



Saudi Arabian General Investment Authority
SAGIA

Najran 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 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 in the hands of decision makers to help promote investments in such regions.

The release of the Economic Report on the Najran Region for the year 2014 comes as an extension of the two reports issued in 2007 and 2010. It is worth mention that this Report seeks to offer basic data on the capabilities 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 and those monitored in the current 2014 Report for the purpose of identify the extent of development witnessed by the Region during the period between the three reports.

Therefore, 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 development and promotion of investments in the Region.

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Introduction

1. Economic Developments in KSA

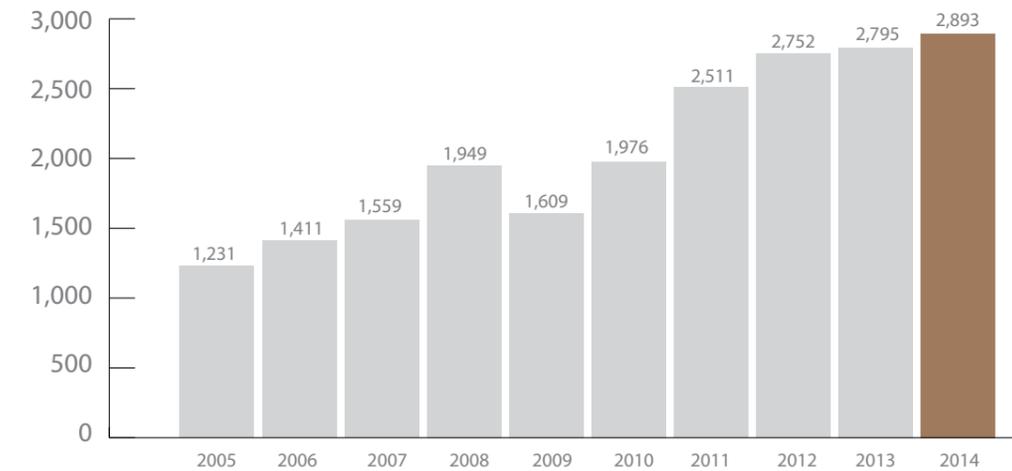
The economy of the Kingdom achieved a steady growth in the last four years recording growth rates of 7.4%, 8.6%, 5.8% and 3.8% respectively. The growth decline of 2012 and 2013, as compared with the high level growth of past years, is attributed to the decline of oil production as compared to 2011 .

The Saudi economy is expected to witness a strong recovery in 2014 thanks to continued huge governmental expenditure supported by the rise in the levels of corporate bank lending, in addition to vigorous local demand. The total governmental expenditure is expected to reach to 30% of GDP as compared with an average of around 30.4% in the past ten years. The private non-oil GDP is expected to grow by around 9.4%, compared to a growth average rate of 4.9% in the last ten (10) 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)



According to the 2014 Budget forecasts, the State's public revenues are expected to reach 855 billion Saudi Riyals, while expenditure is estimated also at 855 billion Saudi Riyals, which is the same level of expected revenues.

The most prominent features of expenditure in the Budget of 2014 is that it is focused on the development projects of the sectors of education, health, security, social and municipal services, water and wastewater, electronic services and scientific research support. The Budget included also carrying out new programs and projects and performing additional phases of some projects that were approved under previous budgets. The following is an overview of the provisions included in the Budget of 2014, by main sectors:

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



2. General Investment Authority Strategy

Vision

Enabling quality investments for achieving sustainable development.

Mission

“Develop and attract investments through enhancement of investment environment, incentives, improvement of services with capable hands and effective partnerships.”

Objectives of SAGIA

Develop and Attract Investments

- Coordinate with other government agencies to unify efforts of investment attraction and promotion
- List and promote investment opportunities
- Identify, introduce and provide incentives required for attracting investments, focusing on promising sectors

Enhance Investments Environment

- Continued enhancement of business climate and investment environment and regulations in the Kingdom
- Facilitation of local and foreign investment procedures, through coordination with relevant government agencies
- Evaluation of foreign investment contribution to the Kingdom and value added achieved
- Building SAGIA's capabilities, for the purpose of facilitating and supporting research and analysis efforts and development of strategies and policies

Investor Services

- Upgrading services provided by Business Centers through provision of quality electronic services
- Enabling high value-added investments through quantitative and qualitative mechanisms, standards and conditions
- Creating mechanisms and procedures for tracking the implementation of licences, with the objective of activating and supporting proposed project



Part I

Status and Prospects of Development in Najran Region

Part I : Status and Prospects of Development in the Region

1.1 Inputs and Bases of Economic Development in the Region

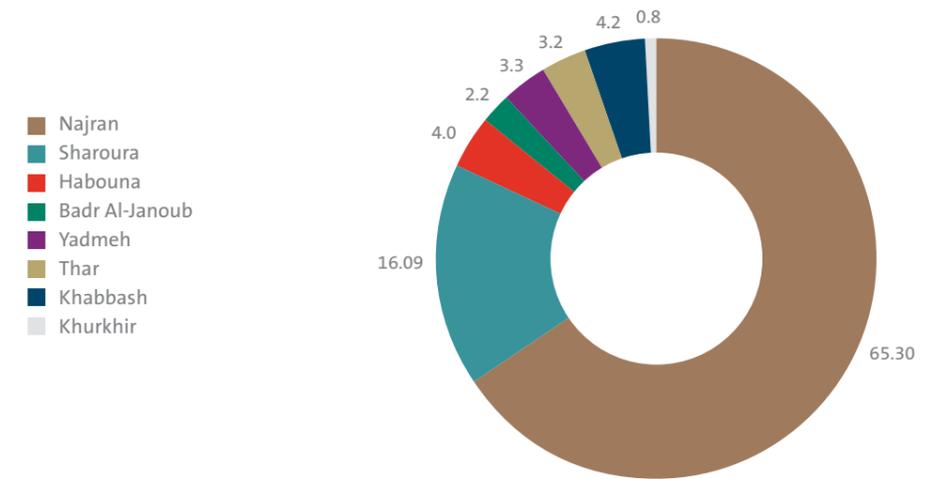
Location

Najran region is located in southern part of Saudi Arabia. It is bordered by Riyadh Region in the north, Eastern Region in the east; Asir Region in west and Yemen Republic in the South. It is an important border region for the Kingdom.

The total area of Najran Region is about 365 thousand square kilometers, or about 16% of the total area of the Kingdom. The region is divided administratively into: the Principality of Najran and eight governorates, namely: Najran, Sharoura, Habouna, Badr Al-Janoub, Yadmeh, Thar, Khabbash, Kharkhir.



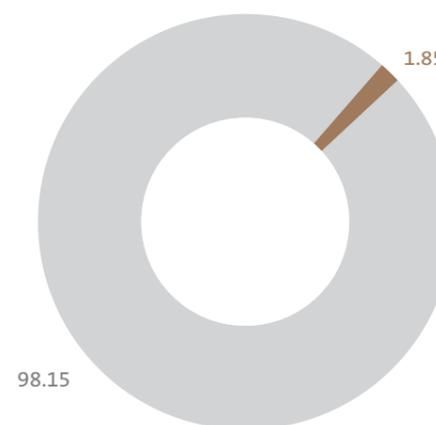
Percentage Distribution of the region population by its administrative divisions



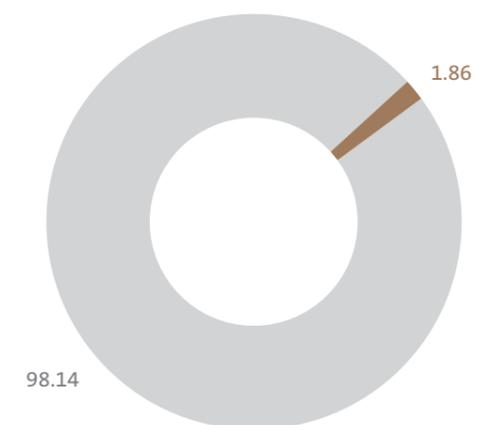
Population in Najran

According to the results of General Census of Population for 1431 (2010), the total population in the region of Najran, amounted at about 569 thousand people, representing about 1.85% of the total population of the Kingdom, which amounted to about 30.8 million people in 2014. The estimated number of Saudi population in Najran was 445 thousand people, while there were about 124 thousand non-Saudis. The governorate of Najran accounts for the big proportion of the population of the region as it hit 65.3% of its total population, followed by Sharorah governorate by 17%, Khabbash 4.3% and Habouna 4%.

Region's population (% of the total population in Saudi Arabia in 2014)



Region's population (% of the total population in Saudi Arabia in 2010)



Rest of KSA Najran Region

Infrastructure in the Najran Region

A) Road network

The total length of paved roads controlled by the municipalities in the Region is around 1,483 linear km accounting for 1.6% of the total roads of the Ministry of Municipal and Rural Affairs in the Kingdom; the total lengths of which by the end of 2012 were over 91,000 km. The lengths of express ways, two-way and one-way roads in the Region under the supervision of the Ministry of Transport amounted to about 617 km representing around 3.9% of the total roads of the Ministry of Transport, the total of which recorded about 16,000 km by the end of 2012. The total lengths of agricultural and earth roads in the Region amounted to about 4033 kilometers by the end of 2012. The Region is currently witnessing new projects and expansions in its internal road network as well as the roads linking the Region with other areas, as the implementation of several new projects are currently underway of which:

- Two-way of Najran / Sharoura / Alwadea/ Alkhadra / Sharoura
- Two-way of Najran / Sharoura / Alwadea (Phase Three), Sharoura / Alwadea
- Two-way of Najran / Sharoura / Alwadea/ Alkhadra / Sharoura (Phase Three and Phase Four).

B) Air transport and airports in Najran

Najran region has two regional airports: Najran and Sharoura. The two airports provide passengers and goods transport services for the geographic scope of the region, and link the Najran to other regions of the Kingdom. The number of passengers using the two airports amounted in 2011 and 2012 to about 574 thousand and 646 thousand passengers, respectively, with an increase of about 13% and representing about 1.71% and 1.68% of total air traffic of passengers in the Kingdom, which recorded in the said two years 33.6 million and 38.5 million passengers respectively. The quantities of goods transported through these airports amounted to about 663 and 611 thousand tons in 2011 and 2012 respectively; representing about 0.14% and 0.11% of total air cargo in Saudi Arabia, which recorded about 465,000 ton and 536,000 ton respectively in the said two years. The air traffic in Najran Region is one of the fundamental and important pillars on which the present and future economic development projects in the Region can rely on.

C) Water

Najran region secures its drinking water from government run water wells through local water networks in the cities. Drinking water is provided for villages and small centers in the region through mini-water projects, consisting of an overhead tank and a filling tap in areas where water is suitable for drinking. In areas that do not have underground water, potable water is provided by water contractors, through water tankers, under the supervision of the Ministry of Water and Electricity. Currently, implementation is underway for more than 26 projects of water and wastewater in the Region including construction of drinking water tanks, water supply systems, wastewater systems, treatment and purification plants with a total cost of SR 461 million.

For irrigation purposes, the Region relies mainly on groundwater, in addition to the surface water, where there are 18 dams in 2012 with a storage capacity of about 96 million cubic meters. Najran Dam, which has capacity of about 86 million cubic meters, is considered one of the most important dams in the Region.

D) Electricity

There is an electric power supply network consisting of several plants scattered in the region, including a gas powered plant in Najran, which is linked to a series of 132 KV transformer stations spread throughout the region. There are other five diesel-powered generation stations in the cities of Yadmeh, Kharkhir, Sharourah, and Saffah. Electricity network cover more than 92% of the total centres of the region. The total power generation capacity in the region is 496 MW on 2013.

E) Communications

Najran region is covered by a network of fixed, mobile and digital (DSL) lines telecommunications services. The number of landlines in the Region amounted to about 57,000 lines representing around 1.2% of the total landlines in the Kingdom in 2012 which recorded about 4.8 million lines. The number of Internet users in the Region amounted to about 303 thousand, representing about 1.9% of the total number of Internet users in the Kingdom, which amounted to about 15.81 million in 2012. The broad band subscriptions in the Region recorded about 32,000 lines representing about 1.3% of the total number of broadband lines in the Kingdom which amounted to 2.54 million lines.

As for the postal services in the Region, there were 11 central offices, 2 express mail offices, 18 mail points and 8 subscriber box rooms at the end of 2012; while the post office boxes amounted to 6.7 thousand. There are also TV and radio broadcasting stations and an office for the Saudi News Agency.

1.2 Economic Activities in Najran

A) Agriculture

Agriculture is one of the important economic sectors in Najran, where the total crops area amounted in 2011 to about 11 thousand hectares, representing about 1.4% of the total crop in the Kingdom, which amounted to 788 thousand hectares in 2011. The following table shows the region's contribution to agricultural and livestock production:

Development of agricultural and livestock activity in Najran *

	2007	2008	2009	2010	2011	Average annual growth rate	Najran portion of total KSA Production 2011
Production of crops:							
Wheat (1000 tons)	3	3.4	3.0	1.0	2.2	-6.7%	0.2%
Green fodder (1000 tons)	36	48	44	37	39	2.1%	1.1%
Vegetables (1000 tons)	44	40	43	47	43	-0.6%	1.6%
Palm dates (1000 tons)	20	22	21	20	20	0.0%	2%
Fruits (1000 tons)	58	64	49	39	52	-2.6%	3.2%
Livestock:							
Camels (1000)	11.1	8.4	9.9	9.5	8.9	-5%	4%
Sheep (1000)	107	94	77	65	59	-11%	0.9%
Goats (1000)	74	60	40	30	30	-15%	2.8%
Cattles (1000)	2.3	2.3	2.5	2.6	3.0	7.7%	0.6%
Poultry (millions)	1.6	1.0	3.4	4.8	4.8	49%	0.9%

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

It is noted from the table above that there is an increase in the production of green fodder during the period of an annual average of 2.1% , while the annual growth rate of wheat, vegetables and fruits production decreased by 2.7%, 0.6% and 2.6% per year, respectively. In addition, the number of camels, sheep and goats decreased by 5%,11%, 15% respectively in the period. The number of cattle and poultry in the region increased by 7.7% and 49% annually, which are considered good rates.

B) Industry

In the region of Najran there is an industrial city on a total area of 6.5 million square meters. The first phase of this city was completed and work is under way in the development of the remaining phases. The number of existing productive plants is 27 representing about 0.42% of the total number of factories in Saudi Arabia which amounted to 6364 by the end of 2013 .

The total industrial investments in the region are about 2.75 billion riyals, representing 0.31% of the total investments in plants in the Kingdom, which amounted to about 873.2 billion riyals in the same period. The number of factory workers in Najran recorded about 2,800 workers representing around 0.34% of the total industrial manpower in the Kingdom which amounted to 828,000 workers by the end of 2013. The production of these plants is in different sectors, including:

- Food industries: (dairy products, drinking bottled water, juices)
- Chemical and plastic industries: (shampoo, liquid detergents, plastic bags, household appliances)
- Building materials: (concrete blocks, broken marble and floors tiles, pre - cast concrete)
- Metal industries: (aluminum doors, windows and kitchens)

C) Mining and Quarrying

The mining and quarrying sector in Najran is one of the important and promising activities which can contribute to the exploitation of the natural resources in the Region, and cover the needs of the construction and industrial sectors of raw materials. Recently, one of the biggest and most important copper, zinc and lead ores site in the Kingdom, which is Almosane' in Najran region, which has been exploited by Almosane' Alkubra Mining Company. The importance of the mining and quarrying sector in Najran comes also from the existence of the natural ore of granite rocks, which is one of the important ornament stones, used in the finishing works of buildings and constructions. The important locations of granite stones are: Bi'r Askar, Alnajof, Waleh Mountain, Tea'lebiya Valley, Alhamra, and East of Ala'reen. The main natural resources and their sites in the Region include:

No.	Ores	Major mine and quarry sites	Minor mine and quarry sites
1	Copper, zinc and allied metals	Almasanea'	
2	Limestone and medical sandstone	Arouq Almendafin	
3	Granite	Bi'r Askar, Alnajof, Waleh Mountain, Tea'lebiya Valley, Alhamra, and East of Ala'reen	

Source: Technical, Financial and Statistical Mining Report 1433H (2012), Ministry of Petroleum and Mineral Resources – Deputy Ministry for Mineral Resources

D) Trade

The total number of establishments and businesses in Najran amounted in 2012 to about 21.8 thousands, operating in the various economic activities, and representing about 1.8 of the total enterprises in the kingdom amounting to 1.9 million. They are distributed as follows:

- Trade Sector: including wholesale, retail, distribution and agency establishments
- Agricultural sector: including agricultural, livestock and agricultural services establishments
- Industrial sector: including factories and municipal licenses for workshops etc
- Contracting sector: including general and specialized contracting, maintenance and operation companies
- Services sector: including public services, education, training, and transport
- Other sectors: including personal and other services

The average annual increase in the number of new businesses and establishments in Najran is estimated at 1,653 during the period of (2004-2012).

E) Tourism

Najran has several tourist attractions, including archaeological and historical sites, making it one of the tourist destinations in the Kingdom. Tourist activity in the region is one of the promising sectors if essential development services are provided. The most important archaeological sites and tourism shrines in the region include: the site of Al-Akhdoud City, south of Wadi Najran, and Nadheem in Hema, Al-Aan Palace, Mount Raom, Aldreb historical sites; in addition many cultural landmarks such as Najran Dam, which is one of the biggest dams in the Kingdom, as well as many of the gardens and parks.

It is to be noted that tourism sector in Najran also depends on many ancient products and handicrafts to which many of the people and markets in the region are linked. These products include: Al-Janabiyah, which is a domestic dagger with aquiline sheath, distinguishing the people of the southern areas in the Kingdom and some other traditional and heritage products such as hats, camel tools, pots and others.

1.3 Prospects of Economic Development

Development in Najran requires the provision of more basic infrastructure facilities and services in addition to the improvement of the production base, which is based primarily on the potentials of the Region. The region also needs a local strategy that encourages attraction of investments and activities to the Region. The most important areas that need increased development in the Region include:

Productive sectors: development in the Najran region needs to develop the productive base and to increase activities of unused sectors in the region, the most important of which are industry, mining, and tourism, through the development of infrastructure and facilities that serve these sectors.

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

Education services: The services of public education in Najran need more development and improvement and technical and intermediate education need to be increased. In addition, higher education services in various scientific and literary disciplines should be provided.

Health services: Najran needs to increase the current health services and to provide medical services in specialties not available there.

Housing: In addition to providing job opportunities, the provision of adequate housing is one of the main pillars of development and population stability in the region. The provision of housing and residential units at the sites of production is one of the necessary requirements for employment in the projects. All services, especially social and entertainment services 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 for the concerned administrative agencies and governmental organizations in the region to provide all required data and information to domestic and foreign investors.

Sectors with Comparative Advantages

Najran region 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) **Trade, transport and storage sector:** Thanks to its important location, Najran, as a border area with the Republic of Yemen and through which much of trade with Yemen is exchanged, trade, transport and storage sector will be one of the sectors with comparative advantages if the services required, such as a modern storage warehouses, transportation specialized companies, loading and unloading companies, in addition to other logistical services, are provided. This sector is expected to attract new investments in the region.
- 2) **Mining sector:** Najran has tremendous potential, raw materials and natural mineral resources which have not been exploited yet, and which are characterized by their commercial size and economic feasibility for industrial use, such as granite rocks in Be'r Askar, Al-Nejouf, Waleh mountain and many other sites; pyrite in Wadi Wasat site that can be used in many industries, including phosphate fertilizers, pesticides, chemicals and dyes; and copper and zinc metals at the sites of Almasane' (factories) and Halaleh to the north and northwest of the city of Najran, and others.
- 3) **Tourism sector:** Najran region is characterized by having many tourist attractions, foremost among them are the historic areas, tourist sites and ancient archaeological sites, in addition to the traditional crafts and products of which the region is famous and which are considered one of the tourist attractions. This sector can attract private investments in hotels and other services such as restaurants, parks and recreational areas. The region is currently witnessing great efforts aimed at placing this sector in a privileged position and increasing its contribution to the region's growth.
- 4) **Higher Education sector:** The education indicators in the region of Najran indicate that this sector is one of the sectors which are expected to attract new investments, particularly in the area of higher education in its scientific and literary sections as well technical colleges, which are not available in the region.
- 5) **Real estate and housing sector:** It is expected to be a leading sector in the region, particularly with the growth in population and increase demand in for housing units.

Investment Incentives

In addition to the significant support, backing and facilities provided by the governmental and administrative authorities in Najran 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 Industries, exempting imports of industrial goods and equipment 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 any investment project without due process
- 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 Advantages and Incentives in KSA's Industrial Cities

- The industrial cities have complete and integrated infrastructure, in addition to the continuous development and provisions of more services (e.g. water, advanced communications networks, industrial safety and security, governmental services, commercial and trade centers, residential compounds)
- Rents in the industrial cities start from one Saudi Riyal per square meter of industrial land
- Availability of several and various areas and locations throughout the Kingdom's Regions
- Industrial services and lands are offered at discounted prices
- Delivery of land in the available cities within a short time of the date of application through the website of the Saudi Industrial Property Authority (MODON)
- Availability of investment opportunities in industrial, residential, logistic, commercial, service and IT projects
- Proximity to local markets and easy access to international markets
- Financial facilities and loans up to 75% of project cost
- Customs duty exemptions for equipment and machinery
- Customs duty exemptions for raw materials
- Governmental commitment to provide basic services and utilities, such as roads and electricity
- Possible investment in construction and lease of buildings for ready-built factories (Jahiz)
- Availability of investment opportunities in BOT development and operation projects



Part II
Economic
Indicators for
Najran Region

Part II: Economic Indicators for Najran Region

2.1 Gross Domestic Product

The Gross Domestic Product (GDP) of Najran Region amounted in 2012 to about 16.3 billion riyals, representing 0.6% of the total GDP of the Kingdom, and 1.4% of the GDP of the Kingdom without crude oil and gas. The average annual growth rate in the GDP of the region amounted to about 23.8% during the period from (2009- 2012). Trade sector ranked first in terms of region's contribution to the GDP by 24.4%, followed by transport, storage and communication sector by 13.8%, real estate and financial services sector by 13.3%, construction and building sector by 9.8%, social and personal services sector by 4.4%, industry by 4.3%, agriculture sector by 3.8%.

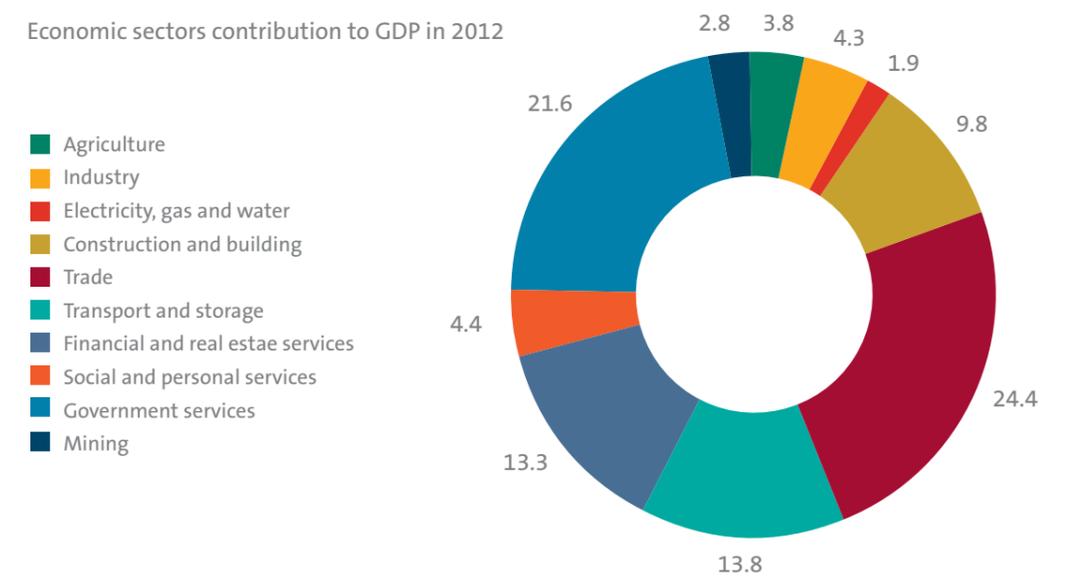
Najran Region's Contribution to Kingdom's GDP in 2009 and 2012

	2009	2012	Average annual growth rate
Kingdom GDP at current prices (billion SR)*	1,596	2,731	19.8%
Kingdom GDP without oil and gas (billion SR)*	995	1,429	11.9 %
Region GDP (billion SR) **	9.5	16.3	23.8 %
Region GDP to total Kingdom	0.6%	0.6 %	
Region GDP to total Kingdom without crude oil and gas	1.0 %	1.14 %	
Average per capita GDP of the region (000' SR)	20	30	15%

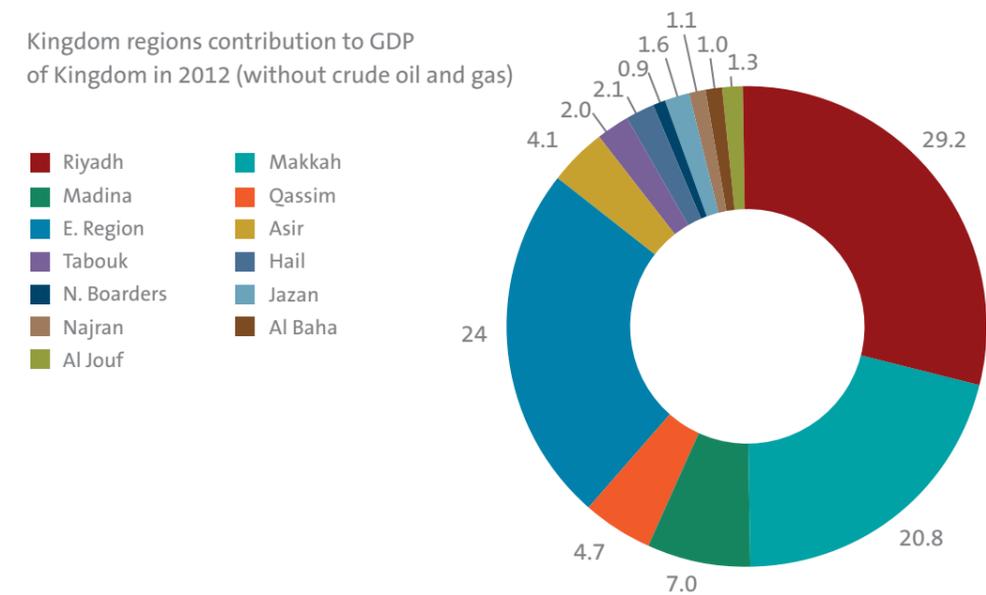
* Does not include import duties ** Study's estimates

Central Department of Statistics and Information, Ministry of Economic and Planning

Economic sectors contribution to GDP in 2012



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



2.2 Migration Rate and Population Attraction

According to the estimated figures of the Central Department of Statistics and Information (CDSI), the total population of Najran Region in 2014 amounted to about 568.6 thousand people representing about 1.85% of the Kingdom's total population which is expected to record around 30.8 million in 2014. According to the population Census of 2004, the population of Najran was about 419.5 thousand, and 513.3 thousand according to the Census of 2010.

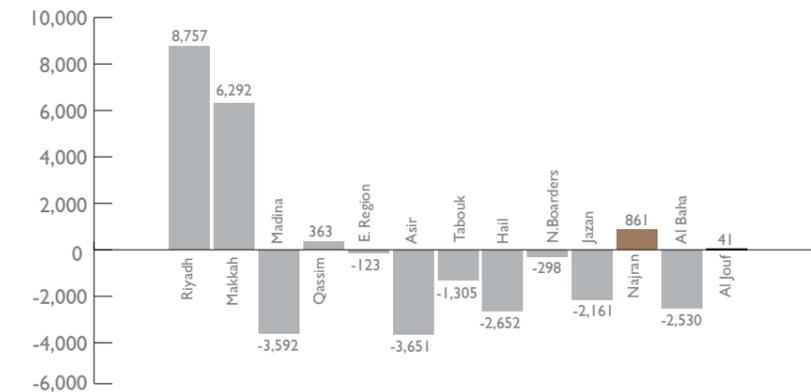
The average annual growth rate of the overall population in Najran during 2004-2014 recorded about 3.09%, while the average annual growth rate of the Saudi population in the Region recorded 2.48%. This rate is higher than the overall growth rate of Saudi population Kingdom-wide during the same period. Accordingly, Najran is one of the population-attracting regions of the Kingdom.

Development of Najran Population

		2004*	2010**	2014**	Average annual growth rate (2004-2014)	Estimated Saudi population in the Region in 2014 using overall growth rate of Saudis	Difference in Region's population 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	22,673,538	27,563,432	30,770,375	3.10 %		
Najran Population	Saudis	348,689	408,147	445,338	2.48%	436,724	8,614
	Non-Saudis	70,769	105,192	123,293	5.71%		
	Total	419,457	513,339	568,631	3.09%		

* Results of the Census of 1425H / 2004) ** CDSI Estimates based on the results of the Census of 2010

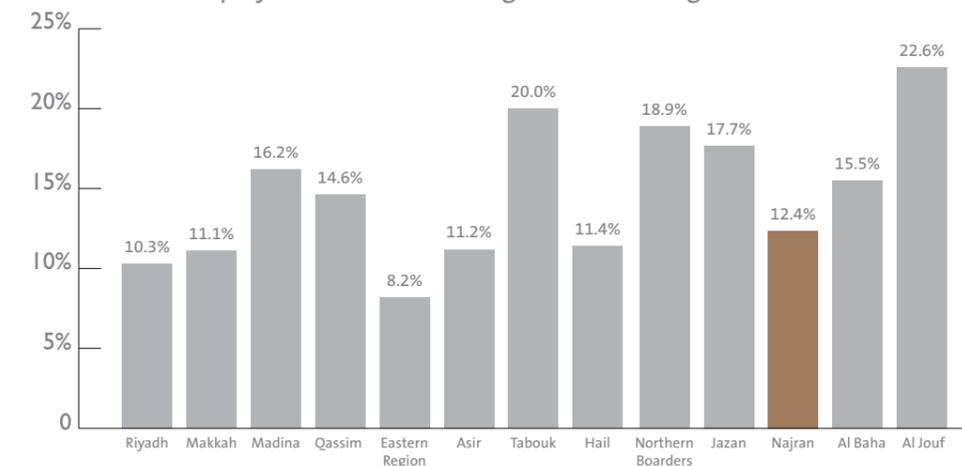
Annual rate of Saudi nationals migration (from / to) the regions of the Kingdom (as per population estimates for 2004 -2014)



2.3 Employment and Unemployment rates

Because of the lack of adequate job opportunities that in Najran, the unemployment rate according to the estimates of the Central Department of Statistics and Information (CDSI), in 2012 in Najran amounted to about 12.4% of the total Saudi labor force in the Region, which amounted to 99,271 (males and females). This is considered a close rate to the average rate of unemployment in the Kingdom, which was estimated at 12.1% in 2012.

Unemployment rates in the regions of the Kingdom in 2012



Source: Department of Statistics and Information, Manpower Research Study, 1433 (2012), Ministry of Economy and Planning



2.4 Per capita GDP

Due to the high contribution of different economic sectors in the GDP of the region and its annual growth rate of 23.8% during the period (2009-2012), which is one of the good rates compared to other regions, the average per capita GDP in Najran increased from 20 thousand riyals in 2009 to 30 thousand riyals in 2012.

GDP per capita Development (2009 and 2012)

	2009	2012	Annual growth rate
Region GDP (SR billion)	9.5	16.3	23.8%
Total Region population	488,381	535,059	3.09%
Average GDP per capita (000' SR)	20	30	16.6%

* Study estimates

2.5 Contribution to exports of the Kingdom

The products of the economic sectors on Najran are not export oriented goods, as they concentrated so far in some crops and agricultural products in addition to a group of industrial products that are consumed within the region and other neighboring regions. Accordingly, the region does not contribute to the Saudi exports.

2.6 Education and training indicators

General education

The total number of schools of various levels of education in Najran amounted to 818 schools in 2013, including 784 Ministry of Education schools, 34 private and other schools accounting for about 3.2% of the total number of schools in the region. The total number of male and female students in public education amounted to 125.3 thousand, of whom 120.7 thousand are in the Ministry of Education schools and 4.6 thousand in private schools, i.e. 3.7% of the total number of male and female students in the region.

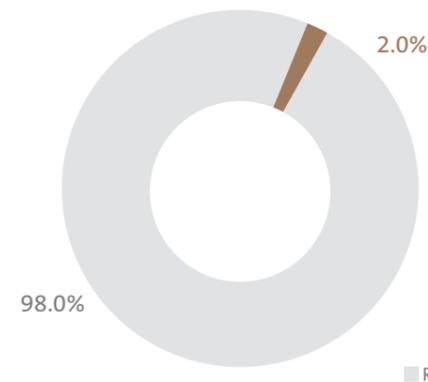
Development of Public (Governmental) Education Services in Najran*

	2005	2008	2012	2013	Average annual growth rate (2005-2013)	Ratio to total number in KSA in 2013
Total number of schools at all levels	684	758	794	784	1.8 %	2.3 %
Total number of classrooms for all stages	4620	4446	5480	5473	2.3 %	2.1 %
Total number of male and female students (,000)	93.0	97.6	118.0	120.7	3.7 %	2.3 %
Total number of teachers (,000)	8.6	9.0	10.3	10.6	2.8 %	2.0 %

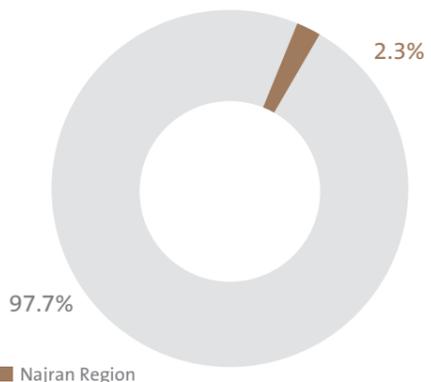
* Source: Statistical Abstract of Public Education in the Kingdom (1432/1433H, 1433/1434H) / Department of Statistical Information, Ministry of Education.

Indicators of public education in Najran show that the services of public education, compared with the services in the Kingdom as a whole, should be increased, as the total numbers of classes and teachers in the region in 2013 represent only 2.1%, 2.0%, respectively of the total number of classes and teachers respectively in the Kingdom. In the meantime, the total numbers of male and female students in Najran account for about 2.3% of the total number of students in Kingdom.

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



Male and female Students (% of the total numbers in the Kingdom)



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

Najran Region: primary stage (1 : 12.1), intermediate stage (1 : 10.7) and secondary stage (1 : 11.6).

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 Region is in need for increase of male and female teachers in all education stages.

Higher education:

There is a new university in the city of Najran, including 14 faculties covering all scientific, theoretical, Sharia and jurisprudence disciplines. The total number of male and female students enrolled at the University of Najran in 2013 was about 21 thousand, taught by about 1,300 faculty members.

Technical education, vocational training and specialized institutes

The General Organization for Technical and Vocational Training (GOTVT) carries out a program for joint training in Najran 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. The Region has a number of GOTVT technical colleges and vocational institutes. In addition, there are a number of private training facilities and institutes for languages, computer, management and various technical disciplines and others.

2.7 Health Services Indicators

There are 65 health-care centers, 10 government hospitals affiliated to the Ministry of Health including 1,070 beds; in addition to a number of emergency medical centers. The health services provided by the private sector in Najran include a 100-bed hospital, 37 clinics and medical centers, 3 physiotherapy centers, 93 pharmacies and 21 optics shops.

Health Services in Najran*

	2008	2009	2010	2011	2012	Ratio to total number in KSA in 2012
Services of the Ministry of Health:						
Number of medical centers	61	62	61	61	65	2.9%
Number of visits to centers (in thousands)	1,558	1,694	1,696	1,727	1,667	3.1%
Number of laboratory tests (in thousands)	268	259	241	266	259	4.1%
Number of hospitals	9	9	10	11	10	3.9%
Number of hospital beds	910	910	1,070	1,120	1,070	3.0%
Number of physicians in hospitals	532	482	650	728	797	3.0%
Visits to outpatient (in thousands)	311	318	310	289	274	2.3%
Number of inpatient in hospitals (in thousands)	58	61	57	57	55	3.3%
Number of surgical operations (in thousands)	18.7	14.7	14.5	14.5	15.1	3.3%
Private sector services:						
Number of medical centers	22	22	28	40	37	1.7%
Number clinics (all types)	-	1	-	-	-	0.0%
Number of private hospitals	1	1	1	1	1	0.7%
Number of beds in private sector hospitals	50	50	100	100	100	0.7%
Number of inpatients in private sector hospitals	1.6	1.8	2.1	2.2	2.8	0.3%
Number of laboratories	-	-	-	-	-	0.0%
Number of physiotherapy centers	-	1	1	3	3	3.8%
Number of optics shops	16	17	17	18	21	1.1%
Number of pharmacies	54	68	75	88	93	1.3%

* Source: Statistical Yearbook (2009, 2010, 2011, 202012), 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: 463); overall average bed-to-people ratio for the Kingdom = (1 : 584).

Physician-to-people ratio in the Region = (1 : 541); overall average Physician-to-people ratio for the Kingdom = (1 : 603).

Comparing the indicators of health services in the region with the total average of the Kingdom, it is noted that they are good and higher than those of the Kingdom in terms of numbers of beds and physicians as shown by the indicators above.



Part III

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

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

3.1 Population and Gross Domestic Product

	2005*	2009	2012
Kingdom's total population (million)	23.1	25.4	29.2
Total population of Najran Region (thousand)	429	488	535
Region Population ratio to total of Kingdom	1.85 %	1.92 %	1.83%
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
Region GDP* (in billion riyals)	7.2	9.5	16.3
Region portion of GDP of the Kingdom	0.6 %	0.6 %	0.6%
Region portion of GDP of the Kingdom without oil and gas	1.2 %	1.0 %	1.14%
Per capita GDP in Najran (000' SR)	17	20	30

Source: Najran Economic Report for 2007 and 2010, Saudi Arabia General Investment Authority

3.2 Export Indicators

	2005*	2009	2012
Total value of exports of the Kingdom (billion riyals)	666	697	1457
Value of exports of the Kingdom without crude oil (billion riyals)	152	164	284
Value of exports of the Region (billion riyals)	-	-	-
Region share of total exports of the Kingdom	-	-	-
Region share of total exports of the Kingdom without crude oil	-	-	-

Source: Najran Economic Report for 2007 and 2010, Saudi Arabia General Investment Authority

3.3 Infrastructure Indicators

	2005*	2009	2012
Total lengths of paved roads (km)	1,478	1,508	2,000
Length of agricultural and earth roads (km)	3,127	3,601	4,033
Number of storage reservoirs and rain and flood water control dams	5	12	18
Power generating capacity (MW)		492	496
Electricity coverage in the Region	87%	90%	92%
Number of fixed telephone lines (thousands)	48		57
Number of mobile telephone lines (thousands)	52		
Number of digital subscriber lines / DSL	63		
Number of central post offices	16	16	11
Number of branch post offices	6	5	
Number of mail agents	184	221	
Number of mailboxes (thousands)			6.7

* Source: Economic Report of Najran for 2007 and 2010, Saudi Arabia General Investment Authority (SAGIA)

3.4 Economic Sectors Indicators

	2005*	2009	2013
Industry:			
Total number of factories	22	23	27
Total funding in industry (in billion riyals)	0.2	1.7	2.8
Region's share of total industrial investments in the Kingdom	0.1%	0.5%	0.3%
Sector's contribution to GDP of the Region	7.0%	6.9%	4.3%
	2005	2009	2011
Agricultural sector:			
Wheat (thousand tons)	2.2	3.0	2.2
Green fodder (thousand tons)	45	44	39
Vegetables (thousand tons)	42	43	43
Dates (thousand tons)	20	21	20
Fruits (thousand tons)	66	49	52
Sector's contribution to GDP of the Region	8.7%	6.3%	3.8%

* Source: Economic Report of Najran for 2007 and 2010, Saudi Arabia General Investment Authority (SAGIA)

3.5 Education and Health Services Indicators

	2005*	2009	2012
Public Education:			
Teacher - student ratio in primary stage	1 / 11.05	1 / 11.48	1 / 12.10
Teacher - student ratio in intermediate stage	1 / 10.32	1 / 10.59	1 / 10.70
Teacher - student ratio in secondary stage	1 / 11.76	1 / 10.21	1 / 11.60
Higher Education:			
Number of universities of Ministry of Higher Education	-	1	1
Number of private universities	-	-	-
Total number enrolled in public universities (in thousands)	7.1	10.5	21
Health services:			
Bed – patient ratio	1 / 464	1 / 494	1 / 463
Physician – patient ratio	1 / 999	1 / 654	1 / 541

* Source: Economic Report of Najran for 2007 and 2010, Saudi Arabia General Investment Authority (SAGIA)



Part IV
Investment
Opportunities

Part IV: Investment Opportunities

According to what has been reviewed above on Najran region, and pursuant to the available information and future development plans of the region, following are the most important investment opportunities and large projects, which investors can study in detail and make sure of their economic feasibility to begin their implementation:

4.1 Investment Opportunities in Large-sized Enterprises

Opportunity No (1)	Mining and processing pyrite ore.
Potentials and justifications	Availability of raw materials in Najran region, rising industrial domestic demand for the product, and export potential.
Target market	Phosphate fertilizer plants, pesticide factories, paint factories and paper factories (national, regional, international).
Economic impact	Creating new job opportunities, achieving industrial integration, added value, increasing the per capita GDP of the region.

Opportunity No (2)	Power station according to plans and regulations of the Saudi Electricity Company by (BOT) or other system.
Potentials and justifications	Current shortage of electricity in the region; electricity coverage in region is currently 92%.
Target market	Najran region / Saudi Electricity Company.
Economic impact	Creating new job opportunities, contributing to the development of infrastructure projects and providing electric power in the region.

Opportunity No (3)	Tourism development company.
Potentials and justifications	The region has the elements of tourist attraction and needs development projects in this sector.
Target market	Najran region.
Economic impact	Creating new jobs and providing infrastructure and services for tourism sector in the region.

Opportunity No (4)	Private university (scientific, medical and literary disciplines).
Potentials and justifications	The region needs to increase higher education services and numbers of male and female students.
Target market	All segments of population in the region.
Economic impact	Creating new job opportunities, contributing to the provision of basic services to reduce migration of people from the region.

Opportunity No (5)	Five or four star 100-room capacity hotel (Najran).
Potentials and justifications	Expected demand for hotel services, particularly with the growth of tourism activity in the region.
Target market	Tourism sector in the region and visitors, whether for work, trade or business.
Economic impact	Creating new job opportunities, contributing to the infrastructure of tourism sector, and increasing the per capita GDP of the region.

Opportunity No (6)	Company for housing and real estate development
Potentials and justifications	Current demand for housing and expected increase in housing units in the region.
Target market	Citizens and newcomers to Najran and neighboring regions
Economic impact	Creating new job opportunities, contributing to the provision of housing for the people of the region

Opportunity No (7)	Cooling and storage reservoirs project.
Potentials and justifications	The region's need for activities of logistics services for the development of trade.
Target market	Trade sector in Najran and export activities for Yemen.
Economic impact	Creating new job opportunities, achieving industrial integration and increase the value of Kingdom's exports.

Opportunity No (8)	Plant for furniture and furnishings products.
Potentials and justifications	Absence of this type of industry in the region.
Target market	Najran and neighboring regions.
Economic impact	Creating new jobs, added value, and increasing the per capita GDP of the region.

4.2 Investment Opportunities in medium-sized enterprises

Opportunity No (1)	Construction of city for amusement, games and public park.
Justifications	Suitable climate for the project development and success.
Target market	Residents and visitors of the region.
Economic impact	Diversifying sources of national income and creating jobs and new investment opportunities.

Opportunity No (2)	Service projects (malls - restaurants - supermarkets).
Justifications	The region needs these projects and services and the population need places containing what they are looking for in one place.
Target market	Residents and visitors of the region.
Economic impact	Creating many investment opportunities; diversifying sources of national income and creating new jobs.

Opportunity No (3)	Establishment of a company to provide medical supplies serving the region.
Justifications	Existence of King Abdullah Medical City, which will provide several major contracts to such company.
Target market	King Abdullah Medical City and other hospitals and medical centers within the Kingdom.
Economic impact	Providing hard currency, which can support balance of payments and Creating new jobs.

Opportunity No (4)	Establishment of a factory for canning vegetables and fruits.
Justifications	Abundant natural resources that are appropriate for agriculture, leading to the presence of large quantities of products.
Target market	Residents and markets of the region and other markets spread all over the other regions of the Kingdom.
Economic impact	Conserving agricultural products and their easy marketing and creating new jobs.

Opportunity No (5)	Establishment of farms and greenhouses for the production of vegetables and fruits throughout the year.
Justifications	Superiority of greenhouses system over the traditional methods. Fertile soil and abundant natural resources required for the agricultural process. Modernization of agricultural methods and increasing productivity.
Target market	Agricultural investment companies and Saudi market as a whole.
Economic impact	Modernizing agricultural roads; increasing the productivity of these products; and creating new job and investment opportunities.

Opportunity No (6)	Establishment of a factory for production of building materials and marble .
Justifications	Abundance of raw materials and the urgent need in the region for such type of projects to meet domestic demand for construction materials
Target market	Construction and real estate investment companies and the local population.
Economic impact	Diversifying sources of national income and creating new employment and investment opportunities.

Opportunity No (7)	Large size mobile freezer operating project to transfer agricultural products.
Justifications	Abundance of crop production, fertility of the soil and suitable climate, leading to the existence of large quantities of products which requires such a project for the marketing and distribution of the products and their quality assurance.
Target market	Saudi market as a whole.
Economic impact	Stimulating economic activity and marketing products to meet market requirements.

Opportunity No (8)	Establishment of a tourist company to promote and develop tourism.
Justifications	Exploitation of tourist, religious and heritage potentials of the region (the People of the Groove) etc; infrastructure development and tourism promotion in the region.
Target market:	Local population, tourists and visitors from the Gulf region and others.
Economic impact:	Promoting tourism and strengthening tourist attraction as well as diversifying the sources of income.

Opportunity No (9)	Establishment of a scientific center for the preparation and training of national tourist guides.
Justifications	Urgent need for this project to promote tourism. Distinguished factor for the development of human resources in the region.
Target market	Young men and women in the cities and villages of the region.
Economic impact	Availability of skilled technical labor and promotion of tourism and development of its sources.

Opportunity No (10)	Complex for Craft Industries (all cities and places of craftsmen in the region).
Potentials and justifications	Growing demand for handicrafts, and development of this important sector in the region.
Target market	Tourism sector, and visitors of the region for the purpose of tourism, employment or trade.
Economic impact	Creating new job opportunities, contributing to the infrastructure of tourism sector, increasing the per capita GDP of the region.

Opportunity No (11)	Food stuff factory (vegetables, preserved and canned fruits, and juices).
Potentials and justifications	Availability of copious quantities of crops, fruits and vegetables at low prices. The product will be provided to the local market and neighboring areas.
Target market	Trade and markets in Najran and the neighboring regions.
Economic impact	Creating new job opportunities, increasing the value of the region exports, and increasing the per capita GDP of the region.

Opportunity No (12)	Park, amusement and recreational projects (Najran, Badr Al Janoub, Thar, etc.).
Potentials and justifications	Inadequacy of this kind of tourism and leisure projects in the region, the growth of tourism activity in the region.
Target market	Tourism sector in the region visitors of the region for the purpose of tourism, employment or trade.
Economic impact	Creating new job opportunities, contribute to the structure of the tourism sector, increasing per capita GDP of the region.

Opportunity No (13)	Company for collecting, sorting, packaging and marketing of fresh fruits and vegetables.
Potentials and justifications	Availability copious amounts of vegetables and fruits in the region.
Target market	Supermarkets, businesses and residential complexes in Najran and neighboring regions.
Economic impact	Creating new job opportunities, increasing the value of exports from the region; and increasing the per capita GDP of the region.

Opportunity No (14)	A modern commercial markets complex (Najran, Sharourah).
Potentials and justifications	Absence of this type of marketing and commercial activities in the region.
Target market	Tourism sector in the region and visitors of the region for tourism, employment or trade.
Economic impact	Creating new job opportunities, contributing to the infrastructure of tourism sector, and increasing the per capita GDP of the region.

Opportunity No (15)	Medical Complex (Najran, Sharourah, Habouna, Khabbash, Edmah)
Potentials and justifications	The need to increase health services in the region
Target market	All segments of population in cities and villages of the region
Economic impact	Creating new job opportunities and contributing to provision of basic services to reduce the migration of people from the region

Opportunity No (16)	Mass transportation company for female students and employees (Najran)
Potentials and justifications	Increased demand for these services and increased number of female students and staff
Target market	Female students of schools and colleges, and female employees ministries of education and health and others.
Economic impact	Creating new employment opportunities, providing transport services and devoting staff to work to increase productivity

Opportunity No (17)	Factory and maintenance center for agricultural machinery and equipment
Potentials and justifications	Najran is an agricultural region and increasing demand for these equipment as well as for maintenance
Target market	Farmers and agricultural companies in the region
Economic impact	Creating new jobs, and increasing the per capita GDP of the region

Opportunity No (18)	Issuance of a local newspaper for Najran
Potentials and justifications	Current and expected needs after the establishment of the University of Najran
Target market	Citizens and students at the university, colleges and other citizens and residents in the region.
Economic impact	Creating new jobs and increasing the per capita GDP of the region

Opportunity No (19)	Internet Service Provider
Potentials and justifications	Significant growth in demand for internet services and communication
Target market	Companies, institutions and individuals in the region of Najran
Economic impact	Creating new jobs and increasing the per capita GDP of the region

Sources of Data & Information

Description	Source
Economic Developments in KSA	SAMA Annual Report, 2013. Statement of Ministry of Finance on the public Budget of the Kingdom, 1435 – 1436H.
Population	Central Department of Statistics & Information (CDSI)
Infrastructure	
Roads	Statistical Yearbook 2012, CDSI, Ministry of Transport. Reports and statistics of Ministry of Municipal & Rural Affairs.
Air Transport	Statistical Yearbook 2012, CDSI, Saudi Airlines.
Railway Transport	Saudi Railways Organization, Saudi Railway Co.
Sea Transport	Ports Reports and statistics 2013, Saudi Ports Authority.
Water	Annual Report, Saline Water Conversion Corporation (SWCC). Report of Water in KSA, Ministry of Water & Electricity.
Electricity	Annual Reports, Saudi Electricity Co., Ministry of Water & Electricity.
Communications	Statistical Yearbook 2012, CDSI, Communications and Information Technology Commission (CITC), Saudi Post.
Economic Activities	
Oil & Gas	Oil and Gas Statistics, SAMA Annual Report 2013, Ministry of Petroleum & Resources, Aramco Annual Report.
Industry	Report of Industry in KSA 2013, Ministry of Commerce & Industry.
Agriculture	Annual Agricultural Statistical Yearbook 2012, Ministry of Agriculture.
Trade	Ministry of Commerce & Industry.
Construction	Reports and statistics of Ministry of Municipal & Rural Affairs.
Mining	Technical, Financial Statistical Report on Mining Activities for 2012, Ministry of Petroleum & Mineral Resources.
Tourism	Saudi Commission for Tourism & Antiquities, Tourism Information & Research Center (MAS).
Economic Indicators	
Region's GDP	SAMA Annual Report 2013, Estimates of the Study
Immigration Rates & Population Attraction	Results of KSA's Population Census 2004-2010, CDSI.
Employment & Unemployment Rates	Manpower Research Study 2012, CDSI.
Per Capita GDP	SAMA Annual Report 2013, Estimates of the Study.
Region's Contribution to Exports	KSA Exports Statistical Bulletin 2012, CDSI.
Educational Services Indicators	Statistical Abstract of Education in KSA, 2011, 2012 and 2013, Ministry of Education.