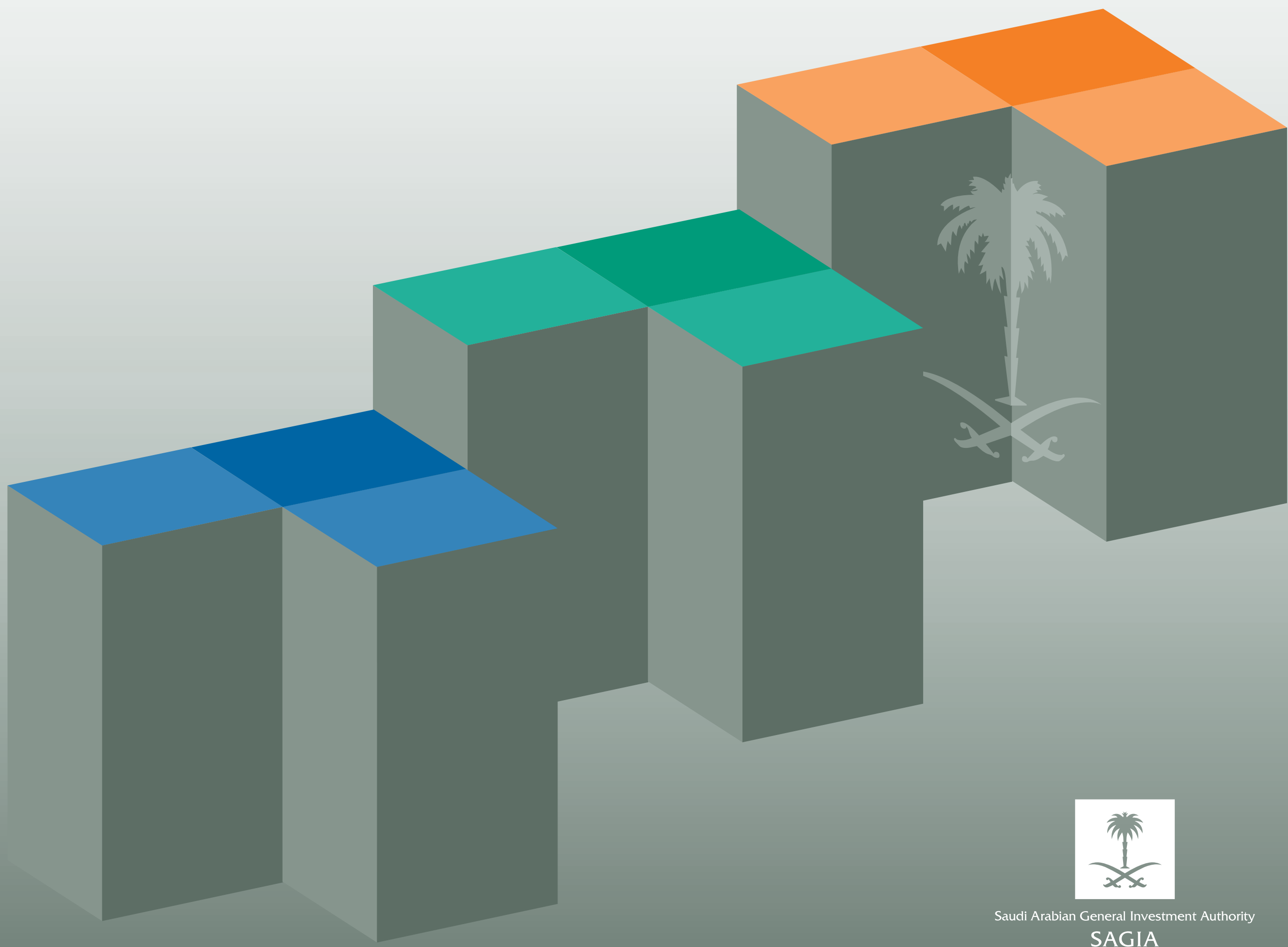
THE NATIONAL COMPETITIVENESS CENTER

The Competitiveness Review

January 2010

An Update on Saudi Arabia's 10x10 Program



Saudi Arabian General Investment Authority
SAGIA

The NCC

NCC mission: *To support the Kingdom of Saudi Arabia's competitiveness agenda through objective, data-driven advice on regulatory reform and sector improvement opportunities that will contribute to increasing, sustainable prosperity for the people of Saudi Arabia.*

The Saudi Arabian General Investment Authority established the National Competitiveness Center in 2006 to act as an independent body to monitor, assess, and promote the enhancement of competitiveness in the Kingdom of Saudi Arabia. The NCC fully supports SAGIA's 10x10 campaign to make Saudi Arabia one of the top 10 most competitive countries in the world by 2010 and is highly involved in helping SAGIA to reach this goal. It fulfils its role by functioning as a think tank, a facilitator, and a communicator of change.

The NCC serves as a **think tank for change** by conducting and developing competitive assessments and monitoring the implementation and results of change programs. The NCC's programs focus primarily on improving the ease of doing business within Saudi Arabia by stimulating modernization of the general business environment. For example, the NCC successfully prepared the business case to establish the United Office for commercial registration in Riyadh.

It works as a **facilitator of change** by creating forums for discussion within the public and private sectors. The NCC coordinates with SAGIA to organize the annual Global Competitiveness Forum. Additionally, the NCC supports collaboration between SAGIA and Saudi Arabia's government ministries by delivering fact-based analyses advocating positive reform.

It acts as a **communicator for change**, sharing success stories and generating momentum for Saudi Arabia's ongoing competitiveness efforts. The NCC seeks to educate the government, the private sector and the general public about the importance of national competitiveness, through such channels as its *Competitiveness Review*, competitiveness bulletins, speaking engagements, and its website. The NCC collaborates with SAGIA's marketing team to build commitment and enthusiasm for the 10x10 program within the government, the private sector, and the public.

www.saudincc.org.sa

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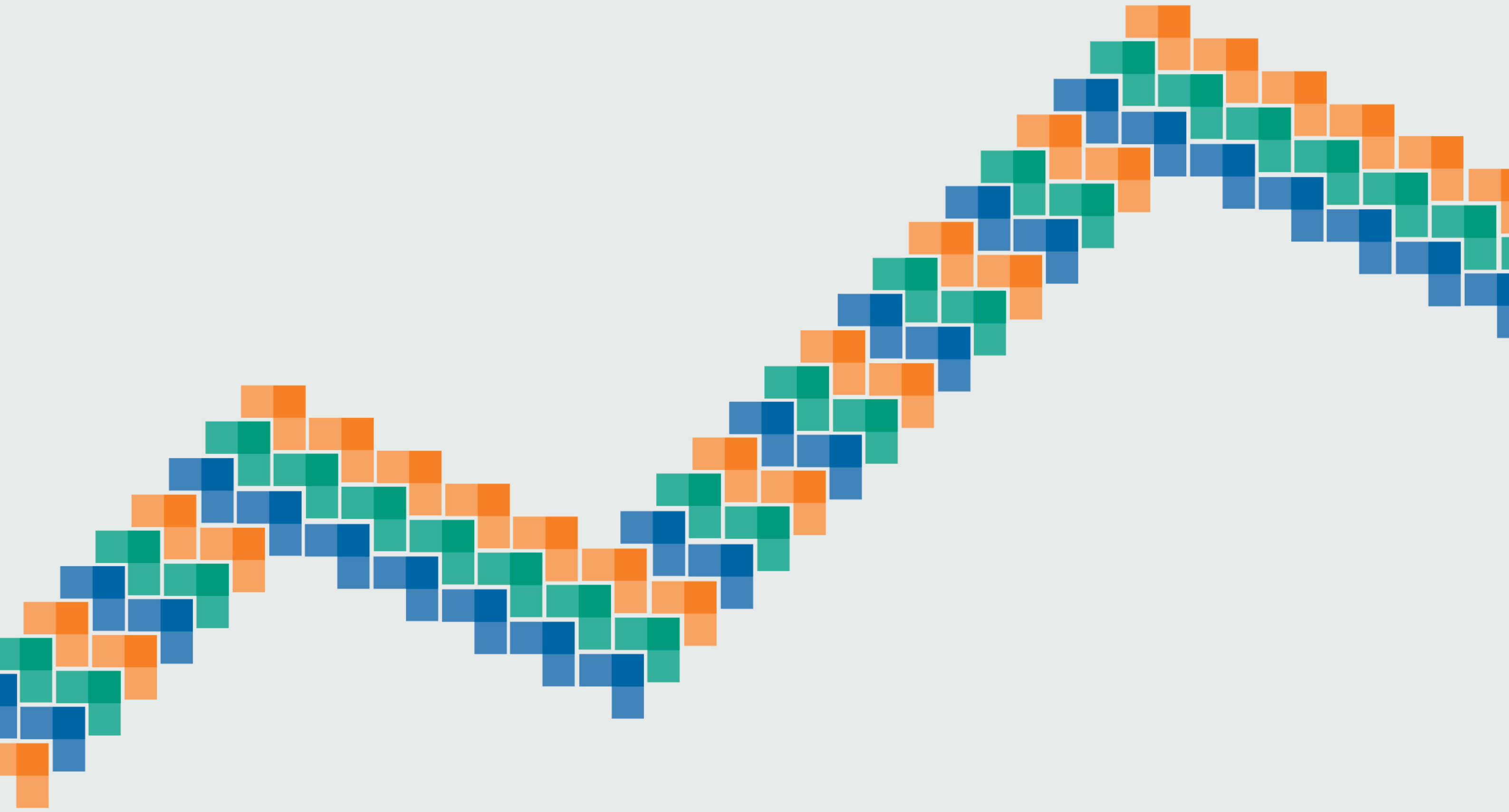

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Introduction by the Governor of SAGIA

Dear Reader:

This publication of the third update on Saudi Arabia's 10x10 program marks another year of progress toward building domestic prosperity and international competitiveness in the Kingdom. The Saudi Arabian General Investment Authority and the National Competitiveness Center have intensified their efforts to facilitate substantial upgrades to the country's regulatory and legal environments. The reforms to date have been achieved thanks to continued collaboration between the public and private institutions that form the backbone of our economy.

The foundation for a strong, modernized, globalized economy is being laid. Building a nation rich in competitiveness through economic diversity, attractive investment opportunities, and highly desirable employment opportunities will enrich the lives of all Saudi Arabians. This is the vision of His Majesty King Abdullah, Custodian of the Two Holy Mosques, which guides our efforts.

Building on the momentum of 2008's reforms, Saudi Arabia ranked 13th in the World Bank/IFC's 2009 *Doing Business* report. For the fourth straight year, the Kingdom's efforts to strengthen its economy have been met with an enthusiastic response from foreign investors, as FDI inflows in 2008 increased by 57 percent over those in 2007, to more than US$38 billion, making Saudi Arabia the world's 14th-largest recipient of FDI inflows.

As we begin 2010, Saudi Arabia is on the verge of meeting a goal set forth with grand ambitions: to be one of the Top 10 most competitive nations in the world. But even if we achieve the objectives set out in the 10x10 program, our path will not end there; we have only just planted the seeds of global competitiveness.

Continued public investment in the advancement and spread of quality health care, education, infrastructure, and technology, along with a continued focus on improving the business and investment environments, will allow those seeds to grow and the Kingdom to flourish into a nation of prosperity.

To encourage the healthy growth of competitiveness, both in the Kingdom and beyond its borders, we once again invite world leaders to attend this year's Global Competitiveness Forum, taking place January 24 to 26 in Riyadh. Economic growth activities that take place under fair market conditions, and that restore and enhance the health of social systems, constitute the essence of sustainable competitiveness. In this spirit, we welcome the opportunity to bring together the world's leading thinkers, engaging them in a meaningful exchange of ideas, and ushering in a new decade of commitment to responsible, sustainable competitiveness and the fruit it bears.

H.E. Amr Al-Dabbagh

Governor and Chairman of the Board of Directors
Saudi Arabian General Investment Authority

Chairman
National Competitiveness Center

Foreword by Dr. Awwad Al-Awwad

Dear Reader:

I'm pleased to present to you the 2010 *Update on Saudi Arabia's 10x10 Program*. Since the beginning of the 10x10 initiative, Saudi Arabia has actively pursued a comprehensive reform agenda. Our efforts have resulted in rapid improvements in the Kingdom's regulatory business environment, which have contributed to the sustained health of our economy through the global downturn. Our work at SAGIA and the NCC could not have been accomplished without the profound, compelling vision of His Majesty King Abdullah, Custodian of the Two Holy Mosques, to wholly improve our economy's productivity and our people's prosperity; and the guidance and leadership of His Excellency Amr bin-Abdullah Al-Dabbagh, Governor of SAGIA.

Our goal of becoming one of the world's Top 10 most competitive economies is now within reach. While SAGIA and the NCC have provided guidance along the way during this ambitious undertaking, our achievements have been significantly enabled by the invaluable contributions and sustained commitment to reform of our partners throughout the government and the private sector.

Saudi Arabia's macroeconomic stability amid the upheaval of global markets adds to the overall impact of the reform movement under way. The Kingdom's financial strength and continued economic stability serve as indicators of an attractive investment environment, demonstrated by a fourth consecutive year of measured gains in FDI inflows. The government has made a financial commitment to strengthening the institutions that underpin the Kingdom's economy, and to achieving widespread upgrades to the health care, information technology, education, and judicial systems. This will propel Saudi Arabia out of the downturn and position the country as a viable and highly competitive economic entity.

In addition to pursuing and achieving government reforms, the NCC has dedicated itself to embedding the language of competitiveness in the Kingdom's economic policy. To encourage a rich dialogue on competitiveness and present ideas from world leaders, the NCC has invested in the Global Competitiveness Forum, which it will host in Riyadh in January 2010. To further support private sector growth, the NCC has developed initiatives to reward companies for their contributions along various dimensions of competitiveness, such as rapid growth, innovation, and corporate social responsibility.

Saudi Arabia's path toward becoming a Top 10 economy will have its challenges, but we look forward to another year of progress founded on intense determination, careful planning, and active collaboration with our public and private partners. While accomplishing these objectives in under one year might seem daunting, this only motivates us to move forward with greater resolve.

Our determination derives from the knowledge that 10x10 is only the beginning, and we are establishing a competitive framework that will support the Kingdom beyond 2010. Through continuous local reforms and global outreach, the business environment is improving and the foundation is being built for the Saudi Arabia of tomorrow. This is the vision of His Majesty, and we invite everyone to join us in our efforts to build the Kingdom's future. At SAGIA, we are always open to domestic and international stakeholders' thinking on national development and competitiveness. I encourage all Saudi Arabians to visit our website, www.saudincc.org.sa, to learn more about our work and contribute valuable feedback and ideas.

On behalf of the 10x10 team, I would like to thank the following people and organizations for their generous contributions, time, and effort dedicated to the NCC.

H.E. Amr Bin Abdullah Al-Dabbagh
Governor and Chairman of the Board of Directors, SAGIA
Chairman, NCC

Mark Fuller
Chairman, Monitor Group

Investment Affairs, SAGIA

Monitor Group

Dr. Awwad Al-Awwad

Deputy Governor for Investment Affairs
Saudi Arabian General Investment Authority

President and Board Member
National Competitiveness Center

Executive summary

Overview

Over the past several years, Saudi Arabia has made great strides toward becoming a stable and diversified economy. Guided by the vision of His Majesty King Abdullah, Custodian of the Two Holy Mosques, government-wide efforts to advance Saudi Arabia's global position have focused primarily on the Kingdom's competitiveness. Transforming Saudi Arabia into a world-class investment destination and equipping it with the institutional basis for productivity gains stand at the forefront of the Kingdom's economic objectives.

To this end, the government has implemented far-reaching reforms under the auspices of the 10x10 program, an initiative announced by His Excellency the Governor of SAGIA in 2006 to make Saudi Arabia one of the world's Top 10 most competitive nations by 2010.

With one year remaining until the 10x10 deadline, SAGIA is pushing forward with tenacious resolve to help the Kingdom upgrade its regulatory regime to provide an optimal business environment, and to advance with respect to other aspects of competitiveness. Achieving a Top 10 rank will present significant but surmountable challenges. The government will need to further simplify time-consuming bureaucratic processes in many areas related to doing business; and additional development in essential sectors such as information and communications technology will need to occur to stimulate investment and innovation.

Despite these obstacles, the 10x10 goal remains attainable, as these concerns are recognized at the highest levels of the Saudi Arabian government, and momentum is being built to effect substantial positive change. This year's *Update on Saudi Arabia's 10x10 Program* highlights the efforts being made and the outstanding areas that still require attention.

The progress of the competitiveness agenda is benchmarked against three internationally recognized measures:

- The World Bank/International Finance Corporation Ease of Doing Business index, published in the annual *Doing Business* report.
- The United Nations Conference on Trade and Development's measurement of FDI inflows into countries, published in the *World Investment Report*.
- The World Economic Forum's Global Business Competitiveness Index, published in the annual *Global Competitiveness Report*.

The *Doing Business* report concentrates on aspects of the business environment, such as procedures and regulations around starting businesses, employing workers, and enforcing contracts. The *World Investment Report* ranks countries according to their performance in attracting FDI inflows. The *Global Competitiveness Report* assesses the longer-term effects of reform on broader themes of competitiveness.

In addition to advancing the competitiveness agenda, SAGIA has launched strategic initiatives to infuse the private sector with the spirit of competition. The Saudi Fast Growth 100 initiative is a national program to promote entrepreneurship and innovation by recognizing Saudi Arabian businesses with the fastest revenue growth over a five-year period. The Saudi Arabian Responsible Competitiveness Index assesses the strength of participating organizations' strategies, management, engagement processes, and performance systems; organizations with exceptional SARCI results receive recognition in the form of the King Khalid Responsible Competitiveness Award. The Saudi Oxford Advanced Management and Leadership Programme engages public and private sector leaders in an educational environment to discuss leadership challenges and design innovation strategies.

Current status

In the *Doing Business 2010* report, Saudi Arabia stood 13th in the overall ease of doing business rank, climbing three places from last year. The Kingdom ranks first in the Middle East and the Arab world, ahead of Bahrain (20th), the UAE (33rd), and Qatar (39th).

Ambitious reform programs have resulted in significant improvements in several indicators. Reductions in the procedures, time, and cost involved in starting a business and dealing with licenses caused the Kingdom to realize significant ascents in the corresponding indicators. Efforts to strengthen investors' rights to disclosure and shareholder lawsuits substantially improved Saudi Arabia's protecting investors ranking.

The *2009 World Investment Report* ranked Saudi Arabia as the 14th-largest recipient of FDI in the world, four places above its position in last year's report. Attracting US$38.2 billion in FDI inflows, the Kingdom led the MENA region; the UAE, its next closest competitor in the region, ranked 27th, with US$13.7 billion. Saudi Arabia's growth in FDI inflows was especially impressive in light of the global economic downturn, which caused international investment levels to drop significantly in the second half of 2008.

This year's *Global Competitiveness Report* ranked the Kingdom 28th. Saudi Arabia saw increased scores in numerous pillars, including infrastructure, goods market efficiency, financial market sophistication, technological readiness, market size, and business sophistication; despite these significant improvements, the Kingdom was passed in the rankings, and its overall rank dropped one place from last year.

Recommendations and next steps

Saudi Arabia's progress in internationally recognized competitiveness indexes validates the reforms and investments being made to strengthen the business environment. These reports also clearly indicate areas where more work is needed, and the NCC has analyzed these to illuminate opportunities for further reform and to learn from relevant international best practices.

Among the indicators tracked by the *Doing Business* report, the Kingdom has the greatest room for improvement in dealing with construction permits, employing workers, getting credit, enforcing contracts, and closing a business. Simplifying and consolidating permitting in a central location and working with utility authorities to reduce installation fees will be key to making the Kingdom an internationally competitive location for commercial construction. As well, research shows that scaling down the high severance companies are required to pay to dismissed employees will improve the competitiveness of the local labor market and expand employment opportunities for workers.

Passing the Commercial Lien Act will be critical to establishing a robust debt financing framework and developing opportunities for entrepreneurs, which will improve Saudi Arabia's competitiveness in getting credit. Central to the legislation and to the Kingdom's growth is the establishment of a unified collateral registry that provides lenders with information about potential borrowers. The act will also grant creditors absolute priority in bankruptcy procedures and establish out-of-court enforcement of creditors' claims.

Advancing Saudi Arabia's competitiveness in enforcing contracts will largely depend on successful judicial reform. For example, increased training of commercial judges and the establishment of specialized commercial courts are essential to expediting the process for enforcing contracts. Efficient bankruptcy proceedings with short time frames and high recovery rates for creditors should be developed so that distressed businesses are encouraged to pursue reorganization instead of liquidation. Such an effective process will help companies rebound and return to producing value for the national economy.

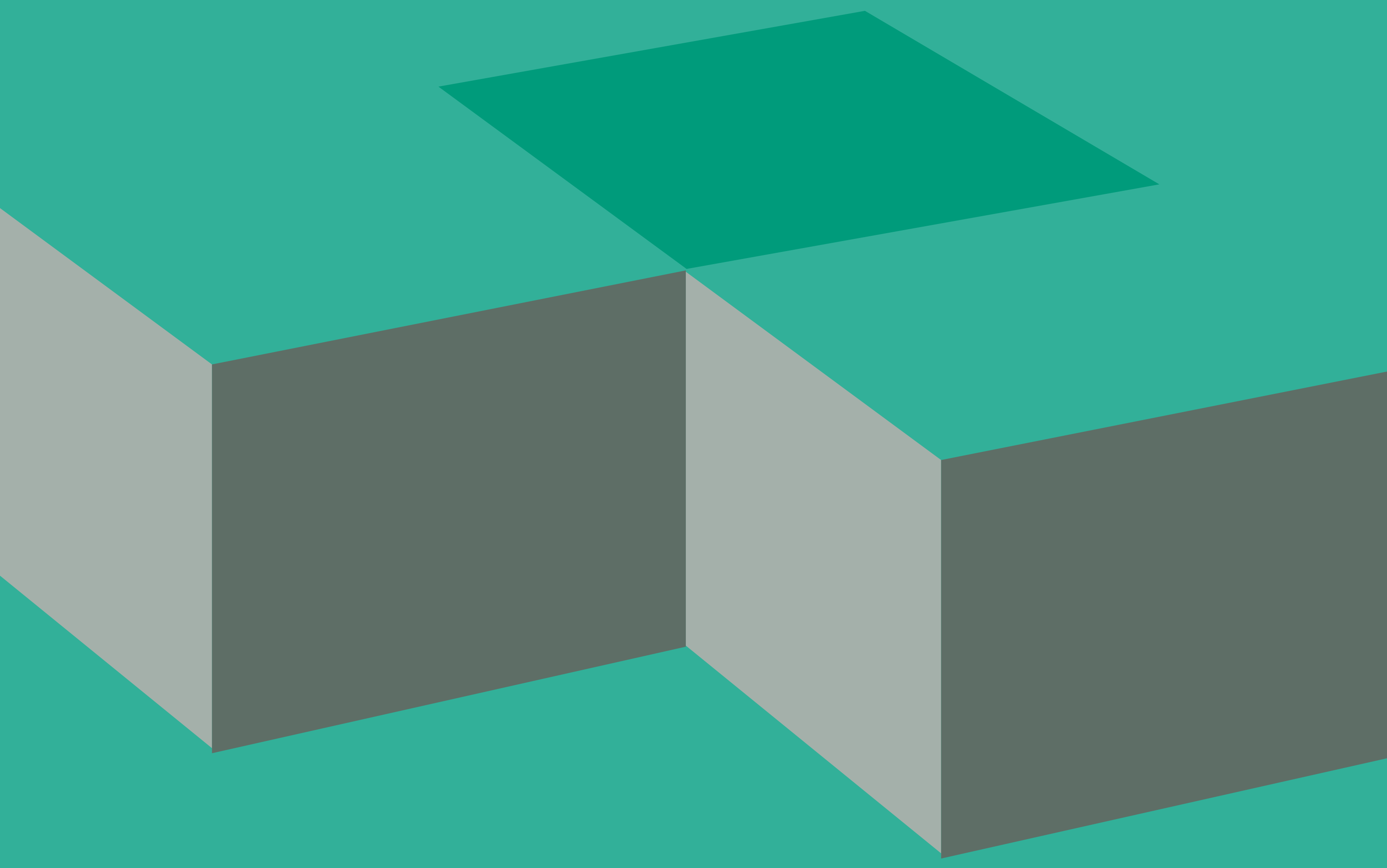
Regarding the *World Investment Report*, developing Saudi Arabia's competitiveness necessitates a multifaceted approach. Barriers to market entry, such as registration fees and limitations on foreign ownership in certain sectors, could be reduced. New, improved investor protections and better awareness of existing protections will help increase financiers' faith in the soundness of the Kingdom's institutions. Establishing additional overseas investor services offices and augmenting the operations of existing ones will help promote the international visibility of growing opportunities in various sectors of Saudi Arabia's economy. Efforts should be committed to educating investors and entrepreneurs abroad and overcoming unfair negative perceptions concerning the Kingdom's safety and its security environment.

Lifting Saudi Arabia's position in *The Global Competitiveness Report* will require several long-term commitments and investments, specifically in the areas of health, primary education, and higher education and training. The Kingdom should maintain its current dedication to improving the quality of primary education and enrollment rates. Substantial investment will be necessary to raise the performance of the public health care system and effectively implement improved processes throughout the Kingdom's provinces.

In the short term, Saudi Arabia should be able to increase its competitiveness in areas such as labor market efficiency and financial market sophistication by engaging in the aforementioned reforms, for example modifying the system of worker dismissal pay and reinforcing investor protections.

These recommendations are informed by a detailed analysis of the areas where Saudi Arabia's environment requires improvement, including specific international best practices that would represent the highest-value reforms if adopted. While implementation of some reforms identified would require relatively low investment, others raise political challenges and require significant expenditures of time and cost. However, in each case the benefits to Saudi Arabia's citizens are significant and demonstrable; many of the reforms discussed are also mutually reinforcing. For this reason, it is important to convey the urgency of implementing reforms in a comprehensive manner while recognizing how multiple branches of a policy regime fit together and contribute to the Kingdom's growing economic competitiveness.

What Is 10x10?



What Is 10x10?

Setting the context

Four years ago, Saudi Arabia identified several obstacles to achieving long-term growth and economic sustainability. Despite a robust energy sector, low levels of economic diversification and labor force participation hindered the nation's development. Moreover, rapid growth in the youth population was expected to place additional pressure on the public service sector. As a result, the Kingdom recognized that a diversified, non-oil-based private sector would be essential to providing the jobs to ensure prosperous lives for the next generation.

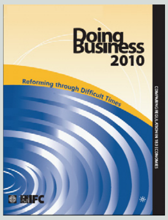
In 2006, under the patronage of His Majesty King Abdullah, Custodian of the Two Holy Mosques, the government inaugurated the 10x10 initiative with two main goals: to enact reforms and promote targeted investments aimed at developing the Kingdom's private sector; and to position Saudi Arabia among the world's Top 10 most competitive economies by 2010. Since then, far-reaching reforms to simplify business regulations and develop institutions have been implemented under the auspices of the 10x10 program, dramatically improving the Kingdom's international competitiveness.

Achieving the goal of 10x10 now lies within the Kingdom's reach. But with less than one year remaining before the initiative's deadline, exceptional energy, commitment, and collaboration will be needed to make the final push into the Top 10 Countries. While 10x10 only constitutes the first step in a broader journey for Saudi Arabia, it is a crucial one. In addition to maintaining invaluable reform momentum fostered through years of public outreach, achieving 10x10 will satisfy the Kingdom's immediate need to develop a robust competitive framework that will support Saudi Arabia's growth beyond 2010.

How the NCC measures competitiveness

As competitiveness comprises myriad complex elements, international agencies that assess it adopt unique definitions. Each agency has developed a set of criteria against which to benchmark countries and rank them objectively. To measure Saudi Arabia's competitiveness, the NCC employs three primary indexes, which measure, at a detailed level, the drivers of competitiveness in the countries they cover (Figure 1).

Figure 1: The Three Measures of Competitiveness Used by the NCC to Evaluate Progress



EASE OF DOING BUSINESS INDEX

World Bank/International Finance Corporation (IFC)

Measures **ease of doing business** by analyzing the regulatory environment

Emphasis on **regulatory information (38 parameters)**

Coverage: **183 countries**

CURRENT RANK: 13

WORLD INVESTMENT REPORT

United Nations Conference on Trade and Development (UNCTAD)

Measures annual flow and stock of **foreign direct investment**

Emphasis on **investment environment**

Coverage: **209 countries and territories**

CURRENT RANK: 14

GLOBAL COMPETITIVENESS INDEX

World Economic Forum (WEF)

Measures **macro- and microeconomic competitiveness**

Emphasis on **survey data (110 parameters)**

Coverage: **133 countries**

CURRENT RANK: 28

The first, the *Doing Business* report from the World Bank and the International Finance Corporation, focuses on the business environment. It compares the ease of performing various business functions among countries, using standardized case studies to assess such areas as starting a business, obtaining credit, dealing with construction permits, and enforcing contracts. The NCC uses this report to benchmark the legal and regulatory environment in which businesses operate, and to initiate reforms based on other countries' best practices.

Next, the *World Investment Report* from the United Nations Conference on Trade and Development measures the level of FDI inflows into a country, which serves as an indicator of its overall competitiveness and the success of reforms. According to UNCTAD, Saudi Arabia has seen consistent, dramatic increases in FDI inflows for four years running. This steady growth can be attributed in part to reforms that have simplified regulations and improved the domestic business environment. Along with such other elements as an increased commercial registration rate, greater FDI inflows constitute one of many observable results of enhanced competitiveness.

Finally, the World Economic Forum's *Global Competitiveness Report* benchmarks Saudi Arabia's competitiveness at the macroeconomic and microeconomic levels. This index considers such factors as education and health care that may not relate directly to the business environment but are nevertheless important to a country's balanced development.

Other agencies benchmark countries using various measures of economic performance: the Institute for Management Development produces a competitiveness report similar to that of the WEF but covering fewer countries; the Milken Institute evaluates access to capital in its Capital Access Index; the Heritage Foundation's Index of Economic Freedom rates countries by their relative lack of restrictive regulation; Transparency International and Gallup Inc. assess perceived levels of corruption; and the World Bank's

Investment Climate Assessment measures FDI and investment opportunities (Figure 2). These are all good indicators of particular aspects of competitiveness, but none provides an assessment as comprehensive as the three primary measures employed collectively by the NCC.

Figure 2: Ranking Agencies and Their Reports

RANKING AGENCY	FOCUS OF REPORT	COUNTRIES COVERED	RANK	YEAR
World Bank/International Finance Corporation (IFC)	Environment for doing business	183	13	2009
United Nations Conference on Trade and Development (UNCTAD)	Total FDI inflows FDI performance relative to potential	209 188	14 51	2009 2008
World Economic Forum (WEF)	Overall competitiveness	133	28	2009
Institute for Management Development (IMD)	Overall competitiveness	57	N/A	2009
Milken Institute	Company access to capital Corporate transparency	122 48	37 44	2008 2009
Heritage Foundation	Extent of regulations affecting business	183	59	2009

As well as helping policymakers to develop, prioritize, and implement appropriate competitiveness initiatives, the World Bank/IFC and WEF rankings strongly influence investors' and business executives' decisions regarding investment in a country.

Governments across the globe use the rankings as a road map when striving to enhance their economic competitiveness. Since 2005, Georgia has structured its Business Climate Reform Project around the *Doing Business* report.[1] Guided by the report's benchmarks, the country has successfully simplified its regulatory system, commercial law, and tax and customs administration. Thailand and the UAE have planned extensive reform campaigns based on the tenets of competitiveness set forth by the WEF and IMD reports.

Competitiveness indexes serve as invaluable sources for planning national reforms, but these assessments are only guidelines. Saudi Arabia can use them to measure progress and highlight areas for action, but it needs to chart its own path to greater prosperity.

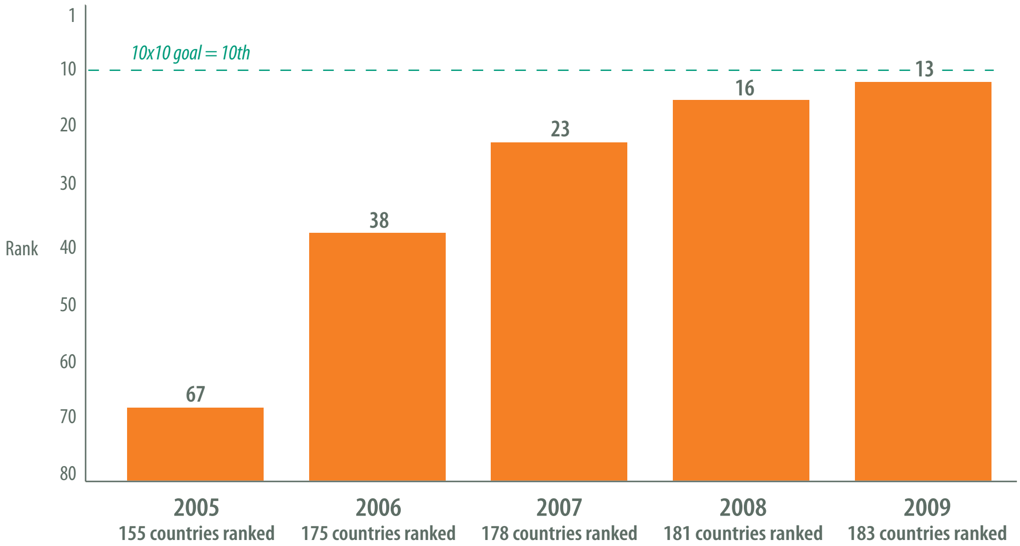
Overview of results

Doing Business, *World Bank/IFC*

Saudi Arabia's overall ranking in the World Bank/IFC's *Doing Business* report advanced from 16th in 2008 to 13th in 2009 (Figures 3 and 4). For the past three years, the Kingdom has been the top-ranked country in the Middle East and North Africa (Figure 5). To advance further and compete with the world's best, its business environment needs to consistently meet or exceed international standards.

[1] "Business Climate Reform Project Celebrates Successes," United States Agency for International Development, 2008

Figure 3: Saudi Arabia's Overall Ease of Doing Business Ranking



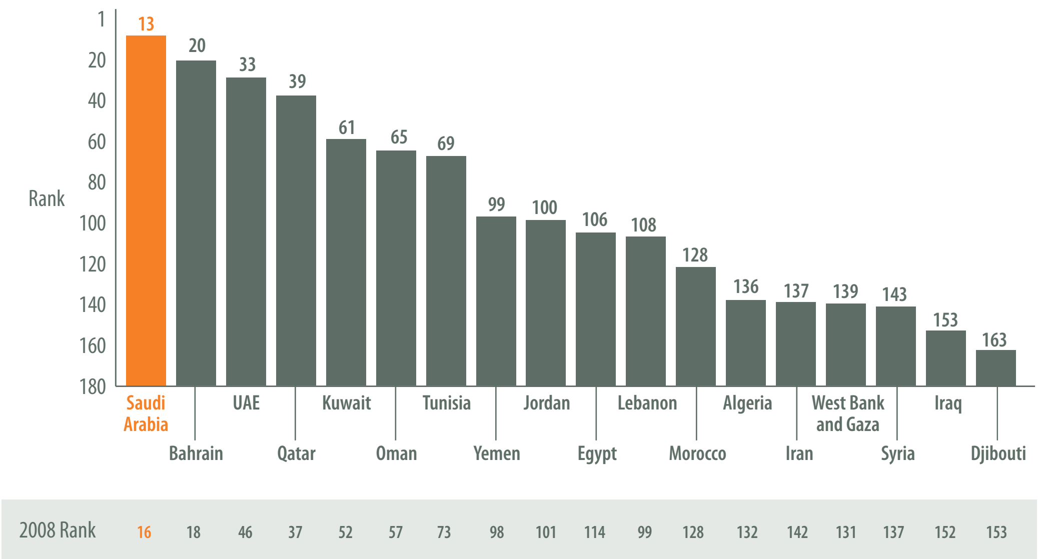
Source: *Doing Business*, World Bank/IFC, 2006–2010

Figure 4: Top 20 Countries in *Doing Business 2010*

COUNTRY	2009 RANK	2008 RANK	CHANGE
Singapore	1	1	0
New Zealand	2	2	0
Hong Kong	3	4	↑ 1
U.S.	4	3	↓ 1
U.K.	5	6	↑ 1
Denmark	6	5	↓ 1
Ireland	7	7	0
Canada	8	8	0
Australia	9	9	0
Norway	10	10	0
Georgia	11	15	↑ 4
Thailand	12	13	↑ 1
Saudi Arabia	**13**	**16**	**↑ 3**
Iceland	14	14	0
Japan	15	15	0
Finland	16	11	↓ 5
Mauritius	17	24	↑ 7
Sweden	18	17	↓ 1
Korea	19	23	↑ 4
Bahrain	20	18	↓ 2

Source: *Doing Business*, World Bank/IFC, 2009–2010; NCC analysis

Figure 5: Ease of Doing Business Rank, MENA Countries, 2009



Source: *Doing Business 2010*, World Bank/IFC

While Saudi Arabia made significant improvements in *Doing Business 2010*, its overall competitiveness is hindered by lesser performance in such areas as contract enforcement, employing workers, getting credit, and closing a business, where further reform is needed to reflect international best practices (Figure 6).

Figure 6: The 10 Subindexes in *Doing Business*

SUBINDEX	2008 RANK (OUT OF 181)	2009 RANK (OUT OF 183)
1. Starting a business	28	13
2. Dealing with licenses	50	33
3. Employing workers	45	73
4. Registering property	1	1
5. Getting credit	59	61
6. Protecting investors	24	16
7. Paying taxes	7	7
8. Trading across borders	16	23
9. Enforcing contracts	137	140
10. Closing a business	57	60
OVERALL RANK	**16**	**13**

Source: *Doing Business*, World Bank/IFC, 2009–2010

This report later analyzes in detail all 10 subindexes of *Doing Business*, and outlines new areas the NCC plans to address in future editions of the report.

World Investment Report, *UNCTAD*

Foreign direct investment is a long-term controlling interest from abroad in a domestic enterprise. If investment flows across borders, it indicates that the investor is attracted to the recipient country due to its competitive advantage in some area. The UNCTAD *World Investment Report* measures flows (the foreign capital invested in an FDI enterprise) and stocks (the value of capital and reserves minus debt) of FDI worldwide over time, and ranks countries on their performance.

FDI inflows to the Middle East, which increased for the sixth consecutive year in 2008, have traditionally been concentrated in Saudi Arabia, Turkey, and the UAE. These countries accounted for 75 percent of foreign investment in the region between 2003 and 2007. However, inflows into Turkey in 2009 declined following several larger mergers and acquisitions, while the impact of the global financial crisis on Dubai's tourism, real estate, and banking sectors caused inflows into the UAE to fall by 3 percent.

In contrast, demonstrating resilience in light of the economic downturn, FDI inflows into Saudi Arabia jumped from US$24.3 billion to US$38.2 billion in 2008, making the Kingdom the 14th-largest recipient of FDI in the world (Figure 7). Saudi Arabia also continues to be the largest recipient of FDI in the region, accounting for 42 percent of inflows in 2008. Growing investments in the petrochemical and refining industry and the real estate sector largely drove the Kingdom's 57 percent rise in inflows.

Figure 7: Top 20 Countries for FDI Inflows

COUNTRY	2009 RANK	FDI INFLOWS (USD BN)
U.S.	1	$316.1
France	2	$117.5
China	3	$108.3
U.K.	4	$96.9
Russian Federation	5	$70.3
Spain	6	$65.5
Hong Kong	7	$63.0
Belgium	8	$59.7
Australia	9	$46.8
Brazil	10	$45.1
Canada	11	$44.7
Sweden	12	$43.7
India	13	$41.6
Saudi Arabia	**14**	**$38.2**
Germany	15	$24.9
Japan	16	$24.4
Singapore	17	$22.7
Mexico	18	$22.0
Nigeria	19	$20.3
Turkey	20	$18.2

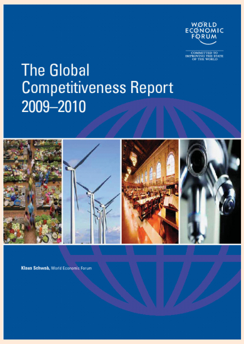
Source: *World Investment Report 2009*, United Nations Conference on Trade and Development

The Global Competitiveness Report, *World Economic Forum*

The Global Competitiveness Report examines 12 pillars of competitiveness in each of the 133 countries it covers. Each pillar represents a broad theme of competitiveness, such as quality of institutions, innovation, and higher education and training, and comprises numerous variables. These measure the far-reaching effects of reforms on an economy's competitiveness. The 12 pillars are each assigned to one of the three subindexes that constitute the Global Competitiveness Index (Figure 8).

Figure 8: Structure of the Global Competitiveness Index

PILLARS	SUBINDEXES	INDEX
1. Institutions 2. Infrastructure 3. Macroeconomic stability 4. Health and primary education	A. Basic requirements	Global Competitiveness Index
5. Higher education and training 6. Goods market efficiency 7. Labor market efficiency 8. Financial market sophistication 9. Technological readiness 10. Market size	B. Efficiency enhancers	
11. Business sophistication 12. Innovation	C. Innovation and sophistication factors	



Source: *The Global Competitiveness Report 2009–2010*, World Economic Forum

In 2009, Saudi Arabia demonstrated continued strength in the WEF rankings. Its overall GCI score and several pillar scores increased, but the improvements were not as numerous or extensive as those for countries nearby in the rankings. The Kingdom currently ranks 28th overall in the WEF's Global Competitiveness Index and third among MENA countries (Figures 9 and 10).

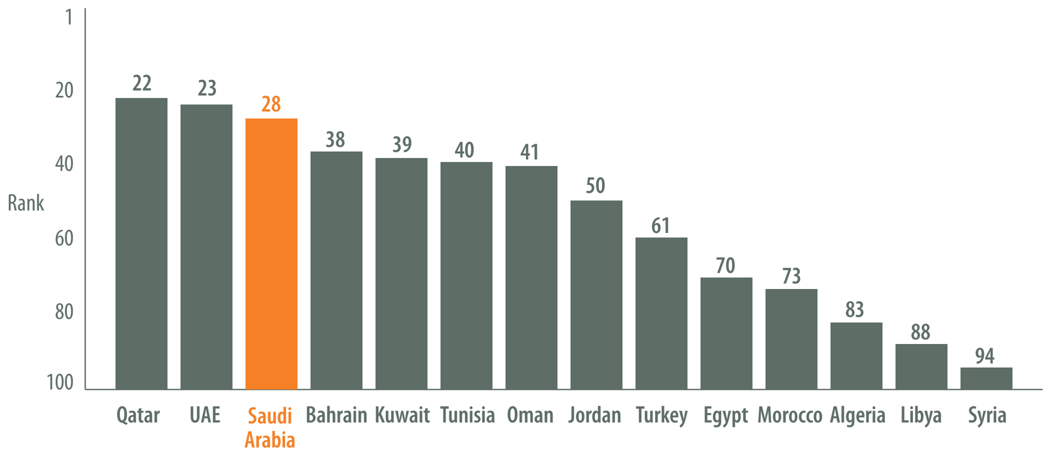
Figure 9: Top Countries in the Global Competitiveness Index

COUNTRY	2009 RANK	2008 RANK	CHANGE
Switzerland	1	2	↑1
U.S.	2	1	↓1
Singapore	3	5	↑2
Sweden	4	4	0
Denmark	5	3	↓2
Finland	6	6	0
Germany	7	7	0
Japan	8	9	↑1
Canada	9	10	↑1
Netherlands	10	8	↓2
Hong Kong	11	11	0
Taiwan	12	17	↑5
U.K.	13	12	↓1
Norway	14	15	↑1
Australia	15	18	↑3

COUNTRY	2009 RANK	2008 RANK	CHANGE
France	16	16	0
Austria	17	14	↓3
Belgium	18	19	↑1
Korea	19	13	↓6
New Zealand	20	24	↑4
Luxembourg	21	25	↑4
Qatar	22	26	↑4
UAE	23	31	↑8
Malaysia	24	21	↓3
Ireland	25	22	↓3
Iceland	26	20	↓6
Saudi Arabia	28	27	↓1
China	29	30	↑1
Chile	30	28	↓2

Source: *The Global Competitiveness Report 2009–2010*, World Economic Forum; NCC analysis

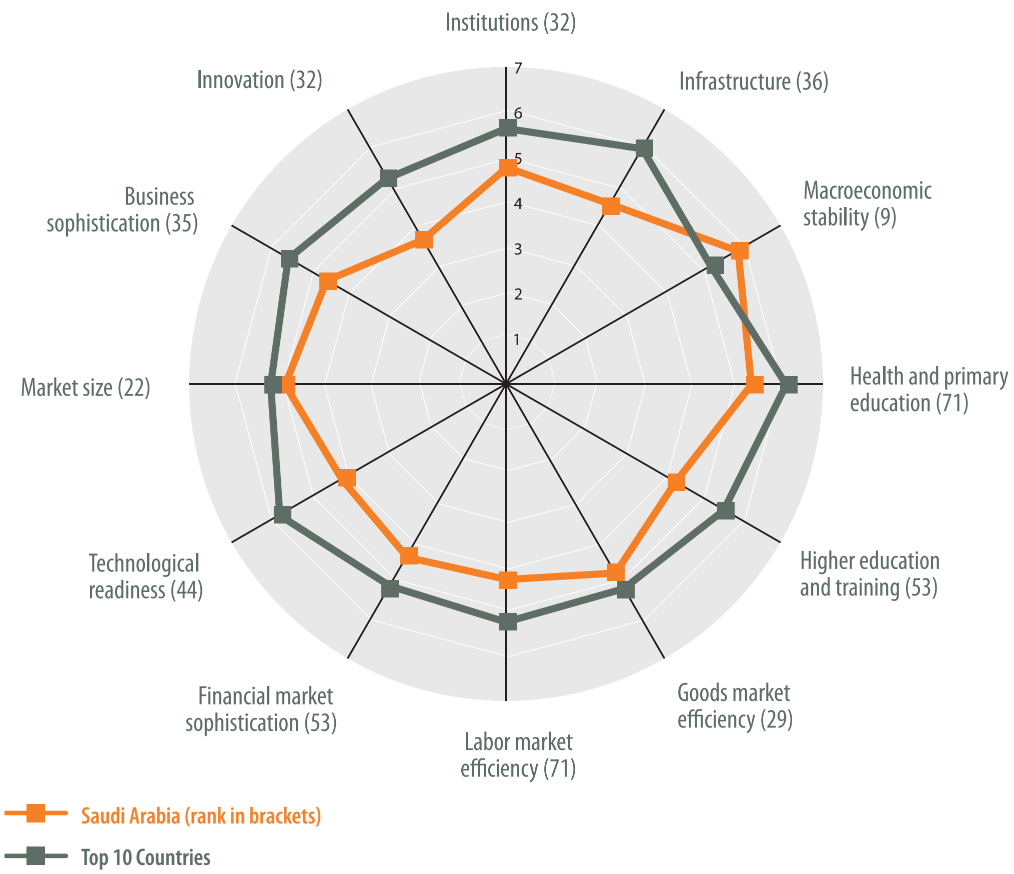
Figure 10: Global Competitiveness Index Ranking, MENA Countries



Source: *The Global Competitiveness Report 2009–2010*, World Economic Forum

Saudi Arabia's scores rose in numerous pillars, including infrastructure, goods market efficiency, financial market sophistication, technological readiness, market size, and business sophistication, yet remained consistent in macroeconomic stability and higher education and training (Figure 11).

Figure 11: Ranks for Saudi Arabia and Top 10 Countries on the 12 Pillars of the Global Competitiveness Index



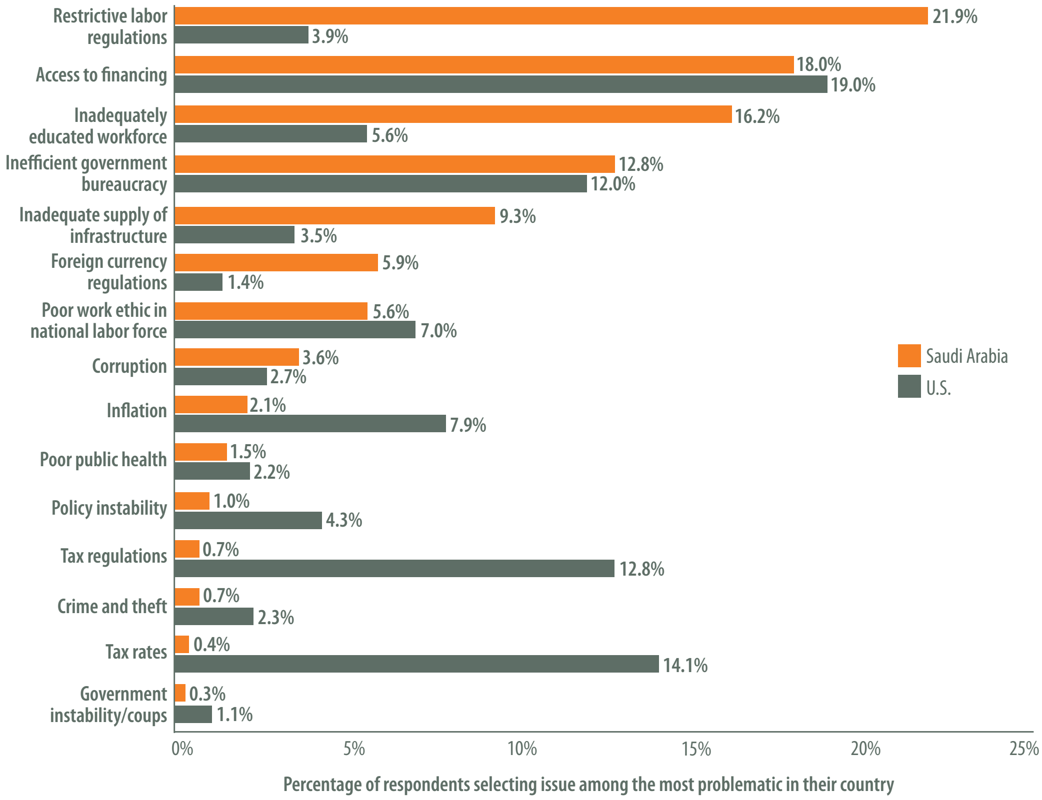
Source: *The Global Competitiveness Report 2009–2010*, World Economic Forum

Important competitiveness-enhancing reforms contributed significantly to improving the Kingdom's scores. Simplifying the business registration process increased Saudi Arabia's goods market efficiency, and reinforcing investors' legal rights caused the country to climb 20 ranks in financial market sophistication. An overall enhancement of the business operating environment increased FDI, as well as opportunities for technology transfer, which elevated Saudi Arabia's technological readiness.

Despite individual pillar improvements, Saudi Arabia's downward movement in the overall GCI highlights that numerous other countries are actively engaging in ambitious reforms to improve their competitiveness. The government will need to drive and support substantial, ongoing change to remain competitive and advance in the rankings.

In addition to assessing the overall competitiveness of an economy, the WEF generates insight into key challenges to doing business in a country. It relies on two main sources of data to generate its overall rankings: responses to the World Economic Forum Executive Opinion Survey; and external research, including the *Doing Business* report. As part of the Executive Opinion Survey, respondents select the five most problematic areas for doing business in their country and rank their choices (Figure 12).

Figure 12: The Most Problematic Factors for Doing Business in Saudi Arabia and the U.S.



Source: *The Global Competitiveness Report 2009–2010*, World Economic Forum

The results indicate the significance of challenges posed by Saudi Arabia's labor and credit markets. Survey respondents cited restrictive labor regulations (21.9 percent) and an inadequately educated workforce (16.2 percent) among the top three barriers to doing business. These indicate the need for policymakers to improve the quality and number of qualified Saudi Arabian workers and remove barriers to employment. The booming population of young people entering the workforce makes these objectives even more urgent.

Analysis of the World Bank/IFC *Doing Business* Report

Analysis of the World Bank/IFC Doing Business *report*

In the *Doing Business 2010* report, the World Bank/IFC examined the following 10 areas affecting businesses in Saudi Arabia.

1. Starting a business

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[1] 2009
Overall rank	**28**	**13**	
Procedures	7	4	3.4
Time (days)	12	5	4.9
Cost (% income per capita, USD)	15% ($2,301)	7.7% ($1,490)	1.5%
Minimum capital (% income per capita)	0%	0%	0%

[1] Average of the 10 best countries in this indicator

NCC recommendations:

- Reduce the number of interactions involved between entrepreneurs and public authorities.
- Enhance the Unified Office's efficiency to ensure all applications are processed within one day.
- Reduce or eliminate commercial registration fees.
- Reduce publication fees for Articles of Association in the *Official Gazette* and move to an online system.
- Invest additional resources, including e-government initiatives, to reduce the time needed to complete each procedure.
- Implement Unified Office operations across Saudi Arabia, and consider providing online business start-up procedures to enable quick, simple access throughout the Kingdom.

The first indicator tracked by the World Bank/IFC relates to the initial stage of a company's life cycle, examining red tape that interferes with business start-up. Specific parameters include the number of procedures, the time and cost involved, and any paid-in minimum capital required for registration.

Entrepreneurship plays a critical role in stimulating economic growth and providing employment. Governments should minimize the bureaucracy involved with starting a business, and facilitate rapid, easy entry of new firms. In model economies, registration of a new company's existence and filing with the relevant tax authority are the only necessary procedures. Simplified, efficient procedures enable increased entry rates and higher business density.[2]

[2] *Doing Business 2010*, World Bank/IFC

A key factor to diversifying Saudi Arabia's economy, low barriers to business start-up will encourage entry of new businesses into underdeveloped sectors. In any industry, reduced barriers to market entry increase the number of companies able to satisfy consumer demand, intensifying competition. Industry expansion will drive up the demand for labor and create employment for the generation of young Saudi Arabians poised to enter the workforce.

Studies confirm that lower start-up costs will produce substantial gains in productivity and prosperity. Stimulating competition and innovation and mobilizing capital toward more efficient projects – which will reduce entry costs by 80 percent of income per capita – will raise total factor productivity by more than 20 percent and labor productivity by nearly 30 percent.[3]

Significant reforms have been made in this area, and the process of starting a business in Saudi Arabia now ranks within the top 15 in the world.

Before 2007, the Kingdom had one of the world's most burdensome capital requirements for new companies, which needed to show minimum capital of SAR 500,000. The Kingdom eliminated this stipulation in 2007, and *Doing Business 2008* reported that company registrations had jumped by 81 percent, validating NCC predictions. In 2008, the Ministry of Commerce and Industry simplified start-up procedures and relaxed regulations requiring new companies to publish a summary of their Articles of Association in the *Official Gazette*, reducing registration costs by SAR 1,500. The ministry also reduced commercial registration fees by 80 percent, from SAR 6,000 to just SAR 1,200.

To become more internationally competitive, Saudi Arabia could look to further reduce its commercial registration fees. Company registration costs less (as a share of income per capita) in 67 other countries; in Slovenia and Denmark, there is no charge.

In June 2008, the Ministry of Commerce and Industry launched the Unified Office in Riyadh, a one-stop shop that consolidated business start-up processes in one place, reducing the time and number of procedures involved in registering a new company. Reducing the administrative burden on entrepreneurs, the Unified Office simplified the process from seven steps to just four.

To further reform the process, the United Office could consolidate the remaining procedures and require just one interaction between the entrepreneur and a government representative. The Unified Office has already incorporated officials from the Department of Zakat and Income Tax and the General Organization for Social Insurance to expedite registration with other agencies involved. Ideally, the entrepreneur will be able to submit a single packet of documents to one United Office representative and return the next day to obtain his commercial registration. This simple reorganization will elevate Saudi Arabia to being one of the world's most competitive economies for starting a business.

The government would also be well advised to roll out the simplified procedures provided in Riyadh across the Kingdom by opening additional Unified Office locations. It can further invest in migration to a full online platform that facilitates single-step, Web-based registration, similar to systems in the most

[3] *Doing Business 2009*, World Bank/IFC

competitive economies for starting a business. Enabling entrepreneurs throughout the Kingdom to register their businesses online could stimulate additional reductions in administrative costs. Such cutting of red tape in jurisdictions beyond major urban areas will help balance regional disparities in economic development.

By continuing to study ways to ease the process of starting a business, Saudi Arabian policymakers can build on existing momentum as the country experiences a surge in entrepreneurship and strives to diversify its economy.

2. Dealing with construction permits

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[7] 2009
Overall rank	**50**	**33**	
Procedures	18	17	9.6
Time (days)	125	94	70.4
Cost (% income per capita, USD)	74.7% ($11,534)	32.8% ($6,345)	24.1%

[7] Average of the 10 best countries in this indicator

NCC recommendations:

- Reduce fees to become competitive with Qatar and the UAE.
- Consolidate construction permitting within one-stop shops, to minimize the procedures involved and the time taken to complete them.
- Launch a single access point for requesting utility connections.
- Work with utility providers to reduce the time between requesting and obtaining a connection.
- Make all forms downloadable and accept online applications.
- Implement fast-track reforms, such as "silence is consent" rules and expedited approvals for pre-qualified developers.
- Establish a central organizing body to implement a coordinated approach to minimizing red tape.
- Continue nationwide efforts by the Ministry of Municipal and Rural Affairs to streamline its services and reduce red tape.

The second indicator measured by the World Bank/IFC tracks the procedures needed for a construction company to build a warehouse, including completing regulatory procedures, obtaining utilities, and registering property. Growth often entails expanding a business's total physical footprint through the construction of new buildings. To move forward, companies need access to simplified licensing and inspection processes.

Onerous barriers to obtaining construction permits can artificially limit companies' growth, and in some developing countries indirectly encourage illegal building, as firms seek to evade the lengthy, expensive procedures associated with legitimate permitting. In these nations, between 60 and 80 percent of new building projects are carried out without proper authorization and oversight by public authorities. Such practices deny the government revenue and, more important, result in buildings that may not meet safety and other building standards.

In 2009, Saudi Arabia began reforming its construction permitting process. The Riyadh Municipality established a one-day licensing procedure for temporary building permits that eliminated the need for separate letters and pre-approvals from different agencies.

Considering successful reform models to further simplify the permitting process, Saudi Arabia could establish a fully comprehensive one-stop shop for construction licenses. A one-stop shop would consolidate pre-construction permitting, handle requests for utility connections, and coordinate inspections by different agencies, such as the Civil Defense. Moving the burden of administrative tasks from the investor to specially trained officials will considerably simplify the licensing process and have an enormous positive impact on the Kingdom's competitiveness.

Negotiating rapid connection processes with utility companies for the most commonly built structures will further improve Saudi Arabia's competitiveness in dealing with construction permits. For example, Hong Kong is a competitive destination for new businesses in part because it has simplified the procedures to secure utilities. The processes of requesting and obtaining water, electricity, and telephone connections only take three days total in Hong Kong, whereas in Saudi Arabia companies devote over 60 days to the same tasks.

The costs associated with building a warehouse in Saudi Arabia, which currently total approximately SAR 25,000, should not prohibit entrepreneurs from pursuing viable growth opportunities (Figure 13). The authorities have already made moves to reduce permitting costs, and new data shows that certain utility costs are lower than before. But costs in Saudi Arabia still exceed the Top 10 Average by 10 percentage points (when costs are measured as a percentage of income per capita), suggesting room for further reductions.

Figure 13: Cost of Red Tape for Building a Warehouse in Saudi Arabia

	COST (SAR)
Electricity connection	11,400
Sewage connection	8,250
Water connection	2,800
Building permit	1,040
Telephone connection	300
Chamber of Commerce stamp on telephone application	25
Inspection prior to final building permit	10

Source: *Doing Business 2010*, World Bank/IFC

Investments in structures entail some of a company's most critical decisions. As they may significantly affect urban planning, public safety, and the environment, the government would be well advised to protect public interests while minimizing unnecessary steps and excessive costs for entrepreneurs.

3. Employing workers

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[1] 2009
Overall rank	**45**	**73**	
Difficulty of hiring index (0–100)	0	0	1.1
Rigidity of hours index (0–100)	40	40	4.0
Difficulty of firing index (0–100)	0	0	0.0
Rigidity of employment index (0–100)	13	13	1.8
Firing cost (weeks of salary)	80	80	3.9

[1] Average of the 10 best countries in this indicator

NCC recommendations:

- Reduce mandatory severance pay to alleviate the burden on businesses, and replace it with an unemployment insurance system.
- Consider reducing mandatory paid vacation.

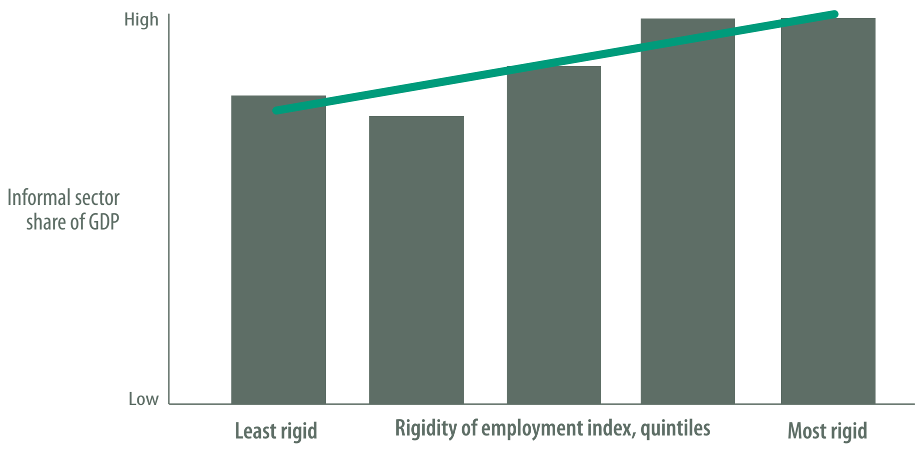
Employment regulation is one of the most consistently debated topics of reform. Governments need to balance labor market flexibility with worker protections, a task even the most successful countries find challenging.

The freedoms granted to employers concerning flexible hiring and firing practices need to be reasonable. Because gainful employment forms the core of a family's livelihood, insufficiently protective labor laws have serious social costs. Lax regulations can allow employers to harass their employees or pay them less than they are worth.

Companies may respond to overly restrictive and burdensome employment regulations by disregarding them entirely and denying workers the benefits of standards compliance. A documented correlation exists between overly restrictive labor rules and a large informal economy, where workers are subjected to lower wages, produce less, and enjoy fewer protections against abuse (Figure 14).[4]

[4] "Employment Laws in Developing Countries," *Journal of Comparative Economics*, March 2009

Figure 14: Rigidity of Employment and Size of Informal Economy



Source: *Doing Business 2010*, World Bank/IFC

Some aspects of Saudi Arabia's legal regime are exemplary. Bureaucratic interference into hiring and firing decisions is minimal. Employers in all industries are free to establish long fixed-term contracts. Workers are free to engage in extended workweeks or night labor to respond to seasonal increases in production or demand for continuous operation. And the government grants employers flexibility to respond efficiently to market demands; they are not required to notify the government or seek its approval to dismiss an individual worker or a group of workers due to redundancies. An employer can thus hire workers without fear of a market contraction leaving his company overstaffed and unable to adapt.

Saudi Arabia's annual holiday policy represents a key area for improvement. Companies must provide an average of 26 days of paid vacation to employees with 20 years of tenure, in contrast to seven other MENA countries (including Kuwait, Bahrain, and Jordan), which require 21 days or less of paid vacation. To further improve labor market flexibility, Saudi Arabia could relax its restrictions on annual holiday work, or replace them with moderate wage premiums.

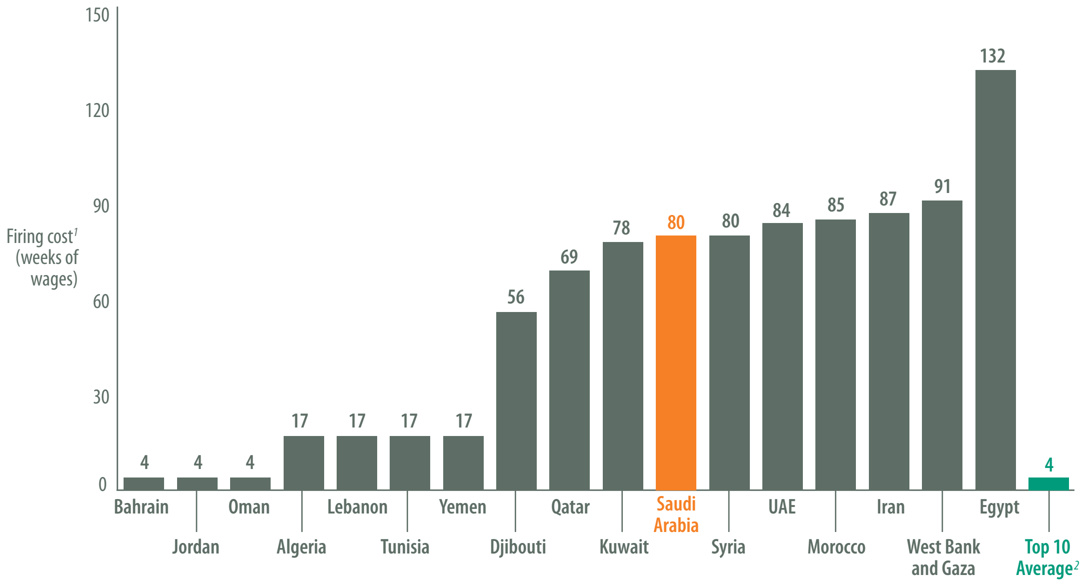
One of the economic downturn's most significant consequences has been its impact on unemployment: global levels have risen consistently since September 2008.[5] In response to the crisis, governments worldwide have sought reforms to improve unemployment protection by offering new benefits and relaxing program participation criteria.[6] While these public unemployment insurance programs constitute an international best practice, they can incur significant ongoing expenditures that not all countries can support. When the cost of instituting an unemployment system proves prohibitive, governments often shift the responsibility onto the private sector, encouraging or mandating severance pay to minimize the impact of dismissal on employees' livelihoods. All governments face the challenge of setting an optimal level for severance pay. Substantial mandatory severance pay may allow employees sufficient time to recover after dismissal, but it could cause companies to limit hiring because of the prohibitive dismissal costs associated with new hires.

[5] "Unemployment Projections," oecd.org, November 2009

[6] *Doing Business 2010*, World Bank/IFC

In Saudi Arabia, the high cost of firing workers tends to undermine the broader labor market's flexibility. Taking into account weeks of notice and severance, the cost of dismissing a worker amounts to 80 weeks of salary, well above the regional average of 51 weeks; firing costs in neighboring Jordan, Oman, and Bahrain equal less than one month's salary (Figure 15). Saudi Arabia's firing costs deter employment and constitute a competitive disadvantage for its business environment. Working with the current system of company-issued unemployment benefits, Saudi Arabia could improve the competitiveness of its labor market in the short term by reducing severance requirements.

Figure 15: Cost of Firing Workers with 20 Years of Tenure, Selected MENA Countries



Employing workers rank	13	51	21	122	66	108	74	151	68	24	73	91	50	176	137	135	120

Source: *Doing Business 2010*, World Bank/IFC

[1] Firing costs calculated assuming an employee provides 20 years of continuous service to one employer
[2] Top 10 Countries on the employing workers indicator

Lowering mandatory firing costs raises sensitive political issues, but these can be overcome. Most countries with highly flexible rules on firing insulate workers from the impact of unemployment. The responsibility of providing for dismissed workers is transferred from companies to the government, so benefits may be provided to the newly unemployed without hampering businesses with obligations. In this way, public unemployment compensation schemes serve the interests of both employees and employers. The *Doing Business* report recognizes this model's competitive advantage, rewarding countries for requiring severance pay of eight weeks or less if they provide public unemployment insurance. As a long-term solution, Saudi Arabia could consider transitioning from an employer-sponsored unemployment support system to a government-administered one.

In difficult economic times, such programs act as automatic stabilizers by providing fiscal stimulus commensurate with the number of workers made redundant. By contrast, a system that encumbers employers with commitments to dismissed workers tends to deepen economic difficulties by weakening corporate balance sheets.

Developing an appropriate unemployment compensation system poses challenges, and it entails considerable investment of public resources. However, it provides a method for guaranteeing social welfare while freeing businesses from red tape, and will therefore contribute significantly to any attempt to raise the competitiveness of the Kingdom's labor market.

In 2009, Saudi Arabia's rank was adversely affected by changes in how the *Doing Business* report calculates its rankings for employing workers. The new methodology does not penalize countries as heavily as before for requiring wage premiums for night or weekend work. Saudi Arabia made no changes to its labor laws relevant to the report's indicators, so the shift in methodology allowed several countries to move up in the rankings. But the report ultimately values employment systems that offer flexibility, so the Kingdom's path toward competitiveness in the employing workers indicator remains largely unchanged.

4. Registering property

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[1] 2009
Overall rank	1	1	
Procedures	2	2	2.2
Time (days)	2	2	5.0
Cost (% of property value)	0.0	0.0	0.7%

[1] Average of the 10 best countries in this indicator

NCC recommendation:

- Only require a transfer application signed by both parties, without involving a notary or a lawyer.

A formal public registry – essential to enforcement of property rights in any functioning market economy – prevents confusion and fraud by clearly delineating ownership. For this reason, it is important to ensure that property registration is simple, rapid, and inexpensive, to encourage utilization and achieve comprehensive coverage. To measure the effectiveness of an economy's systems for registering property, the World Bank/IFC tracks the number of procedures, total number of days, and cost as a percentage of the property value.

In 2008, Saudi Arabia implemented significant property registration reforms: a property transfer law reduced the time and complexity involved in transferring property in Riyadh, and a comprehensive electronic system for title deed registration has been implemented across the Kingdom's major cities. Registering property now entails two simple procedures and takes just two days.

Overall, Saudi Arabia's property registration procedures stand out as the world's most competitive. The government could further strengthen its leadership in this area by consolidating the steps needed to register property into one procedure, as in Sweden or Norway. Currently, legal representatives for both parties must appear before a notary public for the transfer of the title deed and to obtain the original new deed; then the buyer's legal representative must obtain the original new deed from the notary public. In Sweden, neither a lawyer nor a notary need be involved; all that is required is a submission of two copies of the sale application, signed by each party at a local bank. Saudi Arabia could adopt a similarly simple process, eliminate the cost of employing notaries and lawyers, and reduce the entire process to one day.

5. Getting credit

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[1] 2009
Overall rank	**59**	**61**	
Strength of legal rights (0–10)	4	4	9.0
Depth of credit information (0–6)	6	6	5.3
Public registry coverage (% of adults)	0.0%	0.0%	10.5%
Private registry coverage (% of adults)	14.1%	17.9%	62.1%

[1] Average of the 10 best countries in this indicator

NCC recommendations:

- Update the Commercial Lien Act to allow contracts to provide flexible, generic collateral specifications.
- Implement a comprehensive collateral registry to ensure transparent property rights.
- Enforce absolute priority of secured creditors in bankruptcy proceedings.
- Permit unrestricted out-of-court settlements and collateral enforcement.

Access to credit on reasonable terms constitutes one cornerstone of a growing economy. Where businesses face significant barriers to obtaining credit – including high interest rates, short loan maturities, extensive collateral requirements, and limited lending options – expansion of firms and even their everyday management is substantially more complicated. Companies in such an environment exhibit low investment rates, and are less productive and competitive than their peers.

In particular, inadequately developed credit market frameworks impede access to credit for small and medium enterprises more than for large ones. Large companies often use bank credit to finance investments and do not typically face major barriers to obtaining such credit. In contrast, due to the risks and increased administrative costs associated with lending to SMEs, banks are less willing to finance their projects. Entrepreneurs recognize bank credit as a critical component of their businesses, and they consistently cite limited access to credit as the greatest obstacle in the way of growth. Research has shown that while it may prove difficult to fully close this gap, a sound regulatory framework and proper protection of creditors' rights can increase SMEs' access to bank credit for financing investments. In economies where SMEs contribute a large proportion of GDP and employment, providing easy access to credit for qualified businesses can stimulate substantial economic growth.[7]

[7] *Unlocking Credit*, Inter-American Development Bank, 2004

The World Bank/IFC's getting credit indicator recognizes two important elements in a sound credit market framework: the information and the legal rights made available to lenders. These are key determinants of a country's ease of getting credit, because without accurate information banks cannot verify borrowers' creditworthiness, so they hesitate to grant loans. Similarly, a tenuous legal basis for creditors' claims further increases the risks of lending. Those affected the most are the individuals and businesses denied access to funding because of systemic problems that hamper the flow of capital rather than because of their particular credit risk.

Such problems become more pronounced during periods of economic downturn: banks, which already face uncertainty about their borrowers' solvency and their ability to recover outstanding loans, react to heightened risk by sharply curtailing credit flows, thereby impeding business growth and pushing their countries' economies into further difficulty.[8]

While the financial crisis has caused banks around the world to tighten credit, Saudi Arabia's central bank, the Saudi Arabian Monetary Agency, has succeeded in protecting businesses from the downturn's primary effects. SAMA has regulated bank investment in foreign companies and thus improved the availability of liquidity to local businesses.[9] These prudent policies, coupled with subsequent government spending on stimulus programs, led to a relatively early rebound in private sector lending in the country.[10]

Saudi Arabia can capitalize on its success in weathering the financial crisis and use the opportunity to improve its relative competitiveness in getting credit. Of paramount importance, the passage of amendments to the Commercial Lien Act will provide four concrete benefits to businesses. It will:

- Expand the means by which creditors can secure collateral for loans, allowing businesses to grant security rights to categories of assets without requiring specific descriptions of the secured assets.
- Establish a collateral registry that will be unified by geography and asset type, and be indexed by the name of the granter of the security right.
- Give creditors absolute priority in bankruptcy procedures.
- Authorize out-of-court enforcement of creditors' claims.

These reforms will significantly strengthen the mechanisms conducive to a competitive, well-regulated credit market and unlock access to critical financing for small and medium enterprises.

8 "Creditor Protection and Credit Response to Shocks," *World Bank Economic Review 2007*; *Unlocking Credit*, Inter-American Development Bank, 2004; "Credit Cycles," *Journal of Political Economy*, 1997

9 "SAMA Policies Help Banks Weather Crisis," *Arab News*, October 2009

10 "Credit Rebound in Kingdom Seen as Private Sector Loans Improve," *Saudi Gazette*, October 2009

6. Protecting investors

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[1] 2009
Overall rank	**24**	**16**	
Extent of disclosure index (0–10)	8	9	9.0
Extent of director liability index (0–10)	8	8	8.3
Ease of shareholder suits index (0–10)	3	4	8.5

[1] Average of the 10 best countries in this indicator

NCC recommendations:

- Improve plaintiffs' access to material documentation from defendants during trials, and enable them to cross-examine defendants and witnesses.
- Require immediate disclosure of any directors' or officers' conflicts of interest to shareholders, and strengthen liability for such conflicts.
- Allow all shareholders to request outside investigation of transactions.

Equity financing forms the foundation of any successful modern economy. By spreading risk among many investors, equity can encourage entrepreneurs to undertake more innovative ventures with greater returns. The ultimate impact of equity financing on a country's growth is determined not only by the availability of liquidity, but also by the strength of legal recourse made available to investors.

The World Bank/IFC's protecting investors indicator measures minority shareholders' protections against misuse of corporate assets, extent of director liability, and frameworks for shareholder lawsuits.

Stock markets function more effectively when minority shareholders are protected from irresponsible fund management. Investors need to believe in the companies they are investing in; a strong legal framework for preventing and rectifying corporate wrongdoing is crucial to ensuring this. Such regulations ultimately benefit companies, as improved investor confidence often increases available capital and reduces risk premiums.

In Saudi Arabia, the Company Act grants substantial protections to investors. The current law requires companies to immediately notify shareholders of a director's conflict of interest, and to announce the incident on their website and that of the Tadawul capital market. It also enables minority shareholders to order company inspections without the approval of a general shareholders' meeting. Before this year, investor protections in the act were not widely known; the Ministry of Commerce initiated an educational effort that informed stakeholders of the specific protections provided by the law. This highlights the importance of publicizing laws and ensuring comprehensive enforcement.

The Kingdom can further improve shareholder rights by increasing plaintiffs' access to documents and testimony from defendants and witnesses. A transparent arbitration process is essential to effectively challenging corporate mismanagement and constitutes the foundation for investors' faith in an economy.

Growing opportunities in several competitive sectors of Saudi Arabia's economy matched by an expected increase in FDI inflows worldwide create the potential for the Kingdom to attract unprecedented levels of foreign investment. A developed investment infrastructure, supported by transparent rights and processes, will be key to connecting domestic industries with global capital and realizing that potential.

7. Paying taxes

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[1] 2009
Overall rank	**7**	**7**	
Payments (number per year)	14	14	7.7
Time (hours per year)	79	79	61.9
Total tax rate (% of profit)	14.5%	14.5%	21.4%

[1] Average of the 10 best countries in this indicator

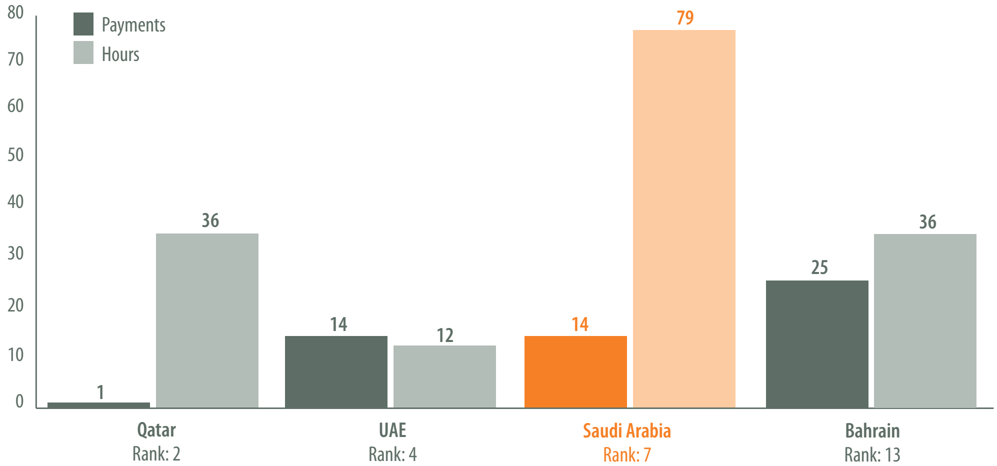
NCC recommendations:

- Consolidate tax remittance into as few payments as possible, e.g., only require social security payments every two months or annually.
- Provide a simple, quick online interface for tax filings.

To assess the burden of a tax regime, the *Doing Business* report measures total tax rate, number of payments required, and time consumed annually by filings. As with construction permits, an optimal taxation system with a simplified payment process and reasonable rates maximizes government revenue by encouraging universal compliance.

Saudi Arabia has low tax rates and simpler filing procedures than many countries across the Arab world. The World Bank/IFC estimates that taxes consume no more than 14.5 percent of a typical medium-sized business's profits and 79 hours of its time (Figure 16). A study of regional benchmarks reveals opportunities for the Kingdom to further reduce the administrative burden of paying taxes and so improve its regional competitiveness: businesses in the UAE, Qatar, and Bahrain spend fewer hours per year completing tax filings.

Figure 16: Payments and Hours per Year to File Taxes, Saudi Arabia versus Selected MENA Countries



Source: *Doing Business 2010*, World Bank/IFC

According to the global *Doing Business* rankings, seven of the Top 10 Countries for paying taxes require fewer annual payments than Saudi Arabia does. Businesses in Hong Kong, Singapore, Ireland, New Zealand, and Kiribati all pay taxes nine times or fewer per year, and those in the Maldives and Qatar only pay taxes once a year. Though Saudi Arabia, Oman, and the UAE have reached the Top 10 in this indicator, they all require businesses to file taxes 14 times annually.

Saudi Arabia could reduce the number of payments and the associated administrative effort by consolidating social security contributions and Zakat (religious tax) payments into one filing. Companies would pay their taxes via a simplified, Internet-based interface similar to other e-government initiatives in the Kingdom. Such efforts would encourage compliance with tax laws, reduce businesses' administrative costs, and solidify the competitive leadership of the nation's tax regime.

8. Trading across borders

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[7] 2009
Overall rank	**16**	**23**	
Documents to report	5	5	3.7
Time to export (days)	17	17	6.9
Cost to export (USD per container)	$681	$681	$669
Documents to import	5	5	3.9
Time to import (days)	18	18	6.5
Cost to import (USD per container)	$678	$678	$679

[7] Average of the 10 best countries in this indicator

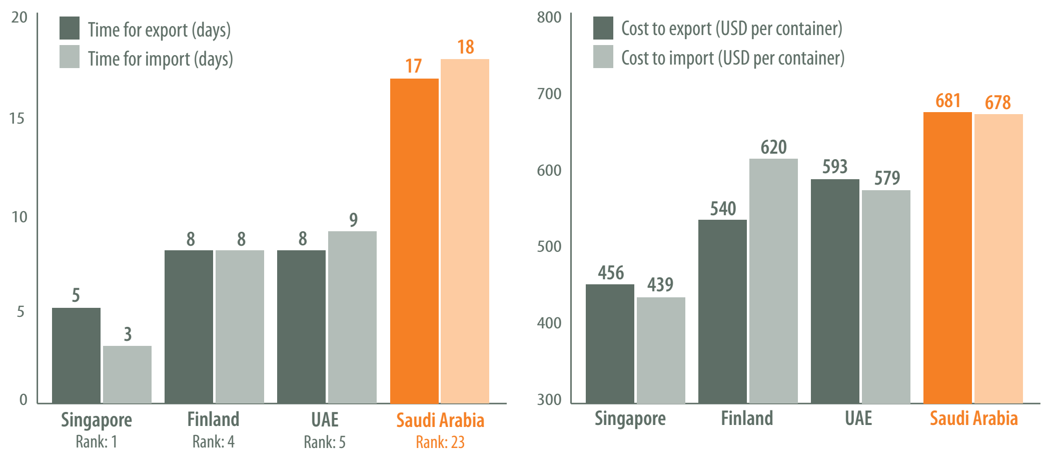
NCC recommendations:

- Improve data sharing among government agencies and ministries involved in import/export.
- Improve electronic submission and authorization of documents, to accelerate approvals.
- Ensure ports have sufficient human resources and regular scheduled training, including language instruction.
- Establish one-stop shops for traders to access all necessary agencies and government departments in a single location with just one filing.
- Reduce fees for customs clearance and technical control by 50 percent or more.
- Reduce total processing times by at least 11 days, to match Top 10 benchmarks.

The World Bank/IFC's trading across borders indicator measures the number of documents, time, and cost involved in moving goods into and out of a country. For those located at geographic crossroads, like Saudi Arabia, simplified trading procedures can significantly augment the wealth derived from international trade. Conversely, extensive regulations, high tariffs, and insufficient personnel can create shipping backlogs and ultimately interfere with profitability.

Over the past few decades, Saudi Arabia's ports have undergone extensive development. The specialization of terminals for handling various types of cargo and livestock has led to productivity gains, operating cost savings, and improved service. The Saudi Ports Authority has instituted programs to develop ports' equipment and human capital, with the aim of upgrading equipment and personnel training, reducing maintenance costs, and increasing site efficiency.[11] An examination of the world's most competitive trading economies shows that Saudi Arabia's ports could further these developments and achieve global standards by simplifying their import and export processes (Figure 17).

Figure 17: Saudi Arabia's Performance in Trading across Borders versus Selected Benchmark Countries



Source: *Doing Business 2010*, World Bank/IFC

[11] "Services and Available Capacities," Saudi Ports Authority website, 2003

In September 2008, a 20 to 30 percent increase in shipping traffic at the Jeddah Islamic Port resulted in unprecedented levels of congestion, and delays led merchants to find other trade routes. While the port eventually overcame this setback, the situation exposed several areas Saudi Arabia can improve to secure a position among the Top 10 Countries in trading across borders.[12]

Showing commitment to reform, officials have announced the construction of a new terminal and the purchase of additional cranes. Saudi Arabia would be well advised to continue driving such infrastructure projects forward while ensuring that they are adequately supported.[13]

Additionally, authorities have reduced the procedures involved in importing goods from 16 to six.[14] The Kingdom can seek to further reduce the costs and number of days and documents to conduct trade across its borders. Such reforms will greatly reduce the transaction costs of international trade, and position Saudi Arabian companies to compete more fully in the global markets opened up by the Kingdom's World Trade Organization membership.

9. Enforcing contracts

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[1] 2009
Overall rank	**137**	**140**	
Procedures	44	43	29.7
Time (days)	635	635	314.4
Cost (% claim)	27.5%	27.5%	13.5%

[1] Average of the 10 best countries in this indicator

NCC recommendations:

- Finish implementing the new Judiciary Law, including the creation of commercial courts that meet Top 10 performance levels, where trial, judgment, and enforcement occur within 300 days.
- Provide training to commercial judges in technical aspects of commercial law.
- Ensure new courts are accessible, and implement helpful online services.
- Introduce public judgments to reinforce legal precedents and ensure predictable, transparent outcomes.
- Regulate, automate, and improve efficiency of court case processing through electronic case management systems.
- Improve and expand available mechanisms to ensure prompt enforcement of court decisions.

A simple, expedient, and inexpensive contract enforcement process is crucial to developing a competitive business environment. Commercial dealings are based on the assurance that contracts will be honored by all parties or efficiently enforced by the courts. Strong judicial enforcement mechanisms support

[12] "Saudi Port Crisis Over, Says Top Official," arabianbusiness.com, September 2008; "Jeddah Port to Handle More Cargo," *Saudi Gazette*, November 2008

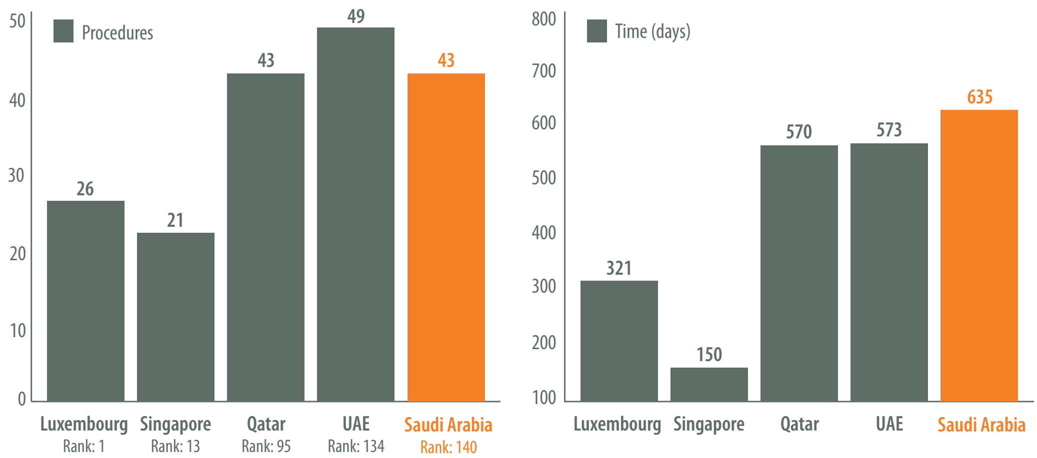
[13] "DP World Jeddah Takes Delivery of 15 Cranes," *Emirates Business 24–7*, October 2009; "Jeddah Port to Handle More Cargo," *Saudi Gazette*, November 2008

[14] "Jeddah Port to Handle More Cargo," *Saudi Gazette*, November 2008

fair dispute resolution, and increase parties' incentives to fulfill their obligations. Foreign investors often prefer more litigious business environments with robust judicial systems, to secure their investments. While Saudi Arabia has enjoyed increased levels of foreign investment in such major economic sectors as petrochemicals and real estate, confidence in the commercial justice system will help balance investment throughout the economy.

Typical commercial dispute resolution entails three phases: filing, judgment, and enforcement. The World Bank/IFC rates the judicial system's efficiency in resolving standardized contract disputes via the number of procedures, time, and cost involved at each stage. To become internationally competitive, Saudi Arabia can take action to reduce the number of procedures and days involved in contract enforcement (Figure 18).

Figure 18: Saudi Arabia's Performance in Enforcing Contracts versus Selected Benchmark Countries



Source: *Doing Business 2010*, World Bank/IFC

The government has made commendable progress toward developing a competitive contract enforcement system, with the aim of improving the quality of operations and judgments. Having recognized the daunting workload faced by many courts and judges, His Majesty King Abdullah, Custodian of the Two Holy Mosques, committed significant resources during the past year to modernizing the courts and expediting the judicial process. A SAR 7-billion investment enabled hiring of new judges, training of specialized commercial court judges, and construction of new courts.

To further optimize its court systems, Saudi Arabia can fully integrate a sophisticated electronic case filing system to automate clerical processes, enable judges to track the status of cases, and retain records of all associated data. Such systems give a judiciary the tools to process more cases without increasing its staff.

Among other measures, the government is considering statutory limits on durations of court proceedings and further consolidating judicial procedures to bring Saudi Arabia's contract enforcement system in line with those of the world's most competitive nations. While the work ahead may be extensive, the Ministry of Justice has shown a strong commitment toward instituting reform and creating an efficient judiciary.

10. Closing a business

	SAUDI ARABIA 2008	SAUDI ARABIA 2009	TOP 10 AVERAGE[1] 2009
Overall rank	**57**	**60**	
Time (years)	1.5	1.5	0.9
Cost (% of estate)	22%	22%	4.1%
Recovery rate (cents on the US dollar)	37.5	37.5	87.5

[1] Average of the 10 best countries in this indicator

NCC recommendations:

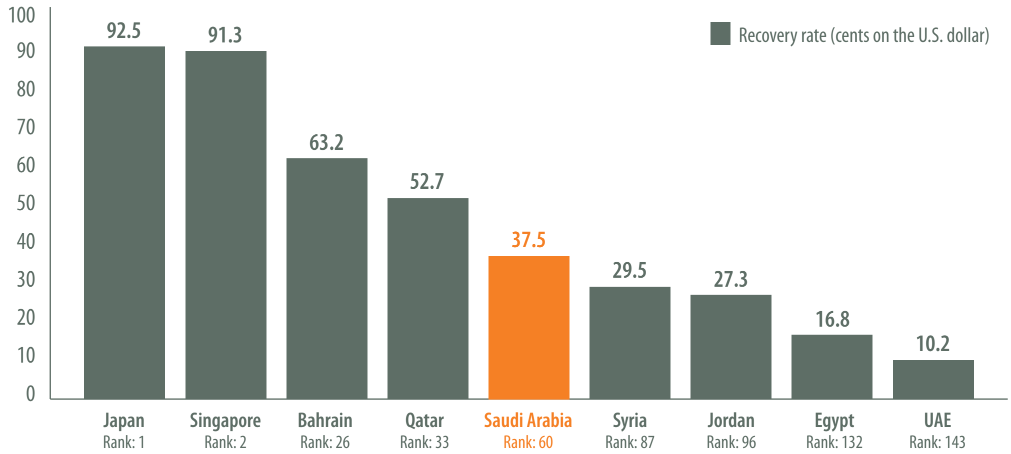
- Enact an updated, unified insolvency law, informed by international best practices, to strengthen creditors' rights and approve acceptance of formal proceedings.
- Encourage the survival of viable businesses as going concerns, e.g., create incentives for creditors to provide ongoing lending to distressed debtors.
- Increase access to and support insolvency solutions through amicable out-of-court settlement procedures.
- Create dedicated bankruptcy courts with procedures designed to minimize costs and complexity and maximize recovery rates.

The World Bank/IFC's closing a business indicator tracks the time and cost of bankruptcy proceedings, and the recovery rate for creditors. Companies' ability to generate revenue and service their debt can be disrupted by an array of uncertainties: economic downturns, new competition, operational challenges, adverse movements in input costs, and other unforeseen difficulties. Without an effective insolvency regime, lenders to struggling businesses will rush to recover claims on their assets, accelerating the companies' decline and draining the capital available to other creditors.

While liquidation may immediately gratify creditors and carry less risk, expedient insolvency proceedings help companies reorganize and return to producing wealth in the economy. Because the associated time, costs, and recovery rate can significantly determine whether a distressed business pursues liquidation or insolvency, a streamlined system is crucial to ensuring optimal utilization of reorganization processes.

Saudi Arabia's bankruptcy procedures are currently underutilized. While recent reforms have reduced the time involved, the procedures remain costly, and creditors tend to recover a relatively small portion of their original investment. In top-ranked economies, such as Singapore's, claimants (creditors, tax authorities, and employees) typically recover over 90 cents on the dollar from insolvent companies, according to the World Bank/IFC's methodology (Figure 19). By contrast, claimants in Saudi Arabia recover just 37.5 cents on the dollar.

Figure 19: Saudi Arabia's Performance in Closing a Business versus Selected Benchmark Countries



Source: *Doing Business 2010*, World Bank/IFC

Saudi Arabia could reform its formal and informal insolvency systems to increase the likelihood that struggling yet viable businesses emerge from insolvency with the means to continue operating. The government could amend bankruptcy legislation to reflect international best practices, and establish specialized bankruptcy courts presided over by experts in statutory, Shari'a, and commercial law. Financial institutions could also offer distressed companies special credit vehicles, such as debtor-in-possession financing. To even further expedite insolvency resolution and rehabilitation of viable firms, Saudi Arabia could promote its existing informal systems for debt restructuring; such out-of-court settlements provide ideal solutions for small and medium enterprises to find the means to work out their financial troubles and resume their valued contribution to the economy.

New topics for the *Doing Business* report

As Saudi Arabia plans its short- and long-term strategies, it would be well advised to keep in mind that just as competitiveness is a dynamic and changing concept, so are its metrics. The rise of the information and communications technology industry has made ease of access to a broadband Internet connection an indicator of a developed country's competitiveness. The *Doing Business* report recognizes such shifts and regularly updates its measurement parameters. Two new pilot metrics address the ease of getting electricity and the legal regime protecting workers.

Getting electricity

While access to electricity has long been a basic element of competitive economies, small- and medium-sized enterprises' drive to move into commercial activities that depend on electricity-based technologies has brought the need for inexpensive and reliable energy to the forefront.

Doing Business 2010 presented data on the procedures, time, and cost for a business to obtain an electricity connection for a newly constructed building. In 2009, Saudi Arabia ranked 17th, with three procedures, 71 days, and fees equal to 78 percent of income per capita needed to secure electricity. Despite the Kingdom's competitive ranking in this area, there is significant room for improvement.

Worker protection

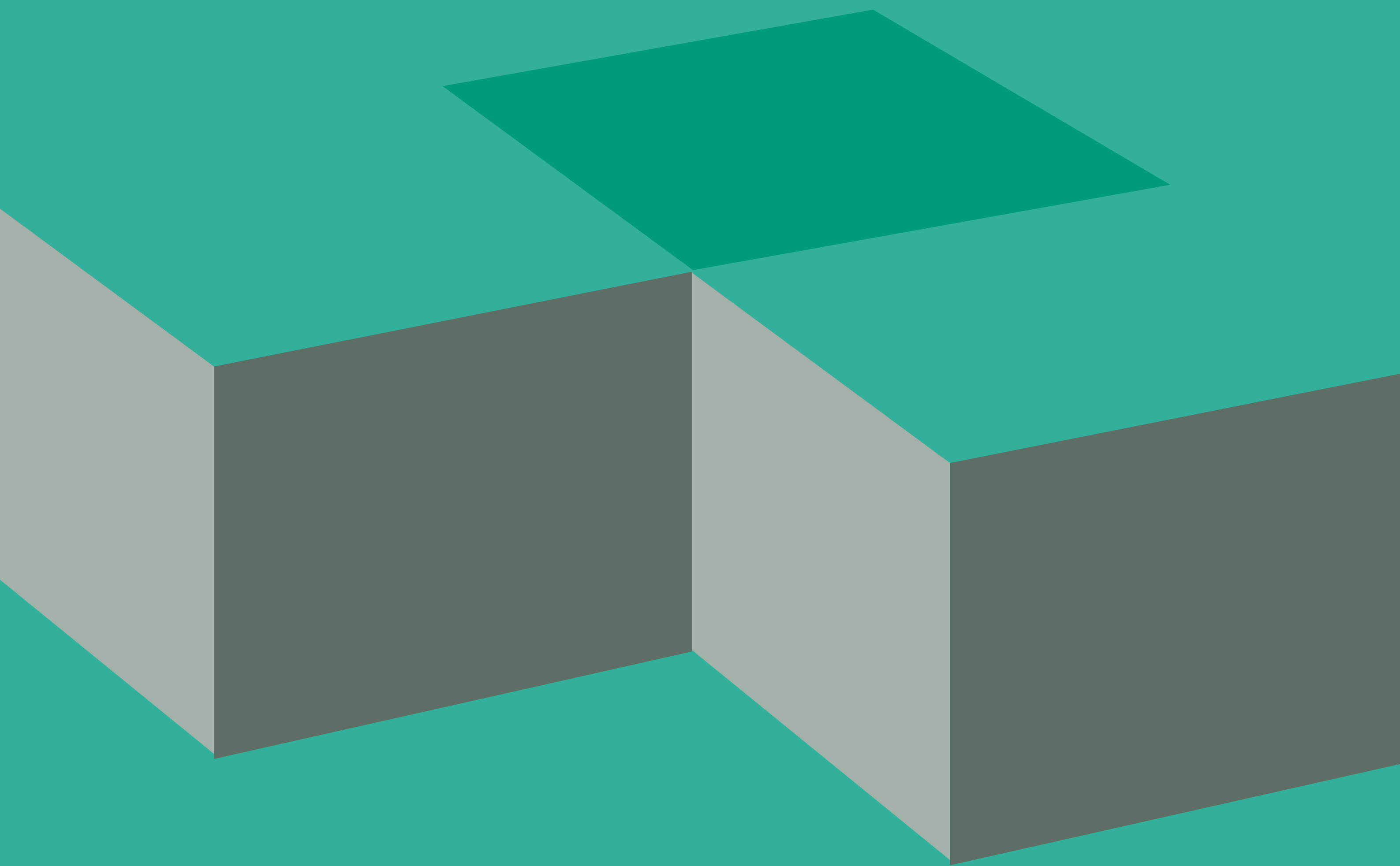
In October 2009, the *Doing Business* team convened a panel of workers' and employers' representatives, the International Labour Organization, governments, businesses, academics, and other experts to develop a worker protection indicator. This would examine a country's adherence to basic labor standards, and its use of law and other government tools to guarantee workers adequate protection during employment and/or unemployment. While it remains to be seen how Saudi Arabia will rank in this indicator, the Kingdom has been a signatory to the ILO's Worst Forms of Child Labour Convention since 2001, and has indicated its intention to ratify the ILO's Minimum Age Convention.[15] The government would be well advised to move forward on ratifying the minimum age law, which has existed since 1973, to achieve international standards of worker protection.

Conclusion

Saudi Arabia has before it a clear mandate to improve its competitiveness. The Kingdom aspires to increase its citizens' prosperity, and views competitiveness as the primary vehicle for reaching this goal. The *Doing Business* rankings serve as a meaningful source of data and ideas for guiding Saudi Arabia's reform effort. However, they serve as a point of departure, not a destination, for the 10x10 program. While the indicators tracked by the World Bank/IFC are important, they are only as valuable as the reality of the surrounding business environment. For example, a judiciary with expedient and inexpensive procedures is of limited value if its judgments are arbitrary or biased. While the World Bank/IFC rankings suggest where reformers can best focus their efforts, the only true measure of the success of Saudi Arabia's institutions is the extent to which they enhance the Kingdom's competitiveness and increase the opportunities available to its businesses and citizens.

[15] "List of Ratifications of International Labour Conventions: Saudi Arabia," International Labour Organization, November 2009; "Ratification and Promotion of Fundamental ILO Conventions," International Labour Organization, November 2006

Analysis of the United Nations Conference on Trade and Development's *World Investment Report*



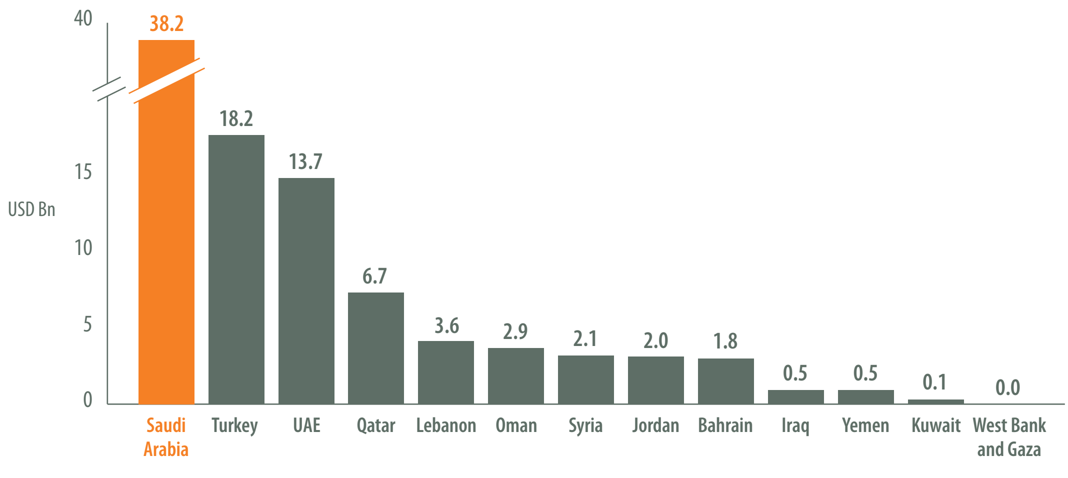
Analysis of the United Nations Conference on Trade and Development's World Investment Report

Context

Foreign direct investment objectively reflects an economy's regional and international competitiveness. A long-term controlling investment by a foreign enterprise in a domestic company signals a competitive advantage in some area of the local market, such as new marketing channels, efficient and high-quality manufacturing facilities, advanced technologies, a skilled labor force, or optimal financing. In turn, the host country benefits from exposure and access to new practices and processes, and to professional management expertise from investing companies, catalyzing further economic development of the local market.

The state of the global economy in 2008 and 2009 caused a decline in overall levels of FDI. Recovery should start slowly in 2010 and accelerate in 2011. Despite the worldwide downturn, FDI inflows into the Middle East sustained a six-year continuous increase, growing to US$90 billion in 2008 (Figure 20). Saudi Arabia's inflows grew 57 percent to US$38 billion, the largest amount in the region. Its advanced position in the region (first) and in the world (14th) serves as direct evidence of the country's attractive investment environment. Even during times of financial distress, outside interests view the Kingdom as a stable, prosperous environment that generates worthwhile returns.[16]

Figure 20: FDI Inflows into Middle Eastern Countries, 2008



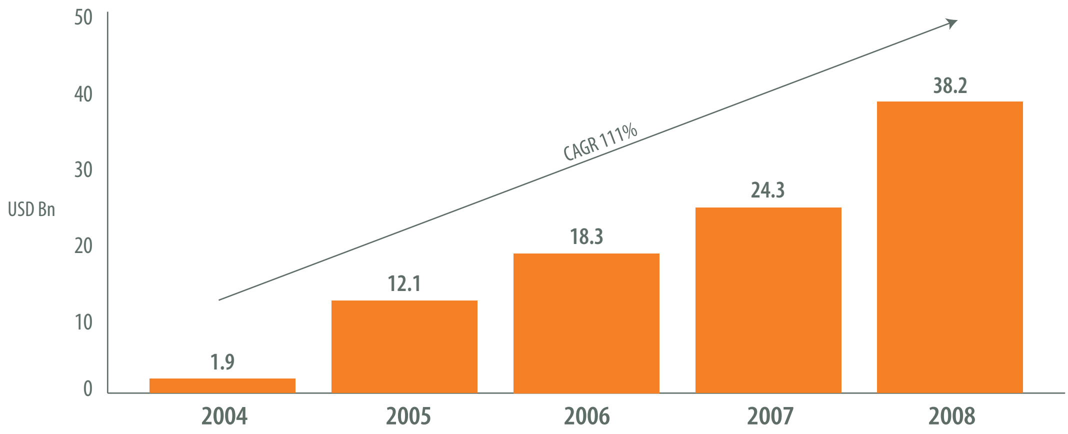
Source: *World Investment Report 2009*, United Nations Conference on Trade and Development

Foreign direct investment in Saudi Arabia

For the fifth year in a row, FDI inflows into Saudi Arabia have grown, largely due to government economic reforms and initiatives designed to improve the Kingdom's investment environment (Figure 21). One-stop investor service centers simplify and consolidate the investment process, and enhanced protections meet the needs of risk-averse investors. The stability of Saudi Arabia's markets through the global financial crisis proves the existence of a secure, well-regulated investment environment.

[16] *World Investment Report 2009*, United Nations Conference on Trade and Development

Figure 21: FDI Inflows into Saudi Arabia, 2004–2008



Source: *World Investment Report*, United Nations Conference on Trade and Development, 2007–2009

Foreign investors showed a diversified interest in Saudi Arabia in 2008. Sizable investment in the Economic Cities (specially planned metropolises designed to promote balanced regional development, achieve economic diversification, create jobs, and upgrade the Kingdom's competitiveness) drove a near 300 percent increase in FDI inflows in the real estate sector. A US$7.9-billion total investment in the sector by developers from the UAE and Kuwait represents the largest FDI inflows into a single sector in 2008.

Investments in refined petroleum products and the chemical and petrochemical industries grew at nearly the same rate as the overall increase in FDI inflows into Saudi Arabia. Combined, the two sectors represented 31 percent of total FDI inflows into the Kingdom in both 2007 and 2008, growing 57 percent in 2008 to comprise nearly US$12 billion of inflows (Figure 22). The majority of these investments were made by American, Dutch, French, and Japanese companies.

Figure 22: FDI Inflows by Sector, Saudi Arabia

SECTOR	FDI INFLOWS, 2007 (USD MM)	FDI INFLOWS, 2008 (USD MM)	PERCENTAGE CHANGE, 2007–2008
Real estate	2,000	7,922	296%
Chemical and petrochemical industries	3,998	6,238	56%
Refined petroleum products	3,573	5,681	59%
Mining, oil, and gas	4,221	3,767	–11%
Financial services and insurance	1,550	2,937	89%
Contracting	1,552	2,852	84%
Other activities	1,836	2,718	48%
Other industries	2,087	2,148	3%
Transport, storage, and communications	1,169	2,039	74%
Electricity, gas, and water supply	1,371	1,112	–19%
Trade	960	810	–16%
Total[1]	**24,318**	**38,222**	**57%**

Source: SAGIA; NCC analysis

[1] Figures may not add up correctly due to rounding

While inflows into the mining, oil, and gas industry fell slightly from 2007 to 2008, the sector still remained one of the most important targets for foreign investment. Numerous companies from the Netherlands, China, Italy, and the Russian Federation have begun exploring for gas in the southeastern regions of Saudi Arabia. Continued intense competition among international companies for oil and gas service contracts with state-owned Saudi Aramco affirms the Kingdom's viability as a profitable investment destination.[17]

To drive continued investment, SAGIA has initiated numerous important activities and programs. It plans to enhance existing one-stop investor services centers and open new ones throughout the 13 Provinces, which will ease access to SAGIA services and expedite licensing for investors. SAGIA has also established offices in countries that serve as ongoing sources of FDI inflows, such as the U.S., Japan, China, France, Germany, and the U.K. These centers raise Saudi Arabia's international visibility and promote the country as an attractive location for investment.

More broadly, the Kingdom is participating in a regional movement to increase the Gulf region's appeal to foreign investors. Sectors once closed to foreign investors have been opened, including financial services; wholesale, retail, and distribution; and telecom. As well, foreign ownership shares in sectors already open to the public have increased.[18] In many GCC countries, tax reductions and elimination of the minimum capital requirement have created further incentives for investment.

Saudi Arabia finds itself in an advantageous position to attract ongoing FDI. The country's stability through the global downturn, substantial reforms to the business operating environment, and the upward international trend in FDI inflows positions Saudi Arabia to achieve substantial increases in FDI inflows in the coming years.

[17] *World Investment Report 2009*, United Nations Conference on Trade and Development

[18] "GCC Economic Research; FDI Inflows to GCC Below Potential," *Arab Times*, November 2008

Analysis of the World Economic Forum's *Global Competitiveness Report*

Analysis of the World Economic Forum's
Global Competitiveness Report

First Subindex: Basic requirements

Context

The basic requirements subindex focuses on the elements most important to factor-driven economies, which rely primarily on unskilled labor and natural resources. Competitive nations in this category will maintain a transparent legal and political environment, with streamlined regulations and trustworthy political leaders. The system will also afford businesses a legal framework for settling disputes among themselves and with the government. As well, moving goods and services from points of origin to ports necessitates an efficient and reliable transportation infrastructure, and a productive workforce depends on access to health care and a strong education system. Finally, a stable macroeconomic environment facilitates capital flows and maintains local producers' price competitiveness.

The Global Competitiveness Report groups these issues into four pillars under the basic requirements subindex: institutions (pillar 1), infrastructure (pillar 2), macroeconomic stability (pillar 3), and health and primary education (pillar 4).

	SAUDI ARABIA RANK	SAUDI ARABIA SCORE	TOP 10 AVERAGE[1] 2009
Overall	**30**	**5.2**	**5.9**
Institutions	32	4.8	5.9
Infrastructure	36	4.6	6.2
Macroeconomic stability	9	5.9	6.1
Health and primary education	71	5.4	6.4

[1] Average of the 10 best countries in this subindex

Current status and next steps

First Pillar: Institutions

Saudi Arabia has demonstrated a moderately competitive position regarding its institutions. Corporate leaders in the Kingdom generally believe that the government will act ethically and exercise fiscal responsibility. Significant opportunities remain to develop legal frameworks and the judiciary, and to improve public perceptions of the local security environment.

Saudi Arabia has seen an increase in the public's trust of politicians, a more fair and efficient use of public funds, and a decline in political favoritism among government officials. While citizens of other countries may feel doubtful or critical about political leaders' implementation of state stimulatory spending, Saudi Arabia's improvement in these areas demonstrates its dedication to responsible development.

Business leaders' perceptions of domestic security are steadily improving, but Saudi Arabia could undertake greater public relations efforts to educate companies about its safe, stable environment. Transforming possible negative stereotypes about the impact of terrorism or crime in the country will ultimately help attract more businesses and increased investment.

While developments in financial market sophistication and innovation are essential to its long-term growth, Saudi Arabia can achieve substantial short-term gains in competitiveness by addressing fundamental economic issues. Improving the legal framework's efficiency in settling disputes and challenging government regulations will be crucial to developing a system in which companies, and not just the government, actively participate in shaping the business environment. Reaching this goal will involve further investment in and reform of how judges are trained, cases are decided, judgments are publicized, and evidence is used and shared. Fully establishing the reformed judiciary will augment reforms in other critical areas, such as property rights and shareholder protection, by providing legal recourse and enforcement of newly reformed laws.

Second Pillar: Infrastructure

The Kingdom's location at the crossroads of international commerce makes it an ideal candidate to serve as a regional and international sea and air hub. To fully leverage its comparative advantage in natural resources and downstream sectors, the Kingdom needs an extensive, sophisticated export infrastructure. The scale of religious tourism and the country's rapid economic growth create a significant need for an internal transport system capable of accommodating future large-scale expansion.

Saudi Arabia can look to improve the capacity and operations of its seaports, airports, and land borders. Investments in the Jeddah Islamic Port's capacity and equipment could help to prevent a congestion crisis similar to the one experienced in September 2008.[19] As well, liberalization of the airline sector and construction of new airports should contribute significantly to developing Saudi Arabia's aviation infrastructure, but these projects will need considerable financing and commitment to ensure that they are driven to completion. Customs clearance procedures and systems could be upgraded and tightened, to ensure expeditious border crossings from neighboring countries while maintaining appropriate security measures. In June and November of 2009, hundreds of truck drivers experienced massive delays while entering Saudi Arabia from the UAE, driving up transport costs and the prices of the goods being carried.[20]

Third Pillar: Macroeconomic stability

Saudi Arabia performed very well in light of the financial crisis. It emerged from 2009 with a significantly smaller budget deficit than initially predicted in December 2008. Additionally, in 2009 the government reduced outstanding domestic debt by five percent, and the Kingdom now has one of the lowest debt to GDP levels among members of the G20.[21] As other countries find themselves overleveraged and without access to credit, Saudi Arabia retains a strong liquidity position. Recovering from lows induced by the global economic downturn, rising oil prices and energy demands will further improve the country's fiscal position and support its long-term stability. Saudi Arabia can preserve this advantage by continuing to improve its business environment for foreign and domestic companies.

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19 "New Capacity to Ease Port Congestion," *International Freight Week*, April 2009

20 "'Nothing to Do, but Wait' at UAE-Saudi Border," gulfnews.com, November 2009

21 *Budget Report: Saudi Arabia*, Banque Saudi Fransi, December 2009

Since Saudi Arabia's monetary policy is constrained by the dollar peg, the government needs to watch for further increases in inflation, which can distort investment decisions, complicate everyday transactions, and lead to policy that limits economic growth.

Fourth Pillar: Health and primary education

Saudi Arabia has rightfully made education a top priority on its economic agenda, and its overall education expenditures are extremely high by world standards. Still, the primary education system lags behind international standards, and this gap is worsened by the growing youth population, which is straining the capacity of the public and private education sectors.

The government has recognized that a strong educational foundation will form a key component of the country's economic future. Saudi Arabia is taking bold steps to address the quality and availability of education. Central to these efforts is the King Abdullah Project for the Development of Public Education, initiated in 2007. This SAR 12-billion project aims at improving curricula, introducing technology into the classroom, developing more rigorous teacher training programs, and promoting extracurricular activities.[22]

While efforts are under way to improve the quality of primary education, the Kingdom will still have to address enrollment: the latest data from 2009 indicated a drop in reported primary enrollment from 92.8 percent to 84.6 percent. Given current school capacity and social conditions, the increasing youth population could exacerbate the issue of non-enrollment.

The Kingdom also needs to improve its public health outcomes. The quality of public health services and median life expectancy have risen substantially over the past two decades, yet the cost of preventable disease remains high, and future population expansion is expected to subject the health care system to unprecedented challenges. On metrics ranging from prevalence of malaria and tuberculosis to infant mortality, Saudi Arabia performs poorly compared with advanced economies and its GCC neighbors. The health care sector could considerably improve its efficiency and quality by introducing competition, greater private sector participation, and a national health information system.

In May 2009, in collaboration with GE Healthcare, the Ministry of Health announced the Health Improvement Initiative to address the Kingdom's health care challenges. The program will focus on enhancing operating room productivity in four ministry hospitals, introducing new methods for change, and drafting guidelines for how the ministry can develop public health care.[23] This collaboration marks a positive step, but significant resources and effort will still be needed to implement the initiative's findings nationally.

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[22] "Education System Undergoing Major Overhaul," *Arab News*, April 2007

[23] "Saudi Arabian Ministry of Health Launches GE Healthcare Health Improvement Initiative," AMEinfo, May 2009

Second Subindex: Efficiency enhancers

Context

Development of efficient production processes marks a key transition point for companies in factor-driven economies, as businesses reward increased and better-quality outputs with higher employee wages. Competitive nations create institutions of higher education that produce top-quality graduates, and develop training systems that ensure continued professional development and advancement of the workforce. These facilities enable an economy to move up the value chain, adopt more complex production processes, and deliver more sophisticated products.

An efficient economy's goods market responds flexibly to fluctuations in supply and demand, and promotes healthy competition among domestic and international companies. A fluid labor market allocates its workforce optimally, without excessive costs or social disruption. Successful financial markets effectively regulate, protect, and direct domestic and foreign investment, while remaining liquid and encouraging access to capital for businesses of all sizes.

Globalization requires that economies and their industries adopt and utilize new technologies to remain competitive. Optimal markets support economies of scale and encourage cross-border exchange of goods. Companies within these markets have access to information and communication technologies that expedite transactions, and trade regulations do not impose access barriers to international markets.

The Global Competitiveness Report groups these issues into six pillars under the efficiency enhancers subindex: higher education and training (pillar 5), goods market efficiency (pillar 6), labor market efficiency (pillar 7), financial market sophistication (pillar 8), technological readiness (pillar 9), and market size (pillar 10).

	SAUDI ARABIA RANK	SAUDI ARABIA SCORE	TOP 10 AVERAGE[1] 2009
Overall	**38**	**4.5**	**5.4**
Higher education and training	53	4.3	5.7
Goods market efficiency	29	4.8	5.3
Labor market efficiency	71	4.3	5.5
Financial market sophistication	53	4.4	5.5
Technological readiness	44	4.2	5.9
Market size	22	4.9	6.1

[1] Average of the 10 best countries in this subindex

Current status and next steps

Fifth Pillar: Higher education and training

Saudi Arabia has committed to becoming a world-class provider of higher education. New universities are bringing much-needed competition and talent to its higher education sector, and are defining a new standard of postsecondary education.

In September 2009, King Abdullah University for Science and Technology opened its doors, making history as the Kingdom's first mixed-gender educational institution. With an endowment of US$10 billion, the world's sixth-largest, it has embarked on a mission to become an internationally renowned graduate research university. Through collaborative research, KAUST aims to contribute to scientific advancement as well as the diversification and competitiveness of the country's economy.[24]

In 2008, the private, non-profit Alfaisal University commenced operations. Leading industry-based research institutions, such as Boeing, BAE Systems, and United Technologies, support Alfaisal's vision of becoming a world-class research university committed to developing a knowledge-based economy.[25] Construction on the Kingdom's first all-female institution, Princess Noura bint Abdulrahman University, commenced in October 2008 with the goal of enrolling 40,000 students.[26]

The Kingdom's existing universities continue to provide exceptional education. King Saud University and King Fahd University of Petroleum and Minerals have been ranked the first- and second-best Arab universities, respectively, according to the *Times Higher Education–QS World University Rankings 2009* report.

Sixth Pillar: Goods market efficiency

Saudi Arabia's broad reforms to simplify the business registration process, reduce barriers to market entry, rationalize the taxation system, and improve rules governing FDI have profoundly strengthened market competition. Motivated by its accession to the WTO in 2005, Saudi Arabia has actively moved toward dismantling tariff and non-tariff barriers to entry of foreign goods. Positive company entry and exit levels ultimately diversify pricing and quality in the market and prevent any one firm from dominating. The government's elimination of the minimum capital requirement in 2007 and a continuous reduction in the procedures, time, and cost required to start a business have dramatically eased market entry for new firms.

In 2009, Saudi Arabia successfully simplified the process for starting a business by cutting the related procedures, time, and cost in half. These reforms, in conjunction with the lack of a minimum capital requirement and an attractive income tax rate of 2.5 percent for companies without foreign shareholders, have already stimulated the incorporation of new companies. After Saudi Arabia eliminated the minimum capital requirement, its annual business entry rate increased 81 percent.[27] It could foster market competition by continuing to optimize the processes involved with business operations. Improved access to credit and expedient insolvency proceedings will enhance the sustainability of competition.

While Saudi Arabia experienced significant FDI growth in 2009, as well as a decline in trade barriers, the Kingdom can take several steps to improve its position regarding foreign trade and investment. It could further reduce the trade costs of tariff and non-tariff barriers (such as delays in processing imports). Amending trade regulations and investing in port infrastructure will be key to improving market competition in Saudi Arabia.

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[24] "Mission and Values," KAUST website, 2009

[25] "Vision and Mission," Alfaisal University website

[26] "King Lays Foundation Stone for Women's University," *Arab News*, October 2008

[27] *Doing Business 2008*, World Bank/IFC

Seventh Pillar: Labor market efficiency

Saudi Arabia has historically offered a competitive labor market. It allows employers flexibility in hiring and (to a lesser extent) firing decisions, so they can adapt to economic fluctuations by efficiently allocating their human resources. Increasing the labor market's freedom to set wages and removing remaining impediments to firing workers, including high severance pay requirements, will enhance the Kingdom's competitiveness.

Saudi Arabia stands on the brink of substantially modernizing its labor market. Investment in the higher education system, as well as incentives for Saudi Arabian nationals to enroll in Western secondary and tertiary educational institutions, will strengthen the qualifications of local professional management. Further increasing Saudi Arabia's female workforce participation will improve the domestic labor supply, and reduce labor costs and the need for expatriate workers.

Eighth Pillar: Financial market sophistication

While financial markets abroad retreated in 2009, Saudi Arabia initiated a major reform of its financial regulations, substantially raising its relative competitiveness in this pillar. The results were remarkable, as Saudi Arabia improved by 10 or more ranks across the metrics measuring financial market sophistication. For example, though business leaders report that there is still room for improvement, the government has significantly reduced restrictions on capital flows.

The central bank of Saudi Arabia, the Saudi Arabian Monetary Agency, has adopted a sensible stance on investment by foreign banks. SAMA's regulatory policies have helped secure Saudi Arabia's strong liquidity position amid the ongoing credit crisis. However, building a developed financial sector will involve more than just liquidity. The scope and effectiveness of financial instruments depend crucially on the legal regime in which they are embedded. This highlights the importance of overall judicial reform and rules to strengthen the effectiveness of secured financing and shareholder protections. Forthcoming enhancements to the Commercial Lien Act address several aspects of the legal protection of borrowers' and lenders' rights, but the act's ultimate impact will depend on comprehensive enforcement.

Ninth Pillar: Technological readiness

Increasing demand for information and communication technology products, as well as government-led initiatives to promote their awareness and use, have supported Saudi Arabia's advancement in the technological readiness pillar by seven ranks. In recent years, total Internet users and broadband Internet subscribers per 100 population have increased. Between 2006 and 2008, an 83 percent growth in mobile telephone usage was recorded; mobile subscriptions per 100 population grew from 78.0 in 2006 to 142.9 in 2008. More than ever before, business leaders see FDI as an important source of new technology for the Kingdom.[28]

In 2008, SAGIA created the ICT Advisory Council, a public-private partnership to spearhead ICT initiatives. One program launched by the council, the Broadband Barometer, seeks to increase awareness of broad-

[28] *The Global Competitiveness Report 2008–2009*, World Economic Forum; *The Global Competitiveness Report 2007–2008*, World Economic Forum

band Internet service among consumers, and to encourage governments and Internet service providers to improve access in underserved regions. A second, the Venture Capital Community, focuses on building awareness of venture capital, and to bringing together entrepreneurs, investors, and venture capitalists to foster ICT-related businesses. This could develop venture capital opportunities for other industries and improve financial market sophistication.

Ensuring the success of these endeavors involves building the needed infrastructure and applications, as well as a thoughtful effort to integrate them into users' daily lives. Equipping schools with computers only constitutes a first step toward facilitating technology and Internet use among students. Promoting a culture of productive technology use entails a meaningful reorientation of curricula and educational activities around ICT.

Tenth Pillar: Market size

Saudi Arabia has benefited from the continued growth of its oil sector, with petroleum accounting for US$283.2 billion, or around 93 percent, of exports.[29] The Kingdom is also the largest market in the region, having registered an exceptional rise in domestic demand during the past decade. The industry's large size, its exposure to the rapidly growing economies of surrounding GCC countries, and the country's location at a major crossroads of international trade position Saudi Arabia at the forefront of competitiveness, within the region and beyond.

Since its accession to the WTO in 2005, Saudi Arabia has steadily moved toward integration into the global economy, giving domestic businesses unprecedented opportunities to compete at home and abroad. However, the global profile of most large Saudi Arabian enterprises remains low, and additional efforts toward openness and stronger trade relations will be needed to enable them to compete on a worldwide scale. Easing entry of foreign companies into the Saudi Arabian market poses a challenge to domestic producers; yet it provides invaluable competitive stimulus and knowledge transfer, which will improve Saudi Arabian companies' domestic competitiveness and prepare them to expand overseas.

Third Subindex: Innovation and sophistication factors

Context

Economies moving out of the efficiency-driven stage of development foster a business environment that enables and rewards innovation. Eventually, economic returns from increased factor intensity and market efficiency begin to diminish, necessitating the development of sophisticated business processes and systems for improved productivity. Companies in innovation-driven economies pay higher wages to attract top talent and grant employees a better standard of living.

Clusters are defined as geographically concentrated businesses, suppliers, and associated institutions in a selected industry. Guided by a country's competitive advantages, they serve as a hallmark of innovation-driven economies. The innovative capacity of these industry clusters results from careful cultivation. Strong intellectual property rights are necessary to establish a business case for investment in research and development. High-quality research talent needs to be sourced and abundant funds made available

[29] *Annual Statistical Bulletin 2008*, OPEC

to develop new, cutting-edge products, and appropriate market conditions should be put in place to enable ideas to be commercialized on a mass scale.

The Global Competitiveness Report groups these issues into two pillars under the innovation and sophistication factors subindex: business sophistication (pillar 11) and innovation (pillar 12).

	SAUDI ARABIA RANK	SAUDI ARABIA SCORE	TOP 10 AVERAGE[1] 2009
Overall	**33**	**4.2**	**5.4**
Business sophistication	35	4.6	5.6
Innovation	32	3.7	5.3

[1] Average of the 10 best countries in this subindex

Current status and next steps

Eleventh Pillar: Business sophistication

Saudi Arabia has targeted the development of local industry clusters as a top policy priority, as reflected in various government measures. These include broad, multifaceted efforts, such as the National Industrial Cluster Development Program and the Ministry of Commerce and Industry's National Industrial Strategy; targeted human resources programs such as Cadre and the General Organization for Technical Education and Vocational Training; and corporate finance initiatives like the Centennial Fund.

Saudi Arabia has a relative abundance of domestic suppliers and is working toward cluster development. With such barriers to market entry as the minimum capital requirement and cumbersome registration processes eliminated, the resulting higher rate of business entry should contribute to more intense competition and a wider range of product quality and pricing.

Companies in the Kingdom demonstrate sophistication in some areas, but there is still further room for advancement. Unlike companies in many emerging markets that depend on foreign partners, Saudi Arabian businesses are already heavily involved in international distribution activities. But while Saudi Arabian companies are relatively well integrated across the value chain, basic factors like low costs or resource availability – as opposed to differentiated products and processes – drive competitive advantage. The adoption of more effective methods for internally delegating authority and implementing modern marketing strategies would significantly increase the value added by these companies

Twelfth Pillar: Innovation

Innovation in Saudi Arabia is in a nascent stage but is receiving substantial assistance from the government and independent organizations. Necessary investments are being made across the innovation process, from incubating domestic expertise and intellectual property to supporting entrepreneurship and bringing promising ideas to market. Building a thriving, knowledge-based economy remains an ambitious yet worthwhile task.

Educational and research institutions are taking the lead in building knowledge-based industry clusters. The King Abdullah University of Science and Technology promises to collaborate with leading companies on cutting-edge research in areas such as renewable energy, environmental technologies, and material and biosciences.

King Fahd University of Petroleum and Minerals has created the Roadmap for Innovation to support the establishment of Dhahran Techno-Valley as a future innovation hub. King Abdulaziz City for Science and Technology, the Ministry of Commerce and Industry, and other major organizations are conducting similar innovation activities. These efforts focus on bringing together complementary research and business activities, and supporting entrepreneurship through training and access to capital.

These endeavors' sophistication and scale demonstrate Saudi Arabia's serious commitment to building its innovation capacity. Technology incubation efforts can foster knowledge-based industry clusters, but the ultimate success of these clusters depends on the development of an enabling environment for risk-taking entrepreneurs who can transform new ideas into viable businesses.

Review of Saudi Arabia's Strategic Initiatives Program

Review of Saudi Arabia's Strategic Initiatives Program

As countries seek to improve their economic competitiveness and drive forward a focused, robust agenda to upgrade their business environment, they need to create incentives for companies to participate. To accomplish this, governments need to take practical, concrete actions to drive innovation, encourage entrepreneurship, and promote sustainability.

For the past three years, SAGIA has hosted the Global Competitiveness Forum in Riyadh, currently the only international forum that focuses exclusively on the topic. Through the GCF, Saudi Arabia has been able to capture critical points of thought leadership and generate action in the form of initiatives. The GCF has also allowed Saudi Arabia to establish itself as a key participant in the global discussion on competitiveness. GCF 2009 featured renowned thinkers ranging from business leaders to academics, with Brazilian automobile executive Carlos Ghosen, Harvard Business School professor Michael Porter, and former Canadian prime minister Jean Chrétien delivering keynote addresses. Facilitating and hosting this international dialogue positions Saudi Arabia as a nation committed to world-class competitiveness, and reinforces domestic and foreign companies' confidence in the Kingdom's dedication to creating an environment where businesses can thrive.

GCF 2008 saw the pilot launch of a handful of initiatives aimed at encouraging and rewarding practices that improve competitiveness in the public and private sectors. A year later, the NCC formalized its ambitions by creating the Strategic Initiatives Program. The first three initiatives launched – the Saudi Fast Growth 100, the Saudi Arabian Responsible Competitiveness Index, and the Saudi Oxford Advanced Management and Leadership Programme – encourage both the public and private sectors to adopt and utilize competitive ideas and practices. SAGIA founded these initiatives to impact select sectors of the economy and worked with leading experts to implement them. Each initiative has achieved great success, and the outstanding companies involved benefited through enhanced reputations.

Saudi Fast Growth 100

Growing, thriving companies serve as significant employment providers and develop leaders for the broader business community. Research shows that fast-growth companies are catalysts for innovation, introduce new products and work processes, and pioneer responses to changing market and technological conditions.[30] With these benefits in mind, in 2009 SAGIA worked with AllWorld Network and *Al-Watan* newspaper to create the Saudi Fast Growth 100, a list of the fastest-growing Saudi Arabian companies by revenue generation over the past five years (Figure 23).

[30] *Firm Growth and Its Effects on Economic and Social Outcomes,* Bishop, Mason and Robinson, March 2009

Figure 23: Top 20 Saudi Fast Growth 100 Companies

COMPANY	INDUSTRY	CITY	FIVE-YEAR GROWTH	2007 REVENUE (SAR)
1. Secutronic	High tech/telecom	Jeddah	2,433%	10–50 MM
2. Ola Almajd	Marketing/publishing	Riyadh	2,010%	50–200 MM
3. IT Security Training and Solutions – I(TS)²	High tech/telecom	Riyadh	806%	10–50 MM
4. Integrated Networks LLC (iNET)	High tech/telecom	Riyadh	772%	10–50 MM
5. Al-Elm Security Information Co.	High tech/telecom	Riyadh	768%	50–200 MM
6. Azizia Panda United	Consumer goods	Jeddah	640%	1 Bn+
7. Saudi Delta Co.	High tech/telecom	Riyadh	533%	50–200 MM
8. Applied Technologies Co.	High tech/telecom	Riyadh	488%	5–10 MM
9. Royah Co.	Professional/tech services	Jeddah	459%	10–50 MM
10. Al Cantara	High tech/telecom	Jeddah	431%	10–50 MM
11. Arabian Roots for Trading and Contracting Co. Ltd.	Construction/engineering	Jeddah	414%	200–500 MM
12. Bupa Arabia	Finance/insurance	Jeddah	407%	500–1,000 Bn
13. Interactive Saudi Arabia Ltd.	High tech/telecom	Riyadh	390%	1–5 MM
14. Intercontinental Travel	Travel/tourism	Jeddah	357%	10–50 MM
15. Saudi Technical Engineering Systems Associated (STESA)	High tech/telecom	Riyadh	336%	200–500 MM
16. Building Construction Co. Ltd.	Construction/engineering	Al-Khobar	312%	50–200 MM
17. MMP Aluminif Pipe	Construction/engineering	Riyadh	307%	50–200 MM
18. Abana Enterprises Group Co.	Professional/tech services	Riyadh	282%	50–200 MM
19. KPMG Al Fozan and Al Sadhan	Management consulting	Al-Khobar	273%	50–200 MM
20. AlSale Eastern Co.	Construction/engineering	Al-Khobar	267%	500–1,000 Bn

Source: saudifastgrowth100.com

Along with substantial revenue figures, businesses listed on the SFG 100 boast impressive employment statistics. The top 45 companies on the list created 28,000 new jobs in total, including 15,000 in just the past five years. These companies have also developed excellent young leaders; most have CEOs in their early thirties committed to establishing additional businesses within the next two years, which will enhance their contribution to the economy. Most important, the list evidenced the high growth in the technology and services sector, illustrating the private sector's growth and diversification of the Kingdom's economy.

The SFG 100 validates the efforts business leaders have expended to build their companies, gives them national recognition, and fosters a spirit and a community that values and rewards hard work. This constitutes an important step toward building a business culture that encourages and supports new and innovative, though potentially riskier, ventures.

The SFG 100 tells the simple story of success, proving that Saudi Arabia's business environment is healthy and strong enough to support the rapid growth of world-class domestic companies.

The Saudi Arabian Responsible Competitiveness Index

To measure improvements in Saudi Arabia's overall competitiveness and its progress toward the 10x10 goal, the NCC has chosen specific benchmarks such as the IFC's *Doing Business* report and UNCTAD's *World Investment Report*. Reforms in the business environment will make it easier for companies to operate, generate revenue, and profit from their enterprises; and foreign investment in local markets will infuse skills and promote competition. But a progressive competitiveness agenda depends on responsible action to remain sustainable over the long term.

One hallmark of a mature business is its commitment to giving back to the community. Such social responsibility enables the less fortunate to benefit from a successful enterprise's prosperity. A culture that has long valued the need for philanthropy is naturally positioned to share its relevant expertise. As such, international businesses have begun to leverage the skills of Saudi Arabian business leaders to create more sustainable, impactful philanthropic efforts.

These same business leaders are instilling a local culture of responsible competitiveness within their own companies. Saudi Arabian brands are emerging on the domestic and international stage, and as the global business community has turned its eye toward the need for responsible practices, Saudi Arabian CEOs have responded by propelling their businesses toward adopting the same mantra. As customer preferences have evolved in favor of responsible brands and since brand loyalty can create substantial positive impact on companies' bottom lines, Saudi Arabian business leaders have come to value responsible competitiveness as an important driver of profitability.

To enable continued progress in this area, businesses are turning their attention to their own human resources. Top talent finds its way into companies that provide outstanding opportunities and professional incentives for both male and female workers, Saudi Arabian nationals and expatriates alike. Responsible businesses support opportunities for their employees' professional growth. In turn, they are rewarded when employees feel more invested in their work, contribute more actively, and deliver greater value to the organization and its customers, driving the overall competitiveness of their businesses.

The Saudi Arabian government has committed to ensuring that businesses throughout the Kingdom are made aware of the need for focused action and rewarded for responsible competition. The Saudi Arabian Responsible Competitiveness Index provides the first in-depth assessment of how companies enhance productivity and create value through responsible business practices. SAGIA launched the program in 2008 in partnership with the King Khalid Foundation and support from AccountAbility, a global non-profit organization. The main components of the SARCI are:

- **The Saudi Arabian Responsible Competitiveness Index**, a multi-year initiative that ranks the most socially responsible companies in Saudi Arabia.
- **The King Khalid Award for Responsible Competitiveness**, given to the top three most socially responsible companies on the SARCI.
- **The Leadership Dialogue**, an international forum about best practices in corporate social responsibility, both domestically and globally.

The SARCI shows how Saudi Arabian businesses are going beyond legal compliance and making significant contributions to responsible competitiveness through smart philanthropy, best human resources practices, innovative products and services, and responsible communications and branding.

Three outstanding companies – National Commercial Bank, Al Fanar Company, and Zamil Industrial – were presented with King Khalid Awards for Responsible Competitiveness to mark their achievements as responsible business leaders. The winning companies earned recognition for their ambitious, balanced responsible business programs, which combine leadership with effective management systems.

SARCI measured the companies against primary drivers of responsible competitiveness: the state of health and safety, employee benefits, charitable giving, resource efficiency, product innovation, consumer education, and responsible lobbying.[31] The National Commercial Bank was recognized for being the first Saudi Arabian business to produce a world-class sustainability report; Zamil Industrial was noted for its environmental management program; and Al Fanar was praised for its commitment to reducing counterfeiting and its focus on customer satisfaction.[32]

Like the Saudi Fast Growth 100, the SARCI uses an external auditor to evaluate companies' level of corporate social responsibility. In addition, the SARCI, the King Khalid Award, and the Leadership Dialogue focus on educating corporate leaders about the importance of social responsibility and how it can improve their community and their bottom line.

Such benchmarks as *The Global Competitiveness Report* assess companies' ethical behavior as a component of national competitiveness. As well as reinforcing a business culture of responsibility, the SARCI will ultimately help advance the Kingdom toward the goals of 10x10.

The Saudi Oxford Advanced Management and Leadership Programme

In addition to fostering a responsibly competitive environment through rewarding exceptional business performance, SAGIA recognized that actively engaging and developing future leaders in the private and public sectors is key to raising the Kingdom's competitiveness. To achieve this end, SAGIA supported the development and execution of the Saudi Oxford Advanced Management and Leadership Programme.

A joint initiative of Oxford University's Saïd Business School, SAGIA, Rakisa Education, and the North Development Program, the SOAMLP is aimed at developing public and private sector leaders, and committed to enhancing Saudi Arabia's competitiveness and growing the economy.

The SOAMLP was successfully conducted as a four-week program in Riyadh and Oxford, England, during February and April 2009. The program was attended by executives, CEOs, business leaders, entrepreneurs, educators, and senior public sector employees from Saudi Arabia. Participants reflected on their leadership experiences, debated specially prepared case studies, and assessed common external and internal

[31] *The Saudi Responsible Competitiveness Index*, 2008

[32] "King Khalid Competitiveness Award – Winners Profile," AccountAbility website

challenges. Through projects, they designed innovative strategies for developing the competitiveness of strategically important sectors in Saudi Arabia, such as education, health, water, energy, petrochemicals, telecommunications, and transportation.

At GCF 2010, SAGIA expects to announce three additional initiatives focusing on youth, leadership, and FDI. SAGIA will recognize the 100 most notable CEOs and the 100 largest FDI destinations in the Kingdom, indicating internationally recognized fields of competitiveness. The NCC has committed to driving further initiatives in the coming years. While reforms enhance important regulatory and policy-related elements of the economy, these strategic initiatives will promote entrepreneurship and innovation and bring Saudi Arabia's economy to the forefront of competitiveness.

List of Figures

أما بشأن تقرير الاستثمار العالمي، فإن تنمية التنافسية في المملكة العربية السعودية تتطلب نهجًا متعدد الأوجه. ويمكن تقليل الحواجز التي تعوق دخول السوق، مثل رسوم التسجيل والقيود المفروضة على الملكية الأجنبية في قطاعات معينة. كما ستساعد حماية المستثمرين الجديدة والمحسنة وتحسين الوعي بالحماية الحالية على تعزيز ثقة الممولين في سلامة المؤسسات في المملكة. وسوف يساعد أيضًا إنشاء مكاتب إضافية لخدمة المستثمرين في الخارج، وزيادة عمليات المكاتب القائمة على تعزيز الرؤية الدولية للفرص المتنامية في مختلف القطاعات في اقتصاد المملكة العربية السعودية. وأخيرًا، يجب تخصيص الجهود لتوعية المستثمرين ورجال الأعمال في الخارج، والتغلب على التصورات السلبية الجائرة المتعلقة بسلامة المملكة ومناخها الأمني.

سوف يتطلب رفع مرتبة المملكة العربية السعودية في تقرير التنافسية العالمية كثيرا من الالتزامات والاستثمارات طويلة الأجل، وتحديدًا في مجالات الصحة، والتعليم الابتدائي، والتعليم العالي، والتدريب. ويجب أن تحافظ المملكة على جهودها الحالية الرامية إلى تحسين جودة التعليم الابتدائي ومعدلات الالتحاق بالمدارس. وسيكون من الضروري توفير استثمار جوهري لتعزيز أداء نظام الرعاية الصحية العامة، وتنفيذ العمليات المحسنة بشكل فعال في جميع أنحاء مناطق المملكة.

وعلى المدى القصير، ينبغي أن تتمكن المملكة العربية السعودية من زيادة قدرتها التنافسية في مجالات مثل كفاءة سوق العمل وتطوير الأسواق المالية من خلال الانخراط في الإصلاحات المشار إليها أعلاه . على سبيل المثال عن طريق تعديل نظام مكافآت إنهاء خدمات العمال ، وتعزيز حماية المستثمرين.

هذه التوصيات هي نتيجة لتحليل تفصيلي للمجالات التي يحتاج فيها مناخ العمل في المملكة العربية السعودية إلى تحسين، بناءاً على أفضل الممارسات العالمية، التي ستمثل أعلى مستوى من الإصلاحات، إذا ما تم اعتمادها. وفي حين أن تنفيذ بعض الإصلاحات المحددة سوف يتطلب استثمارات منخفضة نسبيًا، فإن بعضها الآخر يثير تحديات سياسية خلافية ، ويتطلب نفقات كبيرة من الوقت والتكاليف. ومع ذلك، فإن الفوائد التي تعود على المواطنين السعوديين في كل حالة كثيرة ويمكن إثباتها؛ كما أن كثيرا من الإصلاحات التي خضعت للنقاش أيضا يعزز بعضها بعضًا. ولهذا السبب، من المهم إبراز الضرورة الملحة لتنفيذ الإصلاحات بطريقة شاملة، مع إدراك مدى التكامل بين الفروع المتعددة لسياسات أي نظام، ومدى مساهمتها في التنافسية الاقتصادية المتنامية في المملكة.

وأسفرت برامج الإصلاح الطموحة عن تحسينات كبيرة في مؤشرات عدة. وأدى تخفيض الإجراءات والوقت والتكلفة التي ينطوي عليها بدء عمل تجاري والتعامل مع التراخيص إلى تحسن كبير في ترتيب المملكة في المؤشرات ذات الصلة. وفي الوقت نفسه، حسنت جهود تعزيز حقوق المستثمرين في الإفصاح ، وحق حملة الأسهم في إقامة الدعاوى بقدر كبير من تصنيف المملكة في حماية المستثمرين.

احتلت المملكة العربية السعودية، في تقرير الاستثمار العالمي لعام 2009، المرتبة الرابعة عشرة بين أكبر المتلقين للاستثمارات الأجنبية المباشرة على مستوى العالم، متقدمة أربع مراتب عن تقرير العام الماضي. ونجحت المملكة في جذب 38.2 مليار دولار من تدفقات الاستثمارات الأجنبية المباشرة، لتحتل المملكة المرتبة الأولى في منطقة الشرق الأوسط وشمال أفريقيا؛ في حين احتلت الإمارات العربية المتحدة، أقرب منافسي المملكة في المنطقة، المرتبة السابعة والعشرين، حيث حققت 13.7 مليار دولار. وكان نمو تدفقات الاستثمارات الأجنبية المباشرة في المملكة العربية السعودية مذهلاً على وجه الخصوص في ضوء التباطؤ الاقتصادي العالمي، الذي تسبب في انخفاض مستويات الاستثمار الدولي بشكل ملحوظ في النصف الثاني من عام 2008.

وضع تقرير التنافسية العالمية لهذا العام المملكة في المرتبة الثامنة والعشرين. وقد حققت المملكة العربية السعودية نقاطًا إضافية في كثير من المجالات، بما في ذلك البنية التحتية، وكفاءة سوق السلع، وتطور سوق المال، والجاهزية التكنولوجية، وحجم السوق، وتطور الأعمال، وعلى الرغم من هذه التحسينات الملحوظة، تم تجاوز المملكة في الترتيب، وتراجع ترتيبها لهذا العام مرتبة واحدة عن العام الماضي.

التوصيات والخطوات التالية

يؤكد تقدم المملكة العربية السعودية في مؤشرات التنافسية المعترف بها دوليًا، على صحة الإصلاحات والاستثمارات التي تبذل لتعزيز مناخ الأعمال. وتشير هذه التقارير بوضوح كذلك إلى المجالات التي تتطلب مزيدا من العمل، وقد قام مركز التنافسية الوطني بتحليلها لإبراز فرص تعزيز الإصلاح والتعلم من أفضل الممارسات العالمية ذات الصلة.

من بين المؤشرات التي رصدها تقرير ممارسة أنشطة الأعمال، حققت المملكة أكبر مجال للتحسين في التعامل مع تصاريح البناء، وتوظيف العاملين، والحصول على الائتمان، وتنفيذ العقود، وتصفية الأعمال. وسوف يكون تبسيط التراخيص وتوحيدها في موقع مركزي، والعمل مع هيئات المرافق لخفض رسوم التركيب عاملاً رئيسيًا في وضع المملكة في مرتبة تتيح لها القدرة على المنافسة دوليًا فيما يخص البناء للأغراض التجارية. بالإضافة إلى ذلك، أظهرت الأبحاث أن خفض مبالغ إنهاء الخدمة المرتفعة المطلوب من الشركات دفعها للموظفين المفصولين سوف يحسن القدرة التنافسية لسوق العمل المحلي ويزيد من فرص العمل للعمال في المملكة.

ستكون الموافقة على قانون الرهن التجاري من الأمور الحاسمة بالنسبة لإنشاء إطار متين لتمويل الديون وتنمية الفرص لأصحاب المشاريع، وهو الأمر الذي من شأنه أن يحسن القدرة التنافسية في المملكة العربية السعودية من ناحية الحصول على الائتمان. ومن الأمور الأساسية بالنسبة للقانون ولنمو المملكة إنشاء سجل رهن موحد يزود المقرضين بالبيانات الخاصة بالمقترضين المحتملين. وسوف يمنح القانون أيضًا الدائنين أولوية مطلقة في إجراءات الإفلاس ، ويرسي قواعد تنفيذ مطالبات الدائنين خارج المحكمة.

سوف يعتمد تحسين تنافسية المملكة العربية السعودية في تنفيذ العقود ، إلى حد كبير ، على نجاح الإصلاح القضائي. على سبيل المثال، تعد زيادة تدريب القضاة التجاريين وإنشاء محاكم تجارية متخصصة من الأمور الضرورية لتسريع عملية تنفيذ العقود. ويجب وضع إجراءات إفلاس فعالة ذات أطر زمنية قصيرة ومعدلات استرداد مرتفعة للدائنين بحيث يتم تشجيع الشركات المتعثرة على متابعة عملية إعادة التنظيم بدلا من التصفية؛ وسوف تساعد مثل هذه العملية الفعالة الشركات على النهوض والعودة إلى إنتاج قيمة مضافة للاقتصاد الوطني.

الملخص التنفيذي

الخلاصة

على مدى السنوات العديدة الماضية، خطت المملكة العربية السعودية خطوات واسعة اتجاه التحول إلى اقتصاد مستقر ومتنوع. وركزت جهود الدولة الرامية إلى تعزيز المكانة العالمية للمملكة العربية السعودية وبشكل رئيسي على قدرتها التنافسية، مسترشدة في ذلك برؤية خادم الحرمين الشريفين الملك عبدالله بن عبدالعزيز آل سعود - حفظه الله - . وفي مقدمة الأهداف الاقتصادية تحويل المملكة العربية السعودية إلى وجهة استثمار عالمية، وتزويدها بالأساس المؤسسي لتحقيق المكاسب الإنتاجية.

تحقيقًا لهذه الغاية، نفذت الدولة إصلاحات بعيدة المدى تحت رعاية برنامج 10×10، وهي مبادرة أعلنها معالي محافظ الهيئة العامة للاستثمار في عام 2006 بهدف وضع المملكة العربية السعودية في مصاف أفضل عشر دول في العالم من الناحية التنافسية بحلول عام 2010.

مع بقاء سنة واحدة فقط لبلوغ الموعد النهائي لبرنامج 10×10، تمضي الهيئة العامة للاستثمار قدمًا بعزم أكيد لمساعدة المملكة على تطوير هيكلها التنظيمي لتوفير أفضل مناخ للأعمال، والمضي قدما فيما يتعلق ببقية أركان التنافسية. وسوف يمثل تحقيق مرتبة بين أفضل عشر دول تحديات كبيرة ولكن يمكن التغلب عليها. وسوف تحتاج الدولة إلى مزيد من التبسيط للعمليات البيروقراطية التي تستغرق وقتًا طويلاً في كثير من المجالات ذات الصلة بممارسة الأعمال، وستوجد حاجة لتحقيق تنمية إضافية في القطاعات الأساسية مثل تكنولوجيا المعلومات والاتصالات من أجل تحفيز الاستثمار والابتكار.

حتى مع هذه العقبات، يبقى هدف 10×10 واقعًا يمكن بلوغه، لأن هذه المخاوف معروفة على أعلى المستويات في حكومة المملكة العربية السعودية، ويجري بناء الزخم لإحداث تغيير إيجابي كبير. وتسلط نشرة مستجدات برنامج 10×10 للمملكة العربية السعودية الضوء على الجهود المبذولة والمجالات المعلقة التي لا تزال تتطلب الاهتمام.

يتم قياس التقدم المحرز في برنامج التنافسية من خلال ثلاثة مؤشرات معترف بها دوليًا:

- مؤشر سهولة ممارسة أنشطة الأعمال الذي ينشر في تقرير *ممارسة أنشطة الأعمال* السنوي الصادر من البنك الدولي / مؤسسة التمويل الدولية
- تدفقات الاستثمارات الأجنبية المباشرة إلى البلدان، المنشورة في *تقرير الاستثمار العالمي* الذي يصدره مؤتمر الأمم المتحدة للتجارة والتنمية (الاونكتاد) .
- مؤشر التنافسية الشامل للمنتدى الاقتصادي العالمي، المنشور في *تقرير التنافسية العالمية* السنوي.

يركز تقرير ممارسة أنشطة الأعمال على أوجه متعددة لبيئة الأعمال، مثل الإجراءات واللوائح حول بدء الشركات، وتوظيف العاملين، وتنفيذ العقود. بينما يصنف تقرير الاستثمار العالمي البلدان وفقا لأدائها في جذب تدفقات الاستثمارات الأجنبية المباشرة. أما تقرير التنافسية العالمية فهو يقيم الآثار طويلة الأجل للإصلاح على موضوعات التنافسية بشكل عام .

بالإضافة إلى النهوض ببرنامج التنافسية، أطلقت الهيئة العامة للاستثمار مبادرات استراتيجية لتبث روح المنافسة في القطاع الخاص. ومن ضمن المبادرات "المئة شركة الأكثر نمواً في السعودية" ، وهي مبادرة نميز الشركات السعودية التي تحقق أسرع نمو للعائدات على مدى فترة خمس سنوات. في حين يقوم مؤشر التنافسية المسؤولة السعودي بتقييم قوة المؤسسات المشاركة من ناحية الاستراتيجيات والإدارة وعمليات المشاركة ونظم الأداء؛ ويتم تكريم الشركات التي تحقق نتائج استثنائية وفق مؤشر التنافسية المسؤولة السعودي بمنحها جائزة الملك خالد للتنافسية المسؤولة. ويتولى "البرنامج السعودي أكسفورد للقيادة والإدارة المتقدمة" إشراك قادة القطاع الحكومي والقطاع الخاص في بيئة تعليمية لمناقشة تحديات القيادة واستراتيجيات الابتكار في التصميم.

الوضع الحالي

احتلت المملكة العربية السعودية المرتبة الثالثة عشرة في تقرير ممارسة أنشطة الأعمال 2010، في المؤشر العام لسهولة ممارسة الأعمال، متقدمة بذلك ثلاثة مراكز عن العام الماضي. وتحتل المملكة المرتبة الأولى في منطقة الشرق الأوسط والعالم العربي، متقدمة على مملكة البحرين (20)، والإمارات العربية المتحدة (33)، ودولة قطر (39).

نستمد عزمنا من معرفة أن برنامج 10×10 ليس سوى البداية، ونحن نقوم بتأسيس إطار تنافسي من شأنه دعم المملكة بعد عام 2010. ومن خلال الإصلاحات المحلية المستمرة، والتواصل العالمي، يتم إدخال تحسينات على مناخ العمل، وبناء الأساس لغد أفضل للمملكة العربية السعودية. وتمثل هذه الرؤية الحكيمة لخادم الحرمين الشريفين، ونحن ندعو الجميع للانضمام إلينا في جهودنا لبناء مستقبل المملكة. ونحن، في الهيئة العامة للاستثمار، نرحب دائمًا بالمهتمين بشأن التنافسية وبشركائنا المحليين والدوليين، وغيرهم من أصحاب الفكر الاقتصادي الرائد حول التنمية الوطنية والتنافسية. وإنني أحث جميع المواطنين السعوديين على زيارة موقعنا على الإنترنت، www.saudincc.org.sa، لمعرفة مزيد من المعلومات حول عملنا، وللمساهمة بملاحظاتهم وأفكارهم القيمة.

نيابة عن فريق 10×10، أود أن أشكر السادة والمؤسسات التالية لمساهماتهم السخية، وعلى ما قدموه من وقت وجهد مخلص لصالح مركز التنافسية الوطني.

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شؤون الاستثمار في الهيئة العامة للاستثمار

مجموعة مونيتور

الدكتور عواد العواد

وكيل المحافظ لشؤون الاستثمار
الهيئة العامة للاستثمار

الرئيس وعضو مجلس الإدارة
مركز التنافسية الوطني

مقدمة من الدكتور عواد العواد

القارئ العزيز،

يسرني أن أقدم لكم عددًا جديداً من الإصدارات المحدثة عن برنامج 10×10 السعودي. منذ إطلاق مبادرة 10×10، سعت المملكة العربية السعودية لتحقيق برنامج إصلاح شامل. وقد أسفرت الجهود التي بذلت عن حدوث تحسينات سريعة في مناخ العمل ، وهو ما أسهم في إضفاء المرونة على اقتصادنا التي مكنته من الصمود أثناء الركود الاقتصادي العالمي. وما كان ليتحقق عملنا في الهيئة العامة للاستثمار ومركز التنافسية الوطني بدون الرؤية العميقة والسليمة لخادم الحرمين الشريفين الملك عبد الله بن عبدالعزيز آل سعود - حفظه الله - ، الرامية إلى تحسين إنتاجية اقتصادنا ورخاء مواطنينا، بالإضافة إلى توجيهات وقيادة معالي الأستاذ عمرو بن عبد الله الدباغ، محافظ الهيئة العامة للاستثمار.

إن هدفنا المتمثل في أن تكون المملكة ضمن مصاف أفضل عشرة اقتصادات تنافسية في العالم أصبح قريب المنال. وفي حين قدمت الهيئة العامة للاستثمار ومركز التنافسية الوطني التوجيهات على طول الطريق خلال هذا المشروع الطموح، إلا أن إنجازاتنا لم تكن لتتحقق لولا المساهمات الثمينة والالتزام المستمر بالإصلاح من قبل شركائنا في القطاعين الحكومي والخاص.

يضيف الاستقرار الدائم للاقتصاد الكلي للمملكة العربية السعودية، في ظل استمرار الاضطرابات في الأسواق العالمية، إلى التأثير العام لحركة الإصلاح الجارية. وتمثل القوة المالية والاستقرار الاقتصادي الدائم للمملكة مؤشرات على وجود مناخ استثماري جذاب، ويتضح ذلك، للسنة الرابعة على التوالي، من الزيادة التي تحققت في تدفقات الاستثمارات الأجنبية المباشرة. وقد قدمت الدولة التزامات مالية لتعزيز المؤسسات التي يرتكز عليها اقتصاد المملكة، ولتحقيق تحسينات واسعة النطاق للرعاية الصحية، وتطوير تكنولوجيا المعلومات، والتعليم، والنظام القضائي. وسيدفع هذا المملكة العربية السعودية للخروج من الركود الاقتصادي ، ويضعها في مكانة مرموقة بوصفها كيانا يتمتع بمقومات اقتصادية وتنافسية عالية.

بالإضافة إلى متابعة الإصلاحات الحكومية و تحقيقها، كرس مركز التنافسية الوطني جهوده لترسيخ لغة التنافسية في السياسة الاقتصادية للمملكة. ولتشجيع حوار بناء حول التنافسية والتعرف على الأفكار المعاصرة لدى قادة العالم، استثمر مركز التنافسية الوطني في منتدى التنافسية الدولي، الذي سيستضيفه في الرياض في يناير 2010. وبهدف تقديم مزيد من الدعم لنمو القطاع الخاص، وضع مركز التنافسية الوطني مبادرات لمكافأة الشركات التي تساهم في تنفيذ جوانب متعددة للتنافسية، مثل النمو السريع، والابتكار، والمسؤولية الاجتماعية للشركات.

تواجه المملكة العربية السعودية بعض التحديات في طريقها نحو مصاف أفضل 10 اقتصادات، ولكننا نتطلع إلى عام جديد من التقدم الذي يستند إلى العزيمة القوية، والتخطيط الدقيق، والتعاون النشط مع شركائنا في القطاعين العام والخاص. ومع أن تحقيق هذه الأهداف في أقل من سنة واحدة قد يبدو بعيد المنال، لكننا سوف نمضي قدمًا بمزيد من العزم.

وها نحن نكرر دعوتنا لقادة العالم لحضور منتدى التنافسية الدولي هذا العام، والذي سيعقد في الفترة من 24 إلى 26 يناير في الرياض، وذلك من أجل تشجيع النمو الصحي للتنافسية داخل المملكة وخارجها. ويتشكل جوهر التنافسية المستدامة من أنشطة النمو الاقتصادي التي تعمل في ظل ظروف السوق العادلة، والتي تعيد الحيوية للنظم الاجتماعية وتعززها. وبهذه الروح، نرحب بهذه الفرصة التي تجمع بين كبار المفكرين في العالم، واشتراكهم في التبادل المثمر للأفكار، والدخول في عقد جديد من الالتزام بالتنافسية المسؤولة والمستدامة، والثمار الناتجة عنها.

معالي الأستاذ عمرو الدباغ

محافظ ورئيس مجلس إدارة
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رئيس مجلس الإدارة
مركز التنافسية الوطني

تمهيد من محافظ الهيئة العامة للاستثمار

القارئ العزيز،

تشير النشرة الثالثة هذه حول مستجدات برنامج 10×10 للمملكة العربية السعودية إلى مرور عام آخر من التقدم في سبيل تحقيق الرخاء المحلي والقدرة التنافسية الدولية في المملكة العربية السعودية. وقد كثفت الهيئة العامة للاستثمار ومركز التنافسية الوطني جهودهما لإدخال التحسينات كبيرة على المناخ التنظيمي والتشريعي في المملكة. ويعود الفضل في تحقيق تلك الإصلاحات ، إلى حد كبير ، إلى التعاون المستمر بين المؤسسات العامة والخاصة التي تشكل العمود الفقري للاقتصاد الوطني.

تشهد المملكة العربية السعودية في الوقت الحاضر، جهوداً كبيرة لوضع الأساس لاقتصاد قوي وحديث وعالمي. وسوف يؤدي بناء وطن متفوق في مجال التنافسية من خلال التنوع الاقتصادي والفرص الاستثمارية الجذابة وفرص العمل التي تتمتع بإقبال كبير إلى إثراء حياة جميع المواطنين السعوديين. وهذه هي رؤية خادم الحرمين الشريفين الملك عبد الله بن عبدالعزيز آل سعود - حفظه الله - ، والتي نوجه كل جهودنا من خلالها، ونسترشد بها .

بناءاً على زخم إصلاحات عام 2008، حققت المملكة العربية السعودية المرتبة الثالثة عشرة في تقرير ممارسة أنشطة الأعمال الصادر عن البنك الدولي/مؤسسة التمويل الدولية لعام 2009. وللسنة الرابعة على التوالي، لاقت الجهود التي تبذلها المملكة لتعزيز اقتصادها استجابة كبيرة من قبل المستثمرين الأجانب، حيث شهد عام 2008 زيادة في تدفقات الاستثمارات الأجنبية المباشرة بنسبة 57 في المائة عن التي تحققت في عام 2007، وتجاوزت تلك التدفقات أكثر من 38 مليار دولار، مما سمح للمملكة العربية السعودية بأن تحتل المرتبة الرابعة عشرة في قائمة أكبر الدول المتلقية لتدفقات الاستثمارات الأجنبية المباشرة.

ومع حلول عام 2010، فإن المملكة العربية السعودية على وشك تحقيق هدف تم وضعه بطموحات كبيرة هو: الوصول بالمملكة إلى مصاف أفضل عشر دول في العالم من حيث تنافسية بيئة الاستثمار. ولكن حتى مع تحقيق الأهداف التي يتضمنها برنامج 10×10، فإن طموحنا لن يقف عند هذا الحد، لأننا لم نقم سوى بإلقاء بذور التنافسية العالميـة.

ولكي نسمح لهذه البذور بأن تنمو، ولكي تزدهر المملكة إلى وطن يعمه الرخاء، ينبغي مواصلة الاستثمار في مجال تحسين ونشر الرعاية الصحية الجيدة، وفي التعليم والبنية التحتية والتكنولوجيا، مع استمرار التركيز على تحسين مناخ الأعمال والاستثمار.

مركز
التنافسية الوطني

تقرير التنافسية

يناير 2010

تحديث حول برنامج 10×10 في السعودية

الهيئة العامة للإستثمار
SAGIA

مركز التنافسية الوطني

رسالة المركز: دعم برنامج التنافسية بالمملكة العربية السعودية من خلال تقديم المشورة الموضوعية الموثقة بالمعلومات والبيانات الصحيحة بخصوص الإصلاحات التنظيمية وفرص تحسين قطاعات الدولة المختلفة ، حتى تصبح قادرة على المساهمة في تحقيق الرخاء والازدهار الاقتصادي المستدام بالمملكة.

أسست الهيئة العامة للاستثمار بالمملكة العربية السعودية مركز التنافسية الوطني في عام 2006م كجهة مستقلة مناط بها متابعة الجهود الرامية إلى تحسين ورفع مستوى التنافسية بالمملكة العربية السعودية ، بالإضافة إلى تقييم تلك الجهود ودعمها. ويقوم المركز بتوفير الدعم الكامل لبرنامج 10×10 الذي تتبناه الهيئة العامة للاستثمار بهدف الوصول بالمملكة إلى مصاف أفضل عشر دول في العالم من حيث التنافسية، في عام 2010، ولذلك يكثف المركز جهوده لمساعدة الهيئة في تحقيق هذا الهدف. ويقوم المركز بالدور المناط به بصفته مركزا من مراكز الفكر وقناة للاتصال لتسهيل نقل وتبادل الأفكار والآراء ذات الصلة بالتغييرات المطلوبة.

يعمل مركز التنافسية الوطني **مركزا للفكر والآراء والمقترحات ذات الصلة بالتغييرات**، وذلك من خلال إجراء عمليات تقييم للتنافسية ومتابعة تنفيذ برامج التغيير ونتائجها. وتركز برامج المركز بشكل رئيسي على زيادة سهولة إجراءات القيام بالأعمال والاستثمار داخل المملكة العربية السعودية عن طريق التحفيز على تحديث مناخ الأعمال العام. على سبيل المثال، أدى المركز دوره بنجاح في إعداد دراسة حالة لأهمية إنشاء المكتب الموحد للتسجيل التجاري في الرياض.

يعمل مركز التنافسية الوطني **أداة لتسهيل تنفيذ إجراءات التغييرات الإيجابية** من خلال تنظيم منتديات لمناقشة وتبادل الآراء والمقترحات بين القطاعين العام والخاص. وينسق المركز مع الهيئة العامة للاستثمار بغرض تنظيم منتدى التنافسية الدولي السنوي. بالإضافة، يدعم المركز التعاون بين الهيئة العامة للاستثمار والوزارات الحكومية السعودية عن طريق التحليلات القائمة على أساس من المعلومات الدقيقة والصحيحة للدعوة إلى الإصلاح الإيجابي.

يقوم المركز بدوره **بصفته قناة للاتصال والإعلام فيما يتعلق بالتغييرات ذات الصلة بالتنافسية**، حيث يقوم بإبراز قصص النجاح ويوفر الزخم اللازم لدعم جهود المملكة في مجال التنافسية. ويسعى المركز من خلال هذا الدور إلى توعية القطاعات الحكومية والقطاع الخاص والمواطنين بأهمية التنافسية الوطنية، وذلك عن طريق قنوات مختلفة مثل تقرير التنافسية، ونشرات التنافسية، والمحاضرات، والموقع الإلكتروني. ويتعاون المركز كذلك مع فريق التسويق في الهيئة العامة للاستثمار لتعزيز الاهتمام والالتزام ببرنامج 10×10 داخل الإدارات الحكومية والقطاع الخاص وبين المواطنين.

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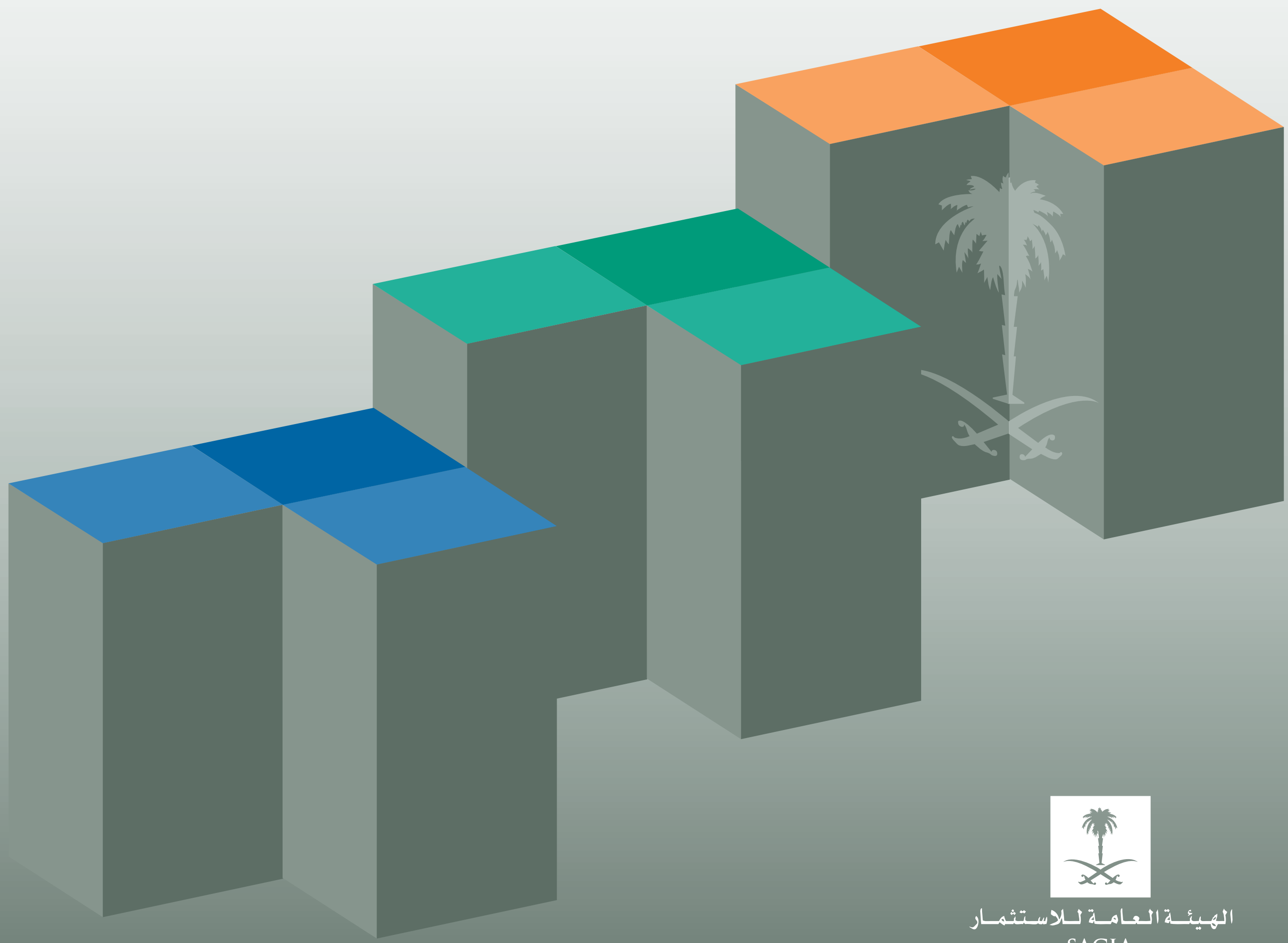
مركز التنافسية الوطني

تقرير التنافسية

يناير 2010

تحديث حول برنامج 10×10 في السعودية



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