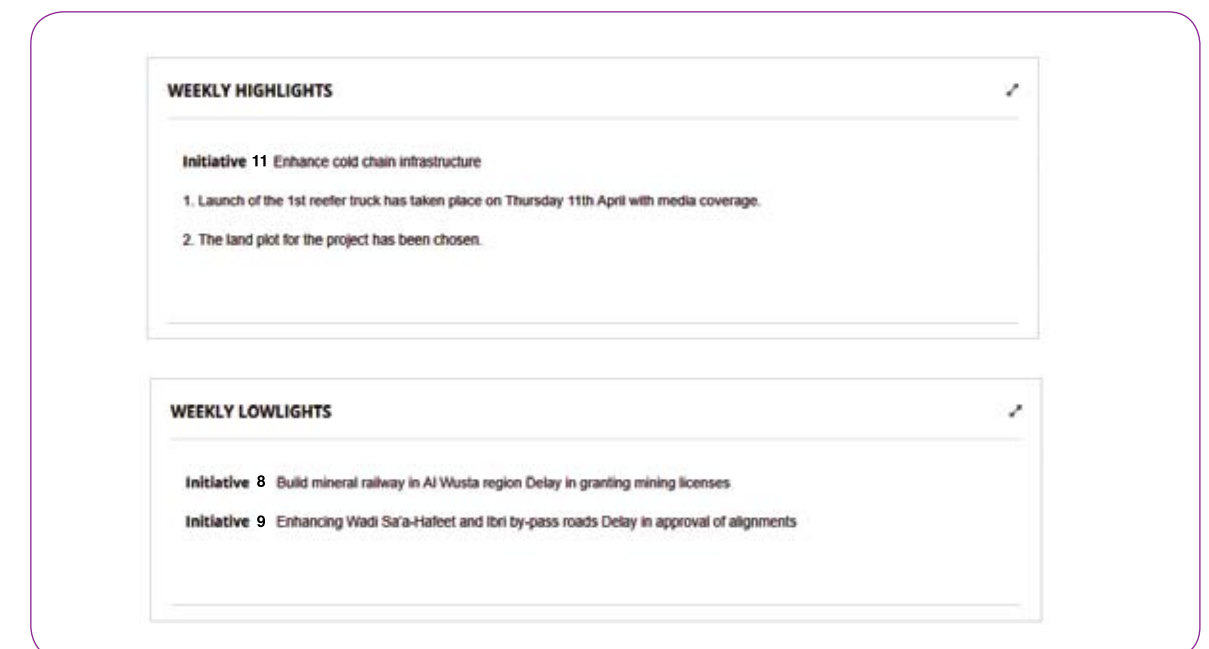
The dashboard is divided into two main sections 1) **An Overview** which provides a bird's eye view of the sectoral performance, and 2) **Details** that give updates at initiative level. The **Overview** page provides quantitative updates regarding the sector's current and last week scoring as well as the targeted score for the month. Further, the page displays other sectors' performance score for that week. It also illustrates the Traffic Light System which designates intervention requirement and overall impact of any project delay.



*for illustration purpose only.

Qualitative updates are also provided in the Overview section. **Highlights** emphasize major achievements, progress, and outcomes realized whereas **Lowlights** point out issues and significant delays that occurred during that week.

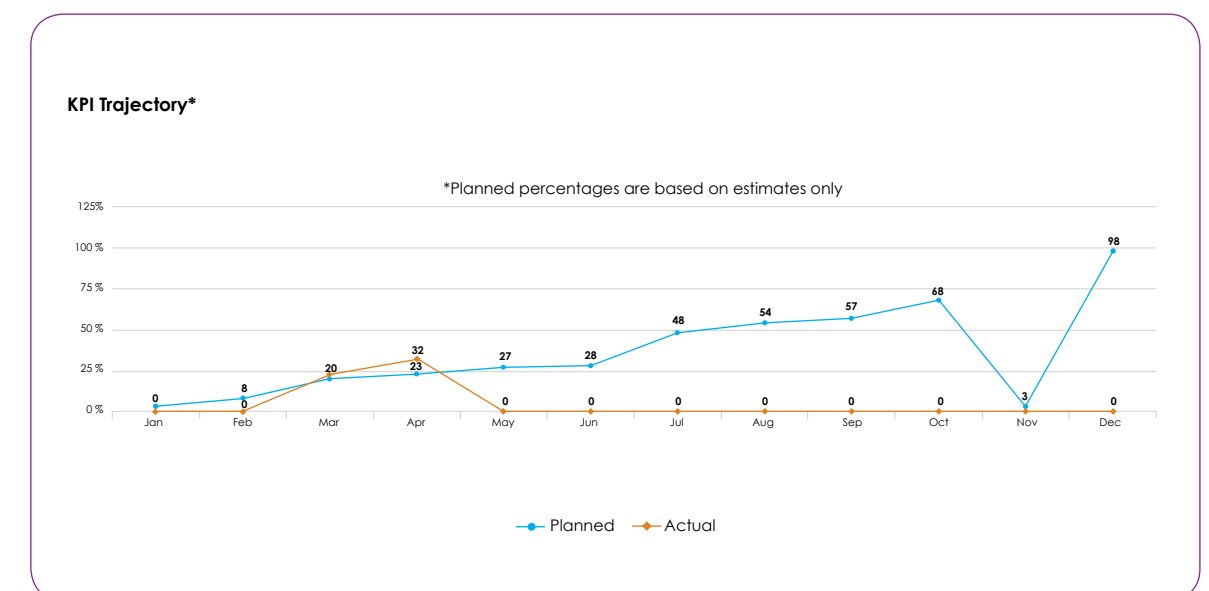
Examples from Logistics Dashboard:



*for illustration purpose only.

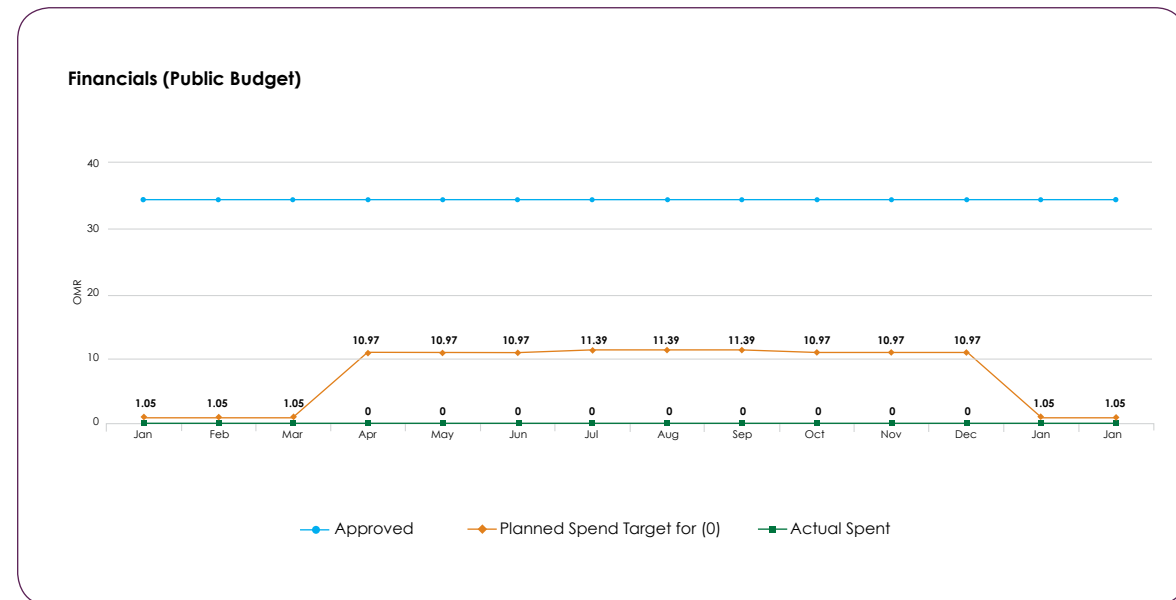
In addition, there is the **KPI Trajectory** which is a forecast of combining all KPI achievements until year end. It tracks if achievements are within or behind schedule. It is calculated based on KPI milestones detailed out for implementing stakeholders.

KPI Trajectory checks if achievement is on track, month by month:



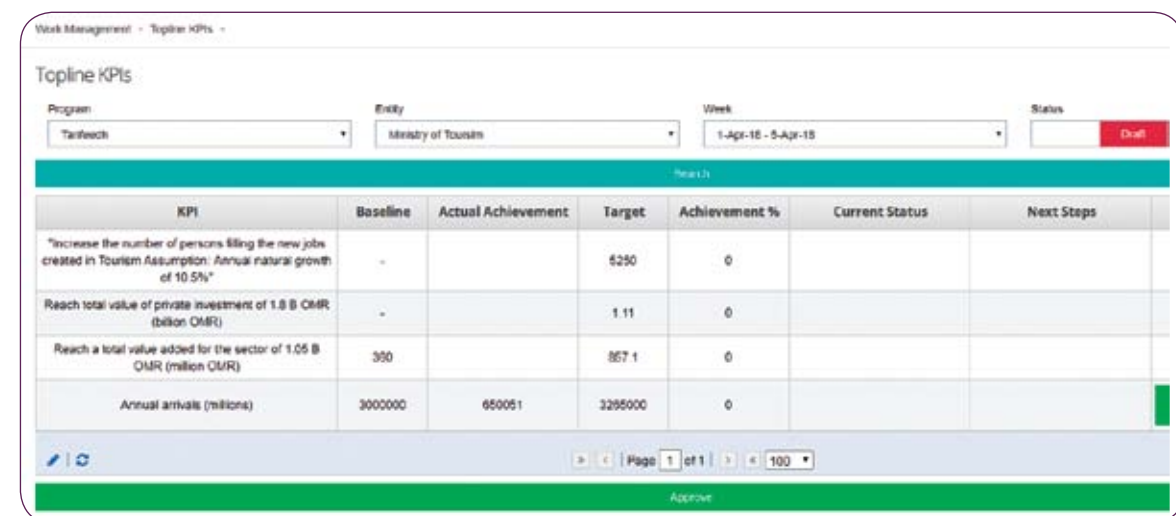
*for illustration purpose only.

Lastly, there is the **Financials** chart that tracks budget status by approval, disbursement and spend.



*for illustration purpose only.

The Details page on the other hand, has more information with quantitative and qualitative updates for each initiative/project. It is divided into two main parts; Topline KPIs and Project/initiative KPIs. Topline KPIs measure final outcomes – e.g. GDP contribution, private investment value secured, new jobs created, etc.



*for illustration purpose only.

On the other hand, initiative KPIs measure regular progress – outcomes and project completion. The target and actual achievement values for each KPI are also indicated in the details page.

Progress

Program: Tarfiah Entity: Ministry of Transport and Communications Week: 8-Apr-18 - 13-Apr-18 Status: Draft

Establish cargo village at Oman Airports

KPI	Baseline	Actual Achievement	Target	Achievement %	Current Status	Next Steps	Intervention
Award Construction operation tender and mobilization of contractor	-	10 %	100 %	10 %	1. 1st workshop was conducted with OAO executive management to discuss the preliminary findings and plan was given moving forward. 2. A meeting between OAO and PMU is awaited.	Completion of the study and submission of final report	

Build mineral railway in Al Wusta region

KPI	Baseline	Actual Achievement	Target	Achievement %	Current Status	Next Steps	Intervention
Rail - Completion of PPP framework development by PPP advisory	-	20 %	100 %	20 %	PPP advisory services has been awarded on 08 April.	A kick off meeting between advisory consulting company and Oman Rail will be held on Tuesday 17th April for the establishment plan and mobilization.	
Mining - completion of indicated resource report and mining license granted	-	35 %	100 %	35 %	1. Initial report including certificate approved by MCO and has been sent to PMU on 21 March. 2. A meeting with PMU and PMU undersecretary is awaited.	1. PMU to arrange a meeting with MCO, ISFL, Oman Rail and PMU Undersecretary. 2. PMU to send applications to relevant stakeholders for approvals.	



*for illustration purpose only.



The KPI dashboards are communicated to Ministers and relevant stakeholders through ISFU every Thursday in order to update them with their sector's performance and that is in comparison with other sectors.



Manufacturing

Manufacturing KPI Dashboard

Initiative/KPI		Actual Achievement 2017 	Target 2017 
1 - Catalysing Petrochemicals Downstream			
1.1	Realisation of Liwa Plastics Industries Complex	45%	47%
1.2	Realisation of Duqm Refinery	26%	40%
1.3	Realisation of OMPET Plant	22.9%	28.6%
1.4	Realisation of Salalah Methanol's Ammonia Plant	35%	33%
2 - Realisation of Salalah LPG Project		13.1%	15.1%
3 - OCTAL capacity utilization enhancement		0%	100%
4 - PET preform and bottles		49%	69%
5 - Bituminous Waterproof Membranes		10%	50%
6 - Expanding Sohar Aluminum Smelter		5%	5%
7 - Manufacturing of downstream aluminum and steel products			
7.1	Realisation of Alloy Wheels Manufacturing Facility	10%	30%
7.2	Realisation of Koso Gulf Valves Manufacturing Plant	100%	100%
7.3	Realisation of Oman Flange Production Factory LLC (OFPF) Phase 1	57%	100%
8 - Scaffolding and Scaffolding Parts		90%	100%
9- A plant to design and manufacture metal dies and moulds		18%	30%

Initiative/KPI		Actual Achievement 2017 	Target 2017 
10 - Enhancing local production of Cement			
10.1	Realisation of Al Wusta grey cement plant	17%	25%
10.2	Realisation of Al Taj Cement	26%	25%
10.3	Realisation of a new white cement plant in Duqm by 2020	0%	0%
10.4	Realisation of Al Anwar Hormuz Cement	37%	51%
10.5	Realisation of Sohar Cement Factory	80%	100%
11 - Advanced Manufacturing Research Centre (AMRC) in Oman		17%	25%
12 - Strengthening the existing Industrial Innovation Centre (IIC)		97%	100%
13 - Date-Palm innovation Project (DPIP)		100%	100%
14 - Establishing an integrated dairy project (Mazoon Dairy)		52%	45%
15 - Enhance the poultry production business			
15.1	Realisation of A'Namaa Poultry project	19%	34%
15.2	Realisation of Osool Poultry SAOC	34%	52%
16 - Vegetables Processing Factory		2%	40%
17 - Seafood processing and canning		9%	40%
18 - Formulating a National Environmental Policy for the Energy Sector (NEPES)		28%	40%
19 - Formation of sectoral organisation		85%	100%

*Audited by KPMG

Overview

A robust manufacturing sector is fundamental to Oman's continued prosperity and vital to boosting the Sultanate's non-oil exports. In 2017, the manufacturing sector witnessed a good performance by implementing several initiatives and projects that were recommended by the National Economic Diversification programme.

A total of 19 initiatives were identified to be implemented for the manufacturing sector in petrochemicals, metals, non-metals, food production and innovation. Initiatives that documented significant progress in 2017 are; aluminium manufacturing downstream and steel products; increasing the local production of cement; catalysing petrochemical downstream among others.

The Implementation Support and Follow-Up Unit (ISFU) and Ministerial Delivery Units (MDUs) worked closely with the initiative owners to ensure progress and realise the identified initiatives and projects. Crucial interventions helped resolve land issues and aided in facilitating electrical connection agreement between initiative owners and electricity authorities. ISFU, in coordination with the Authority for Electricity Regulation (AER) and electricity companies, put forward several solutions to provide electrical connections to projects under the food production workstream. In addition, ISFU, in coordination with the Ministry of Commerce and Industry, communicated with the Special Economic Zone Authority for Duqm to obtain the required lands for cement projects. It is worth noting that ISFU played a major role in securing three investors for vacant cement projects which led to four projects being finalised in 2017.

The top-line key performance indicators of the manufacturing sector are as follows* :



*All forms of data are being continuously refined to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities aligned with international standards.

**Manufacturing job target is based on the projects being followed and supported by ISFU which is originally the outcome of the labs in 2016.

***Numbers of GDP contribution, private investment and job creation were adjusted as fisheries and energy initiatives were moved out of the manufacturing sector for further discussions in new separate labs.

Petrochemicals

1 - Catalysing Petrochemicals Downstream (Mega Projects)



Oman has valuable resources for a flourishing petrochemicals sector, and hence new projects and initiatives should be planned to continue boosting the industry. Being a major oil-producing country, Oman has a huge potential to capitalise on its downstream petrochemicals sector. With more refineries and petrochemical complexes in the pipeline, Oman is poised to increase its petrochemical base along with the existing investments. To achieve this objective, several large projects are being developed that will change the face of the petrochemical industry in Oman and regionally, and will contribute greatly to the sector's GDP, investment and jobs.

Four main KPI's fall under this initiative:

1.1 - Realisation of Liwa Plastics Industries Complex

Liwa Plastics Industries Complex (LPIC) is being developed by Oman Refineries and Petrochemical Industries Company (Orpic) as a first-of-its-kind project that will enable Oman to support a downstream plastics industry.

LPIC is the largest of the three strategic growth projects undertaken by Orpic to fulfil its vision to be a globally competitive downstream business that Oman is proud of. LPIC, a transformational project, is expected to improve Orpic's product mix and business model and double its profits.

The project's physical hub centres on the existing Orpic facility in the Sohar Industrial Port area. LPIC is a steam cracker project which will process light ends produced in Orpic's Sohar Refinery and its aromatics plants as well as optimise natural gas liquids extracted from the currently available natural gas supplies. Upon completion, plastics production will have increased by over one million tonnes, giving Orpic a total of 1.4 million tonnes of polyethylene and polypropylene production by 2020.

The Journey

Orpic has completed the deliverable of the Front-End Engineering Design (FEED) with details of costs and layouts of the future operations. It has signed a Final Technology Agreement using Pygas HT Technology. Orpic celebrated the ground breaking of the project that will put Oman in the roadmap of the international petrochemicals marketplace, reinforcing the company's position as a significant player.

LPIC was included in the manufacturing dashboard in November 2017. The project is progressing well according to plan, with no major challenges till date.

Moving Forward

In 2018, the Engineering, Procurement, and Construction (EPC) is to be accomplished, procurement for most part is to be completed, and construction will continue into 2019. During the year, the majority of piping and structural steel activity will be carried out, and all major equipment such as compressors, extruders, electrical transformers, reactors and distillation columns will be installed on site. Some key subsystems such as electrical power supply from the Oman grid will be commissioned in 2018. The project is due to enter pre-commissioning and commissioning phase in 2019.

The project will enable Oman, for the first time, to produce polyethylene, a form of plastic that has great global demand, thus enabling Orpic to deepen access in its existing international markets as well as develop new ones.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Environment and Climate Affairs
• Ministry of Oil and Gas	• Sohar Free Zone

1.2 - Realisation of Duqm Refinery

Duqm Refinery and Petrochemical Industries Company L.L.C is a 50/50 Joint Venture (JV) between Oman Oil Company (OOC) and Kuwait Petroleum International (KPI). The Refinery is based in the Special Economic Zone in Duqm located in the South East region of the Sultanate of Oman, in Al Wusta, 600 km from Muscat. This gives the project a strategic maritime location and a competitive advantage, being in the path of international shipping lines in the Indian Ocean and the Arabian Sea, thus easing the process of transport in and out of the region.

The Duqm Refinery aims to be a world-class oil refinery, using proven technology, outputting clean, high-quality products, in a manner consistent with global standards for safety whilst always striving to achieve the highest operational standards.

The state-of-the-art refinery has been designed to process 230,000 barrels of various types of blends that include Kuwait and Oman Export crudes (KEC and OEB) and will produce diesel, jet fuel, naphtha, LPG, sulfur and pet coke as its primary products.

The Duqm Refinery Project is the first stage of an integrated refinery and petrochemical complex planned by the partners. The second stage will be the petrochemical complex that will be located adjacent to the refinery and which will consume (amongst other materials) naphtha and LPG produced by the refinery.

The project targets to reimburse the local economy of the area while contributing heavily to the national GDP as a whole.

The Journey

Duqm Refinery successfully completed the preparation of the refinery site to allow Engineering, Procurement, Construction (EPC) contractors to optimise the construction schedule. This scope of work included the excavation and compaction of over 12 million m3 of soil required to level the site for the construction of the refinery.

Duqm Refinery's EPC scope of work has been divided into three separate packages. The scope of EPC 1 includes the process units of the refinery. This is where the technology behind the refinery will be deployed. EPC 2 consists of the utilities and offsite facilities required to support the operation of the refinery including office buildings etc. EPC 3 encompasses the product export terminal in Duqm Port, the Duqm Refinery dedicated crude storage tanks in Ras Markaz and the 80 km interconnecting pipeline from these crude tanks to Duqm Refinery.

Following a competitive tendering process, Duqm Refinery issued conditional letters of intention to award in August 2017 to the following contractors:

- EPC Package 1 (Process Units): Joint Venture of Técnicas Reunidas S.A. and Daewoo Engineering and Construction Co Limited.
- EPC Package 2 (Utilities and Offsites): Joint Venture of Petrofac International Limited and Samsung Engineering Co Limited.
- EPC Package 3 (Offsite Facilities): Joint Venture of Saipem SpA and CB&I.

Moving Forward

Duqm Refinery shall issue a 'Notice to Proceed' to contractors for mobilisation of contractors. In addition, Duqm Refinery is also making progress towards achieving the financial closure milestone.

Stakeholders

• Special Economic Zone in Duqm (SEZAD)	• Ministry of Commerce and Industry
• Port of Duqm	• Ministry of Oil and Gas

1.3 - Realisation of OMPET Plant

OMPET is a joint venture (JV) between Oman Oil Co. (50%), Takamul Investment Co. (20%) and South Korea's LG International Corporation (30%). Formed in the fourth quarter of 2013, OMPET has also entered into a Project Management Consultancy (PMC) Services Agreement with Worley Parsons Oman Engineering Ltd (WPOE).

The project will be managed by an Integrated Project Management Team (IPMT) consisting of personnel from Worley Parsons (the PMC) and OMPET's management team.

The impending project at the industrial hub at Sohar is estimated at around OMR 410 million and will produce 1.1 million metric ton per annum (MTPA) of purified Terephthalic Acid (PTA). The project will be built adjacent to Oman Oil Refineries and Petroleum Industries (Orpic) Company's aromatics complex, which will supply Paraxylene feedstock to OMPET. The acetic acid as additional raw material will be purchased from the open market.

OMPET seeks to make the facility operational and commence product sales by Quarter 2 – year 2021. The Sohar PTA project objective is to design, build and operate a world class petrochemical complex.

The Journey

A notable achievement is that the technology licence for the proposed OMPET plant in Sohar has been awarded and the Front-End Engineering Design (FEED) package for the licence has been completed.

Negotiations are currently ongoing between shareholders and lenders on the Final Investment Decision to finance the project. The estimated deadline for the financial closure is quarter two of year 2018.

Moving Forward

After the Final Investment Decision (expected in the second quarter of 2018) is made, the EPC contract will be awarded, and construction completion and commissioning will take place within 36 months from the financial closure date.

Stakeholders

• Sohar Industrial Port Company (SIPC)	• Ministry of Environment and Climate Affairs
• Ministry of Commerce and Industry	• Ministry of Oil & Gas
• Orpic	• Majis Industrial Services
• OETC/Majan	• Oil Tanking

1.4 - Realisation of Salalah Methanol's Ammonia Plant

Salalah Methanol Company LLC (SMC) owned by Oman Oil Company SAOC (90%) and Takamul Investment Company, SAOC (10%) decided to diversify its existing methanol production facility (3,000 metric tonnes per day) by expanding into ammonia production.

The 1,000 metric tonnes per day (MTPD) capacity project will be constructed alongside the methanol scheme of Salalah Methanol Company in Salalah Free Zone.

Setting up the ammonia plant is an important milestone for high value-added petrochemical industries and key to opening new further downstream industries and creation of job opportunities in Dhofar Governorate. The Salalah ammonia project will include the setting up of associated utilities, storage facilities, export facilities, off-site infrastructure and necessary synergies and modifications in the existing methanol plant. The ammonia off-take agreement was signed with Oman Trading International (OTI). While domestic sales will be conducted directly through SMC, ammonia will be sold to the international market as per market published prices. Port of Salalah facilities will be used for the export.

The Journey

Rendering a huge boost to the project, the financial closure for the Salalah ammonia plant was completed in August 2017 with great successes as it was based on 100% debt and was 2.5 times oversubscribed in the lending market. This project is ahead of schedule and has managed to complete all its milestones in 2017 including the procurement of all long lead items. Site preparation activities started in December 2017, and major construction works on the Sultanate's first non-conventional anhydrous liquid ammonia project is set to begin after a nod to proceed with the Engineering, Procurement and Construction (EPC) being received.

Moving Forward

2018 will witness the completion of most of the detailed engineering, including all safety and hazard studies. To get the project to the operation stage, site grading, foundation works, award of Purchase Order for Distributed Control System, three model works, substation foundation, and ammonia tanks foundations will be completed by year end.

Stakeholders

- | | |
|---------------------------------------|---------------------------|
| • Ministry of Commerce and Industry | • Ministry of Oil and Gas |
| • Salalah Free Zone | • Port of Salalah |
| • Dhofar Power Company S.A.O.C. (DPC) | |

2 - Realisation of Salalah LPG Project replacing Ammonia Downstream Fertilizer Plant



Ammonia Downstream Fertilizer Plant, which was originally planned for the petrochemical sub sector, was replaced with the Salalah LPG Project. The ammonia downstream fertilizer plant, which was meant to commence operations by 2019, was expected to produce one million tons of ammonium for use in the production of fertilizers.

Ammonia Downstream Fertilizer Plant had to be replaced, as a joint venture could not be established owing to the inability of investors to agree on pricing terms. Oman Oil Company SAOC suggested the Salalah LPG Project and the board sanctioned the mission.

Salalah LPG Project is being developed by Salalah LPG SFZCO LLC — a wholly owned subsidiary of Oman Oil Facilities Development Company LLC (OOFDC), which itself is part of the government's energy and strategic investment firm Oman Oil Company SAOC. UK-based international oil services contractor Petrofac is the EPC contractor. Petrofac's scope of work includes construction of the liquefied petroleum gas (LPG) extraction unit plant, tie-ins to existing OGC pipeline infrastructure, LPG storage and jetty facilities at the Port of Salalah. The Salalah LPG project entails the extraction of over 300,000 tons per annum of propane, butane and condensate by processing the natural gas from Rabab Harweel field and CPP. It is expected to be operational by 2020.

The SLPG project is a major LPG downstream project located at Dhofar Governorate – Salalah Free Zone. The intelligent site selection allows the project to serve its purpose to the fullest as it saves costs and allows smooth LPG exports. The SLPG Project will provide extra development to Salalah region and can sell up to 10% of the products in the domestic market and reserves the right to supply up to 100% of production to potential future domestic petrochemical downstream businesses.

The Journey

This project was officially included in the National Programme for Enhancing Economic Diversification's manufacturing sector list in quarter four of 2017. By the time the project was included, the project team had already started the Engineering, Procurement and Construction (EPC) activities. However, the project's progress might face some challenges if the Central Service Corridor project in Port of Salalah doesn't progress as planned. The ISFU team in coordination with Royal Oman Police (ROP), Ministry of Transport and Communications (MoTC) and Port of Salalah are working towards resolving the issue.

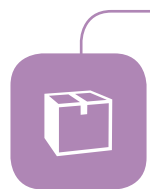
Moving Forward

In 2018, detailed design engineering, procurement of equipment and bulk along with civil, structural, building structure will be completed, with an aim to reach 50% of construction progress.

Stakeholders

• Ministry of Oil and Gas	• Ministry of Commerce and Industry
• Ministry of Environment and Climate Affairs	• Ministry of Transport and Communications
• Salalah Free Zone	• Port of Salalah
• Royal Oman Police	

3 - OCTAL capacity utilisation enhancement



OCTAL is a world-class PET resin, sheet and thermoforming (packaging) products producer, with manufacturing facilities in Oman, Saudi Arabia and the US. In Oman, the production facility is based in Salalah, having a capacity of 928,000 metric tons per year. OCTAL's business model is premised on the use of state-of-the-art technology to optimize manufacturing process, reduce energy consumption and lower the environmental footprint, thereby resulting in cost efficiencies.

The 'capacity utilisation enhancement' initiative will focus on increasing OCTAL's production capacity in Salalah, while preserving a highly effective carbon footprint in line with its existing sustainability strategy. The company aims, through the increase in its production capacity, to create additional job opportunities and prospects for SMEs in Salalah.

At present, 74,400 Sm³ per day of gas has been allocated to OCTAL, which partially meets its energy requirement, especially since the commissioning of the expansion project (Pearl) in 2012. Consequently, at present, one of the two Pearl reactors (262,000 tons per annum) remains idle. An additional 52,000 Sm³ per day (75 mmbtu per hr) of gas is required to meet the project's total energy requirement.

At full capacity, OCTAL could add an additional OMR 13.9 million to the GDP by 2020. In addition, once full capacity is attained, an additional annual revenue of OMR 100 million could be achieved and employment rate can be increased.

The Journey

OCTAL and the Ministry of Oil and Gas held several discussions to reach an agreement to supply additional gas required by OCTAL in order to run a partially-operational Pearl plant. While both parties agreed to allocate an additional 52,000 m³/day, they also agreed on the gas price for the entire old allocated quantity of gas. However, they are yet to agree on Omanisation rate required.

As a path ahead, the Ministry of Oil and Gas has agreed to provide an additional 75 mmbtu/hr of gas to OCTAL, based on some conditions. The agreement is subject to OCTAL reaching specific Omanisation rates before 2020. This decision was made by the Ministerial Committee following an extended negotiation between the Ministry of Oil and Gas and OCTAL with the help of the Ministry of Commerce and Industry and ISFU.

Moving Forward

OCTAL's action plan is awaited on the proposal suggested by the Ministerial Committee.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Oil and Gas
• Salalah Free Zone	

4 - PET preform and bottles



To inject fresh momentum into Oman's economic development, investments in Polyethylene Terephthalate (PET) have been proposed. This initiative seeks to support Titronic Middle East LLC in the production of 16,000 tonnes of polyethylene triffate sheets and rolls annually. The project will help avoid the need to import polyethylene triffate pipes essential to produce polyethylene triffate sheets.

The plant with a 16,000-tonne capacity has the potential to generate annual profits of OMR 1.54 million, besides creating additional jobs by 2018.

The Journey

The feasibility study has been completed and necessary permits, utility connection and land for the plant has been secured. ISFU coordinated between the Public Establishment for Industrial Estates (PEIE) and the initiative owner to finalise this milestone. The project didn't achieve all 2017 milestones (project financing) due to delay in submitting and processing the loan application on time.

Moving Forward

In 2018, project financing, construction stages and equipment purchase will be finalised, and production is planned to commence afterwards.

Stakeholders

• Sohar Industrial Estate (PEIE)	• Ministry of Commerce and Industry
• Ministry of Oil and Gas	• Ministry of Environment and Climate Affairs
• OCTAL	

5 - Bituminous Waterproof Membranes



Bituminous waterproof membranes are used as insulating membranes in construction and building for heat-resistance surfaces, covering membrane channels, waterproofing of deep based buildings, and for insulation systems of bridges in the ports.

Muscat International Bitumen (MIB), in partnership with Techno Nicol, aspires to produce up to 10 million m² of bituminous membranes. Around 13 different types of downstream products can be produced from these membranes.

The Journey

This project requires readily available quantities of bitumen to support its daily operation requirements. Currently, bitumen is imported via two channels: either via trucks from neighbouring countries or by sea through Port Sultan Qaboos (PSQ). In line with the plans to develop PSQ, the bitumen importation facilities at PSQ are proposed to be shut down by February 2018. The uncertainty around the bitumen importation facilities did not allow the initiative owner to take the project forward as this will impact the feasibility and location of the project. Hence; no remarkable progress was made in 2017 for the specific milestones of the project.

The Logistics Team in ISFU and Ministry of Transport and Communications (MoTC) explored several alternatives for importation of bitumen such as Mina Al Fahal, Sohar Port and Al Suwaiq Port as well as allowing bitumen to be imported through PSQ beyond February 2018. However, a decision is yet to be made.

Moving Forward

A decision on the mode of bitumen importation is awaited. Once the decision is made, a detailed feasibility study will commence and finalised, the project is to seek initial approvals and work on the FEED. Subsequently, project financing, final investment decision (FID), and Post FID activities will be decided.

Stakeholders

- | | |
|-------------------------------------|---------------------------|
| • Ministry of Commerce and Industry | • Ministry of Finance |
| • Ministry of Manpower | • Ministry of Oil and Gas |

Metals

The metals sector has held a strategic place in the Oman economy by fostering innovation, growth and employment. This sub-sector of manufacturing is further divided into two main parts – manufacturing of primary metals and the manufacturing of metal products.

Iron, steel and aluminium are the main products of this sub-sector due to high demand in the international markets. Domestically, the construction industry is the main consumer of such products, in addition to other potential consumers due to the presence of various industrial projects in the country.

6 - Expanding Sohar Aluminium Smelter



Sohar Aluminium Company LLC is the only aluminium smelter in Oman. It was founded in September 2004 to undertake a landmark greenfield aluminium smelter project in the Sultanate aiming to create a strong industrial sector that Oman can rely on for the future other than oil and gas.

With a production capacity of 385,000 tons per annum, Sohar Aluminium has committed 60% of its total production towards its downstream industries which will help create further jobs and contribute to the development of the entire region.

Sohar Aluminium is also committed and endeavours to train and develop Omanis in order to operate, maintain, supervise and then manage the plant. It also provides continuous development for its young employees. Sohar Aluminium has achieved one of the highest Omanisation rates in the industrial sector with 76% of the company's 1,000 jobs already occupied by Omanis in various positions across the Company and particularly at higher levels.

This initiative aims to increase the production capacity of liquid aluminium to reach around 1,000,000 tons per annum which will allow further development opportunities and further downstream job creation in the region. The expansion project is expected to create additional direct and indirect employment opportunities. The proposed expansion is to be built next to the current production facilities located in the Sohar Industrial Area.

Primary aluminium production is a significantly energy-intensive process. Therefore, the proposed expansion will require a consistent supply of substantial quantities of natural gas to produce the metal. The expansion project currently faces several challenges, mainly the lack of availability of the required natural gas at feasible prices for the expansion to be viable and sustainable.

The Journey

The main milestone for this initiative in 2017 was to update the existing socio-economic study. The study identifies and evaluates the potential social impact that the proposed expansion project will have on the lives of the people in the surrounding communities, as well as its impact on Oman's national economy. This was achieved by collecting data and studying various scenarios, to enable the realisation of the expansion project, while ensuring that it is viable and sustainable for all parties involved. The findings from this study and various scenarios were presented to and endorsed by key government decision makers as well as by the manufacturing steering committee at its meeting in November 2017.

Moving Forward

The energy labs are currently evaluating the gas allocation criteria. Once the criteria are identified, they will surely reflect on the dynamics of the project's progress.

Stakeholders

• Oman Oil Company	• Takamul
• Oman Aluminium Processing Industries Limited	• Oman Aluminium Rolling Company
• Oman Gas Company	• Ministry of Oil and Gas
• Ministry of Finance	• Prospective aluminium downstream industries
• Ministry of Commerce and Industry	• Public Establishment for Industrial Estates (PEIE)
• Sohar Industrial Port Company (SIPC)	

7 - Aluminium manufacturing downstream and steel products



Oman aims to become a major hub for primary aluminium production over the coming years, therefore, government seeks to support the development of aluminium downstream clusters.

The objective of this initiative is to use aluminium products to increase manufacturing activities for local use. It also intends to focus on exportation by focusing on three main products in the downstream value-add chain – alloy wheels, valves and flanges.

Four main KPIs fall under this initiative:

7.1 - Realisation of Alloy Wheels Manufacturing Facility

The key objective of this project is to open Oman's export market for downstream aluminium manufactured products. It is eyeing a potential market in India and the United States which are major importers of such products. This project is expected to introduce Oman to global customers and attract similar sophisticated industries to the country.

With the Sohar Aluminium plant offering to provide 45% of the raw materials needed as inputs, plans are on to start the plant next to Sohar Aluminium facility in Sohar Industrial Area to reduce the cost and effort of transporting raw materials. The production line of alloy wheels consists of 12 main steps that are supported by engineering design services.

Through substantial investment into the sector, by 2020, the project is expected to provide jobs to individuals with different skills. The targeted export value is likely to reach upwards of OMR 20 million in the first phase of the project's operation.

The Journey

Providing a boost to the project, the project's board of directors has been formed and the founders have signed shareholders, technical and marketing agreements. ISFU and Ministry of Commerce and Industry provided continuous follow-up and monitoring to the progress of the agreement preparation and signing.

Initially, the project faced some delays due to various factors such as obtaining the base metal availability confirmation from Sohar Aluminium in addition to the time taken by founders to finalise the shareholder and related agreements. The delays consequently impacted the completion of specific milestones such as the signing of the liquid metal purchase agreement with Sohar Aluminium and the completion of the Front-End Engineering Detailed (FEED) stage.

Moving Forward

In 2018, strategies are in place to obtain the initial approvals for utilities, land, metal and technology. The project team proposes to obtain the land, and ensure the liquid metal purchase agreement with Sohar Aluminium is signed. Project construction (e.g. contract award and contractor mobilisation) will commence once the FEED stage is completed.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Oil and Gas
• Sohar Industrial Estate	• Royal Oman Police
• Ministry of Manpower	• Sohar Aluminium

7.2 - Realisation of Koso Gulf Valves Manufacturing

In Oman, 100% of valves used in the oil and gas sector are imported. Based on the Oil and Gas In-Country Value (ICV) Catalogue of Business Opportunities issued in 2013, the estimated size of business for valves was USD 359 million to USD 389 million between 2013 and 2020 with a potential to create more jobs. Hence, valves were identified as one of the ICV 53 blueprint opportunities in the oil and gas sector assigned to Petroleum Development Oman.

Koso Gulf Valves Manufacturing Plant plans to supply and manufacture choke and control valves in addition to high performance butterfly valves. The location for producing valves has been identified at Al Misfat area in Bausher due to its proximity to Muscat International Airport. The present capacity of the plant is to manufacture around 50 valves per month which can easily be scaled up to 100 valves per month.

The plant is fully capable of undertaking production of control valves, choke valves, ball valves and butterfly valves along with actuators. The first phase of the project aims to produce OMR 10 million worth of valves with new employment opportunities. By 2020, the project will contribute to job opportunities for individuals with different skills along with a total of 3,000 valves produced.

The Journey

The project is realised as the plant was commissioned. PDO's ICV team and engineering team worked closely with KOSO Gulf providing guidance and advice on technical requirements and business proficiencies. After competitive bidding, KOSO Gulf was awarded the opportunity to supply choke valves to one of PDO's projects.

Ministry of Commerce and Industry and ISFU accelerated the execution of the project. Since the project was in a commercial area (Al Misfah), Ministry of Commerce and Industry along with Ministry of Housing gave the company, which is an assembly unit, special permission to operate in the area since the unit does not have an impact on the environment. This helped the project owners to test the product demand in the market before moving onto the full production.

Moving Forward

This project will be graduated from the monitoring dashboard.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Finance
• Royal Oman Police	• Ministry of Manpower
• Petroleum Development Oman	• Ministry of Housing

7.3 - Realisation of Oman Flange Production Factory LLC (OFPF) Phase 1

In a year, Oman imports flanges worth around OMR 11 million (about 450,000 kg per year) most of which are produced in other GCC countries and China. The opportunity was listed as part of the 53 In-Country Value (ICV) initiative opportunities in the oil and gas industry envisaged as the market indicates great potential for flanges industry in Oman. The Oman Flange Production Factory LLC (OFPF) is located in the Nizwa Industrial Estate. The establishment of this project encompasses three phases over a period of six years. The final phase, once completed, will allow the production of 8,200 tons of flanges and will provide multiple job opportunities by 2020. With the completed Muscat-Nizwa dual carriageway, the estate offers tenants rapid access to Muscat (180 kms) and Muscat International Airport (150 kms).

The Journey

Though the construction of the plant was completed, the time taken to obtain electricity connection to the site delayed the completion of the project. However, Ministry of Commerce and Industry and ISFU managed to accelerate the electricity connection activities. After the electricity was connected, OFPF installed the equipment and commissioned the plant by the end of 2017.

Moving Forward

Manufacturing of flanges is one of the ICV opportunities in the oil and gas industry led by Petroleum Development Oman. The ICV and engineering function team in PDO are working closely with Oman Flanges Production Factory and other investors in flanges to have them as company approved vendors. PDO is currently providing guidance and advice on technical requirements, potential approved raw material suppliers and guidance on how to do business with PDO. Oman Flanges Factory LLC is expected to be part of PDO vendor list.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Finance
• Royal Oman Police	• Ministry of Manpower
• Petroleum Development Oman	

8 - Scaffolding and Scaffolding Parts



The country has seen a consistent rise in the imports of scaffolding equipment. It is evident that there is an enormous potential to produce and manufacture scaffolding materials locally. Scaffolding products can be broadly classified into six classes and the most commonly used classes in Oman are the 'cup-lock' and 'scaffolding pipes'. Driven by demand, the initial production focus will be on manufacturing of these two classes while the other classes will be produced based on project requirements.

The execution of this initiative was carried out in three phases. The first phase developed a local production strategy; the second phase included commencing construction and operation of the facility, and the final phase was follow-up and assessment.

The manufacturing of scaffolding materials and the provision of professional scaffolding services was one of the opportunities identified in the In-Country Value (ICV) oil and gas industry strategy and it is one of many industry opportunities that Petroleum Development of Oman (PDO) has been leading in recent years. Triangle Engineering was accepted by PDO as the approved manufacturer of scaffolding products.

Triangle Engineering chose Phase 7 of Sohar Industrial Area to start the factory for multiple reasons such as; its proximity to the Sohar Free Zone and the Sohar Port. The other benefit was that raw material could be sourced easily from Sohar or the UAE which is about one hour away. In addition, with a lot of construction activity going on around Sohar, the company comprehended that there would be a great demand for scaffolding.

The Journey

As a major boost to the industry, the plant was constructed, and the commissioning has been completed. Triangle Engineering has been approved in PDO's vendors list. Being a forerunner in the scaffolding industry in Oman, Triangle Engineering faced several challenges since the standards in this industry were yet to be defined and agreed upon.

The project faced electricity connection challenges, however, the Ministry of Commerce and Industry and ISFU accelerated the provision of electricity infrastructure to the project with the support of Majan Electricity.

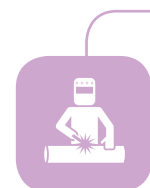
Moving Forward

The effect of producing the scaffoldings locally will result in investment opportunities in the fields of specialised services that are related to scaffolding. Production of scaffolding at 10% of the plant annual capacity (MT) is the final milestone to be achieved before the project is considered as realised. This proportion is equivalent to 960 tonnes which is aimed to be produced in 2018.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Oil and Gas
• Ministry of Finance	• Royal Oman Police
• Ministry of Manpower	• Public Authority for Investment Promotion and Export Development (Ithraa)

9 - A plant to design and manufacture metal dies and moulds



Designing and manufacturing moulds and dies requires high precision technologies. It is commonly recognised in the world of engineering that advanced manufacturing industries require specialisation in the production of moulds and dies, including the processes for producing plastic moulding, cutting and processing metal plates, and other processes such as alloying, forging, and fabrication.

Despite an increase in the demand for moulds and metal cutting tools in the Sultanate, there are no industrial companies at present that manufacture these moulds and dies. Moreover, there aren't any engineering design centres that work on developing the engineering designs of these moulds and dies locally. Currently, imports fill the increasing demand for these moulds and dies, with prices ranging from USD 50,000 to USD 250,000 depending on the size, complexity, precision, quality, and origin.

Hence, the aim of the project is to build a plant to manufacture moulds and dies and to establish an engineering design centre to open new opportunities to design and manufacture thousands of new products in Oman under 'Designed and Made in Oman' branding. The plant will reduce the dependence on imports, provide job opportunities, and provide maintenance opportunities to rehabilitate production equipment that are used in industrial establishments in Oman. Moreover, it will increase the GDP by exporting the moulds and dies to the GCC and other countries.

The construction of the plant in Sohar will be conducted in two phases. The first phase will lead to the commencement of production and operation of the facility within one to one-and-a-half year. The second phase will involve the expansion of the design and manufacturing activity by establishing a technology park.

The Journey

As a build-up to the project, an agreement between the Ministry of Commerce and Industry and Sohar University for establishing a pilot factory for dies and moulds has been reviewed and signed. The engineering work on the premises for utilities to accommodate the equipment has started and is progressing as planned.

Moving Forward

After the Ministry of Commerce and Industry releases the budget to the owner, the project will focus on advanced manufacturing to support industrial innovations. It will then focus on completing stage two of the project.

Stakeholders

• Ministry of Commerce and Industry	• Tens of metal manufacturing and forming companies in Oman
• Plastic companies	• Food processing and packaging companies
• Takamul company to enhance the investment opportunities in downstream industries	

Non Metals

10 - Enhancing local production of Cement



The aim of the initiative is to increase the local production of cement. The outlook for the Sultanate for the growth of this industry remains positive as the government has been rolling out infrastructure projects as part of its economic development plans. Moreover, Oman is rich in minerals needed for the cement industry such as limestone and gypsum.

Since 2006, Oman has witnessed a gap between the consumption and demand for cement. Of the total demand for nine million metric tonnes (MT) of cement in 2015, 54% was met through import, and the remainder of 46% was produced from the local plants.

The initiative intends to ensure that the country produces its own cement and reduces the reliance on cement imports.

Five main KPIs fall under this initiative:

10.1 - Realisation of Al Wusta grey cement plant

The project aims to establish a cement plant in the Duqm Special Economic Zone to cover local demand and reduce imports with a capacity of 1.75 million tons per annum. The plant is expected to be operational by the first quarter of 2021. The plant is being set up as a joint venture between Oman Cement and Raysut Cement with equal shareholdings.

The Journey

A notable achievement for this initiative was that the manufacturing team of ISFU played a major role to ensure the joint venture between Oman Cement and Raysut Cement materialises. Additionally, the Ministry of Commerce and Industry and ISFU managed to convince the partners to sign a land usufruct agreement with the Special Economic Zone Authority of Duqm (SEZAD) in October 2017.

Though the original project team conducted a feasibility study, the new board decided to conduct an updated more comprehensive feasibility study.

The issue is that the local cement industry in Oman faces stiff competition from imported products. In addition, slowdown in the economy due to drop in oil prices as well as instability in some destination markets pose further challenges to the local cement industry.

Moving Forward

The expected feasibility outputs in the first quarter of 2018 will trigger the project to obtain relevant approvals related to quarry agreement, environmental impact assessment, financing and final investment decision.

Stakeholders

• Ministry of Commerce and Industry	• Special Economic Zone Authority at Duqm
• Public Authority for Mining	• Port of Duqm
• Oman Cement	• Raysut Cement

10.2 - Realisation of Al Taj Cement

The project aims to establish a cement plant in the Duqm Special Economic Zone to cover local demand and reduce imports with a capacity of around 2 million tons per annum. The plant is expected to be operational by the fourth quarter of 2020 and to create job opportunities in the sector. The plant is being set up by Al Yamama Engineering Company from Iraq and will be known as Al Taj Cement in Oman.

The Journey

The land usufruct agreement with the Special Economic Zone Authority of Duqm (SEZAD) signed in December 2017 was enabled by a major role played by the ISFU team and Ministry of Commerce and Industry. This marked a big step in moving the project forward despite the delays in shipping large samples of raw material to the equipment manufacturer for testing and equipment design.

Moving Forward

The project will focus on the next steps of completing the Front-End Engineering Design (FEED), finalising project financing with shareholders as well as obtaining the investment decision. The project will work on completing the Environmental Impact Assessment and power and water agreement with SEZAD.

Stakeholders

• Ministry of Commerce and Industry	• Special Economic Zone Authority at Duqm
• Public Authority for Mining	• Port of Duqm

10.3 - Realisation of a new white cement plant in Duqm by 2020

White cement has witnessed a manifold growth in demand over the past few years. Being a net importer of white cement, Oman's imports in 2017 stood at 78,200 MT of white cement and this figure is expected to grow to 98,700 MT by 2026. Similarly, the GCC region is also a net importer of white cement. In 2017, the total import of white cement to GCC (excluding Oman) was approximately 584,000 MT. This figure is also expected to increase to 726,000 MT by 2026. Clearly, there is good demand for white cement in the GCC market including Oman. Therefore, this initiative aims to establish a white cement plant in the Duqm Special Economic Zone with capacity of around 900 metric tons per day.

The Journey

The consumption of white cement in Oman is relatively small compared to the grey cement due to its limited use. In spite of this fact, it is an important material used in the construction industry. Therefore, the Ministry of Commerce and Industry decided to conduct a feasibility study to determine whether it is commercially viable to set up a white cement manufacturing plant in Oman.

Moving Forward

Based on the results of the feasibility study, the Ministry of Commerce and Industry will prepare a full opportunity package and look for a potential investor.

Stakeholders

• Ministry of Commerce and Industry	• Special Economic Zone Authority at Duqm
• Public Authority for Mining	• Port of Duqm

10.4 - Realisation of Al Anwar Hormuz Cement project

This project aims to establish a cement-grinding unit with a capacity of around 1 million tonnes per annum in the Duqm Special Economic Zone to cover local demand and reduce imports. The plant is expected to be operational by the first quarter of 2020 and would create jobs for locals. Al Anwar Holding SAOG is setting up the plant in a joint venture with foreign partner Hormozgan Cement Company from Iran, wherein 40% stake will be held by Al Anwar Holdings SAOG and 60% will be held by Hormozgan Cement Company.

The Journey

The land usufruct agreement with the Special Economic Zone Authority of Duqm was signed in June 2017. The final investment decision is currently in progress which will pave way for the project development.

Moving Forward

The Final Investment Decision (FID) procedure will be completed following the board approval and bank financing agreement. Subsequently, the engineering consultant contract will be signed, power and water approvals obtained, environmental impact assessment will be completed, and industrial licence obtained. Following the FEED study, tendering process for EPC contract will be completed and construction will begin.

Stakeholders

• Ministry of Commerce and Industry	• Special Economic Zone Authority at Duqm
• Public Authority for Mining	• Port of Duqm

10.5 - Realisation of Sohar Cement Factory

This project aims to establish a cement-grinding unit with a capacity of around 240 tonnes per hour in Public Establishment for Industrial Estates (PEIE) in Sohar to cover local demand and reduce imports. The plant is expected to be operational by the first quarter of 2018 and create job opportunities by 2021. The plant is being set up by Sohar Cement holding 70% of the share and the other 30% will be held by the UAE partners Fujairah Cement Co.

The Journey

As soon as the feasibility study was deliberated and agreed on by the Board of Directors and shareholders, the project financing was obtained, and decision made on the post FID activities. About 95% of the construction has been completed and the plant is expected to be commissioned by the first quarter of 2018.

Though majority of the milestones have been fulfilled, the challenges the project faced was the absence of a good road link and sufficient electricity connection as the project is located in Phase 7 of Sohar Industrial Area which is a relatively new area. Even though PEIE has invested heavily in the provision of infrastructure within the phase, the connecting road between Phase 6 and 7 was still graded making commuting to the area difficult. A similar challenge was with regards to electricity connection. To overcome the road issue, a tender was issued in November 2017 by the Ministry of Transport and Communication for a road connection.

A major achievement was that the ISFU played an important role in bringing all the stakeholders to one table to solve the problems related to road and electricity. These challenges are expected to be resolved in the first quarter of 2018.

Moving Forward

Once the electricity is fully connected to the plant, the commissioning and production ramp up will follow. These milestones are expected to be achieved in the first half of 2018.

Stakeholders

• Ministry of Commerce and Industry	• Sohar Industrial Estate
• Majan Electricity Company	• Ministry of Transport and Communications

Innovation

11 - Advanced Manufacturing Research Centre (AMRC) in Oman



This initiative aims to establish and operate the Advanced Manufacturing Research Centre (AMRC), which will adopt and transfer innovative ideas into tangible prototypes and assess their performance.

AMRC will streamline production processes currently in Oman and assist in establishing new production lines. It will adopt and set industrial solutions to overcome performance difficulties faced by industrial companies in Oman – such as manufacturing different parts of high-value industrial equipment that are difficult to procure. This can be achieved through research, studies, and partnership with international research centres (such as the AMRC at the University of Sheffield, UK). The centre will provide opportunities to develop the human capital that is required in this sector through vocational training on advanced manufacturing equipment and production.

The initiative is expected to increase the GDP by OMR 10 million and provide direct job opportunities after the completion of phase two. In addition, it will enhance the manufacturing sector's ability to increase in-country production of advanced manufacturing parts by designing, manufacturing, and testing the products within Oman. This will provide investment opportunities to establish plants and production lines. At the same time, it will strengthen Oman's strategic relationships with international manufacturing centres by encouraging the transfer of technologies between partners and attracting capital investment to Oman from leading international companies in manufacturing.

This initiative will work as a joint venture with the Industrial Innovation Centre, which will finance and supervise the execution of the industrial innovation projects. The Industrial Innovation Centre lacks the manufacturing workshops, testing laboratories, and an engineering centre to design the products. Therefore, the establishment of this centre is expected to seed the growth of a high-tech national industrial hub focused on precision manufacturing.

The Journey

An agreement between the Ministry of Commerce and Industry and Sohar University for establishing a research centre has been defined, reviewed, and signed. The engineering work on the premises for utilities to accommodate the equipment has started and is progressing as planned.

Moving Forward

Once the project budget is obtained, different stages of development will be underway. Operationalising of phase one that is the first order received has been planned for 2018.

Stakeholders

• Ministry of Commerce and Industry	• Public Establishment for Industrial Estates
• Industrial companies in Oman	• Investment companies
• Industrial Innovation Centre	

12 - Strengthening the existing Industrial Innovation Centre (IIC)



This initiative seeks to convert Industrial Innovation Centre (IIC) into a government company that works under the umbrella of the Public Establishment for Industrial Estates (PEIE) and the Ministry of Commerce and Industry.

The transformed Centre will be a national authority responsible for all matters related to industrial innovation with full financial and administrative independence. The Centre will be given the jurisdiction and ability to enter into agreements and strategic partnerships with international experts and agencies to benefit from their expertise in developing the innovation environment in Oman. Furthermore, it will have the power to develop the legal and legislative bylaws to suit its newly assigned tasks. The Centre will also have a steering committee consisting of a CEO and members from relevant governmental organisations and representatives from the private sector. Primarily, IIC will be the national umbrella of all industrial innovation programmes and activities by developing a functional Industrial Innovation Ecosystem that enables the linking of public-industry-academia and civil society. This ecosystem will enable the accomplishment of the objectives of the National Economic Diversification programme approved in the manufacturing sector.

The objectives of the Centre include:

- Linking public-industry-academia and civil society to establish industrial knowledge base;
- Developing human capital to drive innovation and increase Oman's international competitiveness in manufacturing;
- Facilitating the establishment of the innovation-based industrial enterprises which would expedite the growth of knowledge-driven entrepreneurial companies;
- Transforming targeted industries through open innovation models to become more competitive by: improving product excellence, developing and commercialising new opportunities, enhancing operational excellence, and;
- Supporting existing industrial companies to innovate in products, processes, services and technology as well as support the investment in intellectual property rights, assist in the transfer and commercialization of new technologies.

To achieve such objectives, the Centre will activate four specialised programmes: 1) Qualify human capital and link between public-industry-academia and civil society; 2) Support the establishment of industrial innovative start-ups; 3) Support innovation within existing industries and 4) Support innovation in industrial sectors. The four programmes will be interlinked to create a functional industrial innovation ecosystem capable of boosting competitiveness and in turn contributing in diversifying the national economy. The Centre will function in proximity with all academic and research institutions including the Advanced Manufacturing Research Centre at the University of Sohar.

The IIC will commence operations in line with the plans adopted by the National Economic Diversification programme, including the provision of funding from the Ministry of Finance over a period of four years. The IIC will be governed to gradually work on attracting innovative and sustainable funding from the private sector to cover the expenses. Over the next four years, IIC is mandated to meet specific KPIs, support 38 companies to innovate, train and qualify 400 individuals as human capital, establish 20 innovative industrial start-ups and lead four industrial sectors to innovate by 2020.

The Journey

In 2017, the major objective was to establish IIC as an independent company under PEIE as well as activate four innovative programmes. The IIC registration and financial allocation has taken some time more than initially projected, which delayed the completion of the planned four programmes. Despite the challenges, IIC has been registered, a CEO has been appointed, 12 full-time senior consultants and staff have been employed, and all four innovation programmes have been activated. Through the support of the ISFU and Ministry of Commerce and Industry, IIC managed to overcome various challenges and delivered 97% of the realisation of the IIC project by the end of 2017.

Moving Forward

In 2018, the articles of association will be finalised and targets of the four programmes are to be accomplished. Plans are on to develop innovation in two sectors, namely minerals (marble) and fisheries, which is expected to have a massive national economic impact.

Stakeholders

• Ministry of Commerce and Industry	• Public Establishment for Industrial Estates
• Ministry of Finance	• Public Authority for Investment Promotion and Export Development (Ithraa)
• Ministry of Manpower	• Oman Chamber of Commerce and Industry

Food

The food processing industry in Oman has been slated for accelerated growth with opportunities for value addition in food, cooking oils, poultry, meat and fish. Rising disposable income, population growth, changing lifestyles as well as policy support from the government to promote food security are all contributing to the growth of this industry. The growth rate of food consumption in the neighbouring countries and the increase in the volume of imported food products are additional factors that reflect the importance of this sub sector.

Therefore, several initiatives have been identified to make Oman a leading hub in food processing. The goal of the initiatives is to improve self-sufficiency and enhance opportunities for export regionally. The projects also aim to capitalise on the strategic geographic location of Oman and proximity to food importing countries.

13 - Date-Palm Innovation Project (DPIP)



Dates constitute 50% of the edible fruits exported by the Sultanate. This project is proposed to apply an open innovation model developed by the Industrial Innovation Centre (IIC) to boost annual revenues from dates and date-palm byproducts owned by the One Million Date Palm Project operating under the Diwan of Royal Courts from tens of thousands to nearly OMR 290 million.

To accomplish this target, an innovation model was developed to be executed by a team of local and international innovation experts. The team was required to map the global landscape and identify ten best investment opportunities to generate targeted revenues. In addition, the team had to develop a strategic framework based on best global agronomical practices so that management efficiency of date-palm farms can be further improved.

The objective was also to generate an extensive Wikipedia page to document all scientific and commercial information captured during the duration of this project. It was proposed that two individuals from the One Million Date Palm Project would be extensively trained to become innovation specialists.

The Journey

The Industrial Innovation Centre (IIC) succeeded in identifying more than 13 products instead of 10 that were originally planned. In addition, prototypes for each product were developed in partnership with local and global partners ready for full commercialisation to generate more than OMR 300 million.

Moving Forward

The objectives planned for 2017 was fully met and the project will proceed with the next KPI for 2018 which is related to setting up two manufacturing plants for date products and palm by-products.

Stakeholders

• Industrial Innovation Centre	• Diwan of Royal Court (One Million Date Palm Project)
• Oman National Investment Development Company (TANMIA)	

14 - Establishing an integrated dairy project (Mazoon Dairy)



The Sultanate is working towards accomplishing self-reliance in the food sector. An integrated dairy project with a capacity to meet more than 80% of Oman's needs will be set up by Mazoon Dairy Company SAOC (MDC). The project will be established in Al Sunaynah, in the Governorate of Al Buraimi.

The integrated dairy project will be equipped with a modern central processing unit. Starting from an initial workforce of 400, it is anticipated that within a decade, Mazoon Dairy Company will employ 2,300 staff – with an estimated 70% of these skilled jobs being occupied by Omanis.

The company chose Al Sunaynah due to its location that provides a suitable environment and sufficient amounts of usable water from a sustainable source. The company will produce around 202 million litres by 2026, and this quantity will increase to 985 million litres by 2040. The farm will significantly help reduce the imports, which had reached 69% in 2014, to 13% by 2026.

Initially, the facility will house 4,000 Holstein-Friesian cows and grow to 25,000 by 2026. It will also be equipped with enhanced cooling systems and automatic milking machines. This project is being promoted by Oman Foods Investment Holding Company SAOC, which is now carrying out several projects related to food security. A group of investment funds and government pension funds will contribute to this major development. The project, which has been envisaged at a cost of an estimated OMR 100 million, will be implemented through three phases.

Mazoon Dairy product range will cover a diverse mix of dairy and juice products, including milk, yoghurt, laban, cheese and juices. The production processes will follow the highest international standards of HACCP and ISO.

The Journey

The biosecurity requirements for operating in this industry entail the project to be in distant areas where infrastructure is not yet developed. Therefore, building of road and electricity infrastructure was an added cost to the project. In addition, water connection and telecommunication services to the area was another concern.

To deal with the high cost of building the electricity infrastructure, the ISFU team prearranged a meeting between the Authority for Electricity Regulation, Majan Electricity and Mazoon Dairy. This meeting explored all available options to enable Mazoon Dairy find an optimum solution. Following these discussions, the main power agreement approved by all parties was finally signed. Mazoon Dairy also signed agreements for the main works and the cow cooling system and milking parlour.

Moving Forward

The project aims to obtain the initial approvals for roads and water. It also aims to kick-start the construction and complete the commissioning (inclusive of certification, HR, branding and marketing) of the integrated dairy project by year end.

Stakeholders

• Oman Food Investment Holding Co.	• Ministry of Agriculture and Fisheries
• Ministry of Commerce and Industry	• Ministry of Manpower
• Majan Electricity Company	• Ministry of Municipalities and Water Resources
• Public Authority for Electricity and Water	• Royal Oman Police
• Ministry of Environment and Climate Affairs	• Ministry of Transport and Communications

15 - Enhance the poultry production business



To enhance food security and economic diversification, two initiatives have been established to expand the poultry production business in the Sultanate. While one project focuses on white meat production, the second initiative is concerning with egg production.

Two main KPIs fall under this initiative:

15.1 - Realisation of A'Namaa Poultry project

A'Namaa Poultry Company SAOC, with a poultry meat production capacity of 60,000 metric tonnes per annum, was planned to reduce reliance on the imports of white meat.

The project, which is situated in Ibri in Al Dhahira Governorate, will comprise 240 poultry houses in addition to a hatchery with a capacity to produce 70 million eggs/year, 50 tons per hour capacity feed mill, water treatment plant, poultry slaughter house with a production capacity of about 200,000 birds a day and other utilities.

The project will be a state-of-the-art project using the latest technology and imported equipment. It will open opportunities for Omani job-seekers, contribute to the gross domestic product and support development of the nearby governorates.

The Journey

The biosecurity requirements for operating in this industry entail the project to be in interior areas. However, infrastructure is not yet developed in these areas. Expense on road and electricity infrastructure levies extra costs on the project. Moreover, the waiting time for water and telecommunication services connection involves extra costs.

Obtaining the land was a challenging process as the project needed to secure multiple lands in different locations. Processing of land applications in the Ministry of Housing took around six months. Some of the lands surrounding the original project location were situated in a concession area of Occidental and Ara Petroleum which had to be sorted out too.

Aiding the project to move forward, the Ministry of Commerce and Industry and ISFU communicated with the Ministry of Housing to fast-track the processing of the lands application. A'Namaa Poultry Company signed a land lease agreement with the Ministry of Housing for a land in Dhank in Al Dhahira Governorate. In addition, Ministry of Commerce and Industry and ISFU facilitated discussions between A'Namaa and Occidental which concluded with usufruct land agreement with Al Dhahira Governorate and an agreement with Occidental in Al-Safa' A'Somehan. The works on the main power, the final detailed design and the procurement of machinery have already started.

Moving Forward

As soon as A'Namaa Poultry enters into an agreement to develop the necessary design, the company will start the tendering process and construction will begin.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Agriculture and Fisheries
• Oman Food Investment Holding Co.	• Ministry of Manpower
• Ministry of Oil and Gas	• Majan Electricity Company

15.2 - Realisation of Osool Poultry SAOC

Osool Poultry SAOC, a new poultry breeder project, which intends to contribute to Oman's goal in diversifying the economic resources, will facilitate the constant supply and sustainable pricing of hatching eggs to the poultry industries of Oman and GCC countries.

Poultry production operations in and around Oman has experienced strain due to the disruption of supplies from trader countries because of disease outbreak, logistics issues and demand-supply problems. Therefore, the Osool Poultry project will play a strategic role in contributing to food security in the country.

Being first-of-its-kind to be implemented in Haima in Al Wusta Governorate, the project will be a source of foreign exchange revenue too. The project is expected to contribute to the self-sufficiency of Oman in its demand for fertilised eggs to 80-85% once the project is fully realised. It will also create employment opportunities. The goal of the project is to produce approximately 150 million fertilised eggs annually. The project will strengthen cooperation between local and regional companies that have extensive experience in such a vigorous industry.

The Journey

Osool Poultry achieved progress in securing most of the initial approvals (for borewell, EIA, soil investigation, topography survey and electricity drawing works). Mobilisation has been completed for road, and fencing activity and work on detailed design has commenced.

The application for the shifting of two plots of the project lands in Al Wusta governorate required a period of six months which led to a delay in the project business development plan. Along with efforts of project management team, Ministry of Commerce and Industry and ISFU communicated with the Ministry of Housing to fast-track the processing of the land application and resulted in Osool obtaining the approval from Ministry of Housing to shift two plots of the project lands.

Moving Forward

In 2018, detailed design will be finalised along with the different tender packages which will allow for the construction to begin.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Agriculture and Fisheries
• Oman Food Investment Holding Co.	• Ministry of Manpower

16 - Vegetables Processing Factory



The abundant local production of vegetables in Oman signified a good opportunity to achieve growth in GDP. Since there is a bounteous production, it was comprehended that there is a great scope for processing fruits and vegetables. The aim of the initiative was to adopt various methods of preservation such as canning, pickling and freezing among others. It was anticipated that these added values will enhance the potential to export products like canned vegetables, pickles, frozen vegetables, tomato sauce and paste, and other products.

Al Suwaiq in Al Batinah governorate was identified to establish the vegetable processing plant owing to multiple reasons. Al Batinah governorate's fertile lands and suitable climate are well-matched for agricultural purposes and already produce 5% of Oman's vegetables. Besides that, the Farmers' Association in this region would benefit from the establishment of such a plant in Al Suwaiq.

The Journey

During the National Economic Diversification programme, various entities presented initial data which showed great potential to use current production of vegetables to produce value added products. Following this, it was decided to establish the vegetable processing plant in Al Suwaiq. ISFU and Ministry of Commerce and Industry facilitated a series of discussions with Tanmia, AATCO, Tawoos, Ministry of Agriculture and Fisheries and the Farmers Association. Following the labs, prolonged discussions were dedicated to define the scope of the project by involving Tanmia, AATCO, Tawoos, MAF and the Farmers Association. These meetings suggested that tomato paste was the best option considering the already available expertise among the different stakeholders who participated in the discussion.

Based on the input received from the private sector and MAF, Tanmia and AATCO, a pre-feasibility study specifically for tomato paste project was drafted. Subsequently, it was agreed that the project of producing tomato paste was not as competitive and hence not feasible. A decision was made by the manufacturing steering committee to replace the project after studying other alternatives.

Moving Forward

The manufacturing team is considering an alternative project under the food sub sector.

Stakeholders

• Farmers' Association	• Ministry of Agriculture & Fisheries
• Tanmia	• AATCO
• TAWOOS	

17- Seafood processing and canning



Oman is positioned as a distinct site for commercial fisheries due to its 3,165 km coastline, ideal temperature conditions, rich biodiversity and the availability of more than 1,000 species of fish including sardines, mackerel, tuna, lobster, oysters, abalone and others.

The amount of fish available in its seas enables the Sultanate to invest in the field of seafood canneries. Therefore, this initiative proposed to process locally available fish into high value products. The plan is to produce different types of processed fish with prominent Omani branding. Such products include; canned sardines, canned tuna, fish powder and fish oil.

The Duqm Special Economic Zone was selected to establish the sardines and tuna fish canning plant due to the availability of infrastructure and transportation facility. Preliminary approval has been obtained to operate this project after several agreements were arrived at with the fishermen from Al Wusta Governorate to supply fish to the plant.

This plant aims to produce 300 million cans/year, but it requires an area of 10,000 m² and a power source with 2,000 mw/hour.

The Journey

A feasibility study took longer than expected due to lack of clarity between the potential shareholders on the scope of the project. Completion of feasibility study was dependent on receiving reliable inputs which consumed time due to absence of a similar investment model in Oman.

Moving Forward

As soon as the project feasibility study is completed, and potential stakeholders are identified, the project team will work on obtaining the initial approvals, completing the Final Investment Decision and forming the company.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Agriculture and Fisheries
• Special Economic Zone Authority at Duqm (SEZAD)	• Fishermen
• Ministry of Manpower	• Al Wusta for Fisheries LLC

Energy

A variety of energy sources will serve as strong enablers in the manufacturing sector. Many manufacturing projects and plans are energy intensive and require alternative and viable sources of energy.

Deliberations in this sector include determining what variety of energy sources the Sultanate should pursue and rationalising their contribution to the country's total energy production.

Government policies and legislation related to energy production and their market value are also included in the focus for the proposed initiatives.

Four Key Performance Indicators (KPIs) were identified as part of the National Economic Diversification programme as enablers to the manufacturing sector:

- 1) Realisation of Duqm coal power plant
- 2) Setting a renewable energy target
- 3) Gas liberalisation
- 4) Formulating a National Environmental Policy for the Energy Sector (NEPES)

However, during 2017, it was decided to shift the first three KPIs for further deliberation in the energy labs organized during March 2018.

18 - Formulating a National Environmental Policy for the Energy Sector (NEPES)



This initiative aims to formulate a new national environmental policy for generating power which includes encouraging generation of power from alternative sources based on international practices. While there are existing environmental standards to utilise natural gas, coal, and oil, the sector lacks standards related to pet-coke, diesel, and renewables.

In line with this objective, four focus areas have been identified where clear criteria are needed for environmental policy standards:

- Environment (air, water, waste)
- Pollutants (nitroxide, carbon dioxide, sulphur oxide among others)
- Health (severe and chronological breathing diseases)
- Externality costs (waste disposal, health care and the like).

The Journey

The NEPES initiative has managed to complete 70% of the planned target. This included the preparatory assessment phase of the project which included preliminary engagement with stakeholders, identification of data requirement as well as conducting a baseline assessment of the current situation.

The main challenge that NEPES faced was access to the budget as the approvals were completed only in the month of August 2017. This has delayed the progress of the project which resulted in postponement in achieving the planned target.

Moving Forward

The target is to implement the policy by the end of 2018, which is largely dependent on the execution of the different phases of the project.

Stakeholders

• Public Authority of Electricity and Water	• Ministry of Regional Municipalities & Water Resources
• Ministry of Commerce and Industry	• Oman Chamber of Commerce and Industry
• Ministry of Oil and Gas	• Oman Power and Water Procurement Company
• Authority for Electricity Regulation	• Shura Council

Other

19 - Formation of sectoral organisation

This initiative aims to establish a manufacturing sector association to act as a connecting link with the governmental authorities and other sectors. It will represent a number of SMEs, tackle challenges and embody the sector in an organised manner. It will also coordinate with representatives of the private sector, Chamber of Commerce and Industry and educational institutions. In addition, it will act as the first point of contact for ministries and member companies for all purposes. This initiative is one of high impact, as it is connected to other initiatives, and requires no financial costs for implementation to be initiated.

The Journey

The business plan has been completed and 42 members have registered to form the board of the association. The Ministry of Commerce and Industry sent a supporting letter to the Ministry of Social Development to accelerate the process of approving the application.

Moving Forward

The final approval to establish a sectoral organisation is expected in the first half of 2018.



Stakeholders



• Oman Chamber of Commerce and Industry	• Ministry of Commerce and Industry
• Ministry of Social Development	• Sector lead bodies
• Ministerial Cabinet of Oman	



Tourism

Tourism KPI Dashboard

Initiative/KPI		Actual Achievement 2017 	Target 2017 
1 - Privatising the Management of Nature Sites and Protected Areas			
1.1	Qurum Nature Reserve	30%	100%
1.2	Al Huqf Geopark	40%	100%
1.3	Al Saleel National Park	41%	100%
2 - Enable Niche and Nature Adventure Activities		60%	100%
3 - Privatising the Management of Heritage Sites - Harat Al Bilad (pilot project)		55%	100%
4 - Develop a Year-Round Calendar of Events			
4.1	The Annual Number of adventure & Sports Tourism Events	15	20
4.2	Total Number of Domestic Arrivals (000')	16,308	17,492
4.3	Total Number of international Arrivals (000')	2,133	3,923
4.4	Direct Economic Impact (OMR mil)	8	9.48
4.5	Creation of consolidated rolling events calendar	60%	100%
5 - Creation of Cultural and F&B Precincts			
5.1	Muscat Food Court	100%	100%
5.2	Salalah Grand Mall	100%	100%
5.3	Al Sarooj Restaurant Complex	100%	100%
5.4	Al Azaiba F&B Complex	100%	100%
6 - Creation of Iconic Tourism Projects			
6.1	Mount Wellness Project	30%	100%
6.2	Port Sultan Qaboos Waterfront Development	0%	100%
6.3	Oman Riviera	80%	100%
6.4	Al Mouj Muscat	85%	100%

Initiative/KPI		Actual Achievement 2017 	Target 2017 
7 - Facilitating Delivery of ITCs/Hotels/Themed Attractions			
7.1	Operationalization of Facilitation Unit	100%	100%
7.2	Solve number of cases identified in the Lab to facilitate implementation	24	28
8 - Expedite Cluster Plans for Musandam, Al Dakhiliyah, Muscat & Al Sharqiyah South Governorates			
8.1	Musandam	35%	100%
8.2	Al Dakhiliyah	64%	100%
8.3	Muscat	64%	100%
8.4	Al Shargiyah South	64%	100%
9 - Enhance Applicant Services for all Tourism Related Projects			
9.1	Operationalization of Client Service Center	85%	100%
9.2	Signed Service Level Agreement (SLA) for 3 streamlined processes	70%	100%
10 - Extending Usufruct and Lease Options			
10.1	Amendments to the provision of laws relating to land	70%	100%
11 - E-visas and Facilitation of New Markets			
11.1	Create new tourist visa facilities for new markets (China, Russia, Iran)	100%	100%
11.2	Increase number of tourists from new markets (China, Russia, Iran) using new visa facilities	47,626	43,419
11.3	Increase % of E-Visa users	107%	100%
12 - Centralised Infrastructure Facilitation Process		100%	100%
13 - Oman Tourism & Convention Bureau			
13.1	Establishment of an independent Tourism Board (TB)	45%	100%
13.2	Launch of e-concierge application	50%	100%
13.3	Creation of the independent Oman Convention Bureau	50%	100%
14 - Activate Tourism Development Fund		60%	100%

*Audited by KPMG

Overview

With Oman's breath-taking natural beauty interwoven with a melange of history, culture & adventure elements, tourism has long represented a key component of the country's economic growth. In 2017, the Implementation Support and Follow-Up Unit's (ISFU) multi-faceted approach in revitalising the tourism industry recorded several key achievements.

Based on the National Economic Diversification program, 14 initiatives were identified relevant to nature and adventure activities; culture and heritage; events, conferences and exhibitions; leisure, recreation and accommodation; regulations; marketing and promotions, labour market in the tourism sector as well as additional regulatory enablers.

The key initiatives which achieved considerable progress in 2017 were e-visas and facilitation of new markets, and expediting of cluster plans for Musandam, Al Dakhiliyah, Muscat and Al Sharqiyah South Governorates. Significant progress was made on pilot projects related to privatising the management of heritage sites, nature sites and protected areas.

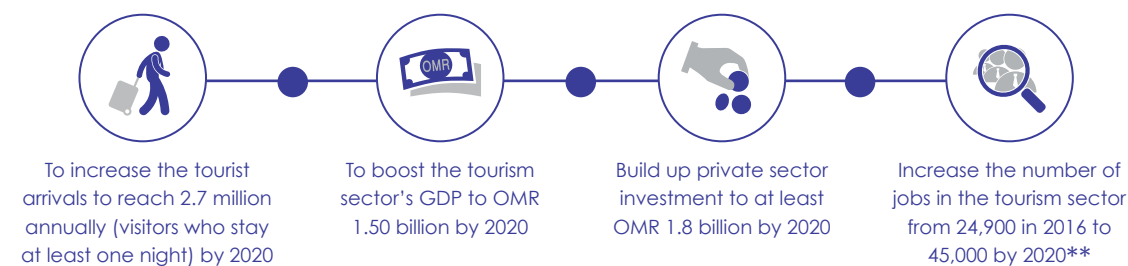
In respect of achieving the objectives of the tourism sector initiatives, the ISFU held productive engagement sessions with several key stakeholders adopting the best international practices wherever there was a lack of clarity on policies regarding certain activities. While dealing with the sensitive nature of some protected areas of national significance, the ISFU team implemented practical models which helped engage communities and ensure that people visiting the Sultanate enjoy a truly authentic and rich experience.

The ISFU has been working closely with private sector partners and key stakeholders by holding dialogues and finding solutions for the growth of the e-sector. The ISFU team's key focus is enhancing the business environment and unlocking labour solutions to pave the way for the private sector to play a key role in economic growth.

A new initiative-'Expedite Growth in Domestic Tourism' has been added to the tourism dashboard in 2018. The purpose of the initiative is to plan, develop and unlock key elements that will help boost domestic tourism in Oman. It will also attract locals and residents to spend their time and money, experiencing the country rather than travelling abroad for leisure and entertainment. The initiative aims to diagnose and resolve micro-level gaps currently restraining domestic tourism. Given its importance to the public welfare, both ISFU and Ministry of Tourism have jointly agreed to introduce a dedicated initiative in 2018 to enhance the domestic tourism offering in Oman.

The top line Key Performance Indicators for total arrivals have already been achieved and the latest numbers indicate that arrivals reached over 3 million visitors in 2017. Currently, the focus is to foster tourism to new heights and achieve the key targets planned to be accomplished by 2020.

The top line KPIs for the tourism sector are as follows* :



*All forms of data are being continuously refined to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities aligned with international standards.

**Tourism job target is for the entire sector and it is based on Oman Tourism Strategy 2040.

1 - Privatising the management of nature sites and protected areas



With an intention to augment the tourist infrastructure, explore the Sultanate's tourism potential and attract tourists, this initiative aims to privatise the management of specific natural and protected sites in Oman. To achieve this objective, the government plans to entrust the management of nature reserves and protected sites to private investors in accordance with a specific regulatory framework. The local community living in and around the protected areas will be integrated into the development plan.

Three pilot project sites were identified under the initiative as follows:

1.1 - Qurum Nature Reserve

Qurum Nature Reserve boasts one of the largest areas of natural mangrove forest in the Arabian region. With 194 species of birds, 27 kinds of crustaceans, 48 varieties of molluscs and 40 types of fish, this site which was designated as Ramsar site in 2013 is truly a nature's marvel.

1.2 - Al Huqf Geopark

Offering great diversity, Al Huqf Geopark, which the Duqm Rock Garden and Al Wusta Wildlife Sanctuary are part of, lends itself to a wide range of activities suitable for tourism. Hence, the tourism potential of the Al Huqf Geopark can be leveraged through three focus areas including geological, cultural and environmental. As part of the Al Huqf Geopark plan, a map will be developed for tour operators. The map will include potential geological, educational, cultural, social and environmental activities the tourists can engage in.

1.3 - Al Saleel National Park

Al Saleel National Park is a wildlife reserve in Al Sharqiyah Governorate that is home to the rare Arabian gazelle. The park extends over an area of 220 square kilometres and is predominantly covered by forests of acacia trees. It is also home to several rare species like the Omani wild cat (Al Senmar), red fox, Arabian wolf, jird, wagner's gerbil and Egyptian spiny mouse. Birds like the Egyptian vulture, crowned sand grouse, pale rock finch, sand martin and grey shrike can also be found in the park.

Awarding three pilot projects to interested private investors, the goal is to reduce reliance on government spending and to develop new recreational opportunities in Oman. The initiative working group is working on identifying similar protected areas to be added to the initiative once the first three are successfully operationalised.

The Journey

Ministry of Tourism (MoT), represented by the Ministerial Delivery Unit (MDU) and the initiative working group, have worked closely with the Ministry of Environment and Climate Affairs (MECA) and the Special Economic Zone Authority at Duqm (SEZAD) to develop guidelines and regulations for private investment on the three pilot projects in order to aid in preserving and maintaining the biodiversity of the sites.

After receiving approval from the MECA and SEZAD, the MoT called tenders from interested companies to submit a business model and development plan for investing in these sites and operating them.

The initiative working group faced a challenge relevant to leadership changes which resulted in a delay in the overall implementation of the project. However, the MDU, along with the ISFU, managed to make the necessary changes to fast track the execution.

Another challenge faced was the lack of existing frameworks in developing business models for investments in such projects. However, MDU and ISFU resolved the issue and proposed tendering tourism activities within the three project sites to interested investors encouraging the private sector to submit concept plans, business models and funding mechanisms. Subsequently, the Qurum Nature Reserve, Al Saleel National Park and protected areas within Al Huqf Geopark are expected to materialise in 2018.

Moving Forward

In 2018, the initiative will be looking at mobilisation of Qurum Nature Reserve, Al Huqf Geopark and Al Saleel National Park.

Stakeholders

• Ministry of Tourism	• Ministry of Environment and Climate Affairs
• The Special Economic Zone Authority at Duqm	• Office for Conservation of Environment, Diwan of Royal Court

2 - Enable niche and nature adventure activities



Oman is a perfect destination for adventure tourism, from trekking, hiking, hot air balloons and paragliding to scuba diving, rafting, canyoning, jet skiing and many more. Although Oman has a lot to offer for those seeking heart-pounding adventure activities, a regulatory framework related to safety and operational standards that guides adventure tourism has not been developed yet in the Sultanate, making it difficult for small and medium enterprises (SMEs) interested in providing such services to invest in this business.

The initiative focuses on the need to enhance professionalism and develop regulatory measures for the adventure tourism industry in Oman. It also aims to prepare and promote guidelines for the Adventure Activity Safety Management System and create a system responsible of issuing permits to conduct adventure activities. The system will ensure that safety standards are met and that activities are conducted in specified areas. In addition, the initiative proposes to prepare a draft of safety management plan and develop auditing standards for adventure activities. Once these regulations and safety standards are in place, Oman is expected to attract more investments in adventure tourism.

The Journey

Under the supervision of the Ministry of Tourism (MoT), the initiative working group in collaboration with the New Zealand government and Maven International Consultant Company conducted workshops in Muscat, Khasab and Salalah in May 2017 to prepare an adventure activity regulatory guide. The workshop solicited inputs from stakeholders including adventure tour operators and government entities on the proposed guide.

Since Oman is trying to adopt the New Zealand model of developing risk management for adventure activities, the initiative team went for a study tour to New Zealand. The team concentrated on studying the design, organisational structure and adventure tourism safety management system practiced in New Zealand. The signing of a memorandum of understanding with the New Zealand government to prepare safety guidelines took longer than expected due to the absence of the country's embassy in Oman.

Moving Forward

A memorandum of understanding to develop safety guidelines will be signed with the New Zealand government in 2018. Subsequently, the initiative team will launch the approved regulatory measures to be followed by the adventure tourism industry. To give a further boost, in coordination with MoT and the private sector, the initiative team will develop four adventure projects.

Stakeholders

• Ministry of Tourism	• New Zealand Government
• Maven International	

3 - Privatising the management of heritage sites



Heritage is a significant aspect in tourism, whether from a domestic or international tourism point of view. Most of international tourists visiting the Sultanate appreciate the uniqueness of its cultural wealth. Statistics show that 13% of international tourists visiting Oman visited mostly the country's heritage sites. The initiative strategic goal is to boost these numbers.

In order to develop the standards on the overall experience for the tourists, the management of Oman's heritage sites will be assigned to the private sector. This will not only reduce the maintenance costs incurred by the government but will also encourage the development of innovative tourism concepts through digital technologies.

Harat Al Bilad District in Al Dakhiliyah Governorate was identified as a ready-to-implement pilot project since the Ministry of Heritage and Culture (MoHC) had already completed 50% of restoration activity. Besides, the site was selected as it was strategically located near other key tourist attractions such as Nizwa, Al Jabal Al Akhdar, Jabal Shams, Al Hamra and Bahla. In addition, population density in the region will ensure extensive public participation in cultural and folklore events, contributing to the promotion of the site. Therefore, the main intent of this initiative is to operationalise Harat Al Bilad District by awarding it to a private investor.

The Journey

To ensure conscientious privatisation of Harat Al Bilad District, the initiative working group developed a set of rules and regulations to be complied with by the private investor. These rules and regulations will aid in preserving and maintaining historical sites.

The initiative now has a framework on how iconic heritage sites can be mobilised into a private commercialised project. However, the challenge is that these national assets are of such sensitive nature that it takes time to set a guideline to be used as a benchmark.

As Harat Al Bilad is considered a pilot project and given Oman Tourism Development Company's (Omran) expertise in managing and developing heritage sites, the Ministry of Tourism (MoT) and the Ministry of Heritage and Culture (MoHC) decided to award the tendering process of the project to Omran. Consequently, Omran issued a tender in August, 2017, asking interested investors to submit a development plan for investing and operating Harat Al Bilad. The initiative working group is awaiting the official signing of the usufruct agreement between MoHC and Omran. By then, Omran will award the tender to a nominated local private SME to operate and manage Harat Al Bilad.

A remarkable achievement of the initiative is that it will enable the local SMEs to take part in preserving and rekindling Oman's unique heritage while opening doors to residents and visitors to experience a timeless journey through Harat Al Bilad.

Moving Forward

Lengthy tendering process led to moving the private operationalisation of Harat Al Bilad to 2018. A tender will be awarded for a local SME to run the day-to-day operations of this heritage site. And while adding several additional historic districts to follow similar business models in sustaining the heritage site's operations and introducing authentic cultural experiences to the visitors, the team will also work on privatising two additional heritage sites.

Stakeholders

• Ministry of Tourism	• Ministry of Heritage & Culture
• Omran	• Private Sector Operator

4 - Develop a year-round calendar of events



Mega events and festivals play an important role in boosting awareness of a destination and increasing number of visitors. As per statistics, a substantial number of international tourists come to Oman to attend cultural festivals or sporting events. However, huge potential to become a leader in hosting world-class event is still untapped. Investing in mega events can create valuable opportunities for the Sultanate which would directly impact the tourism labs KPIs identified during the National Economic Diversification program.

The initiative has an impact on the overarching objectives for the Ministry of Tourism by increasing international tourist arrivals, the appreciation of the tourism sector and job opportunities.

The initiative has three main goals as follows:

- Create a standard digital platform to promote the year-round calendar of public events and festivals across the country. In its first year, the initiative has designed, developed and populated a website, which is a sub domain of the country's promotional website 'Experience Oman'. The website has already went live. Additionally, the initiative has created a mechanism to keep the year-round calendar up-to-date with the country's sporting and cultural events as well as Meetings, Incentives, Conferences and Exhibitions (MICE).
- Identify and promote cultural and MICE events, in cooperation with the Oman Convention and Exhibition Centre and Royal Opera House.
- Highlight Oman's potential as a sports tourism destination by identifying global key events, and replicating, bidding or hosting them in the country. The initiative is targeting creation of further events in the following fields: running, cycling, triathlon, sailing, equestrian, fishing, camel racing and youth sports.

The major milestones of the initiative for 2017 were to encourage, support and develop events that encourage visits and enhance the profile of Oman as a destination. The initiative target was to conduct at least 20 events themed around sports and culture and it was expected to attract at least 17,492 domestic tourists and 3,923 international tourists in 2017. As a direct economic impact, the goal was to have at least OMR 9.476 million from the hosted events.

The Journey

In 2017, 15 events were successfully organised and promoted with the support of the initiative working group and the Ministry of Tourism. The events included Musannah Race Week, Al Mouj Muscat Marathon, Tour of Oman Pro, Tour of Oman Amateur, Sailing Arabia – The Tour, Frontier Epic Oman, GC 32 World Championships, Extreme Sailing Series, IKA Kite Speed World Championship, Red Bull Drift, Oman Desert Marathon, the Spartan Race, First Muscat Showjumping Series and Kite World Championships, among others.

As the initiative started in 2017, its first year was predominantly a planning year, which included identifying and securing major events, forming new events or revitalising the existing ones. The initiative also managed to make an impact in 2017; the 15 events attracted 1,239 international participants and 2,838 domestic participants. In addition, the total international arrivals visiting these events reached 2,133 and total domestic tourists around 16,308.

Moving Forward

In 2018, the working group will ensure that the digital consolidated rolling events calendar is always up to date. Within the calendar, there will be at least 15 sport and 13 non-sport events which will attract international tourists. The events will promote Oman's rich heritage and attract both inbound and domestic tourism. The focus on the non-sport events will remain with an additional focus on creating cultural events. For example, a cultural event that focuses on the beloved national dessert of Oman – the Omani halwa festival – is planned to be organised in 2018.

Stakeholders

• Ministry of Tourism	• Ministry of Heritage & Culture
• Ministry of Sports and specific sports federations	• Relevant municipalities
• ROP	• Oman Sail

5 - Creation of Cultural and F&B precincts



The growth of tourism in Oman has been spurred by the increase in demand from the tourists for new attractions. The purpose of the initiative is to create dedicated 'cultural precincts' that offer domestic and international tourists a wide range of retail and F&B offerings. The idea is to enhance the country's retail and F&B offerings while leveraging on Oman's heritage and culture to offer a significantly different customer experience. The initiative also aims to upgrade the regulations that govern food and beverage outlets while improving the quality of the existing F&B outlets.

The goal of the initiative in 2017 was to facilitate the completion of the identified projects in accordance with the agreed project milestones. It was decided that while the investment would come from the private sector, the government would help investors and incentivise them through usufruct agreements. It may be noted that initiative 10 introduced some amendments to the existing usufruct agreement, making it easier for the investor to use the land for a specific number of years.

Below are the projects identified in this initiative along with their achievements during 2017:

- 5.1- Muscat Food Court: While offering a new experience of dining and shopping, the project will reflect and enhance the rich Omani culture. This project which has been approved by the Ministry of Tourism, Royal Oman Police and Muscat Municipality will be located in the heart of Muscat city.
- 5.2- Salalah Grand Mall: Extending a new paradigm for entertainment in Salalah, the project will bring together shopping and leisure facilities in an energetic ambience by stitching in cultural and tourism elements. It aims to increase quality in the retail, leisure, and dining offerings. With the masterplan of the project being approved by the MoT, mobilisation of the project has already started.
- 5.3- Al Sarooj Restaurant Complex: Bringing in new dining experiences, this restaurant complex located in Hayy Al Sarooj area will include three restaurants. The masterplan of the project was approved, and the private investor has signed usufruct agreement with MoT.
- 5.4- Al Azaiba F&B Complex: This F&B complex in Al Azaiba beach area aims to offer a new and exclusive experience to visitors. The masterplan of the project was approved by MoT and the usufruct agreement has already been signed.

The Journey

The initiative was able to accomplish all targets set for 2017 and get the three major F&B projects steaming ahead even though the initiative working group faced administrative challenges. This objective was fulfilled with the help of MoT's Directorate General of Investor Services and Relations and inputs from F&B professionals from the private sector.

The working group was able to accelerate changes related to title deeds, an example being the change in the land type of Muscat Food Court from residential to commercial, which enabled investors to obtain necessary approvals.

Moving Forward

In 2018, the group will continue to monitor the projects to ensure they progress as per the agreement while solving any issues that may arise. One new project that the working group will focus on during 2018 is the development of Oman Convention and Exhibition Centre (OCEC)'s F&B. After initial discussions with Omran, the main developer of OCEC, it was decided that more F&B outlets will be added to the centre. The additional F&B outlets in the form of food trucks or food booths will be operated by SMEs. Once the working group overcomes some administrative issues faced by this pilot project, the group will focus on developing similar unconventional F&B outlets in other tourist locations. By 2020, this initiative aims to bring OMR 44 million of private investment and contribute to 60,000 arrivals to the Sultanate.

Stakeholders

• Private sector project owners	• Ministry of Tourism
• Ministry of Housing	• Royal Oman Police
• Muscat Municipality	• Dhofar Municipality

6 - Creation of Iconic Tourism Projects (includes 4 mega projects)



The goal of this initiative is to enhance the overall appeal of the Sultanate for tourists by creating and identifying iconic landmarks and attractions throughout the country. The idea is to create unique monumental symbols, like the Eiffel Tower in Paris or Statue of Liberty in New York, for Oman. The initiative aims to invest in iconic tourism projects that create world-class tourism experiences, support jobs and boost the country's economy. Four mega projects, currently being developed by the private sector, were identified as potential destinations to house such iconic landmarks.

6.1 - Mount Wellness Project

The Mount Wellness District which is in the pipeline near Muscat International Airport offers multi-levels of public and private activities and lifestyles. An Integrated Tourism Complex (ITC) development with a total plot size of 800,000 sqm will provide a 180-degree view of Muscat's central area from one of the highest mountain platforms, up to 600 metres above sea level.

6.2 - Port Sultan Qaboos Waterfront Development

Port Sultan Qaboos Waterfront is one of Omran's flagship projects. It spans over 451,000 sqm and is expected to transform Port Sultan Qaboos into a major tourism-based authentic waterfront destination. Targeted to be an exciting and vibrant year-round tourism hub, the waterfront development will be rich in activities and entertainment facilities.

6.3 - Oman Riviera

The intention of this project is to develop an iconic destination on Muscat's coastline to help create a national version of a Riviera in the Sultanate. Oman Riviera by the Oman Investment Fund (OIF) is an integrated developmental plan covering a combined area of 12 million sqm. It will have hotels ranging from three-star to upscale luxury properties, affordable to luxurious residential propositions, retail, F&B outlets and office areas.

6.4 - Al Mouj Muscat

A public-private venture between the Government of Oman (represented by Omran and Tanmia) and the UAE-based developer Majid Al Futtaim Properties, Al Mouj Muscat is a thriving waterfront community and Oman's first Integrated Tourism Complex (ITC). It is a mixed-use project spread along a stunning six km stretch of coastline, comprising residential properties including villas, townhouses and apartments, an 18-hole PGA Links golf course, a 400-berth marina, a retail and commercial hub and several hotels. Although this project already exists, the initiative working group with the help of ISFU will work to unlock any key issues related to the progress of this mega development.

The Journey

The intention of the initiative was to focus on developing iconic landmarks to be built within the mega projects. However, some of the identified mega projects were still facing concerns regarding their original plans. Since it was a priority to resolve those issues, the focus on developing "iconic landmark" reduced slightly.

The ISFU team has been working hard to obtain approvals and solve various concerns raised by mega projects owners, which were settled through the coordination of the efforts of multiple parties. An example is the Oman Riviera project, where OIF's masterplan included a key plot of land that was originally selected to be distributed among the villagers. This issue affected the viability of the masterplan. However, ISFU, with the full-fledged support of the Ministry of Housing, Ministry of Tourism and Muscat Governor's office, managed to find a solution. The working group managed to embed the land in synergy with the masterplan which will allow a win-win situation for all.

The ISFU team also solved an issue faced by Al Mouj Muscat that could have potentially become an impediment for road traffic due to the growing tourism developments in the area. ISFU studied the issue and managed to obtain a high-level decision on building a flyover that will help uplift the area as a whole.

While engaging with the developers of the four selected projects, several key issues related to infrastructure, land transfer and masterplan approvals were raised. Resolving these issues not only helped unlock obstacles for the concerned projects but proved to be a learning experience for ISFU.

6.1 - Mount Wellness Project

The Ministry of Tourism and the developer have agreed on the terms for developing the Mount Wellness Project and the usufruct agreement will be signed in 2018.

6.2 - Port Sultan Qaboos Waterfront Development

The final decision about the development of Port Sultan Qaboos Waterfront Development was made. DAMAC was not involved in the Port Sultan Qaboos Waterfront Development project until June 2017. Therefore, the masterplan process had to be relooked to incorporate inputs from DAMAC. At present, both Omran and DAMAC are engaged in the finalisation of the details of the masterplan. The finalisation of the concept masterplan is expected to be completed by the first quarter of 2018.

6.3 - Oman Riviera

Ministry of Housing and Oman Investment Fund have agreed to a solution regarding the Oman Riviera's project entrance issue. The Ministry of Housing will proceed to distribute the lands to the villagers by the first quarter of 2018, while OIF will amend their masterplan and obtain Ministry of Tourism's approval on their preliminary masterplan.

6.4 - Al Mouj Muscat

With the help of ISFU, the Traffic Impact Study was submitted by Al Mouj Muscat to the ministerial committee with key recommendations which resulted in a decision to allocate state budget to the Muscat Municipality to prioritise the development of the flyover in 2018.

Moving Forward

The plan for 2018 is to be more focused towards the development of the iconic landmarks and to revive constructive dialogues with the potential developers. The aim is to obtain their buy-in on the importance of developing such iconic landmarks. Initiative 7 will continue extending support to resolve obstacles hindering the mega projects. However, in 2018, Initiative 6 will focus only on developing the iconic landmarks.

Stakeholders

• Ministry of Tourism	• Muscat Municipality
• Royal Oman Police	• Ministry of Housing
• Public Authority of Electricity and Water	• Muscat Electricity Distribution Company
• Ministry of Environment and Climate Affairs	• Public Authority of Civil Defence and Ambulance
• Ministry of Regional Municipalities and Water Resources	

7 - Facilitating delivery of ITCs/Hotels/Themed Attractions



A thriving tourism industry and infrastructure is vital for Oman's economic progress and prosperity. The purpose of the initiative is to facilitate the delivery of tourism demand generators such as integrated tourism complexes, hotels, and themed attractions. This initiative will work to build up the capacity of the tourism sector to compete as a tourist destination. The funding, which is estimated to be around OMR 746 million, is expected to be from the private sector in phases until 2020.

The objective of the initiative is to set up a facilitation unit for the delivery of the projects. It also aims to solve issues identified during the National Economic Diversification program to facilitate the implementation of six projects which are as follows:

7.1 - Jebel Sifah Resort by Anantara

This five-star resort in Jebel Sifah will be situated in a prime location of land, in the most secluded part of Jebel Sifah. With 300 metres of white sandy beach and rocky cliff, the five-star beachfront resort will be operated by world renowned Anantara Hotel & Resorts. Spread across 390,000 sqm, this exquisitely designed resort will boast a total of 198 rooms and various specialty restaurants.

7.2 - Studio M by Millennium

The Studio M budget brand has been planned in Al Hail district along the Sultan Qaboos Highway in Muscat. The 285 key property will encompass Studio M brand's focus on the millennial market, with minimalist design and contemporary features and functionality.

7.3 - Quriyat Integrated Tourism Complex

Quriyat ITC will include the establishment of a three, four, and five-star hotels, each with a total of 750 rooms, in addition to a golf course. A water park, and a boulevard walkway comprising an entertainment centre, cinemas, restaurants, and a health club will form the ITC's recreational component.

7.4 - Salalah Agarwood Resort

The project involves the construction of a hotel and resort development with villas and apartments. The property will have 286 rooms which comprise a hotel, villas and apartments featuring a sustainable design concept. In addition to the accommodation, the eco hotel will offer guests services and facilities such as a ballroom, business centre, kids' club, all-day specialty restaurant, retail outlets and a wellness spa.

7.5 - Muttrah Heritage Hotel

This project aims to establish a heritage boutique hotel in the timeless city of Muttrah, which aims to revive the city's economy and showcase traditional Omani architectural elements.

7.6 - Al Khairan Resort by Cheval Blanc LVMH

LVMH Louis Vuitton, the world's largest luxury goods manufacturer, is to open a hotel in Oman under the 'Cheval Blanc' brand. The seven-star hotel, resort and spa will have 40 guestrooms, with 16 hill suites (90 m2), 16 sea suites (90 m2), seven deluxe suites (200 m2) and one presidential suite (540 m2). Located at a prime location of a secluded bay and covering 137,847 m2 in Al Khairan, the resort is expected to be one of Oman's best luxurious resorts offering unparalleled experience to tourists.

The Journey

The ISFU along with the Ministry of Tourism and other stakeholders jointly worked to resolve issues raised during the National Economic Diversification labs. For instance, ISFU accelerated obtaining the masterplan approval of Quriyat Integrated Tourism Complex. Similarly, technical challenges regarding the sensitive nature of Muttrah Heritage Hotel were unlocked by ISFU with the support of other relevant stakeholders. Projects of such nature usually encounter issues at several stages of implementation. Therefore, to provide a major push to the initiative's goal, the Ministerial Delivery Unit (MDU) and ISFU will continue to monitor and resolve any major issues that may arise under the Initiative 9 that includes establishing a Client Service Centre which will be set up for the delivery and acceleration of the identified projects. (For more details, please see section on Initiative 9: Enhanced Applicant Services for All Tourism Related Projects)

Moving Forward

Initiative 7 will now continue to focus on unlocking major ITCs and mega projects from Initiative 6 along with other new projects. The following will be the targeted KPIs for 2018:

- Al Mouj Muscat Project
- Mount Wellness Project
- Oman Riviera Project
- Port Sultan Qaboos Waterfront Development
- Three additional ITC projects

Three additional projects including Jnoot ITC project, Tilal Al Qurum and Sur-Qurrayyat road projects with secured investors have been identified and added to the dashboard. This initiative ties directly to four top line key performance indicators which aims to increase the number of tourists and private investments, which in turn will add to the annual GDP and create new jobs.

Stakeholders

• Ministry of Tourism	• Ministry of Housing
• Ministry of Environment and Climate Affairs	• Royal Oman Police
• Muscat Municipality	• Private sector project owners
• Public Authority for Civil Defence and Ambulance	
• Ministry of Regional Municipalities and Water Resources	

8 - Expedite Cluster Plans for Musandam, Al Dakhiliyah, Muscat & Al Sharqiyah South Governorates



To drive an increase in visitor numbers to less visited areas in Oman, there is a need to implement special tourism plans in several governorates that complement the existing developmental programmes. The Ministry of Tourism has identified four regions for tourism development for this initiative. These regions are Musandam, Al Dakhiliyah (Al Jabal Al Akhdar and Jabal Shams), Muscat, and Al Sharqiyah South (Sur and Masirah).

The initiative proposes to develop:

- Musandam as a crowning coastal wilderness destination.
- Al Dakhiliyah as a heritage destination considering its status as a world class heritage, nature and adventure destination, highlighting some of the governorate's key UNESCO listed forts, castles, falaj systems and traditional villages.
- Muscat as Oman's high-end cultural heritage destination. The aim is to build Muscat as the country's national gateway for arts, heritage, culture and old legendary architecture.
- Al Sharqiyah South as a destination for fortresses, mountain villages and canyons. The area is also famous for its wadis, oasis life, golden sands, dhow building and turtles' nesting in the Gulf.

The four identified areas will be included in the first phase (2016-2020) of the development plans for the Oman Tourism Strategy. Once developed, the cluster plans will serve as reference documents to be utilised by investors to identify potential locations for future projects. The initiative seeks to leverage private sector investments into the tourism experience in the governorates. Therefore, the objective of the initiative in 2017 was to identify investors and award a tender to develop plans for the four clusters.

The Journey

Following the development of the Dhofar cluster plan, the Ministry of Tourism managed to award the development of the four clusters to four separate developers in December 2017. Earlier, a delay in tendering was caused due to groundworks needed to release this as an international tender, (which was published in June 2017) for three out of four clusters. The assessment process was also extended due to the number of proposals received.

Moving Forward

This initiative will not be tracked in 2018's dashboard and will be followed up by the Ministry of Tourism on a day-to-day basis.

Stakeholders

• Ministry of Tourism	• Ministry of Housing
• Muscat Municipality	• Ministry of Regional Municipalities & Water Resources
• Ministry of Environment & Climate Affairs	• Ministry of Transport and Communications

9 - Enhanced Applicant Services for All Tourism Related Projects



The goal of the initiative is to establish a specialised Client Service Centre which will be a one-stop-shop that will assist potential tourism investors interested in investing in Oman's tourism industry. This centre will help investors obtain the relevant information, key approvals and licences related to tourism investments from various competent bodies and stakeholders. By advising on the right approach and approvals within a specified period, the initiative aims to fast-track any related projects.

The objective of the initiative in 2017 was to establish a single-window application process managed by the Client Service Centre in the Ministry of Tourism. It also aimed to have a clear and transparent Standard Operating Procedure (SOP) with Service Level Agreements (SLAs) that would help streamline and simplify the processes. It intended to have an application for new hotel requests (one to three and four to five stars) cleared within a maximum of 27 working days. It proposed to complete the process of allocating unmarked land within a maximum of 92 working days.

The Journey

To establish and operationalise the Client Service Centre, the MoT, represented by the Ministerial Delivery Unit and the initiative working group, along with the ISFU, worked closely with various government agencies and relevant public authorities to agree and establish clear SOPs.

The team also developed the terms and references and drafted a clear scope of work that will help define the operational role of the Client Service Centre and avoid any duplications with the functioning of the Ministry. The implementation of SOPs and SLAs will help assess the quality of the centre's performance and in turn improve the business environment while attracting tourism investments into the Sultanate.

It was challenging to consolidate all key requirements and simplify the procedures while communicating them transparently to all current and potential investors. However, with unswerving support from the key stakeholders, the ISFU team managed to overcome this challenge by effectively engaging with the relevant government authorities to obtain all necessary requirements and collectively agree to reduce the conventional approval timeframes.

Moving Forward

After the MoUs and Service Level Agreements are finalised and signed by all stakeholders, the Ministry of Tourism will officially operationalise the Client Service Centre. The objective is to privatise the centre to effectively run its operations. Its performance will be supervised and measured in line with the agreed timeframes and targeted investments for the year.

Stakeholders

• Ministry of Tourism	• Ministry of Housing
• Ministry of Environment and Climate Affairs	• Royal Oman Police
• Public Authority for Civil Defence and Ambulance	• Muscat Municipality
• Ministry of Regional Municipalities and Water Resources	

10 - Extending Usufruct and Lease Options



An usufruct agreement provides temporary ownership rights along with an advantage of reaping profits from the property. Since the existing usufruct agreements have some issues with regard to specific requirements for different land categories, the initiative aims to extend the usufruct period from 50 to 99 years for government owned lands and from 30 to 50 years for privately owned lands. The initiative also proposes to give further rights to the master developer to sub-divide usufruct agreements for government lands in a minimum area of 200,000 sqm.

The initiative recommends that the Minister of Tourism issues usufruct agreements. It also intends to amend some clauses of the usufruct contract and prepare special annexes focusing on drafting annexures related to Integrated Tourism Complexes (ITC), heritage and natural sites.

The Journey

As the initiative seeks to make amendments in the usufruct articles of the Usufruct Law, it took time to review all the articles and categorise them into negotiable and non-negotiable parts. In addition, some of the initiative meetings was not attended by legal advisors which caused a delay in finalising the review process.

The initiative working group along with representatives from Ministry of Tourism, Ministry of Housing, Ministry of Finance and Ministry of Legal Affairs completed the legal articles related to the usufruct agreement and they finalised the first draft of the modified articles of the Usufruct Law.

Some of the articles in the usufruct laws which need further amendments require direct intervention by the Ministry of Housing, since the MoH is the competent authority responsible for the enforcement of such laws.

Moving Forward

In 2018, the initiative will focus on amending some usufruct articles in the Usufruct Law to improve land processing and usufruct agreements. It will also follow up on amendments to some clauses of the usufruct contract and concentrate on preparing special annexes to improve land processing and usufruct agreements.

Stakeholders

• Ministry of Tourism	• Ministry of Housing
• Ministry of Finance	• Ministry of Legal Affairs

11 - E-visas and Facilitation of New Markets



While noticeable progress has been made in visa facilitation in recent years, the initiative aims to ease the visa applications process for the emerging tourist markets such as China, Iran and Russia. It also focuses on activating an e-visa system and thereby increasing the number of users of the e-visa system. This move will help improve Oman's rank in the Openness index.

One of the main objectives of this initiative is to create new tourist visa facilitations for tourists from emerging markets e.g. China, Russia and Iran. In 2017, the initiative target was to attract 43,419 tourists from China, Russia and Iran to visit Oman using the new visa facilitations. It also sought the number of e-visa users to touch 12,548 in 2017.

The Journey

The initiative working group, with the help of ISFU has provided great support to achieve the target set for 2017. In April 2017, during the Second Tourism Forum, Royal Oman Police(ROP) in coordination with the Ministry of Tourism announced new visa facilitations for China, Russia and Iran nationals. As per

the new rule, travel agencies and hotels above three-star in Oman can obtain licence directly from ROP to bring tourists with sponsored visas. During the same forum, ROP announced the e-visa system.

The initiative working group conducted a survey among stakeholders to evaluate the awareness of the new visa facilitations. They received encouraging results as the majority of the stakeholders were aware of the new visa facilitations. The working group with the attendance of ROP officials held meetings with tour and travel agencies to find solutions to issues faced in tourism markets.

Recently, new visa facilitations were also provided by ROP for 28 countries from List B (including China, Russia and Iran). Visa applicants from the 28 listed countries interested in travelling to Oman must have a passport valid for six months at least and applicants must also have a valid visa to the US, Canada, Australia, the UK or Schengen countries at the time of application.

The working group worked closely with ROP to obtain figures on the number of e-visa users. As of October 2017, 10,000 users had used the e-visa facility. The working group also communicated with the National Centre for Statistics and Information (NCSI) to obtain updated statistics on the number of tourists from the new markets (China, Russia and Iran) using the new facilitations. As of September 2017, the number of visitors from these markets had reached 39,472.

Moving Forward

The goal for 2018 is to attract 65,129 tourists from China, Russia and Iran to visit Oman.

Stakeholders

• Ministry of Tourism	• Royal Oman Police
• National Centre for Statistics and Information	

12 - Centralised Infrastructure Facilitation Process



Unavailability of basic services is a major drawback for several major tourism projects. Thus, an entity or process to oversee agreements between the public and private sectors on infrastructure development was recommended. The initiative advocates that when an investor submits a basic infrastructure development proposal, the Ministry of Tourism is to review the proposal and decide whether to grant any incentives. Incentives to the private sector for developing infrastructure could include usufruct rights extension, rental exemptions and tax exemptions.

The objective of the initiative in 2017 was to finalise and consolidate the list of prioritised projects with infrastructure requirements. The initiative working group team listed the projects within Ministry of Tourism's scope and prioritised them according to importance and infrastructure requirements. After compiling the list, it was clear to the group that there are many factors and criteria that are needed to be set to prioritise the projects that can receive government incentives.

The Journey

To agree on an incentives manual between MoT and related stakeholders, a workshop was held with MoT and other stakeholders such as the Ministry of Regional Municipalities and Water Resources, Ministry of Transport and Communication, Muscat Municipality, Dhofar Municipality, Public Authority of Electricity and Water and Haya Water. As an outcome of the workshop, the attendees agreed on a list of incentives that can be offered jointly between the MoT and the relevant stakeholders.

To establish the Centralised Infrastructure Facilitation process, the MoT, represented by the Ministerial Delivery Unit and the initiative working group, along with the Implementation Support and Follow-up Unit, worked to produce a standard for assessment and prioritisation of the tourism projects that are potentially receiving the incentives.

It was a challenge for the team to simplify the current procedures and introduce a new idea to the relevant government entities. Given the large number of entities involved, the process took quite some time. However, a notable achievement was that the incentives list was agreed upon and endorsed by MoT and the team was able to engage the relevant government entities and have the process approved.

Moving Forward

The objective of the initiative was fulfilled in 2017. Nevertheless, ISFU will keep following up with the Ministry of Tourism and the relevant entities to further test the procedure on upcoming projects, especially those identified within the National Economic Diversification labs.

Stakeholders

• Investors from the private sector	• Ministry of Tourism
• Supreme Council for Planning	• Ministry of Finance
• Ministry of Housing	• Ministry of Environment and Climate Affairs
• Muscat Municipality	• Dhofar Municipality
• Public Authority for Electricity and Water	• Ministry of Transport and Communications
• Ministry of Regional Municipalities and Water Resources	

13 - Oman Tourism & Convention Bureau

Tourism is increasingly driven by business, as countries across the world attempt to expand market share and increase tourist arrivals. To effectively market Oman as an overall tourist destination, the National Economic Diversification program recommended to set up an independent Oman Tourism & Convention Bureau (OTCB). This entity will play dual roles of a convention bureau and destination marketing organisation allowing for synergies across both functions.

The independent OTCB will promote Oman's image and position the Sultanate as a preferred destination for Meeting, Incentives, Conventions and Exhibitions (MICE) in the international arena. The bureau will act as a focal point for all players in the industry and assist event planners to bid for, secure and stage international events successfully in Oman.

It will also promote Oman as a leisure and adventure destination for distinctive travellers seeking unique experiences. The OTCB will enhance 'Brand Oman' using various platforms and channels like digital media, PR, events and roadshows, as well as through international offices of the Ministry of

Tourism. It will facilitate a full year calendar of events and work on the development of an e-concierge application as a marketing platform.

It was decided that the OTCB will use interactive marketing and will be financially independent in dealing with the promotional and marketing aspects of the tourism sector. The initiative proposes a range of activities related to the promotion of tourism which will position the country on the map of destinations for international meetings and conventions.

The OTCB would also prepare bids in order to facilitate hosting international events. The implementation of this initiative requires coordination between the Ministry of Tourism and the OTCB, including financial and human resources allocated for promotional programs.

The OTCB will collaborate with several partners including Ithraa, Omran, Oman Air and other relevant private sector institutions. A portion of the revenues from the tourism fees will be allocated to the OTCB to ensure that sufficient funds are available. However, it is envisaged that the bureau will eventually become financially self-sufficient.

The objective of the initiative in 2017 was to establish an independent Oman Tourism Board to monitor the progress of bringing all tourism promotion stakeholders under the aegis of a unified organisation, for the purpose of aligning the vision of the Oman Tourism Strategy and coordinating promotional efforts. It focused on monitoring the progress of launching the e-concierge application, which will be a comprehensive information centre for potential and actual visitors to Oman. In addition, the aim was to monitor the progress of creating the Oman Convention Bureau as an independent stand-alone unit as per international standards.

The Journey

Initially in 2017, a direction was given to the initiative working group to set up the Oman Convention Bureau prior to setting up the Oman Tourism Bureau. During the course of implementation, relevant parties have thought of instead of having two entities, they should be established as a single unit. Therefore, the concept of Oman Tourism and Convention Bureau came into being.

The proposal to establish the bureau was presented and approved during the Ministerial Committee meeting and will be escalated for approval in the first half of 2018. The Ministry of Tourism has also commissioned a private developer for the development of the e-concierge in December 2017. The developer is expected to be able to deliver the e-concierge in phases throughout 2018.

Moving Forward

The focus for 2018 will be to obtain the necessary approvals from the Cabinet to establish and set up the OTCB while initiating an efficient transition of its roles, responsibilities and resources from the Ministry of Tourism. The working group will also aim to launch the e-concierge application in 2018.

Stakeholders

• Ministry of Tourism	• OCEC (Oman Convention and Exhibition Centre)
• Oman Air	

14 - Activate Tourism Development Fund



The Ministry of Tourism collects tourism taxes and transfers them to the Ministry of Finance. Tax revenues are later reallocated to the Ministry of Tourism. This leads to some delay in the adoption of tourism promotional activities. The initiative, therefore, aims to set up a Tourism Development Fund (TDF) as per the Tourism Law's provisions which will enable tourism tax to be channelised directly to the TDF on an annual basis.

As per the National Economic Diversification program recommendation, 70% of the TDF budget will be allocated to the Oman Tourism and Convention Bureau and the remaining 30% will be allocated to other development and training activities at the MoT.

The objective of the initiative in 2017 was to obtain approval from Ministry of Finance for the establishment of TDF. In addition, MoT was hoping to increase its share to 100% from the current 60%. At present, Royal Oman Police and Ministry of Heritage and Culture (MOHC) receive 20% each.

The Journey

Registering a notable achievement, the initiative working group conducted best practice benchmarking to develop a mechanism for TDF to function. It also put together the relevant documentation required to activate the TDF. In 2017, there was some disagreement between key stakeholders with regard to the main objective of the initiative. This caused delay in the activation of TDF, however, the issues were resolved.

Moving Forward

In 2018, the initiative will focus on the activation of TDF based on the agreement reached with the Ministry of Finance in 2017. The target is to activate the account link of the Tourism Development Fund which would enable channelling tourism tax directly to the Ministry of Tourism. The MoT will also push for the whole 100% of tourism tax to be allocated to the Ministry as per the Lab recommendation in 2016.

Stakeholders

- Ministry of Tourism
- Ministry of Finance

15 - Finding solutions to employ Omanis in the tourism sector



The main objective of the initiative is to attract Omani nationals to work in the tourism sector. It looks into ways to double the number of direct jobs occupied by Omanis in the sector by 2020. The target set for 2020 is 21,000 new direct jobs, including 10,000 for Omanis, bringing the average Omanisation ratio in the sector to 44%.

The initiative covers several sub-initiatives, including: Clear definition and alignment of the tourism sector activities versus other sectors; Omanisation targets and job creation; In-Country Value (ICV) initiatives and human capital development; Provide incentives including grace period up to two years on the labour market regulatory framework for newly established investments and establish Oman Tourism Association to reflect sector interests and to have stronger engagement with the private sector.

The Journey

During 2017, the initiative focused mainly around dissecting the objectives of the initiative in full depth. This initiative was identified as a key issue in the tourism lab, but later it was decided to be consolidated and worked out in conjunction with the labour sector.

Moving Forward

In 2018, the Ministry of Tourism in joint efforts with the Ministry of Manpower will continue to focus on unlocking labour solutions for the sector.

Stakeholders



- Ministry of Tourism
- Ministry of Manpower





Logistics



Logistics KPI Dashboard

Initiative/KPI		Actual Achievement 2017 	Target 2017 
1 - Establish One-Stop Shop for Joint Inspections			
1.1	Full adoption of electronic single window system "Bayan" for all clearance processes	92%	100%
1.2	Adoption of risk management principle in the operation of all Government Control Agencies (GCAs)	49%	100%
1.3	Establish one-stop shop for joint inspections and services at two locations	70%	100%
2 - Improve Efficiency in Air Cargo Clearance Process			
2.1	Improvement of import dwell time to less than 24 hours in 2017	74	24
2.2	Establish Cargo Community System	5%	50%
2.3	Service Level Agreements (SLAs) signed with GCAs	5	5
3 - Increase Competitiveness and Service Deliverables of Local Logistics			
3.1	To resolve issues in three major areas identified by focus groups (pre-clearance of Full Container Load (FCL) cargo at Sohar Port, pre-clearance of airfreight at Muscat International Airport and issues related to immigration and terminal operation).	15%	100%
4 - Establish a Level Playing Field for Free Zones			
4.1	15% increase of the committed investment per year in the free zones	117%	115%
4.2	Streamlining free zones in three areas	13%	100%
5 - Establish a National Port Community System			
5.1	Tender process and awarding to system provider	25%	100%
6 - Enabling E-Commerce Growth In Oman			
6.1	Development of e-commerce National Strategy	40%	100%
6.2	Oman's Post last-mile delivery project	94%	100%
7 - Sector Association			
7.1	Activation of Logistics Sector Association in 2017	60%	100%
8 - Build Mineral Railway in Al Wusta Region			
8.1	Mining - Completion of mining exploration report (Resources statement report)	60%	100%
8.2	Rail - Completion of technical requirements for EPC (Engineering Procurement Construction) tender	100%	100%

Initiative/KPI		Actual Achievement 2017 	Target 2017 
9 - Establish Land Connectivity With KSA and Enhancing Wadi Sa'a-Hafeet & Ibri By-Pass Roads			
9.1	Completion and launching of new Saudi Arabia-Oman highway	0%	100%
9.2	Completion of tender and award design for dualisation of lanes for Wadi Sa'a-Hafeet road	65%	100%
9.3	Completion of tender and award design for new Ibri by-pass road	65%	100%
10 - Bonded Warehouses			
10.1	Grow the number of bonded warehousing transactions by 5% yearly	70%	100%
10.2	Publish Standard Operating Procedure (SOP) for bonded warehouses	100%	100%
11 - Enhanced Cold Chain Infrastructure			
11.1	Conduct wastage study for agriculture and fisheries, conduct capacity enhancement gap analysis and prepare a business case and public-private partnership (PPP) model for a commercial organisation.	80%	100%
11.2	Increasing cold chain capacity through the delivery of 40 reefer trucks project.	0	40
11.3	Increase cold chain capacity through delivering cold storage facilities at 10 fish markets	8	10
12 - Establish Cargo Village at Muscat Airport			
12.1	Completion of feasibility study and award construction tender to contractor	55%	100%
13 - Establish Dedicated Air Freight Business in Oman			
13.1	Completion of feasibility studies and endorsement from Oman Air board	30%	100%
14 - Improve Existing Auxiliary Services in Oman's Ports			
14.1	Offering of crew change services for seven days a week	40%	100%
14.2	Publishing updated Ports Service Directory	100%	100%
15 - Strengthen Connectivity to Oman's Ports			
15.1	Increase the number of Main Line Operators	86%	100%
16 - Salalah Port Expansion			
16.1	Completion of the Central Services Corridor	30%	30%
16.2	Completion of Design Consultancy for General Cargo Terminal	40%	90%
16.3	Completion of consultancy design services for construction of Berths 7,8 and 9 and Breakwaters	10%	40%

Overview

The past few years have seen the logistics sector becoming a key mover of the Omani economy, making a critical contribution to GDP and creating more employment opportunities. In 2017, the logistics sector's initiatives and projects recommended by the National Economic Diversification program recorded several significant developments.

A total of 16 initiatives and projects were identified for implementation in the logistics sector, particularly with regards to land transport, air transport, sea transport and trade facilitation. The Implementation Support and Follow-Up Unit (ISFU) and Ministerial Delivery Unit (MDU) worked closely with the initiative owners to guarantee advancement in realising the initiatives and projects progress.

In 2017, both the ISFU and MDU managed to successfully facilitate progress in initiatives such as establishing a one-stop-shop for joint inspections by orchestrating the signing of SLAs by GCAs and customs; integration of GCA Systems with Bayan; formation of the logistics sector association and Public Authority for Mining (PAM) and Mineral Development Oman (MDO) agreement for the exploration of minerals at Shuwaimiya and Manji. They collaborated to fast track the rail and Wadi Sa'a-Hafeet and Ibri bypass roads initiative. With their efforts, a port service directory was published, and cold storage installation was completed. A task force was set up, contracts enabled, and meetings were arranged to move forward the sector's projects.

The ISFU team faced several challenges which they managed to overcome by applying professional responses among of which were externalities, surfacing issues, stakeholder engagement, and organisation strategy review sessions.

The top-line key performance indicators of the Logistics sector are as follows* :



*All forms of data are being continuously refined to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities aligned with international standards.

**Logistics job target is for the entire sector and it is based on the Sultanate of Oman Logistics Strategy 2040 (SOLS 2040).

Trade Facilitation

1 - Establish one-stop shop for joint inspections



Bayan is an online single window (one-stop service) introduced by the Royal Oman Police that aids seamless, convenient and quick clearance of goods for the business community and other stakeholders. For this platform to be successful, all government entities are required to be integrated into the system. Therefore, it was decided to establish an integrated system for inspections to accelerate clearance and inspection.

The establishment of a one-stop shop for joint inspections will ensure optimum use of resources, improve revenue collection, increase adherence to legal obligations, enhance security, promote intergovernmental relations and increase transparency. In addition, the private sector will be experiencing quick inspection and licensing procedures, investors will be more familiar with the applicable laws and requirements and they will clearly enjoy more transparent procedures.

Three KPIs fall under this initiative:

1.1 - Full adoption of electronic single window system "Bayan" for all clearance processes

The key objective of this KPI is to achieve full implementation of clearance processes done electronically. Completion of this project will facilitate trade and enhance economic growth through faster clearances and inspections. It will also enhance tax collection through better inter-agency coordination by all relevant Government Control Agencies (GCAs).

1.2 - Adoption of risk management principle in the operation of all Government Control Agencies (GCAs)

The main objective of this initiative is to focus on the activation of risk management profiles in the Bayan system. With the adoption of the principle of risk management, the GCAs will be able to identify their risks by filling in all the data on specific schedules which are categorised according to the risk management approach (green for release, yellow for documents validation, and red for inspection required). Those schedules will be operationalised by creating risk profiles which will reduce the overall inspection percentage to 10.

1.3 - Establish one-stop shop for joint inspections and services at two locations

The aim of the one-stop shop for joint inspections is to align every government unit to work together and limit physical inspections to a single check.

The Journey

To achieve the goals of these KPIs, GCAs have signed service-level agreements (SLAs) and approved the set of KPIs. GCA members were called in for a meeting to discuss the issues and to agree on the path forward. This was followed by preparation of a comprehensive note with a letter that was circulated to the Ministerial Committee and then the Cabinet for issuing a directive to all the GCAs with regards to the integration plan with the Bayan system, activating risk management profiles and operationalising one-stop shops in cross-border points.

The goal of the first KPI was to fully integrate 16 GCAs to the Bayan system by the end of December 2017. As planned by quarter three of 2017, 15 GCAs were integrated into the system.

As proposed by the second KPI, risk management profiles of the Ministry of Agriculture and Fisheries, Customs, Public Authority for Mining and Ministry of Environment and Climate Affairs were activated to clear products by uploading schedules in the Bayan system and categorising them according to the risk management approach. Moreover, an assessment report on the risk profiles submitted by Customs was also submitted.

Fulfilling the aim of the third KPI, the layout development for a one-stop shop in Muscat International Airport was completed to start the process of one check point under the management of the Customs one-stop shop for joint inspection. Clearance services with the availability of all inspectors in government borders who work round the clock have been secured. In addition, a status report on the inspection location and the challenges has been provided and the work on the one-stop shop action plan location is underway.

It is worth noting that to achieve the goals of those KPIs, it took ISFU several interactions with different stakeholders including the Ministerial Committee.

Moving Forward

In 2018, the initiative will focus on the outcome base for reducing the customs clearance time at all cross borders, reduce the inspection rate to 10% and implement the one-stop shop in three locations. The full adoption of an electronic single-window platform is expected to transform the entire process into a more efficient system.

Stakeholders

• Royal Oman Police (Customs)	• Oman Logistics Centre
• Ministry of Transport and Communications	• All ministries and authorities concerned with regulating trade and transport
• Ports and Airports	• Free Zones
• Traders	• Logistics Providers and Freight Forwarders

2 - Improve efficiency in air cargo clearance process



Air cargo is becoming an increasingly important dimension of Sultanate of Oman's growing trade. To streamline procedures at Muscat International Airport with a view to reduce the dwell time of cargo and associated costs, the government has come up with a plan to augment the efficacy in air cargo clearance process. Absence of service level agreements (SLAs) with providers in the value chain and lack of an airport community system have been major hurdles to cargo clearance procedures at the airport.

This initiative aims to execute SLAs with air cargo service providers, establish an airport community system, and use specialised agencies to provide several government services in the air cargo sector. The initiative, when fully implemented, will increase cargo handling by 20% annually.

Three KPIs fall under this initiative:

2.1 - Improvement of import dwell time to less than 24 hours in 2017

Dwell time, the time cargo spends within the airport between unloading and collection by the customer, is one of the most accurate indicators of efficient logistics. Recognising the urgency of reducing the dwell time for air cargo at Muscat International Airport, authorities have undertaken several initiatives to cope with the growing traffic of international trade and to bring the country's logistics on par with global standards.

The Journey

Authorities have worked on streamlining the procedures for faster clearance of air cargo as they fully understand that to play a pivotal role in trade and investments, the system must create an environment which facilitates and encourages trade and commerce.

Moving Forward

The initiative will have much focus on the outcome by reducing the dwell time in Muscat International Airport and Sohar Port. The initiative is determined to reduce dwell time to less than 24 hours in 2018.

2.2 - Establish Cargo Community System

The establishment of a Cargo Community System (CCS), an online platform, is crucial to enhance effectiveness and efficiency as it aims to connect, integrate and coordinate between airport stakeholders, reduce cargo clearance time and decrease information asymmetries.

The Journey

After a review of the initiative, it was decided that a feasibility study is necessary to determine whether this platform can be integrated within the national system rather than being separate. Further time will be required to get the system implemented as it awaits the findings of the feasibility study.

Moving Forward

The goal is to take a decision on the Cargo Community System in 2018 and achieve overall manifest submission and pre-declaration before arrival. On hold until May 2018 to see the outcome of PCS feasibility study.

2.3 - SLAs signed with GCAs

The purpose of the service level agreements (SLAs) is to have a clear description of issues such as response time, availability, turnaround and accuracy. It is also about being committed to mutually acceptable means of verifying compliance with service objectives, agreeing on actions for exemptions, allowing the service provider to understand the customer service requirements, controlling customer expectations for levels of service to be delivered, allowing for clear understanding of priorities when handling service problems and agreeing on ways to resolve issues with relevant parties and stakeholders.

The Journey

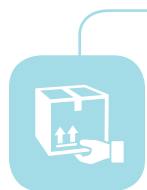
As per the objective of this initiative, five Government Control Agencies (GCAs) have successfully signed the SLAs.

Moving Forward

In 2018, through the SLAs, authorities aim to drive efficiency in all areas of cargo operations. The integration of those efficiencies into operations will play an increasingly critical role for today's air freight industry.

Stakeholders:

• Oman Airports Management Company	• Royal Oman Police (Customs)
• Oman Air	• Ministry of Agriculture and Fisheries
• Ministry of Health	• Ministry of Environment and Climate Affairs
• Muscat Municipality	• Oman Logistics Centre

3 - Increase competitiveness and service deliverables of local logistics

This initiative aims to help logistics companies identify and develop attention areas to augment competitiveness. Eight focus groups - shipping agents and shipping lines, third-party logistics service providers, customs clearing agents, air cargo agents and airlines, road freight transport companies, exporters, importers and ports and terminals - were formed to identify and solve issues related to logistics. The initiative will result in several benefits such as increasing the levels of competitiveness and enhancing the quality of services provided by the relevant logistics companies.

One KPI falls under this initiative:**1.3 - To resolve issues in three major areas identified by focus groups (pre-clearance of Full Container Load (FCL) cargo at Sohar Port, pre-clearance of airfreight at Muscat International Airport and issues related to immigration and terminal operation).**

As part of fulfilling the objective of this initiative, it was decided to form eight different sub-industry focus groups which were then consolidated to three. The objective of forming the focus groups was to improve the competitiveness of Omani logistics companies and raise the logistics competence in the industry.

The agenda and the activities have been determined by the participants. Three major issue areas have been identified after initial rounds of focus group meetings focusing on pre-clearance of FCL cargo at Sohar Port, pre-clearance of airfreight at Muscat International Airport and issues relevant to immigration and terminal operation.

The Journey

Comprehensive analysis on pre-clearance holdups and proposals has been presented and approved by Customs. Additionally, the piloting project was completed in Sohar Port along with finalising and consolidating of issues through eight focus group meetings.

As with the implementation of FCL, the pilot project was completed. However, the publishing of a pre-clearance provision to the business community is yet to be done. Work related to clearing FCL shipments at Sohar Port before the arrival of carriers is ongoing. Furthermore, work is in progress with regards to the complete end-to-end business process analysis for pre-clearance process at the airport.

Moving Forward

The initiative will no longer be on the logistics dashboard since it has successfully graduated. The pre-clearance at Muscat International Airport and Sohar Port will be under 1.1 initiative (which is the establishment of a one-stop-shop for joint inspection) during 2018.

Stakeholders

• Oman Airports Management Company	• Asyad
• Royal Oman Police (Customs)	• Oman Air
• Ministry of Agriculture and Fisheries	• Ministry of Health
• Ministry of Environment and Climate Affairs	• Muscat Municipality
• Private Sector Companies	

4 - Establish a level playing field for free zones

In Oman, foreign investment is being encouraged with a range of incentives that are available in free zones, including 100% foreign ownership in some areas. At the moment, there are four free trade zones in Oman – Salalah, Sohar, Al Mazyounah and Duqm SEZ.

This initiative is focused on standardising policies and regulations that aim to improve the attractiveness of investment in the free zones. The initiative intends to boost the business environment, reduce government costs and improve free zone promotional schemes. The primary goal is to improve regulations and have clarity on Omanisation rates, licence and permit issuance procedures.

Two KPIs fall under this initiative:**4.1 - 15% increase of the committed investment per year in the free zones**

The main objective of this KPI is to measure the yearly growth of consolidated new investments in the free zones compared to the previous year. The target is to increase the yearly new investments in free zones by 15%.

The Journey

A consultant was engaged to work on a feasibility study which is currently ongoing.

Moving Forward

This KPI will continuously focus on increasing the committed investment from all free zones by implementing five sub projects (anchor customers identified as per industry focus of free zones; implementation of brand proposition at a country level and easing and promotion of visa requirements).

4.2 - Streamlining free zones in three areas

The objective of this KPI is to measure key milestones in marketing and regulatory environment that will empower free zones to increase their competitiveness and provide more value for their customers. It also proposes to measure the level of streamlined operational practices in the free zones that enable economies of scale benefit from operation and co-operation.

The initiatives will measure three key milestones:

- The four free zones will have "one face" in marketing and new investors will have a single interface to access for information on all free zones.
- The free zones will be empowered with full rights to issue any permits or licences required from investors.
- The Omanisation requirements will be streamlined for all free zones.

The Journey

The finalisation of free zones' competitiveness reports and action plan is in progress. Once the action plan is finalised, its endorsement by the steering committee and free zone committee will be obtained. Work is in progress with regards to the implementation of a single interface marketing for all free zones. The first phase of implementation for all free zones to have full rights to issue permits and licences – signing of service-level agreements (SLAs) – between free zone authorities and related Government Control Agencies (GCAs) is yet to materialise. Though there was a delay in appointing a consultant to conduct the comprehensive study for the free zone, the tender for appointment of a consultant was already floated.

Moving Forward

In 2018, the objective of the initiative is to focus on improving committed investments for all free zones by 15%.

Stakeholders

• Ministry of Manpower	• Ministry of Commerce and Industry
• Royal Oman Police (Customs)	• Free Zones
• Ministry of Legal Affairs	• Muscat Municipality

5 - Establish a National Port Community System



The National Port Community System is an initiative planned to aid Oman's ambitions to become one of the leading logistics-enabled countries of the world.

The aim of the initiative is to launch the National Ports Community System which will be an electronic platform that will integrate the existing systems currently operated by various stakeholders including shipping, port, maritime and logistics communities. It will also include mechanisms to control interaction between government agencies and the private sector, and between private sector companies themselves. According to the projected plan, the system will work in line with the Bayan system and will be used as a tool in the one-stop shops at the land, sea and air border ports.

This initiative will provide several benefits to ports such as customer service development, utilisation of available resources and increased efficiency of internal operations. Freight lines will also benefit from the availability of updated information. Moreover, government institutions and customers will benefit from increased operational security, risk management and paper-transaction reduction. The platform aims at enhancing communication between stakeholders and delegating clear responsibilities for all stakeholders by making the process more efficient and transparent.

One KPI falls under this initiative:

5.1 - Tender process and awarding to system provider

As a first step in the development of this project, a consultant was appointed to work on a feasibility study and present a blueprint for its final rollout.

The Journey

Asyad appointed a consultant (IDOM company) to prepare a feasibility study and roadmap for its eventual rollout. The kick-off meeting with the consultant was held in January 2018. Meanwhile, the completion of stakeholders' engagement is in progress and the feasibility study on establishing a National Port Community System is being conducted currently. The tender process and awarding to system provider are yet to start.

Moving Forward

In 2018, the aim is to complete the feasibility study and begin the implementation stage. The goal of the National Port Community System is to optimise, manage and automate port and logistics processes via the establishment of a standardised platform that connects all transport and logistics chains.

Stakeholders

• Sohar Port	• Duqm Port
• Salalah Port	• Royal Oman Police (Customs)
• Muscat International Airport	• Salalah Airport
• Salalah Free Zone	• Al Mazyunah Free Zone
• Sohar Free Zone	• SEZAD

6 - Enabling e-commerce growth in Oman



The e-commerce sector has seen extraordinary growth globally in the last few years. The adoption of technology is empowering the e-commerce sector to be more accessible and efficient. Although e-commerce has been around in the Sultanate of Oman for quite some time, it is in recent years that a suitable ecosystem has been put in place to stimulate its growth. Nevertheless, the sector still faces some challenges such as shortage of supported platforms, absence of prominent e-commerce companies, scarcity of necessary mechanisms for e-payment, storage and delivery systems and lack of legislation to regulate the trade.

Establishing partnerships between the public and private sectors, augmenting e-commerce platforms by attracting strategic investment, amending regulations and creating relevant effective procedures are the paths being paved to enable the rapid growth of e-commerce in Oman.

To keep pace with the rapid growth of e-commerce and improve related infrastructure, Oman has already established a National E-commerce Platform. This platform aims to modernise infrastructure and information technology tools in post offices to automate postal consignment systems. Further, the government aims to use the e-commerce services to make the most of the growing trade volume in the logistics sector and encourage investment from small and medium sized enterprises (SMEs).

Two main KPIs fall under this initiative:

6.1 - Development of e-commerce National Strategy

To attain improvement in the e-commerce index, it was decided to develop a national level e-commerce strategy and prepare a multi-year rollout roadmap to identify a list of enablers and list of relevant projects to be implemented.

The Journey

A meeting with the Ministry of Transport and Communications and the National E-commerce Team in October, 2017, deliberated on the next steps to be undertaken to prepare and develop the national e-commerce strategy in Oman, hire a consultant and finalise a support plan with UNCTAD. Endorsement of the strategy proposal by the Cabinet of Ministers has been accomplished. A contract has been signed between Asyad and UNCTAD for the strategy development, despite some challenges due to delay in responding.

Moving Forward

In 2018, the aim is to finalize the e-commerce national strategy and get the implementation underway.

6.2 - Oman Post last-mile delivery project

Oman Post is on a quest to semi automate its Central Sorting Centre at Airports Heights both in systems and hardware for the country to meet its international and domestic KPIs and to strengthen Oman's backbone in light of logistics supply chain. By increasing the processing capacity and quantity of e-commerce services, the project, including sub-systems and hardware, will enable SMEs and merchants to connect to the overall infrastructure via a set of open source APIs.

The Journey

To achieve its goal, Oman Post has developed different products linked to e-commerce like Mersel and Matjar. Oman Post's e-shipping service Matjar facilitates online shopping to help customers collect their goods after purchase from markets in US, India or China.

Moving Forward

In 2018, Oman Post aims to revolutionise its last-mile delivery postal service and spearhead the growth of e-commerce.

Stakeholders

• The Ministry of Commerce and Industry	• Supreme Council for Planning
• Directorate General of Customs	• Central Bank of Oman
• Telecommunications Regulatory Authority	• Information Technology Authority
• Asyad	• Ministry of Transport and Communications
• Muscat Municipality	• Ministry of Health
• Oman Post	• Oman Air
• Private Logistics Companies	• Al Raffd Fund
• Riyadh	• Small and Medium-Sized Enterprises
• The Public Authority for Investment Promotion and Export Development (Ithraa)	

7 - Sector Association



This initiative aims to establish a Logistics Sector Association to function as a connecting link with the governmental authorities and other sectors in order to make room to represent SMEs, tackle challenges, and represent the sector in an organised manner. The association will also coordinate with representatives of the private sector, Chamber of Commerce and Industry and educational institutions. This initiative is one of a high impact, as it is connected to other initiatives and requires no financial costs for implementation to be initiated. It intends to enhance collaboration of entities with key stakeholders and streamline the coordination process.

One main KPI falls under this initiative:

7.1 - Activation of Logistics Sector Association in 2017

The key objective is the formation of sector associations to help in establishing a focal point to connect and communicate with the respective industries. This will help in identifying projected needs for skills and training required in the industry, along with other related concerns.

The Journey

The constitution was circulated for endorsement to support a key milestone which was; completing the submission of an application to the Ministry of Social Development (MoSD). The briefing to potential sector association members was completed in March, 2017, with more than 60 attendees. The participants were briefed on the initiative, and feedback on potential criteria for membership was collected. Board election was completed, seven board members were elected, and chairman, deputy chairman and treasurer were nominated.

Moving Forward

The initiative will progress once a final approval from the Cabinet is obtained to form the Oman Logistics Association as there is currently a proposal to merge associations. The association will be run as per its articles and terms of reference.

Stakeholders

• Ministry of Social Development	• Governor's Office of Muscat
• Internal Security Services	• Cabinet of Oman
• Ministry of Education	• Training Institutions
• Ministry of Legal Affairs	• Ministry of Higher Education
• Ministry of Transport and Communication	• Ministry of Manpower
• Ministry of Legal Affairs	• Oman Chamber of Commerce and Industry
• Private Sector Companies	

Land

8 - Build mineral railway in Al Wusta region



Rail connectivity to mining sites will not only fuel the commercialisation of the Sultanate of Oman's high-volume mineral wealth but will also open the potential of this sector to investment, mineral processing and employment generation activities.

The objective of this project is to capitalise on the mineral resources available in Oman and establish a major pillar for national economic development through providing an effective transportation network of minerals from mining sites to ports. The railway line will also help reduce traffic on the road network, as well as develop, unify, and establish transport routes between Oman and its neighbouring GCC countries.

The proposed Oman Rail's Mineral Line project aims to support the transportation of an estimated over 30 million tonnes of mineral commodities annually, from mineral sites in Al Wusta and Dhofar governorates to processing plants in Duqm Special Economic Zone (SEZ) or for export via the Port of Duqm. It will also enable the transportation of a projected one million tonnes of oilfield equipment from the port to oil and gas fields located in the surrounding area of Duqm. Additionally, as a substitute to road-based transportation, the proposed line will ferry around three million tonnes of industrial goods, and some 15 million tonnes of general products, including foodstuff and agricultural products, to destinations in Al Wusta and Dhofar governorates.

Two main KPIs fall under this project:

8.1 - Mining - Completion of mining exploration report (Resources statement report)

In 2017, Public Authority for Mining (PAM) and Mineral Development Oman (MDO) planned to sign an agreement for the exploration study to be conducted via the mining hubs of Shuwaimiya and Manji. It was decided that MDO will develop the exploration programme and appoint an exploration study partner to conduct a detailed study. The target currently is to submit the final detailed report by quarter two of 2018 based on a revised timeline. Similarly, it was decided that the inferred reserve report will be made available as early as January 2018 to be followed with the detailed reserve report by the second quarter of 2018.

The Journey

MDO and PAM agreed to carry out a comprehensive exploration study to confirm the total amount of gypsum and limestone available in the mining hubs of Shuwaimiya and Manji. MDO targeted to complete the inferred reserve report and submit to PAM tentatively by March 2018.

A rail-mining taskforce was established to allow for all relevant parties to work together in achieving the ultimate goal of the initiative in a timely manner. This platform will be used to ensure alignment between MDO, PAM and Oman Rail with regards to the information required from the exploration study for the PPP study being delivered on time.

Moving Forward

In 2018, the KPI aims to complete the indication of resource report and grant of mining licence. MDO will strive to complete the indicative and full report for exploration, which will confirm the total amount of gypsum and limestone available in Shuwaimiya and Manji. The study will involve market study and identify potential investors.

8.2 - Rail-Completion of technical requirements for EPC (Engineering Procurement Construction) tender

Oman Rail planned to complete the EPC tender documents and technical requirements by awarding call-off for the terminal and facilities design, and other tender documents.

The Journey

Funding approval for Oman Rail project: While adopting the initiative under the National Economic Diversification program, a budget was allocated to Oman Rail for 2017 and 2018. Allocation of the fund has allowed it to proceed with various activities planned such as Multi-Functional Consultant (MFC) call-off for the terminal and facilities design, and preparation to tender out consultancy services for PPP framework development. Oman Rail awarded the Multi-Functional Consultant (MFC) call-off for the terminal and facility design, and the consultant has successfully completed the terminal and facilities design.

Moving Forward

Oman Rail will work on the completion of PPP framework development in 2018.

Stakeholders

• Ministry of Transport and Communications	• Public Authority for Mining (PAM)
• Mineral Development Oman (MDO)	• Duqm Special Economic Zone Authority
• Companies operating in the metals, mining, oil, gas, and logistics sectors	
• 8 government entities for exploration and mining licences: Ministry of Interior, Ministry of Environment and Climate Affairs, Ministry of Housing, Ministry of Tourism, Ministry of Culture and Heritage, Ministry of Regional Municipalities and Water Resources, Royal Oman Police and Royal Army of Oman	

9 - Establish land connectivity with KSA and enhancing Wadi Sa'a-Hafeet and Ibri by-pass roads



The opening of roads linking the Sultanate to the Kingdom of Saudi Arabia will strengthen bonds and enhance economic activities between the two Gulf countries. It will also simplify trade and investment flows between the two countries and boost Oman's status as a regional trading hub.

This initiative intends to complete work on the road leading to Saudi Arabia through the city of Ibri and improve the quality of two roads – one road links Hafeet and Wadi Sa'a and the other is a bypass road next to the city of Ibri which will ease the movement of vehicles in Al Buraimi and Al Dhahira regions. Apart from connecting the GCC countries, the roads are critical for improving local trade since they link villages with local ports. Another objective of this project is to provide a direct connection between the two countries as currently there is no direct border crossing between Saudi Arabia and Oman.

Three main KPIs fall under this project:

9.1 - Completion and launching of new Saudi Arabia-Oman highway

The tonnage of (imports and exports) exchanged through the Saudi Arabia-Oman border stands at 1.2 million tons a year as per 2015 statistics. It is estimated that the new road will contribute to a positive trade growth between the two countries.

The Journey

Through the efforts of various entities, all attempts have been made to launch the highway. Since no tangible result was reached, the project has been delayed.

Moving Forward

The ISFU is continuing its efforts with the cooperation of relevant parties in order to realize this project.

9.2 - Completion of tender and award design for dualisation of lanes for Wadi Sa'a-Hafeet road

The key objective of the project is to dualise the 52 km existing road from Hafeet to Wadi Sa'a. The project will focus on completing 100% of road design, obtaining no-objection letters from relevant stakeholders and preparing the construction tender document.

9.3 - Completion of tender and award design for new Ibri by-pass road

The key objective of the project is to complete the construction of a 45-km bypass road in Ibri and obtain no-objection letters from relevant stakeholders.

The Journey

Ministry of Transport and Communication has completed the tender process for detailed design of the road and awarded the tender to the consultant for both KPIs (projects above). In November, 2017, a letter was directed to the consultant to start the design process.

Moving Forward

The KPIs will focus on signing the construction contract, mobilisation of contractor and start of construction of the two roads. Two KPIs, which are Wadi Sa'a-Hafeet and Ibri bypass roads, will be merged as one KPI for 2018.

Stakeholders

• Ministry of Finance	• Ministry of Commerce and Industry
• Ministry of Transport and Communications	• Tender Board
• Ministry of Foreign Affairs	

10 - Bonded warehouse



A bonded warehouse is a building or an area that is authorised to store goods for a definite period under customs control. Imported goods and domestic goods destined for export may be placed in a customs bonded warehouse. Such warehouses are among the tools used to facilitate the movement of goods and increase re-export activities. To meet the growing demand in Oman, there is an urgent need to establish new customs warehouses.

The aim of the initiative is to build bonded customs warehouses to store manufactured dutiable goods at strategic, high productivity sites in free trade zones such as Sohar, Salalah, Al-Mazyunah and any other suitable area. These warehouses will be providing value-added services by facilitating distribution, sorting, repackaging, and loading before being exported.

It is also geared towards providing incentives to use the warehouses to facilitate processes such as obtaining licences, approvals and adopting international standards and certificates. It further proposes simplifying and improving laws, requirements, and procedures that allow for duty-free transport of goods from warehouses to free zones. In addition, these warehouses, which will be running as per best international standards, will have the potential to create direct and indirect employment opportunities.

The initiative will also leverage the Bayan system, assign authorised economic operator status to raise demand for warehouses, and establish the Transports Internationaux Routiers (TIR) system that will help facilitate the movement of goods across borders.

Two main KPIs fall under this initiative:

10.1 - Grow the number of bonded warehousing transactions by 5% yearly

The key objective of this project is to increase and capture the number of declarations at bonded warehouses and private premises authorised by Customs through the integration of systems with Bayan; Full Container Load (FCL), Less Container Load (LCL) and Declaration out of bonded warehouses.

The Journey

The submission of an integration plan with details on each of the proposed functions to be introduced in the Bayan system has been completed. Technical changes on the ROP systems to accommodate the integration has been carried out. Going live to clear goods at bonded warehouses through the Bayan system has also been operationalised.

All activities which are required to measure bonded warehouse transactions were completed during 2017, especially in terms of systems integration. The goal to achieve a growth of 5% year-on-year through bonded warehouse transactions will be followed-up and closely monitored.

Moving Forward

The KPI has graduated and the focus of 2018 is to monitor the number of transactions of bonded warehouses through the Bayan system and follow-up on the overall functioning of the bonded warehouses throughout the country.

10.2 - Publish Standard Operating Procedure (SOP) for bonded warehouses

The intention of this project is to publish a Standard Operating Procedure (SOP) for bonded warehouses and Full Container Load/ Less Container Load in the official website of customs, and that is according to best international practices. It also aims to disseminate the new procedure among logistics operators by preparing and publishing a manual approved by Customs.

The Journey

After meeting with several stakeholders, a Standard Operating Procedure (SOP) has been generated which is currently awaiting publication.

Moving Forward

The KPI has graduated and the focus of 2018 is to have an outcome-based project after achieving the integration of bonded warehouses with the Bayan system and finalising the SOP.

Stakeholders

• Royal Oman Police (Customs)	• Ministry of Transport & Communications
• Oman Global Logistics Group	• Second & third-party Logistics Companies
• Shipping Agencies	

11 - Enhance cold chain infrastructure



Oman is working on developing cold chain logistics which will have beneficial implications for enhanced exports of fisheries and agro produce. This will also minimise wastage of perishables in the country. To ensure that Omani products reach their export markets retaining their high quality, the country needs to enhance its cold chain logistics network. To be able to operate efficiently in this sub-sector, logistics services companies are required to provide improved transportation capabilities for refrigerated products.

Therefore, this initiative seeks to provide refrigeration facilities and services for four main products which are fish products, agricultural products, meat and dairy products and poultry products.

Currently, 24% of fishery production is lost in the supply chain - this loss could be minimised to 6% once this initiative is implemented, saving OMR 26 million. Similarly, in the agriculture sector, an estimated 40% loss occurs in the supply chain which could be reduced to 10% through realising this initiative, with savings estimated to OMR 110 million.

To overcome issues of shortage of refrigeration servicing and facilities, Oman intends to attract international companies and encourage the establishment of Omani companies specialising in such business. Those service providers will be encouraged to provide such facilitations in strategic locations providing various incentives for private investment. Providing such services will significantly reduce product quality loss through the cold chain network.

Three main KPIs fall under this initiative:

11.1-Conduct wastage study for agriculture and fisheries, conduct capacity enhancement gap analysis and prepare a business case and public-private partnership (PPP) model for a commercial organisation.

Establishing advanced cold chain facilities will ensure providing fresh products of superior quality and reducing the wastage. To ensure cold chain development in Oman, it is important to understand the actual problem of wastage in the respective sectors. Wastage study for agriculture and fisheries and capacity enhancement gap analysis will largely contribute to enhancing the cold chain infrastructure.

The Journey

The mechanism and data collection have been completed for fisheries wastage study and approved by the Ministry of Agriculture and Fisheries and Asyad in November, 2017. The team has analysed the data that has been collected. Meanwhile, the collection of data will be a continuous process to ensure better results and will include seasonality impact.

The wastage study for the agriculture sector has been completed. Data collection via a national survey to further understand the challenges across the value chain has been also completed. A national level workshop to understand the wastage levels across the value chain was conducted. A mechanism to be able to measure the wastage percentage on a periodic basis has been developed. A business model for a commercial entity to be approved by Ministry of Agriculture and Fisheries and Asyad is yet to be submitted.

Moving Forward

In 2018, the aim is to improve the cold chain facilities for fisheries by rehabilitation of cold chain facilities in seven fish markets and to conduct feasibility study for developing Oman as a food hub.

11.2 - Increasing cold chain capacity through the delivery of 41 reefer trucks project

To reduce wastage and increase Oman's exports of fresh products, fish and related products, cold chain facilities need to witness some improvement. It was decided to increase cold chain capacity through the delivery of additional reefer trucks by the Ministry of Agriculture and Fisheries.

The Journey

The contract for increasing cold chain capacity through the delivery of 41 reefer trucks project was not signed in 2017, therefore it was moved to be achieved next year. The contract signing for reefer trucks was delayed due to a specific conflicting clause.

Moving Forward

In 2018, construction of 15,000-ton cold storage and additional logistics services in Al Batinah region will be kicked off.

11.3 - Increase cold chain capacity through delivering cold storage facilities at 10 fish markets

Ministry of Agriculture and Fisheries has decided to add cold storage facilities at 10 fish markets to minimise wastage. This will increase Oman exports of fresh products, fish and related products.

The Journey

The contract for delivering cold storage facilities at 8 fish markets has been signed and the contractor has started to install cold storages in 8 locations.

Moving Forward

Cold storage facilities can help store enough fish to sustain the market demand and provide fresh fish of superior quality.

Stakeholders

• Ministry of Agriculture and Fisheries	• Oman Global Logistics Group (Asyad)
• Oman Food Investment Holding Co.	• Muscat Municipality
• Private sector	• Mawalih Vegetables Market

Air

12 - Establish cargo village at Muscat Airport



The cargo village project is planned to work as a hub for a wide array of investments and activities related to air freight storage and warehousing, freight handling and forwarding, customs and inspection services, shipping and repackaging, value enhancement and distribution.

The proposed cargo village project will have an air cargo terminal for the import, export and re-export of freight, as well as postal shipping and transit centres. The village will be equipped with public facilities to carry out storage and shipping operations and also have other amenities such as warehouses, storage units and parking lots. The cargo village would be the first port of call for companies, businesses, service providers and other stakeholders engaged in related sectors.

To promote multimodal transportation in cargo handling, the village project requires the creation of multiple modes of transportation that operate round-the-clock to support shipping and packaging on delivery times. Therefore, developing the infrastructure will require a linkage with communication and transport equipment, which will help provide telecommunication services, energy, and assistance tools. It will also help ease congestion by using the Intermodal Connections System.

The initiative is expected to strengthen revenue growth from air cargo and logistics activities at Muscat International Airport. In brief, the objective of this initiative is to facilitate movement of transshipment cargo in Oman airports and co-locate freight forwarders within one location aiming to increase operational efficiency. It also seeks to provide space for relabelling, cold rooms, chillers, bonded warehouses, multifunctional centre, and pick-and-pack micro logistics. Moreover, the village will allow scalability of cargo operations at the airport, support cargo handling and generate additional revenue through auxiliary activities (e.g. packaging).

One KPI falls under this initiative:

12.1 - Completion of feasibility study and award construction tender to contractor

The main objective of this project is to measure the time needed to complete the feasibility study and masterplan the development in four stages of which phase one will be the inception stage, phase two will cover market analysis, phase three will relate to infrastructure design and phase four will be about branding and marketing strategy. The study will also identify the possible locations and facilities required to create an international cargo terminal for imports, exports, re-exports, transshipments and express courier.

The Journey

To conduct the feasibility study and strategise the conceptual design and masterplan development, the inception stage has been completed, market analysis had been prepared, and infrastructure design has already been finalised.

Oman Airports Management Company SAOC (OAMC) has appointed a consultant to conduct the masterplan study which has been completed up to the third phase (inception stage, market analysis and infrastructure design).

Moving Forward

In 2018, the objective of the cargo village project is to complete the domestic and international market study, consultancy engineering study and start construction work.

Stakeholders

• Oman Aviation Holding Group Company (OAG)	• Oman Airports Management Company (OAMC)
• Ministry of Transport & Communications (MoTC)	• Freight forwarders
• Customs	• Handling companies
• Inspection agencies	

13 - Establish dedicated air freighter business in Oman



Air freight is a trade enabler that contributes to global economic development and creates thousands of jobs. Air cargo transports over USD \$6 trillion worth of goods, accounting for approximately 35% of world trade by value, according to the International Air Transport Association (IATA).

The goal is to increase air cargo capacity for exporting and importing goods and establish Oman as a primary cargo hub in the region. The initiative also seeks to develop air cargo operations that will provide an incentive for all industries in Oman, increase air cargo capacity to export and import goods and ensure market expansion to global markets e.g. Europe, USA and East Asia.

One main KPI falls under this initiative:

13.1 - Completion of feasibility studies and endorsement from Oman Air's board

The key objective of this KPI is to initiate a dedicated freighter development programme for Oman Air Cargo in order to develop the Sultanate as an international logistical and transshipment hub in the region. Oman Air management was chosen to conduct a feasibility study by floating a request for proposals (RFP) for a consultant with expertise in the freight business to assist Oman Air in identifying the opportunities and developing the roadmap to initiate and expand the freighter programme.

The Journey

Following the appointment of Oman Air as consultant to conduct the economic feasibility study, the RFP process to select a consultant to assist Oman Air was completed. The endorsement proposal by the board is awaited. A survey to finalise the feasibility study has not yet started.

Moving Forward

The goal of the initiative is to complete the feasibility study by 2018 and have it endorsed by the Oman Aviation Group Board. The potential challenge is that the initiative might be put on hold or waived based on the outcome of the feasibility study.

Stakeholders

• Oman Aviation Holding Group	• Oman Airport Management Company
• Oman Air SATS Cargo LLC	• Oman Air

Sea

14 - Improve existing auxiliary services in Oman's ports



With the growth in the global flow of goods, auxiliary services at ports are acquiring increasing importance. To further reinforce the importance of auxiliary services, this initiative aims to remove barriers to competitiveness and attract major cargo operations by providing multimodal transportation, enhancing cargo operations, facilitating customs procedures, making re-export payment terms more flexible and improving service competitiveness. It also intends to create more investment opportunities for the private sector by providing additional services at ports.

As it is relevant to infrastructure requirements, the initiative aims to establish several services to attract international lines such as crew change, waste management, bunkering and others. The main objective of this initiative is to offer 24/7 services to crew change by the end of 2017 and to promote awareness of Omani services to international lines.

Two main KPIs fall under this initiative:

14.1 - Offering of crew change services for seven days a week

As per the existing system, the crew on the ships plying within the coast of Oman should obtain a resident card. Officers and crew members of the ship must also go through a medical examination. At least two days are required to obtain a resident card, but this is impossible since the crew are on duty and cannot leave the ship. Besides, visas can be obtained only from ROP which operates on five working days. In order to improve Oman port services, this project aims at achieving the objective of offering 24/7 services to crew change by the end of 2017.

The Journey

A successful workshop attended by ROP, and private and public-sector officials to discuss sea issues and propose solutions was held in October, 2017. A report was prepared and submitted to ROP containing detailed analysis on crew change issues in November, 2017. A formal decision from ROP on proposed solutions based on the submitted report was announced end of November, 2017. The challenge was that the crew change issue was subject to coordination between various parties. Implementation of an awareness programme and publishing of the new regulations have not started yet. Launching of the new seven-day crew change service is yet to be carried out.

Moving Forward

In 2018, the KPI will focus on the realisation of waste management facilities in Sohar Port and Salalah Port and implementing of the crew change visa proposal.

14.2 - Publishing updated Ports Service Directory

The key objective of this project is to provide vital information to international lines about Omani services. To fulfil this goal, it was decided to conduct a workshop for representatives from three ports, namely Duqm, Sohar and Salalah. Once the information was collected and agency requirements met, it was agreed that the initiative owner would contact the Shipping Guides publication to update the service directory.

The Journey

The directory of services available at ports of Duqm, Sohar and Salalah was updated and completed in November 2017. A workshop and mapping exercise was completed on all current services provided by each port in Oman. A detailed assessment was done on the availability of directory and validity of information. The Shipping Guides publication was engaged to update the directory which they completed in November 2017.

Moving Forward

The updated service directory will be a comprehensive tool where all relevant information about Oman ports can be found at one place and it will be regularly updated.

Stakeholders

- | | |
|------------------------------|---------------------------------------|
| • Royal Oman Police | • Oman Global Logistics Group (Asyad) |
| • Shipping Guide publication | |

15 - Strengthen connectivity to Oman's ports



Oman is a transit hub for shipments from several countries. Logistics in Oman is being enhanced as a mainstay of development as it is a significant driver of the economy and most of the sectors. To develop Oman as a leading logistics centre in the region, the government continues to back logistics strengthening programmes. The objective of this initiative is to improve Oman's connectivity with international ports and increase the volumes of shipment arriving into the country.

The Sultanate's ports are in the deep watershed zone of the region, enabling them to receive mother vessels directly from the main cargo operators. Expanding and improving cargo links will bring additional trade value to the country. It will further help develop small ports, allowing in turn the transformation of major ports into distribution hubs.

Expanding linkages requires establishing joint ventures and signing service level agreements (SLAs) with feeder ports in some African countries, Iran, India and Pakistan. It also requires improving the services provided by Omani ports to attract Main Line Operators to connect to major ports. Accordingly, this will result in generating additional revenue, stimulating the development of small ports and encourage businessmen to leverage available opportunities.

One main KPI falls under this initiative:

15.1 - Increase the number of Main Line Operators

To pull in additional volumes to Omani ports, Oman needs to enhance its business environment and its market activities. This will lead to attracting new Main Line Operators who will increase volumes of shipment into the country.

The Journey

The benchmarking exercise on GCC port rates and gathering data on current issues have been carried out. Discussions were conducted with major shipping lines (MLOs) to connect Omani ports and increase transshipment cargo through the ports.

Moving Forward

In 2018, the initiative will focus on the introduction of new services calling at Omani ports.

Stakeholders

- | | |
|---|--|
| • Ports | • Oman Global Logistics Group (Asyad) |
| • Oman Shipping Company | • Ministry of Transport and Communications |
| • Oman International Container Terminal | |

16 - Salalah Port Expansion



To exploit Salalah's strategic location bordering international shipping lanes crisscrossing the Indian Ocean, as well as to prepare for an anticipated increase in container shipping in the wider region, a plan for the expansion and modernisation of Salalah Port was proposed.

The initiative goal is to establish a Central Services Corridor, rehabilitate the general cargo terminal and expand berths 7, 8 and 9 at the container terminal. It suggests the establishment of the Central Services Corridor to provide services such as roads and pipeline between the Salalah Free Zones and Salalah Port for import and export purposes. The development of a general cargo terminal is proposed as the existing 18 berths are only for non-commercial vessels and the terminal capacity ranges from 75% to 100%. The expansion of berths 7, 8 and 9 is planned in response to the growth of the shipping lines.

The objective of all infrastructure projects adopted under this initiative is to increase the handling capacity of Salalah Port (tonnages and TEUs) and enhance the efficiency of the Salalah Port operation.

Three main KPIs fall under this initiative:

16.1 - Completion of the Central Services Corridor

The infrastructure of the Central Services Corridor will provide efficient routes for both dry bulk (conveyor system) and liquid bulk (pipelines) from Salalah Free Zone to recently introduced berths (32, 33, 34 and 35) and other discharge points at the Port of Salalah (corridor length: +2.5km). It will serve as the only efficient link to connect upcoming industries to their discharge points at the port.

The Journey

Front End Engineering Design (FEED) was completed and tendered for engineering, procurement and construction (EPC) works by Oman Gas Company (OGC). Tender submission was completed in March, 2017 and a letter of appointment for an EPC partner by Oman Gas Company was completed in May 2017. In addition, a concession contract was agreed between Salalah Port Services (SPS), Ministry of Transport and Communication and OGC. Currently the project is on track for the delivery of detailed design.

Moving Forward

In 2018, the focus will be on the completion of pipe rack, service roads and carriageway for the Central Services Corridor.

16.2 - Completion of Design Consultancy for General Cargo Terminal

The plan is to rehabilitate old berths and move non-commercial ships to new berths to avoid full berth occupancy with low commercial productivity. As General Cargo Terminal (GCT) bulk business continues to expand, a safe and sustainable infrastructure is essential for growth.

The Journey

As a continuation of the concept design and environmental studies which were carried out in 2016, Ministry of Transport and Communications through the consultant is continuing efforts to complete the detailed design.

Moving Forward

In 2018, the project will aim at the completion of the Design Consultancy for General Cargo Terminal. For the rehabilitation of the General Cargo Terminal, Salalah Port Services (SPS) is currently preparing a commercial analysis to invest in the development of the project, to be completed by 2019.

16.3 - Completion of consultancy design services for construction of Berths 7,8 and 9 and Breakwaters

In 2017, Ministry of Transport and Communications planned to complete technical and financial evaluation with Tender Board for construction of Berths 7, 8 and 9 and Breakwaters and obtain approvals from relevant authorities. However, the project was put on hold.

The Journey

To achieve similar increase in capacity with significantly lower cost, Ministry of Transport and Communication and SPS have agreed in principle to explore the introduction of a crane project. The crane project will involve investment on approximately 12 post Panamax cranes to be constructed for berth 5 and 6. They will ultimately handle bigger triple E vessels and attract more volumes to the Port of Salalah. The project was approved and is currently pending commercial feasibility of investments by SPS. The realisation of crane projects will be monitored in 2018.

Moving Forward

In 2018, the construction of the post Panamax cranes project will begin.



Stakeholders

• Ministry of Transport and Communications	• Asyad
• Port of Salalah	• Oman Gas Company



**Job Market &
Employment**

Job Market & Employment KPI Dashboard

Initiative/KPI		Actual Achievement 2017 	Target 2017 
1 - Unlock Part-Time, Temporary Work, and Flexible Movement of Labour			
1.1.	Total number of registered part-time workers (non-students)	256	13,087
1.2	Total number of part-time workers (students (including internships))	264	13,015
1.3	Implementation of Policies, Systems, and Communication Strategy	65%	100%
2 - The Enhanced Advance Manpower Management System		77%	100%
3 - Labour Solution Package for Construction Sector			
3.1	Number of Locals in the Construction Sector	54,819	70,354
3.2	Implementation of Labour Sector Package for Construction Sector	50%	100%
4 - Labour Solution Package for Sector Labs, including Omanisation Policies			
4.1	Percentage Omanisation of Manufacturing sector	23%	32.5%
4.2	Percentage Omanisation of Tourism sector	35.1%	41.1%
4.3	Percentage Omanisation of Logistics sector	14.1%	14%
4.4	Enhancing gradual Omanisation policy	75%	100%
5 - Occupational Standards and Tests Centre (OSTC)			
5.1	Development and implementation of national skills system framework	25%	100%
5.2	Restructuring and empowerment of OSTC to manage and sustain the National Occupational Standards (NOS) system, and to publish 3 suites of National Occupational Standards (NOS) for Tanfeedh target sectors	39%	100%

Initiative/KPI

6 - Enhance the capacity of the Omani Academic Accreditation Authority (OAAA)			
6.1	Extending Scope of OAAA	35%	100%
6.2	Finalize Oman Qualification Framework (OQF) and implement communication strategy to all institutions	40%	100%
7 - Enhancing the Employability of Vocational and Technical Graduates by Improving Governance and Communication with Industry			
7.1	100% government institutions having 50% of private sector representation on Boards	60%	100%
8 - Launch the National Leadership Development Programme to empower Omanis to be able to take middle and upper management positions in the private sector			
8.1	Complete and finalize program curriculum for all sectors	10%	40%
9 - One-Stop-Centre for Job Seekers: The National Centre for Employment			
9.1	Setting up the National Centre for Employment (NCE)	10%	100%
9.2	Total number of jobseekers hired under Phase 1 of NCE	0	300
10 - Enhancing the private sector attractiveness for Omanis manpower			
10.1	Number of companies which participate in Work Environment Measurement Card (WEMC)	0	1000
10.2	Percentage of Omanis in the private sector	12%	13%
11 - Enhancing SME Development through Partnership Opportunities			
11.1	Number of startups created via Catalyst Program	349	350
11.2	Employment creation via startups of Catalyst Program	555	350
11.3	Development and Implementation of Tahfeez Program	100%	100%

*Audited by KPMG

Overview

As one of the most key requirements of a growing economy, Oman's government takes a multi-faceted approach to address the country's labour market. In 2017, the labour sector worked intensively to deliver several initiatives identified under the National Economic Diversification programme. The main objective of the initiatives was to improve planning and training to better align with the demand and supply in the labour market.

A total of 11 initiatives were identified to be implemented for the labour sector under the following work streams: Unlocking Demand (Laws, Policies, and Systems), Strengthening Supply (Human Resource Development) and Coordination of Demand and Supply.

The Implementation Support and Follow-Up Unit (ISFU) and the Ministerial Delivery Unit (MDU) of Ministry of Manpower have been working closely in the area of workforce development and putting in place efforts towards modernising the labour legislation system.

In 2017, the initiatives that achieved considerable progress were: Unlock part-time, temporary work and flexible movement of labour; Enhancing SME development through partnership opportunities with large companies and Adoption and Operationalisation of National Jobseeker Definition (in line with ILO).

The top-line key performance indicators of the job market and employment sector are as follows* :



The unemployment rate should not exceed 3% of the whole population by 2020



To provide approximately 67,000 jobs for Omanis and non-Omanis in the three targeted sectors by 2020



To provide at least 30,000 job opportunities for Omanis at the skill levels of specialist, technician, or skilled labour by 2020

*All forms of data are being continuously refined to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities aligned with international standards.

Unlocking Demand (Laws, Policies & Systems)

1 - Unlock Part-Time, Temporary Work, and Flexible Movement of Labour



The aim of the initiative is to provide employment opportunities of part-time work in the private sector for the Omani job seekers and students, in addition to enhancing labour mobility of foreign manpower between enterprises registered within the same entity. It also aims to allow for the recruitment of non-Omani workers under temporary licences in specific specialised jobs for a set period of time.

Three main pillars come under this initiative: Unlocking part-time work, temporary licences for specialist jobs and flexible movement of labour.

The Journey

1.1 - Unlock part-time work

Under the objective to further enhance part-time work policies, the goal of the initiative is to encourage students, job-seekers and current employees to take up part-time work to build their capabilities for the labour market. Based on the targeted performance indicators, the initiative will result in an increase in the number of part-time workers registered in the Sultanate.

This initiative is focused on improving the current part-time work policy to enhance workforce readiness based on the job market needs and to manage short/long term economic requirements. Introducing the new alignment of the part-time work policy is expected to enhance the employability skills of nationals as school and higher education students can acquire hands-on experience during their studies.

The initiative will be implemented through an automated part-time work registration system. Therefore, the Public Authority for Manpower Register (PAMR) integrated the part-time job registration process to the already established National Integrated Manpower Register (NIMR) system. The user-friendly system is planned out in such a way that the part-time job seeker will not lose the opportunity to get a permanent job.

To accomplish these objectives, the Ministry of Manpower issued a Ministerial Decision (40/2017) that incorporates part-time and temporary work regulations as proposed by the initiative working group.

To include students in the part-time work policy, the ISFU, in cooperation with the Ministry of Manpower, facilitated syndications with Ministry of Education, Ministry of Higher Education and Ministry of Legal Affairs on the way forward. The Ministry of Manpower also arranged engagement sessions with stakeholders to inform them about potential changes. With the stakeholders agreeing to include students in the part-time work policy, a final draft of the amended Ministerial Decision is expected to be issued in 2018.

Assimilating the real number of part-time workers, however, have been challenging since most of them have not in fact registered. Part-time workers fear that registering may impact their search for full-time jobs or cost them social security benefits. Yet, the Ministry of Manpower and ISFU played a vital role in spreading awareness throughout the 11 governorates of the country through, for instance, publishing explanatory videos and infographics in traditional media and social media platforms.

1.2 - Temporary licences for specialist jobs

The initiative aims to permit the recruitment of non-Omani workers under temporary licences in specific professions such as medical, academic, technical, consultancy, expertise and training. This amendment is being pursued as a measure to manage business needs requiring specialists (expatriates) for a limited period of time. Such special jobs will be identified and updated on a yearly basis by the Ministry of Manpower because of the demand of the labour market. To enforce this bylaw, the initiative seeks to develop an automated system to ensure ease of process.

Recognising the significance for raising awareness and communication in achieving the implementation of the plan, the initiative seeks to disseminate information on the new amendments. Engagement sessions were held, with the participation of relevant stakeholders including students and officials from universities, Oman Chamber of Commerce and Industry, representatives of private and public sector organisations and job seekers, to raise awareness regarding the new amendments of the law.

1.3 - Flexible movement of Non-Omani Manpower

The goal of the initiative is to enhance labour mobility of non-Omani workers between enterprises registered within the same entity. The long-term objective of the initiative is to unlock flexible movement of expats to help private enterprise in need of additional staff. After amendment to the new law, a company can move an expat worker to a group company for a period of three months after notifying the Ministry of Manpower.

Moving Forward

The direction of this initiative in 2018 is to promote part-time work to relevant stakeholders in order to introduce part-time job opportunities. During the year, the initiative will remain focused on implementation of the temporary licence regulations and processes. It will aim to set up mechanisms and criteria for flexible movement of expatriate workers and the companies on which such criteria will be applied.

Stakeholders

• Ministry of Manpower	• Ministry of Education
• Ministry of Higher Education	• Public Authority for Social Insurance
• Public Authority for Manpower Register	• Oman Chamber of Commerce and Industry
• Sultan Qaboos University	

2 - The Enhanced Advance Manpower Management System



The objective of this initiative is to streamline work permit approvals by linking governmental and non-governmental entities through an online platform for job seekers. The initiative comprises several strategies which aim to ensure faster and more accurate services through automation and elimination of manual intervention. This necessitates amendments to some laws and regulations that will also help improving the business environment in the Sultanate.

One main KPI falls under this initiative:

2.1- Completion of the Advanced Manpower Management System

In 2017, the initiative focused on establishing the automation system of the work process within the Ministry of Manpower. It also attempted to reduce the number of visits to the Ministry for processing labour clearances.

The Journey

The Ministry of Manpower has started upgrading internal processes towards e-government service. In addition to the dedicated efforts of the Ministry of Manpower, the National Economic Diversification programme proposed alignment of the automated system with relevant entities in order to complement the ongoing project and ensure holistic integration between all government entities in terms of labour clearances. The Ministry of Manpower has successfully completed the milestones of this initiative.

Moving Forward

The target is to further utilise the Advanced Manpower Management System in 2018. It has been suggested to move the initiative to Business Environment sector to be incorporated in Invest Easy platform.

Stakeholders

• Ministry of Commerce and Industry	• Ministry of Regional Municipalities and Water Resources
• Ministry of Health	• Royal Oman Police
• Information Technology Authority	• Public Authority for Manpower Register
• Oman Chamber of Commerce and Industry	

3 - Labour Solution Package for Construction Sector



This initiative proposes gradual implementation of Omanisation rates in the construction sector in a flexible way that encourages economic growth in the sector. It aims to accomplish this goal by introducing various options for companies.

The initiative also seeks to provide several options for employers (including small enterprises) to reach their Omanisation targets, which will improve the regulation of the sector and strengthen the presence of upskilled and qualified Omani manpower.

The Journey

In 2017, the initiative focused on implementing a gradual Omanisation strategy by setting a minimum and targeted percentage per year and establishing an efficient system to enable companies to instantly track their status.

Because the initiative was a new idea to the labour market, it had to go through multiple studies to understand how the economy would benefit out of it. Besides, there was a need to align the initiative with other regulations.

This initiative will start with an initial Omanisation rate of 10% and gradually increase to reach 15% by 2020, reduce unregulated employment and provide training opportunities for the labour force in the construction sector. The goal is to decrease the number of unregistered businesses, create clear targets for providing employment opportunities for Omanis and impose fees (training contribution) on companies that fail to reach the progressive Omanisation rates. It will involve companies concerned with providing drivers and maintenance service workers of all groups and levels and develop an electronic system to facilitate implementation.

The initiative obtained approval from the Financial Affairs, Energy Resource Council and the Cabinet on the proposed solution package for the construction sector set by the Ministry of Manpower. The latter commenced work on the system where large construction companies can register and login to track their Omanisation status and follow processes accordingly. On the other hand, Omani Contractors Society signed a contract with a development company for establishing a system that will track the efficiency and quality performance of construction companies.

Moving Forward

The overall target for 2018 is to set up a system that lays out a plan to steadily increase the Omanisation percentages, unify the occupational classification standards, disseminate information about the package to the construction stakeholders and facilitate support needed by the construction sector to prepare highly qualified skilled nationals to be employed in the sector.

Stakeholders

• Cabinet	• Ministry of Commerce and Industry
• Omani Contractors Association	• General Federation of Oman Trade Unions

4 - Labour Solution Package for Sector Labs, including Omanisation Policies



In active response to labour market needs and feedback, the Omanisation percentages were thoroughly reviewed to match the actual needs of the private sector as well as its actual capacity. The initiative is designed to help new entrepreneurs and assist small and medium enterprises thrive.

This initiative aims to review Omanisation policies for three focus sectors which are tourism, logistics and manufacturing. Revisions to the policies were planned to enable those policies to contribute to the growth of the sectors and ensure their compatibility with national efforts to provide Omanis with job opportunities at different skill levels. As an example of the solution package provided, new enterprises are given a one-year period to submit their human resource development plan.

The Journey

The Ministry of Manpower syndicated coordination, and representatives of the sectors filtered and classified job activities to the appropriate sectors. Thereafter, to manage the distribution of Omani workforce across all sector activities, Omanisation targets were set as per activity rather than as a general target for the whole sector.

Despite regulation changes being made by the Ministry of Manpower offering an Omanisation facilitative package that contains gradual Omanisation targets, compliance of companies to the reduced targets is yet to be realised. Two workshops attended by ministry officials and employees were held all over the 11 governorates to introduce the new package and the system of implementation.

Moving Forward

In 2018, the initiative will continue its focus on measuring the Omanisation target by calculating the number of Omanis working in these sectors.

Stakeholders

• Ministry of Manpower	• Ministry of Transport and Communications
• Ministry of Commerce and Industry	• Ministry of Tourism
• Sectors representative bodies	

Strengthening Supply (Human Resource Development)

5 - Occupational Standards and Tests Centre (OSTC)



The Occupational Standards and Tests Centre (OSTC) at the Ministry of Manpower provides substantial support for improving the quality and efficiency of vocational training in Oman. However, because the centre has limited resources and capabilities, the initiative aims to strengthen its capabilities as per best international practices.

The objective of the initiative is to establish closer links between industry and education providers, improve the quality and relevance of training programmes, ensure that programmes are 'fit for purpose', reduce the time to autonomy and overall cost of training, elevate the credibility of technical apprenticeship programmes and obtain global recognition for the programmes.

The initiative through OSTC intends to develop a sustainable system for creating, managing, updating and implementing occupational standards. The Ministry will utilise National Occupational Standards (NOS) to improve the quality and efficiency of training provided to the job seekers. The centre will oversee the evaluation competency of labour and help align the labour market with employers' requirements in coordination with representative groups of each targeted sector.

The Journey

Ministry of Manpower held a session to decide the volume of the staff and scope of the centre and looked into the country's vision and market needs with the cooperation of national and international expertise. In view of the fact that United Kingdom is one of the leading countries in NOS utilisation, the Ministry of Manpower hired a British consultant to design the framework of the NOS system and restructure OSTC to meet the new requirements. The consultant is working on a new structure specifying the needed financial and HR resources to strengthen the centre.

Moving Forward

In 2018, the initiative will finalise the proposed framework suggested by the consultant and obtain the approval to facilitate implementation. Through consistent engagement with various stakeholders, the initiative will execute the trial phase of the new apprenticeship framework regulated through the centre. The building and human resource needs as well as the approach for building capabilities of OSTC staff are to be finalised.

Stakeholders

• Ministry of Manpower	• Sectoral Lead Bodies
• OAAA	• National Training Fund (NTF)
• Training providers (all post school level)	• Ministry of Tourism
• Ministry of Commerce and Industry	• Ministry of Transport and Communications
• Education Council	

6 - Enhance the capacity of the Omani Academic Accreditation Authority (OAAA)



The objective of the initiative is to strengthen the capacity of the Omani Academic Accreditation Authority (OAAA) to finalise and implement the Oman Qualification Framework (OQF) and fulfil its extended mandate to accredit Technical and Vocational Education and Training (TVET) including professional qualifications.

Educational accreditation is a type of quality assurance process under which services and operations of educational institutions and programmes are evaluated by an external body to determine if applicable standards are being met. If the standards are met, accredited status is granted by the appropriate agency. A qualification framework is an instrument for the development, classification and recognition of skills, knowledge and competencies across a continuum of agreed levels. It is a way of structuring existing and new qualifications, which are defined by learning outcomes. The qualification framework facilitates the comparability of different qualifications and how one can progress from one level to another, within and across occupations, industrial sectors, as well as vocational and academic fields. This initiative intends to enable OAAA to develop a comprehensive national framework for all forms of education, which will be integrated with the overall quality assurance system for education and training in Oman.

The Journey

To finalise the first draft of the Oman Qualification Framework, two workshops were held with the participation of relevant stakeholders. After including the feedback from the stakeholders, the final OQF was submitted by the OAAA and the Education Council for final approval. The financial budget for OQF phase 2 has been secured. Also, the gap in resources for OAAA to cover all education aspects and deliver accreditation as per best practices was analysed.

The establishment and implementation of OQF will bring more coherence to the education and training system in Oman through the integration of various sectors into one nationally coordinated qualification system that will ultimately promote national goals.

Moving Forward

The trial phase of the OQF is to be started in 2018. Physical and human resources for OAAA to cover all education aspects including academic, foundation, vocational and technical will be secured during the year.

Stakeholders

• Education Council	• Oman Academic Accreditation Authority
• Ministry of Manpower	• Ministry of Higher Education

7 - Enhancing the Employability of Vocational and Technical Graduates by Improving Governance and Communication with Industry



The main purpose of this initiative is to enhance the employability of graduates. This initiative suggests that private sector's representation in the boards of trustees and boards of directors of government educational institutions and training entities be increased to 50% of the positions. To increase private sector representation, the initiative suggests amendments to the bylaws of applied science colleges and vocational colleges. These amendments will emphasise on the need for private sector representation to provide hands-on advice to better prepare the trainees and new entrants to the job market.

The Journey

The relevant ministries issued amendments to the bylaws to incorporate the proposed changes based on 50:50 private and public representation. This included drafting amendments to the bylaws of the Vocational Training Colleges, Vocational College for Marine Sciences, Colleges of Technology governed by Ministry of Manpower and Colleges of Applied Sciences governed by Ministry of Higher Education.

Moving Forward

While this initiative will ensure equal representation of the private and public sector in the boards of trustees and boards of directors of government educational institutions and training entities, the amendment of relevant bylaws will enhance the quality of the boards representatives' new roles and responsibilities.

Stakeholders

- | | |
|--------------------------------|------------------------|
| • Ministry of Higher Education | • Ministry of Manpower |
|--------------------------------|------------------------|

8 - Launch the National Leadership Development Programme to empower Omanis to be able to take middle and upper management positions in the private sector



The National Leadership Development Programme initiative was launched to empower Omanis to take up middle and upper management positions in the private sector. The initiative aims to increase the number of Omanis occupying managerial and senior positions in the private sector companies.

To achieve the initiative's core objective, the programme will offer coaching and mentoring to help develop skills and competencies that such positions require.

The Journey

The Ministry of Manpower has adopted the initiative in 2017. Several discussions have been made to examine the execution mechanisms of the training programme. The Ministry formed a special committee with the partnership of the private sector. An executive team to carry out the programme was formed and tender floating procedures have already started.

Moving Forward

The target for 2018 is to make the first batch of Omanis go through the programme and develop training material.

Stakeholders

- | | |
|------------------------|------------------|
| • Ministry of Manpower | • Private Sector |
|------------------------|------------------|

Coordination of Demand and Supply

9 - One-Stop-Centre for Job Seekers: The National Centre for Employment



The absence of a unified database for job seekers has hindered the fulfilment of a set of goals. To unify employment efforts and effectively coordinate the supply and demand of job opportunities in the Sultanate, a one stop centre for job seekers – The National Centre for Employment – has been proposed as major step-up to pool efforts and coordinate action plans.

The tasks outlined in this initiative include developing and integrating a job seeker classification database of international standards, providing private sector employment training in the economic sectors (tourism, logistics and manufacturing), and monitoring the status of the job seekers after employment.

The Journey

After the National Economic Diversification programme, ISFU initiated a focus group to work on developing the NCE operationalization details. The group consists of experts from all related entities offering services to jobseekers. The ISFU supported the team with the needed sources and information to develop an operational plan and a detailed plan that ensures a smooth transition of the Public Authority for Manpower Register to the National Centre for Employment. The centre will be enabled to provide jobseekers with required services as per best international practices.

In addition, the focus group aims to optimize the utilization of existing experiences and government facilities. The group held several discussions to examine different operational models suitable for the centre. The group also worked on redefining the roles and responsibilities of related entities and the working norms of the centre and main stakeholders. Further, several sessions with different companies that have achieved noticeable Omanisation rates and contributed to Omanis capabilities development were held in order to benefit from their experiences.

ISFU has recommended a list of succession factors to ensure the succession of the centre and manage the possible risks. The operationalisation details for the National Centre for Employment were developed through different consultations and discussions with the main stakeholders.

Moving Forward

In 2018, the initiative aims to establish the National Centre for Employment which will host all employment services in the country under one umbrella. The centre will facilitate the employment process between the employers and jobseekers and provide support for both. The centre will be mandated to empower the national workforce to work in the private sector.

Stakeholders

- | | |
|--|-----------------------------|
| • Public Authority for Manpower Register | • Ministry of Manpower |
| • National Training Fund | • Ministry of Civil Service |
| • Oman Chamber of Commerce Industry | |

10 - Enhancing the private sector attractiveness for Omani manpower



The primary objective is to make the private sector more attractive by providing accommodation facilities, improving private sector retirement plans, implementing unemployment fund and establishing a system for workplace practices to measure the performance and attractiveness of firms as shown below.

10.1 - Work Environment Measurement Card (WEMC)

As a measure to enhance the preference and increase the attractiveness of the private sector, this proposed strategy focuses on creating a sound working environment in the private sector through the introduction of the Work Environment Measurement Card (WEMC).

The Journey

The Ministry of Manpower in collaboration with private sector representatives and the General Federation of the Trade Unions of Oman set the criteria of WEMC through several discussions. The measurement card was introduced based on the proposed criteria to encourage companies to adopt and implement corporate best practices and as a reward to companies to receive preferential treatment.

Moving Forward

As another solution to enhance the attractiveness of the private sector, a housing accommodation project for Omani employees is merged with a similar initiative under the Muscat Municipality's 'Workers Village' initiative. A new retirement package for those employed in the private sector and introduction of Unemployment Fund is being furtherly discussed.

Stakeholders

- | | |
|---|---|
| • Ministry of Commerce and Industry | • Oman Chamber of Commerce and Industry |
| • General Federation of the Trade Unions of the Sultanate of Oman | |
| • Professional Associations and Societies | |

11 - Enhancing SME Development through Partnership Opportunities



The goal of the initiative is to develop a programme that will stimulate and enhance the growth of small and medium-sized enterprises (SMEs) by providing new opportunities for job seekers to start innovative and productive projects. Additionally, the initiative strives to inspire enterprises that are owned and managed by Omani citizens to contribute to the national economy. It will focus on grouping viable opportunities for SMEs and providing technical support through the concerned government authorities to create convenient opportunities for projects. It will seek the support of consultants from the Public Authority for SME Development (Riyada) for the implementation phase.

The Journey

A total of 788 candidates were assessed under the Catalyst Programme, 128 passed the assessment and 23 were found to be potential candidates. Around 170 SMEs came on board in the logistics sector and were provided with matching job opportunities. 530 new jobs were created via SMEs in 2017 in the following sectors: manufacturing, logistics, mining and tourism.

Moving Forward

The implementation process will involve three phases including: 1) Selection of jobseekers with a minimum qualification of General Education Diploma; 2) Grouping of viable opportunities for SMEs and providing technical support through the concerned government authorities to create convenient opportunities for projects, and 3) Seeking the assistance of consultants from the Public Authority for the Development of SMEs (Riyada) for the implementation of third phase. This initiative has already been moved to the Public Authority for the Development of SMEs (Riyada) to continue execution of the project.

Stakeholders

- | | |
|---|--|
| • Ministry of Commerce and Industry | • Public Authority for Manpower Register |
| • Public Authority for the Development of SMEs (Riyada) | |

12 - Formation of Sector Organisations to Enable Labour Market Coordination



The goal of the initiative is to establish three sectoral associations in tourism, manufacturing, and logistics to function as a connecting link with the governmental authorities and other sectors. It was decided to move this initiative to the economic sectors (manufacturing, logistics and tourism) dashboards for direct monitoring of the impact.



**Business
Environment &
Finance**



Business Environment & Finance KPI Dashboard

Initiative/KPI		Actual Achievement 2017	Target 2017
1 - Develop Roadmap for 'Invest Easy' to Complete Licensing Simplifications			
1.1	Average time to issue a commercial registration (days)	3.11	1
1.2	Percentage of licences approved and issued in Invest Easy by SLA	97.745	95%
1.3	Percentage of configured licenses within Invest Easy that are notification based (ex-post regulatory regime)	0.48%	50%
1.4	Number of Licencing Issuers Providing all Business Licences through Invest Easy	6	6
2 - Streamlining Environmental Permits			
2.1	Streamlining Environmental Permits	95%	90%
2.2	Average time (days) for Approval and Issuance of Licences and Permits	30	30
3 - Anti-Monopoly Law		45%	50%
4 - No-Objection Certificate (NOC)		0%	0%
5 - Service Level Agreements for G2G Services		24%	46%
6 - Foreign Direct Investment Law			
6.1	Issuance and implementation of allowing 100% foreign ownership of companies	10%	65%
7 - Establishing Real Estate Investment Trusts (REITs)			
7.1	Number of Real Estate Investment Trusts approved by the Capital Market Authority	0	1
7.2	Value of assets under management (AUM)/fund size in approved Real Estate Investment Trusts (REITs)	0	50
7.3	Regulatory regime implemented to allow Real Estate Investment Trusts to successfully operate in the Sultanate	100%	100%
8 - Establish a Credit Bureau		0	100%
9 - Investment Service Centre		60%	100%
10 - Real Estate Development Centre			
10.1	Completion of Service Level Agreement with relevant stakeholders	50%	100%
10.2	Launch of Real Estate Development Centre	0%	100%
10.3	Issuance of New Laws and Regulations to Activate the Centre	30%	100%

Initiative/KPI		Actual Achievement 2017	Target 2017
11 - Unifying Investment Promotion Efforts and Align Investment Facilitation Roles			
11.1	Providing and Improving Investment Facilities		
11.1.1	Satisfaction rate of the delegates utilising facilities provided to investors	100%	95%
11.1.2	Satisfaction rate of local and foreign investors with a project value not less than RO 1 million registered with Ithraa	100%	90%
11.2	Enhancing Marketing and Promotion Efforts		
11.2.1	Number of foreign investment companies that participated in investment promotion activities coordinated	145	100
11.2.2	Number of foreign strategic partnerships established to attract investment	4	4
11.2.3	Total value of investment in targeted sectors	8013.2	3,592
12 - Capability Building for Project Identification			
12.1	Number of ministries involved in Capability Building	10	10
12.2	Number of staff involved in Capability Building	20	20
12.3	Development of a framework for Capability Building	100%	100%
13 - Assessment and evaluation of projects for potential Public Private Partnerships			
13.1	Establish criteria to categorize projects (Government vs. PPP)	100%	100%
13.2	Number of projects with completed profiles	8	8
13.3	Number of projects to be awarded to private sector (through PPP)	4	4
14 - Establishment of PPP Regulatory Framework		55%	60%
15 - Privatisation of Government Owned Enterprises			
15.1	Privatisation process of one Government-owned-enterprise	100%	100%
15.2	Develop 5 year Privatisation Plan for government-owned-enterprises	40%	100%
16 - Code of Governance for Government Owned Enterprises (GOEs)		35%	100%
17 - Paying financial compensation in case of delay of government payments			
17.1	Inclusion of Late Payment Penalty clause in all relevant government contracts	100%	100%
18 - Establishment of Public Debt Office		100%	100%

*Audited by KPMG

Overview

An integral role of the Business Environment, Project Development and Finance Sector is to improve Oman's economic sustainability and overall development. 18 initiatives and projects were identified during the National Economic Diversification program, Sharaka and through ad-hoc requests by high authorities seeing the importance of their execution to enhance the performance of those work streams.

The Business Environment sector recorded significant progress in implementing initiatives such as: Streamlining Environmental Permits, Establishing the legal framework of Real Estate Investment Trusts (REIT), Integrating six entities into Invest Easy, Anti-Monopoly Law and Public-Private Partnership (PPP) Law. Under the Project Financing sector, the Public Debt Office initiative was accomplished in 2017.

Unlike other sectors' governance structure whereby each sector has a direct sponsoring minister and ministerial delivery unit e.g. tourism sector is supervised by the sector's lead Minister of Tourism, the Business Environment, Project Development and Financing are across cutting sectors. Multiple stakeholders directly contribute to the implementation of the projects, thus, there are several Ministerial Delivery Units (MDUs) rather than one MDU responsible for the overall achievement of those sectors. Implementation Support and Follow-Up Unit along the Ministerial Delivery Units teams facilitate achievement, solve problems and help find creative solutions in coordination with relevant entities to achieve progress required.

The Business Environment sector's primary objective is to strengthen government's accountability and transparency and increase Oman's competitiveness by attracting local and foreign investments.

Top-line key performance indicators for Business Environment include:



Raise the Sultanate's rank in the Ease of Doing Business (EODB) index among the Gulf Cooperation Council (GCC) countries from the third place to first by 2020



Raise the Sultanate's rank in Getting Credit indicator from the EODB index among the GCC countries from the fifth place to first by 2020



Maintain the Sultanate's rank in the Starting a Business indicator from the EODB index among the GCC countries as the first place by 2020

The goal of Project Development and Financing is to enhance the partnership between public and private sectors, and increase private sector contribution in funding governmental projects as well as national initiatives. The top-line key performance indicators of the Project Development and Financing include:



Project Development

- Execute government projects through Public Private Partnership (PPP) by 2020 valued at OMR 504 million in 2018, OMR 756 million in 2019 and OMR 1.260 billion in 2020*



Finance

- Target of OMR 700 million for the value of GOEs transferred to private sector owners between 2017 and 2021*

*All forms of data are being continuously refined to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities aligned with international standards.

Business Environment

A) Policies and Processes

1- Develop Roadmap for 'Invest Easy' to Complete Licensing Simplifications



Making the process of applying for registrations and licences easier and more efficient, Invest Easy offers the business community in Oman a single point of access to all government e-services related to starting a business. This initiative aims to develop a roadmap to facilitate and simplify the process for obtaining licences for business activities.

Invest Easy was launched by the Ministry of Commerce and Industry to accelerate the process of starting a business in the Sultanate. However, a detailed plan to integrate all government entities into the system was yet to be developed. The initiative which is monitored by ISFU seeks to support the Invest Easy team to integrate all ministries that issue business licences or permits under one system.

A clear vision is outlined for Invest Easy to be developed into a one-stop shop to issue licences for all types of business activity. Clear standards will be developed and all requirements will be codified to successfully grant a licence within a specified time. The initiative also proposes streamlining of licencing processes in the individual ministries and standardising the procedures for reviewing licencing fees imposed by the stakeholders to comply with the requirements of the Invest Easy system. The initiative also focuses on strengthening the system's relationship with Sanad offices to serve as a system link.

Invest Easy aims to automatise and simplify all business processes and procedures. The goal of the initiative is to fully integrate and assimilate 24 government entities into the Invest Easy system by 2020 to fully activate the one-stop-shop for business licences.

Four main KPIs fall under this initiative:

1.1 - Average time to issue a commercial registration

The target of the initiative is to issue a commercial registration in one minute by 2020. While it took three business days to issue a commercial registration in 2017, the aim is to reduce the target to half-a-business day by 2018.

1.2 - Percentage of licences approved and issued in Invest Easy by SLA

The key aim of this KPI is to have 95% of licences approved and issued from the Invest Easy platform by Service Level Agreements within 15 business days by 2019. The target for 2018 is to have 95% of licences approved within 20 business days, while in 2017 it was 30 business days.

1.3 - Percentage of configured licences within Invest Easy that are notification based (ex-post regulatory regime)

The target of percentage for configured licences within Invest Easy that are notification based (ex-post regulatory regime) is 80% in 2020, 70% in 2019 and 60% in 2018. It was 505 in 2017.

1.4 - Number of Licencing Issuers Providing all Business Licences through Invest Easy

The number of licence issuers providing all their business licences through Invest Easy was six during 2017. The target is to increase the number of licence issuers to 24 by 2018. It is important to note that there are no licence applications in Invest Easy that have exceeded 30 business days or that are still pending. In 2018, the target is to get all joint stock companies and LLCs with over OMR 50,000 registered capital have their 2017 annual reports filed in the Invest Easy portal.

The Journey

The major achievement for 2017 was that the ISFU along with the working group managed to reduce the approval time for commercial registration by 50%. Besides, Invest Easy has successfully enabled some entities to issue their licences through the portal such as Ministry of Environment and Climate Affairs, Telecommunication Regulatory Authority, Special Economic Zone Authority Duqm (SEZAD), Ministry of Commerce and Industry – Industrial licences, Ministry of Transport and Communications and Ministry of Manpower.

To apply modern standards and the best international practices, the entities have started using the fourth international standard industrial classification (ISIC4) to unify all licences with a singular code.

There were notable technical challenges faced due to the IT infrastructure of relevant agencies. Some government entities have different IT capabilities where their systems are not optimised to integrate with Invest Easy. Waiting for the stakeholders to optimise their systems have caused some delays to the full integration plan.

Moving Forward

The goals in 2018 are as follows:

- Minimize the time to issue a commercial registration (CR) to less than half a day
- Integrate with 18 government entities responsible of issuing business licenses
- Issue license within less than 15 business days
- Explore a more efficient way of registering foreign investments
- Enhance invest easy operation system, to make it equipped to host all government services related to investments

Stakeholders

The stakeholders of the initiative are all the entities which issue business licences/permits for business activities and who have to be integrated with Invest Easy. The following entities account for more than 80% of the overall approvals:

• Ministry of Commerce and Industry	• Ministry of Manpower
• Ministry of Tourism	• Muscat Municipality
• Ministry of Agriculture and Fisheries	• Ministry of Transport and Communications
• Public Authority for Civil Defense and Ambulance	• Ministry of Higher Education
• Ministry of Regional Municipalities and Water Resources	
• Ministry of Environment and Climate Affairs	

Other stakeholders to enable the integration:

• Ministry of Finance

• Ministry of Legal Affairs

2 - Streamlining Environmental Permits



The aim of the initiative is to streamline the environmental regulatory and permission system to make it easier for investors to start, expand, and operate businesses. The initiative also intends to integrate the streamlining of environmental process into the Invest Easy portal.

Sharakah had recommended some measures to facilitate an easy process to obtain environmental permits. The suggested measures included: preparing a list that covers documents and papers needed to obtain environmental permits and have the list available online, publishing information on all activities that require environmental permits and defining a mechanism to follow up on the investor application. It also proposed review of the regulation of the activities requiring permits periodically. The goal was to allow businesses to obtain all licences, permits, and approvals within 30 days.

This is a 'milestone' based on key performance indicator that measures Oman's progress on the 'Streamlining Environmental Permits' initiative as prescribed by the Sharakah programme.

Two main KPIs fall under this initiative:

2.1 - Streamlining Environmental Permits

The objective was to publish online an inventory of activities, requirements and documents needed to obtain environmental permits in Arabic and English. The aims was to test and launch operations of environmental permits through the Invest Easy portal. As required by the Sharakah initiative, the KPI target was to publish an annual review of the streamlining requirements.

2.2 - Average time for Approval and Issuance of Licences and Permits

To help businesses start their operations effortlessly, the goal was to reduce the average time to approve and issue permits connected to environmental impact assessments.

The Journey

Through continuous communication and collaboration, Ministry of Environment and Climate Affairs (MECA), Ministry of Commerce and Industry, Invest Easy and ISFU managed to complete integration in a matter of few months. The objective of this initiative was achieved and MECA became the first government entity to fully integrate into the Invest Easy system. In line with this accomplishment, the time to obtain permits and licences has been reduced significantly.

Moving Forward

While the target for 2017 was less than 30 days, in 2018 the time needed to obtain a permit will target a reduction to 20 days. In 2018, the initiative will monitor the time spent to grant permits and will resolve any ad-hoc issues related to the integration.

Stakeholders

- | | |
|---|-------------------------------------|
| • Ministry of Environment and Climate Affairs | • Ministry of Commerce and Industry |
|---|-------------------------------------|

3 - Anti-Monopoly Law



To promote and protect competition, and competitive processes in relevant markets, in 2014 the government had issued an anti-monopoly law called; 'Protecting Competition and Preventing Monopoly Law'. The purpose of the law was to promote and maintain fair competition in Oman. In 2017, the law was revised and redrafted to further establish best practices in the market in line with the free market economy. The key objective of this initiative is to establish a governing body or a centre that will ensure that the anti-monopoly law is enforced fairly and with due process. This governing body will also create and ascertain a safe business environment.

Moving Forward

A Royal Decree 2/2018 has been issued to establish a 'Centre for Competition Protection and Prevention of Monopoly'. In 2018, the initiative will follow up on the progress of establishing the governing body.

Stakeholders

- | | |
|-------------------------------------|-----------------------------|
| • Ministry of Commerce and Industry | • Ministry of Legal Affairs |
| • Cabinet | • Shura Council |
| • State Council | |

4 - No Objection Certificate (NOC)



In 2014, the Omani relevant authorities implemented a rule as per which expatriates who desired to move to a different sponsorship at the end of their contract had to obtain a No Objection Certificate (NOC) from their current employer.

The NOC, however, did not contribute to protecting companies or increasing Omanisation percentages. Restricting free movement of workers meant that a company had to incur high expenses to recruit expats from abroad by spending on new visas and training. The rule also turned out to be a hindrance to a potential recruiter of Omanis as it made expatriates to hold down their jobs. As recommended by Sharakah, the objective of the initiative was to work towards the removal of the NOC as suggested by a report published by the International Labour Organisation regarding 'Employer-Migrant Relationship in the Middle East'.

The Journey

A notable achievement was that as recommended by Sharakah, one of the NOC items was amended. As per the amendment, owners are no longer required to personally visit the Directorate of Passport and Residences to confirm they have no objection to an expatriate returning to work in a different company in Oman. In 2017, the ISFU carried out a survey to seek public opinion on the matter.

Moving Forward

The initiative will be further discussed by the concerned authorities in 2018.

Stakeholders

- | | |
|--|-------------------------|
| • Royal Oman Police | • Ministry of Manpower |
| • National Centre for Statistics and Information | • Ministerial Committee |
| • Sharakah | |

5 - Service Level Agreements



The initiative seeks to develop Service Level Agreements (SLAs) framework for government to government (G2G) services to ensure an optimal experience for investors and start-ups. It also aims to provide a specific timeframe and level of service that ascertain efficiency within the government. The SLAs framework will be used to deliver uniform agreements between government entities within a defined timeframe. Having processes governed by SLAs will ensure provision of services at the earliest as stipulated in the agreement based on international best practices. The main objective in 2017 was to complete the first draft of the SLA framework.

The Journey

The structure of the SLA framework was developed to create a consistent model that government entities can use in government to government (G2G) services. The approval for the framework is yet to be obtained.

Moving Forward

A decision on the approval and implementation of SLA framework is to be considered in 2018.

Stakeholders

- State Audit

6 - Foreign Direct Investment Law



As it is commonly known, the aim of the Foreign Direct Investment Law is to regulate and encourage investments and protect the rights of investors. The objective of the initiative is to revise the law in order to allow for 100% foreign ownership and provide investors an open market in Oman. The removal of a minimum capital requirement is another measure suggested to attract foreign investment to the Sultanate. Challenges, issues and potential solutions were identified as first steps to drafting the new law.

The Journey

The draft of the Foreign Direct Investment Law has been agreed upon by the main stakeholders. The main challenge in having the law issued was that it involved lengthy consultations with relevant stakeholders. Lack of dedicated human resources also led to delay in preparing the draft.

Moving Forward

In 2018, Foreign Direct Investment Law will be ratified, and the law is expected to come into force.

Stakeholders

• Ministry of Commerce and Industry	• Cabinet of Ministers
• Shura Council	• State Council
• Royal Oman Police	• Invest Easy
• Ithraa	• Ministry of Legal Affairs

B) Facilitating Business and Investment

7 - Establishing Real Estate Investment Trusts (REITs)



Real Estate Investment Trust (REIT) refers to an entity created with the sole purpose of channelling investible funds into operating, owning or financing income-producing real estates. For a company to qualify as a REIT, it must meet certain regulatory guidelines. REITs often trade on major exchanges like other securities and provide investors with a liquid stake in real estate.

This initiative aims to issue a regulatory regime to enable the establishment of Real Estate Investment Trusts (REITs). REITs in Oman will own and manage profitable real estate properties and can subsequently be listed on the Muscat Securities Market. Retail investors could gain exposure to commercial property by purchasing shares in REITs which are less expensive than the sale and purchase of traditional properties, with profits being distributed among shareholders annually. The REITs would operate as per the laws and regulations of the Capital Market Authority.

This initiative also aims to increase the liquidity in the capital and real estate market. REITs will allow investors to diversify their investments in different types of real estates, instead of focusing on a specific sector, and will provide them with an easy way to exit their holdings through the sale of their unit shares of the REITs.

The Journey

Considerable progress was achieved with regards to this initiative. ISFU's role started in early 2017 by establishing the working group which brought together members from Capital Market Authority, Ministry of Commerce and Industry, Secretariat General for Taxation, Ministry of Legal Affairs, Ministry of Finance and Ministry of Housing – all in one table on a weekly or bi-weekly basis. It was crucial to have transparency and communication between all relevant parties to accelerate the success of this initiative. The escalation mechanism proved to be useful in multiple occasions, when there was a delay in finalizing the draft regulation as well as awaiting a Ministerial Decree to be issued from the Ministry of Housing. ISFU's intervention contributed significantly to the rapidness of achieving this initiative and ultimate success.

Capital Market Authority and Ministry of Legal Affairs reached an agreement that Article one of Land Law issued by Royal Decree 5/80 and its amendment issued by Royal Decree 76/2010 allow for non-GCC member country citizens to own land through REITs.

Capital Market Authority and Secretariat General for Taxation reached an agreement to deal with Special Purpose Vehicle (SPV) as a fund inside REIT, and by law the funds are tax exempted.

A Ministry of Housing Ministerial Decree was issued in November, 2017 to organise real estate ownership within REITs in Oman, as it allowed the ownership of real estate through buying, yet the land must be commercial, residential, industrial, or tourism-related.

The challenge the initiative faced was that while articles of the law gave flexibility to the end users, some entities chose to interpret them differently. The process of reviewing and issuing regulation was also time consuming.

Moving Forward

The Capital Market Authority has issued the executive regulation of REITs. The target in 2018 is to establish three REITs with a value of Assets Under Management (AUM) of OMR 50 million each.

Stakeholders

• Capital Market Authority	• Ministry of Commerce and Industry
• Secretariat General for Taxation	• Ministry of Legal Affairs
• Ministry of Finance	• Ministry of Housing

8 - Establish a Credit Bureau



The objective is to establish a Credit Bureau in Oman which will serve as a reference for financial institutions to measure credit worthiness. It will also serve as a tool to permit commercial lending, increase access to credit and reduce credit losses. The Credit Bureau will also augment government supervision in connection to risk management. The purpose of this initiative is to rank Oman first place among GCC countries in the Getting Credit indicator of the Ease of Doing Business Index by 2020. Currently, Oman is ranked number four among the GCC countries.

To boost the confidence of its users, the Credit Bureau will collect credit information about individuals and entities, which can be used by financial institutions, local and international companies, small and medium sized enterprises (SMEs) and credit rating agencies among others. The Bureau will also seek to increase the number of loan recipient institutions and facilitate access to bank loans. The initiative seeks to measure the progress in the establishment of a Credit Bureau.

The Journey

Central Bank of Oman and Capital Market Authority concurred to enable the existing private credit to operate. They also agreed to move the regulatory authority from the Capital Market Authority to the Central Bank of Oman.

Revision of regulations and regulatory framework related to credit bureaus has been conducted. The regulatory issues related to disclosure of data will be solved when the new banking law is endorsed, the draft of which has already been completed.

Initially, execution of the initiative faced some challenges since there was a difference of opinion between stakeholders on the option to establish and operate the credit bureau. Other challenges faced were that Bank Credit & Statistical Bureau (BCSB) provides only two years of back data; banks and finance companies cannot share data between them; utilities, retail, automobile companies and landlords do not have access to consumer credit history and there was a regulatory interest rates cap on consumer loans.

Despite the difficulties this initiative has faced in starting up, ISFU's continuous pursuit and relentless efforts for this project proved to be successful. ISFU worked upon emphasizing the importance of access to credit to Oman's economy and business environment as well as its overall impact on the Ease of Doing Business Index.

Moving Forward

In 2018, progress on the establishment of a Credit Bureau will be monitored. During this year, Oman will work towards obtaining the third place in Getting Credit indicator among the GCC countries in the 2019 Ease of Doing Business report.

Stakeholders

- | | |
|--|----------------------------|
| • Central Bank of Oman | • Ministry of Finance |
| • Capital Market Authority (CMA) | |
| • All financial institutions i.e. banks, insurance companies, investment companies | |
| • ROP/Court/Municipality/Ministry of Manpower/Ministry of Housing | |
| • Utility Providers | • Debt Collection Agencies |

9 - Investment Service Centre



Mobilising investment and capitalising on its positive contribution to growth and sustainable development is a priority for Oman. The objective is to establish an Investment Service Centre for the benefit of strategic investors with more than OMR 3 million investment. The Centre aims to serve the interest of the investors, provide efficient services and revitalise the economy by effective facilitation of investment.

It was suggested that once the scope of the Investment Service Centre is defined, a Service Level Agreement (SLA) will be created to reduce the time for the start-up process – preferably 30 days or less to align with the Cabinet order and Sharakah directive. The plan is that each strategic investment opportunity that comes through the Centre will be followed up systematically. As the Investment Service Centre's responsibility is to assist projects worth OMR 3 million or more, the aim is to understand how many of these strategic projects are being handled by the Centre.

The Journey

The Ministry of Commerce and Industry's governance was restructured to permit the establishment of the Investment Service Centre. The Investment Service Centre was established within the Ministry of Commerce and Industry in March 2017. An acting head was appointed in July 2017 and an office space was allocated in August 2017.

The Centre is new and needs assistance in setting up the process, systems and overall framework. The aim to make the centre efficient with available resources was a challenge since the majority of the staff were fresh graduates with minimum experience in dealing with customers.

Moving Forward

The aim of the initiative is to make the Centre completely operational in 2018.

Stakeholders

- | | |
|-------------------------------------|----------|
| • Ministry of Commerce and Industry | • Ithraa |
|-------------------------------------|----------|

10 - Real Estate Development Centre



The proposal of establishing a Real Estate Development Centre came about when the Directorate General for Real Estate Development at the Ministry of Housing approached the ISFU to explore this concept. The initiative seeks to gather all real estate project construction approvals under one service centre. It aims to create a clear process map for all real estate-related projects from the first step of submitting the preliminary master plan to the last step of approving the construction permit. The objective of establishing the centre is also to simplify and streamline issues relating to construction permits.

The nine entities including - Royal Oman Police, Muscat Municipality, Ministry of Regional Municipalities and Water Resources, Ministry of Tourism, Ministry of Environment and Climate Affairs, Public Authority for Civil Defence and Ambulance, Public Authority for Electricity and Water, Telecommunications Regulatory Authority and Haya Water - deal with real estate projects.

The initiative seeks to get all entities to work on mapping the process for internal procedures. The entities will work on a unified template for every project including processes within the Service Level Agreement. The centre will consist of secondees from relevant entities that will sign a Service Level Agreement to commit to a specific timeframe for approval. Once the centre receives the real estate developer template and its master plan, it will become a one-stop-shop for all construction permits. As per the initiative, the real estate developers will obtain the initial approval within 27 working days after which construction can commence. Subsequently the final approval will be granted.

Currently, the centre is working to automate the processes into a system which, when linked to the nine entities, will enable both the developer and the centre to track the transaction. The establishment of the centre could positively influence the ranking in Ease of Doing Business Index under the 'Dealing with Construction Permits' indicator.

Three main KPIs fall under this initiative:

10.1 - Completion of Service Level Agreement with relevant stakeholders

The draft of the Service Level Agreement has been completed; however, it is yet to be finalised. In 2017, the initiative aimed to establish a working group for the centre and to sign a Service Level Agreement.

10.2 - Launch of Real Estate Development Centre

In 2017, the setting up of the physical structure of the Real Estate Development Centre was planned.

10.3 - Issuance of New Laws and Regulations to Activate the Centre

The draft regulations for 'Escrow Account Law' and for 'Real Estate Executive Regulation' was planned.

The Journey

All nine entities have agreed on terms of the draft of Service Level Agreement despite challenges of coordination. The physical structure of the Real Estate Development Centre has been completed after aligning out some ambiguities. The draft regulations for 'Escrow Account Law' and for 'Real Estate Executive Regulation' were finalised.

Moving Forward

The focus for 2018 is to have the Real Estate Development Centre established and running fully. Issuance of 'Escrow Account Law' and 'Real Estate Executive Regulation'; creation of a website for the Centre; creation of service catalogue and introduction of a 'Real Estate Developer' licence will be tracked during the year.

Stakeholders

• Ministry of Housing	• Royal Oman Police
• Muscat Municipality	• Ministry of Regional Municipalities and Water Resources
• Ministry of Tourism	• Ministry of Environment and Climate Affairs
• Public Authority for Civil Defence & Ambulance	• Public Authority for Electricity and Water
• Telecommunications Regulatory Authority	• Haya Water

11 - Unifying Investment Promotion Efforts and Align Investment Facilitation Roles



Aimed at strengthening the role of the Public Authority for Investment Promotion and Export Development (Ithraa), this initiative was launched to streamline the national investment promotion strategy. The initiative aims to boost Ithraa's responsibilities by making it the sole authority on investment promotion in Oman. Ithraa will work in collaboration with the Ministry of Commerce and Industry and other relevant government bodies to communicate and encourage investors to invest in the Sultanate.

By 2020, this initiative seeks improving coordination on nationwide promotion and investment activities which will be accomplished through alignment and defining of clear responsibilities to support foreign and local investors. The initiative was divided into two different categories – one to improve investment facilitation and the other to enhance marketing and promotion efforts.

11.1 - Providing and Improving Investment Facilities:

11.1.1 - Satisfaction rate of the delegates utilising facilities provided to investors

All the delegates using the facilities provided to investors expressed 100% satisfaction, though the target for 2017 was to get an approval rate of 95%.

11.1.2 - Satisfaction rate of local and foreign investors with a project value not less than OMR 1 million registered with Ithraa

The approval rate of local and foreign investors with a project value not less than OMR 1 million registered with Ithraa was 100% while the target for 2017 was 90%.

11.2 Enhancing Marketing and Promotion Efforts:

11.2.1 - Number of foreign investment companies that participated in investment promotion activities coordinated by Ithraa

Nearly 145 foreign investment companies participated in investment promotion activities coordinated by Ithraa while the target was 100.

11.2.2 - Number of foreign strategic partnerships established to attract investment

Four foreign strategic partnerships were established to attract investment.

11.2.3 - Total value of investment in targeted sectors

The total value of the investment in targeted sectors was OMR 3,592 million as per the ninth five-year development plan. Though the baseline was set at OMR 3,376 million, the total value of investment reached OMR 8,013.2 million, thereby overachieving by 223%.

The Journey

The targets set for 2017 have been met to achieve 100% results with both categories overreaching the goal. The challenge faced was in receiving the final investment figures which was resolved when Ithraa managed to obtain the figures from National Centre for Statistical Information (NCSI).

Moving Forward

The plan for 2018 is to continue enhancing marketing and promotion efforts.

Stakeholders

- Ithraa

Project Development

12 - Building Capability for Project Identification



Capability building, which is central to organisational performance, requires a systematic approach. The initiative aims to enhance the performance of public entities by strengthening the capabilities of personnel.

Usually, public entities use external consultants to develop economic feasibility studies for large projects. The aim of capability building initiative is to augment competencies of assigned personnel of government entities to create concepts and prepare economic feasibility studies for proposed projects. To accomplish this goal, the initiative seeks to create an institutional framework for skill development by organising training programmes to build the capacity of government entities' personnel to conduct economic feasibility studies.

Additionally, the initiative aims to define the basic information to be secured for projects which will help in classification of projects according to financing sources, public budget or private-public partnership models.

In 2017, 10 ministries were identified for capability building training - the purpose of which was to equip the ministries' personnel with knowledge to develop a concept paper with budgeting and assessment specifics. During the same year, 20 ministries' personnel were trained to acquire skills to assess, evaluate and choose projects that adhere to the conditions defined for pre-feasibility.

The Journey

Implementation of this initiative started with the conceptualisation of a training programme, where the first step was to define the needs and capabilities of public entities. The progress of the initiative's implementation was slightly affected when some representatives were not present at some meetings organised by the working group. To overcome the challenge, the working group gathered all the concerned stakeholders and developed a unified strategy to help implement the initiative.

As a result, 22 employees from 11 public entities participated in the capability building programme during the year. The entities are: Muscat Municipality, Ministry of Tourism, Office of the Minister of State and Governor of Dhofar, Ministry of Housing, Municipality of Sohar, Ministry of Health, Ministry of Regional Municipalities and Water Resources, Ministry of Transport and Communications, Ministry of Education, Municipality of Dhofar, Ministry of Agriculture and Fisheries and the General Secretariat of Supreme Council for Planning.

In addition to the completion of the training programme, a framework for capability building was developed and finalised for public organisations. The first training programme (out of the six planned till 2020) was completed in the period between November 20, 2017 and January 4, 2018.

Moving Forward

Given that this initiative will be an ongoing one, two more capability building training programmes will be held in 2018.

Stakeholders

• Supreme Council for Planning	• State Audit Institution
• State General Reserve Fund (SGRF)	• Ministry of Civil Service (MOCS)
• Ministry of Finance	• Institute of Public Administration (IPA)

13 - Assessment and evaluation of projects for potential Public Private Partnerships



Public-private partnership (PPP) projects are long-term contract between a private sector partner and a government entity. Such partnerships can be used to develop various projects based on shared responsibilities.

The initiative aims to establish foundations and standards for the public entities to propose projects to implement through a PPP model. For this purpose, the ninth five-year development plan was used as a reference to identify projects that can be delivered through PPP. The objective is to deliver priority public projects worth OMR 2.519 billion by 2020 through public-private partnerships. In 2017, the target was to have eight projects with complete profiles and make four projects ready to be awarded to private sector through PPP.

Three main KPIs fall under this initiative:

13.1 - Define the basic information to categorise projects (Government vs PPP)

Projects that were already selected for PPP lack detailed information, such as the pre-feasibility study, demand gap analysis and proposed investment ratio which made it difficult to assess project readiness. Therefore, the goal of this KPI is to define the minimum needed information to identify and assess a project's potential to be implemented through the PPP model. This basic information will help sorting projects into three categories which is government funded, PPP or private sector.

13.2 - Number of projects with completed profiles

The key objective of this KPI is to measure projects that have complete profiles in which all necessary information such as financial analysis, economic analysis and land request permits are included. This information will be used to assess their potential to be implemented as PPP project.

13.3 - Number of projects to be awarded to private sector through PPP

This KPI measures the total number of projects which are offered to the private sector by the concerned public entity to be established using a PPP model.

The Journey

As notable achievements for 2017, the following projects were identified as projects with complete profiles:

- Affordable Mass Housing – Ministry of Housing
- Fruits and Vegetables Market at Flaij – Muscat Municipality
- Centralised Labs – Ministry of Health
- Grain Silos (Storage) at Sohar – The Public Authority for Stores and Food Reserves
- Grain Silos (Storage) at Salalah – The Public Authority for Stores and Food Reserves
- Grain Silos (Storage) at Nizwa – The Public Authority for Stores and Food Reserves
- Oman Centre for Animals and Plants Genetic Resources – The Research Council
- Barka Fishing Port – Ministry of Agriculture and Fisheries

The following projects are ready to be awarded or have already been awarded to private sector through PPP model:

- Affordable Mass Housing – Ministry of Housing
- Grain Silos (Storage) at Sohar – The Public Authority for Stores and Food Reserves
- Barka Fishing Port – Ministry of Agriculture and Fisheries
- Centralised Labs – Ministry of Health

Due to challenges in securing the basic information from concerned entities, the working group had to invite them to meetings during which information was identified and PPP concepts introduced to encourage them to collaborate. Furthermore, the MDU & ISFU supported the initiative working group in this task as they brought all stakeholders on one table to further discuss the initiative requirements. Unavailability of a clear process or framework to deal with such types of projects proved to be another challenge. However, a preliminary framework to deal with projects that can be delivered through PPP was developed by the initiative working group.

Moving Forward

The initiative plans to spread awareness about the importance of PPP among public institutions. It proposes to increase the target for number of projects with completed profiles to 16 in 2018 from the current eight. It also seeks to increase the target for number of projects to be awarded to the private sector through PPP to eight.

Stakeholders

- | | |
|---|------------------|
| • Supreme Council for Planning | • Private sector |
| • Sovereign Funds | |
| • All government bodies that have priority projects in ninth five-year development plan | |

Finance

14 - Establishment of PPP Regulatory Framework



To diversify the economy and reduce its reliance on conventional sources of funding, Oman is looking at establishing Public Private Partnerships (PPPs) unit. PPP projects are long-term agreements which specify outputs such as quality of service and performance standards that have a direct bearing on the users of the projects.

The absence of a regulatory framework has proved to be a challenge for PPPs, which is a relatively new concept in Oman. Therefore, this initiative, carried out by the Ministry of Finance, aims to develop a regulatory framework for Public-Private Partnership (PPP). Eight, 15 and 30 are the number of projects that are expected to be approved under the regulatory framework in 2018, 2019 and 2020 respectively.

The initiative aimed to complete the draft of the PPP law by March 2017 and have the draft approved by Ministry of Legal Affairs by July 2017.

The Journey

The draft of the PPP law was completed and approved by Ministry of Legal Affairs. The draft has been sent to the Cabinet for endorsement.

Moving Forward

A Royal Decree on the establishment of the PPP regulatory framework is expected to be issued in 2018. After the establishment of the PPP regulatory framework, the unit's role will be endorsed by the Cabinet. Plans are in place to appoint the head of the PPP regulatory framework and allocate an office space for the unit during the year. By the end of 2018, eight projects are expected to be approved under the PPP regulatory framework.

Stakeholders

• Ministry of Finance	• Ministry of Legal Affairs
• Cabinet	• PPP regulatory framework, once established

15 - Privatisation of Government Owned Enterprises



Oman has around 70 government owned enterprises (GOEs) spread over different sectors, some of which, over the years, have witnessed reduced profits. In order to improve their value creation for the national economy, the government needs to expedite an effective privatisation programme.

The initiative intends to work towards efficient privatisation of Government Owned Enterprises. The key objective was the establishment of a privatisation committee by July 2017 to supervise the privatising of GOEs.

The Ministry of Finance had to develop a new privatisation plan through GOEs holding companies. As part of the plan, all holding companies had to submit their five-year privatisation plan to Ministry of Finance for review. The plan outlaid an aspirational target of OMR 700 million for the value of GOEs transferred to private sector owners between 2017 and 2021.

The initiative aimed to receive privatisation plans of companies such as Oman Tourism Development Company (Oman), Oman Food Investment Holding Company (S.A.O.C), Electricity Holding Company (EHC), Oman Global Logistics Group (ASYAD) and Oman Oil Company (OOC) by November 2017.

The Journey

A notable accomplishment was that a committee to supervise the privatising of GOEs was established. While Asyad submitted its privatisation plan, Oman Food Investment Holding Company and Oman Oil Company identified companies to be privatised. The privatisation plan of the Electricity Holding Company "Nama" (EHC) was decided by the Cabinet.

Moving Forward

The direction for 2018 is to have all the privatisation plans related to the GOEs received by the ministries.

Stakeholders

• Ministry of Finance	• Oman Tourism Development Company (OMRAN)
• Oman Food Investment Holding Co. (S.A.O.C) (OFIC)	
• Electricity Holding Company (EHC)	• Oman Global Logistics Group (ASYAD)
• Oman Oil Company (OOC)	• Cabinet

16 - Code of Governance for Government Owned Enterprises (GOEs)



An efficient Code of Governance is an important prerequisite since it will help Government Owned Enterprises (GOEs) become more competitive, efficient and transparent. The Code of Governance is based on the underlying principles of good governance such as accountability, transparency, integrity and avoiding conflict of interests. The Code of Governance will focus on the sustainable success of GOEs over the long term.

Through this initiative, the Ministry of Finance aims to establish a Code of Governance which will be a guide for GOEs to function. The objective is that all GOEs will start implementing the Code of Governance by the end of 2018.

The target was to appoint a firm to draft the Code of Governance for GOEs by March 2017. It was intended to complete the first draft of the code by July 2017 and aimed to submit the draft to the Ministry of Finance for feedback and approval by October 2017. The initiative planned to complete the final draft of the Code of Governance by November 2017 and obtain approval from the State Audit Institution by December 2017. The final target was to publish the Code of Governance for GOEs by December 2017.

The Journey

A firm, the Oman Centre for Governance and Sustainability (OCGS), was appointed to draft the Code of Governance for GOEs. The process of drafting the code faced some delays which led to delaying the publishing of the Code of Governance in 2017. The draft has been finalised, however, it awaits approval from the State Audit Institution.

Moving Forward

Obtaining the approval on the final draft of Code of Governance from the State Audit Institution and publishing of the Code of Governance is expected to be accomplished in 2018.

Stakeholders

- | | |
|---|---------------------------|
| • Ministry of Finance | • State Audit Institution |
| • Oman Centre for Governance and Sustainability | |

17 - Paying financial compensation in case of delay of government payments



Many companies undergo difficulties owing to late payments made by government. By September 2016, Sharakah suggested the inclusion of an article (one clause) in all unified government contracts. The clause gives the right for companies to claim late payments penalties from the government. The aim of this initiative was to urge the government not to delay the payments. The Ministry of Finance aimed to complete the objective of the initiative by April 2017.

The Journey

The inclusion of late payment penalty clause in all five unified government contracts was achieved by May 2017.

Moving Forward

The objective of the initiative has been completed.

Stakeholders

- Ministry of Finance

18 - Establishment of Public Debt Office



As the oil prices dropped, public debt started to increase. The initiative aims to establish an office to ensure that the financing needs of the government are always met in time. The office will guarantee that cost of the debt is the lowest possible over the medium term, within the framework of an acceptable level of risk. The office will also be responsible for dealing with international credit rating agencies.

The Journey

The establishment of the Public Debt Office was completed in August 2017. The office was renamed to "Debt Management Office (DMO)".

Moving Forward

The objective of the initiative has been completed.

Stakeholders

- Ministry of Finance



Independent
Advisory
Review (IAR)

Independent Advisory Review (IAR)



Dr. Lubna Mohammed Abdul Latif

Adviser at the World Bank and the Ministry of Finance

Dr. Lubna Mohammed Abdul Latif, has extensive experience working on financial strategy and policy. She is a World Bank expert who has worked comprehensively on development of state budget operations. Prior to the 2016 Oman budget presentation, Dr Lubna organised a workshop on the general rules and different stages of budget preparation in association with the Ministry of Finance. The workshop focused on the core processes of budget preparation, in addition to general overview, execution, estimates and planning of financial publication.

Dr. Abdullah Baabood

Researcher and Academic

Dr. Abdullah Baabood, who was the director of the Center for Gulf Studies at Qatar University, is a leading reference on Gulf-focused topics. He has previously held top positions in business and academia and most recently has served as director of the Gulf Research Centre at the University of Cambridge. Dr Baabood holds a Master of Business Administration (MBA), a Master of International Relations (MA) and a Ph.D from the University of Cambridge. He is a graduate in business studies and international relations.



Dr. Hamad bin Salim bin Rashid Al Rawahi

Chief Executive Officer of Telecommunications Regulatory Authority

Dr Hamad bin Salim bin Rashid Al Rawahi, Chief Executive Officer of the Telecommunications Regulatory Authority (TRA), has extensive experience in the telecommunications sector covering different segments. He has served as a non-executive independent director at Bank Sohar S.A.O.G and has been the Director of Omani Qatari Telecommunications Company SAOC. He also serves as Board Member of the Information Technology Authority (ITA) and the Chairman of various other committees within the ITA.

Dr Al Rawahi holds a Ph.D. and M.Phil. from Cranfield University, U.K. and B.Sc. from University of Salford, UK, Chartered Engineer (C.Eng) and Chartered IT Professional (CITP) from UK.

Dr. Amer Awad Al Rawas

CEO, Tasneea Oil & Gas Technology Group

Dr. Amer Awad Al Rawas, Chief Executive Officer of Tasneea Oil & Gas Technology Group, brings with him extensive experience in sectors like telecom, oil and gas, and academic. Prior to his current post, he served as the Chief Executive Officer of Oman Telecommunications Company (OmanTel) and earlier was the Managing Director of Oman Mobile Telecommunications Company (Oman Mobile). Dr Rawas has occupied various academic and leadership positions at the Sultan Qaboos University (SQU), the flagship university in Oman. He serves in various educational and technological policy forums in the Sultanate and the region, including as Chairman of Middle East Leadership Academy, Chairman of Oman Society for Petroleum Services, Member of the Education Council and Member of Oman Academic Accreditation Authority.

Dr. Rawas is a recipient of several awards including the 'Asian Business Leadership Award' for leading a sustainable and holistic growth at Omantel. Dr Rawas holds a PhD in Computer Science and Artificial Intelligence from the Sussex University, UK, 1997. Although his area of specialisation is Software Engineering, his research has expanded in scope to cover the role of ICT in Economic Development, Socio-economic and Demographic Drivers for Economic Growth.





Dr. Hatem bin Bakheit Saeed Al Shanfari

Chairman, Gulf Baader Capital Markets SAOC

Dr. Hatem bin Bakheit Saeed Al Shanfari is Chairman at Gulf Baader Capital Markets SAOC, Chairman at Gulf Investments Services Co. SAOG and Chairman at The First Mazoon Fund. He is currently faculty member of College of Economics & Political Science at SQU.

He is on the Board of Directors at Oman Chamber of Commerce & Industry, Galfar Engineering and Contracting SAOG, Central Bank of Oman and Omani Economic Association. Dr Al-Shanfari has also served on the board at Al Omaniya Financial Services SAOG. He received his undergraduate degree from Washington University in St. Louis, a graduate degree from International Institute of Social Studies and a doctorate degree from the University of Strathclyde.

Dr. Mohammed Al Barwani

Chairman of MB Holding

Dr. Mohammed Al Barwani, founder and Chairman of MB Holding, has interests in a staggering range of industries and has extensive experience in the upstream oil industry. Dr. Al Barwani who started MB Petroleum Services in 1986 in Oman is on the Board of several joint stock companies in Oman including Transgulf Investment Holding Company (Chairman), Al Madina Insurance SAOG (Chairman) and Oman Aviation Services Co.

Dr. Al Barwani was on the Board of Directors of the National Bank of Oman and Taageer Investment & Leasing Co. (2001-2005) and Shell Oman Marketing Co. SAOG. He has also been Regional Vice President of the International Association of Drilling Contractors. He is also an active member of Oman-India business association. He holds a Bachelor's Degree in Science from Miami University, Ohio, USA, and a Master's Degree in Petroleum Engineering from Herriott-Watt University, Edinburgh, UK.



Independent Advisory Review (IAR) is an important platform to reflect and evaluate the results of initiatives and projects monitored and tracked by the Implementation Support and Follow-up Unit (ISFU). The majority of those initiatives and projects were identified under the National Program for Enhancing Economic Diversification labs. Over last year, ISFU had closely worked in coordination with the ministries and officials involved in implementation of the labs outcomes. The Unit has also assisted with problem solving and overcoming challenges that surfaced during the implementation phase by adopting clear follow-up mechanisms based upon the KPIs and 3ft plans developed during the labs.

The IAR session was held over two days (11-12 March 2018), during which a panel of experts offered perspectives on how to constantly maintain momentum in the journey. The objective of the IAR was to provide independent validation of the achievements; have an outside-in perspective on ISFU's work learn from others' experience on similar initiatives and provide constructive and independent assessment.

The panel comprised of independent third-party experts on various domains from private and public sector. The experts included, Dr. Lubna Mohammed Abdul Latif, Adviser at the World Bank, Dr. Abdullah Baabood, Director, Center for Gulf Studies, Qatar University, Dr. Hamad bin Salim bin Rashid Al Rawahi, Chief Executive Officer of Telecommunication Regulatory Authority, Dr. Amer Awad Al Rawas, CEO, Tasneea Oil & Gas Technology Group, Dr. Hatem bin Bakheit Saeed Al Shanfari, Chairman, Gulf Baader Capital Markets & Dr. Mohammed Al Barwani, Chairman, MB Holding Group.

During the commencement of the IAR meeting, Dr Khamis bin Saif bin Hamoud Al Jabri, Chairman of ISFU gave an introductory presentation on ISFU and its primary role. Through the course of two days, the undersecretaries reviewed the work plan of their ministries through a detailed explanation of the progress achieved in implementing the initiatives and projects and reviewing the performance indicators.

Key to the session were presentations made by the representatives of the sectors to the advisors, several thoughts were raised and discussed throughout the session. The review concluded with the advisors presenting their findings.

Through IAR, Government will gain a clearer account of the ISFU effectiveness and garner valuable insights on how to fuel continuous improvement. It helps leverage expert outside-in perspective and gather comments and objective critique.

Below is a statement report from the IAR advisors, encapsulating their collective observations and feedback on the progress and results to-date. The advisors recommended areas for improvements and encouraged continued efforts in meeting the goals.

The Independent advisory review was met by positive responses from the advisors. They have appreciated the opportunity to be a part of the panel and valued the targets behind it. The panel of advisors expressed that ISFU is working as a national coordination unit which expedites delivery. They have also highlighted the importance of having a system in place to monitor the performance of the public sector. They also gave some feedback regarding the role of ISFU. For instance, one comment was that the unit needs to prioritize its tasks since the unit is focusing on a broad scope of work with different sectors, therefore, prioritization is essential through which the unit can perform its role effectively. The panel has also expressed the need of assisting the sectors in defining their sectoral strategies rather than only recommending projects for the sectors to implement. This is because they believe that the government's role as a regulator is far more important than its role as a producer. In this regard, the advisors suggested to have a networking mechanism to support the private sector, not only GOEs. Supporting the private sector will allow the sector to work as a producer alongside the government. In addition, the panel has suggested creating a particular mechanism for all sectors to look into recurring issues and come up with practical solutions. Lastly, the advisors have provided their detailed feedback about every sector. The following is a summary of the feedback received:



Manufacturing

The manufacturing sector is progressing as planned when it comes to working on important initiatives such as the innovation center, especially that the Ministry of Commerce and Industry is utilizing ISFU to its fullest potential. However, the advisors suggested that there is great room for improvement in this growing sector especially in terms of job creation, where the sector has only met 37% of its set target.

In addition, the panel of advisors have put in a significant focus on the “feeding industry”; which refers to an industry responsible for providing enabling services to facilitate the work of other industrial sectors. As mentioned by Dr. Amer Al Rawas; “We need to have a feeding industry for each and every sector, especially manufacturing, in order to have a complete and efficient sector that can enable business and sufficiently support projects.” Moreover, it was mentioned by the advisors that manufacturing is one of the most under-automated sectors in the world, therefore Oman should take the initiative to focus on the funding resources in order to take the lead in automating the sector.



Logistics

The advisors believe that the Ministry of Transport and Communications has benefited from ISFU and selected projects that can unlock potential. This is manifested in the impactful employment number achieved. Nevertheless, the advisors have shared their recommendations on ways the sector can further improve.

For example, the panel suggested that Asyad should not be responsible of taking up the implementation of all logistics projects, sometime projects are of high impact when they are fully independent. “Communication is more efficient than expansion” Dr. Lubna indicated. That being said, the projects should not be under one institution in the first place as this will result in losing the competitive advantage and possibly creating a single point of failure for the sector. Instead, the private sector should come on board and be supported to take up responsibility of some large-scale projects. State Owned Enterprises (SOEs) should focus on strategic enabling projects with the aim to allow private owned companies to invest and boost the sector's growth.”

In addition, it was advised by the panel to give focus to the strategy of the sector and build Oman brand for specific industries, that's with taking the geopolitical aspect into account.

Finally, some jobs such as “truck driving” in Oman is mostly occupied by expatriate workers. Asyad should work on making the job trendy and attractive for Omanis through promotion, incentives & partnerships.



Tourism

The Ministry of Tourism has been trying to create more tourist destinations which was valued by the panel. However, the panel has still found areas that the Ministry could improve.

Although, there are many tourist destinations in Oman, there isn't much to keep the tourist interested. Therefore, the Ministry should focus on creating more activities, longer itineraries and special programmes for regional tourists. Social media platforms and social media influencers should be utilized to promote the tourist attractions in Oman as emphasized by Dr. Mohammed Al Barwani. The Ministry may have its own social media department for efficient marketing of the sector's efforts.

In addition, there should be more encouragement for SMEs to join the tourism sector.



Job Market and Employment

The labor sector has worked on some good initiatives throughout the year, such as part time and temporary work which improves the flow of the labor market and changes the existing culture. The panel though has named some areas of improvement.

The overall productivity of employees in the Arab world is relatively low. In the Sultanate, the current applied mechanism of enforced recruitment may cut down the numbers of job seekers. However, this mechanism increases the “underemployment” rate which results in lowering the productivity even further. The current Omanization policy adopted is not helping the progress of the private sector. That is because the Ministry is micro managing the private sector instead of actually partnering with it. This is unattractive to investors as mentioned by Dr. Abdullah Baabood.



Project Development

The Supreme Council of Planning has received some constructive feedback from the advisors as they have touched upon the fact that SCP has set quite low targets for the year 2017. SCP is supposed to take the role of the compass and lead the country to the right direction.

The advisors have also questioned the role of State Owned Enterprises and their importance for the country at this stage. They have also emphasized on the fact that the responsibility of PPPs is shared by many entities at the moment when it should be under the responsibility of one entity only. There is a need to exert more efforts to align priorities at the governmental level.

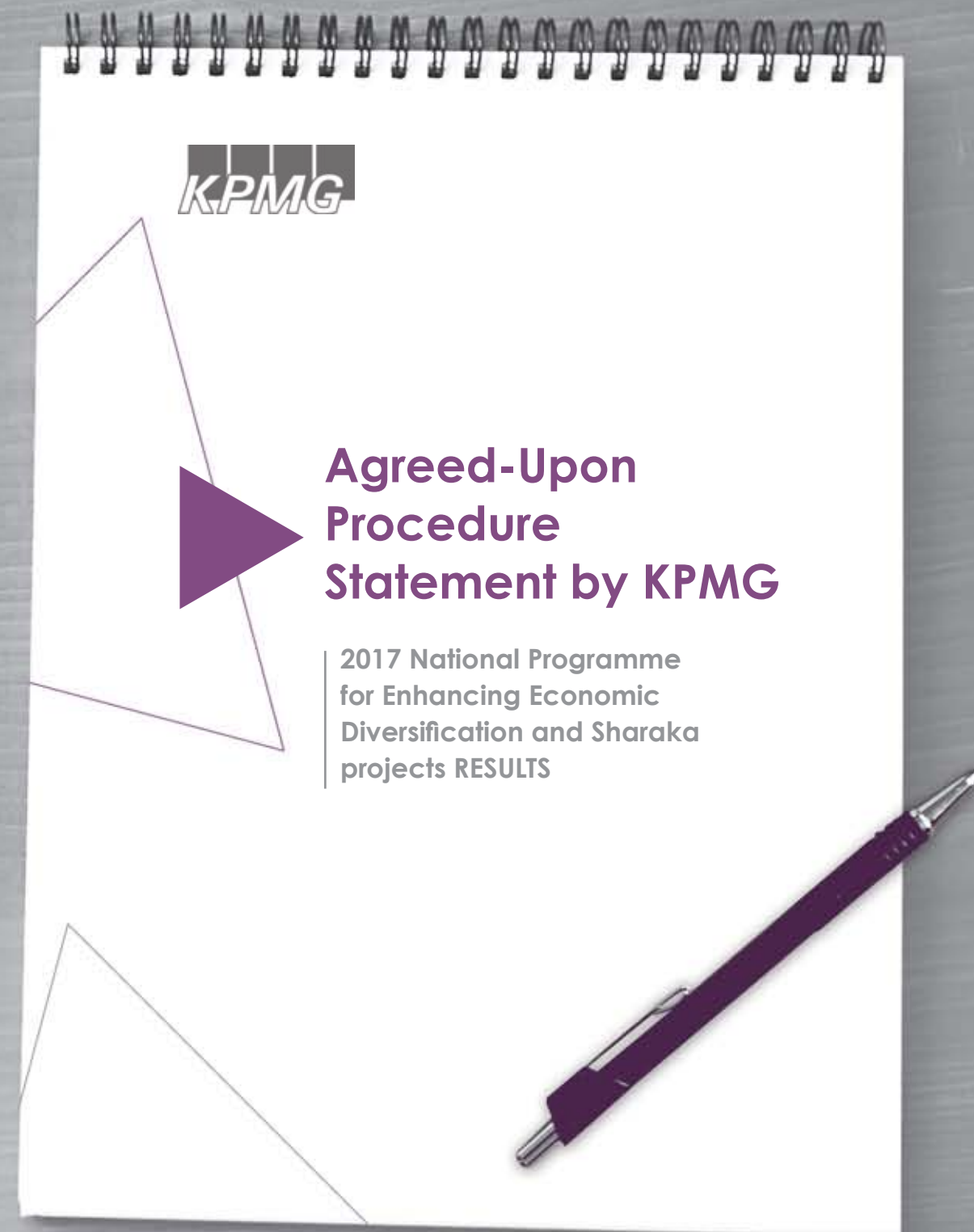


Business Environment

“The business environment development is very important to the country, and business development tactics should be embedded within each and every sector,” Dr. Hatem indicated. The advisors have appreciated the decent steps taken by the sector and the dependence on international topline KPIs such as the Ease of Doing Business Indicator.

There were several comments by the advisors that should be taken into consideration in order to enhance the business environment in Oman. Firstly, there should be a clear entity responsible of BE, ideally it should be SCP. Secondly, public sector should clearly distinguish between production and provision, the government should not control all aspects of business and should back up the private sector to drive a faster pace of development. In addition, there is a need to activate the principle of transparency and streamline business environment related procedures in order to attract more investors to the country. The simplification of processes should be focused within the Ministry of Regional Municipalities and Water Resources as well as the Ministry of Legal Affairs.

Lastly, HE Dr. Hamad Al Rawahi has proposed to engage the public through consultation papers prior to making decisions (e.g. municipality fees that were recently applied and then postponed due to private sector being negatively impacted).



Verification by Independent Third Party

Transparency and accountability have always been key principles in ISFU, which are mirrored and reflected in the annual report. The handbook of the National Program for Enhancing Economic Diversification was published in March 2017. It listed projects and initiatives that will contribute to the true north of the program. Thereafter, the annual report lists the KPIs (key performance indicators) for these initiatives alongside the target compared to the achievement for each KPI.

We have endeavored to make the scoring system as transparent as possible. Extensive time and thoroughness was put into ensuring that the scores, collection of data as well as computations and tabulations of statistics were accurate. This included the appointment of an independent third party to ensure consistency and accuracy in our methods of data collection and calculations reported in the annual report.

ISFU engaged KPMG, an independent third party, to conduct a series of agreed-upon procedures. This work included; compliance of the information and data inputs used in the determination of selected reported KPIs, with the information provided by the initiative Owners. The selected KPIs and statistics calculations were also verified with the guidelines and formulae originally developed in the labs as prescribed by ISFU.

These agreed-upon procedures were applied to selected samples across each sector under ISFU. Over the course of this exercise, KPMG findings highlighted a number of exceptions, which have been subsequently addressed and reflected in the Annual Report. The ISFU team will apply these procedures to the rest of the projects to ensure that the appropriate rigor and discipline is used in determining the results of 2017.

Below is the milestones* status for each sector audited by KPMG:

Sector	Total Milestones	Achieved**	To be achieved**	Not validated**	Partially achieved**	Baseline Milestone**	Not tracked by ISFU**
Business Environment	42	22	16	1	-	-	3
Logistics	61	31	24	2	4	-	-
Labor	75	42	29	2	1	-	1
Tourism	70	35	7	-	-	-	28
Finance	17	9	-	-	-	2	6
Project Development	8	8	-	-	-	-	-
Manufacturing	64	32	18	-	8	6	-
Total	337	179	94	5	13	8	38
Percentage		52.1%	27.9%	1.5%	3.9%	2.4%	11.3%

*Milestone(s): Major steps/stages e.g. Feasibility Study Completed, Site Mobilization Started, etc that must be carried out in order to achieve each KPI of the initiative/project.

**The status categories in the table above are explained below:

Achieved	The milestone is considered achieved based on the supporting material and information provided by ISFU.
To be achieved	The milestone is rolled forward and is to be achieved in 2018. Categorization of these milestones was communicated and agreed by ISFU.
Not validated	The achievement of the milestone could not be validated due to insufficient supporting documents and/or milestones not achieved.
Partially achieved	The milestone was not fully achieved but progress was made towards achievement.
Baseline Milestone	The milestone was achieved prior to ISFU taking over the initiative/project. Therefore the milestone is not being tracked. Categorization of these milestones was communicated and agreed by ISFU.
Not tracked by ISFU	The milestone is not being tracked by ISFU as it is no more relevant to the achievement of the initiative. Categorization of these milestones was communicated and agreed by ISFU.

KPMG

confirmed that the results of the samples selected and reported in the Annual Report were validated according to the agreed-upon procedures. KPMG has also identified opportunities to improve processes and the quality of information. ISFU, together with the relevant Ministries and private sector stakeholders, will be taking positive prescriptive actions to effect these improvements over the next 12 months.

Moving Forward

The journey thus far has already placed Oman in good stead in heading towards its goal of diversification and sustainable economic development. In 2018, the focus is to maintain growth trajectory in line with goals outlined for 2020.

To help implement the ninth five-year plan diversification objectives, by carrying out its role, the Implementation Support and Follow-Up Unit (ISFU) conducted several labs in other potential sectors; fisheries, energy and mining. The diversity of the country's natural resources presents the country a unique opportunity to achieve its economic diversification objectives. The results of these labs will be used for creating a roadmap to implement the national strategic objectives, ensuring that public are well-informed with the projects' updates and achievements on a regular basis.



Fisheries Sector

Fisheries has been identified as one sector under the Economic Diversification Programme. A six-week fisheries lab was organised by the Ministry of Agriculture and Fisheries in cooperation with the Implementation Support and Follow up Unit (ISFU) in 2017 as part of the Sultanate's economic diversification plan. During the labs, around 90 initiatives and projects were identified to be implemented under the following workstreams: catch, aquaculture and processing.

Fisheries is among the most important sectors of Oman economy, with deep cultural and social significance. Oman is positioned as a distinctive site for commercial fisheries due to its 3,165 km coastline, ideal temperature conditions, rich biodiversity and the availability of more than 1,000 species of fish including sardines, mackerel, tuna, lobster, oysters, abalone and others. Despite inherent advantages such as a long coastline and the country's position as the leading fisheries producer in the GCC, the fisheries sector contributes less than 1% to Oman GDP. There is a need to improve economic management of the fisheries sector and create viable and sustainable employment opportunities for nationals.

Globally, aquaculture production is nearly on par with catch, yet in Oman the aquaculture industry is minuscule. With its long coastline and access to GCC markets, this represents significant room for growth in the industry. Similarly, the fisheries processing and exports are largely limited to raw fish and primary processing with little value add. With potentially significant increases in production of higher-value species, there is substantial potential for growth.

The top-line key performance indicators for the fisheries sector is to increase the GDP from OMR 225 million in 2016 to OMR 781 in 2023. It aims to increase the total fish landing from 0.28 mil metric tons in 2016 to 1.4 mil metric tons in 2023. The sector envisages to generate 80% investment from private sector and provide more than 8,000 new jobs by 2023.



Mining and Energy Sectors

As part of the government efforts to diversify the economy as per the ninth five-year plan, the Ministry of Oil and Gas and the Public Authority for Mining has organised six-week energy and mining labs, supported by the Implementation Support and Follow-up Unit. The labs, which were convened in 2018, were attended by representatives from both public and private sectors, experts and representatives from the civil society. During the lab, initiatives were identified to be implemented based on specific performance indicators.

Mining sector plays not only a vital role in economic diversification, but it is also a major sector in meeting the needs of the construction development. The Omani mining sector produces several minerals and crusher products. Plans were to identify - industrial minerals, metals regulations and enablers – as sub-sectors under mining.

The energy strategy covers enhancing energy security by diversifying energy sources to generate electricity without gas. This can be achieved by finding alternative energy sources, enhancing the provision of gas and electrical energy to the industrial sector to expand the economic industries, in addition to governing the energy sector by implementing improvements and syndicating the governance of the sector with the laws and regulations related to gas and electricity. Plans were on to identify - natural gas, electricity and alternative energy, governance – as sub sectors under energy.

Through these labs, both the Ministry of Oil and Gas and the Public Authority for Mining aimed at activating the enablers, exploiting the resources of energy and mining sectors, and overcoming the difficulties both sectors face in order to develop initiatives and projects that enhance the contribution of these sectors in the economy. This will be achieved by defining the strategic direction, which was discussed during the labs, and which will be now translated into practical initiatives and projects that will be executed according to specific timelines and detailed implementation plans.



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