



Saudi Arabian General Investment Authority
SAGIA

Al Baha Region

Economic Report

1434/1435 - 2014



Forward

Within the scope of the strategy of the Saudi Arabian General Investment Authority (SAGIA) towards stimulating and encouraging investment in the thirteen regions of the KSA and particularly focusing on promoting investment in the less developing regions, the Saudi Arabian General Investment Authority (SAGIA) is pleased to provide the 2014 specialized economic reports to those who are interested in and those who are responsible for such regions in an attempt to put a real account on each region before decision makers to help promote investments in such regions.

The release of the economic report on the Al Baha Region for the year 2014 comes as an extension of the two reports issued in 2007 and 2010. It is worthy to mention that this report seeks to offer basic data on the bases and potentials of the region along with shedding light on the most important economic developments witnessed by the region and monitoring the most vital new investment opportunities and ideas that go well with the region potentials. This report includes a chapter that compares between the indicators monitored in the two previous reports issued and those monitored in the current report for the purpose of coming to know the development witnessed by the region during the period between the three reports.

Thus, the Saudi Arabian General Investment Authority (SAGIA) hopes that this report will support development in the region and be a source for accurate information for decision makers and those interested in the region to develop and encourage investment therein.



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Introduction

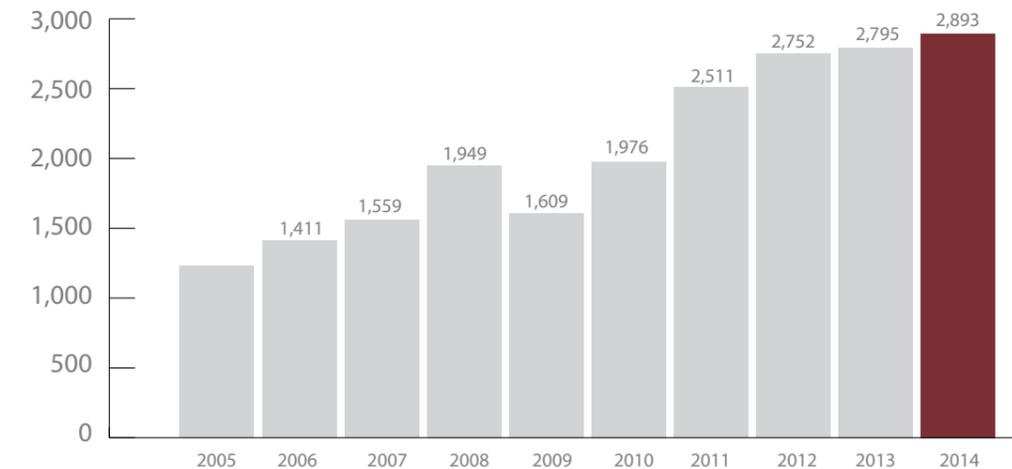
1. Economic Developments in KSA

The Kingdom's economy has achieved continuous growth during the last four years. The growth rates reached 7.4%, 8.6, 5.8 and 3.8 on the years 2010, 2011, 2012 and 2013 consecutively. The decrease in growth rates on the years 2012 and 2013, compared with the high rates on the previous years were due to the decrease in oil production compared to 2011. Due to the continuous huge public expenditure, supported by the high level in bank credits to companies and the increase in local demand, the Kingdom's economy is expected to witness strong growth. Government expenditure is expected to reach 30% of GDP compared to an average of about 30.4% for the last ten years. The contribution of the non-oil private sector in GDP is expected to rise to about 9.4% compared to an average growth rate of 4.9 for the last ten years.

	2009	2010	2011	2012	2013*	2014**
GDP at current prices (billion SR)	1,609	1,976	2,511	2,752	2,795	2,893
Annual change rate	(17.4%)	22.8%	27.1%	9.6%	1.5%	3.5%
GDP at constant prices (billion SR)	993	1,067	1,159	1,225	1,272	1,318
Annual change rate	1.8%	7.4%	8.6%	5.8%	3.8%	3.6%

* Preliminary figures ** Projected figures Source: SAMA Annual Report, 2013

Development of the total GDP value at current prices (in billion riyals)



Public revenues in 2014 budget are expected to reach SR 855 billion, while expenditure is estimated to have the same levels as the revenues, i.e to reach SR 855 billion also. The most prominent features of expenditure in 2014 budget that it focuses on development projects in the sectors of education, health, security services, social services, municipality, water, sewage, roads, electronic transactions and scientific research support. The budget includes new projects and programs and additional phases for projects already have been approved.

Following is an overview of the allocations in the budget for 2014 by major sectors.

- Education and human resources development sector: SR 210 billion
- Health and social development sector: SR 108 billion
- Municipal services sector: SR 39 billion
- Specialized development funds and other government finance programs: SR 89 billion
- Infrastructure and Transport: SR 66.6 billion
- Water, agriculture, industry and other economic resources sector: SR 61 billion



2. General Investment Authority Strategy

Vision

“Enabling quality investments for achieving sustainable development.”

Mission

“Attracting and fostering investments through improvement of investment environment, incentives and raising service quality, utilizing high skilled talents and efficient partnership.”

SAGIA Objectives

Attracting and fostering investments

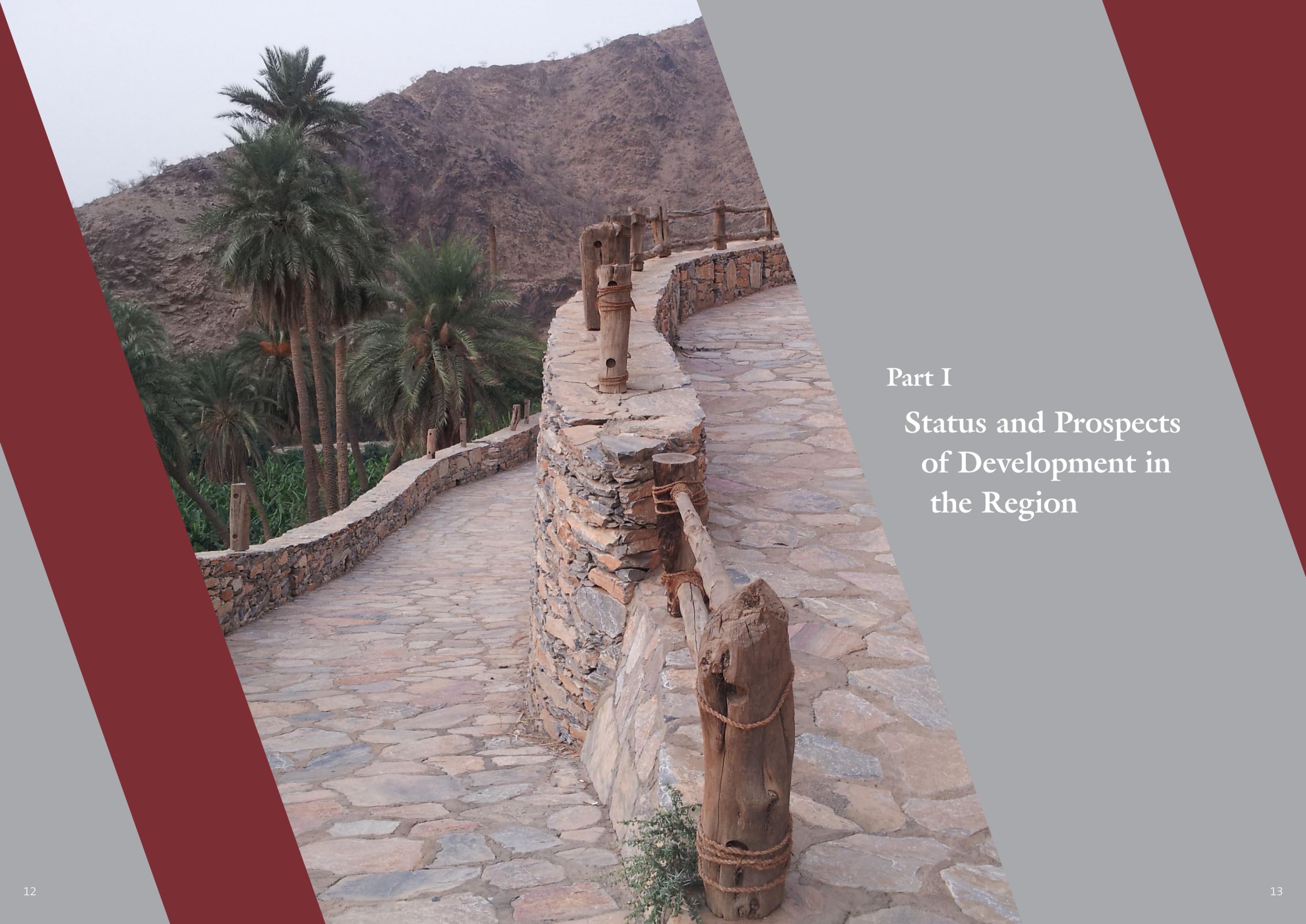
- Coordination with other government entities and unification of the efforts for attracting and encouraging investments
- Preparing and promoting investment opportunities
- Offering and introducing adequate incentives for attraction of investments with focus on promising sectors

Improving investment environment

- To continue improvement of business climate, investment environment and regulations in the Kingdom
- Simplification of procedures for local and foreign investments in collaboration with other concerned government entities
- Assessment of the contribution of foreign investment in the Kingdom and the value added achieved
- SAGIA capacity building to facilitate and support research activities and analysis for developing strategies and policies

Investors Services

- Raising the quality of services provided in business centers through the use of efficient electronic services
- Enabling high value added investments using quantitative and qualitative tools, measures and conditions
- Formulating necessary tools and procedures for follow up of licenses implementation, enabling and support



Part I

Status and Prospects of Development in the Region

Part I : Status and Prospects of Development in the Region

1.1 Inputs and Bases of Economic Development in the Region

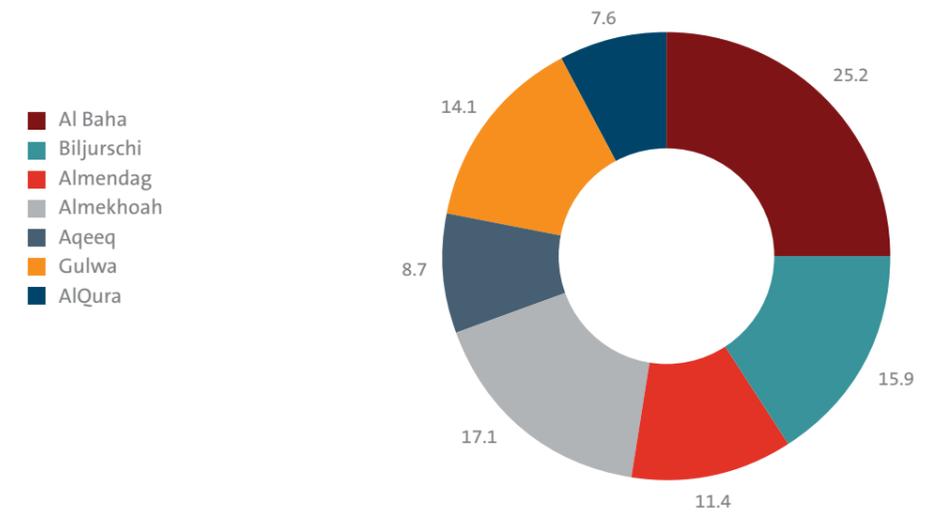
Al Baha distinguished location:

The Al Baha Region is located in the south west of Saudi Arabia, bordering by Makka Region in the north and west and south-west and Asir in the south and east.

The region is characterized by its natural geography and climate, and it is divided generally into two main sectors, Sarah and Tihama, and is separated by a huge rock slope. The Sarah sector is a part of the kno1,500 to 2,500meters above sea surface level. It is considered one of the smallest regions of the Kingdom in terms of area, which amounts to about 36 thousand square kilometers, or about 1.6% of the total area of the Kingdom. The Region is divided administratively into: the Principality of the region and seven governorates: Al Baha, Biljurschi, Almendag, Almekhoah, Aqeeq, Gulwa and AlQura.



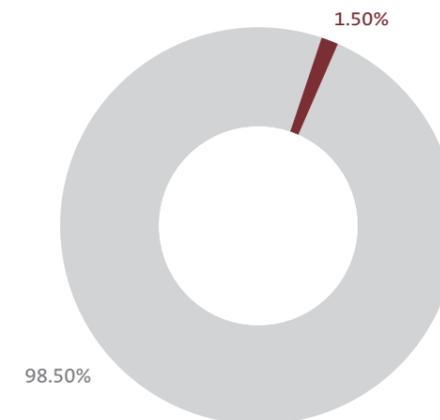
Percentage Distribution of the region population by its administrative divisions



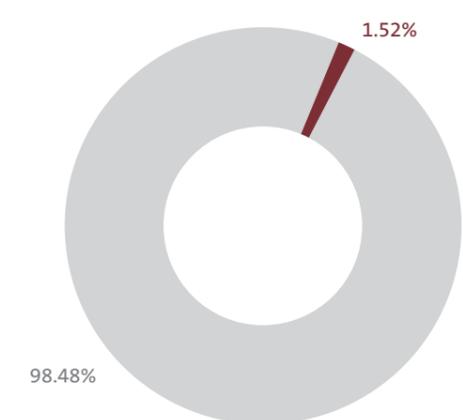
Population

According to the estimation of the Department of Statistics and Information the total population of the Al Baha Region has reached about 461 thousand people, representing about 1.5% of total population of the Kingdom, amounting to some 30.8 million persons in 2014. The number of Saudi population in the region is estimated at about 386 thousand persons, while non-Saudis are estimated at about 75 thousand persons. It is worthy to mention that population of Al Baha governorate represent about 25.2% of the total population of the region, followed by Almekhoah by 17.1%, Biljurschi by 15.9%, Gulwa by 14.1% Almendag by 11.4%, Aqiq 8.7% , and Al-Qura by 7.6%

Ratio of Region's population to the total population of the Kingdom in 2014



Ratio of Region's population to the total population of the Kingdom in 2010



Rest of KSA Al Baha Region

Infrastructure in the Al Baha Region

A) Road network

The total lengths of paved roads supervised by municipalities in Al Baha region amount to some 3,526 km accounting for 3.9% of total lengths of the Ministry of Municipal and Rural Affairs roads in the Kingdom, which reached on the end of 2012 more than 91 thousand kilometres. The length of highways, dual and single roads of the Ministry of Transport in the region is about 632 kilometres constitute for 4% of the total length of the roads of the Ministry of Transport in the Kingdom which reached about 16 thousand kilometres on 2012. The lengths of agricultural and dirt roads in the region were 5975 km by the end of 2012. The region is currently witnessing new projects and expansions in the road network, in addition to the roads linking the region with other regions. There are several new projects under construction of which:

- Ring road of Al Baha (Section two and section three)
- Completion of the dual road of Al Baha/ Almokhwah/ Almuzaelef
- Al Baha Region ring road (section four)
- Completion of the dual road of Aqeeq / Garab/ (section three) in Al Baha
- Connection of Al Baha Region with the road of Riyadh / Rain / Bisha

B) Air transport and airports

In the Al Bahah region, there is one regional airport, serving the geographic scope of the region in the transport of passengers and goods. It connects the region to the other regions of the Kingdom. The number of the users of Al Baha Airport amounted in 2011 and 2012 to some 266 thousand and 327 thousand passengers, respectively, with an increase rate of 23% accounting for no more than 1% of the total air traffic of passengers in the Kingdom. Also, the quantities of goods transported by air via this airport amounted to 70 and 95 tons in 2011 and 2012 respectively with an increase rate of about 35% or about only 0.02% of the total movement of air freight in Saudi Arabian airports, which reached about 465, 536 thousand tons during the two mentioned years.

The air traffic in Al Baha is one of the fundamental and important assets, which must be developed for the sake of the present and future economic development projects in the region.

C) Water

Al Baha Region depends in obtaining its potable water on several sources, including groundwater and surface water. In addition, there are two regional water projects in the region: one is to transfer water from Aqeeq to Al Baha, and the other is to transfer water from the Wadi Ardah to the region. These two projects include water wells, collection reservoirs, transmission lines and purification and pumping stations. In addition to the city of Al Baha, these projects provide water to the villages and small towns in the region, through small water projects, consisting of water well, upper reservoir and a filling device in the areas where water is unsuitable for drinking. In areas that do not have the aquifer providing drinking water, water is provided by tankers supervised by the Ministry of Water and Electricity. The needs for potable water in the region reached on 2012 about 13 million cubic meters. Now, there are more than 34 water and sewage projects under construction in the region, including building of water reservoirs, water transfer networks, sewage networks, treatment and purification stations, with total cost of about 821 million riyals.

For irrigation water, the Region depends on the dams for protection from rainfalls and water storage or control. For irrigation, the region relies on groundwater as well as the dams established there for cultivation, protection from floods and storage of rainwater. The region has 34 dams, with a storage capacity of about 81 million cubic meters by end of 2012.

D) Electricity

Al Baha Region has a feeding electricity network from the power plants in the region. These plants are linked to a range of 132 KV transformer stations in all parts of the region. All these plants are linked to the 132 KV electric transmission lines. The electricity network covers more than 96% of the total centers in the region. The total power generation capacity in the region was estimated at 58 MW in 2013.

E) Telecommunications

Al Baha Region is covered by telecommunication networks, including fixed, mobile and digital subscriber lines (DSL) networks. The number of fixed lines in the region reached about 62 thousand lines, representing about 1,3% of the total number of land lines in the Kingdom, which amounted to about 4,8 million lines. The number of Internet users at about 247 thousand, representing about 1.6% of the total number of Internet users in the Kingdom, which amounted to about 15.81 million in 2012. The number of broadband subscribers in Al Baha Region reached about 27 thousand representing about 1.1% of the total number of broadband subscribers in the Kingdom, which amounted to about 2.54 million lines.

As for the postal services in the Region, there are 22 central post offices, 8 branch post offices, and 66 mail points and 18 mail halls with 8.6 thousand post office boxes by the end of 2012. In the Region, there are TV and radio broadcasting stations and offices belonging to the Saudi News Agency and other news agencies.

1.2 Economic Activities in the Region

A) Agriculture

Agriculture is one of the traditional economic sectors in Al Baha region. Al Baha enjoys significant comparative advantages, including water quality and availability and the climate and soil which are suitable for cultivation. However, cultivation in the region is limited to certain style commensurate with the nature of the mountains and highlands in the region. The total crop area amounted in 2011 to about 3.4 thousand hectares, representing about 0.4% of the total crop area in the Kingdom, which amounted to 788 thousand hectares in the same year. The quantity of agricultural production of any crop in the region does not exceed 1% of the total production of the Kingdom. However, the honey production, which has a distinguished type, in the region represents about 5% of the total production of the Kingdom. The region is characterized by the presence of many pastoral areas and experienced expertise in the area of sheep farming.

Development of Agricultural Activity and Livestock in Al Baha*

	2007	2008	2009	2010	2011	Average annual growth rate	Al Baha's share of total KSA production (2011)
Production of crops:							
Vegetables (thousand tons)	6	9	10	8	8	8.3 %	0.3 %
Dates (thousand tons)	5.9	5.5	7	7	6	0.4 %	0.6 %
Fruits (thousand tons)	28	26	28	25	30	1.8 %	1.9 %
Livestock:							
Camels (thousand tons)	4	2.8	5.3	6.7	7.6	22 %	3.5 %
Sheep (thousand tons)	160	130	137	127	149	- 1.7 %	2.3 %
Goats (thousand tons)	157	121	77	54	66	- 14.5 %	6.2 %
Cattles (thousand tons)	3.7	3.1	3.8	3.9	4.4	4.7 %	0.9 %
Poultry (millions)	1.3	2.3	3.8	0.5	0.6	- 13.7 %	0.1 %

* Source: Agricultural Statistical Yearbook Annual 1433H (2012).

It is noted from the table above that there was a rise in the production of vegetables, fruits and dates during the period amounting to an annual average of about 8.3%, 0.4%, and 1.8%, respectively. However, the number of camels and cattle increased by 22% and 4.7%, per annum respectively. The number of goats, sheep and poultry decreased by 14.5%, 1.7% and 13.7% per annum respectively.

B) Industry

In Al Baha there is 15 productive factories, representing about 0.24% of the total productive factories in the Kingdom amounting to 6,364 at the end of 2013. The total investments in the factories in the region amounted to 60 million riyals representing less than 0.1% of the total funding of the productive plants in the Kingdom, which amounted to about 873.2 billion riyals. The number of workers at Al Baha factories is about 482 workers, representing about 0.06% of the total workforce in the industrial sector in the Kingdom which amounted to 828 thousand workers by the end of 2013.

The industrial production in the region is very limited, and its facilities include some factories for building materials such as blocks, tiles, and some plastics industries. In addition, there are some old traditional crafts, the products of which are widely spread in the popular markets of the region, such as pottery, palm leaves and leather products.

C) Trade

The total number of establishments and businesses in Al Baha region amounted in 2012 to some 11.6 thousands, engaged in various aspects of economic activities, representing about 1% of the total trade establishments in the Kingdom, amounting to 1.19 million. These establishments are distributed as follows:

- Trade sector: includes establishments of (wholesale, retail trade, distribution, agency)
- Agricultural sector: includes (agriculture and livestock production and agricultural services)
- Industrial sector: includes (industrial production, municipal licenses for workshops, etc.)
- Construction sector: includes (general contracting, and maintenance and operation)
- Services sector includes (public services, education and training, transport)
- Other sectors: include (personal services and others)

The average annual increase in the number of new businesses in Al Baha during the period (2004-2012) is estimated at 670 establishments.

1.3 Future Vision of Economic Development in Al Baha

Development in Al Baha region requires more infrastructure and basic services, in addition the productive base which is based mainly on the self-development potentialities of the region and local strategy aiming to encourage investments and economic activities in the region. Major development requirements and needs of the region include:

Productive Sectors: development in Al Baha Region requires to develop the productive base, increase activities of unexploited sectors, the most important of which are industry, mining and tourism, through the development of infrastructure and facilities that can serve them.

Infrastructure: Successful development in the region needs to complete the elements of infrastructure and public services and to pay more attention to the small communities. This includes roads, electricity, water, communications and sewage.

Education Services: Al Baha region needs to have its public education services developed and improved, its technical and intermediary education facilities increased, and its higher education services provided, both in scientific and literary disciplines, so that it can meet the expected increase in the numbers of students.

Health Services: The region needs medical services in the specialties that are not available in the region.

Housing: In addition to providing career opportunities, the provision of adequate housing is one of the fundamental pillars of stability of population in the region, and the provision of housing units at the productive sites in the region is one of the most important employment requirements of the projects.

Small and medium enterprises (SMEs): These enterprises are of great importance for the success of the development process in the region. They need to be supported and encouraged on a continuous basis, through the provision of soft loans and technical and marketing support, as well as the services and facilities of the administrative departments and government organs in the region.

Increasing the incentives granted to national and foreign investments to encourage the implementation of projects in various promising investment sectors in the region.

1.4 Sectors with Comparative Advantage in the Region

Al Baha has great potentials, which make it eligible to attract more domestic and foreign investments in various economic activities, especially the sectors of comparative advantage, the most important of which are:

- 1) **Tourism:** The tourism sector in Al Baha occupies a distinguished position among the economic sectors and activities in the region, because of its many tourist attractions, the most important of which are: beautiful nature, geographical diversity, including mountains and plains and valleys, and the many other places, shrines, tourist sites and recreation parks. The region is currently experiencing an increased growth of the recreational domestic tourism because of the different natural areas, parks, recreational areas and sports activities available in the region. This is a promising sector in the region, provided that investments in hotels, guest houses, restaurants and various services associated with this sector are increased.
- 2) **Mining:** The region has raw materials and natural potentials for the mineral wealth, including important industrial raw materials such as barite which is located to the south of Aqeeq, pyrite ores in Badia, feldspar and fluorite to the west of Wadi Turba, Aba and Aqeeq areas, ornamental stones, including marble and granite in the area of Wadi Turba and to the east of the city of Leith, silica sands, kainite raw materials, clay, basalt and others. This sector needs to be provided with the infrastructure, the most important of which are roads and technical services, which can enable the optimal exploitation of these materials. Therefore, this is one of the sectors of comparative advantages in the region and can attract large investments in these diverse mining activities.
- 3) **Higher education:** Education indicators show that this is one of the sectors that are expected to attract huge investments, particularly in the area of higher education in its scientific and literary disciplines and technical colleges, which are not available in the region.
- 4) **Agricultural and industrial sectors:** Given the importance of tourism in the region and increased demand for agricultural products, the agricultural sector in the region is qualified to increase the production of agricultural crops which can attract large investments in processing food products and manufacturing agricultural equipment and machinery and other industries and activities related to agricultural activity.

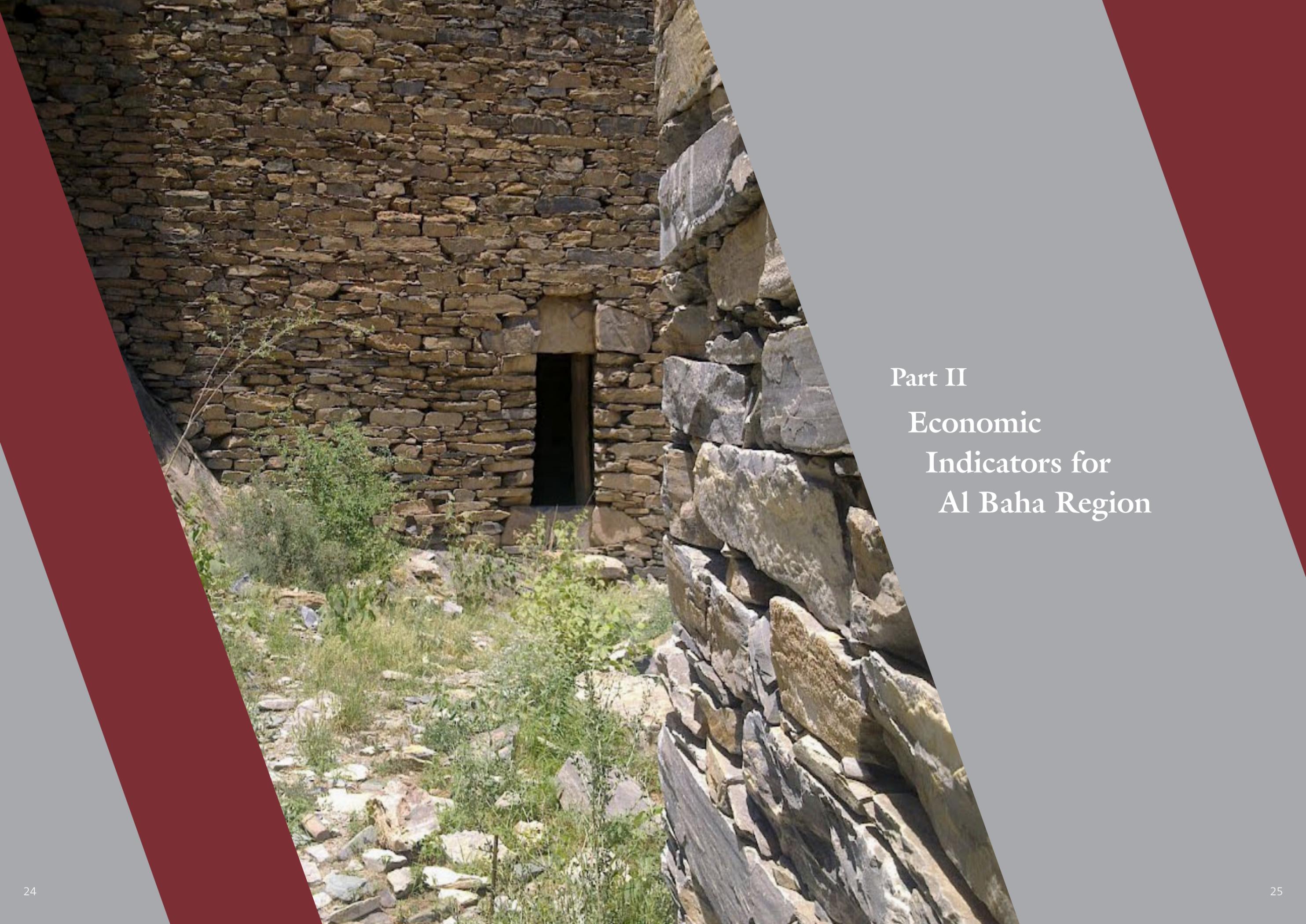
Investment Incentives

In addition to the significant support, backing and facilities provided by SAGIA, Al Baha Higher Authority for Investment and governmental and administrative authorities in Al Baha region to all domestic and foreign investments, the foreign investment projects enjoy the same advantages, incentives and guarantees available to domestic projects under the Foreign Capital Investment Law, including:

- The incentives provided under the Law for the Protection and Encouragement of National Industry, which include that industrial projects in Saudi Arabia may import machinery, tools, equipment, and spare parts free from customs duties and that such industrial goods and equipment may receive the same preferential treatment received by the national products to secure the government procurement; and that land may be allocated in the industrial cities at a nominal cost
- The ability to own the property required for any investment project, including the project staff accommodation and housing
- The benefits available under the bilateral and multilateral agreements on taxation and investment
- Prohibitions against the confiscation of an investment project without legal judgment
- Unhindered transfer of capital and profits abroad
- The freedom to transfer shares among shareholders
- The ability of the licensed project to sponsor the foreign investor and his non-Saudis staff
- The right to obtain public utilities and services at discounted prices
- The right to apply for loans, from the Saudi Industrial Development Fund
- The ability to carry losses forward for tax purposes

Investment benefits and incentives in the Industrial Cities in the Kingdom

- Availability of complete infrastructure in the Industrial Cities and continuous development of services (water, advanced communication networks, industrial security, government services, trade complexes and residential complexes)
- Rent value of industrial lands in the Industrial Cities starts from one riyals per square meter
- Availability of different areas and locations in all the regions of the Kingdom
- Availability of industrial services and lands with low prices
- Handover of land in the available cities within short period after submission of the application electronically through Modon Website
- Investment opportunities in industrial, residential, logistical, trade, services and technological sectors
- Near local and international markets
- Financial facilities and loans reaching 75% of the cost of the project
- Custom exemption of machinery, equipment
- Custom exemption of raw materials
- Provision of the essential services such as roads and electricity
- Opportunity for investment in building and renting model plants (prefabricated)
- Investment opportunities in developing and operating services by BOT system



Part II

Economic Indicators for Al Baha Region

Part II: Economic Indicators for Al Baha Region

2.1 Gross Domestic Product

The total GDP of Al Baha region amounted to 14.5 billion riyals in 2012, accounting for 0.53% of the total GDP of the Kingdom and %1.0 of the total GDP of the Kingdom without crude oil and gas. The average annual GDP growth rate of the region amounted to 20% during the period from 2009 to 2012. The trade sector real ranks first in terms of contribution to the region's GDP (14.6%), followed by the real estate and financial services sector (13.3%), building and construction sector (9.8%), transportation, storage and telecommunications sector (8.3%), then mining (5.7%), collective and personal services sector (3.7%), and agriculture sector (2.8%).

Region's contribution to Kingdom's GDP in (2009-2012)

	2009	2012	Average annual growth rate
GDP* of the Kingdom at current prices (million riyals)	1,596	2,731	19.8%
GDP* of the Kingdom without crude oil and gas (million riyals)	995	1,429	11.9 %
GDP** of Al Baha Region (million riyals)	8.45	14.5	20 %
Al Baha Region's ratio to the total GDP of the Kingdom	0.53 %	0.53 %	
Al Baha Region GDP without crude oil (million riyals)	0.85%	1.0%	
Al Baha Region's ratio per capita GDP (thousand riyals)	20	33	19 %

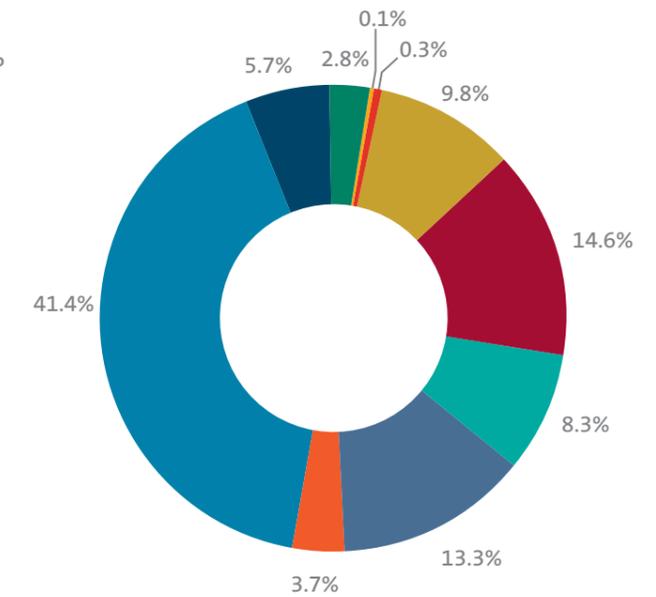
* Does not include import duties

Source: Statistical Yearbook of the Ministry of Economy and Planning

**Study's Estimates

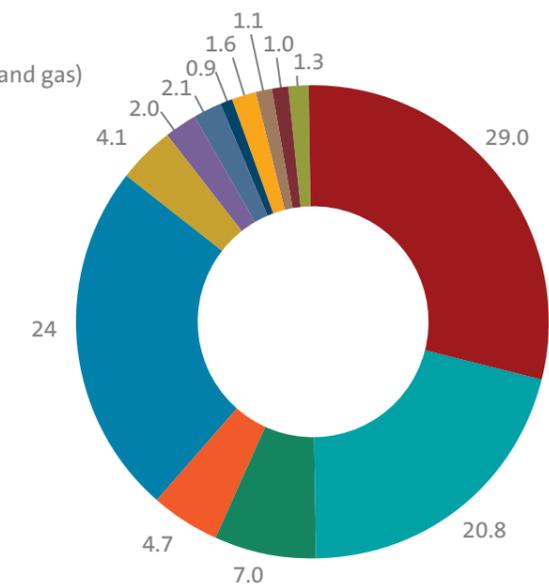
Economic Sector contribution to GDP in Al Baha Region 2012

- Agriculture
- Industry
- Electricity, gas and water
- Construction and building
- Trade
- Transport and storage
- Real estate & inancial services
- Collective & personal services
- Government services
- Mining



Kingdom regions contribution to GDP of Kingdom in 2012 (without crude oil and gas)

- Riyadh
- Madina
- E. Region
- Tabouk
- N. Borders
- Najran
- Al Jouf
- Makkah
- Qassim
- Asir
- Hail
- Jazan
- Al Baha



2.2 Migration Rate and Population Attraction

According to the estimation of the Department of Statistics and Information, the population of the region of Al Baha is expected to reach 461.4 thousand people on 2014, representing about 1.5% of the Kingdom's population, which is estimated to reach about 30.8 million people on 2014. Population of Al Baha region was about 378 thousand people in the Census of 2004 and about 418 thousand on the census of 2010,

The average annual growth rate of population in the region during the period (2004 - 2014) amounted to about 2.2%. The average annual growth rate of Saudi citizens during the same period was about 1.63%, so Al Baha is not considered a pulling region. On the contrary, it is one of the most expelling regions in the Kingdom.

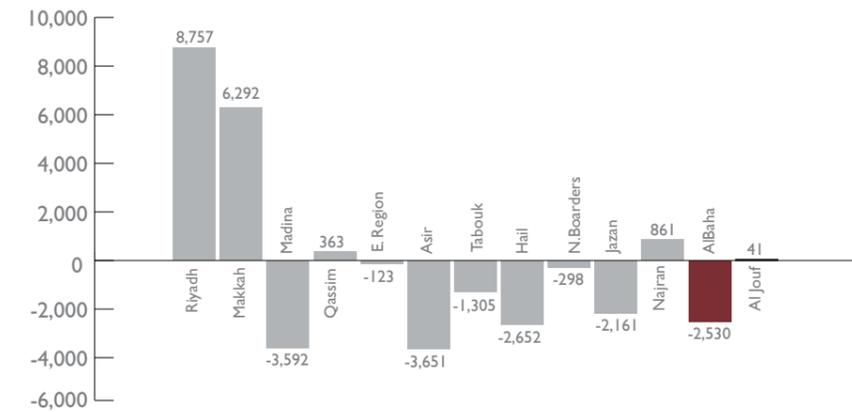
Development of Population

		2004*	2010**	2014**	Average annual growth rate (2004-2014)	Saudi population in the region on 2014 using general growth rate of Saudi in the Kingdom	Difference in the population of the Region in 2014
Total Population of the Kingdom	Saudis	16,529,302	18,973,615	20,702,536	2.28 %		
	Non-Saudis	6,144,236	8,589,817	10,067,839	5.06 %		
	Total	22,673,528	27,563,432	30,770,375	3.10 %		
Al Baha Population	Saudis	328,243	353,594	385,814	1.63%	411,116	(25,302)
	Non-Saudis	49,496	64,456	75,546	4.32 %		
	Total	377,739	418,050	461,360	2.2 %		

* Results of the Census of 1425H / 2004

** Central Department of Statistics and Information estimations based on results of 2010 Census

Annual rate of Saudi nationals migration (from / to) the regions of the Kingdom (as per population estimates for 2004 -2014)

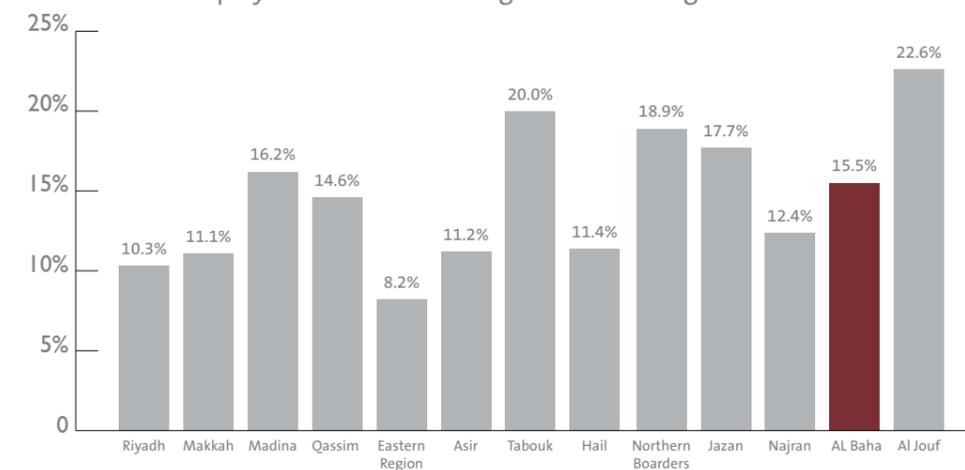


Source: Statistical Yearbook of the Ministry of Economy and Planning

2.3 Employment and Unemployment rates

Because of the lack of adequate employment opportunities in Al Baha region that can absorb the job seekers from Saudis in the region, the unemployment rate hit 15.5% of the total Saudi work force in the Region on 2012, amounting to 104,482 (male and female). This rate is high compared to the average rate of unemployment in the Kingdom, which was estimated at about 12.1% in 2012.

Unemployment rates in the regions of the Kingdom in 2012



Source: Central Department of Statistics and Information - Workforce Study 1433H (2012) Ministry of Economy and Planning



2.4 GDP per capita

Given the industrial sector's high contribution to gross domestic product GDP of the Region, which amounted 20% during the period from 2009 to 2012 the average GDP per capita increased from 20 thousand riyals in 2009 to 33 thousand riyals in 2012.

GDP per capita Development (2009 and 2012)

	2009	2012	Annual growth rate
GDP* of Al Baha Region (million riyals)	8.45	14.5	20%
Total population of the Region	417,461	443,273	2.6%
GDP per capita	20	33	19%

* Study's estimates

2.5 Contribution to exports of the Kingdom

The products of economic sectors in Al Baha are not export oriented commodities, as they are concentrated so far in the products of agricultural crops and livestock that are consumed in the region and other nearby areas. Therefore, they do not contribute to the Kingdom's exports.

2.6 Education indicators

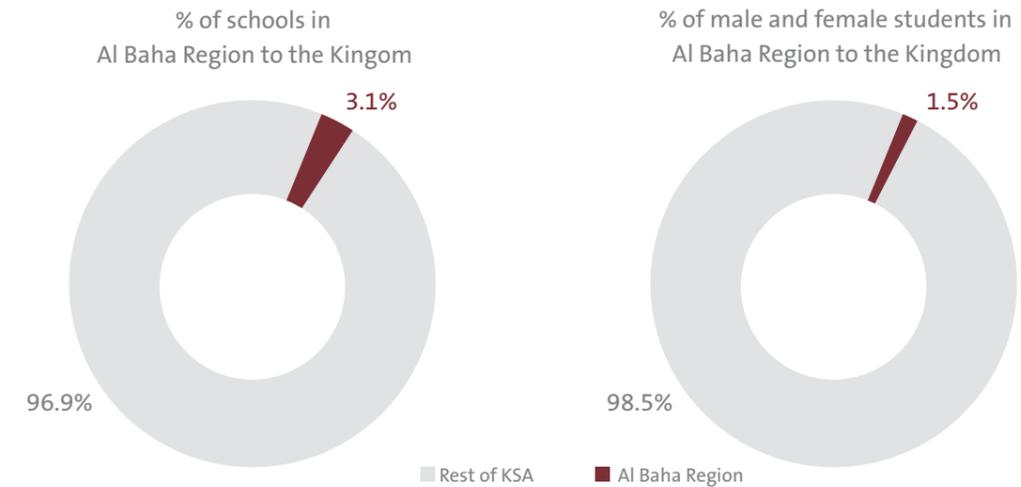
Public Education: The total number of schools for various stages of education in the region amounted to 1120 schools in 2013, including 1086 school affiliated to the Ministry of Education, and only 34 private schools accounting only for 3% of the total number of schools in the region. The total number of students in public education amounted to 80 thousand, of whom 78,1 thousand in the schools of the Ministry of Education and 1.9 thousand in private schools representing 2.4 % of the total number of students.

Public education services development in Al Baha *

	2005	2008	2012	2013	Average annual growth rate 2005-2013	Al Baha's portion of Saudi totals in 2013
Total number of schools (all stages)	1020	1037	1078	1086	0.8 %	3.1 %
Total number of classes (all stages)	5209	5193	5991	5705	1.2 %	2.2 %
Total number of students (in thousands)	75.7	76.0	76.0	78.1	0.4%	1.5 %
Total number of teachers (in thousands)	10.3	10.3	11.4	12.3	2.5 %	2.3 %

* Source: Statistical report of Public Education in KSA (1432HI/1433H-1433H/1434H)/ Department of Statistical Information, Ministry of Education.

The indicators of public education in Al Baha show that public education services are good compared with those provided in the Kingdom as a whole, as the ratio of schools, classrooms and teachers in the region to the total numbers in the Kingdom as a whole amounted in 2013 to 3.1%, 2.2% and, 2.3% respectively; while the rate of male and female students in the region amounted to around 1.5% of the total number of students in the Kingdom.



Teacher-student ratio compared to total average of the Kingdom

In Al Baha: primary stage (1:6.5 intermediary stage (1:6.2) and secondary stage (1: 7.4).

Overall average in the Kingdom: primary stage (1:10.9), intermediate stage (1:9.7), and secondary stage (1/10.7).

These figures show that the education indicators of Al Baha Region in all stages are fairly higher than the general average of the Kingdom.

Higher education

In Al Baha , there is a new university, which has been operated recently, including 18 faculties of which: Faculty of Engineering, Faculty of Medicine, Faculty of Science, Faculty of Medical Sciences, Community College, Faculty of Education, Faculty of Health Sciences, Faculty of Administrative and Financial Sciences, Faculty of Science and Arts in Almandaq, Faculty of Arts and Sciences in Mekhwah, Faculty of Science and Arts in Biljurschi.

The total number of students enrolled in the University of Al Baha and the other higher education institutions in the region in 2013 amounted to 30 thousand students. The number of graduates both males and females reached about 3.2 thousand. Faculty members of the higher education, including professors, assistant professors, lecturers, assistant lecturers and teachers, are about 1368 thousand in 2013.

Technical education, vocational training and specialized institutes

In addition to the technical colleges located in Al Baha region, there are a large number of other technical education facilities and private institutes. The General Organization for Technical and Vocational Training (GOTVT) also implements a program for joint training in Al Baha like other regions of the Kingdom, with a view of training in specific professions in order to better meet the actual needs of the labor market.

2.7 Health Services Indicators

Al Baha Region has 101 health-care centers, 10 government hospitals run by the Ministry of Health, including 1035 beds, in addition to a number of ambulance posts. The health services provided by the private sector include one private hospital with a 100 beds capacity, 27 clinics and private medical centers, 92 pharmacies, 32 optics shops, and two pharmaceutical warehouses.

Health services in Al Baha Region *

	2008	2009	2010	2011	2012	Ratio to total number in KSA in 2012
Ministry of Health Services:						
Medical centers	91	91	93	98	101	4.5 %
Visits to centers (,000)	1,789	1,765	1,765	1,681	1,763	3.3%
Laboratory tests made in the centers (,000)	237	306	229	376	228	3.6%
Hospitals	10	10	10	10	10	3.9 %
Hospital beds	1,119	1,119	1,030	1,045	1,035	2.9% %
Hospital doctors	457	452	621	682	700	2.7%
Outpatient visits (,000)	387	382	432	438	403	5.5%
Inpatients (,000)	54	54	58	54	54	3.2%
Surgical operations (,000)	10.5	10.7	12	11.9	12.1	2.7%
Private sector services:						
Number of medical centers	26	25	26	29	27	1,2%
Number of clinics (all types)	-	-	1	-	-	0.0%
Number of private hospitals	1	1	1	1	1	0.7%
Number of beds in private sector hospitals	100	100	100	100	100	0.7%
Number of inpatients in private sector hospitals	1,501	1,900	1,600	1,700	2,000	0.2%
Number of physiotherapy centers	-	1	1	-	-	0.0%
Number of optics shops	28	31	28	25	32	1.7%
Number of pharmacies	85	93	94	95	92	1.3%

* Source: Statistical Yearbook (2009, 2010, 20011, 2012), Ministry of Health.

Indicators of health services in Al Baha compared to overall average of the Kingdom, 2012

Bed-to-people ratio for Al Baha Region = (1: 388); overall average bed-to-people ratio for the Kingdom = (1:548).

Physician-to-people ratio in the region = (1:527); overall average Physician-to-people ratio for the Kingdom = (1:603).

The indicators of the health services in Al Baha are good when compared with the average of the Kingdom. They are above the overall average of the kingdom in terms of the number of beds and physicians.



Part III

Comparison of the Region's Economic Indicators for 2005, 2009 and 2012

Part III: Region's Economic Indicators for 2005, 2009 and 2012

3.1 Population and Gross Domestic Product

	2005*	2009	2012
Kingdom's total population (million people)	23.1	25.4	29.2
Total population of Al Baha (in millions)	360	417	443
Population ratio to that of the Kingdom	1.56 %	1.59 %	1.50%
GDP* of the Kingdom at current prices (in billion riyals)	1,172	1,596	2,731
GDP* of the Kingdom without crude oil and natural gas (in billion riyals)	604	995	1,429
Al Baha GDP* (in billion riyals)	6.8	8.45	14.5
Al Baha portion of GDP of the Kingdom	0.59 %	0.53 %	0.53%
Al Baha portion of GDP of the Kingdom without oil and gas	1.1 %	0.85 %	1.0
Per capita GDP in Al Baha (in thousand riyals)	19	20	33

Source: Al Baha Economic Report for 2007, 2010 ,General Investment Authority,

3.2 Indicators of Exports

	2005*	2009*	2012
Total value of exports of the Kingdom (in billion riyals)	666	697	1457
Value of exports of the Kingdom without crude oil (in billion riyals)	152	164	284
Value of exports of Al Baha region (in billion riyals)	-	-	-
Al Baha 's share of total exports of the Kingdom	-	-	-
Al Baha 's share of total exports of the Kingdom without crude oil	-	-	-

* Source: Economic Report of Al Baha for 2007 2010 , General Investment Authority (SAGIA)

3.3 Infrastructure Indicators

	2005*	2009	2012
Total lengths of paved roads (km)	1,162	3,582	4,158
Length of agricultural and soil roads (km)	5,876	5,922	5,975
Number of storage reservoirs and rain and flood water control dams	25	31	34
Power generating capacity (thousand MW)		67	58
Electricity coverage in the region	90 %	95 %	96%
Number of fixed telephone lines (millions)	53		62
Number of mobile telephone lines (millions)	78		
Number of digital subscriber lines / DSL (in thousands)	344		
Number of main post offices	18	18	22
Number of sub-post offices	8	8	8
Number of surface mail point	764	584	
Number of mailboxes (thousands)	5.7		8.6

* Source: Economic Report of Al Baha for 2007 -2010 ,General Investment Authority (SAGIA)

3.4 Indicators of Economic Sectors

	2005*	2009	2013
Industry:			
Total number of factories	15	15	15
Total funding in industry (in billion riyals)	85	85	60
Al Baha share of total industrial investments in the Kingdom	0.1 %	0.1 %	0.01%
Sector's contribution to GDP of the region	0.3 %	0.2 %	0.1%

	2005	2009*	2011
Agricultural sector:			
Amount of vegetables (thousand tons)	7	9	8
Amount of palm date production (thousand tons)	5	7	6
Amount of fruits (in thousand tons)	20	28	30
Sector's contribution to GDP of the region	4.2 %	3.6 %	2.8%

* Source: Economic Report of Al Baha for 2007 -2010 ,General Investment Authority (SAGIA)

3.5 Indicators of education and health services

	2005*	2009	2012
Public Education:			
Teacher - student ratio in primary stage	1 / 6.72	1 / 5.88	1/6.50
Teacher - student ratio in preparatory stage	1 / 6.97	1 / 8.07	1/6.20
Teacher - student ratio in secondary stage	1 / 10.14	1 / 12.85	1/7.40
Higher Education:			
Number of universities of Ministry of Higher Education	-	1	1
Number of private universities	-	-	-
Total number enrolled in public universities (in thousands)		16	30
Health services:			
Bed – people ratio	1 / 577	1 / 550	1/388
Physician – people ratio	1 / 851	1 / 951	1/527

* Source: Economic Report of Al Baha for 2007-2010 , General Investment Authority (SAGIA)



Part IV

Investment Opportunities in Al Baha Region

Part IV: Investment Opportunities in Al Baha Region

According to the sections addressed above, the available information and future plans for the development of the Region, following are the most important investment opportunities and large projects, which investors can study in detail and verify their economic feasibility, and begin their implementation:

4.1 Investment opportunities in large projects

Opportunity No (1)	Extraction and processing of industrial mineral ores (pyrite, feldspar, quartz).
Justifications and potentials	Availability of ores in the region in economic quantities; and the current high demand for such products in industrial applications, including sanitary industries, ceramics and cutlery.
Target market	Domestic market and regional and world export markets.
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing the GDP per capita in the region.

Opportunity No (2)	Extraction of marble and granite stones.
Justifications and potentials	The region is rich in raw materials of high quality and good value and specifications ornamental stones (granite and marble) .
Target market	Domestic market and exportation.
Economic impact	Creating new job opportunities, exploiting the natural resources, and increasing the GDP per capita in the region.

Opportunity No (3)	A factory for the production of red clay bricks and blocks.
Justifications and potentials	Availability of raw materials, such clay, in the region near Nawan.
Target market	Construction sector in the region or neighboring areas.
Economic impact	Creating new job opportunities and increasing the GDP per capita in the region.

Opportunity No (4)	Power station as per Saudi Electricity Company plans and regulations, according to BOT or other system.
Justifications and potentials	Current electricity shortage in the region, where coverage does not exceed 96%.
Target market	Saudi Electricity Company / Al Baha.
Economic impact	Create new job opportunities and contributing to infrastructure projects and provision of electric energy in the region.

Opportunity No (5)	100-room five-star hotel.
Justifications and potentials	The growing demand for hotel services in the region.
Target market	Tourism sector in the region and visitors either for employment or business
Economic impact	Creating new job opportunities and increasing the GDP per capita in the region.

Opportunity No (6)	Tourism development company.
Justifications and potentials	The region enjoys great elements and potentials for tourist attraction, the region needs projects to support this sector, the region's share of domestic tourism is only 2%, equaling 561 thousand trips annually.
Target market	Al Baha and other southern regions.
Economic impact	Creating new job opportunities and achieving good infrastructure and services for tourism sector in the region.

Opportunity No (7)	Private college for tourism and hotels.
Justifications and potentials	Growing demand for employment in tourism and hotel sector and availability of job opportunities after graduation for students in the region.
Target market	Youth and students of Al Baha and other regions in the Kingdom.
Economic impact	Creating new job opportunities, providing one of the pillars of tourism sector development in the region, and reducing migration from the region.

Opportunity No (8)	Establishment of a company for tourism infrastructure development and tourism promotion in the Nammass governorate and villages.
Justifications and potentials	The need of the region to develop its archaeological and tourist attractions to promote tourism and diversify sources of income.
Target market	Tourism companies, local residents, tourists, holidaymakers and residents of the GCC region.
Economic impact	Promoting tourism and creating new job and investment opportunities.

Opportunity No (9)	Construction of recreation and tourism shelters for summer visitors.
Justifications and potentials	Fascinating nature of the region and the need for these resorts and hotels.
Target market	Real estate companies, tourism companies, local residents, tourists and holidaymakers.
Economic impact	Promoting tourism and creating new job and investment opportunities.

Opportunity No (10)	Construction of museums.
Justifications and potentials	Collection and preservation of folklore and cultural heritage of the region and promotion of the tourist attractions.
Target market	Local residents, tourists and holidaymakers form GCC region
Economic impact	Strengthening the elements of tourism and tourist attractions, creating new job opportunities, and diversifying sources of income.

Opportunity No (11)	Establishment a big zoo in Nammass area.
Justifications and potentials	The region's need for such projects to stimulate tourism.
Target market	Local residents, tourists and GCC holidaymakers.
Economic impact	Stimulating local tourism and diversifying sources of national income.

Opportunity No (12)	Establishment of natural parks.
Justifications and potentials	Preserving the environment and its components of animals, forests, flora and marine in the region.
Target market	Local residents, holidaymakers, tourists and visitors.
Economic impact	Developing natural resources and creating jobs.

4.2 Investment opportunities in medium sized enterprises

Opportunity No. (1)	A factory for honey production and packaging.
Justifications and potentials	The existence of the proper environment and natural forests in the region upon which the bees depend for nutrition.
Target market	Domestic market of Al Bahah and other regions.
Economic impact	Creating new job opportunities, increasing the value of the region's exports and increasing the GDP per capita of the region.

Opportunity No (2)	A company to collect, sort, package and market fresh vegetables and fruits
Justifications and potentials	The abundant quantities of vegetables and fruit crops available in the region.
Target market	Supermarkets, companies and residential complexes in Al Baha and neighboring regions
Economic impact	Creating new job opportunities, increase the value of the region's exports and increasing the GDP per capita of the region.

Opportunity No (3)	Medical center for dialysis
Justifications and potentials	Increasing demand for specialized medical services and lack of such a service in the private sector in the region.
Target market	Citizens and residents in the cities of the region.
Economic impact	Creating new job opportunities and providing health services, leading to population stability and migration reduction in the region.

Opportunity No (4)	A medical laboratory (in every city in the region)
Justifications and potentials	Shortage of this type of medical services in the region. There is only one private specialized medical laboratory in the entire region.
Target market	Physicians and patients in all cities of the region.
Economic impact	Create new job opportunities and providing health services, leading to population stability and migration reduction in the region.

Opportunity No (5)	Rent-a-car company
Justifications and potentials	Substantial growth in demand for transport services.
Target market	People of the region, visitors, tourists and others.
Economic impact	Creating new job opportunities, providing transportation services, and increasing the GDP per capita of the region.

Opportunity No (6)	Issuance of a local newspaper for Al Bahah
Justifications and potentials	The current and anticipated requirements, especially after the establishment of the University of Al Baha.
Target market	Citizens and students of the university, colleges and other citizens and residents in the region.
Economic impact	Creating new job opportunities and increasing the GDP per capita in the Region.

Report Data Sources

Description	Source
Economic developments in the Kingdom	SAMA annual report 2013 Ministry of Finance Statement on General Budget of the State for the year 1435/1436H Central Department of Statistics and Information
Infrastructure	
Roads	Statistical Yearbook, 2012, Central Department of Statistics and Information , Ministry of Transport Reports and statistics of the Ministry of Municipalities and Rural Affairs
Air Transport	Statistical Yearbook, 2012 / Central Department of Statistics and Information , Saudi Airlines
Railway Transport	General Organization of Railways, Saudi Arabian Railways Company (SAR)
Marine Transport	Ports Statistical Report, 2013 / Ports Authority
Water	Annual Report, Saline Water Conversion Corporation (SWCC). Report of Water in KSA, Ministry of Water and Electricity.
Electricity	Annual Reports of Saudi Electricity Company, Annual Reports of Water and Electricity Ministry
Communications	Statistical Yearbook 2012 / Central Department of Statistics and Information , Communication Authority, Saudi Post Authority
Economic Activities	
Oil and Gas	Oil and Gas Statistics / SAMA Annual Report 2013, The Ministry of Petroleum and Mineral Resources, Aramco Annual Report
Industry	Industrial Report of the Kingdom 2013/ Ministry of Trade and Industry
Agriculture	Agricultural Yearbook 2012/ Ministry of Agriculture
Trade	Ministry of Trade and Industry
Building and construction	Reports and statistics of the Ministry of Municipalities and Rural Affairs
Mining	Technical and statistical report for mining activities, 2012, Ministry of Petroleum and Mineral Resources
Tourism	Railways General Authority, Saudi Arabian Railways Company (SAR)
Economic Indicators	
General Domestic Product (GDP) of the region	SAMA Annual Report 2013, Estimation of the Study
Migration rate and population attraction	Population Census 2004, 2010/ Central Department of Statistics and Information
Employment and unemployment rates	Workforce Report 2012/ Central Department of Statistics and Information
Per Capita GDP	
Contribution of the region in the exportation	SAMA Annual Report 2013, Estimation of the Study
Education indicators	Statistical Abstract on Education in the Kingdom 2011, 2012, 2013/ Ministry of Education
Medical services indicators	Statistical Yearbook 2012 / Central Department of Statistics and Information