Saudi Arabian General Investment Authority
SAGIA

Al Jouf Region

Economic Report

1434/1435 - 2014

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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 Al Jouf region for the year 2014 comes as an extension of the report 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 in 2007 and 2010 and those monitored in the current report of 2014 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 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

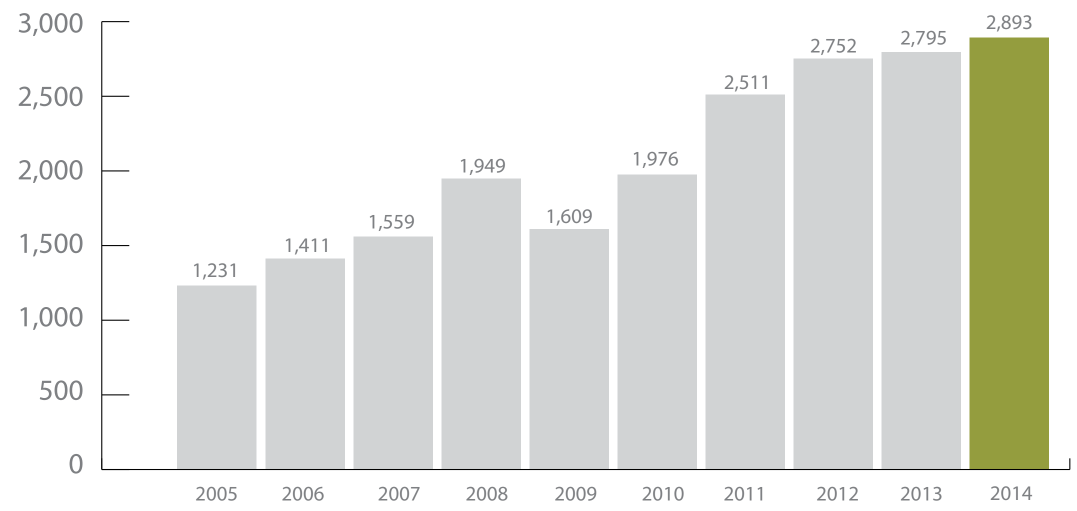
1. Economic Developments in KSA

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 on 2014 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 fixed 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 ** Estimated 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 SR855 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 & 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 Al Jouf Region

Part I : Status and prospects of development in Al Jouf Region

1.1 Inputs and Bases of Economic Development in the Region

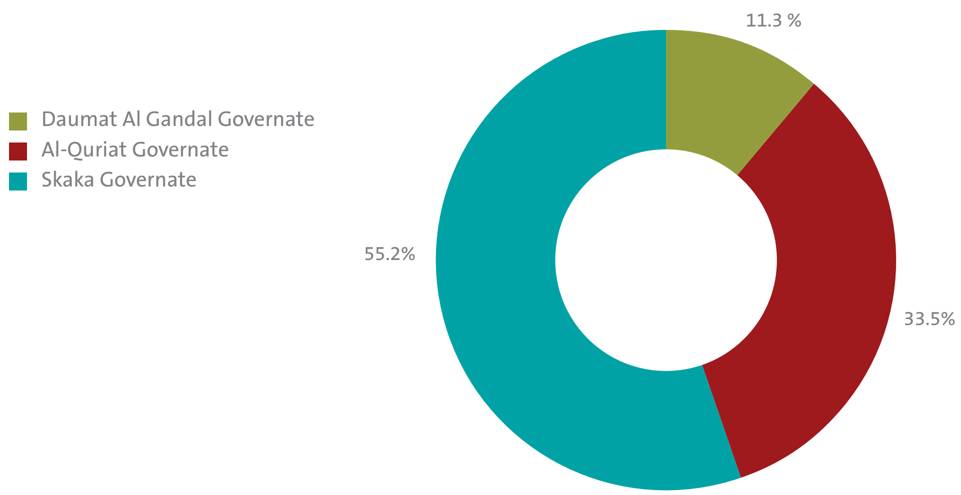
Al Jouf distinguished location

Al Jouf Region is located in northern part of Saudi Arabia. The region is bordered from the north by Northern Borders Region and from the south by Hail and Tabouk regions, and from the west by Jordan. This location is one of the pillars of economic development in Al Jouf, particularly that it is a border region, crossed by the high way connecting Kuwait and other GCC countries to the Arab states to the north of the Kingdom, including Iraq, Jordan, Syria, Lebanon and Palestine. A significant portion of trade movement between the Kingdom and each of these countries pass through this region, in addition to the pilgrims and travelers coming from them.

The area of Al Jouf region is about 70 thousand square kilometers, i.e. about 3.1% of the total area of the Kingdom. The region is divided administratively into the Principality of Region and three governorates: Skaka, Al Quriat and Daumat Al Gandal.

Regions of Saudi Arabia

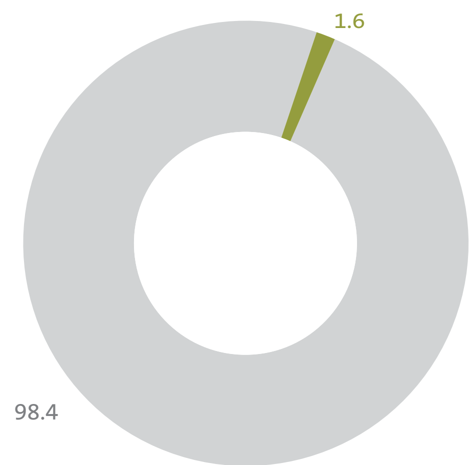
Population distribution of Al Jouf governates



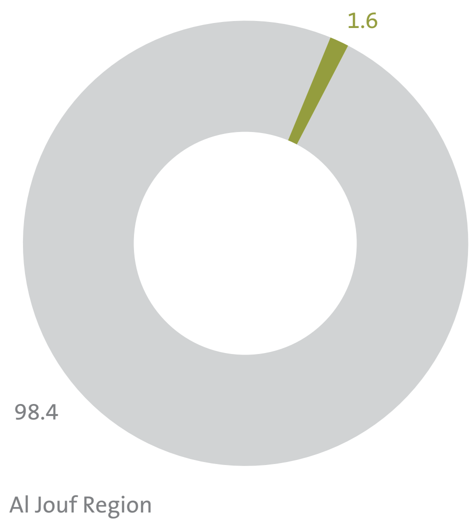
Population

According to the estimation of the Central Department of Statistics and Information the total population in Al Jouf region amounted to about 495 thousand, representing about 1.6% of the total population of the Kingdom, which amounted to about 30.8 million people in 2014. The number of Saudi population in Al Jouf is estimated at 386 thousand people against to 109 thousand non-Saudis. Skaka governorate has the vast portion of population of the region, hitting 55.2% of the total population of the region, followed by governorate of Al Quriat with 33.5%, and Daumat Al Gandal with 11.3%.

Region's population as % of the total population of Saudi Arabia 2014



Region's population as % of the total population of Saudi Arabia 2010



Infrastructure in the Al-Al Jouf Region

A) Road network

The total length of paved roads, controlled by the municipalities, in Al Jouf Region is around 2,886 km, accounting for 3.2% of total roads in the Kingdom controlled by the Ministry of Municipalities and Rural Affairs, which reached on the end of 2012 more than 91 thousand kilometers. The length of highways, dual and single roads of the Ministry of Transport in the region is about 724 kilometres constitute for 4.6% of the total length of the roads of the Ministry of Transport in the Kingdom which reached about 16 thousand kilometres on 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 roads now under construction such as execution of the crossings of the regional road with Skaka / Daumat Al Gandal and the crossing of the triangle of Abu Agram in Al Jouf.

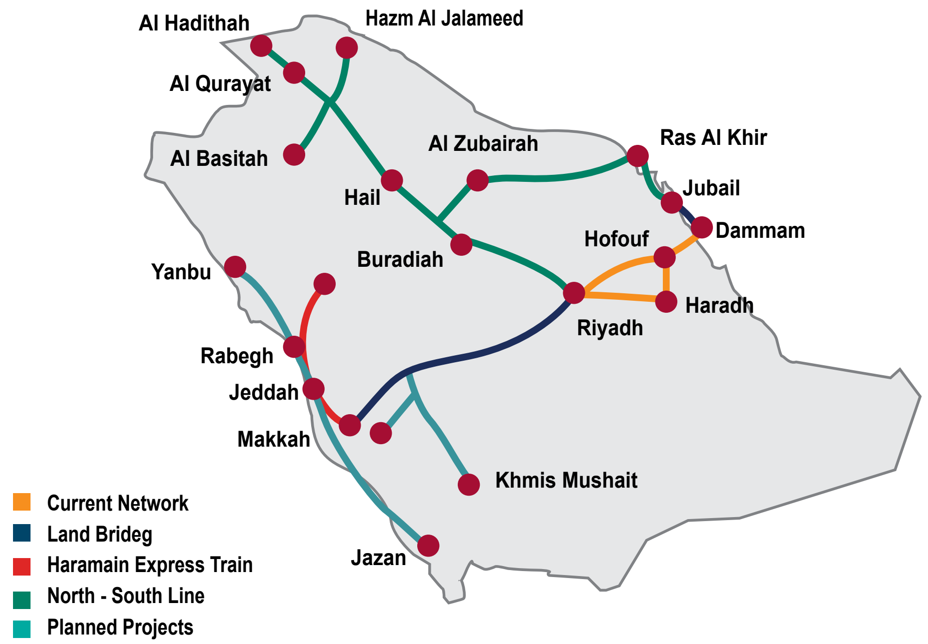
B) Air transport and airports

In Al Jouf Region, there are two regional airports, one in the city of Skaka and the other is Al Quriyat Airport. The two airports serve the geographical scope of the region by transporting passengers and goods, and link the region at the national level. The number of passengers using the two airports in 2011 and 2012 amounted to 448 thousand and 476 thousand passengers, respectively, accounting for about 1.33% of and 1.24% respectively of the total air traffic of passengers in the Kingdom, which reached on the two mentioned years 33.6 and 38.5 million passenger, respectively.

The quantities of goods transported via air through the two airports in 2011 and 2012 amounted to some 912,930 or about 0.2% of the total air cargo traffic in Saudi Arabia, which amounted to about 536, 465 thousand tons during the two mentioned years. The movement of air transport in Al Jouf region is considered one of the most important and fundamental pillars on which the present and future economic development projects will rely.

C) Railways Transportation

Recently, the railways service has been introduced in Al Jouf region by the start of the operation of the new railways line (North South Line), which constitutes two main lines. The first line begins from Riyadh and extends to the North West towards Al-Haditha, near the Jordanian boarders, passing through Qasim, Hail and Al Jouf regions. The second line starts, nearly, from the middle point of Riyadh – Al-Haditha line to Al-Zabierah to the North, passing through the bauxite ore locations at Al-Zabierah to the treatment and exportation facilities in Ras-Al-Khair Industrial City at the shores of the Arabian Gulf. The project includes construction of various branch lines. One of the branch lines will begin from the main line of Al-Hadithah – Riyadh to Al-Jalamid region at the North West of the Kingdom to serve the phosphate plants in this area. Another branch will be constructed to serve the agricultural area of Al-Basita in Al-Al Jouf region. Another branch line will begin from the main line which links Al-Zabierah and Ras-Al-Khair to serve the bauxite mines in Al-Zabierah region, in addition to another branch line to serve Al-Jubail Industrial Area on the shores of the Arabian Gulf. The total length of the (North South Line) is estimated to be about 2400 kilometers, in addition to the lines extending to the storage areas, yards, maintenance points, stations and administrative facilities. The total cost of the railways line is estimated to be more than 12 billion riyals. There will be 6 stations for passengers transport at the North South Line, distributed along the route, which are: King Khalid International Airport station in Riyadh, Almojamaa', Qasim, Hail, Al-Al Jouf and Al-Hadithah stations. The operation of the industrial section of the project has been started on the last quarter of 2011. This section is aimed to transport minerals from Hazm Al-Jalamid and Al-Zabierah mines to the treatment plants in Ras-Al-Khair, north of Al-Jubail city. The line composed of 9 stations for goods transportation distributed along the route, which are: Riyadh, Sedair, Qasim, Hail, Al-Jouf, Al-Basita, Ras-Al-Khair , Al-Jubail and Al-Haditha. The line will be used also for transportation of phosphate and bauxite ores from the northern and central parts of the Kingdom to the treatment and mining facilities in Industrial Ras-Al-Khair at the Arab Gulf.



D) Water

Al Jouf depends, generally, in the provision of drinking water, on the government-run water wells, totaling 80 in the region. In addition, there is one of the important water projects, namely Al Quriyat Water Project that tranfer water from Al-Busaitah to the cities of Al Quriyat and Haditha and to the villages of the Al Quriyyat governorate. The project consists of 9 water wells in Al-Busitah and pumps, reservoirs and collection and transfer pipelines, the total length of which is more than 180km. The capacity of the purification plant in this project is 25 thousand cubic meters / day. Drinking water is provided for cities, small towns and villages, where water is unfit for drinking, through water projects consisting of a well and an elevated water tank.

In the areas that lack clean ground water, drinking water is provided by water tankers under the supervision of the Ministry of Water and Electricity. There are now over 15 projects under construction for water and sewage in the region including building of potable water tanks, water distribution networks, sewage lines and treatment and purification plants. The total cost of this project amounts to about 212 million riyals.

For irrigation water, the region relies on groundwater where there are about 9 control dams by the end of 2012, with an estimated storage capacity of 15 million cubic meters. The Busaitah agricultural area is rich in groundwater that is suitable for cultivation.

E) Electricity

The electricity network in Al-Al Jouf region covers more than 96% of the total centers in the region. The total power generation capacity in the region amounted to about 675 MW in 2013. In Al Jouf Region, there is a power supply network comprising the existing four power plants in Al Quriyyat, Tabarajal, Dawmat Al Jandal and Skaka. These stations are linked to a group of 132KV transformer stations, including Skaka, Zalum stations and others. All of these plants are connected to 132kv electrical transmission lines.

F) Telecommunications

Al Jouf, region is covered by communications networks, including the fixed, mobile, and DSL networks. The number of fixed lines in the region reached about 54 thousand lines, representing about 1,1% of the total number of land lines in the Kingdom in 2012, which amounted to about 4,8 million lines. The number of Internet users at about 263 thousand, representing about 1.7% 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 the region reached about 24 thousand representing about 0.9% 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 in 2012, there are 14 central post offices, 9 branch post offices, and 11 mail points and 12 mail halls with 9.9 thousand post office. 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) Trade

The total number of establishments and businesses in the region amounted in 2012 to about 17.5 thousand, representing about 1.5% of the total trading establishments in the Kingdom, and operating in various aspects of economic activities, as follows:

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

The average annual increase in the number of new establishments in the Region during the period (2004-2012) is about 759

B) Agriculture

Agriculture in Al Jouf is one of the most important economic sectors, affecting many segments of the society in the region. Al Jouf has significant advantages, including water quality and availability and the existence of arable soil and proper climate for cultivation of most crops, especially in the area of Busaitah. The total crop area in the region amounted in 2011 to some 96 thousand hectares, representing about 12.2 % of the total crop area in the Kingdom, which amounted to 788 million hectares in the same year. There are also a large number of specialized agricultural projects in the region, including the large projects for Al Jouf Agricultural Development, Company, Nadec Company and Al-Rajhi Company for Agricultural Works. In addition, the region is characterized by its large pastoral areas and highly experienced camel and sheep breeders.

Development of Agricultural Activity and livestock*

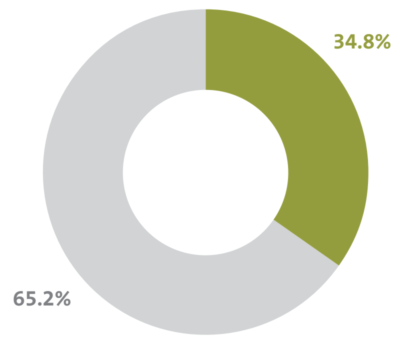
	2007	2008	2009	2010	2011	Average annual growth rate	Al Jouf's share of total KSA production (2011)
Crop production:							
Wheat production (thousand tons)	839	728	824	496	363	- 14 %	3.6 %
Barely Production (thousand tons)	6.5	7.3	7.5	6.7	5.4	- 4 %	34.8%
Green fodder (thousand tons)	238	271	191	295	299	6.4 %	8.2 %
Vegetables (thousand tons)	83	107	80	100	104	6.3 %	3.9 %
Dates (thousand tons)	49	52	52	47	51	0.9%	5.1 %
Fruits (thousand tons)	120	154	130	124	154	7.2%	9.6 %
Livestock Porduction:							
Camels (thousand heads)	9	7	10	6.4	7.0	-5.8 %	3.2 %
Sheep (thousand heads)	1,066	1,018	1,058	1,383	1,343	6.5%	20.5 %
Goats (thousand heads)	75	70	82	36	40	- 11.7 %	3.7%
Cows (thousand heads)	2.4	2	2.1	1.0	1.0	- 14.7 %	0.2 %
Poultry (million chickens)	0.9	0.5	2.1	1.9	1.0	4.3 %	0.2 %

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

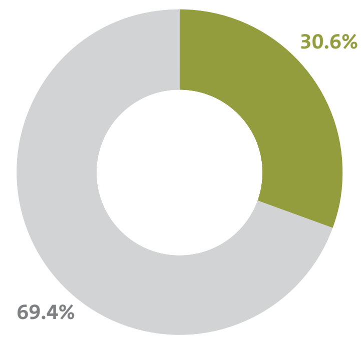
It can be noted from the table above that there is a decline in the region's production of wheat and barley to an annual average of about 14% and 4%, respectively, and a significant increase in the production of green fodder, vegetables, dates and fruits. It its noted also that the numbers of sheep increased by about 6.5% and poultry by 4.3%, while the numbers of cattle, goats and camels decreased by 14.7%, 11.7%, and 5.8%, respectively.

The region has distinguished production of honey, which represents about 16.4% of the total production of honey in the Kingdom, which amounted to 119 tons in 2011.

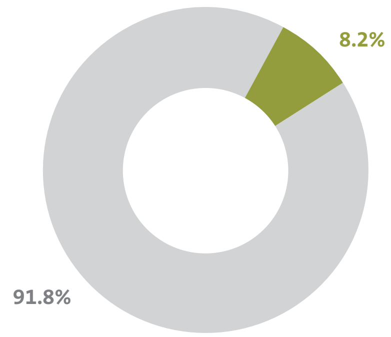
Ratio of Barely production in Al-Jouf
to the total production of the Kingdom



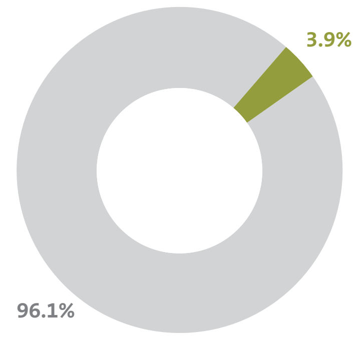
Ratio of wheat production in Al-Jouf
to the total production of the Kingdom



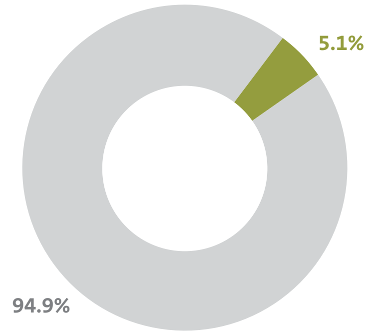
Ratio of fodders production in Al-Jouf
to the total production of the Kingdom



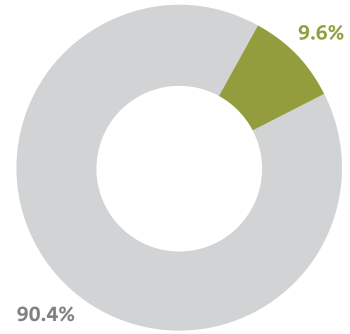
Ratio of vetetables production in Al-Jouf
to the total production of the Kingdom



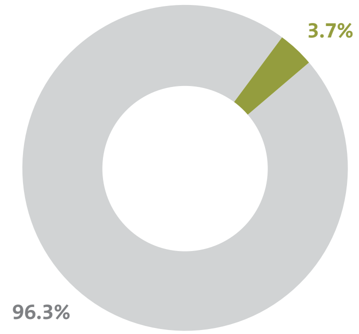
Ratio of dates production in Al-Jouf
to the total production of the Kingdom



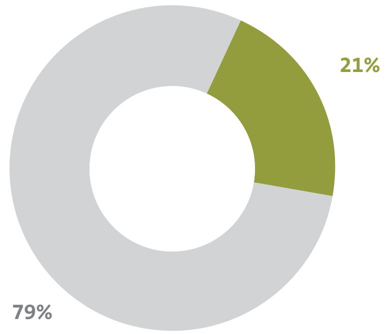
Ratio of fruits production in Al-Jouf
to the total production of the Kingdom



Percentage of goats in Al-Jouf
to the total number of the Kingdom



Percentage of sheep in Al-Jouf
to the total number of the Kingdom



Rest of KSA   Al-Jouf Region

C) Mining and Quarrying

Mining and quarrying sector in Al-Al Jouf is considered one of the promising economic activities, which contribute in exploitation of resources and natural wealth in the region and secure the needs of other industrial sectors such as industry, building, construction and others. There are some companies and establishments operating in Al-Al Jouf region in the exploitation of raw materials such as sand silica in Daumat Al-Jandal. There are also other raw materials such as Eliti clay in Al-A'gariya and the high purity dolomite in Al-Al Jouf region.

D) Industry

Al Jouf has 47 productive factories, representing about 0.7% of the total number of productive factories in the Kingdom, totaling to 6364 at the end of end 2013. The total investments in Al Jouf factories amounted to 797 million riyals, representing less than 0.1% of the total fund of the productive plants in the Kingdom, amounting to some 873.2 billion riyals. The number of workers in the plants of Al-Al Jouf region is about 2.2 thousand workers, representing about 0.27% of the total number of workforce in the industrial sector in the Kingdom, which reached 878 thousand workers by the end of 2013. In the city of Al Jouf, there is an industrial city, built on an area of 3 million square meters.

1.3 Future Vision of Economic Development in Al Jouf Region

To achieve development in Al Jouf, more infrastructure and basic services should be provided in the region, in addition to the productive base, which is based primarily on self inputs and development potentials of the region. It also needs a purposeful local strategy to encourage funneling investments and attracting activities to the region. The most important needs and requirements for promoting development in Al Jouf region include:

Productive Sectors: Development of the productive base and increasing the activities of the unexploited sectors, foremost among which are industry, mining, transport and tourism, through the development of infrastructure and facilities that serve these sectors.

Infrastructure: In order to maintain its successful sustainable development, the infrastructure elements and public services in the region should be completed and more attention should be paid to small communalities. This includes roads, electricity, water, communications and sewage services.

Educational Services: Public education in Al Jouf region needs to be developed and improved, technical and middle education services should be increased and higher education services should be provided in various scientific and literary disciplines to meet the expected increase in numbers of students.

Health Services: The current health services in the region need to be increased and medical services should be provided in specialties not available currently in the region.

Housing: In addition to providing job opportunities, the region needs proper housing facilities, which is one of the fundamental pillars of population stability in the region. Furthermore, housing units should be provided at the productive sites as it is one of the most important requirements of the labor required for the projects there. In addition, all services, especially social services and recreational activities should be provided.

Small and medium enterprises (SMEs): These enterprises are of great importance for the success of the development process. 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.

To achieve development in the region, it is necessary that the administrative bodies and governmental organizations in the region provide all data and make all information avialble to domestic and foreign investors.

Sectors with Comparative Advantage

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

1) Agriculture: Agricultural sector has a significant importance in Al-Al Jouf region. The potential of this sector, confirms the continuous growth and increasing diversity in the production of crops that can attract substantial investments in agricultural and livestock production, as well as additional investments in the manufacture of food products, equipment and agricultural machinery to serve this vital activity in the region and other supporting industries and activities related to agricultural activity.

2) Mining: Mining is a promising sector in the Region, where there are untapped natural raw mineral materials, which are characterized by commercial size and economic feasibility as regards the industrial exploitation. These raw materials include the clay, which exists near the town of Daumat Al Jandal, and which is suitable for several industries, mainly ceramics, pottery, bricks and tiles. There are also several sites, such as Maleeh, Allagnah and Tabuk road containing silica sand, which can be used in the manufacture of glass, as well as other raw materials such as dolomite stones and limestone, which is used in basalt road works and reinforced concrete, or as building stones. In addition, there are several locations in the Sarhan Depression, which contain a large number of swamps that can be exploited in the production of salt for industrial uses or for human consumption. These sites include Ethra, Kaf, and Hozaza Bottom. Furthermore, there are sites in the region which are rich in raw

materials which are used in the production of limestone cement, such as Wadi Turba and a location to the the west of JabAlAbd.

3) Tourism: Al Jouf Region is characterized by the presence of many different tourist attractions. The region experience cultural events which makes the tourism sector in the region elegible for growth, through investments in hotels, restaurants and other infrastructure facilities of tourist activities.

4) Industrial sector: Because of the flourishing agriculture sector in the Region, the industrial sector, especially food and agricultural industries, is considered one of the sectors of comparative advantages in the Region, which is expected to attract new domestic and foreign investments

Investment Incentives

In addition to the significant support, backing and facilities provided by SAGIA and the governmental and administrative authorities in the 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 for in the National Industries Protection and Encouragement Law, including the exemption of imports of goods and industrial equipment from customs duties, preferential treatment for national products to secure governmental purchases and allocation of land in the industrial cities at nominal cost
- Ownership of the properties directly related to any project, including project staff accommodation and housing
- The benefits available under the bilateral and multilateral agreements with regard to taxation and investment
- Prohibitions against confiscation of any investment without judicial judgment
- Unhindered transfer of capital and profits abroad
- Permission of transfer of profits outside the Kingdom and freedom to transfer shares among shareholders
- The licensed project's right to sponsor the foreign investor and his non-Saudis staff
- Provision of public utilities and services at discounted prices
- Provision of loans from Saudi Industrial Development Fund
- Carrying losses forward for the following years for tax purposes

Investment benefits and incentives available 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, 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
- 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
- Duty exemption of machinery, equipment and 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 Jouf Region

Part II : Economic Indicators for Al Jouf Region

2.1 Gross Domestic Product

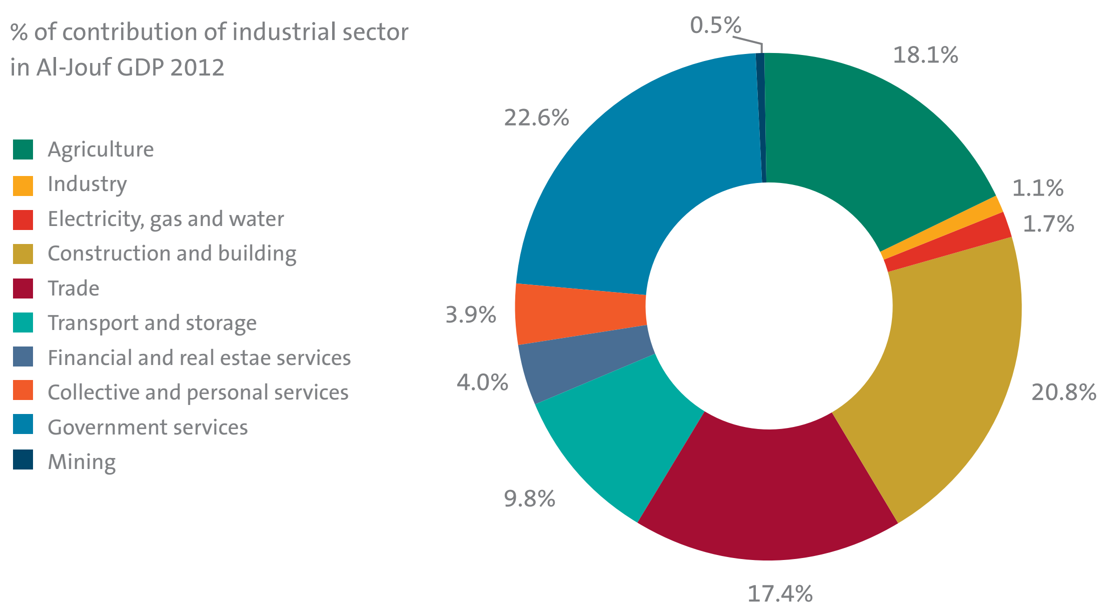
The total GDP of Al Jouf Region amounted to around 18.5 billion riyals in 2012, representing 0.7% of the total GDP of the Kingdom and 1. 3 % of the GDP of the Kingdom without the crude oil and gas. The average annual growth rate of the region's GDP increased to about 18% during the period from 2009 to 2012. The building and construction sector ranks first in terms of contribution of the industrial sectors to the region's GDP by 20.8%, followed by the agriculture sector by 18.1%, trade sector by 17.4%, transport, storage and communications by 9.8% and the real estate and financial service sector by 4.0%.

Al Jouf's contribution to Kingdom's GDP in (2009 – 2012)

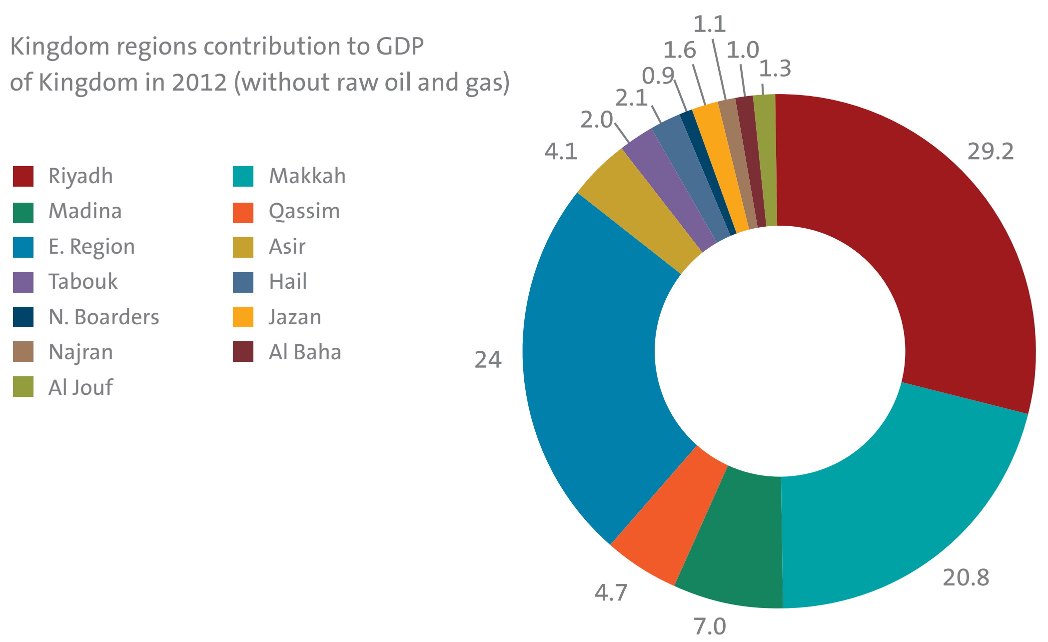
	2009	2012	Average annual growth rate
GDP of the Kingdom at current prices (billion riyals) *	1,596	2,731	19.8%
GDP of the Kingdom without crude oil and gas (billion riyals) *	995	1,429	11.9%
Region's GDP** (billion riyals)	11.4	18.5	17.6 %
Region's ratio to the total GDP of the Kingdom	0.71%	0.68%	
Region's ratio to Kingdom GDP without crude oil and gas	1.14 %	1.3%	
GDP per capita of the region (thousand riyals)	28	39	13%

* Does not include import duties ** Study's estimates
Central Department of Statistics and Information, Ministry of Economy and Industry

% of contribution of industrial sector in Al-Jouf GDP 2012



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



2.2 Migration and Population Attraction Rates

According to the estimation of the Central Department of Statistics and Information, the population of the region of Al-Al Jouf is expected to reach 495 thousand people on 2014, representing about 1.6% of the Kingdom's population, which is estimated to reach about 30.8 million people on 2014. Population of Al-Al Jouf region was about 362 thousand people in the Census of 2004 and about 447 thousand on the census of 2010,

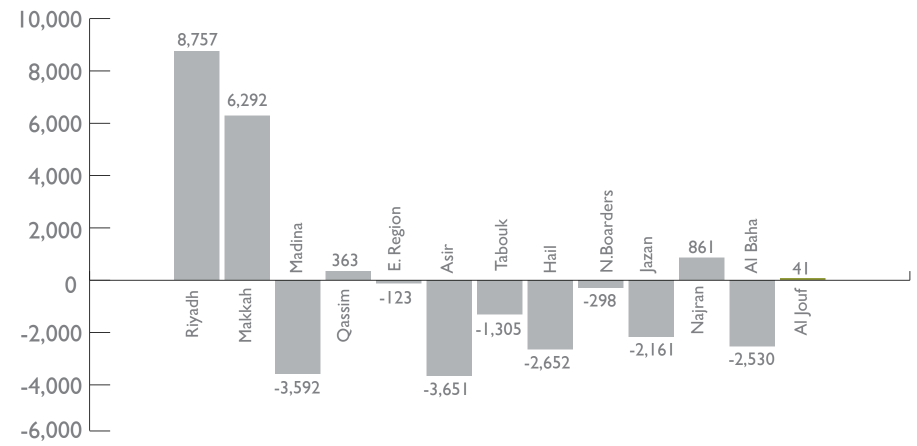
The average annual growth rate of population in the region during the period (2004 - 2014) amounted to about 3.19%. The average annual growth rate of Saudi citizens during the same period was about 2.29%, which means it is slightly higher than the annual growth rate for Saudis in the Kingdom during the same period; so Al-Al Jouf is considered a pulling region.

Development of population in Al-Al Jouf region

		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-Al Jouf Population	Saudis	308,132	354,077	386,341	2.29%	385,926	415
	Non-Saudis	53,544	92,627	108,565	7.32%		
	Total	361,676	446,704	494,906	3.19%		

* 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)

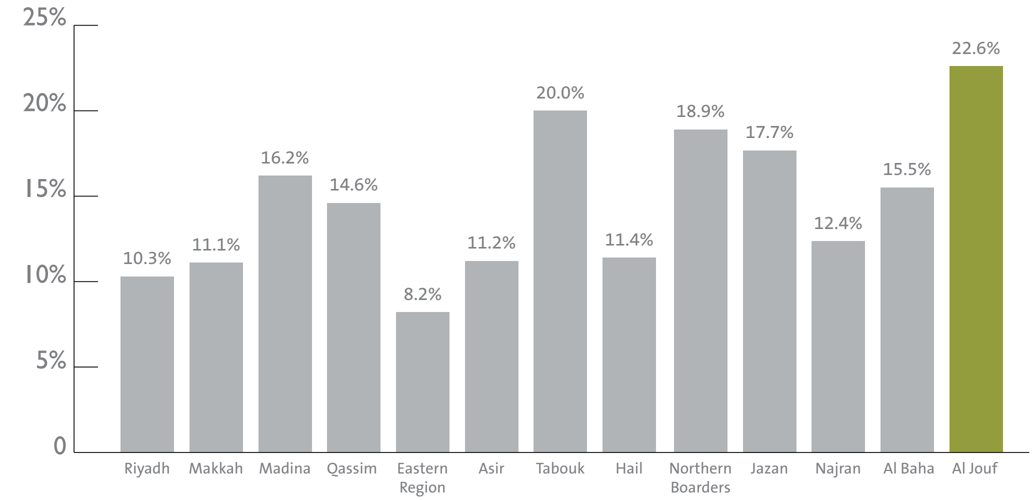


Source: Statistical Yearbook of the Ministry of Economy and Planning

2.3 Employment and Unemployment rates

According to the estimations of the Central Department of Statistics and Information for the unemployment rates in the kingdom in 2012, unemployment rate in Al-Al Jouf region reached about 22.6% of the total workforce in the Kingdom, which amounted to 88,891 persons (male and female). This rate is a high compared to the average rate of unemployment in the Kingdom

Unemployment rates in the regions of the Kingdom in 2012



which was estimated at 12.1% in 2012.

Source: Department of Statistics and Information, Workforce Report 1433 H (2012). Ministry of Economy and Planning

2.4 GDP per capita

Due to the increase in the value of GDP of Al-Jouf, the average annual growth of which during the period (2009-2012) was about 18% annually, the average per capita GDP of the region increased from about 28 thousand riyals in 2009 to about 39 thousand riyals in 2012.

GDP per capita Development in Al-Al Jouf Region (2009- 2012)

	2009	2012*	Annual growth rate
GDP of Al-Al Jouf Region without crude oil and gas (billion riyals)	11.4	18.5	17,6 %
Total population of Al Jouf Region	423,079	471,120	3,2 %
Average GDP per capita (thousand riyals)	28	39	13 %

* Study's estimates

2.5 Contribution to Exports of the Kingdom

The products of the economic sectors in the region are not export oriented, as they have been concentrated so far in the products of agricultural crops and livestock that are consumed within Al Jouf and other neighboring regions. So, the region contribution to the exports of the Kingdom is very limited.

2.6 Education indicators

Public education: The total number of schools for various stages of education in Al-Al Jouf region is 984 schools in 2013, of which the schools run by the Ministry of Education in the region is 875 schools while the number of private and other schools is 109 schools, representing about 11% of the total number of schools in Al-Jouf. The total number of male and female students in the various stages of general education mounted to about 126.3 thousands, including 113.5

thousand in schools run by the Ministry of Education and 13 thousands enrolled in privately owned schools, i.e. 10.3% of total students in the region.

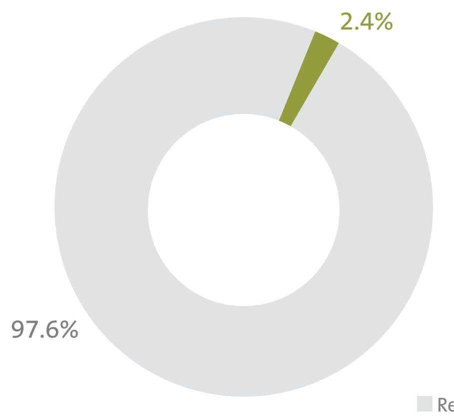
Development of public education services in Al-Al Jouf region*

	2005	2008	2012	2013	Average annual growth rate 2005-2013	Region's portion of Saudi totals in 2013
Total number of schools (all stages)	639	670	847	875	4.6%	2.5 %
Total number of classes (all stages)	4080	4494	5551	5684	4.9%	2.2 %
Total number of students (in thousands)	87.1	97.1	111.1	113.5	3.8%	2.1 %
Total number of teachers (in thousands)	8.7	10.1	12,1	12.5	5.5%	2.4 %

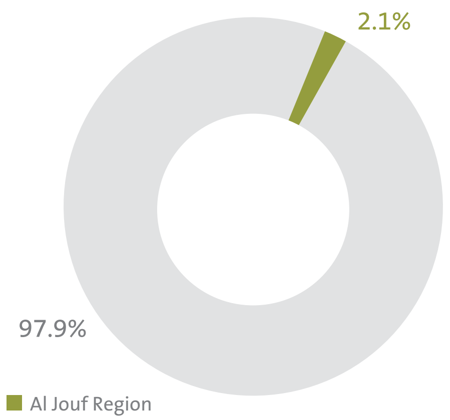
* Source: Statistical Abstract of Public Education in KSA (1432/1433H-1433/1434H) / Department of Statistical Information, Ministry of Education.

The indicators of public education in Al Jouf region are good compared with the total education services in the Kingdom as a whole. The ratio of the total numbers of schools, classrooms and teachers in the region to the total numbers in the Kingdom as a whole amounted to 2.5%, 2.2 and 2.4% respectively in 2013; while the ratio of the total number of the male and female students in the Region to that of the Kingdom was around 2.1%.

Male and female teachers in the region
(% of the total numbers in the Kingodm)



Male and female studetns in the region
(% of the total numbers in the Kingodm)



Rest of KSA   Al Jouf Region

Teacher-student ratio in Al-Al Jouf compared to total average of the Kingdom in 2013

In Al Jouf: primary stage (1:9.9), intermediary stage (1:8.3) and secondary stage (1: 8.9).

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

Higher education

In Al-Al Jouf , there is a university, which has 16 faculties of various scientific and arts including: Faculty of Medicine, Faculty of Dentistry, Faculty of Pharmacy, Faculty of Science, Faculty of Engineering, Faculty of Administrative and Humanitarian Sciences, Faculty of Sharia'h land Law, Faculty of Education, Communities, Science, Arts Medical Sciences Colleges in Quriyat and Tabarjal. The total number of students enrolled in these faculties about 24 thousand male and female students in 2013. The number of graduates both males and females reached about two thousand. Faculty members of the higher education, including professors, assistant professors, lecturers, assistant lecturers and teachers, are about one thousand in 2013.

2.7 Health Services Indicators in Al-Al Jouf Region

Al Jouf has 52 health-care centers, 11 government hospitals run by the Ministry of Health including 1,350 beds. The health services provided by the private sector in the region include 30 clinics and private medical centers, 110 pharmacies and 11 optics shops.

Health Services *

	2008	2009	2010	2011	2012	Ratio to total number in KSA in 2012
Ministry of Health Services:						
Health centers	50	53	49	49	52	19.3%
Visits to centers (thousand)	1,232	1,221	1,268	1,295	1,217	15.4%
Laboratory tests in the centers (thousand)	152	132	135	127	89	8.3%
Hospitals	10	10	10	9	11	17.8%
Hospital beds	1,142	1,242	1,182	1,125	1,350	20.9%
Hospital physicians	550	539	739	815	841	21.1%
Outpatient visits (thousand)	292	305	351	322	314	17.6%
Inpatients thousand)	71	67	67	71	73	14.6%
Surgical operations (thousand)	8.6	90.3	9,7	11.1	14	21.5%
Private sector services:						
Private medical centers	28	27	27	31	30	34.5%
Private clinics (all types)	-	1	1	1	1	23.7
Optics shops	8	10	10	12	11	36.6
Pharmacies	70	73	75	87	110	28.4

* Source: Statistical Medical Yearbook (2009, 2010, 2011, 2012), Ministry of Health.

Indicators of health services in the region compared to overall KSA average in 2012

Bed-to-people ratio in the region = (1: 349); overall average bed-to-people ratio for the Kingdom = (1:584).

Physician-to-people ratio in the region = (1:488); overall average Physician-to-people ratio for the Kingdom = (1:603).

Comparing the indicators of the health services in the region, it is noted that they are very good and are higher than the overall average for the Kingdom as shown by the above indicators. However, the region needs in increase in the numbers of some services such as laboratories and private medical laboratories that are not available there.

Part III

Region's Economic Indicators for years 2005, 2009 and 2012

Part III: Region's Economic Indicators for years (2005, 2009, 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 Jouf (in millions)	364	423	471
Population ratio to that of the Kingdom	1.6 %	1.6 %	1,6%
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 Jouf GDP* (in billion riyals)	10.4	11.4	18.5
Al Jouf portion of GDP of the Kingdom	0.89 %	0.71 %	0.68%
Al Jouf portion of GDP of the Kingdom without oil and gas	1.7 %	1.14 %	1.30%
Per capita GDP in Al Jouf (in thousand riyals)	29	28	39

Source: Al Jouf Economic Report for 2007-2010 , Saudi Arabia 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 Jouf region (in billion riyals)	-	-	-
Al Jouf's share of total exports of the Kingdom	-	-	-
Al Jouf share of total exports of the Kingdom without crude oil	-	-	-

Source: AlJouf Economic Report for 2007-2010 , Saudi Arabia General Investment Authority

3.3 Infrastructure Indicators

	2005*	2009*	2012
Total lengths of paved roads (km)	1,175	2,307	2,886
Length of agricultural and soil roads (km)	4.658	5,403	6,070
Number of storage reservoirs and rain and flood water control dams	3	4	9
Power generating capacity (thousand MW)		509	675
Electricity coverage in the region	89 %	95 %	96%
Number of fixed telephone lines (millions)	47		54
Number of mobile telephone lines (millions)	51		
Number of digital subscriber lines / DSL (in thousands)	614		
Number of main post offices	16	16	14
Number of branch post offices	6	5	
Number of surface mail points	39	94	
Number of mailboxes (thousand)	8.8	9.3	9.9

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

3.4 Indicators of Economic Sectors

	2005*	2009*	2013
Industry:			
Total number of factories	23	24	47
Total funding in industry (in billion riyals)	234	235	797
Medina share of total industrial investments in the Kingdom	0.1 %	0.1 %	0.1%
Sector's contribution to GDP of the region	0.3 %	0.3 %	1.1%
	2005*	2009*	2011
Agricultural sector:			
Wheat production (thousand tons)	799	458	363
Barely production (thousand tons)	6.6	6.6	5.4
Green fodder production (thousand tons)	190	281	299
Vegetables production (thousand tons)	84	111	104
Dates production (thousand tons)	50	55	51
Fruits production (in thousand tons)	150	167	154
Sector's contribution to GDP of the region	35.8 %	26.9 %	18.1%

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

3.5 Indicators of education and health services

	2005*	2009*	2012
Public Education:			
Teacher - student ratio in primary stage	1 / 10.60	1 / 10.59	1/9.90
Teacher - student ratio in preparatory stage	1 / 9.30	1 / 9.81	1/8.30
Teacher - student ratio in secondary stage	1 / 10.30	1 / 7.83	1/8.90
Higher Education:			
Number of universities of Ministry of Higher Education	-	1	1
Number of private universities	-	-	-
Total number enrolled in public universities (in thousands)	13	18	24
Health services:			
Bed – people ratio	1 / 481	1 / 349	1/349
Physician – people ratio	1 / 702	1 / 592	584

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

Part IV

Investment Opportunities in Al Jouf Region

Part IV: Investment Opportunities in Al Jouf Region

According to what has been reviewed above on Al Jouf, and as per the available information and future development of the Region, following are the most important investment opportunities and projects, which investors can study in detail and ensure their economic feasibility, and then begin their implementation:

4.1 Investment opportunities in large projects

Opportunity (1)	Establishment of an industrial city for metal and building materials, machinery and equipment (non-food industries).
Justifications	Increasing demand for land equipped with facilities and services for industrial use and industrial workshops, where there is only one industrial city in the region on an area of 3 million M2.
Target market	Investors and businessmen in Al Jouf and other regions of the Kingdom or outside the Kingdom.
Economic impact	Creating new job opportunities and providing infrastructure for industrial growth in the region.

Opportunity (2)	Plants for flat glass and glassware.
Justifications	The presence of raw materials for this industry, such as silica sand, in the region, rising domestic demand and export potential.
Target market	The local market in the region and Kingdom and export markets.
Economic impact	Creating new job opportunities, achieving industrial integration and added value in the region, and increasing the value of exports of the Kingdom.

Opportunity (3)	Cooling and storage reservoirs project.
Justifications	The increasing growth of traffic and cargo of various products and commodities through the region, especially agricultural products.
Target market	Trade sector in the region.
Economic impact	Creating new job opportunities, achieving industrial integration , and increasing the per capita GDP of the region.

Opportunity (4)	Projects for extracting and processing limestone and production of different kinds of aggregates.
Justifications	Availability of raw materials in the region, high current demand for the product, and the expected high demand.
Target market	Concrete and blocks factories and water treatment and purification projects in Al Jouf and neighboring regions.
Economic impact	Creating new job opportunities, achieving industrial integration , and increasing the per capita GDP of the region.

Opportunity (5)	Major construction company.
Justifications	The expected increase in various kinds of construction.
Target market	Infrastructure, construction and housing building sectors in Al-Al Jouf and the surrounding areas.
Economic impact	Creating new job opportunities and contributing to the development of infrastructure projects.

Opportunity (6)	Establishment of a tourist company to develop tourism in Al Jouf and its cities and to promote tourism globally.
Justifications	Tourism potentials (historic castles, archeological sites, wells, lakes, old mosques, museums, personal, and scientific books about the monuments of the region) are available. The urgent need to develop tourism infrastructure in the region and promote tourism as an additional economic contributor to the development of the region.
Target market	People of Al Jouf and surrounding regions, people of the Kingdom, archaeologists and the Europeans.
Economic impact	Increasing sources of income; bringing in hard currency, supporting balance of payments, driving the economy forward and creating new jobs.

Opportunity (7)	Establishment of a modern factory for the production of olive oils in Al-Jouf.
Justifications	Abundant olive trees and the large agricultural area in the region. To manufacture edible oil, fodder for camels, goats and sheep of olive waste.
Target market	People of Al Jouf and other regions of the Kingdom and export markets.
Economic impact	Stimulating people to expand in the cultivation of olives, transforming the economy of the region, creating new jobs, and exporting the surplus.

Opportunity (8)	Establishment of permanent exhibitions land in Al Jouf
Justifications	The region's need for permanent exhibitions area where it can display its agricultural and cultural products. The remoteness of the region from exhibitions area in Riyadh.
Target market	Residents of Al-Al Jouf and neighboring regions and population of the Kingdom
Economic impact	Stimulating the region’s economy, encourage producers to display and promote their products, attracting shoppers from outside the region; and creating new job opportunities.

Opportunity (9)	Establishment of a modern cultural city and a theatre for arts in the Al-Al Jouf and introduction of modern technologies.
Justifications	The active cultural movement; and the large number of writers, poets and artists of both sexes in the region.
Target market	Residents of the cities of Al-Al Jouf and Skaka and all people of the region; in addition to those who are interested in distinct cultural events in the Kingdom, and neighboring countries (Iraq, Jordan, Kuwait, etc. ..).
Economic impact	Reactivating the economy, diversifying sources of income, promoting heritage conservation and creating new jobs.

Opportunity (10)	Development of Dawmet Al Jandal Village and Lake, converting it into a model tourist village and promoting it.
Justifications	Availability of the lake water, beauty of the area, the need to convert the village to “a tourist village, and existence of tourist attractions, such as castles, museums in Dawmet Al Jandal.
Target market	People of the cities and villages of Al Jouf and other regions of the Kingdom, and tourists from neighboring countries (Jordan, Iraq and Kuwait).
Economic impact	Boosting tourism, diversifying sources of income, increasing the GDP per capita and creating new jobs.

Opportunity (11)	Establishment of new olive farms (1000 acres) in Dawmet Al Jandal
Justifications	Abundant water, fertile soil and suitable climate and crop's success in the region.
Target market	Residents of Al-Al Jouf and the rest of the Kingdom.
Economic impact	Strengthening the economies of the Kingdom and creating new jobs.

4.2 Investment opportunities in medium sized projects

Opportunity (1)	Establishment of 100 bed hospital (Skaka, Quriyat and Dawmat Al Jandal).
Project justifications and constituents	The need of the Region to increase the health services.
Target market	All segments of population in the Region.
Economic impact	Creating new job opportunities and contributing to the provision of one of the basic services to reduce migration from the Region.

Opportunity (2)	Repository for Pharmaceuticals.
Project justifications and constituents	There is no specialist repository for conservation and storage of medicines.
in the Region	New railways contractors in the Kingdom.
Target market	Local pharmaceutical companies and the pharmaceutical trade sector in Al Jouf and neighboring regions.
Economic impact	Creating new job opportunities and increasing the GDP per capita of the region.

Opportunity (3)	Establishment of a medical complex (Skaka, Quriyat and Dawmat Al Jandal).
Project justifications and constituents	The need to increase the health services.
Target market	All segments of the population in the Region.
Economic impact	Creating new job opportunities, contributing to the provision of basic services in order to reduce the population migration from the Region.

Opportunity (4)	Zoo Project.
Project justifications and constituents	The suitable climatic environment of the Region and to add new tourist attraction in the Region.
Target market	Local population and tourists.
Economic impact	Creating new employment opportunities and encouraging internal tourism in the Kingdom.

Opportunity (5)	Establishment of a 100-room five-star hotel.
Project justifications and constituents	The expected demand for hotel services, particularly with the growth of tourism activities in the Region, where there only one five-star hotel in the region.
Target market	Tourism sector in the Region, and visitors either for employment, business or trade and businessmen.
Economic impact	Creating new job opportunities and increasing the GDP per capita of the Region.

Opportunity (6)	A company for passenger transportation in the region.
Project justifications and constituents	The expected substantial growth in the passengers' transport movement in the Kingdom and the Region.
Target market	Corporate and individuals in Al Jouf and the rest of the Kingdom.
Economic impact	Creating new job opportunities and increasing the GDP per capita of the region.

Opportunity (7)	A company for fuel stations and vehicles service and repair on the roads in the Region.
Project justifications and constituents	Shortage in road services in the Region.
Target market	Road users in the region.
Economic impact	Creating new job opportunities, and providing services that contribute to the economic growth in the Region.

Opportunity (8)	Medical Laboratory (in Skaka, Quriyat and Dawmat Al Jandal).
Project justifications and constituents	The need of the Region for this medical service, where there are no private medical laboratories.
Target market	doctors, clinics, hospitals and the population of the Region.
Economic impact	To creating new job opportunities, and increasing the GDP per capita of 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 of the General Organization for Water Desalination, 2013 Water Report of the Kingdom/ Water and Electricity Company
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 & 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, Sudyns
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