



Implementation Support
and Follow-up Unit

ANNUAL REPORT 2010



Mining



Energy



Fisheries



Logistics



Mining



Energy



Fisheries



Logistics



Labor



Manufacturing



Tourism



Finance



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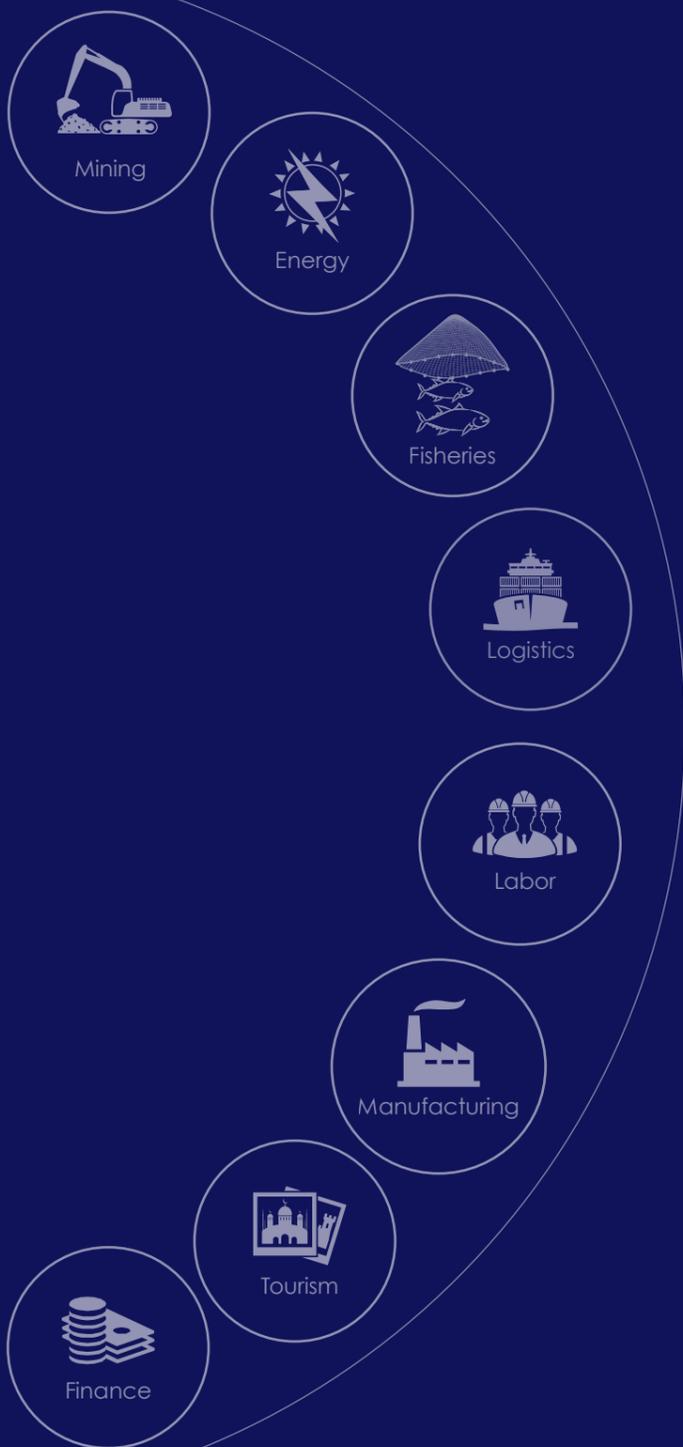
Implementation Support
and Follow-up Unit

Guiding Words

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

Qaboos bin Said
Sultan of Oman

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Sayyid Khalid bin Hilal bin Saud Al Busaidi Minister of Diwan of Royal Court

As I closely follow up the work of the Implementation Support and Follow-up Unit (ISFU) and keep reviewing up-to-date developments of initiatives and projects overseen by the different sectoral working groups of the Unit, either in terms of achievements or challenges, I recall, with much pride, His Majesty commendation of ISFU role and achievements and look forward for further success for those in charge and employees as well.

I also reconfirm the full support for them in their efforts to achieve the targeted objectives in the field of economic diversification, which is the basis for a stable and sustainable national economy.

Through the periodic reports prepared by ISFU, I personally follow up the achievements of the sectors and the challenges they face. I and my colleagues in the Ministerial team, which was formed as per Royal Directives, follow up the social, economic, financial and monetary status, aiming to overcome the difficulties and push the initiatives forward.

I highly value the efforts exerted by all governmental entities to implement the initiatives and projects within its responsibilities and mandates. Undoubtedly, such efforts take some time in order for us to see its impact in the process of economic diversification and in raising the contribution of non-oil productive sectors to the GDP, providing job opportunities for Omani citizens, and improving business environment. All should work earnestly to achieve these goals.

In conclusion, I would like to extend my appreciation to HE. the chairman of ISFU and all the staff for their efforts in achieving the desired goals. I would also like to express my gratefulness to different ministries and government entities overseeing and implementing the initiatives and projects, and to the private sector acting as a key connecting link in the national frameworks.

May Allah bless your efforts towards the prosperity of this beloved country under the wise leadership of His Majesty, Sultan Qaboos bin Said.



HE Dr. Khamis bin Saif Al Jabri
Chairman of ISFU

Since the establishment of the Implementation Support & Follow-up Unit (ISFU) as per the Royal Decree No (50/2016) on the 17th October, 2016, it has been progressing according to well-formulated plans in order to establish its identity, with the continuous support of H E the Minister of Diwan of Royal Court. The human resources have witnessed a steady growth, and effective administrative and technical mechanisms have been developed, enabling the Unit to perform its roles and achieve the goals regulated by its mandate issued as per the Royal Decree No (33/2018) on the 29th November, 2018. The administrative development of the Unit will continue as such institutions, where work methodology requires following up specific projects and initiatives according to programs, timelines and detailed performance indicators, require qualitative, flexible and adaptable administration.

When ISFU started following up the outcomes of the National Program for Enhancing Economic Diversification (Tanfeedh) in the first quarter of 2017, the program included four sectors (Manufacturing, Logistics, Tourism, Labor). The Unit carried on utilizing its capabilities through the Project Development Team to conduct other labs including Fisheries, Mining, and Energy. The outcomes of the labs of these sectors, with their detailed plans, were included in the Unit's follow-up system. Keen to involve the community participation in its work and achievements, the Unit issued the outcomes of the labs in several handbooks that are available for those interested in these sectors in particular and the national economy in general.

In addition to "Tanfeedh", there is another program "Business Environment" which includes initiatives that aim to enhance the business environment in the Sultanate, making it attractive for investment. Some of these initiatives are derived from the partnership program between the public and private sectors (Sharakah). The Business Environment Team is in contact with more than 15 governmental institutions to support the implementation of these initiatives. In addition, there are other initiatives relevant to finance and they are supervised by an independent team.

The methodology of the Unit does not only depend on following up the performance indicators and sending weekly reports to the sector leads, however, it follows specific plans to support the implementation of the initiatives and projects according to a clear escalation mechanism, starting from the working groups, moving to the weekly meetings between ISFU teams and the Ministerial Delivery Units (MDU) that supervise the process of following up, and the monthly meetings of the steering committees headed by the sector leads, and finally the Ministerial Committee which provides the full support to push these projects forward. Many challenges have been addressed and several decisions have been made in all of these levels.

ISFU methodology is continuously developing, and we are hoping, with the launch of the electronic dashboard in 2019, that this methodology will be easier and more flexible to be adopted by sector leads and their teams to follow up the performance indicators and intervene in the right time.

Generally, the achievement percentages of 2018 were good and satisfying. Some of the sectors achieved high achievement percentages, led by the energy sector. Despite the challenges encountered in the implementation process, ISFU teams and MDUs supported the accomplishment of a number of projects and initiatives, and they came into effect. The Unit encourages all sectors to exert more efforts and work on accomplishing better achievement indicators for 2019 and beyond. I particularly assert the importance of the technical teams, which include a number of members from the Unit and sectoral institutions, working on the process of employment in the targeted projects. Furthermore, it is important to extend the work of these teams to focus on creating a local added value to these projects, as well as guiding the Small and Medium Enterprises, aiming at strengthening the positive impact of the process of economic diversification for these projects.

As part of its methodology towards continuous development, the Unit is keen to continuously benefit from the feedback of the specialists, either in terms of the issues relevant to the initiatives and projects, or experiences of some international institutions with good expertise in the field of managing and supporting the implementation of the projects.

In 2018, the Unit has conducted sessions including the work teams in the relevant governmental institutions with a group of experts and specialists, to identify their perspectives on the progress of the initiatives and projects, as well as their recommendations on ways for future development. In addition, the Unit has conducted a two-day workshop with the UK Prime Minister's Implementation Unit. During the workshop, the British experience was introduced, regarding supporting, implementing and prioritizing projects. Deloitte was assigned as the auditing company to provide its comments and suggestions regarding the methods of developing the work mechanisms, especially those relevant to performance indicators and collecting the documents required to ensure the achievement of these indicators. Finally, the Unit received useful and valuable feedback from all these events, from which it will benefit to follow up and support the projects.

For all ISFU teams: I fully realize how demanding are your responsibilities, and the amount of challenges you face. However, I believe that with your determination and the cooperation between you, the MDUs and working groups, you will overcome every obstacle and challenge. You should be proud of His Majesty's commendation and I encourage you to take it as a motivation to work harder towards the prosperity of our beloved country, and to never surrender to any challenges you face. We all have a national responsibility to carry out.

The Unit is keen to make the results of following up the initiatives and projects available to the public. It collaborates with the relevant governmental entities to disseminate the development of following up the implementation, through printed and audible media, or its social media platforms. Furthermore, and as a part of its plan, the Unit conducted a press gathering in which the relevant governmental entities presented the results and challenges they faced in the implementation process. Continuing to adopt this media approach, which is based on transparency and community participation, the Unit presents its second annual report, including details on the progress of the initiatives and projects of its programs for 2018.

May Allah bless the builder of modern Oman and the leader of its blessed renaissance; His Majesty Sultan Qaboos bin Said, and bless our efforts toward achieving economic diversification and prosperity.



**Implementation Support
and Follow-up Unit**

Introduction



Introduction

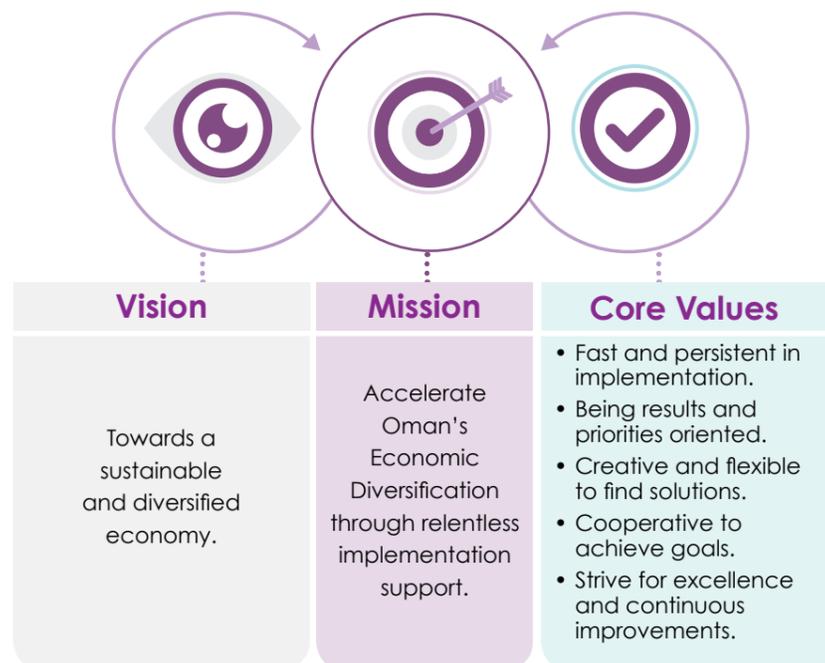
The Implementation Support and Follow-up Unit (ISFU) plays a fully autonomous role in providing support and assistance to entities as they implement their specific projects and programmes. Based on a clear governance structure and key performance indicators (KPIs), these projects and programmes are in place to contribute to a stable, dependent and sustainable economy for Oman's future.

The ISFU was established on October 17th, 2016 by Royal Decree No. 50/2016 and reports to the minister of Diwan of the Royal Court. Support for the governmental entities is effectively structured through a carefully planned process that starts from the beginning of the sectorial labs and is adhered to throughout the implementation. The key areas of support are:

- Gathering and analysing pertinent data in coordination with all stakeholders
- Isolating implementation challenges and finding solutions by using a clear follow-up mechanism

An additional role of ISFU is the responsibility for monitoring and following-up on the roll-out of specific national projects. One such example is the National Programme for Enhancing Economic Diversification, a government initiative that links the strategies of the 8 key sectors of Oman's national income. Another is Sharakah, a set of initiatives introduced through the Diwan to boost the concept of public-private partnership (PPP) and as a mechanism to generate private financing. Of over 100 projects under the National Programme for Enhancing Economic Diversification, and the 5 Sharakah projects, the ISFU is providing assistance not only through data analysis and problem solving, but through adopting a clear and robust monitoring system to ensure successful implementation according to specific timeframes and KPIs.

ISFU Vision, Mission & Values



ISFU Labs

Continuing on from the initial phase run in 2016, in which 5 sectors were covered in the labs, namely Business Environment and Finance, Logistics, Tourism, Manufacturing and Labour, 2017 was a year in which ISFU clearly delineated additional sectors of high economic potential. In 2017 and 2018, labs were organised to cover Fisheries, Energy and Mining.

These labs include dedicated sessions wherein the sectors are studied, analysed and recommendations are given as to a course of action. The 8 sectors cover the vision of Oman's key growth and development areas identified in the 9th 5-Year Development Plan (9thFYDP).

ISFU in the Public Eye

It is imperative to the continuing success of ISFU that it is constantly being referred to by the public and corporate sector and that what ISFU contributes to the future of Oman is understood. To do this, ISFU has adopted an engagement mechanism that ensures a broad reach across various segments of society

A. Stakeholder Engagement Activities

ISFU developed a general presentation that highlights its multi-faceted approach, as well as the methodology used to carry out different projects with a range of stakeholders. The purpose of this practise is to not only provide an overview of ISFU's remit and its role in monitoring and following up with projects, but also to showcase the working mechanisms, vision, mission and core values of the unit. A key part of the presentation is a status report of the initiatives and projects under ISFU's sectors.

Over the course of 2017/2018, the ISFU met with stakeholders including:

| | |
|--|------------------------------------|
| Petroleum Development Oman (PDO) | Ministry of Foreign Affairs (MoFA) |
| German University of Technology (GUTECH) | |

B. Receptions and Press Gatherings

As part of an ongoing campaign to target the CEOs of public and private sector companies, ISFU has taken the initiative of organising receptions to define the role it plays and to clarify how the working mechanism is inline with the aspirations of the private sector. The receptions also familiarise the CEOs with the ways in which they can collaborate with ISFU in their pledge to support the implementation of the sectors' initiatives and projects.

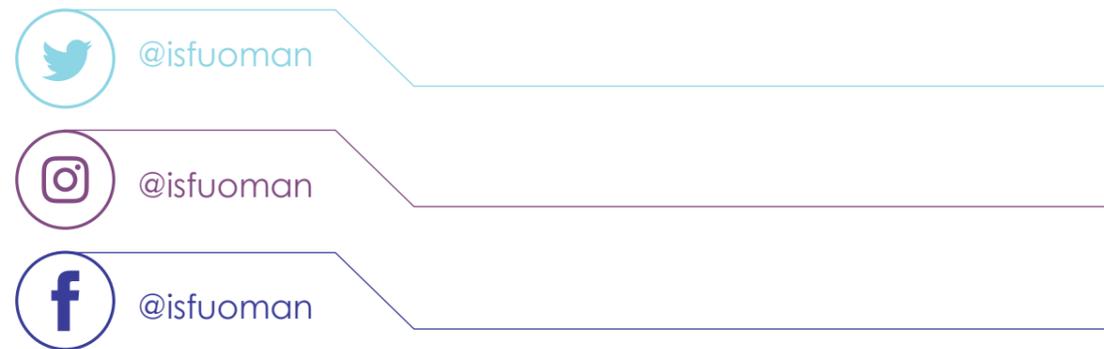
An integral and important part of the receptions are sessions dedicated to an open discussion with, and between, the CEOs. One objective of these sessions is to hear first-hand the challenges they face within their respective sectors and what recommendations they have for ISFU to problem solve. The outcomes are primarily focused on the following points:

- Projects and investments
- Consultations with recommended stakeholders
- Simplifying the e-services and related processes
- Economic and fiscal planning
- Ways in which the private sector could be enabled

Press gatherings are done on a regular basis to meet with members of the press including journalists, private sector representatives, social media influencers and field experts to create a platform for the relevant sector, under ISFU, to showcase their progress, challenges, efforts made and success stories. Press gatherings are intended to be used as an interactive platform in which discussions take place between sector representatives and the audience.

C. Social Media

No longer the realm of simple social interaction, social media has become a powerful tool to not only engage with vast segments of the public, but also to gather vital data and feedback. The Unit value 2-way interactivity and have embraced the interaction with a goal of a maximum of 48-hours to respond to each and every interaction.



D. Conventional Media

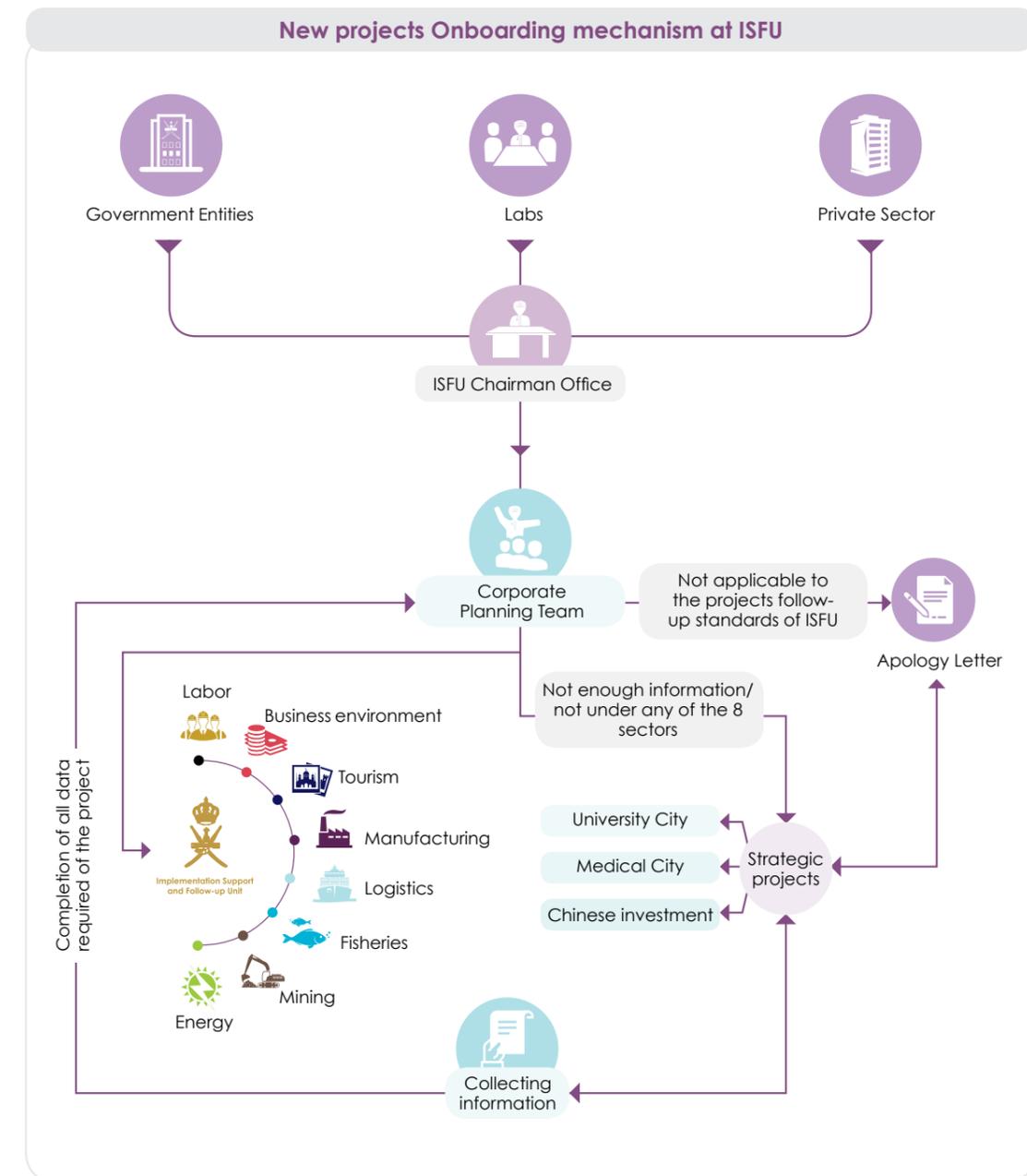
Although ISFU enables a variety of platforms on social media, there is still a strong dependency on traditional media outlets such as newspapers, television and radio. A strategy of timed press releases and reports remains a stronghold in ISFU's communication across a variety of media. Consistency is a focus of all external communication channels and this is cemented through the comprehensive report published in newspapers and news agencies in Oman.

Working norms of the ISFU

A. Strategic Projects Programme

A strategic projects programme has been put in place at ISFU to manage additional projects that are highlighted as having key strategic values. These projects may fall outside the remit of the current 8 sectors and relevant to some government entities, such as the Supreme Council of Planning (SCP) and the Ministry of Foreign Affairs (MoFA), as well as private entities, covering companies and individuals.

A special team was formed to analyse the available components provided, in addition to examining the feasibility of those projects and how they can fall in line with ISFU working standards.



B. Budget Review

ISFU takes responsibility for the unit's project budget allocations and does so through a structured budget request process.

In Q4, each sectoral team in ISFU works together with their respective Ministry Delivery Unit (MDU) and working groups to prepare a budget request to cover their current and anticipated financial needs for the following year.

A budget challenge session takes place on completion of any necessary follow-ups with the presence of the MDU and the working group representatives. Attended by the Deputy Secretary General of the Supreme Council for Planning and the Undersecretary of the Ministry of Finance, this session gives the sectors the opportunity to come forward and actively discuss their requirements. ISFU consolidates all supporting material and a final budget request form sent to the Supreme Council for Planning and the Ministry of Finance for final approval.

C. Mid-Year Review

Due to the nature of the mission and vision of ISFU, it was seen as vital that mid-year review workshops with ISFU sectors take place annually to discuss and agree on the sectoral achievements mid of the year. Once these discussions have taken place, the process of evaluating any interventions needed to realise the agreed sectoral achievements for the year is put into motion.

The mid-year review defines the actions of the second 6 months of the year. Three clearly defined steps are followed through the year to ensure a productive flow:

1. ISFU sectoral teams fill out templates on their feedback on milestone-based KPIs. Within each KPI, the team identifies milestones they have achieved as part of their Q1 targets as well as any milestones that could potentially be achieved by the end of Q3.
2. A workshop centres around the year's target achievement based on milestones takes place in the middle of the year. The activities defined for this step are to adjust the actions/milestones to achieve the targets based on sectoral achievements in Q1 and Q2, followed by establishing a break-out group by sectors to discuss actionable tasks as required by relevant entities to realise the agreed sectoral achievements
3. The final step is the signoff by the team, ISFU Chairman and relevant Ministry and start off execution accordingly.

The process proved to be very dynamic as the sectors are able to adjust their milestones and methods of operating to achieve their KPIs as per projects actual operation and economic situations. A broad commitment across the teams to manage changes in an increasingly efficient manner is the conclusion to the process. It is worth mentioning that due to previous work experience and lessons learnt throughout the last few years, the projects might not need to follow this process any more in the future.

D. Independent Advisory Review (IAR)

Working in close coordination with the ministries and stakeholders, the IAR is one of the most important platforms ISFU has in order to evaluate the merits of the initiatives and projects that are being monitored and tracked.

As a result of the IAR, the government will be able to accurately gain a clear status of the progress made by ISFU. IAR participants are a number of national and international experts who have extensive experience in the business and economic arena.

They come together under one roof on request from ISFU to put forward an objective, non-biased view and examine the overall performance of the sectors under ISFU. By the end of the IAR sessions, a list of recommendations is provided to each sector to better boost up their performance.

E. Agreed Upon Procedures (AUP)

The AUP process was established to validate KPIs for initiatives and projects in which ISFU closely monitors and activates its implementation and follow-up mechanism.

The key objectives of the AUP are laid out as follows:

- Ensure that the KPI methodologies that were agreed upon have been accurately and consistently adopted and applied
- In the interests of transparency and accountability, the integrity of the data has been strengthened
- Ensure confidence that the results of the annual report have been reported fairly
- Assure that the data and information used to arrive at the KPI results have been correctly taken from the supporting documents

The AUP is conducted annually by an independent third-party to ensure the results reported in this annual report are accurately represented. A stringent methodology and timeline is followed to ensure accuracy in ISFU's reporting mechanism.

AUP is conducted once every year to ensure that the reported results are accurately represented in the Annual Report, which will be published in Q1 of every year.



| Progress | | | | | | | |
|---|--|----------------------|---------|---------------|--|---|--------------|
| Program | Entity | Year | Date | | | | |
| Tarhoun | Ministry of Transport and Communications | 6-Apr-18 - 12-Apr-18 | Summary | | | | |
| Establish cargo village at Oman Airports | | | | | | | |
| KPI | Baseline | Actual Achievement | Target | Achievement % | Current Status | Next Steps | Intervention |
| Award Construction specialist tender and mobilization of contractor | - | 10% | 100% | 10% | 1. 1st workshop was conducted with OAD executive management to discuss the preliminary findings and share was given moving forward. 2. A meeting between O- | Completion of the study and submission of final report | Green |
| Build mineral railway in Al Wusta region | | | | | | | |
| KPI | Baseline | Actual Achievement | Target | Achievement % | Current Status | Next Steps | Intervention |
| Rail - Completion of PPP framework development by PPP advisory | - | 20% | 100% | 20% | PPP advisory services have been awarded on 08-April | A kick-off meeting between advisory consulting company and Oman-Rail will be held on Tuesday 17th April for the establishment plan and mobilization | Green |
| Mining - completion of initial resource report and mining license granted | - | 20% | 100% | 20% | 1. Initial report including certificate approved by MOC and has been sent to RMI on 21 March 2. A meeting with RMI undersecretary is awaited. | 1. RMI to arrange a meeting with SOO (RPU, Oman-Rail and RMI Undersecretary) 2. RMI to send applications to relevant stakeholders for approvals. | Red |

*for illustration purpose only.

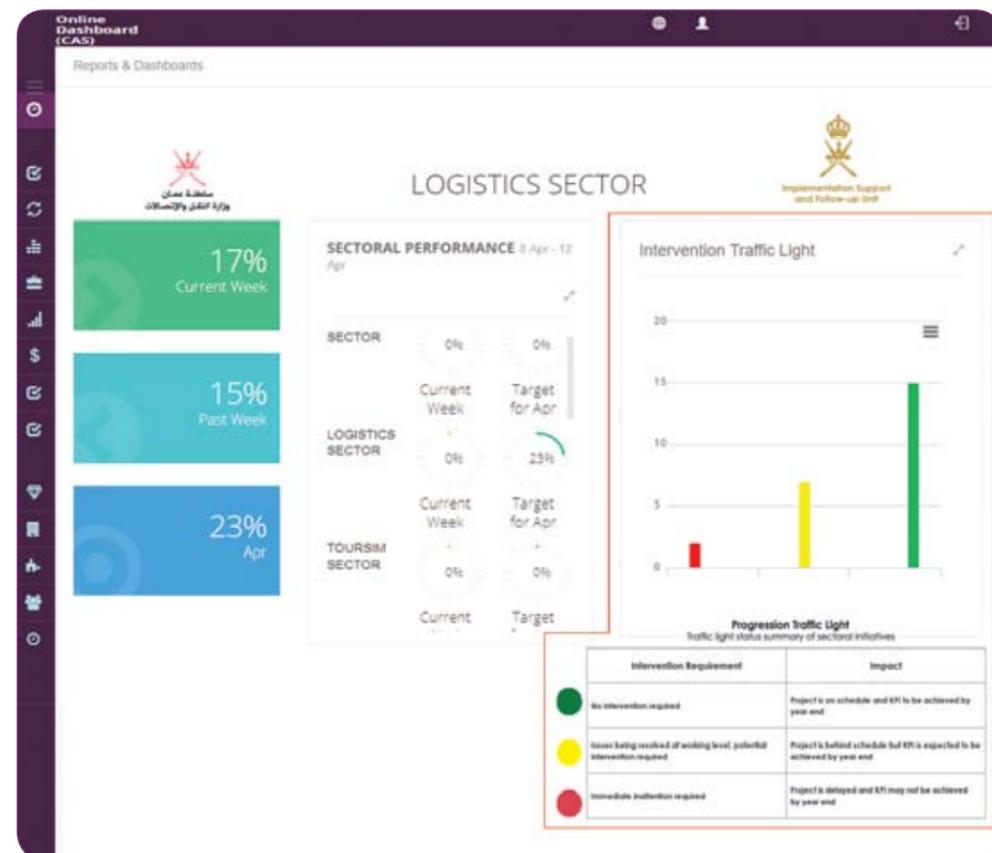
F. ISFU Projects Monitoring (KPI Dashboard)

With the increasing level of activity across the sectors, ISFU has implemented a monitoring mechanism called the KPI Dashboard. This has become an invaluable tool to keep track of progress and delays, as well as any challenges which arise and the significant achievements made. These dashboards use up-to-the-minute technology to present the progress of all sector projects and initiatives to help monitor and assess the implementation standards. Based firmly in the KPIs, the dashboard helps ensure the objectives for the sectoral contribution to GDP, attracting foreign direct investors (FDIs) and domestic direct investors (DDIs) as well as job-creation in line with Omanisation targets.

Updated in collaboration with ISFU, the Ministerial Delivery Units (MDUs) and Sectoral Working Groups (SWGs), the dashboard works on a simple traffic-light system to track progress and designate interventions required, as well as the overall impact of any project delays. In the true spirit of transparency, actual and targeted achievement percentages as well as the project's current status on the ground are communicated to relevant stakeholders on a weekly basis. By effective usage of the dashboard, the monitoring gives the ability to quickly identify issues and solve them whilst also highlighting the impact of potential challenges on the KPIs. It also flags the need for intervention from higher channels.

Divided into 2 main sections, the dashboard gives:

1. Overview: A bird's-eye view of the sectoral performance with quantitative updates on all the sector's scores in the current week and previous week.
2. Details: More detailed updates at the initiative level, including the traffic lights.



*for illustration purpose only.

Progress

Program: Sultanate of Oman | Entity: Ministry of Transport and Communications | Start: 8 Apr 18 - 12 Apr 18 | Status: On Track

| KPI | Baseline | Actual Achievement | Target | Achievement % | Current Status | Next Steps | Intervention |
|---|----------|--------------------|--------|---------------|---|---|--------------------------------------|
| Establish cargo village at Oman Airports | | | | | | | |
| Award Construction operation tender and mobilization of contractor | - | 12% | 100% | 10% | 1. 1st workshop was conducted with OAG executive management to discuss the preliminary findings and plan was given moving forward. 2. A meeting between E... | Completion of the study and submission of final report | ■ |
| Build mineral railway in Al Wusta region | | | | | | | |
| Rail - Completion of PPP framework development by PPP advisory | - | 22% | 100% | 20% | PPP advisory services has been awarded on 08 April | A kick off meeting between advisory consulting company and Oman Rail will be held on Tuesday 17th April for the establishment plan and mobilization | ■ |
| Meeting - completion of industrial resource report and mining license granted | - | 25% | 100% | 25% | 1. Interim report including certificate approved by MDO and has been sent to RMI on 23 March. 2. A meeting with PMU Undersecretary is awaited. | 1. PMU to arrange a meeting with MDO, OAG, Oman Rail and PMU Undersecretary. 2. PMU to send applications to relevant stakeholders for approvals. | ■ |

*for illustration purpose only.

Highlights from ISFU engagement events

CEO Reception



Independent Advisory Review (IAR)



Press Gathering





Manufacturing

| Manufacturing KPI Dashboard | |  |  |
|---|--|---|---|
| Initiative / KPI | | Target 2018 | Actual Achievement 2018 |
|  Petrochemicals | | | |
| 1 | Realisation of Liwa Plastics Project | 67% | 67% |
| 2 | Realisation of Duqm Refinery | 45% | 44% |
| 3 | Realisation of OMPET's PTA Plant | This project has been removed from the dashboard | |
| 4 | OCTAL capacity utilization enhancement | This project has been removed from the dashboard | |
| 5 | Realisation of Salah Methanol Company's Ammonia Plant | 54% | 60% |
| 6 | Realisation of Salah LPG Project | 50% | 55% |
| 7 | Realisation of PET Plastics Plant | This project has been removed from the dashboard | |
| 8 | Realisation of Sebacic Acid Production Plant | 100% | 89% |
| 9 | Sohar Asphalt LLC – Sohar Bitumen Refinery | 20% | 7% |
|  Metals | | | |
| 10 | Realisation of Alloy Wheels Manufacturing Facility | 52% | 21% |
| 11 | Realisation of Oman Flange Production Factory LLC (OPPF) | 100% | 97.3% |
| 12 | Plant to Design and Manufacture Metal Dies and Moulds | 50% | 46% |
| 13 | Realisation of Raysut Steel Company's Product Plant | 42% | 42% |
| 14 | Realisation of MISCO Steel Rebar and Billet Production Plant | 73% | 52% |
|  Non-Metals | | | |
| 15 | Realisation of Al Wusta Grey Cement Clinkerisation Plant by 2020 | 23% | 19% |
| 16 | Realisation of Al Taj Grey Cement | 40% | 27% |
| 17 | Realisation of Al Anwar Hormuz Cement Company's Cement Grinding Unit in Duqm | This project has been removed from the dashboard | |
| 18 | Realisation of Sohar Cement Factory's Cement Grinding Unit in Sohar | 100% | 100% |

| Initiative / KPI | |  |  |
|--|---|---|---|
| Initiative / KPI | | Target 2018 | Actual Achievement 2018 |
|  Food | | | |
| 19 | Realisation of Mazoon Dairy Project | 100% | 69% |
| 20 | Realisation of Phase 1 of A'Namaa Project | 76% | 75% |
| 21 | Realisation of Osool Poultry SAOC Plant | 62% | 49% |
| 22 | Realisation of Seafood Canning Plant | This project has been removed from the dashboard | |
| 23 | Realisation of Al Bashayer Meat Project | 79% | 64% |
| 24 | Realisation of Table-Egg Production Plant | 43% | 15% |
| 25 | Realisation of Dhofar Seafood Canning Plant | 40% | 16% |
|  Innovation | | | |
| 26 | Advanced Manufacturing Research Centre (AMRC) in Oman | 56% | 49% |
| 27 | Programmes Activation of Industrial Innovation Centre (IIC) in 2018 | 100% | 97% |
|  Other | | | |
| 28 | Formation of Sectorial Organisation | 100% | 100% |
| 29 | Realisation of Sohar Textile Plant | 82% | 52% |
| 30 | Realisation of Philex Pharma Complex | 29% | 23% |

* The work process of ISFU was reviewed by Deloitte, and findings will be built upon in the future.

* A number of projects might not be reflected in the Annual Report as they are under direct monitoring of specific authorities. However, ISFU follows up on the execution on a regular basis.

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

Overview

The manufacturing sector is viewed by many experts as the backbone of Oman's economic growth with a developing prominence on non-oil exports to markets around the world. In 2018, the focus was on 31 projects and initiatives across the petrochemical, metal, non-metal, food and innovation.

The initiatives that performed beyond their goals for 2018 were led by the Salalah Methanol Company's ammonia plant and Salalah LPG extraction projects which saw impressive progress with minimal challenges. Some of the projects did not perform as planned due to various reasons, including financing difficulties and energy related issues.

ISFU worked closely with the Ministerial Delivery Units (MDUs) of MoCI across the initiatives to maintain their momentum and support their progress in reaching their KPIs. There were several instances in which interventions were called for to resolve or mediate challenges, an example of which are the initiatives of Advanced Manufacturing Research Centre (AMRC) and Plant to Design and Manufacture Metal Dies and Moulds.

Number of projects in 2018: **31**

2018 achievements:

- 

Innovation
The first instalment of the budget was transferred to Sohar University to begin implementation of the initiative Establish Advanced Manufacturing Research Centre. The ordering of equipment and accessories was completed and interviews for the ExCo have commenced.
- 

Metal
Phase 2 of the initiative Plant to Design and Manufacture Metal Dies and Moulds was completed, with equipment and accessories having been ordered.
- 

Petrochemical
The foundations were laid for Duqm Refinery, Salalah Methanol Company's ammonia plant and the Salalah LPG project.
- 

Food
Construction work has started for Mazoon Dairy Project, phase 1 of A'Namaa Project, Osool Poultry Plant and Al Bashayer Meat Project.
- 

Non-metal
The construction of Sohar Cement factory has been completed, production has begun and products are available in the market.

Graduated projects in 2018

- Realisation of Sohar Cement Factory's Cement Grinding Unit in Sohar
- Formation of sectorial organisation (Oman manufacturers association)
- Realisation of Oman Flange Production Factory LLC (OFFP)
- Realisation of Triangle Engineering scaffolding manufacturing facility

New projects added in 2018

1. Realisation of Sebacic Acid Production Plant
2. Sohar sphalt LLC – Sohar Bitumen Refinery
3. Realisation of Raysut Steel Company's Product Plant
4. Realisation of MISCO Steel Rebar and Billet Production Plant
5. Realisation of Al Bashayer Meat Project
6. Realisation of Table-Egg Production Plant
7. Realisation of Sohar Textile Plant
8. Realisation of Philex Pharma Complex
9. Realisation of Dhofar Seafood Canning Plant

Petrochemicals

1. Realisation of Liwa Plastics Project

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



LPIC is the largest of the 3 strategic growth projects undertaken by Orpic to fulfil its vision to be a globally competitive downstream business that spearheads Oman's continued economic growth. LPIC, a transformational project, will improve Orpic's product mix and business model whilst increasing profit two-fold.

The project's physical hub centres on the existing Orpic facility in the Sohar industrial port area. It is a steam-cracker project which will process light-ends produced in Orpic's Sohar refinery and aromatics plants, as well as optimise natural gas liquids extracted from the currently available natural gas supplies. Upon completion, the plastics production will have increased by over 1 million tonnes, giving Orpic a total of 1.4 million tonnes of polyethylene and polypropylene production by 2020.

The Journey

The landmark LPIC project has seen the peak of construction in 2018 along with engineering and procurement substantially completed. All major equipment has been erected in all the engineering, procurement and construction (EPC) packages, including the Ethylene Fractionator Column which, at 103 metres high, is the tallest LPIC equipment installed. Piping is significantly completed and permanent electrical power is now available in all the 3 plants. The pipeline to Sohar is also substantially completed and work is currently focussed on facilitating wadi and road crossings.

Moving Forward

In 2019, construction and pre-commissioning activities will be completed and the project will transition to the commissioning phase. All 4 EPC Packages will be mechanically finalised, along with ready for start-up for all the units. The entire pipeline from Fahud to Sohar will also be commissioned along with the block valve stations, which will be powered by solar panels, and state of the art security systems will be installed.

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

Stakeholders

| |
|---|
| Oman Refinery and Petrochemicals Industrial Complex (ORPIC) |
| Ministry of Commerce and Industry (MoCI) |
| Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Oil and Gas (MOG) |
| Sohar Port and Free Zone |

2. Realisation of Duqm Refinery



Duqm Refinery and Petrochemical Industries Company L.L.C is a 50/50 JV between Oman Oil Company and Kuwait Petroleum International. This strategic partnership was established during the incorporation of Duqm Refinery and Petrochemical Industries Company, located in the Special Economic Zone at Duqm (SEZAD) in the Sultanate of Oman. Duqm provides the project with a strategic maritime position and a competitive advantage over other refineries in the Gulf region. The refinery will be in the path of international shipping lines in the Indian Ocean and the Arabian Sea as well as being outside the Strait of Hormuz, thus easing the process of transport in and out of the region.

The refinery has been designed to the latest specifications and technology and, once completed, will have the capacity to process 230,000 barrels of crude oil per day. Diesel, jet fuel, naphtha, LPG, sulphur and petcoke are to be its products. Duqm Refinery will be one of the major growth engines of SEZAD by providing development opportunities for new projects that will directly and indirectly interface with the refinery. These projects will benefit from the refinery's products as well as provide services to the refinery. The output of 230,000 barrels per day (bpd) was chosen in line with the world-class petrochemical facility as the next development.

The Journey

The initial step for 2018 was to obtain the Final Investment Decision (FID) for the project. In February Duqm Refinery signed contracts with its EPC contractors for the construction of the 230,000 bpd refinery in Duqm.

The EPC scope of work was divided into 3 separate packages with the the scope of EPC 1 included the process units of the refinery, while EPC 2 consisted of the utilities and offsite facilities. EPC 3 included the product export terminal in Duqm Port, the Duqm Refinery dedicated crude storage tanks in Ras Markaz and the 80 km interconnecting pipeline from these crude tanks to Duqm Refinery.

Secondly was to award the EPC 1, 2 and 3 (Notice to Proceed (NTP)). Following the ground-breaking ceremony of Duqm Refinery, held at the project site on the 26th of April 2018, officials formally issued an NTP on June 1st 2018 to the contractors of the 3 EPC packages. Collectively worth USD 5.75 billion, The formal issue of the NTP signified the start of the project schedule for the construction work of the 230,000 bpd refinery project. The project is expected to be complete and ready for start-up approximately 42 months from the issue of the NTP. Contractors will initially allocate resources to complete detailed engineering design work at their home offices where they are joined by staff from Duqm Refinery.

The final target for the year was to achieve financial objectives with Duqm Refinery announcing its project's financial close on the 4th of December 2018. Achieving a multi-source project financing for the Duqm Refinery project was a major milestone for the project. The USD 4.6 billion multi-sourced financing deal signed for the project is not only the largest project financing in the Sultanate of Oman, but also includes the largest sharia compliant facility awarded by a consortium of Islamic financing institutions to a green field project in the country.

Moving Forward

In 2019, the EPC contractors and their sub-contractors will continue the engineering and related site works in line with the construction schedule. While on-going work will occur in the respective EPC offices, mobilisation in Duqm will increase in order for the site work to continue. From the middle to the end of 2019, the main centre of activities will shift to the site.

In-country Value (ICV) programmes are already in place and local community contractors will be given priority to be part of the project in providing supporting services during the construction phase.

Stakeholders

| | |
|---|--------------------------------|
| Oman Oil Company (OOC) | Kuwait Petroleum International |
| Special Economic Zone Authority at Duqm (SEZAD) | Port of Duqm |
| Ministry of Oil and Gas (MOG) | |

3. Realisation of OMPET's PTA Plant



Oman International Petrochemical Industries Company LLC (OMPET) was formed and registered in the Ministry of Commerce and Industry (MoCI) in December 2013. Of the 3 shareholders, their associated percentage of shareholding is Oman Oil with 50%, South Korea's LG International Corporation with 30% and Takamol owning 20%.

Located within the Sohar Industrial Port, the objective of the Sohar PTA/PET project is to design, build and operate a world-class petrochemical complex. Production will be 1.1 million tonnes per annum of Purified Terephthalic Acid (PTA) with a balance of Paraxylene feedstock supplies from the ORPIC aromatics complex. Any acetic acid needed as an additional raw material will be purchased from the open market. OMPET adds value to existing feedstock in ORPIC and will provide direct employment to more than 250 new staff. It has selected PTA-BP ISOX technology, the most advanced technology in the world. OMPET will be co-managed by an integrated project management team from Worley Parsons Oman Engineering as part of a Project Management Consultancy (PMC) services agreement.

The Journey

During the ISFU mid-year review, the project was removed from the Manufacturing dashboard due to the uncertainty and lengthy process of obtaining the Final Investment Decision (FID) by the shareholders, a delay which has resulted in the indefinite postponement of all subsequent milestones.

Moving Forward

Should the FID be made, the project may return to the Manufacturing dashboard.

Stakeholders

| | |
|---|------------------------|
| Sohar Port and Free Zone | |
| Ministry of Environment and Climate Affairs (MECA) | |
| Ministry of Commerce and Industry (MoCI) | |
| Oman Refinery and Petrochemicals Industrial Complex (ORPIC) | |
| Ministry of Oil and Gas (MOG) | Oman Gas Company (OGC) |

| | |
|---------------------------------------|---|
| Oman Trading International (OTI) | BP AMACO |
| Majis Industrial Services | Oman Electricity Transmission Company (Majan) |
| Oiltanking Odgfell Terminals & CO LLC | Air Liquid Sohar Industrial Gases LLC (ALSIG) |

4. OCTAL Capacity Utilisation Enhancement



OCTAL is the world's largest producer of PET sheet and resin on a single site and the world's leading clear rigid packing material supplier, producing nearly 1 million metric tons of bottle grade PET and DPET™ sheets per year. With large-scale production facilities, innovative products and global reach, OCTAL can convert from PVC, polystyrene and PP to fully-recyclable and economically-efficient DPET™ solutions.

With manufacturing facilities in Oman, Saudi Arabia and the USA, the production facility is based in Salalah where it has an annual capacity of 928,000 metric tons.

Capacity Utilisation Enhancement will increase production in Salalah whilst ensuring that existing sustainability strategies and initiatives are adhered to, thereby preserving an efficient carbon footprint.

A shortage of gas allocated to the project is resulting in a surfeit of energy requirements, particularly evident since the Pearl expansion project in 2012. A present allocation of 74,400 sqm per day needs to be increased by 52,000 sqm per day (75 mmbtu (1 million British Thermal Units) per hour) to meet the total energy requirement and maximise the investment made in the second Pearl reactor which is currently idle.

The Journey

Although discussions have been ongoing with MoCI and ISFU working to mediate the conditions laid out by the Ministry of Oil and Gas (MOG) and OCTAL regarding gas allocation and Omanisation targets, an agreement is yet to be reached. Hence, this project has been removed from the Manufacturing dashboard.

Moving Forward

Should a decision be reached between both parties, the project may return to the Manufacturing dashboard.

Stakeholders

| | |
|--|-------------------------------|
| Ministry of Commerce and Industry (MoCI) | Ministry of Oil and Gas (MOG) |
| Salalah Free Zone | |

5. Realisation of Salalah Methanol Company's Ammonia Plant



Currently limited to the production of methanol, this project will realise the diversification of the product line at Salalah Methanol Company to include ammonia. Owned by Oman Oil Company and Takamul Investment Company, methanol production of 3,000 metric tons per day will be joined by 1,000 metric tons per day of ammonia at the site in Salalah Free Zone.

By opening new downstream industries, and creating new employment opportunities in Dhofar, the project is an important milestone which will also set up associated utilities, export facilities and off-site infrastructure. The Port of Salalah will significantly benefit from shipping the additional products for export.

The Journey

Rendering a huge boost to the project, the financial closure for the Salalah ammonia plant was finalised in August 2017 with great success as it was based on 100% debt and obtained 2.5 times over-subscription from the lending market. Although there is a slight delay in construction progress, overall project progress remains on schedule and has managed to complete all its milestones for 2018, including the substantial completion of engineering. All 3D model reviews were successfully completed, including 90% model review, Hazard and Operability study (HAZOP) and Safety Integrity Level (SIL) studies.

A major milestone was completed during the methanol plant turn-around by completing all the tie-ins between the ammonia and methanol plants. The modification to the reformer in the methanol plant was also completed during the turn-around to prepare it for the changes that will happen post-ammonia operation. It was critical to complete this work during the methanol plant turn-around to avoid any interruption to operations and production.

Procurement proceeds with the awarding of all major mechanical and electrical equipment. Delivery of equipment to site started with the delivery of all material for the turn-around works as well as the material for underground piping.

Site preparation activities were completed during the first quarter of 2018, followed by the installation of around 200 piles. The largest two foundations of the project, those for the ammonia tanks with each foundation needing 1820 sqm of concrete, were completed, as were the main piperack foundations, and work is in progress for the substation foundation. Mechanical installation of both ammonia tanks is in progress.

Moving Forward

In 2019, the delivery of all equipment is planned for completion, as is construction of the piperack, erection of equipment, installation of all piping, electrical and instruments. The target is to complete all construction activities and achieve mechanical completion in the fourth quarter of 2019.

Stakeholders

| | |
|-------------------------------|--|
| Salalah Methanol Company | Ministry of Commerce and Industry (MoCI) |
| Ministry of Oil and Gas (MOG) | Salalah Free Zone |
| Port of Salalah | Oman Trading International (OTI) |
| Dhofar Power Company | |

6. Realisation of Salalah LPG Project

Located in the Salalah Free Zone, the Salalah LPG (SLPG) is a major project intended to extract over 300,000 tons annually of propane, butane and condensate from the Rabab Harweel field and central processing plant by 2020.

The project was initiated to optimise the gas value chain and is wholly owned by Oman Oil Company S.A.O.C (OOC). The project, once complete, will consist of an extraction plant, fractionation facility, storage tanks, shipping facilities and an interconnection pipeline system. The Ministry of Oil and Gas (MOG) will supply rich gas to the project via Oman Gas Company's transmission pipeline and, in return, will receive lean gas and a share of the proceeds of sales. The plant will process approximately 8.8 million Standard Cubic Metres per Day (Sm³/d) of gas and will produce around 304 kilo-tons per Annum (KTA) of LPG products composed of 155 KTA of Propane (C3), 111 KTA of Butane (C4) and 38 KTA of Condensate (C5+).

Petrofac, the UK-based oil services company has been selected as EPC contractor.

The primary objective of the project is to build the state of the art facilities using proven technology in an optimised and timely manner without compromising the safety, quality and technical integrity.

The Journey

In order to reach an agreement between SLPG and the Royal Oman Police (ROP) to commence construction of the necessary central service corridor at Salalah Port, ISFU and MoCI engaged with the relevant stakeholders to reach a mutual agreement. 2018 began with the awarding of 5 subcontractors to execute the construction phase of the SLPG project and a workforce of 2,300 was mobilised on the site. A strong safety record is being maintained, with 6.5 million safe man-hours achieved. The internal and lender's safety audits were also successful. There was 54.5% overall progress in the concept, FEED and EPC milestones against a target of 50% as 29 milestones were achieved against a plan of 25 in 2018, an overachievement of 16%.

The challenging task of completing the detailed engineering phase was achieved through great efforts exerted by the expediting engineers who had to collect data and input on time from 140 vendors located across the world.

Early placement of purchase orders helped in the receipt of equipment and material at site ahead of schedule, a strategy that will help avoid any unexpected delays in construction.

The project site was severely impacted by cyclone Mekunu when it made landfall in Salalah in May 2018, nevertheless, the SLPG team recovered within 3 months and progress is now ahead of schedule. Lessons learned from Mekunu were implemented when a second cyclone, Luban, made landfall in October 2018 and damage was minimalised and controlled. SLPG took over the project management and execution of the CSC Piperack project as the project was on high-risk for completion.

The first phase was targeted for completion in November 2018 and the second phase, in early 2019, was to hand over to the SLPG EPC contractor, a task that proved challenging due to gaining a no-objection certificate (NOC) from various stakeholders. With the involvement of the SLPG management team, the NOC was granted and Zone-1 successfully handed over to the EPC contractor in November 2018.

Another challenge was gaining the NOC for the pipeline route from 16 agencies. This was overcome with the interface team's continuous support which also resulted in saving a significant amount of money for the project.

Moving Forward

Over the course of 2019 the project team will focus on completing the procurement, construction and pre-commissioning phases. This will be followed by finalising all the mechanical aspects of the project which will allow for the commissioning activities to commence. An overall progress of 89% of the project will be achieved once the operation team is ready.

Stakeholders

| | |
|--|-------------------------------|
| Ministry of Commerce and Industry (MoCI) | Ministry of Oil and Gas (MOG) |
| Ministry of Environment and Climate Affairs (MECA) | Salalah Free Zone |
| Ministry of Transport and Communication (MoTC) | Royal Oman Police (ROP) |
| Salalah LPG | Port of Salalah |

7. Realisation of PET Plastics Plant



At present, Oman needs to import the polyethylene terephthalate pipes needed for the current production capacity of 16,000 tons of polyethylene terephthalate sheets and rolls annually. By supporting Tritronic Middle East LLC, and investing in polyethylene terephthalate (PET) production, this project will help boost Oman's economic development.

With a capacity of 16,000 metric tons, and annual profits of OMR 1.54 million, the project will also create an increased number of job opportunities for Omanis.

The Journey

Despite the efforts made by ISFU and MoCI to assist the shareholders secure funds from Oman Development Bank, the shareholders were still not able to reach an agreement to secure the remaining funds. Hence, this project has been removed from the Manufacturing dashboard.

Moving Forward

Should the investors secure the required funds, the project may return to the Manufacturing dashboard.

Stakeholders

| | |
|--|--|
| Titronic Middle East LLC | Ministry of Commerce and Industry (MoCI) |
| Ministry of Environment and Climate Affairs (MECA) | Oman Development Bank |
| Sohar Industrial Estate (PEIE) | |

8. Realisation of Sebacic Acid Production Plant (Sebacic Oman)



As an OMR 24 million bio-refinery project, Sebacic Oman is the world's largest bio-refinery, and the only one of its kind in the MENA region, to manufacture speciality chemicals from green vegetable (castor) oil as well as bio-nylons, polymers, nylon-6 and nylon-10. The plant will compliment the petrochemical plants by utilising many of the raw products to make nylons.

Castor oil producing plants are plentiful in the wadis of Oman, giving additional scope to promote contract farming and create additional jobs for the initial requirement of 66,000 hectares of castor. One hectare of Castor cultivation removes 17.8 MT of carbon dioxide from the air, making Sebacic Oman a carbon-negative company with green credits.

The Journey

Although planned to start in 2018, the project has been delayed due to various factors including SEZAD infrastructure not being ready with Industrial process water and power. Bad weather in Duqm also delayed construction of the water pipeline and power line excavations by 3 months.

To overcome the challenge of water related issues, the SEZAD team granted permission to the project to build its own seawater intake. Hence, Sebacic Oman decided to invest in an independent seawater Reverse Osmosis (RO) plant. The role of ISFU and MoCI was extended to ensure all related permits were obtained, after which all water related issues were resolved.

As for the power related issues, ISFU and MoCI played a key role in coordinating a meeting between Sebacic Oman, SEZAD, the contractor and the Rural Areas Electricity Company (Tanweer) during which the roles and responsibilities of all parties were made clear with agreed action plans. This helped to resolve a long-pending issue within a fortnight, thus enabling the project to obtain required power connections.

Moving Forward

Since the project has access to all required utilities, Sebacic Oman is expected to commence production in the first quarter of 2019.

Stakeholders

| | |
|--|---|
| Sebacic Oman SAOC | Special Economic Zone Authority at Duqm (SEZAD) |
| Ministry of Commerce and Industry (MoCI) | Rural Areas Electricity Company (Tanweer) |

9. Sohar Asphalt LLC – Sohar Bitumen Refinery



With the aim of producing mainly 50/70 and 80/100 commercial grade bitumen and by-products such as stabilised naphtha, kerosene, atmospheric gas oil (AGO) and vacuum gas oil (VGO), Sohar Asphalt LLC plans to set up a 30,000 barrels per stream day (BPSD) grass-root bitumen refinery. As imported raw material, heavy crude will be used for feed stock, by-products such as naphtha, kerosene, AGO and VGO will be sold on the open market. Naphtha will be used as feed stock in the fertiliser industry, kerosene sales will be to the aviation industry, AGO specifications will be on par with domestic requirements and VGO specifications as per IMO 2020 will be inline with bunkering requirements.

The Sohar Industrial Port area has been allotted as a site due to the need to import heavy crude from Venezuela and to export the refinery products around the world.

The Journey

Sohar Asphalt LLC received MECA clearance for an EIA in January 2018, followed by initial clearances such as Quantitative Risk Assessment (QRA) and a major accident hazard analysis (SEVESO-III) from Sohar Port and Free Zone. In addition, a Zero Survey study and report was submitted to Sohar Port and Free Zone and approval to commence operations was provided.

The major challenge faced by the initiative has been the completion of the Final Investment Decision (FID). A knock-on effect for all other milestones is the inevitable consequence of this delay. Therefore, a decision has been made to remove the project from the Manufacturing dashboard temporarily until a final resolution on the FID is finalised.

Moving Forward

Should the FID be finalised by the investor, the project may return to the dashboard.

Stakeholders

| | |
|--|--|
| Sohar Asphalt LLC | Ministry of Commerce and Industry (MoCI) |
| Ministry of Environment and Climate Affairs (MECA) | Sohar Port and Free Zone |
| Oman Electricity Transmission Company (Majan) | Oiltanking Odfjell Terminals (OOT) |

Metals

10. Realisation of Alloy Wheels Manufacturing Facility



With the uptick in production from Sohar Aluminium Plant, there is now the potential for Oman to become an exporter of downstream aluminium-manufactured products. In particular, alloy wheels to the Indian and American markets.

Sohar Aluminium Plant, located next door to the alloy wheel manufacturing facility, will supply 45% of the raw materials needed for the proposed output.

With an export value targeted at upwards of OMR 20 million, the project will provide 500 new jobs across the 12 steps of the production process.

The Journey

The project team finalised the land agreement, which then enabled them to start floating for machine suppliers as well as completing the Front End Engineering Detail (FEED) study.

A major milestone for 2018 was the signing of the liquid metal supply agreement with Sohar Aluminium in August, even though it was delayed due to Synergies Castings needing to resolve agreements between shareholders.

Another pressing challenge for the project was the signing of a natural gas supply agreement. Although the project received initial approval in May 2018, the official signing took longer than expected due to the time that was taken by the two parties to agree on the agreement details. Another this is the introduction of the new Gas Allocation Committee which needed to provide the final approval. ISFU and MoCI played a vital role in coordinating between the various parties to resolve this challenge towards the end of 2018.

Another noticeable challenge which further delayed the progress of the project was finalising the project financing between shareholders and the banks. This is expected to be resolved in the first quarter of 2019.

Moving Forward

Signing the project financing agreement will allow the project team to start site preparations and construction in the second quarter of 2019. Prior to this, the project team is planning to complete the procurement of machinery as well as signing the electricity and water supply agreement.

Stakeholders

| | |
|-------------------------------|--|
| Synergies Castings LLC | Ministry of Commerce and Industry (MoCI) |
| Ministry of Oil and Gas (MOG) | Sohar Industrial Estate (PEIE) |
| Sohar Aluminium | |

11. Realisation of Oman Flange Production Factory LLC (OFFP)



As a result of Oman importing over OMR 11 million worth of flanges from other GCC countries and China, it became evident that there was a need for a flange factory in Oman.

Based in Nizwa Industrial Area, the project has been divided into 3 stages to be completed over 6 years and, once completed, 8,200 tons of flanges will be produced.

The Journey

The project team worked closely with PDO's quality team to ensure the OFFP products meet PDO's quality standards in order for the company to be one of the qualified vendors on the PDO list. ISFU and MoCI facilitated several meetings between the two parties to accelerate the process by clarifying the required actions needed to be taken. As a result, OFFP was successfully included in PDO's approved vendor list towards the end of 2018.

Moving forward

Being a PDO approved vendor will allow OFFP to receive sizeable orders that will enable the factory to reach its production capacity. Therefore, the project has successfully graduated from the Manufacturing dashboard.

Stakeholders

| | |
|---|--|
| Oman Flange Production Factory LLC (OFFP) | Ministry of Commerce and Industry (MoCI) |
| Petroleum Development Oman (PDO) | |

12. Plant to Design and Manufacture Metal Dies and Moulds



Oman has a high demand, that is set to increase exponentially, for moulds and dies to augment the manufacturing sector and boost the country's competences in design and manufacturing plastic mouldings, cutting and processing metal plates as well as other processes such as alloying, forging and fabrication.

The increasing demand for moulds and dies is currently being filled by imports, with prices rising to over OMR 100,000 depending on a range of factors.

In conjunction with an engineering design centre, this project aims to bridge the gap whilst opening the door to the design and manufacture of thousands of new products in Oman.

The Journey

The project successfully achieved all major milestones in 2018, including the procurement of machinery, appointment of staff and finalisation of building preparations.

The project had to receive 2 instalments from the government in order to achieve the 2018 milestones.

The first instalment took longer than expected due to the newly introduced arrangement which will allow Sohar University to operate equipment that is funded and owned by the government. The instalment was ultimately released with the intervention and support provided by ISFU and MoCI to coordinate and facilitate the process between MoF and Sohar University.

Towards the end of 2018, some equipment was delivered to the university which enabled the commencement of a technical training programme with the cooperation of the National Training Fund (NTF).

Moving Forward

For the project to move forward, the commissioning and installation (pre-operation) activities are planned to be completed in 2019, including equipment installation and initial equipment operation.

Stakeholders

| | |
|---|--|
| Sohar University | Ministry of Commerce and Industry (MoCI) |
| Ministry of Finance (MoF) | National Training Fund (NTF) |
| Metal manufacturing and forming companies in Oman | |
| Plastics companies | Food processing and packaging companies |

13. Realisation of Raysut Steel Company's Product Plant



Raysut Steel Industries LLC is Located in Raysut Industrial Estate and has an annual production capacity of 250,000 tons of high-yield strength reinforced steel bars. This new plant will source steel-billet raw materials to produce steel bars of 8mm to 32mm. The growing economy of Oman is highly dependent on steel and the strong demand will only increase. It also shows strong diversification potential for future development.

The Journey

This project was included in the Manufacturing dashboard in 2018, prior to which the feasibility study was completed, the industrial license had been granted and the shareholders agreement was signed. All targets for 2018 have been reached by the project team, including securing financing for the project and a construction agreement was signed and the selected construction company obtained approvals for water and electricity. After which, construction activities started. ISFU and MoCI were instrumental in accelerating the process of obtaining the custom duty exemptions. Moreover, ISFU and MoCI is working with the Gas Allocation Committee (GAC) to ensure the required gas for the project is allocated.

Moving Forward

In 2019 the focus is to complete the targeted 60% of the project construction. The gas supply agreement is expected to be signed in Q1 of 2019 and commercial production is expected to start towards the end of 2020.

Stakeholders

| | |
|---------------------------|-------------------------------|
| Muscat Steel Group | Ministry of Oil and Gas (MOG) |
| Raysut Industrial Estates | |

14. Realisation of MISCO Steel Rebar and Billet Production Plant



Strategically located in Sohar, Moon Iron and Steel Company (MISCO) is a state-of-the-art steel billet and rebar manufacturing greenfield project with an annual capacity of 1.2 million tons of billet and a rolling capacity of 1.1 million tons. This project is well supported by all shareholders, including the various institutional investors in the GCC, including Oman.

MISCO utilises the latest in steel mill and processing plant technology from Europe and will be one of only a few regional producers capable of supplying a wide range of products to Oman as well as markets in the GCC and Africa.

The Journey

Although included in the mid-year review of 2018, many milestones had already been achieved, such as finalisation of the feasibility study, signing of a shareholder's agreement, finalisation of the contractor, placement of orders with technology supplier and obtaining necessary regulatory approvals, including water and power requirements. With the completion of financial closure, the project commenced with the site work at the beginning of 2018. One of the key milestones likely to be moved to 2019 is obtaining the required gas through the necessary construction of a gas pipeline for which a decision from relevant authorities is expected in Q1 of 2019.

In addition to the above completed milestones, major civil and structural work was completed on site with detailed engineering from a reputed consultant. Various equipment suppliers from different parts of the world had already started dispatching equipment to site for building work.

Moving Forward

The Q4 of 2019 will likely witness the commencement of commercial production after completion of equipment procurement processes, completion of construction work and agreeing on the type of energy that will be used for the project.

Stakeholders

| | |
|-------------------------------------|-------------------------------|
| Moon Iron and Steel Company (MISCO) | Ministry of Oil and Gas (MOG) |
| Sohar Industrial Estate | |

Non-Metals

15. Realisation of Al Wusta Grey Cement Clinkerisation Plant by 2020



Duqm is an area that is witnessing dramatic growth in infrastructure and industry projects, all of which require differing amounts of cement to ensure they are completed. With an annual capacity of 1.5 million tons, this project is to be powered by a 30 MW power plant.

With equal shareholdings, the plant is a joint venture between Oman Cement Company and Raysut Cement and was expected to be operational by the end of 2020.

The Journey

The initial focus of the project team was to reaffirm the feasibility and market studies as well as obtaining the initial approvals for the project. A disagreement between the 2 partners caused extensive delays in achieving these 2 milestones. This provoked SEZAD to revoke their license and open the opportunity to other investors. As a result, Oman Cement Company is in the process of identifying a new partner for the plant.

Moving Forward

The investment opportunity is open for any interested investor. Currently, MoCI and SEZAD are actively engaged with potential investors to seize this opportunity.

Stakeholders

| | |
|---|--|
| Special Economic Zone Authority at Duqm (SEZAD) | Ministry of Commerce and Industry (MoCI) |
| Oman Cement Company | Raysut Cement |

16. Realisation of Al Taj Grey Cement



To aid in the economic development of Duqm, and the demand for cement needed to complete the current and future projects, the Al Yamama Engineering Company of Iraq is investing in a new plant with an annual capacity of 2 million tons.

The Journey

In 2018, the project team aimed to get the initial approvals for utilities and to complete the environmental impact assessment (EIA) amongst other milestones. However, due to lack of engagement from the investor to meet the approval protocols from SEZAD and other authorities, most of the project milestones have not been met. This, along with the uncertainty shown by the investor to pursue the project, promoted a decision to remove the project from the Manufacturing dashboard.

Moving Forward

Since this project has been removed from the manufacturing sector, the team is actively engaged in replacing it with another project of a similar nature to ensure minimising cement imports to the Sultanate.

Stakeholders

| | |
|--|---|
| Al Yamama Engineering Company | Special Economic Zone Authority at Duqm (SEZAD) |
| Ministry of Commerce and Industry (MoCI) | |

17. Realisation of Al Anwar Hormuz Cement Company's Cement Grinding Unit in Duqm



In partnership with Hormozgan of Iran, Al Anwar Holding intends establish a cement-grinding unit in Duqm with an annual capacity of 1 million tons. The project was expected to be operational during Q1 of 2020.

The Journey

The focus of the project team in 2018 was to secure the required funding for the project. The team approached several financial institutions to obtain a loan, however, the two parties didn't reach to a mutual agreement and that led to critically impacting the project following milestones.. Therefore, , the project was removed from the Manufacturing dashboard.

Moving Forward

The project will continue to seek funding but will cease to be part of the 2019 Manufacturing dashboard.

Stakeholders

| | |
|---|--|
| Al Anwar Holdings SAOG | Hormozgan Cement Co. Iran |
| Special Economic Zone Authority at Duqm (SEZAD) | Ministry of Commerce and Industry (MoCI) |

18. Realisation of Sohar Cement Factory



Like many other areas of rapid development, Sohar has a growing demand for cement in order to complete projects; creating demand for a cement-grinding unit with an annual capacity of 1 million tons to be established. The plant is being established as a joint-venture between Sohar Cement and Fujairah Cement, with the target of being operational in the first quarter of 2018.

The Journey

This initiative reached its 2018 target and commenced operations and production as scheduled. Sohar Cement Factory LLC is the fourth cement plant in Oman and the first cement plant in Sohar. With a production capacity of 5,000 tons per day, it was established in 2011 with construction works starting in January 2017 and completed in March 2018.

A trial production period took place between June 2018 and August 2018 with the plant achieving a 267 tons per hour production capacity.

Commercial production started in September 2018 and, with the sales demand increasing, the plant recorded a daily high of 270 tons during the last week of November 2018.

Cement sales in the market commenced from June 2018 with only Ordinary Portland Cement (OPC) in bulk and 50kg bags to the customer.

Moving Forward

This project has successfully graduated from the Manufacturing dashboard.

Stakeholders

| | |
|--|--------------------------------|
| Sohar Cement Factory LLC | Sohar Industrial Estate (PEIE) |
| Ministry of Commerce and Industry (MoCI) | Majan Electricity Company |
| Ministry of Transport and Communication (MoTC) | |

Food

19. Realisation of Mazoon Dairy Project

Oman has consistently grown and developed the food sector, resulting in a large amount of self-reliance across many areas. Dairy production has been at the vanguard of this self-reliance and this initiative sees further development with the establishment of Mazoon Dairy Company, which will meet almost 90% of Oman's needs.

Located in Al Sunayanah in Buraimi, the farm will be equipped to the highest standards and latest technology whilst still being a large-scale employer with a target exceeding 1,000 jobs within the decade, 70% of which will be skilled jobs taken by Omanis.



Long-term plans are a key element in the dairy's planning and, as such, the current head-count of 4,000 Holstein-Fresian cows will rise to 25,000 by 2026 and the capacity of 202 million litres will rise to 985 million litres by 2040. This will have a knock-on effect of reducing the current import figure of 69% down to 13% by 2026 and further again by 2040.

Funded by a mixed portfolio of investment funds and government pension funds, as well as Oman Food Investment Holding Company which is investing heavily several projects in Oman related to food security, the OMR 100 million estimated cost will be implemented in 3 phases.

Overview of Mazoon Dairy Farm



Investment value of the project is OMR 100 million



The farm dairy products are expected to reach the local market during the Q2 of 2019



The farm will produce various dairy products such as fresh milk, long-life milk, cheese, laban, ice cream, yogurt and butter



2015

Selecting the land plot and conducting the soil and water research.

2017 Q1

Kick start preliminary work/earthworks and fencing, and construction of road connection to the location.

Nov 2017

Signing of the branding agreement for the company as well as studying local and gulf markets.

Nov 2017

Signing of contract with Sultan Qaboos University (SQU) to benefit from the Collage of Agricultural Sciences in developing the company's products.

Dec 2017 (WIP)

Mazoon Dairy signed agreements for primary construction works, cooling system, milking parlours and milking equipment. The farm primary machinery, cooling fans and milking equipment already imported.

2018 Q1

Construction works started (the plant primary building is of 50,000 sqm).

Dec 2018

Start installation of machines in the plant and the dairy farm different facilities.

2019 Q1

The farm cows are expected to reach the Sultanate.

Source: Ministry of Commerce and Industry

The Journey

The focus of the project during the year was to complete 90% of all construction activities through careful coordination with the huge number of equipment suppliers from across the globe. Obtaining the initial approvals was another critical milestone. Although the project is experiencing continued momentum, it also faced a number of challenges. One such challenge is the infrastructure, particularly the road connection to the highway and the power connection being complicated by the remote location of the site and the distance from the main grid. To help resolve these issues, ISFU and MoCI have coordinated various productive meetings with the governmental entities which enabled the

project to move forward. Similarly, ISFU and MoCI worked closely with the Public Authority for Water (Diam) and the Ministry of Municipalities and Water Resources (MRMWR) to ensure a constant supply of drinking water. Both entities showed great flexibility in supporting the project in this regard.

Moving Forward

The project is planning to launch a number of products in the local market during the first half of 2019. Prior to this, the project team will work to finalise their marketing and branding plans as well as complete the remaining equipment installation and construction activities.

Stakeholders

| | |
|--|--|
| Oman Food Investment Holding Company (OFIC) | Ministry of Agriculture and Fisheries (MAF) |
| Ministry of Commerce and Industry (MoCI) | Majan Electricity Company |
| Ministry of Municipalities and Water Resources (MRMWR) | |
| Ministry of Environment and Climate Affairs (MECA) | Ministry of Transport & Communication (MoTC) |
| Public Authority for Water (Diam) | Royal Oman Police (ROP) |

20. Realisation of Phase 1 of A'Namaa Project



Poultry is an additional area in which Oman has consistently shown growth and development to achieve autonomy and self-reliance. This project will further that mission by increasing the country's meat production capacity by 60,000 metric tons per annum in poultry warehouses based in Ibri. In addition to the warehouses, the project will include hatcheries, a 50 ton per hour feed mill, processing plant, water treatment plant, a slaughterhouse with a 200,000 bird per day capacity and many other facilities to ensure smooth and efficient operation.

The Journey

After noticeable progress in 2017, the main focus for the project team in 2018 was to finalise all major procurement activities and final detailed design. Moreover, all enabling work has been completed and construction activities started at the end of 2018. The project team has also finalised the power connection study as well as all relevant drawings and tendering activities. Generally, the project is progressing as per plan, with no major intervention required from ISFU.

Moving Forward

Since the power connection study was finalised, the electricity connection agreement is expected to be signed in Q1 of 2019. The project team will also focus on equipment installation and site construction.

Stakeholders

| | |
|---|---|
| Oman Food Investment Holding Company (OFIC) | Ministry of Agriculture and Fisheries (MAF) |
| Ministry of Commerce and Industry (MoCI) | Majan Electricity Company |

21. Realisation of Osool Poultry SAOC Plant



Breeder projects are the backbone of all Broiler or Layer poultry projects. The hatching eggs produced in the breeder project are the starting point of all poultry projects.

The broiler industry in Oman, and other GCC countries, still relies heavily on imported hatching eggs to run their operations. Any disturbances due to natural disasters or other reasons can severely impact the broiler industry in this region, which will not only spoil the performance of the broiler projects, but endanger the food security of the region. Moreover, the increase in demand of broiler meat requires the expansion of existing projects, as well as new poultry projects, which also increase the demand of hatching eggs.

To help overcome issues of supply disruption and inconsistencies in demand, the Osool Poultry project is aimed at facilitating a smooth supply of hatching eggs to the poultry industry at sustainable prices. The breeder project will supply primarily to Oman to drive self-sufficiency to 80-85% whilst creating jobs for Omanis in the farm sector. Based in Haima, it will also supply a percentage of production to the surrounding GCC countries from the forecast annual production of 150 million hatching eggs.

The Journey

The project team completed most of the final detailed design milestones in 2018. In addition, one of the noticeable achievements was completing some of the commercial activities, including tendering and awarding of enabling work contracts and machinery. As a result, the enabling work contractor started mobilisation at the site. A critical milestone for the project is to secure the approvals for electricity connection, for which ISFU, MoCI and the initiative owner are currently coordinating with relevant entities to obtain.

Moving Forward

The remaining tendering activities related to civil works and slaughterhouse are expected to be completed in 2019. Meanwhile, the project team will start mobilisation and site construction by the middle of 2019. All required approvals for electricity connection are to be obtained by Q2 of 2019.

Stakeholders

| | |
|---|---|
| Osool Poultry Company | Ministry of Commerce and Industry (MoCI) |
| Ministry of Agriculture and Fisheries (MAF) | Rural Areas for Electricity Company (Tanweer) |
| Petroleum Development Oman (PDO) | |

22. Realisation of Seafood Canning Plant



Oman has many brands that are instantly recognised in Oman, across the GCC and further afield, yet none of them are related to seafood, one of the most traditional industries of Oman's long and rich heritage.

With over 3,000 kms of coastline, ideal temperatures and a rich biodiversity of fish species, Oman is perfectly positioned to be a prime target for investment in canneries for sardines, tuna, fish powder and fish oil.

Duqm has been selected for this high profile project due to its burgeoning infrastructure and ideal location as a sea, air and road transport hub.

With an expected annual capacity of 300 million cans, several agreements have been made with fishermen from Al Wusta to supply fish to the plant which will cover 10,000 square metres with a power source supplying 2,000 MW per hour.

The Journey

At present the project has been removed from the Manufacturing dashboard due to delays in finalising the feasibility study for an extended period.

Moving Forward

Since it was removed from the dashboard, the direction of the initiative will be clearer after finalising the feasibility study.

Stakeholders

| | |
|---|-----------------------------|
| Ministry of Agriculture and Fisheries (MAF) | Ministry of Manpower (MoMP) |
| Special Economic Zone Authority at Duqm (SEZAD) | Al Wusta for Fisheries LLC |
| Fishermen | |

23. Realisation of Al Bashayer Meat Project



With the vision of becoming the preferred meat brand in Oman and the GCC, and with the primary objective of contributing to the continuous advancement of society while improving food security and ensuring food safety in Oman, Al Bashayer Meat Company, a joint stock company, was formed in 2016 as one of the major projects under the umbrella of Oman Food Investment Company.

The basic strategy is to run a fully integrated red meat project by importing live animals from trusted sources, fatten them by providing the feed necessary for their natural growth and health, slaughter them in the company's state of the art abattoir and provide premium meat to the consumer locally and internationally through an extensive distribution network. Other revenue streams shall be generated from the remaining edible and inedible parts, thus adhering to sustainability commitments whilst contributing to Oman's food security vision. The company also has an extensive plan to establish a retail butchery network to directly reach the end consumer with premium quality meat.

The Journey

The project team has worked to proceed with the commercial and tendering activities for the processing plant, animal enclosures and structural work design. Another critical milestone for the project was to sign the bank financing agreement which was completed by the middle of 2018.

Located in Thumrait, the project completed perimeter fencing, internal roads and earthworks, drilling of 5 water wells as well as an access road connecting it to the main highway. In addition, all the tenders have been floated, including construction and key equipment procurement for the project. For the construction works, the contractor has completed the enabling works on the site.

Moving Forward

Although some of the tenders have been awarded, the remaining are scheduled to be awarded in Q2 of 2019. In addition, the project will commence construction in 2019.

On the other hand, the project will be developing a robust distribution plan and sales and marketing plans to achieve the overall objective. This will include hiring, training and development plans to ensure readiness for operation.

Stakeholders

| | |
|---|---|
| Al Bashayer Meat Company | Ministry of Commerce and Industry (MoCI) |
| Ministry of Agriculture and Fisheries (MAF) | Oman Food Investment Holding Company (OFIC) |

24. Realisation of Table-Egg Production Plant



Founded in 1989, Dana Eggs is synonymous with high quality eggs, widespread distribution and a highly recognisable brand image which has resulted in a steady growth in popularity in Oman and abroad. Modern Poultry Farms (MPF), the producer of Dana Eggs, currently produces over 125 million eggs annually, though this project aims to increase that figure to 335 million eggs per year. The project is looking to build on its success and expand its operations with new international partners in the newly proposed location in Al Sunaina, Buraimi.

The Journey

In 2018, the project team aimed to finalise the shareholder agreement as well as secure some initial approvals and agreements with suppliers, though most of the 2018 milestones were not achieved. The main reason behind this was the inability to sign the shareholder agreement which is linked to the renewal of the land lease of the existing assets of MPF in Barka as the land plot of MPF is currently under the concession of ASYAD. MPF and ASYAD were engaged in reaching an agreement that will protect the interests of both parties. This was successfully achieved in December after great efforts from ISFU and MoCI to converge the views of both parties.

Moving Forward

The project team will aim to start 2019 by finalising the shareholder agreement, after which they will aim to complete all the initial approvals such as electricity, water, EIA and agreements with suppliers.

Stakeholders

| | |
|-----------------------------|------------------------------|
| Modern Poultry Farms (MPF), | Oman Flour Mills |
| IFFCO Group | Mizuho Gulf Capital Partners |
| ISE Foods, Japan | |

25. Realisation of Dhofar Seafood Canning Plant



Primarily focused on canning tuna, sardines, fish meal and fish oil, Dhofar Fisheries and Food Industries is unique in the GCC, and one of the largest in the Middle East, for fishing, processing, canning and marketing of fish and their by-products.

Products are sold to customers in markets that include the GCC, Middle East, Africa and Europe.

The Journey

The project was added to the dashboard at the beginning of 2018. The primary challenge was the signing of the land lease agreement between the project owner and SEZAD; this took longer than planned as SEZAD was not ready to provide commitment for the provision of electricity and water as per the investor requirements. ISFU and MoCI intervened and facilitated reaching a mutual agreement between both parties by the end of 2018 which led to signing the agreement.

Moving Forward

The main objective for the project team in 2019 is to sign the agreements for electricity and water. Later in the year they will work on engaging an approved construction company that will initiate the construction of the plant.

Stakeholders

| | |
|---|---|
| Dhofar Fisheries and Food Industries | Special Economic Zone Authority at Duqm (SEZAD) |
| Ministry of Agriculture and Fisheries (MAF) | Ministry of Commerce and Industry (MoCI) |
| Rural Areas Electricity Company (Tanweer) | Centralised Utilities Company (Marafiq) |

Innovation

26. Advanced Manufacturing Research Centre (AMRC) in Oman



In many sectors there are signs of increased innovation and development in products that not only aim to increase Oman's self-reliance, but to contribute to the country's exportable viabilities.

As innovation increases, so does the need for a research centre focusing on developing new products, performing tests, designing product prototypes and pioneering ideas. This project targets the establishing and operating of a centre for advanced manufacturing research to adopt and transfer innovation and establish new production lines. This will help overcome performance difficulties faced by the manufacturing sector in Oman through research, studies and partnerships with international research centres such as the world-renowned Advanced Manufacturing and Research Centre in Sheffield, UK. The project will provide capital investment opportunities whilst strengthening Oman's strategic relationships with international manufacturing centres. As a joint venture between the Industrial Innovation Centre, which will finance and supervise the centre, it is expected to be a seed for the growth of a high-tech industrial hub in Oman that is focused on precision manufacturing.

The Journey

This project took a similar course to the project of Plant to Design and Manufacture Metal Dies and Moulds. The project team has successfully achieved major milestones including ordering equipment and accessories. One of the challenges that the project team has faced is to complete the process of releasing the budget. ISFU and MoCI played a significant role in coordinating and following up with MOF. Hence, MoCI transferred the budget required to Sohar University in order to complete other critical milestones and operational activities.

Moving Forward

The project is planning to complete installing the equipment for initial operational activities in 2019. Moreover, a training programme is scheduled to be conducted at the end of the year.

Stakeholders

| | |
|--|--|
| Ministry of Commerce and Industry (MoCI) | Public Establishment for Industrial Estates (PEIE) |
| Industrial companies in Oman | Investment companies |
| Industrial Innovation Centre (IIC) | |

27. Programmes Activation of IIC in 2018



At present the Industrial Innovation Centre (IIC) operates under the remit of the Public Establishment for Industrial Estates (PEIE) which, in turn, is controlled by the Ministry of Commerce and Industry (MoCI). This initiative seeks to change the centre's status so it becomes a public company with financial and administrative autonomy and the additional power to develop legal and legislative by-laws to suit its tasks.

The centre has several objectives to cultivate, facilitate, develop and support innovation in Oman through 4 specialised programmes:

1. Supporting existing Companies to Innovate Programme
2. Human Capital Development in industrial innovation Programme
3. Innovative Start-Ups Establishment Programme
4. Support Industrial Sectors to Innovate Programme

The Journey

The major milestone of 2018 was to conduct 4 innovative programmes, of which 97% was achieved. During 2018 the centre kick-started and completed several key targets and showed positive signs of progress which included:

- Supporting 18 companies in their path to innovation.
- Building innovation capital through high-level training, technology transfer and knowledge sharing through partnerships with industries to develop innovation specialists in each enterprise to enhance linking and leverage efforts. Therefore, the centre developed 218 people from industry, academia and government.
- Supporting the establishment and acceleration of 9 innovative start-ups, including coaching and mentoring for at least 2 years, with an objective to induce knowledge and innovation in innovation driven industries.

- Offering innovative solutions for issues and challenges facing 2 industrial sectors (Marble and Fisheries) with a minimum of 6 companies each.
- To link the successful SMEs with national investment entities to commercialise at a higher scale and develop Omani entrepreneurs to champion innovation-driven industries characterised by being resilient, sustainable, and competitive.
- Creating quality jobs and revenues to improve the wellbeing of employees, diversify the national economy and contribute to the GDP.

Moving Forward

The new targets in 2019 for the 4 innovation programmes will be as follows:

- Supporting Companies to Innovate Programme (10 companies)
- Human Capital Development Programme (100 innovation specialists)
- Innovation Start-ups Establishment Programme (5 companies)
- Support Industrial Sectors to innovate Programme (1 sector, minimum of 6 companies)

Stakeholders

| | |
|------------------------------------|--|
| Industrial Innovation Centre (IIC) | Ministry of Commerce and Industry (MoCI) |
| Ministry of Finance (MoF) | Rusayl Industrial Estate (PEIE) |

Other

28. Formation of Sectorial Organisation (Oman Manufacturers Association)



With the goal of establishing a manufacturing sector association, this project aims to resolve the issue of the communication gap between training and educational institutions and become a connecting link between government entities and other sectors.

Representing classified SMEs, the association will tackle the challenges of the sector in an organised manner whilst coordinating with the private sector, Oman Chamber of Commerce and Industry (OCCI) and educational institutions.

It will also act as the first point of contact for ministries and member companies in case of all eventualities and situations.

The Journey

The target of 2018 was to finalise all approvals from remaining relevant entities such as the Cabinet of Ministers and Ministry of Social Development (MoSD). This was successfully achieved towards the end of Q1 of 2018 which resulted in officially establishing the industrial organisation.

The project graduated from the Manufacturing dashboard as the Industrialist Sectorial Organisation was established in the first quarter of 2018.

Moving Forward

The Sectorial Organisation management team was elected. As it has graduated from the Manufacturing dashboard there are no KPIs for 2019, but the management team will start working towards achieving the objectives of this organisation.

Stakeholders

| | |
|--|--|
| Ministry of Commerce and Industry (MoCI) | Oman Chamber of Commerce and Industry (OCCI) |
| Ministry of Social Development (MoSD) | |

29. Realisation of Sohar Textile Plant



A major cotton yarn manufacturing project at Sohar Port and Free Zone, Sohar Textile Plant is an investment that is set to stimulate the growth of a textile hub in Oman in the future. SV Pittie Group, India's market-leading textiles company, will invest USD 300 million on a 27-hectare site.

The Journey

The project was added into the Manufacturing dashboard in the middle of 2018, prior to which some of the milestones such as feasibility study, obtaining approvals, signing the land lease agreement and starting the construction were completed. However, the main milestone for this year was to complete the construction and start commissioning for the first line. The project progressed well, with no major challenges recorded. The highlight of this project was the official inauguration of the first production unit in December 2018.

Moving Forward

The project team will focus on commissioning the other 2 production lines, enabling the project to achieve its full commercial production.

Stakeholders

| | |
|--|--------------------------|
| Ministry of Commerce and Industry (MoCI) | Sohar Port and Free Zone |
| Ministry of Finance (MoF) | SV Pittie Group |

30. Realisation of Philex Pharma Complex



Based in the Salalah Free Zone, Philex Pharma is set to become a leading value-adding pharmaceutical manufacturing hub for the MENA and East-Africa region. It will manufacture and package multiple types of pharmaceutical dosage forms covering a wide range of therapeutics.

The state-of-the-art facility and strategic location encourage trade and generate income for the country and jobs for Omanis whilst diversifying Oman's range of export products.

The Journey

The project was added to the Manufacturing dashboard in June 2018. The focus of the project team during 2018 was to obtain initial approvals as well as finalising all the preparatory work to start construction.

The project team managed to achieve all milestones as planned in 2018, except for the commencement of construction and pharmaceutical detailed design which will be completed in Q1 of 2019. This delay was caused by the lengthy process of obtaining the EIA due to incorrect submission of required documents as per MECA requirements. The team resubmitted the EIA and obtained the approval.

Moving Forward

In 2019, construction will commence and the project team will work on obtaining electricity connection as well as the procurement of major machinery.

Stakeholders

| | |
|--|--------------------------|
| Philex Pharma Complex | Salalah Free Zone |
| Ministry of Commerce and Industry (MoCI) | Ministry of Health (MoH) |
| Ministry of Environment and Climate Affairs (MECA) | |

31. Complete the Realisation of Oman's National Environmental Policy for the Energy Sector (NEPES)



As alternative energy sources are identified and invested in across Oman, it has become imperative that clear environmental standards for power generation are established to allow investors to allocate funding for projects.

This initiative encourages the documentation of these standards for PET-coke and diesel based products on international practices to compliment those that already exist in the fields of natural gas, coal and oil.

The Journey

The project was moved to the energy lab during the mid-year review. The manufacturing team role was to help the National Environmental Policy for the Energy Sector (NEPES) receive the budget in March 2018, after which the project was officially moved to the ISFU energy team.

Moving Forward

For more information on NEPES, please check the Energy section of this Annual Report.

Stakeholders

| | |
|---|---|
| Public Authority for Water (Diam) | Ministry of Regional Municipalities & Water Resources (MRMWR) |
| Ministry of Commerce and Industry (MoCI) | Oman Chamber of Commerce and Industry (OCCI) |
| Ministry of Oil and Gas (MOG) | Oman Power & Water Procurement Company (OPWPC) |
| Authority of Electricity Regulation (AER) | Shura Council |





Tourism

Tourism KPI Dashboard

Initiative / KPI



Target 2018



Actual
Achievement 2018

| 1 | Eco-Tourism | | |
|----------|---|------|------|
| 1.1 | Operationalisation of Qurm Nature Reserve | 100% | 80% |
| 1.2 | Operationalisation of Al Huqf (Including Duqm Rock Gardens) | 100% | 65% |
| 1.3 | Operationalisation of Al Saleel National Park | 100% | 20% |
| 2 | Enable Niche Nature/Adventure Activities | | |
| 2.1 | Introduction of regulations for adventure activities (Stage 1) | 100% | 50% |
| 2.2 | Development of adventure projects | 100% | 80% |
| 3 | Privatisation of Heritage Site Management | | |
| 3.1 | Operationalisation of Harat Al Bilad | 100% | 100% |
| 3.2 | Privatisation of 2 additional heritage sites | 100% | 90% |
| 4 | Develop a Year-Round Calendar of Events | | |
| 4.1 | Creation of consolidated rolling events calendar (12 sports and 17 non-sports events) | 29 | 20 |
| 4.2 | Create a promotional event for Omani halwa | 100% | 40% |
| 5 | Creation of Cultural and F&B Precincts | | |
| 5.1 | Muscat Food Court | 100% | 30% |
| 5.2 | Al Sarooj Restaurant Complex | 100% | 100% |
| 5.3 | F&B events in Oman Convention and Exhibition Centre | 100% | 100% |
| 5.4 | Improvement of food truck business environment | 100% | 90% |
| 5.5 | Restaurant rules and regulations | 100% | 100% |
| 6 | Development of Iconic Project | | |
| 6.1 | Development of an iconic project | 100% | 80% |
| 7 | Facilitation of Tourism Mega-Projects | | |
| 7.1 | Al Mouj Muscat | 100% | 100% |
| 7.2 | Mount Wellness Project | 100% | 50% |
| 7.3 | Oman Riviera (by Oman Investment Fund) | 100% | 20% |
| 7.4 | Port Sultan Qaboos Waterfront Development | 100% | 90% |
| 7.5 | Additional projects (Jnoot ITC project and Sur-Quriyat road project) | 100% | 45% |

Initiative / KPI



Target 2018



Actual
Achievement 2018

| 8 | Enhance Applicant Services for All Tourism Related Projects | | |
|-----------|--|-------|-------|
| 8.1 | Outsource technical services | 100% | 0 |
| 8.2 | Monitor SLA commitments by all partners | 6 | 5 |
| 8.3 | Resolution of issues highlighted by existing single-asset projects | 100% | 100% |
| 9 | Extending Usufruct and Lease Options | | |
| 9.1 | Amendments to the provision of laws relating to lands | 100% | 100% |
| 9.2 | Amendment to some usufruct contract clauses and the preparation of special annexes | 100% | 70% |
| 10 | eVisas and the Facilitation of New Markets | | |
| 10.1 | Increase the number of visitors from China, Russia, Iran by 65,129 | 65129 | 88871 |
| 10.2 | Increase the number of eVisa users | 100% | 100% |
| 10.3 | Upgrade Russia, China and Iran to list A | 100% | 100% |
| 10.4 | Tourist visa | 100% | 100% |
| 11 | Establish Oman Tourism and Convention Bureau | | |
| 11.1 | Operationalisation of Oman Tourism and Convention Bureau | 100% | 20% |
| 11.2 | Launch of e-concierge application | 100% | 50% |
| 12 | Activate Tourism Development Fund | | |
| 12.1 | Activation of Tourism Development Fund | 100% | 45% |
| 12.2 | Increase MoT tourism tax from 60% to 80% | 100% | 45% |
| 13 | Labour Solution Package | | |
| 13.1 | Formation of the Tourism Sector Association | 100% | 75% |
| 13.2 | Alignment of tourism activities | 100% | 100% |
| 14 | Expedite Growth in Domestic Tourism | | |
| 14.1 | Create domestic services for tourism | 100% | 42% |
| 14.2 | Create projects which will facilitate the domestic travellers | 100% | 45% |

* The work process of ISFU was reviewed by Deloitte, and findings will be built upon in the future.

* A number of projects might not be reflected in the Annual Report as they are under direct monitoring of specific authorities. However, ISFU follows up on the execution on a regular basis.

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

Overview

Oman is blessed with a rich cultural heritage, ancient history, geological diversity and an abundance of adventure and thrills. It is these unique aspects of the Sultanate that have made the tourism sector one of the main drivers of diversification and the vehicle by which the world has been introduced to Oman. In the course of 2018, the tourism sector has worked on mega-projects that have been developed over the previous years, such as Al Mouj Muscat "Oman Riviera", and over-arching projects that look at eco-tourism as a whole, including heritage sites and adventure activities. Much has also been done behind the scenes to help facilitate a growth in passengers traffic through the newly opened Muscat International Airport, as well as supporting SMEs in inviting investment for cultural and F&B attractions, enhancing applicant services and organising a year-round calendar of activities. Official and legal services have also been streamlined to help with the issuance of eVisas for new markets such as Iran, Russia and China as well as opening up opportunities in the labour market and extending usufruct and lease options for tourism project owners.

Number of initiatives in 2018: **14**

2018 Achievements & ISFU Role:

ISFU has played a crucial role in achieving tourism sector KPIs, leading to a convergence of views and a consolidation of efforts, such as achieving the alignment of tourism activities by all relevant parties. See the Labour Solution Package for more details wherein ISFU offered support in conducting successful workshops. These were between the National Centre of Statistics and Information (NCSI), the Ministry of Tourism (MoT) and the Ministry of Manpower (MoMP) to achieve the alignment of tourism activities, all helping to provide accurate data on the number of employees in the sector.

ISFU also helped in coordinating and facilitating with various public and private sectors and finding solutions and quick-wins for issues related to the sectors, especially issues related to employment, investments and visas. In addition, ISFU has achieved success stories involving SMEs and local operators participating in the development of the sector. An example of this would be the support ISFU gave in achieving the successful story of developing Harat Al Bilad in Manah (a heritage site owned by Ministry of Heritage and Culture (MoHC)). By involving the local community to get their views and ideas in developing the site, and signing a contract between the main developer and a local SME, it demonstrated that community involvement plays an important part in the development of the sector

Graduated initiatives in 2018

eVisas and the Facilitation of New Markets

New initiatives added in 2018

1. Expedite Growth in Domestic Tourism
2. Labour Solution Package

1. Eco-Tourism



The key focus of 2017, and into 2018, was to identify and engage investors for the Qurm Nature Reserve, Duqm Rock Gardens and Al Saleel National Park projects.

Interest in managing the sites was encouraged through a competition, the details of which attracted several parties to participate. Throughout 2018 the initiative working group continued to work on privatising and operationalising the sites, with particular focus on increasing footfall to Duqm Rock Gardens and Al Wusta Wildlife Reserve and the area surrounding it.

2018 KPIs

1.1 Operationalisation of Qurm Nature Reserve

Used to monitor phase 1 of the nature-based tourism activities in the reserve, this KPI aimed at enabling the private sector to invest in, and operate, the reserve whilst maintaining the natural balance in the ecosystem as well as assets and values.

1.2 Operationalisation of Al Huqf (Including Duqm Rock Gardens)

Although generating footfall was the primary goal of this KPI, a system to ensure the close monitoring and control of the Duqm Rock Garden and Arabian Wildlife Reserve was also included.

1.3 Operationalisation of Al Saleel National Park

Monitoring the park through allowing the private sector to invest in the park whilst covering its current assets and values, existing wildlife and the surrounding community was the key component of this KPI.

The Journey

Qurm Nature Reserve

As a result of the competition issued in 2017, 6 proposals were received which were subsequently shortlisted to 3. The evaluation team, consisting of members drawn from the Ministry of Environment and Climate Affairs (MECA), the Ministry of Tourism (MoT) and ISFU concluded the tender by appointing Muscat National Development and Investment Company (ASAAS) as the company best suited to fulfilling the criteria of the competition. Being a pilot project, there was open discussion with meetings and feedback from MECA for ASAAS's development. MECA provided ASAAS with a no-objection letter to start the studies phase for the project in August 2018. The Memorandum of Cooperation (MoC) was signed by the 2 parties at the end of December 2018. The scope of work for the environmental studies was prepared and agreed upon and MECA conducted a number of operational trials for kayaking expeditions, in cooperation with a local SME, to identify the carrying capacity, footprint and timing of the activity. Over the course of 2018, MECA followed up with competent authorities regarding the procedures required to run an experimental kayaking activity.

As this project is the first of its kind in the Sultanate, some challenges were faced, including unfamiliarity with procedures, legal frameworks and existing regulations. These, and other challenges, such as streamlining the processes and approvals, were tackled with the support of ISFU by working with MoT for facilitation and steering decisions. ISFU was also instrumental in the process of separating Qurm Nature Reserve from Qurm Nature Park.

Al Huqf GeoPark

A Memorandum of Understanding (MoU) between the Ministry of Tourism (MoT) and Petroleum Development Oman (PDO) was signed in June 2018, with the intent of sharing knowledge to develop Al Huqf Geopark as a themed tourism project, whilst securing the legislative conservation of the nature sites within the park. Permit to Enter systems, in the form of online forms and guidelines, for the Duqm Rock Gardens and Arabian Wildlife Reserve, were put in place to enable entry for environmentally responsible visitors to the geological, natural and architectural sites. The feasibility study framework was also prepared with the aim of evaluating the potential of untapped opportunities within the area specifically, and for the Sultanate of Oman in general. Some challenges were faced while progressing with this initiative, including delays in obtaining a response from some entities and the need to streamline processes and approvals. These challenges were overcome with the support of ISFU and liaising with MoT for support and direction.

Al Saleel National Park

Given the remote nature of the site, the steering committee has directed the project master planning to Oman Tourism Development Company (OMRAN) alongside the Ministry of Environment and Climate Affairs (MECA). OMRAN will deliver further enhancements to the site and stimulate interest in private investment to help boost the site's economic impact. This will be done not only through operating the protected area, but by creating an eco-friendly destination and maximising the area's full potential. Development of Al Saleel will provide a unique experience for visitors interested in eco-tourism activities such as safaris, bird watching, the iconic Acacia Tortilis tree, camping and recreational vehicle (RV) parks. With further insights into the business plan, combined with the technical expertise of the ministry and the commercial experiences of public and private companies, ISFU enabled the election of a steering committee. OMRAN has worked on the brief master plan which was submitted to, and approved by, MECA in preparation for the detailed master plan and investment packages.

Moving Forward

Operationalisation of Qurm Nature Reserve: ASAAS will carry out the feasibility and environmental studies on the reserve in order to come up with the best activities that generate revenue for the company, and will additionally preserve the reserve's conservational values and habitats.

Geoheritage Tourism Development: working closely with both the Special Economic Zone Authority at Duqm (SEZAD) and the Office for Conservation of Environment (OCE), a permit system will be explored whilst looking for potential investors. The feasibility study will be finalised in order to plan the development of one selected geosite as a geopark.

Al Saleel Natural Reserve: carry out a detailed master plan that will include investment packages and improvements to some existing facilities.

Stakeholders

| | |
|---|--|
| Ministry of Tourism (MoT) | Muscat National Development and Investment Company (ASAAS) |
| Ministry of Environment and Climate Affairs (MECA) | Petroleum Development Oman (PDO) |
| Office for Conservation of Environment (OCE) | Oman Tourism Development Company (OMRAN) |
| The Special Economic Zone Authority at Duqm (SEZAD) | |

2. Enable Niche Nature/Adventure Activities



Safety is an integral part of running activities which have an element of risk for tourists. In light of this, the initiative working group drafted the Safety Management System Guidelines specifically aimed at the growing adventure tourism sector in Oman. The team worked closely with their counterparts in the New Zealand government to draft a Memorandum of Cooperation (MoC) that would draw on New Zealand's success in developing clear regulations and safety management for adventure tourism. Several private sector projects continued to develop and the team oversaw their progress, offering support where needed.

2018 KPIs

2.1 Introduction of regulations for adventure activities (Stage 1)

Focusing on the introduction of regulations for adventure activities by reviewing and amending existing executive regulations within the MoT.

2.2 Development of adventure projects

The elements of this KPI were 4 private projects; namely Oman X, Hot-Air Ballooning, Majlis Al Jinn and Adventure Musandam. There was also the transfer of 3 tracts of land in Wadi Shab, Wadi Bani Auf and Jebel Akhdhar from the Ministry of Housing (MoH) to the MoT. These 3 places are renowned for being some of the most visited places which offer outstanding experiences among beautiful Omani villages and natural landscapes.

The Journey

The signing of a Memorandum of Cooperation (MoC) between Oman represented by MoT and New Zealand represented by The Ministry of Foreign Affairs and Trade was the key milestone of the year. The signing was a true benchmark of tourism development in Oman and was made possible with the valuable legal advice given by stakeholders from the Ministry of Legal Affairs (MOLA), the Ministry of Finance (MOF) and the legal department of MoT. The MoC was signed in July 2018 and it will support all tourism-related matters within the adventure tourism component. The working group also prepared a scope of work document, including an open tender, related to implementing safety management systems.

A draft of safety guidelines for the burgeoning interest in via ferratas, high-wires, trekking and caving was also developed and shared with key industry stakeholders for feedback and review.

Some of the key private adventure pilot projects under the initiative working group during 2018 were as follows:

Oman X: Oman X is a company which will be established by ASAAS to manage the promotion of extreme sports in Oman. Oman X will target local and international tourists and will help make the Sultanate one of the top sports and adventure destinations in the world. Several meetings with ASAAS were held to help them fast-track MoT approval and to commence a feasibility study. The study was submitted and a conditional approval was given to ASAAS.

Hot-Air Ballooning: This is another key leisure project by ASAAS that will also contribute in making the Sultanate a favourite destination for adventure-seekers. Hot Air Ballooning is becoming one of the most appealing recreational and adventure activities for tourists, as it gives a rarely seen view of Oman's captivating scenery. After intensive analysis and site assessments, ASAAS selected Al Sharqiya Governorate (Al Sharqiya sands) as a base for this project, due to its popularity with tourists. Strong demand is expected, with a well-known operator such as Virgin Balloon Flights running operations. ASAAS was supported by the initiative working group to gain pre-approvals from the Public Authority for Civil Aviation (PACA) and the Ministry of Defence (MoD). Work is ongoing to ensure all safety and regulatory measures have been taken into consideration whilst offering a world-class tourist attraction. The initiative pushed for the development of regulations for operating hot air balloons by PACA, a critical milestone for companies to start operating this kind of activity.

Musandam Adventure: With the design of trekking paths in the final stages, MoT and OMRAN signed a contract to develop adventure activities in Musandam. A study conducted by OMRAN for 'Musandam Adventure' concluded that, within a few years, Musandam could become the adventure capital of the Middle East and a must-visit destination for all adventure travellers. Many activities such as climbing, deep-water sports, diving and via ferratas could be offered. The design work for the trekking paths has been completed and will be implemented in 2019, in addition to the via ferrata activity.

Majlis Al Jinn: Located in a remote area near the village of Fins, in the wilayat of Quriyat near Muscat, Majlis Al Jinn is considered one of the 10 largest cave chambers in the world. It was therefore considered important to develop the site into one of the world's premier adventure destinations, an undertaking that MoT has assigned to OMRAN. In 2018, the focus was to sign an agreement and submit the concept development plan.

Based on the concept presented by OMRAN, development of Majlis Al Jinn will be implemented through 3 phases, the first of which will include the removal of all old bolts and develop new way-marked trails inside the cave. There will also be the development of guidelines for adventure and tour operators who want to use the cave.

Moving Forward

A consultant will be appointed to implement and license adventure activities in Oman.

Adventure Musandam: OMRAN will request additional lands from the Ministry of Housing (MOH) for the new activities. The implementation of trekking paths activity is expected to take place by the middle of 2019.

Majlis Al Jinn: MoT and OMRAN to sign the development agreement and agree on the development phases of the project.

The hot air balloons and Oman X will be monitored by ISFU as the 2 projects are progressing as planned.

Stakeholders

| | |
|--|--|
| Ministry of Tourism (MoT) | Ministry of Foreign Affairs (MoFA) |
| Oman Tourism Development Company (OMRAN) | Muscat National Development & Investment Company (ASAAS) |
| New Zealand Government | |

3. Privatisation of Heritage Site Management



Harat Al Bilad in the Wilayat of Manah in Al Dhakliya, is one of Oman's largest ancient archaeological neighbourhoods and contains 376 houses and nearly 250 wells dating back 9 centuries. As a pilot project, privatising the management of the site was one of the focuses of the initiative in 2017. During the tourism labs in 2016, Harat al Bilad was identified as a possible location for the pilot project. 50% of the site has been renovated by the owners, the Ministry of Heritage and Culture (MoHC), including a well-structured heritage village. There is also a diversity of heritage resources within the site managed by them, such as natural wells, springs and agriculture. One of the key factors that enabled the site to become a pilot project is its strategic location in Al Dhakliya region, next to other well-known tourist destinations.

The initiative working group's efforts revolved around creating the best business model for the development of Harat Al Yemen as a tourist destination with an Omani operator. In 2018 the team added Harat Al Yamin and Harat Al Sibani to the plan and the initiative working group conducted site visits to both sites to involve the local community in the development.

2018 KPIs

3.1 Operationalisation of Harat Al Bilad

Working closely with OMRAN, the project managers, and an appointed operator, this KPI focused on the monitoring of the project.

3.2 Privatisation of 2 additional heritage sites

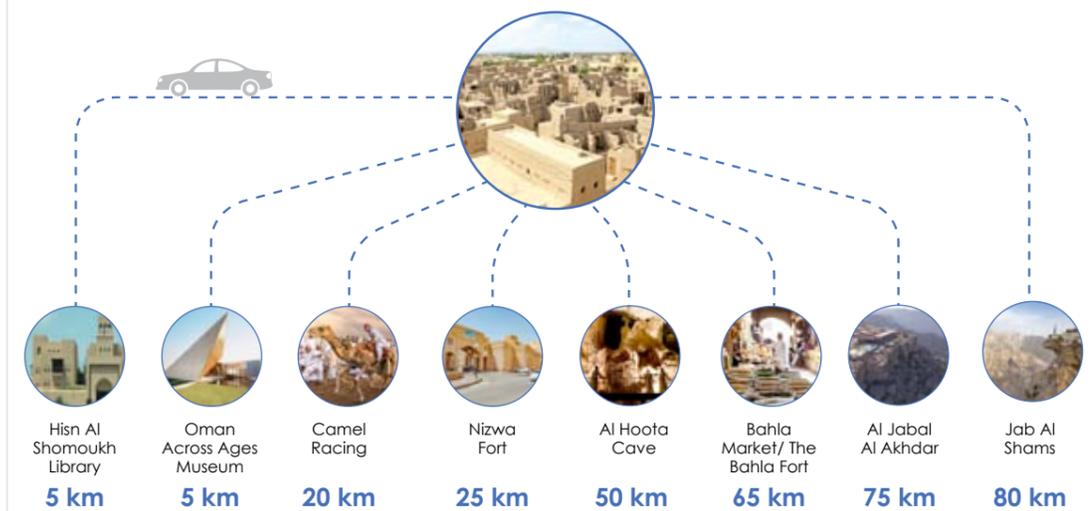
Following the steps of Harat Al Bilad, this KPI also focused on monitoring private investment, including accessibility of the additional heritage sites of Harat Al Yemen and Harat Al Sibani. What is distinctive about these 2 villages is the fact that they are owned by the community members of the villages, unlike Harat Al Bilad which is owned by the government.

Privatisation of Heritage Site Management (Harat Al Bilad)



The initiative aims at utilizing and employing heritage components in the tourism sector to create a unique and enjoyable experience for the tourist

Harat Al Bilad is located in a privileged location in Al Dakhilya Governorate. The village is surrounded by many touristic attractions and sites.



Why Harat Al Bilad as the 1st phase?

- The location readiness for management and operation (50% of units renovated).
- Proximity to the touristic, heritage, historical and natural sites.
- Site ready for touristic development.
- Variety in heritage and natural resources.
- Harat Al Bilad village is one of the biggest old villages in Oman. It is located in Manah in Al Dakhilya Governorate. The village is 180 km away from Muscat.
- Harat Al Bilad includes more than 375 residential units and it is famous for many heritage and natural components.
- The selection of the village to be developed as the 1st phase of this initiative comes to pave the way towards transforming old villages to unique touristic destinations.

Source: Ministry of Tourism

The Journey

The year 2018 started with the finalising of the usufruct agreement as Harat Al Bilad is owned by MoHC and it was transferred through the signing of a usufruct agreement to OMRAN to manage and invest in the site. ISFU's role was to ensure the collaboration of all stakeholders to form joint, sustainable, solutions with reassurances and guidelines, while supporting the acceleration of this milestone.

In March 2018, the working group visited the sites for first-hand experience and, in July 2018, the Wali office at Nizwa hosted the group and representatives from Harat Al Yemen and Harat Al Sibani to involve them in the site development and obtain their thoughts and ideas and to lay out a vision of development.

In May 2018 the agreement was signed, closely followed by the contract signing between OMRAN and a local operator, Traditional Architecture Reconstruction, and the handover by OMRAN in September 2018 followed by the soft opening of Harat Al Bilad. Engaging a local SME exemplifies the partnership between the public and the private sector to enhance the role of local SMEs in developing tourist sites. Both Harat Al Yamen and Harat Al Sibani were chosen due to both their distinctive multicultural fabric and because they are the oldest settlements in Al Dakhliyah region.

In November 2018, the working group assigned a contractor to restore Al Sabah east and west as well as the area in between, construct public restrooms and provide an information board opposite Al Bait Al Hadeeth.

Moving Forward

- 1- Harat Al Bilad has been successfully operationalised and graduated from the dashboard.
- 2- Harat Al Yamin: the working group will hire a contractor to do the maintenance of the public facilities in the village to encourage the community to invest in enhancing and renovating the village.
- 3- Harat Al Sibani: the construction of the public facilities as well as monitoring the progress of the local investor development of Al Bait al Hadeeth.

Stakeholders

| | |
|---|--|
| Ministry of Tourism (MoT) | Oman Tourism Development Company (OMRAN) |
| Ministry of Heritage and Culture (MoHC) | Traditional Architecture Reconstruction |

4. Develop a Year-Round Calendar of Events



Following the success of events in 2017, the initiative working group, along with MoT, recommended to the steering committee members to contract Oman Sail as event managers for 2018. This resulted in new sporting and non-sporting events being added to the calendar for 2018.

2018 KPIs

4.1 Creation of consolidated rolling events calendar (12 sports and 17 non-sports events)

Working closely with Oman Sail, the initiative working group, including MoT and ISFU, rolled cultural events into the calendar to total 29 events for Implementation. An integral part of this was monitoring the progress of the events calendar with Experience Oman (www.experienceoman.com), the website portal of MoT for tourists visiting Oman.

4.2 Create a promotional event for Omani halwa

Omani halwa is seen as the national dessert of the Sultanate and is a symbol of Oman's culture and hospitality that has been passed down from generation to generation.

This KPI was set to monitor the progress of developing an event specifically for the promotion of Omani halwa.

The Journey

The working group kicked off 2018 with a direction from the steering committee to include more cultural events into the events calendar. These events were either existing ones that required additional marketing, or international events that are new to the country. All of these events will have an economic impact and help alleviate the issue of seasonality that Oman faces.

Following the successful delivery of 2017 events, MoT signed a contract with Oman Sail to manage these events in 2018. Below is a table that illustrates the events that Oman Sail, along with MoT and the working group, delivered in 2018:

| | Event Name | Date | International Participants | Domestic Participants | Total economic impact (OMR) |
|----|---|---------------------------|----------------------------|-----------------------|-----------------------------|
| 1 | Century ride | January | 50 | 70 | 71,750 |
| 2 | Muscat Marathon | January | 500 | 750 | 2,125,000 |
| 3 | Haute Route test event | March | 200 | 80 | 1,030,200 |
| 4 | Equestrian event | March | 25 | 300 | 98,250 |
| 5 | 5 regional cultural events (Eid Al Ad'ha) | Eid Holiday | 519 | 380 | TBA |
| 6 | 2 equestrian events | October | 50 | 600 | 196,500 |
| 7 | Ultra Trail Mont Blanc | November | 600 | 50 | 2,150,250 |
| 8 | Oman Desert Marathon | November | 200 | 40 | 674,000 |
| 9 | Equestrian event | November | 25 | 300 | 98,250 |
| 10 | Century ride | November | 180 | 70 | 129,650 |
| 11 | Regional cultural events (National Day) | National Day | 1,550 | 126 | TBA |
| 12 | Muscat Eat | November | TBA | TBA | TBA |
| 13 | Oman youth football cup | December | 420 | 84 | 994,500 |
| 14 | Equestrian event | December | 25 | 300 | 98,250 |
| 15 | Marine festival event | Events did not take place | | | |
| 16 | Food festival event | | | | |
| 17 | Nizwa traditional festival event | | | | |
| 18 | Omani Halwa event | | | | |

Moving Forward

- 1- MoT will continue the collection of data and updating the website accordingly.
- 1- Omani Halwa Events: MoT will work on an identity and marketing plan for this event in order to deliver it by the end of 2019.

Stakeholders

| | |
|-------------------------------------|-----------|
| Ministry of Tourism (MoT) | Oman Sail |
| Small and Medium Enterprises (SMEs) | |

5. Creation of Cultural and F&B Precincts



Tourists from around the world visit Oman and their feedback is a key factor in determining an optimum direction for the tourism sector. The growth of tourism in Oman has happened over a short period but has long-term potential, particularly when MoT responds to feedback calling for new and diversified attractions in a positive manner. This initiative aims to create dedicated cultural precincts that offer domestic and international tourists a wide range of creative attractions centred around food and beverage as well as culture. By bringing modern concepts of retail and entertainment to the traditional values and pastimes of Oman, an exciting new customer experience will be the result.

The initiative working group facilitated the completion of the new projects, as per the agreed project milestones, and follows up on all projects. This also includes new KPIs added to the amended rules and regulations for restaurants and food trucks to improve their business environment, especially for the development of SMEs.

2018 KPIs

5.1 Muscat Food Court

Combining Omani heritage and a new experience in dining and shopping, this project has been approved by MoT, Royal Oman Police (ROP) and Muscat Municipality and will be located in the centre of Muscat.

5.2 Al Sarooj Restaurant Complex

Located in the busy Hayy Al Sarooj area of Muscat, this destination will include 3 new restaurants. The masterplan of the project was approved and a private investor has signed a usufruct agreement with MoT.

5.3 F&B events in Oman Convention and Exhibition Centre

This KPI focused on facilitating specialist F&B events in Oman Conference and Exhibition Centre (OCEC), promoting SMEs and bringing new culinary experiences to visitors.

5.4 Improvement of food truck business environment

Street food is becoming an essential part of any city's culinary identity. This KPI focused on making amendments to the food truck rules and regulations to help SMEs and incentivise them to start their own food trucks. The KPI also aimed at creating dedicated food truck parks in order to organise their presence around the city.

5.5 Restaurant rules and regulations

This KPI aims to amend the restaurant rules and regulations in order to improve the business environment of restaurants.

The Journey

The working group was able to accomplish all targets set for Al Sarooj Restaurant Complex KPI this year and progress is well under way on other KPIs. The group will follow up with Muscat Food Court and the F&B events in OCEC to ensure smooth execution throughout the year. The main focus of the team was on the rules and regulations of food trucks and restaurants and was able to get representatives in the initiative working group itself from the relevant entities: Ministry of Commerce and Industry (MoCI), Ministry of Manpower (MoMP), Muscat Municipality, Public Authority for Consumer Affairs (PACA), Royal Oman Police (ROP) and Public Authority of Civil Defence and Ambulance (PACDA). This facilitated a discussion on the rules and regulations and to get solutions to overcome any challenges from the representatives themselves. After agreement was reached on the amendments, proposals were sent individually to each entity to officially incorporate the changes into their laws.

Moving Forward

In 2019, the working group will continue to monitor the projects to ensure they progress as per the respective agreement, whilst solving any issues that may arise. They will also follow up with the proposed amendments to ensure they are incorporated with the relevant entities. The working group will develop a food hygiene rating system, bed and breakfasts (B&B) and F&B incubators dedicated to SMEs.

Stakeholders

| | |
|--|---|
| Ministry of Tourism (MoT) | Muscat Municipality |
| Ministry of Manpower (MoMP) | Royal Oman Police (ROP) |
| Ministry of Commerce and Industry (MoCI) | Public Authority of Civil Defence and Ambulance (PACDA) |
| Public Authority for Consumer Affairs (PACA) | Private sector |

6. Development of Iconic Project



All major tourist destinations of the world boast iconic projects and Oman has no shortage of potential sites, whether they be natural or historical in nature. The goal of this initiative is to identify and create iconic landmarks around Oman.

In 2018, the initiative working group focussed on iconic landmarks and how to capitalise on them by opening the doors for tourism investment.

2018 KPIs

6.1 Development of an iconic project

This KPI focuses on creating an iconic landmark by choosing a location and opening it up for investment.

The Journey

The initiative was able to identify land in Ras Al Hadd, a truly iconic choice as it is the first place to witness sunrise across the Arabian Peninsula, in order to present it to potential investors. The plot of land selected is an abandoned airport runway which lends itself to an interesting story on how it became one of Oman's iconic landmarks.

During the second half of 2018, the working group aimed at opening up a competition for an iconic design for the Ras Al Hadd runway. It also asked for a business model and feasibility study, requiring the competitors to build a story and have a fully-fledged concept behind each design. The working group was able to evaluate the submissions and choose the top 3, all of which will be presented to investors at the beginning of 2019 to execute the projects and turn them to reality.

Moving Forward

In 2019, the project team will continue to develop Ras Al Hadd as a landmark, as well as enable other landmarks such as Al Seeb land owned by MoT and existing iconic structures in Muscat. As for the Ras Al Hadd runway, MoT will conduct an exhibition for investors to have their views and feedback on the winning designs.

Stakeholders

| | |
|---------------------------|---------------------|
| Ministry of Tourism (MoT) | Muscat Municipality |
| Ministry of Housing (MoH) | Potential investors |

7. Facilitation of Tourism Mega-Projects



In recent years, a strong drive to diversify the economic progress of Oman has seen an increase in the push to develop the tourism industry and the supporting infrastructure.

The purpose of this initiative is to facilitate the delivery of integrated tourism projects and mega-projects, thereby building the capacity of the tourism sector in Oman to compete more successfully as a tourist destination.

This initiative is critical as it contributes the most to the top-line KPIs, particularly in light of investments and job numbers as it is expected to contribute several million Omani Rials in investments. The objective is to ensure that all identified projects within the initiative are executed within the specified timeline in order to ensure achieving the top line KPIs by 2020.

2018 KPIs

7.1 Al Mouj Muscat

Al Mouj Muscat, formerly known as The Wave, is a destination address for residents of Oman who are attracted to community living in a safe, green environment. Since the first townhouses went on sale there has been a steady demand for them, as well as for the apartments and stand-alone houses that soon followed.

The first Integrated Tourism Complex (ITC) in Oman, it was built as a public-private venture between the Government of Oman (represented by OMRAN and Tanmia) and the UAE-based developer Majid Al Futtaim Properties. Built to make use of the beach-fronted coastline, it has homes and lifestyle destinations along the shore, including an 18-hole PGA linked golf course, a 400-berth marina, a retail and commercial hub and several hotels including the completed Shaza Mysk and the Kempinski Muscat. The project is fully-functioning, and delivers on the original KPIs, but the working group will continue to resolve issues related to the ongoing progress of this mega-development.

7.2 Mount Wellness Project

With captivating views from its location 600 metres above the sea, near Muscat International Airport, the Mount Wellness Project will offer an oasis of peace and a getaway from the fast-paced progress of the city below. Blending into the natural environment, and covering 800,000 square metres, it will be a blend of public and private activities and the specific lifestyle within the remit of an ITC development.

7.3 Oman Riviera (by Oman Investment Fund)

Compared to other countries with long coastlines of white beaches and warm, shallow waters, Oman has yet to develop the possibilities to the same extent. The Oman Riviera project will see a touch of Mediterranean flair brought to Muscat in this 12 million square metre integrated development mega-project that will boast a range of hotels from 3-star to super-luxury, affordable to luxurious homes and a combination of retail and F&B outlets as well as functional office spaces.

7.4 Port Sultan Qaboos Waterfront Development

Since sailors first discovered the sanctuary of Port Sultan Qaboos (PSQ), it has been a hub for Muscat with its iconic forts on either side welcoming visitors from around the world. This flagship waterfront development, spanning 451,000 square metres, captures the charm of PSQ whilst transforming it into a major tourism-based destination with year-round activities, entertainment and activities.

7.5 Additional projects

Additional projects followed up by the working group are:

1. Jnoot ITC project: a mixed-use ITC project planned for Al Shuaymeya in the Dhofar Governorate.
2. Sur-Quriyat road project: land is currently split by an existing road, so the initiative working group is following up with the issue in order to resolve it. MoT secured a number of developments on the road however the current road placed on these lands interfere with the planned developments hence the initiative to alternate the road and accelerate development.

The Journey

Current government approvals between various parties are in process and the ISFU team is working hard to dedicate resources to solving challenges for the mega-projects. Whilst engaging with the developers of the 4 selected projects, several key issues related to infrastructure, land transfer and master plan approvals were raised. Resolving these issues not only helped unlock obstacles for the concerned projects, but have also helped reshape policies and facilitate the streamlining of business processes for investments and developments of this magnitude.

Mount Wellness Project

Due to the topographical challenges raised by the location of the project, there are ongoing discussions with Muscat Municipality to agree on the temporary access road that was proposed. ISFU helped resolve the concerns, given the sensitive nature of the access road, and have obtained the approval of the municipality to proceed with mobilisation of the project. The project owner has also submitted the final masterplan for MoT's final approval and development agreement.

Port Sultan Qaboos Waterfront Development by OMRAN and DAMAC

The Port Sultan Qaboos Waterfront Development has progressed well during the year, obtaining an ITC license and master plan approval. Project mobilisation has taken shape and development of the discovery and sales centre has now obtained drawing approvals from Muscat Municipality and is set for completion by the middle of 2019.

Oman Riviera

An issue related to the project entrance was encountered in 2018, but the Ministry of Housing (MoH) and Oman Investment Fund (OIF) resolved it with MoH distributing some land to villagers and OIF redrawing some areas of the master plan. As a result, the master plan was submitted to MoT and now being jointly reviewed for the final approvals.

Al Mouj Muscat

Al Mouj continues to progress well, with the current phase involving the opening up of new parts of the development. Construction of the community hub also commenced, whilst the Development Control Plan is being jointly agreed upon with MoT and Muscat Municipality. The focus here is the delivery of the project as per the revised masterplan and fasttracking the development of a themed public beach within the precinct, adding a new recreational component for locals, residents and visitors.

Jnoot ITC project

The Jnoot ITC project is the first project out of the 3 additional ones that the team is tasked to support, pending issues such as the high cost of connecting electricity to the project. Located in Dhofar, the developer faced a challenge in connecting to the powergrid, a concern that directly affects the feasibility of the project. The developer has therefore agreed to advance the project, subject to availability of the power infrastructure. ISFU is currently negotiating a mutually acceptable solution to fund the infrastructure connection that would stimulate other developments in the remote area.

Sur-Quriyat Road projects

There are 8 tourism plots split by an internal road in the Quriyat area. ISFU helped submit a proposal, in conjunction with MoT, that helped obtain approval from MoH, Muscat Governor's Office and Muscat Municipality to reroute the road in order for MoT to open these lands for investments. The next step is to proceed with the new road concept in partnership with private investment on the tourism plots.

Moving Forward

The plan for 2019 is to continue extending support in resolving issues involving the mega-projects and help enhance the infrastructure and business environment in partnership with the private sector. This initiative ties directly to all 4 top-line KPIs by increasing the number of tourists and private investments that add to Oman's annual GDP and create new jobs. In order to help achieve the top-line KPIs, the team will also focus on challenges involving water, power and road infrastructure that are currently faced by a number of ITC project owners in order to support the project developers and attract more local or foreign-direct investments in this sector.

Stakeholders

| | |
|----------------------------------|--------------------------|
| Ministry of Tourism (MoT) | Muscat Municipality |
| Ministry of Housing (MoH) | Muscat Governor's Office |
| Public Authority of Water (Diam) | |

8. Enhance Applicant Services for All Tourism Related Projects



This initiative aims to provide a clear and transparent set of standard operational procedures for investors to gain approvals for their projects. It also aims to accelerate and streamline the application process for tourism projects, such as the establishment of 1 to 5-star hotels, by setting up a single-window for client services which will come under the umbrella of the Ministry of Tourism (MoT).

2018 KPIs

8.1 Outsource technical services

The objective of this KPI is to monitor the progress of outsourcing the technical services of the client service centre by a third party. A technical team under the structure of MoT will ease the process of monitoring the operation and provide the required support.

8.2 Monitor SLA commitments by all partners

As per the tourism lab outcomes, this KPI aims to get all Service Level Agreements (SLA) signed between MoT and relevant parties such as the Royal Oman Police (ROP), the Ministry of Housing (MoH), the Ministry of Environment and Climate Affairs (MECA) and the Municipalities. By signing this agreement, it is expected that all relevant stakeholders will respond to tourism applications within a specific duration for each entity. For example, the process to establish a new hotel application (1-5 stars) will take a maximum of 27 working days and the process for allocating unmarked land will take a maximum of 92 working days. The SLA will help by giving clear processes and expected timelines for investors to avoid uncertainty and have a clear window of correspondence, enquiries and advisory support.

8.3 Resolution of issues highlighted by existing single-asset projects

The objective of this KPI is to monitor the progress of a number of single-asset tourism projects. Support is provided by identifying a number of issues faced by project owners, recommending solutions and by providing support to solve the issues.

The Journey

MoT, with the support of the ISFU, successfully managed to secure 5 signed SLAs between MoT and relevant stakeholders such as the Ministry of Housing (MoH), the Ministry of Regional Municipalities and Water Resources (MRMWR), Muscat Municipality, Dhofar Municipality and the Ministry of Environment and Climate Affairs (MECA).

However, despite the plans set at the beginning of 2018 to outsource the operationalisation of the client service centre and its technical services, the team realised that a direct tender is the best solution for the current situation and to achieve the KPIs set for 2018. The decision followed the evaluation of presented bids which indicated poor performance. The alternative strategy was to partner with the private sector to recruit a strong technical team that would help mobilise the proposed single-window for client services.

With regards to the resolution of issues highlighted by existing single-asset projects, MoT, with the support of ISFU, succeeded in creating a support window with the project owners that provided the necessary support for their projects.

Moving Forward

The aim of 2019 is to select the technical support team for the single window and commence operation. The technical team will be also responsible for evaluating and monitoring the compliance of the entities that signed the SLAs.

Stakeholders

| | |
|---|-------------------------|
| Ministry of Tourism (MoT) | Royal Oman Police (ROP) |
| Ministry of Housing (MoH) | Muscat Municipality |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | Dhofar Municipality |
| Ministry of Environment and Climate Affairs (MECA) | |

9. Extending Usufruct and Lease Options



There were several challenges, such as causing complexity of processing for project owners and not satisfying the private sector needs, related to the current process for obtaining approvals of usufruct contracts.

This initiative aims to make changes on the period of usufruct; from 50 years to 99 years on government lands and 30 years to 50 years for private lands. The initiative also suggests that transfer mandates of issuing approvals related to tourism land usufructs is to be done by the Ministry of Tourism (MoT). This will be conducted by setting criteria and standards to preserve components of tourist sites, as well as amending some clauses of the usufruct contract to include and prepare special annexes related to specialised tourism projects

2018 KPIs

9.1 Amendments to the provision of laws relating to lands

The objective of this KPI makes amendments to the provision of laws relating to land, such as extending the usufruct duration from 50 to 99 years for government owned land and from 30 to 50 years for privately owned land.

9.2 Amendment to some usufruct contract clauses and the preparation of special annexes

This KPI makes amendments to some clauses of the usufruct contract and the preparation of special annexes by focusing on drafting annexure related to integrated tourism complexes (ITCs), non-integrated tourism complexes, heritage sites and natural sites.

The Journey

The initiative is in its final legislative stages, with a milestone achieved once MoT obtained approval on extending the usufruct duration from 50 to 99 years for government owned lands. The working group consisted of a number of legal and technical advisors from key entities such as the Ministry of Legal Affairs (MoLA), the Ministry of Tourism (MoT), the Ministry of Housing MoH and the Ministry of Finance (MoF) to work on the legal and technical aspects of the usufruct and lease contracts.

Despite the challenges in obtaining models of indicative annexure related to natural and heritage sites, considering lack of past models in utilising sites of such sensitive nature for tourism purposes, the working group succeeded in securing pilot models of annexure with the support of the Ministry of Heritage and Culture (MoHC), the Ministry of Environment and Climate Affairs (MECA) and the Office for Conservation of Environment (OCE). Annexures related to ITCs have also been approved by MoT and work is in progress to finalise the annexure on non-integrated tourism complexes and specialised tourism projects to be added to the usufruct contract.

Moving Forward

The objective of this initiative is expected to be achieved in 2019. The working group is to work on the legislative framework of the usufruct law based on the extension from 50 to 99 years.

Stakeholders

| | |
|--------------------------------------|--|
| Ministry of Finance (MoF) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Tourism (MoT) | Office for Conservation of Environment (OCE) |
| Ministry of Housing (MoH) | Ministry of Legal Affairs (MoLA) |
| Ministry Heritage and Culture (MoHC) | |

10. eVisas and the Facilitation of New Markets



In addition to considerable efforts made in the past year to provide visa facilitation to 3 key markets (China, Russia and Iran), the initiative working group continued its role in achieving its main objectives of providing more visa facilities to new markets. The original goal was to upgrade Russia, China and Iran visas from list B to list A countries.

2018 KPIs

10.1 Increase the number of visitors from China, Russia, Iran by 65,129

The main objective of this KPI is to monitor the progress of the increase in the number of arrivals from Russia, China and Iran. The working group seeks monthly information of arrivals from the National Centre of Statistics and Information (NCSI) and a target for December 2018 is to reach 65,129.

10.2 Increase the number of eVisa users

This KPI is to monitor the progress of the increase in number of e-visa system users through monthly information provided by ROP, with a target of 249,562 users by December 2018.

10.3 Upgrade Russia, China and Iran to list A

Within this KPI, Russia, China and Iran's visas to Oman will be upgraded from list B to list A, allowing visitors to obtain visa upon arrival.

10.4 Tourist visa

In addition to previous efforts made to provide visa facilities for new markets, this KPI was set to provide additional visa facilities by creating a new type of tourist visa fee of OMR 5 for 10 days.

The Journey

This initiative has made noteworthy efforts over the past 2 years, with a joint effort between ROP and MoT contributing to better results in providing visa facilities for new markets.

A main highlight of this initiative was the announcement by ROP in May 2018 to upgrade the 3 nationality's visas to Oman to list A, a key objective of activating the initiative. The 3 nationalities can now apply for tourist visas to Oman online as well as obtaining visa on arrival, causing the number of tourists from the 3 countries to reach 88,925 as per statistics from the NCSI for December 2018. In addition, the working group also liaised closely with ROP to get an updated number of e-visa users. More than 150,000 users were registered in the system as per ROP statistics released in September 2018. The recent tourist visa fees of 20 OMR for 30 days was further enhanced in July 2018, when ROP announced 5 OMR as 10-day tourist visa fees.

Moving Forward

This initiative successfully graduated from the Tourism dashboard. MoT is to open marketing based representatives (MBR) in Russia, as well as increase marketing and promotions in new key markets.

Stakeholders

| | |
|---------------------------|---|
| Ministry of Tourism (MoT) | Ministry of Foreign Affairs (MoFA) |
| Royal Oman Police (ROP) | National Centre for Statistics and Information (NCSI) |

11. Establish Oman Tourism and Convention Bureau



The Oman Tourism and Convention Bureau (OTCB) will help promote Oman's image as a unique and distinctive destination for several categories of tourism, including vacations to relax, adventure tourism, culture and heritage tourism, special interest groups, amongst others. It also aims at positioning the Sultanate as a preferred destination for meetings. Throughout 2018, the working group continued their efforts to establish the OTCB, as well as launching an e-concierge application.

2018 KPIs

11.1 Operationalisation of Oman Tourism and Convention Bureau

This KPI monitors the set-up and operationalising of the OTCB. The main objective is to receive a way forward from the Ministerial Committee and then follow the necessary legal steps to establish the bureau.

11.2 Launch of e-concierge application

This KPI relates to launching the mobile application which serves as a comprehensive information centre for potential and actual visitors to Oman.

The Journey

The working group worked closely with ISFU in preparing a comprehensive dossier on the set up of OTCB, which was presented to the Ministerial Committee in January 2018. ISFU successfully managed to get the committee's approval and received direction to follow the legal processes in order to establish the OTCB. Joint discussions have taken shape with MoT and the Ministry of Legal Affairs (MoLA) with regards to the legalities involved and to familiarise the working groups with these processes. The working group prepared a scope of work for sector experts to assist MoT in establishing the OTCB. A consultant was appointed with the task of securing an optimal structure for the bureau, including an organisational chart, job descriptions and reporting procedures, as well as defining an optimised process to obtain all necessary governmental approvals to set up the new entity.

With regards to the e-concierge application, the working group and MoT signed a contract with Omantel, the winner of the open tender, to create the application and ultimately integrate it with 'Experience Oman', MoT's online marketing platform.

Moving Forward

MoT will finalise a project framework and execute the establishment and operationalisation of the bureau. The e-concierge application is expected to be launched by Omantel in 2019, following a marketing plan by MoT.

Stakeholders

| | |
|---------------------------|---------|
| Ministry of Tourism (MoT) | Omantel |
|---------------------------|---------|

12. Activate Tourism Development Fund



Tourism tax is a vital method of raising the funds needed to support the tourism industry as it paves the way for the country's diversification plans and makes Oman a go-to destination for tourists from around the world.

The tourism tax of 4% collected from tourist-related entities is currently transferred to the Ministry of Finance (MoF) government fund which, in turn, is to be redistributed to the Ministry of Tourism (MoT), Ministry of Heritage and Culture (MoHC) and Royal Oman Police (ROP). By establishing an independent tourism development fund under MoT, as per the tourism law, this initiative will see the share of tax funds allocated to MoT increased.

2018 KPIs

12.1 Activation of Tourism Development Fund

The objective of this KPI is to obtain the approval from the MoF on activating the tourism fund by providing a clear mechanism for the process.

12.2 Increase MoT tourism tax from 60% to 80%

Tourism tax revenue is divided between 3 entities: 60% to MoT, 20% to ROP and 20% to MoHC. MoT is seeking to increase its share of the tourism tax by reallocating the percentages.

The Journey

The working group proposed a mechanism of the Tourism Development Fund (TDF) and worked on developing the relevant documentation required to activate it. MoT has also been able to obtain MoF approval on opening a bank account under the name of Tourism Development Fund, however MoT is now working jointly with MoF on finalising the mechanism and activating the fund.

The working group is also engaged in joint discussions with officials to activate the ROP share in order to accelerate plans and efforts to establish a Tourism Police aimed at focusing specifically on all matters related to the tourism experience in Oman from safety and security perspectives.

Moving Forward

In 2019, the objective of this initiative is to activate the TDF and Tourism Police.

Stakeholders

| | |
|---------------------------|---|
| Ministry of Tourism (MoT) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Finance (MoF) | Royal Oman Police (ROP) |

13. Labour Solution Package



The main objective of this initiative is to realise labour incentive packages for the sector and attract nationals to work in the industry. This can be achieved thorough engaging with the private sector, aligning objectives and dissecting the challenges faced in attracting and promoting talent. Identifying and classifying tourism activities, undertaking competency assessments, developing training and development programmes and nation-wide awareness campaigns will highlight the vast opportunities available and result in measuring the effectiveness and growth of employment in the tourism sector.

2018 KPIs

13.1 Formation of the Tourism Sector Association

The objective of this KPI is to monitor the progress of establishing an Oman Tourism Association which will be the platform for tour operators, hoteliers and airlines to work together closely to solve the tourism sector's main challenges. This requires alignment between the Ministry of Tourism (MoT) and the Ministry of Social Development (MoSD), the authorised parties responsible for issuing licenses for the establishment of such associations.

13.2 Alignment of tourism activities

The main objective of this KPI is to monitor the consolidation of one unified list of all tourism activities; defined as activities that primarily meet the needs of visitors, or an important share of output consumed by visitors. This alignment will be done by MoT, the Ministry of Manpower (MoMP) and the National Centre of Statistics and Information (NCSI). This list will assist in collecting accurate data and information with regards to the number of jobs and employees within the various tourism activities.

The Journey

ISFU offered support in conducting successful workshops along with the working group. These workshops were between NCSI, MoT and MoMP to align tourism activities and help provide accurate data on the number of employees in the sector.

With regards to the ongoing establishment of the Oman Tourism Association, ISFU was able to follow-up on the methodology adapted in setting up similar sector associations, including the recently established Oman Logistics Association. ISFU successfully aligned all previous and current efforts to implement this initiative and invited the National CEO's Programme (NCP), who worked on a similar project establishing the Oman Tourism Association, to be part of the working group. The application was approved by Muscat Governor's office and was officially submitted to MoSD to proceed with the final stages of approvals to establish the association.

Moving Forward

The focus for 2019 is to officially establish the Oman Tourism Association. The association will work on increasing the contribution of the tourism sector, whilst solving key issues within the sector such as Omanisation and employment. As well as aligning tourism activities and finalising one unified list, it will help in having accurate numbers of jobs and employees working in the sector.

Stakeholders

| | |
|---------------------------------------|--|
| Ministry of Tourism (MoT) | Ministry of Commerce and Industry (MoCI) |
| Ministry of Manpower (MoMP) | The National Centre of Statistics and Information (NCSI) |
| Ministry of Social Development (MoSD) | National CEO Programme (NCP) |

14. Expedite Growth in Domestic Tourism



Stemming from the importance of developing domestic tourism in enhancing local experience, and its contribution to increase the national economy, this initiative was added in 2018 to provide services, activities and projects which satisfy the needs of local travellers and enhance their domestic experiences.

2018 KPIs

14.1 Create domestic services for tourism.

The objective of this KPI is to provide new services whilst developing existing ones. The focus in 2018 was to provide a number of services identified as quick-wins to enhance the needs of local travellers, such as public restrooms for petrol and non-petrol stations, beach development and recreational vehicle (RV) parks.

14.2 Create projects which will facilitate the domestic travellers.

This KPI aims to create some projects to benefit domestic travellers by focusing on developing tourism service stations on major expressways such as the Quriyat-Sur road.

The Journey

Considering the importance of enhancing domestic tourism and providing more facilities, activities and services, this initiative was added to the 2018 tourism initiatives to help reach the main goals of top-line tourism KPIs.

The working group was divided into 4 sub-groups, each one responsible for providing one of the following projects or services:

- **Restrooms in petrol and non-petrol stations:** Deliver functional pilot projects by enhancing existing public restrooms and introducing model toilet facilities in select locations as well as ensuring sustainability, quality, ownership and a workable technical and legal framework.
- **Beach development:** Identify, plan and develop 1 prime beach location in Muscat such as Seeb's Sur Al Hadid Beach.
- **Recreational vehicle (RV) parks:** Identify, plan and secure investors to develop sites for RV parks in Oman, thereby providing flexible travel and accommodation options for tourists seeking adventure.
- **Tourism Service Stations:** Plan, construct and operate integrated tourism serviced stations and add additional components to OMRAN's existing Aaber Rest Area on the Sur-Quriyat Road.

Throughout 2018, the working group concentrated on data collection for the suggested projects and managed to bring all stakeholders involved together to align all their views and unify efforts.

Moving Forward

The focus for 2019 will be on introducing model developments of key projects that contribute to enhancing the visitor experience. These projects will be developed and executed in collaboration with key stakeholders. These projects are:

1. **Wadi Bani Khalid**
2. **Al Ashkarah beach**
3. **Sahoor cave in Salalah**
4. **Al Ansab wetland in Muscat**

The working group will also focus on a regional spread of wide array of attractions, leisure facilities and services in key destinations.

Stakeholders

| | |
|---|--|
| Ministry of Tourism (MoT) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Housing (MoH) | Muscat Municipality |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Oman Tourism Development Company (OMRAN) | |
| Ministry of Commerce and Industry (MoCI) | |



Logistics

| Logistics KPI Dashboard | |  |  |
|-------------------------|---|---|---|
| Initiative/ KPI | | Target 2018 | Actual Achievement 2018 |
| 1 | Establish a One-Stop-Shop for Joint Inspection | | |
| 1.1 | To reduce the overall custom clearance time at all borders | 100% | 100% |
| 1.2 | Develop and implement Government Control Agencies (GCAs) risk-based inspection programme | 100% | 100% |
| 1.3 | Implementation of a one stop shop for joint inspection at 3 locations | 3 | 3 |
| 2 | Enabling eCommerce Growth in Oman | | |
| 2.1 | Kick-off implementation of eCommerce national strategy | 100% | 95% |
| 3 | Khazaen Economic City | | |
| 3.1 | Launch Khazaen project | 100% | 30% |
| 5 | Establish a National Port/Logistics Community System | | |
| 5.1 | Completion of system installation and commissioning | 60% | 92% |
| 6 | Enhancing Dwell-Time Efficiency at All Borders | | |
| 6.1 | Improvement of import dwell-time at Muscat International Airport and Sohar Port | 100% | 100% |
| 6.2 | Pre-clearance: achieve overall manifest submission to 65% before arrival and the overall pre-declaration to 15% by the end of 2018 for Sohar Port. Completion of pre-clearance pilot scheme and publication at Muscat airport | 100% | 71% |
| 7 | Enhancing the competitiveness of Oman Free Zones | | |
| 7.1 | 15% increase of the committed investment per year in the free zones | 100% | 94% |
| 8 | Build Mineral Railway in Al Wusta Region land | | |
| 8.1 | Mining - completion of indicated resource report and mining license granted | 100% | 35% |
| 8.2 | Rail - Completion of public private partnership (PPP) framework development by a PPP advisory consultant | 100% | 70% |
| 9 | Enhancing Wadi Sa'a-Hafeet and Ibri Bypass Roads | | |
| 9.1 | Completion of dualisation of lanes for Wadi Sa'a – Hafeet road (Signing of construction contract and mobilisation of contractor) | 100% | 74% |
| 9.2 | Completion of new Ibri by-pass road (Signing of construction contract and mobilisation of contractor) | 100% | 74% |
| 9.3 | Completion and launching of new Saudi Arabia-Oman highway | 100% | 0 |

| Initiative/ KPI | |  |  |
|-----------------|--|---|---|
| Initiative/ KPI | | Target 2018 | Actual Achievement 2018 |
| 10 | Road Investment Solution | | |
| 10.1 | Finalization of road investment framework and kick off one pilot project. | 100% | 58% |
| 11 | Enhance Cold-Chain Infrastructure | | |
| 11.1 | Fisheries - Improvement of cold-chain facilities | 100% | 74% |
| 11.2 | Agriculture - Commence construction of 15,000 ton cold storage and additional logistics services (post-harvest operation) in Al Batinah Region | 100% | 80% |
| 11.3 | Agriculture – Establish an integrated fruit and vegetable marketing company in Oman | 100% | 75% |
| 11.4 | Completion of a feasibility study for the Oman Food Hub | 100% | 100% |
| 12 | Enhance Rusail-Bidbid road network | | |
| 12.1 | Commencement of road construction | 100% | 20% |
| 13 | Establish Cargo Gate (Cargo Village) at Oman Airports | | |
| 13.1 | Award construction, operation tender and mobilisation of contractor | 65% | 85% |
| 14 | Air Cargo Interline Agreement | | |
| 14.1 | Obtain interline agreements | 100% | 100% |
| 15 | Improve Existing Auxiliary Services in Oman's Ports | | |
| 15.1 | Realisation of waste management facility in Sohar Port | 100% | 45% |
| 16 | Strengthen Connectivity to Oman's Ports | | |
| 16.1 | Introduction of new services for ships calling in to Oman's ports | 100% | 30% |
| 17 | Salalah Port Expansion | | |
| 17.1 | Central services corridor: completion of pipe rack and service roads | 70% | 77% |
| 18 | Development of Suwaiq Port for Commercial Activities | | |
| 18.1 | Operationalisation of Phase 1 - General cargo from Iran and Pakistan by Dhow | 100% | 100% |

* The work process of ISFU was reviewed by Deloitte, and findings will be built upon in the future.

* A number of projects might not be reflected in the Annual Report as they are under direct monitoring of specific authorities. However, ISFU follows up on the execution on a regular basis.

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

Overview

Throughout 2018, the Logistics sector continued to play a key role in the diversification of Oman's economy by contributing to the GDP, employment and investment figures. As a result of Oman strategic location linking the East and the West, as well as being on the route for trade centres in the GCC, India, China, Africa and the Asia-Pacific region, the future is strong for the sector.

Eighteen initiatives in the sector are monitored by ISFU, with 4 initiatives having graduated and 5 new ones added, covering land, sea and air transport as well as trade facilitation. By having a cohesive working relationship between ISFU, MDUs and the working groups, there has been an efficient and productive outcome to many of the processes and challenges within each initiative and the KPIs therein.

Number of initiatives: 18

2018 Achievements

A key achievement for 2018 was the timely development of Suwaiq port as a commercial entity. Taking only 6 months from conception to operation, it proved to be one of the fastest initiatives to complete and is now operational. Some of the highlights are as follows:

- January 2018: The Initiative was identified and agreed to be implemented
- February 2018: KPIs and milestones were set and signed
- 24th January: ISFU organised a briefing meeting with all stakeholders and agreed actions going forward
- February: Marafi/Asyad start implementation of milestones
- July 2018: Work is completed
- 8th August, 2018: The trial for operations of the port was conducted
- 1st September, 2018: The port was officially launched by the Minister of Transport and Communication with all relevant stakeholders present
- Boats are now loaded in the port with a variety of goods such as livestock, fruits and vegetables, electronics, building materials and more.

ISFU's role

The year 2018 saw several successful initiatives facilitated by ISFU and the MDUs with support from the steering committee. Of the 18 Logistics sector initiatives, 14 showed strong progress. Several meetings at a cross-section were successfully conducted and positive progress was ensured through consistent follow-ups on actions. Many of the challenges faced by ISFU were professionally managed and were approached in a methodical manner to find a resolution that worked for all parties and protected the integrity of the initiatives.

Graduated initiatives in 2018

Development of Suwayq Port for Commercial Activities (Phase 1A)

Establish One Stop Shop for Joint Inspections

Air Cargo Interline Agreement

New initiatives added in 2018 dashboard

1. Development of Suwaiq Port for Commercial Activities

2. Khazaen Economic City: Road Investment Solution

3. Enhance Rusail-Bidbid Road Network

4. Air Cargo Interline Agreement

5. Road investment solution

Trade Facilitation:

1. Establish a One-Stop-Shop for Joint Inspection



The Royal Oman Police (ROP) introduced Bayan, an online single window (one-stop service(OSS)), that enables seamless, convenient and efficient clearance of goods for the business community and other stakeholders. Whilst drastically reducing the customs clearance time, it also stores the risk management profiles that have been uploaded onto the portal. For this platform to be successful, all government entities are required to be integrated into the system and incentivised to use it.

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

2018 KPIs

1.1 To reduce the overall custom clearance time at all borders.

This KPI measures the reduction of customs clearance time in sea and air borders whilst measuring the specific target of time-taken to be achieved by the end of 2018. In airports, the definition of customs clearance time is measured from when the declaration is submitted from the flight until it is released by customs. In seaports it is measured from when the declaration for the container is submitted until customs release.

1.2 Develop and implement Government Control Agencies (GCAs) risk-based inspection programme.

This KPI will monitor the adoption of Risk Management Profiles for the Ministry of Agriculture and Fisheries (MAF), the Ministry of Regional Municipal and Water Resources (MRMWR), Muscat Municipality and Dhofar Municipality to:

- Establish a list of goods subject to controls
- Establish product risk categorisation
- Assign rates of physical check levels
- Completion of risk profiles in Bayan system

1.3 Implementation of a one stop shop for joint inspection at 3 locations.

This KPI measures the levels of coordination of physical inspections amongst the GCAs. The purpose is aligning them to work together to limit the physical inspections to a single inspection.

The Journey

In response to the 2018 targets, customs clearance time in Sohar Port in April 2018 was reduced to 10 hours and Muscat International Airport in February to 4 hours as per the target set for the OSS. ISFU pushed through a Cabinet decision to implement the OSS and circulated it to all ministries. MAF and the municipalities have completed uploading the risk management profiles into the Bayan System. The OSS has been operationalised in Muscat and Salalah airport as well as Sohar Port.

Moving Forward

This initiative successfully graduated from the Logistics dashboard. The ultimate goal of this initiative is to operationalise OSS in Salalah Port and reduce inspections by 10% by the end of 2020.

Stakeholders

| | |
|--|------------------------|
| Ministry of Transport and Communication (MoTC) | Sea Ports and Airports |
| Royal Oman Police (ROP) | Free Zones |
| Oman Global Logistics Group (Asyad) | Traders |
| Ministries and Authorities concerned with regulating trade & transport | Freight forwarders |

2. Enabling eCommerce Growth in Oman



Information and communication technologies (ICTs) are catalysts that drive the world economy. One such ICT, electronic commerce, or eCommerce as it is commonly known, is becoming imperative for economic growth and competitiveness. The most common forms of eCommerce are business to consumer (B2C), business to business (B2B) and consumer to consumer (C2C). eCommerce provides opportunities for consumers, businesses and governments to buy and sell products online whilst fostering competition and innovation. Governments are increasingly adopting eCommerce opportunities through paid services offered to consumers and businesses (G2C and G2B) and products and services purchased from businesses (B2G).

2018 KPIs

2.1 Kick-off implementation of eCommerce national strategy.

The eCommerce Index, published by UNCTAD annually, measures the readiness of countries to engage in online commerce.

- In 2016, Oman scored 48.8 out of 100 (100 being the highest) and ranked 65th out of 137 countries
- In 2017, Oman scored 31 out of 100 and ranked 64th out of 144 countries
- In 2018, Oman Scored 57.2 out of 100 and ranked 72 out of 151 countries

In order to see improvement in the eCommerce index, the first step is to develop and implement a national level of eCommerce strategy. The strategy will be the reference for the implementation roadmap and a framework for all government and private sector entities participating in the project rollout. It will use Oman's international eCommerce ranking as a proxy for the quality of service that is provided and for the competitiveness of the industry when it is benchmarked.

The Journey

A meeting, hosted by UNCTAD, with the national eCommerce team was held in January 2018 to establish the way forward in preparing the national strategy. In April, one-to-one sessions were held with stakeholders as part of a fact-finding exercise. Key components of eCommerce, such as ICT infrastructure and services, logistics and trade facilitation, legal and regulatory frameworks and awareness raising were also discussed. These sessions resulted in a mission report being drafted by UNCTAD and presented at the end of April 2018.

In August a meeting, chaired by the Minister of Transport and Communication, was conducted to finalise and endorse the mission, vision and objectives of the strategy. By the end of 2018, the national eCommerce strategy was completed.

Moving Forward

During the course of 2019, implementation of the eCommerce projects identified in the strategy roadmap will have commenced.

Stakeholders

| | |
|---|---|
| Ministry of Commerce and Industry (MoCI) | Central Bank of Oman (CBO) |
| Ministry of Transport and Communications (MoTC) | Telecommunications Regulatory Authority (TRA) |
| Supreme Council for Planning (SCP) | Oman Global Logistics Group (Asyad) |
| Customs | Oman Aviation Group (OAG) |

3. Khazaen Economic City



Khazaen Economic City is destined to become one of the fundamental pillars of Oman's diversified economy, allowing flexibility and efficiency of measures in:

- Logistics
- Light industries
- Commercial sector for financial management, business and services
- Residential including educational, health and leisure services

2018 KPIs

3.1 Launch Khazaen project

This KPI will see the design, build, financing, operation and transfer of assets to Khazaen.

The Journey

The Asyad subsidiary, Marafi, signed an MoU to work together with Khazaen Economic City to develop and operate dry-port facilities whilst a separate tender was floated in August for the fruit and vegetable market.

A challenge arose in gaining the usufruct agreement with MoH, though ISFU successfully facilitated the process by negotiating with MoH to fast-track the signing and registering of the agreement. ISFU looked into 2 options for the market's location (Khazaen or Muscat Municipality proposal) and agreed on Khazaen to be the most suitable location.

Moving Forward

Khazaen Economic City will work on facilitating the policies, usufruct agreement and commencing the mobilisation.

Stakeholders

| | |
|--|-------------------------------------|
| Ministry of Transport and Communication (MoTC) | Oman Global Logistics Group (Asyad) |
| Ministry of Commerce and Industry (MoCI) | Marafi |
| Ministry of Housing (MoH) | Khazaen |

4. Establish a Cargo Community System

The Cargo Community System (CCS) is an electronic platform that will integrate the existing systems currently operated by various stakeholders. It will further Oman's ambition to become one of the leading logistics-enabled countries of the world.

The aim of the initiative is to launch CCS which will also include mechanisms to control interaction between government agencies and the private sector and between private sector companies themselves whilst working in harmony with the Bayan system.

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



2018 KPIs

4.1 Operationalise phase 1 and phase 2 of the Cargo Community System.

Establish CCS, an online platform that connects, integrates and coordinates the system that operates the airport stakeholders and reduces the cargo clearance time as well as information asymmetries.

Moving Forward

This project has been on hold for the duration of 2018 to evaluate the current proposal of implementing the port community system (PCS) that may include the requirements of CCS.

Stakeholders

| | |
|--|---------------------------|
| Ministry of Transport and Communication (MoTC) | Oman Aviation Group (OAG) |
| Oman Global Logistic Group (Asyad) | Royal Oman Police (ROP) |

5. Establish a National Port/Logistics Community System



Oman has lofty ambitions when it comes to becoming one of the world's leading logistics-enabled hubs. Through the goals of this initiative, a National Port Community System will act as an electronic platform to bring the current systems into one portal where shipping, port, maritime and logistics communities will be accessible in unison. Within the portal will also be the ability to interact with government entities and other private sector companies. The community system will also be integrated with the Bayan system seen in the initiative for a One-Stop-Shop for Joint Inspection in land, sea and air ports.

The community system will promote customer service development and the utilisation of resources whilst increasing the efficiency of internal procedures and processes. On the consumer-side, there will be the added benefits of operational security, risk management and a reduction in the amount of physical paperwork needed.

2018 KPIs

5.1 Completion of system installation and commissioning.

A Port Community System (PCS) is a neutral and open electronic platform enabling intelligent and secure exchange of information between public and private stakeholders in order to improve the efficiency and competitive position of the sea and airport communities. It optimises, manages and automates smooth port and logistics processes through a single submission of data and by connecting transport and logistics chains. Oman Global Logistics Group (Asyad) initiated the project by commissioning a feasibility study and technical assistance services to create a detailed blueprint of the future PCS system and the related options available for business models and maintaining the system.

The Journey

The goals for 2018 were to complete the technical feasibility study for the community system and to complete the tendering process. The technical feasibility study was completed with ISFU consistently participating and challenging several ideas to support a successful proposal.

Asyad engaged a consultant and ISFU challenged them to complete the study within 6 months, a challenge they accepted and delivered upon.

There were issues as to whether the requirements of the system were sufficient, leading to a proposal being put in place to appoint an international company to implement the necessary system requirements.

Moving Forward

The 2019 target is to commission and operationalise the National Port Community System.

Stakeholders

| | |
|-------------------------------------|--|
| Oman Global Logistics Group (Asyad) | Port of Duqm |
| Information Technology Agency (ITA) | Special Economic Free Zone at Duqm (SEZAD) |
| Oman Air Cargo | Oman Aviation Group (OAG) |
| Shipping agents and customs brokers | Oman Air SATS |
| Freight forwarders | |

6. Enhancing Dwell-Time Efficiency at All Borders



Air cargo is becoming an increasingly important dimension of Oman's growing trade activities. Due to the steady rise in goods arriving by air, there is a need to streamline procedures at Muscat International Airport and Sohar Port to reduce the dwell-time of cargo and clear shipments before their arrival. Not only does it cause delays for the importer, but also increases associated costs, so the government has come up with a plan to augment the efficacy in air cargo clearance process.

Dwell-time is the time cargo spends getting from gate-in to gate-out in the terminal and is a dynamic instant index for terminals which is affected by local trade regulations in the terminal that allows for free time, customs formalities complexity, terminal storage charges, cargo types and terminal operating procedures /systems.

2018 KPIs

6.1 Improvement of import dwell-time at Muscat International Airport and Sohar Port.

6.2 Pre-clearance

Achieve overall manifest submission to 65% before arrival and the overall pre-declaration to 15% by the end of 2018 for Sohar Port. Completion of pre-clearance pilot scheme and publication at Muscat airport.

Pre-arrival processing involves the electronic submission of the relevant goods and/or cargo declaration data to the relevant authorities prior to the arrival of the goods to be imported. Authorities then conduct a risk assessment and process the declaration with a view to preparing the release decision prior to the goods arriving at the port of entry; thus enabling the release of the goods immediately upon arrival.

There is also a pre-clearance project to be implemented in Muscat International Airport with the following process:

- Completion of comprehensive analysis on pre-clearance bottlenecks and a proposal to customs to have a pilot project with a new process to allow quick completion of clearances
- Completion of pilot project pilot and to ensure the shipping agents have cleared shipments before arrival

Once the parameters have been agreed upon, the publishing of the pre-clearance provision will be made to the business community.

The Journey

Fourteen percent of goods imported through the Port of Sohar were pre-cleared and released before their arrival; an increase from 1% to 2% of pre-clearances that were processed before a recently conducted trial. An increasing number of importers have continued to practice cargo pre-arrival reporting and clearance by completing customs and other ministry clearances before the goods arrive in Oman. With pre-clearance in place, goods can be delivered in a shorter timeframe, providing cost benefits to traders and giving them faster access to their cargo. Local importers are getting used to pre-clearance processing by adopting new ways of working in the digital environment. The comprehensive analysis on pre-clearance bottlenecks, and the subsequent proposal to customs based on the findings, was completed. The pilot project, incorporating the outcomes of the analysis, started trials in November 2018. Dwell-time in Sohar Port reached the target of 5 days. In Muscat International Airport 60% of shipments achieved 24 hours of dwell time.

ISFU supported the achievement of the initiative by effectively cooperating with Oman Global Logistics Group (Asyad) on a weekly basis to resolve any matters that required quick intervention.

A key challenge to the initiative's ongoing success is the availability of data. Methods of collecting the data were discussed by Asyad and customs officials, resulting in the production of a template developed by Asyad to streamline the process.

Moving Forward

The goal for 2019 is for sea-freight pre-clearance of the shipments to reach 20% and air-freight pre-clearance to reach 15% by the end of 2019.

Stakeholders

| | |
|-------------------------------------|-------------------------|
| Oman Global Logistics Group (Asyad) | Royal Oman Police (ROP) |
| Oman Airports | Oman Air |

7. Enhancing the competitiveness of Oman Free Zones



Attracting foreign investment is a key factor to growing a country's economy and Oman has taken steps to encourage this by initiating free zones in Salalah, Sohar, Al Mazyunah and Duqm. As a further incentive, 100% foreign ownership of companies within the free zones has been permitted. Investments will be stimulated with the standardisation of policies and regulations to boost the business landscape, reduce government costs and improve promotional schemes. A primary goal of this initiative is to achieve the 5 key milestones of the KPI as well as improve regulations and give clarity to Omanisation rates and license and permit issuance procedures.

2018 KPIs

7.1 15% increase of the committed investment per year in the free zones

Measure the yearly development of consolidated new committed investment in free zones.

In comparison to the previous year, 5 key milestones contributed to achieving the target by the end of 2018.

1. Anchor zones
2. Brand proposition
3. Visa requirements for targeted investors
4. Reducing the financial burden
5. Standardization of 2 incentives across Sohar and Salalah Free Zones

The Journey

The year 2018 saw the successful easing of, and promotion of, visa requirements for targeted investors with all free zones having no issues in issuing a visa to any investor. An increment of over 15% in committed investment in SEZAD was been achieved in 2018, whilst 3 anchor customers have been confirmed for Salalah, Duqm and Sohar free zones. The brand proposition for all free zones has also been completed.

There were delays in obtaining committed investment data from the free zones, but ISFU conducted meetings between Salalah, Duqm, Al Mazyuna and Sohar free zones that accelerated the process successfully.

Moving Forward

The 2019 goal for the initiative is to organise an awareness campaign to local and foreign investors on the Oman free zone brand. The free zones committee is currently working on a draft to be submitted to the Cabinet of Ministers in order to enable free zone committees to act independently.

Stakeholders

| | |
|--|-------------------------------------|
| Ministry of Manpower (MoMP) | Free Zones |
| Ministry of Finance (MoF) | Oman Global Logistics Group (Asyad) |
| Ministry of Commerce and Industry (MoCI) | Oman Aviation Group (OAG) |
| Royal Oman Police (ROP) | |

Land

8. Build Mineral Railway in Al Wusta Region



This initiative will act as a major stimulus to commercialising Oman's relatively untapped and lucrative mineral resources, whilst opening the sector to large-scale investment and increasing the number of job opportunities open to Omanis.

The proposed mineral-line project will support the annual transportation of over 30 million tonnes of mineral commodities from sites in Al Wusta and Dhofar governorates to processing plants and export-channels in Duqm and neighbouring GCC countries. It will also enable the transportation of a projected 1 million tonnes of oilfield equipment from Duqm port to oil and gas fields located in the surrounding area. By transporting around 3 million tonnes of industrial goods and 15 million tonnes of general products, including foodstuff and agricultural products to destinations in Al Wusta and Dhofar governorates, it will act as an alternative to road-based transportation.

2018 KPIs

8.1 Mining - completion of indicated resource report and mining license granted

Mineral Development Oman (MDO) will start to develop the exploration programme and appoint an exploration study partner to conduct the detailed exploration study. The target of 2018 was to complete the inferred report and the final bankable feasibility report by the end of the year, with the mining license being granted as a result.

8.2 Rail - Completion of public private partnership (PPP) framework development by a PPP advisory consultant

Oman Rail is tasked with the PPP structuring and design which includes benchmarking of pit-to-port projects, market sounding, legislative and regulatory framework analysis and project structuring and recommendation. Oman Rail will also work with the advisory services to prepare the PPP tender document.

The Journey

In regards to the mining element of this initiative, MDO completed the site exploration programme and submitted their report in February. They also completed the applications for the mining license and met with the relevant stakeholders, though delays in getting the licenses were experienced.

For the rail aspect of the initiative, Oman Rail awarded the PPP advisory services contract and completed the PPP Expression of Interest (EoI) document. The first stage of the PPP structuring and design work was completed on the benchmarking of pit-to-port projects, market sounding and legislative and regulatory framework analysis. Project structuring and recommendations were also completed.

A steering meeting between ISFU, MoTC and relevant stakeholders such as the Public Authority for Mining (PAM), MDO and Oman Rail was conducted and a direction was given to conduct further detailed analysis for a decision based on the overall attractiveness of the rail project.

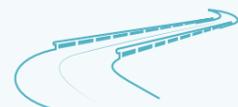
Moving Forward

For 2019, MDO will be allowed to move forward with the provision of licenses and Oman Rail will resume PPP tendering.

Stakeholders

| | |
|--|--------------------------------|
| Ministry of Transport and Communications (MoTC) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Mineral Development Oman (MDO) |
| Ministry of Environment and Climate Affairs (MECA) | |

9. Establish land connectivity with KSA, and enhancing Wadi Sa'a-Hafeet and Ibri Bypass Roads



Traditionally all goods headed for much of the Saudi Arabia market and beyond have travelled by ship through the Straits of Hormuz and into ports on the eastern coast where they are subsequently transported by road. There are also delays and congestion at the Buraimi and Dhahira border crossings for trucks crossing into the UAE to reach the markets there and further on into Saudi Arabia.

This initiative targets the completion of work on the road leading to Saudi Arabia through the city of Ibri and improving the quality of 2 roads; one that links Hafeet and Wadi Sa'a and the other a bypass road around Ibri itself. Apart from the connections to the GCC, the roads are critical for local trade by connecting villages and ports. 2018 will focus on completing the detailed designs of the 2 roads.

2018 KPIs

9.1 Completion of dualisation of lanes for Wadi Sa'a – Hafeet road (Signing of construction contract and mobilisation of contractor)

This KPI focused on completing the preliminary and detailed design of the road.

9.2 Completion of new Ibri by-pass road (Signing of construction contract and mobilisation of contractor)

The KPI focused on completing the preliminary, detailed design of the road.

9.3 Completion and launching of new Saudi Arabia-Oman highway

The Journey

In first two KPIs, the consultant has completed the route and alignment studies and received approval from MoTC. The preliminary road designs were also completed and no-objection certificates were received from all stakeholders. The design consultant has completed the preliminary road designs and approvals from MoTC are in progress.

ISFU led several meetings with the design consultant and MoTC to ensure faster progress of the design and subsequently interacting with many stakeholders to overcome delays and facilitate the no-objection certificates in the future.

As for the 3rd KPI, through the efforts of various entities, all attempts have been made to launch the highway. Since no tangible result was reached, the project was on hold for 2018.

Moving Forward

The focus in 2019 is to complete the detailed design, approve the construction programme by MoTC and start construction of the roads of the first 2 KPIs. ISFU, once again, is continuing its efforts with the cooperation of relevant parties in order to realize Saudi Arabia-Oman highway for 2019.

Stakeholders

| | |
|---|------------------------------------|
| Ministry of Finance (MoF) | Royal Oman Police (ROP) |
| Ministry of Transport and Communication (MoTC) | Tender board |
| Ministry of Commerce and Industry (MoCI) | Ministry of Foreign Affairs (MoFA) |
| Government controlled agencies & related entities | |

10. Road Investment Solution



A smart road system in Oman will enhance the use of roads, whilst being safer and more comfortable to use for drivers. A toll-system is one part of the smart road system which is an electronic toll collection system used for free-flow multi-lane road. An elemental stage in implementing the project is the establishment of a road investment framework.

2018 KPIs

10.1 Road investment solution

This KPI is for the finalisation of the road investment framework and to kick-start the project.

The Journey

MoTC floated the RFP for a toll-road feasibility study on the road that connects Thumrait to Salalah and initiated a study on toll regulation and investment policies, a draft of which was completed and submitted to MoTC for approval by the Cabinet of Ministers. Due for completion in early 2019, MoTC is working on a feasibility study for establishing road tolls.

ISFU has been instrumental in progressing this initiative by supporting Asyad in discussing different business models.

Moving Forward

The focus in 2019 is to sign the toll-road concession agreement for the Thumrait to Salalah road.

Stakeholders

| | |
|--|-------------------------------------|
| Cabinet of Ministers | Oman Global Logistics Group (Asyad) |
| Ministry of Transport and Communication (MoTC) | Other relevant entities |

11. Enhance Cold-Chain Infrastructure



Oman is consistently increasing its export numbers for fresh produce and growing the need for a network of dependable cold-chain logistics. The fisheries and agriculture sectors have the heaviest reliance on the network as they turn towards the export market where any wastage due to goods perishing needs to be minimalised.

To maximise efficiency in the sector it is imperative that the logistics services companies operating in Oman have access to refrigeration facilities and services for seafood, agricultural, meat, dairy and poultry products. This initiative focuses on the rehabilitation of fish markets and installing cold storage options through reefer trucks. It also covers the agricultural industry by adding more cold storage in the agricultural heartland of Al Batinah Region and establishing a marketing company for fruits and vegetables. To encapsulate these important aspects, a feasibility study will be undertaken to promote Oman as a food hub for the region.

2018 KPIs

11.1 Fisheries - Improvement of cold-chain facilities

The refurbishing of 7 fish markets and the delivery of 41 reefer trucks will improve the delivery of agriculture and fish products which will, in turn, improve the cold-chain infrastructure.

11.2 Agriculture - Commence construction of 15,000 ton cold storage and additional logistics services (post-harvest operation) in Al Batinah Region

Adding 15,000 tons of cold storage in Al Batinah region will add value to the production side (farms) which will further improve the cold-chain logistics network and significantly reduce product quality loss. Providing cold-chain facilities will ensure Oman access to global export markets by providing fresh products of superior quality and reduced waste.

11.3 Agriculture – Establish an integrated fruit and vegetable marketing company in Oman

This KPI aims to establish an integrated marketing company for fruits and vegetables in the Sultanate of Oman, with integrated financing between the public and private sectors.

11.4 Completion of a feasibility study for the Oman Food Hub

This KPI aims to conduct an integrated feasibility study for the Oman Food Hub in the Sultanate of Oman.

The Journey

This initiative brings together many elements and has many levels of complexity based on geographical distances and available infrastructure. The fish markets are being refurbished, some of which are in completion stage. With regards to reefer trucks, 41 trucks have been delivered and in operation as per the target.

There were challenges related to the contract model. With support from ISFU, the most convenient model was chosen.

The strategic locations for the proposed cold storage facilities have been identified with the approval of land plots and the detailed business case of the project was completed. Asyad, ISFU and local and foreign investors agreed on the business model to be implemented to ensure successful completion. With regards to the establishment of a fruit and vegetable marketing company, Oman Food Investment Holding Company (OFIC) floated the tender and received several proposals. After evaluation, the tender was awarded to the successful bidder and a business model was approved. OFIC has also floated a tender to conduct a study for the Oman Food Hub project. The full study was submitted and an interim report has been completed.

Moving Forward

The 2019, goal for this initiative is to improve the quality of products as well as taking steps in reducing wastage to 6% for fisheries and 10% for agriculture by 2020.

Stakeholders

| | |
|---|---|
| Ministry of Agriculture and Fisheries (MAF) | Agricultural Association for Al Batinah Farmers |
| Oman Global Logistics Group (Asyad) | Private sector |
| Oman Food Investment Holding Company (OFIC) | |

12 Enhance Rusail-Bidbid road network



The growth in industrial areas in Oman has created a dependence on interconnectivity to enable the free-flow of products to and from them, ensuring industries are able to continue in their production quotas and support the economic growth of the country. This initiative will see improvements to a 35 km section of the Rusail to BidBid highway that connects Muscat and A'Dakhiliyah governorates and, more specifically, the Rusail and Sumail industrial estates.

Broken into 2 sections, it covers the intersection of the Muscat Expressway to the Baddad intersection and then from the Sahwa Tower to the intersection of the Muscat Expressway. A third and fourth lane will be added to reduce traffic congestion and increase road-safety on this vital road, especially at peak times, and will enable goods to be transported faster and reduce time loss and therefore add value. The 2018 focus was floating the contract for construction and approving the construction programme.

2018 KPIs

12.1 Commencement of road construction

This KPI focusses on floating and awarding the construction contract and the mobilisation of construction.

The Journey

Over the course of 2018 the tender documents for construction were completed and uploaded to the e-tender system. In the meantime, all no-objection certificates were obtained from stakeholders.

The ISFU held several meetings with MoTC and the tender board agreed on the evaluation criteria and to fast-track the tender process.

Moving Forward

The focus in 2019 is to award the tender and start construction of the road.

Stakeholders

| | |
|--|--------------------------------|
| Ministry of Finance (MoF) | Tender board |
| Ministry of Transport and Communication (MoTC) | Government controlled agencies |
| Oman Global Logistics Group (Asyad) | |

Air

13. Establish Cargo Gate (Cargo Village) at Oman Airports



Airports around the world are adopting the most efficient ways of handling cargo coming into them, resulting in an increase in cargo volumes. The cargo village concept brings all services under one roof to streamline the air-freight storage and warehousing, freight handling and forwarding, customs inspection services, shipping and repackaging, value enhancement and distribution. Within the cargo village will be an air cargo terminal for the import, export and re-export of freight, as well as postal shipping and transit centres. There will also be public facilities to facilitate storage and shipping operations and other amenities such as warehouses, storage units and parking lots. A transport and communication link will be imperative to promote multimodal transportation in cargo handling; the cargo village requires the creation of multiple modes of transportation that operate round-the-clock to support shipping and packaging companies achieve their delivery schedules.

2018 KPIs

13.1 Award construction, operation tender and mobilisation of contractor

The cargo gate will complement cargo volume increases by adding more investments and infrastructure in close proximity to the existing SATS cargo terminal.

The value proposition activity for the gate will allow Oman Aviation Group (OAG) to turn it into a product that can be used by the business development team to acquire strategic cargo partnerships with international and leading local players.

Further synergy with the airport free zone will be studied, and business development will happen according to the outcome of the study.

OAG will investigate the possibility of investing in the construction of the cargo gate projects on behalf of strategic partners to their required specifications as a value-add.

Different leasing, concession and usufruct models will be explored as part of airport real estate business development activities.

The Journey

In 2018 the Oman National Air Cargo strategy was finalised and a consultant was appointed. The Airport City value proposition and business plan have been completed. ISFU was involved throughout the year in ensuring these goals were met. As a result, the cargo gate and free zone was endorsed as part of the airport cargo volume improvement.

Moving Forward

During 2019, implementation of the air projects identified in the Air Cargo strategy roadmap will have commenced.

Stakeholders

| | |
|---------------------------|--|
| Oman Aviation Group (OAG) | Oman Global Logistics Group (Asyad) |
| Royal Oman Police (ROP) | Ministry of Transport and Communication (MoTC) |
| Other relevant entities | |

14. Air Cargo Interline Agreement



An interline agreement with other airlines is a key enabler of a strong air cargo ecosystem that ensures seamless and cost-effective air cargo transactions across the world. The key target of this initiative is to identify cargo routes where Oman Air does not fly, or does not run to full capacity. Once identified, to engage with the relevant stakeholders to assess existing interline agreements and connections for air cargo and identify gaps between demand and supply as well as identify potential interline agreement partners to enhance Oman Air cargo connectivity. An air cargo interline agreement will open new markets and enable air cargo growth through Oman's airports to new destinations, enhance Oman Air's connectivity cost effectively beyond the current network, recapture air cargo leakage in the neighbouring countries and increase the competitiveness of Oman Air for timely delivery of perishables through improved connection times.

2018 KPIs

14.1 Obtain interline agreements

This KPI aims to obtain the interline agreements with other airlines to ensure seamless and cost effective air cargo transportation across the world.

The Journey

In 2018, a study of the viability of the interline agreements has been made and the reports issued whilst Oman Aviation Group (OAG) has appointed consultants to support the activities pertaining to the interline agreements.

ISFU has been instrumental in progressing this initiative by supporting and following up on the time plan.

Moving Forward

This initiative has successfully graduated from the dashboard.

Stakeholders

| | |
|--|---------------------------|
| Ministry of Transport and Communication (MoTC) | Oman Aviation Group (OAG) |
| Oman Air | |

Sea

15. Improve Existing Auxiliary Services in Oman's Ports



As Oman diversifies its activities to become a financial force, it depends more on a smooth and dependable flow through its border ports. By removing barriers to competitiveness and attracting major cargo operations by providing multimodal transportation, enhancing cargo operations, facilitating customs procedures, making re-export payment terms more flexible and improving service competitiveness, Oman will take a big step closer to its economic goals.

In terms of infrastructure requirements, this initiative aims to establish several services to attract international lines such as crew change, waste management, bunkering and others. The main objective of this initiative in 2018 is the realisation of a waste management facility in Sohar Port.

2018 KPIs

15.1 Realisation of waste management facility in Sohar Port

Complete a new waste management facility in Sohar Port on land and marine sides.

The Journey

The initiative has proceeded smoothly with the marine-side contractor having chosen to purchase a vessel with the purchase contract approved and signed. On the land-side, preliminary designs and drawings have been approved.

The contract for the purchase was one of the initiative's challenges but it was overcome through intervention from ISFU who facilitated and supported the initiative owner in participating in the successful decision making process.

Moving Forward

The focus in 2019 is to complete the construction of the waste management facility in Sohar Port on the land and marine side.

Stakeholders

| | |
|--|------------------------------------|
| Ministry of Environment and Climate Affairs (MECA) | Ramky Enviro Engineers Middle East |
| Ministry of Commerce and Industry (MoCI) | Khimji Ramdas |
| Oman Global Logistics Group (Asyad) | Sohar Port |
| Al Ahlia Environmental Services | |

16. Strengthen Connectivity to Oman's Ports



The undersea topography of Oman's coastline is the key to unlocking the potential of the Sultanate's ports, strategically located along the coast. Each port benefits from deep-water approaches, enabling them to receive mother vessels directly from the main cargo operators. This means that not only do the ports have the ability to attract major bulk-shipping trade and increase trade value within them, but also help develop smaller ports and transform the major ports into distribution hubs. The link networks are growing through signing service level agreements and establishing joint ventures with feeder ports in African countries as well as Iran, India and Pakistan. Promoting the services provided by the Sultanate's ports in order to attract the main land-operators to connect to major ports is also an ongoing necessity. For 2018, this initiative concentrated on starting the service rotation between India-UAE-Sohar.

2018 KPIs

16.1 Introduction of new services for ships calling in to Oman's ports

The initiative will focus on starting a weekly service rotation between India-UAE-Sohar.

The Journey

The year 2018 saw the completion of the feasibility study for this initiative. ISFU held several meetings with Oman Shipping Company (OSC) and the initiative owner to support and fast-track the initiative's milestones. Discussions were also held with OSC to discuss ways in which operational improvements could be made and a proposal was presented to the board as a result. A model change for the project was proposed and the partnership was looked into. OSC made the decision not to have a partner going forward and will proceed with the project independently.

Moving Forward

The focus in 2019 is to start the service rotation with Oman Shipping Company between GCC countries and India.

Stakeholders

| | |
|--|--|
| Ministry of Transport and Communication (MoTC) | Oman Shipping Company (OSC) |
| Oman Global Logistics Group (Asyad) | Oman International Container Terminal (OICT) |

17. Salalah Port Expansion



The infrastructure of a central service corridor will provide an efficient route for dry bulk via a conveyor system and liquid bulk via pipelines from Salalah Free Zone to the recently introduced berths and other discharge points at Port of Salalah.

This, and other infrastructure projects adopted under this initiative, are targeted to increase the handling capacity of Port of Salalah (tonnages and TEUs (Twenty-foot Equivalent Unit) and increase efficiency of the Port of Salalah operations.

2018 KPIs

17.1 Central services corridor: completion of pipe rack and service roads

The central services corridor will be more than 2.5 km long and serve as the only efficient link to connect upcoming industries to their discharge points at the port.

The expansion will also help avoid further delay to some of the projects, thereby creating an encouraging environment through attracting investments and increasing employment opportunities in the region.

The Journey

All long-lead items needed for the expansion were delivered to the site and Oman Gas Company completed the new pipe-rack for zones 1 and 3 and are now completing zone 2, which is to be closed at 98% by the end of 2019. Work is currently in progress in zone 4.

ISFU led several deliberations to ensure faster progress of the activities pertaining to the service corridor and has actively supported decision making.

Delays in completing the proposed milestones due to adverse weather in Dhofar led to Oman Gas Company combining the activities for zones 1, 2 and 3 in order to fast-track the completion.

Moving Forward

The focus in 2019 is to complete the construction of the central services corridor and zone 4.

Stakeholders

| | |
|--|----------------------|
| Ministry of Transport and Communication (MoTC) | Port of Salalah |
| Oman Global Logistics Group (Asyad) | Oman Gas Company |
| Royal Oman Police (ROP) | Al Turki Enterprises |

18. Development of Suwaiq Port for Commercial Activities



Initially built as a fishing harbour, the redeveloped Suwaiq Port will include, amongst other upgrades, a special station for coastguards with fixed berths for their watercraft. Transforming it to a commercial port will enable it to increase imports of general cargo from Iran, Pakistan, Bahrain, Qatar etc. that arrives via dhows. For this to happen, the current infrastructure needs to be upgraded to handle the following importation classifications:

- Fruits and Vegetables transported in bulk form
- Livestock (cattle etc.)
- Electronics (as export cargo)
- Building Materials
- Other Products (pistachios, carpets, accessories etc.)

2018 KPIs

18.1 Operationalisation of Phase 1 - General cargo from Iran and Pakistan by Dhow

The focus of 2018 is to transfer the ownership of the port from MAF to MoTC and to commence work on the 2 phase-plan:

Phase 1 - General cargo from Iran and Pakistan arriving by dhows.

Phase 2 - Complete feasibility study for Suwaiq Port Expansion for Commercial Activities and start the operational aspects.

Development of Suwaiq Port for Commercial Activities sea



Major achievements

- Trial run of the port started in August 8th 2018. The port official commissioning was in September 1st 2018.
- The port receives wooden and non wooden ships loaded with different goods such as vegetables, fruits, livestock, cars, equipment, building materials and furniture.
- Work is underway on constructing an additional pier to cope with the increase of commercial activities in the port.
- More than 27 ships docked since commissioning.



Key objective

- Transforming the port to be a commercial port to start receiving general commodities and small and medium shipping vessels.
- Support the area with economic activities & contribute in developing the governorate.



Source: Oman Global Logistics Group (Asyad)

The Journey

MAF and MoTC agreed to a usufruct agreement and gave concessions to Marafi, an Omani port management company, to start the commercial activities and infrastructure required for Phases 1 and 2. They also worked to operationalise phase 1 by completing the infrastructure development of berths, port operator offices and government control agencies such as ROP.

Marafi prepared a marketing plan to promote phase 1A and the pilot operation of the port was carried out in August 2018, with the official launch taking place in September 2018. To operationalise phase 1B, Marafi has appointed a consultant to prepare a full report of the phase 1B activities to be operationalised by 2019.

Moving Forward

During 2019, the target is to operationalise phase 1B and to obtain the approval for the land extension of the port.

Stakeholders

| | |
|---|-------------------------------------|
| Ministry of Transport and Communications (MoTC) | Marafi |
| Ministry of Agriculture and Fisheries (MAF) | Oman Global Logistics Group (Asyad) |
| Royal Oman Police (ROP) | Other relevant entities |



Labor

| Labour KPI Dashboard | |  |  |
|----------------------|--|---|---|
| Initiative / KPI | | Target 2018 | Actual Achievement 2018 |
| 1 | Unlock Part-Time, Temporary Work and Flexible Movement of Labour | | |
| 1.1 | Implementation of Policies, Systems, and Communication Strategy | 100% | 80% |
| 2 | Labour Solution Package for the Construction Sector | | |
| 2.1 | Implementation of labour sector packages for the construction sector | 100% | 35% |
| 3 | Development of Labour Sector Packages to Assist Tanfeedh Economic Sector in Achieving Gradualised Omanisation | | |
| 3.1 | Enhancing gradual Omanisation policy | 100% | 100% |
| 4 | Development of National Skills Framework | | |
| 4.1 | Develop a sustainable system of modern professional standards | 100% | 60% |
| 5 | Enhance the Capacity of the Oman Academic Accreditation Authority (OAAA) | | |
| 5.1 | Completion of the national qualifications framework and implementation of the pilot phase of the framework | 100% | 75% |
| 6 | Enhancing the Employability of Vocational and Technical Graduates by Improving Governance and Communication with Industry | | |
| 6.1 | Enhancing the employability of vocational and technical graduates by improving governance and communication with industry | 100% | 50% |
| 7 | Launch the National Leadership Development Programme to Empower Omanis to be Able to Take Middle and Upper Management Positions in the Private Sector | | |
| 7.1 | Roll-out first batch of candidates for Oman Leadership Programme | 100% | 0 |

| Initiative / KPI | |  |  |
|------------------|--|---|---|
| Initiative / KPI | | Target 2018 | Actual Achievement 2018 |
| 8 | One-Stop-Centre for Job Seekers: The National Centre for Employment (NCE) | | |
| 8.1 | Set up national center for employment | 100% | 20% |
| 9 | Increase Private Sector Employment Attractiveness for Omanis | | |
| 9.1 | Implementation of Work Environment Measurement Card (WEMC) | 100% | 100% |
| 10 | Development and Enhancement of the Judicial System to Support the Labour Market | | |
| 10.1 | Training and appointing specialised judges | 100% | 73% |
| 10.2 | Enforcement of amicable agreement within the Ministry of Manpower (MoMP) | 100% | 65% |

- * The work process of ISFU was reviewed by Deloitte, and findings will be built upon in the future.
- * A number of projects might not be reflected in the Annual Report as they are under direct monitoring of specific authorities. However, ISFU follows up on the execution on a regular basis.
- * All forms of data are being continuously improved to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities and aligned with international standards.

Overview

Labour is the key driver of all sectors and the essential link to driving them forwards to progress, develop and grow. The labour sector has been behind Oman's economic growth in many ways through a multi-faceted approach, delivering several pivotal initiatives.

Continuing 2017's commitment to an improvement in planning and training to align with the demands of the labour market, 2018 saw a total of 10 initiatives on the dashboard divided into 3 main areas of focus; a) Unlocking Demands (laws, policies and systems), b) Strengthening Supply (Human resources development) and c) Coordination of Demand and Supply. The initiatives continued to focus on all aspects of the labour market, from freedom of movement and part-time work to Omanisation quotas and settlement of labour disputes. The Ministry of Manpower (MoMP) is supervising 8 initiatives out of 10, since the capacity enhancement of Oman Academic Accreditation Authority (OAAA) initiative is under the management of the OAAA whereas it is yet to decide about the ownership of the National Centre for Employment (NCE).

Number of initiatives in 2018: 10

2018 Achievements & ISFU Role

Although the success of the sector is the culmination of all initiatives, 2 initiatives achieved remarkable progress. These were Development of Labour Sector Packages to Assist Tanfeedh Economic Sector in Achieving Gradualised Omanisation and Increase Private Sector Employment Attractiveness for Omanis (WEMC Criteria).

In the first initiative, ISFU worked alongside the Ministry of Manpower (MoMP) in coordinating with sector representatives to set Omanisation targets at managerial levels. ISFU also prepared a communication strategy that included the awareness of a roll-out of the recently introduced Omanisation package.

In the second initiative, ISFU coordinated with MoMP to study the standards and conditions of the Work Environment Measurement Card (WEMC) before implementing the criteria. The number of companies currently eligible for the WEMC were also studied and a syndication session with other government entities to introduce the WEMC was held. The aim of this is to promote the provision of incentives from MoMP and other entities to the companies achieving the card's criteria.

A. Unlocking Demand (Laws, Policies & Systems)

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



In successful labour markets around the world, workers have the ability to take on roles in part-time and temporary positions to make or supplement income as well as gain valuable work experience. At present, the labour market in Oman is restricted to full-time employment status only.

This initiative aims to increase labour workforce participation by providing employment opportunities to increase the number of Omanis in the private sector whilst reducing unemployment and allowing for more workforce mobility and temporary licenses for specific specialist jobs.

Unlock part-time work

This KPI will implement an automated part-time work registration system to enable the Public Authority for Manpower Register (PAMR) to integrate the process into the established National Integrated Manpower Register (NIMR) system, a user-friendly system that enables job-seekers to compete for jobs, and for organisations to be able to access the pool of job-seekers.

Temporary licenses for specialist jobs

With the aim of permitting non-Omani workers in the fields of medicine, academia, technical, consultancy, expertise and training to work on a temporary basis, this KPI seeks an amendment to manage business needs calling for expat expertise for a limited period of time. These positions will be updated annually by MoMP based on the demand of the market. The process of having temporary licenses will be simplified through an automated system of application. Awareness of the plan will be raised through disseminating information via engagement sessions with relevant stakeholders as well as students and officials from universities, Oman Chamber of Commerce and Industry (OCCI), public and private sector organisations and job seekers.

Flexible movement of non-Omani manpower

Presently, non-Omani workers are not allowed to move between enterprises registered within the same entity; therefore, this KPI seeks a long-term solution in allowing expats this freedom and thus avoid companies needing to employ additional staff. Once the law is amended, companies will be able to seek permission from MoMP to transfer an expat for a period of up to 3 months.

2018 KPI

1.1 Implementation of Policies, Systems and Communication Strategy

The Journey

The year 2018 saw the completion of all milestones, including the promotion of part-time work possibilities to stakeholders, and implementing the temporary license regulations and processes. The Ministry of Tourism (MoT) was identified as a pilot sector to test the mechanisms and criteria to allow flexible movement of labour. ISFU is following up on this, as well as the final milestone pertaining to the roll-out of the Integrated Electronic System (EIS) due at the beginning of 2019. In addition to a series of explanatory videos and infographics published in conventional and social media platforms, ISFU also engaged in a nation-wide awareness programme to alleviate job-seeker's fears of losing their benefits and full-time job prospects.

Syndication took place with MoE, MoHE and MoLA on the way forward to include students in the part-time work policy whilst ensuring it is in alignment with student educational policies and international children's rights.

MoMP, in cooperation with OCCI, arranged extensive awareness sessions with key stakeholders such as private sector companies, ministry officials and economic sector representatives to keep them abreast of developments and specifications with regards to the part-time policy.

More efforts were dedicated to the tourism sector as it is one of the promising economic sectors in the Sultanate. Awareness sessions were designed specifically to cater for the tourism sector, restaurants and catering services. At present, workers are not allowed to move between enterprises registered within the same entity, hence the flexible movement policy was endorsed to allow movement of manpower from one entity to another within the tourism sector.

Moving Forward

KPIs for 2019 will include unlocking part-time job opportunities for job-seekers within other economic sectors whilst continuing to increase awareness in encouraging the private sector to employ part-time workers based on the policy. The initiative will be under constant assessment and measurement for success.

Stakeholders

| | |
|--|---|
| Ministry of Manpower (MoMP) | Public Authority for Manpower Register (PAMR) |
| Ministry of Education (MoE) | Oman Chamber of Commerce and Industry (OCCI) |
| Ministry of Higher Education (MoHE) | Sultan Qaboos University (SQU) |
| Public Authority for Social Insurance (PASI) | Private sector |

2. Labour Solution Package for the Construction Sector



The construction sector is the backbone of developing Oman's national growth as it ensures an infrastructure that supports all new developments across other sectors. Historically, the construction sector has employed predominantly expatriate workers, though, as it is such a large-volume employer, it is suited to relieving many employment issues of Omanis across all job categories. The sector offers a wide range of opportunities across the board for Omanis and became more attractive due to the overall automation and technology being introduced.

2018 KPIs

2.1 Implementation of labour sector packages for the construction sector

After a thorough examination of real situation in the construction sector in Oman and the challenges faced by the sector, it has been decided to tailor a specific package of measures to the construction industry in order to facilitate the recruitment processes and the achievement of Omanisation targets in the activities relevant to the sector.

The Journey

The year 2018 saw the successful completion of single nomenclature of job titles for the construction sector. New construction sector packages were proposed and finalised before being sent to the General Secretariat of the Cabinet of Ministers for approval and, though initially approved, package proposals were sent for review by the Ministry of Legal Affairs (MOLA) and the Ministry of Manpower (MoMP). ISFU is currently following up on any updates related to the ministerial decision. Development is underway for an electronic system to regulate the sector as to the construction companies' application of the gradualised Omanisation targets. In addition, the system will also offer other features designed to provide a digital overview of the sector data and activities to reinforce well-informed future decision making.

Moving Forward

The issuance of the policy for the gradualised Omanisation targets will enable construction companies to operate more efficiently in terms of adapting to Omanisation targets. A key element of the solutions package is to unlock the jobs for Omanis by enabling them to gain the skills needed to be employed in the construction sector, particularly the developing areas that are embracing automation and technology.

Stakeholders

| | |
|--|--|
| Ministry of Manpower (MoMP) | Oman Society for Contractors (OSC) |
| Ministry of Commerce and Industry (MoCI) | General Federation of Oman Trade Union |

3. Development of Labour Sector Packages to Assist Tanfeedh Economic Sector in Achieving Gradualised Omanisation



The goal of this initiative is to meet the expectations from the labs with labour sector packages for Tourism, Manufacturing and Logistics. The packages will enhance the capabilities of the sectors by achieving realistic Omanisation targets through introducing a package of incentives and penalties. The Omanisation facilitation packages are uniquely tailored to suit each sector's requirements as a result of working in collaboration with representatives from each sector.

2018 KPIs

3.1 Enhancing gradual Omanisation policy

Through a number of syndication sessions and workshops with representatives of the economic sectors, including the private sector, the goal is to identify the challenges faced by the sector in reaching Omanisation goals. This KPI aims to develop and introduce tailored packages for the Tanfeedh-targeted sectors and introduce a fair incentives and penalty system to meet the targets. The packages will improve methods of collaboration with the private sector to meet their employment targets.

The Journey

In addition to the Omanisation targets, the working group successfully identified qualitative targets to promote Omanisation in managerial and supervisory levels to enhance fair contribution of the national workforce at higher skill levels. It also introduced the incentive packages as requested by the private sector and identified follow-up methods for ensuring compliance of the targets.

| Sector | 2017 | 2018 | 2019 | 2020 |
|---------------|------|------|------|------|
| Tourism | 30% | 31% | 32% | 33% |
| Manufacturing | 22% | 23% | 24% | 25% |
| Logistics | 39% | 40% | 41% | 42% |

*The Omanisation target set for supervisory and managerial levels for each targeted sector.

Moving Forward

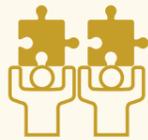
As a result of the successful identification of targets and the issuing of packages, the initiative will focus on unlocking the targets by ensuring the private sector has the opportunities to implement them and increase the number of Omanis in the workforce. It will also promote the packages through conducting a number of awareness sessions with the concerned ministries and private sector companies.

Stakeholders

| | |
|--|---------------------------|
| Ministry of Transport and Communication (MoTC) | Ministry of Tourism (MoT) |
| Ministry of Manpower (MoMP) | Sector organisations |
| Ministry of Commerce and Industry (MoCI) | Private sector |

B. Strengthening Supply (Human Resources Development)

4. Development of National Skills Framework



This initiative aims at restructuring and enforcing the Occupational Standards and Testing Centre (OSTC) to update, manage and sustain the National Occupational Standards (NOS) system for the economic sectors. Constant updating, and ensuring that NOS is reflected in training programmes, will enable an effective link between private sector demand and the supply of education and training institute graduates.

2018 KPIs

4.1 Develop a sustainable system of modern professional standards

This KPI enables OSTC to be the authority responsible for establishing the criteria of different professions based on knowledge, skills and abilities in line with global standards, in order to consequently having a sustainable system of modern professional standards. The centre will also be the authority in evaluating the competency of workers and align the labour sector with employer requirements in cooperation and coordination with the representative bodies of each target sector.

The Journey

The final draft of the consultancy study was submitted for approval with amendments to the organisational structure and the regulation of OSTC. Financial and human resources, as well as qualified staff from the centre, were allocated and a pilot apprenticeship framework, based on the consultancy study recommendations, was implemented in cooperation with the Omani Society for Petroleum Services (OPAL). A system of following up on the establishment of sectoral skills councils reporting to the sectoral associations was also put in place.

Moving Forward

For 2019, a pilot-phase will be run by publishing occupational standards for the targeted economic sectors. By finalising previous steps, this initiative expects to graduate and OSTC will be able to run the new process.

Stakeholders

Ministry of Manpower (MoMP)

National Training Fund (NTF)

5. Enhance the Capacity of the Oman Academic Accreditation Authority (OAAA)



The Oman Academic Accreditation Authority (OAAA) was established by Royal Decree in 2010 to develop and implement institutional and programme accreditation systems. The OAAA is a governmental independent entity reporting to the Education Council and was established to give the public confidence that the quality of higher education in Oman meets international standards whilst encouraging continuous improvement in the quality of higher education.

This initiative aims to support OAAA in accelerating academic accreditation programmes and developing the Oman Qualification Framework (OQF). It also aims to extend OAAA's scope to cover vocational and technical institutes at a later stage, the result of which is expected to enhance educational standards and alignment with the private sector demand for the workforce. Strengthening the OAAA's capacity to finalise and implement the OQF and fulfil an extended mandate of Technical and Vocational Education and Training accreditation, including professional qualifications, is the core objective of this initiative.

2018 KPIs

5.1 Completion of the national qualifications framework and implementation of the pilot phase of the framework

Educational institutions and programme quality is assured through evaluation by the OAAA, and accredited status is granted accordingly. This qualification framework is an instrument for the development, classification and recognition of skills, knowledge and competencies across agreed levels and is a way of structuring existing and new qualifications as defined by learning outcomes. Different qualifications can be compared, and assessment is made on how holders can move from one level to another, within and across occupations and sectors as well as vocational and academic fields. OAAA will be empowered to develop a comprehensive national framework for all forms of education that will be integrated into the overall quality assurance system dedicated to education and training in Oman.

The Journey

OAAA commenced preparations in implementing a pilot phase. Workshops across the country were established and stakeholders were engaged with a stakeholder capability building programme also run as a pilot. Within the new premises, extra human resources were assigned giving OAAA additional impetus to deliver the framework.

Moving Forward

For 2019, this initiative aims to approve the OQF final draft proposed by the education council and to train the main stakeholders entrusted to run it. It is also expected to extend the OAAA mandate to cover technical and vocational educational institutes.

Stakeholders

| | |
|-------------------------------------|--|
| Ministry of Manpower (MoMP) | Education Council |
| Ministry of Higher Education (MoHE) | Oman Academic Accreditation Authority (OAAA) |

6. Enhancing the Employability of Vocational and Technical Graduates by Improving Governance and Communication with Industry



Much emphasis has been placed in establishing further education opportunities for young Omanis, though many of them find themselves without employment opportunities upon graduating. By working on finding steps to bridge the gap between academia and the labour market, their chances of employment are greatly improved. Oman is not alone in finding themselves in this situation, it has been identified as a global issue.

2018 KPIs

6.1 Activate a new structure for the Trustees Boards in the educational and training institutions relevant to technical and vocational education.

The objective of this initiative is to have private sector representation on the boards of trustees and boards of directors of technical and vocational colleges. Their involvement should reflect on the curriculum, programmes, policies and attributes and skills of the graduate so it matches the market needs and makes graduates more attractive to the private sector.

The target is to have 50% representation on the boards of vocational training colleges, the Vocational College for Marine Sciences, Colleges of Technology governed by the Ministry of Manpower (MoMP) and Colleges of Applied Sciences governed by the Ministry of Higher Education (MoHE).

The Journey

Many milestones were achieved through the year, the most notable being the naming and nominations of the representatives of the board of trustees, though not for the board of directors. This was subsequently followed by the selection, endorsement and formation of the boards of trustees and the boards of directors for vocational training colleges, the Vocational College for Marine Sciences and Colleges of Technology governed by the Ministry of Manpower (MoMP). The exercise was completed for the Colleges of Applied Sciences governed by the Ministry of Higher Education (MoHE) in 2017.

Amendments to the by-laws by MoMP and MoHE to incorporate the 50% representation were issued and included draft amendments to the by-laws of vocational training colleges, the Vocational College for Marine Sciences, Colleges of Technology governed by MoMP and Colleges of Applied Sciences governed by MoHE. Members from different high-profile private sector companies were nominated as representatives. A kick-off meeting of the board of trustees for vocational colleges was successfully conducted in October 2018.

Moving Forward

The focus in 2019 will be on kick-starting meetings of the restructured boards with the private sector representatives in order for them to give feedback into college curriculums and standards. Private sector companies will be encouraged to support and contribute to the development of the colleges through job opportunities, job fairs, research, on-the-job training, internships, apprenticeships and more.

Stakeholders

| | |
|-------------------------------------|----------------|
| Ministry of Higher Education (MoHE) | Private sector |
| Ministry of Manpower (MoMP) | |

7. Launch the National Leadership Development Programme to Empower Omanis to be Able to Take Middle and Upper Management Positions in the Private Sector



Many Omani workers enter the job market and work their way up from junior positions, yet find themselves stalling as they reach middle-management or upper-management positions in private sector companies. In order to empower young Omanis, and give them the impetus to succeed, the National Leadership Development Programme was devised.

2018 KPIs

7.1 Roll-out first batch of candidates for Oman Leadership Programme

The core objectives of this initiative will only be reached through delivering a competent programme of coaching and mentoring which will develop the skills and competencies required.

The Journey

A focus group of private and government sector members was appointed in order to establish the framework of the programme. Full management and technical staff, including a ministry-assigned project manager, project coordinator, secretary, marketing specialist and training specialist, worked throughout 2018 with a team consisting of entrepreneurs and experts to run the programme and establish its vision and mission. The team has also identified and designed programme policies, identity and selection requirements as well as draft and announce the tender pre-qualification criteria.



Moving Forward

The KPIs for 2019 will revolve around the launch of the programme and the initial goals of training 500 Omanis as part of a pilot phase.

Stakeholders

| | |
|---|---|
| Ministry of Manpower (MoMP) | Oman Society for Human Resources Management |
| Public Authority for Manpower Register (PAMR) | Private sector |
| National Training Fund (NTF) | |

C. Coordination of Demand and Supply

8. One-Stop-Centre for Job Seekers: The National Centre for Employment (NCE)



In order to unify employment exertions and effectively coordinate the supply and demand of job opportunities in the Sultanate, a one stop centre for job seekers – The National Centre for Employment – has been proposed as a major step-up to pool efforts and coordinate action plans between relevant entities.

The Journey

After the examination of different operational models and with the support provided from several relevant entities, the NCE working group has successfully finalised the operationalisation plan along with a detailed action plan to ensure a smooth running of the Centre. Another milestone achieved was the identification of clear roles and responsibilities of each related entity in order to enable the centre provide jobseekers with required services meeting best international practices.

ISFU has played a critical role in pushing this initiative forwards as it is seen as one-stop-shop, that will host all employment services in the country under one single window. These efforts were successful as the Cabinet of Ministers has finally approved the establishment of the National Centre for Employment. The centre will facilitate the employment process between the employers and jobseekers and provide support for both. It will be mandated to empower the national workforce to work in the private sector

Moving Forward

In 2019, the next steps will focus on the formation of the Board of Directors for the NCE, appointment of BoD Chairman and members along with approving the Standard Operating Procedures (SOPs) for the centre.

Stakeholders

| | |
|---|--|
| Ministry of Manpower (MoMP) | National Training Fund (NTF) |
| Ministry of Civil Service (MCS) | Oman Chamber of Commerce Industry (OCCI) |
| Public Authority for Manpower Register (PAMR) | |

9. Increase Private Sector Employment Attractiveness for Omanis



Increasing the number of Omanis in the workforce is a major policy for the country as it progresses, however spreading the skills and benefits of increased Omanisation across sectors and into the private sector are equally important.

A number of encouraging factors boosting work in the private sector were identified as a result of feedback from Omani workers across the sectors. Thus, a point system scheme will be introduced to incentivise high-achieving companies in terms of employment attractiveness to Omanis.

2018 KPIs

9.1 Implementation of Work Environment Measurement Card (WEMC)

Aimed at providing the national workforce with an ideal work environment in the private sector to make the sector more enticing to young Omanis, the initiative introduces measures in which companies collect points for creating an attractive environment for the national workforce and rewarded through incentives from the Ministry of Manpower (MoMP).

Companies have to meet basic criteria and standards which are:

1. Being classified as grade 1 or above
2. Meeting the required Omanisation percentages
3. Omanisation of either staff affairs or HR position
4. Abide by the labour law rules and regulations

The Journey

During 2018, MoMP successfully formed a committee to follow-up on the WEMC criteria whilst also revising the current measurement, previously referred to as the Green Card, which was linked largely to achieving Omanisation rates. The Committee merged the Green Card standards with the new WEMC criteria which will include more options for the company relevant to MoMP services and other external entities.

MoMP and the working group hosted an awareness session with all grade one and above institutions. The ministry has also conducted two awareness sessions in cooperation with OCCI with the private sector and a number of students, and met with governmental entities to seek more ways of providing good services to the WEMC criteria achievers. A one-year exemption from achieving the Omanisation target for newly established enterprises was approved by MoMP.

The minimum of 60 points to be collected is distributed as shown in the table below:

| # | Criteria | Mechanism | Score targeted | Score achieved |
|--|--|---|----------------|----------------|
| 1 | The quality of the HR policy and bylaws | Staff training plan | 3 | 12 |
| | | Clear career path | 3 | |
| | | Salary ladder and structure | 3 | |
| | | Performance management system | 3 | |
| 2 | Employment of special needs | Companies that comply with the application of all HSE procedures | 4 | 8 |
| | | Companies that do not comply, either partially or entirely, with the application of all HSE procedures | 4 | |
| 3 | Job Opportunities for Omani women | After meeting the Omanisation target percentage, the companies get points in case of hiring Omani women as follows: | | 3 |
| | | Omani women employment percentage = 2 | 1 | |
| | | Omani women employment percentage = 4 | 2 | |
| | Omani women employment percentage = 6 | 3 | | |
| Job opportunity for Omani women in middle management and above | If the Institution hired 2% | 1 | 3 | |
| | If the Institution hired 4% | 2 | | |
| | If the Institution hired 6% | 3 | | |
| 4 | On the job training programme for students | If the institute offers annual training programmes for students as follows: | | 5 |
| | | <ul style="list-style-type: none"> • Institution employing 1-50 workers is given 1 point per trainee. The maximum number given is 5 points per 5 trainees | | |
| | | <ul style="list-style-type: none"> • Institution employing 51-199 workers is given 1 point per 2 trainees. The maximum number given is 5 points per 5 trainees | | |
| | | <ul style="list-style-type: none"> • Institution employing 200+ workers credit points as follows: <ul style="list-style-type: none"> - For every 5 trainees the institution is given 1 point. The institution can be given a maximum of 5 points - For every 10 trainees the institution is given 2 points. The institution can be given a maximum of 5 points - For every 20 trainees the institution is given 3 points. The institution can be given a maximum of 5 points - For every 30 trainees the institution is given 3 points. The institution can be given a maximum of 5 points - For every 50 trainees or more the institution is given 5 points. The institution can be given a maximum of 5 points | | |

| # | Criteria | Mechanism | Score targeted | Score achieved |
|--------------|---|---|----------------|----------------|
| 5 | Clarity of job Description/ terms of reference and occupation tasks | Institution is credited maximum points if the standard is met fully | 8 | 8 |
| 6 | Availability of childcare services for mothers working in the institution | In case a childcare facility is established under the institution, or contracted with the institution with the institution contributing 50% of the expenses | 3 | 3 |
| 7 | Recruitment of Omanis in middle management positions and above | If percentage of recruits is 5-10 % | 2 | 10 |
| | | If percentage of recruits is 15-20 % | 4 | |
| | | If percentage of recruits is 30 -50 % | 6 | |
| | | If percentage of recruits is 50 % or above | 10 | |
| 8 | National manpower replacement scheme and job stability | A plan for competent national manpower replacement and job stability is in place | 5 | 10 |
| | | The execution of the plan | 5 | |
| 9 | Implementation of career path plans (promotions) | Availability of national staff development plan | 4 | 8 |
| | | The execution of the plan | 4 | |
| # | Criteria | Mechanism | Score targeted | Score achieved |
| 10 | Medical Insurance | Medical insurance for all company employees | 4 | 4 |
| 11 | Availability of a labour union in the institution | Approval of the union from relevant approval authority | 5 | 5 |
| 12 | HSE policy of the enterprise | Companies that comply with the application of all HSE procedures | 12 | 12 |
| | | Companies that do not comply, either partially or entirely, with the application of all HSE procedures | 0 | |
| 13 | Availability of incentive bank loan system (no interest) | Availability of internal system | 2 | 3 |
| | | Execution of staff satisfaction survey | 1 | |
| 14 | Incentive system or implementation of some company income percentage to staff | Different points will be given based on the percentage of Omanis in those positions. Starting at 5% and above out of the total managerial positions, points given will range from 2 to 10 | 3 | 3 |
| 15 | Promotion of social activities | Annual gathering for staff and their families | 3 | 3 |
| Total | | | | 100 |

*Work Environment Measurement Card (WEMC) Criteria

Moving Forward

Following the implementation of many of the targeted milestones, 2019 will witness an enhancement in the number of attractive environments provided by private sector companies and the subsequent increase in the number of Omanis in the private sector. Through syndications with other entities, the initiative group is also exploring other incentives to incorporate into the scheme.

Stakeholders

| | |
|---|----------------|
| Ministry of Manpower (MoMP) | Private sector |
| General Federation of the Trade Unions of the Sultanate of Oman | |

10. Development and Enhancement of the Judicial System to Support the Labour Market



As the labour market becomes more diversified, and Oman strives to meet international standards of workplace security, the judicial system is to be enhanced accordingly to ensure compliance and fairness for workers across the sectors.

2018 KPIs

10.1 Training of personnel specialized in dealing with disputes

10.2 Reduce litigation period

Labour disputes are inevitable in the growing workplace diaspora and both of these KPIs aim to ensure the judicial standards are optimal for reaching fair resolutions. Through introducing new and amended measures, reducing the time needed for the judicial process and enhancing the capabilities of the system, this can be achieved. Specialised judges in courts will result in expediting the adjudication of cases, and specialists in the MoMP Arbitration and Reconciliation Committee will result in the reduction of the number of cases that are referred to court in the first instance.

The Journey

A second batch of legal researchers has completed a training, with the aim of dealing with labour disputes through the Arbitration and Reconciliation Committee within MoMP. A proposal with legislative amendments to support the initiatives, including the legal seal for amicable agreements was sent to the General Secretariat of the Cabinet of Ministers for approval. Syndication sessions with the Ministry of Justice (MoJ) to find a way forward with arbitration and reconciliation committee technicalities was conducted. Challenges such as financial grades, the shortage in number of judges and well-trained dispute specialists were identified and ISFU is currently working with relevant stakeholders to seek alternative funding solutions to overcome the challenges.

Moving Forward

As a result of implementing the 2018 KPIs, the initiative will contribute to the enhancement of the judicial system effectiveness through an amicable agreement committee at MoMP.

Stakeholders

| | |
|-----------------------------|---|
| Ministry of Manpower (MoMP) | Chief of Judiciary Affairs Management Council |
| Ministry of Justice (MoJ) | |





**Business
Environment
& Finance**

Business Environment & Finance KPI Dashboard



Target 2018



Actual achievement 2018

Business Environment

1 Expedite the investment law with proposed bylaws

| | | | |
|-----|---|-----|-----|
| 1.1 | Issuance and implementation of allowing 100% foreign ownership of companies | 80% | 15% |
|-----|---|-----|-----|

2 Develop roadmap for invest easy to complete licensing simplification

| | | | |
|-----|---|-----|------|
| 2.1 | Average time to issue a commercial registration (days) | 0.5 | 0 |
| 2.2 | Number of entities integrated to the system (12 entities) | 12 | 8% |
| 2.3 | Average time for 95% of total licenses approved and issued in Invest-Easy (15 days) | 15 | 137% |
| 2.4 | Percentage of configured licenses within Invest-Easy that are notification-based (expost regulatory regime 60%) | 60% | 153% |

3 Implement Competition and Anti-Monopoly Law and a Governing Body

| | | | |
|-----|--|-----|-----|
| 3.1 | Issuance of Competition and Anti-Monopoly Law and governing body | 90% | 49% |
|-----|--|-----|-----|

4 Bankruptcy and Insolvency Law

| | | | |
|-----|---|-----|-----|
| 4.1 | Issuance of the Bankruptcy and Insolvency Law | 70% | 86% |
|-----|---|-----|-----|

5 Establishing Real Estate Investment Trusts (REITs) and Monetising Government Assets

| | | | |
|-----|--|-----|---|
| 5.1 | Number of real estate investment trusts approved by Capital Market Authority (CMA) | 2 | 0 |
| 5.2 | Value of assets under management (AUM)/fund size in approved Real Estate Investment Trusts (REITs) | 100 | 0 |

6 Oman Credit Bureau (OCB)

| | | | |
|-----|---|-----|-----|
| 6.1 | New amendments to Banking Law / Credit Bureau Law | 50% | 55% |
| 6.2 | Enabling the Independent Credit Bureau to operate | 20% | 20% |

7 Real Estate Development Centre (REDC)

| | | | |
|-----|---------------------------------------|------|-----|
| 7.1 | Launch Real Estate Development Centre | 100% | 50% |
|-----|---------------------------------------|------|-----|

8 Regulate Real Estate Sector

| | | | |
|-----|---|------|-----|
| 8.1 | Issuance of Escrow Account law | 100% | 75% |
| 8.2 | Issuance of executive regulation of escrow | 100% | 50% |
| 8.3 | Issuance of Real Estate Law (to include regulation, brokers and real estate developers) | 100% | 0 |

9 Allowing 100% Foreign Individuals Ownership of Property

| | | | |
|-----|---|------|-----|
| 9.1 | Allow 100% foreign ownership of property based on regulations | 100% | 60% |
|-----|---|------|-----|

10 Enhancing Marketing and Promotion Efforts

| | | | |
|------|---|------|------|
| 10.1 | Publish an end-to-end Investor Guide in 2018 and an Invest in Oman portal | 100% | 70% |
| 10.2 | Number of foreign strategic partnership established to attract investment | 6 | 6 |
| 10.3 | Produce a plan for streamlined investment promotional activities in 2018 | 100% | 100% |



Target 2018



Actual achievement 2018

Initiative/ KPI

| | | | |
|------|--|------|------|
| 10.4 | Total value of investment in target sector (OMR 4,015 million, as per the ninth 5-year development plan) | 4015 | 4015 |
| 10.5 | Total value of non-oil Oman exports | 2600 | 2600 |

11 Enhancing Construction Permits

| | | | |
|------|---|------|------|
| 11.1 | No. of days for final inspection and obtain excavation licenses, provided that all procedures are fulfilled | 7 | 7 |
| 11.2 | No. of days to finalize building licenses application excluding correction time by the consultant if any | 27% | 100% |
| 11.3 | No. of days to Obtain construction completion certificate and letters for utility connections | 7 | 7 |
| 11.4 | Lean action plan | 100% | 95% |

12 Streamline the Legislative Process

| | | | |
|------|--|------|------|
| 12.1 | Identify the bottleneck in the process of regulations and finding solutions to overcome it | 100% | 100% |
| 12.2 | Create a process map for regulations | 100% | 70% |

Finance

13 Privatization of Government Owned Enterprises

| | | | |
|------|--|------|------|
| 13.1 | Privatization Process of 3 State Owned Enterprises (SOEs) | 100% | 101% |
| 13.2 | Develop 5 year privatization plan for State Owned Enterprises (SOEs) | 100% | 80% |

14 Outsourcing of Government Services

| | | | |
|------|--|---|----|
| 14.1 | Number of government services outsourced | 8 | 14 |
|------|--|---|----|

15 Code of Governance

| | | | |
|------|--|------|-----|
| 15.1 | Establishment of Code of Governance for GOEs | 100% | 31% |
|------|--|------|-----|

16 Introduction of Excise Tax

| | | | |
|------|---|------|-----|
| 16.1 | Issuance and implementation of Excise Tax | 100% | 45% |
|------|---|------|-----|

Supreme Council of Planning

17 Assign Companies as Project Management Corporation (PMC)

| | | | |
|------|---|------|------|
| 17.1 | Development of implementation plans | 100% | 100% |
| 17.2 | Development of a contractual template to allow for public project management by companies | 100% | 100% |

18 Assessment and Evaluation of Projects for Potential Public Private Partnerships (PPP)

| | | | |
|------|--|----|----|
| 18.1 | Number of projects with completed profiles | 24 | 24 |
| 18.2 | Number of projects to be awarded to private sector through PPP | 12 | 12 |

19 Building Capabilities for Project Identification

| | | | |
|------|--|----|----|
| 19.1 | Number of public entities involved in building capability | 30 | 30 |
| 19.2 | Number of governmental staff involved in building capability | 60 | 60 |

- * The work process of ISFU was reviewed by Deloitte, and findings will be built upon in the future.
- * A number of projects might not be reflected in the Annual Report as they are under direct monitoring of specific authorities. However, ISFU follows up on the execution on a regular basis.
- * All forms of data are being continuously improved to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities and aligned with international standards.

Overview

ISFU aims to strengthen the government's accountability and transparency to increase Oman's competitiveness through attracting local and foreign investments and working with various stakeholder initiatives. ISFU supports the delivery of a list of initiatives in the business environment and finance in order to reach the national objectives by increasing investment and job creation. ISFU seeks to strengthen public-private partnership, attract investments and facilitate business through 21 initiatives with various government stakeholders.

Number of Initiatives in 2018: **19**

Business Environment

One of the key pillars that drives the business environment in Oman is the real estate sector. The recent issuance of escrow account law has many benefits to the sector, such as rescuing the buyer in the event of non-completion, identifying the real estate developer and ensuring the buyer's and seller's rights through an independent account. On the construction side, Muscat Municipality has worked on minimising the duration of issuing building permits with a support from the PDO LEAN team. The outcomes were impressive, with the average duration for issuing the building permit being 27 days. As a result, Muscat Municipality issued a service catalogue for all users, stating the following:

- The number of working days to issue building permits: 27 days (from 33 days in 2017)
- The number of working days for issuance of a completion certificate: 5 days

A noteworthy achievement within the initiatives aimed at enhancing the legal framework of the national economy was the royal decree to establish the Anti-Monopoly Centre with amendments in the law. The team also worked on enhancing the legal journey system by streamlining the process within the Ministry of Legal Affairs (MoLA) to minimise the review time in the law projects relevant to MoLA. Further, ISFU is still discussing the impacts of the Non-Objection Certificate (NOC) initiative with the relevant authorities and community to examine the actual viability of the initiative and the possible benefits that will result taking into consideration all other concerning factors. With regards to the Service Level Agreement (SLA), instead of having an SLA as a stand-alone initiative, ISFU is currently preparing SLAs for specific services such as Invest- easy and Bayan.

Finance

The ISFU finance team worked on achieving initiatives that contribute to the mission and vision of ISFU. Currently, the law of excise tax is in its final stages of the legislative cycle.

It will contribute to the fiscal consolidation of the economy and help eliminate negative externalities of consuming goods. The team also worked to increase the outsourcing of services from the public sector and encourage it to become a major contributor to the economy and lessen the burden on the fiscal budget whilst improving economic efficiency. Another initiative was to create a new code of governance for SOEs to build a clear system that will help bring them in-line with best practices and improve overall efficiency. The team faced a variety of challenges and made the required changes through a mutual escalation of the process to focus on successful implementation of the initiatives.

Graduated Initiatives in 2018

- Assign Companies as Project Management Corporation (PMC)
- Assessment and Evaluation of Projects for Potential Public Private Partnerships (PPP)
- Building Capabilities for Project Identification
- Issuance of Escrow Account law

New initiatives added in 2018

1. Allowing 100% foreign ownership of properties
2. Regulate Real Estate Sector (Issuance of Escrow Account law and Real Estate Law)
3. Issuance of the Bankruptcy and Insolvency Law
4. Introduction of Excise Tax
5. Enhancing the Construction Permits
6. Outsourcing of Government Services
7. Streamline the Legislative Process

Business Environment

Ministry of Commerce and Industry (MoCI)

1. Expedite the Investment Law with Proposed By-Laws



The Foreign Direct Investment Law (FDI) has been put in place to regulate and encourage investments, with the rights of the investor being protected. Through improvements to the infrastructure, providing capital to finance domestic and increasing job opportunities for Omanis, the FDI will benefit Oman's economy in many ways. This initiative will revise the law to open the market to foreign investors through granting 100% ownership and a reduction in minimum capital requirements.

2018 KPIs

1.1 Issuance and implementation of allowing 100% foreign ownership of companies

The Journey

ISFU played a key role in progressing the initiative by acting as a buffer between governmental agencies and working with them to agree on a way forward. There was a shortfall of human resources which caused initial delays in preparing the draft, however it was overcome.

Moving Forward

The law is expected to be enacted in 2019 as it is in the final stages of the legislative process.

Stakeholders

| | |
|---|-------------------------|
| Ministry of Commerce and Industry (MoCI) | Oman Council |
| Ministry of Legal Affairs (MoLA) | Royal Oman Police (ROP) |
| Cabinet of Ministers | Invest-Easy |
| Public Authority for Investment Promotion and Export Development (Ithraa) | |

2. Develop Roadmap for Invest-Easy to complete licensing simplification



Invest-Easy is an initiative launched by MoCI that seeks to simplify the process of starting a business across all economic activities and will be a key factor for companies to do business in Oman whilst encouraging internal and external investment. The following are the KPIs reflecting the operational performance of the initiative.

2018 KPIs

- 2.1 Average time to issue a commercial registration (0.5 days)
- 2.2 Number of entities integrated to the system (12 entities)
- 2.3 Average time for 95% of total licenses approved and issued in Invest-Easy (15 days)
- 2.4 Percentage of configured licenses within Invest-Easy that are notification-based (expost regulatory regime 60%)

Over the course of 2018, 12 entities were selected for integration into the system based on the order of importance and volume of service they provide to investors in Oman (80% of the services have been targeted for cover). The following are the steps that every entity should follow in order to integrate their services into the system:

- a. Process simplification: engage the entities to map the process flow of services for the investor
- b. Identification: define the process codes in the system
- c. Process harmonisation: ensure the system is efficiently aligned with all entities in a chronological and timely manner

As a final step, the process will be tested through a pilot scheme. With Sanad offices as a link, this proposal seeks to develop the system as a one-stop-shop for business licenses and clearances, as well as give clear standards and requirements and codify them so licenses can be granted efficiently.

The Journey

The year 2018 has seen clear achievements in the growth of Invest-Easy. Ministry of Tourism (MoT) services were integrated to the platform to grant business licenses related to the tourism sector (i.e. travel agents and hotels). Moreover, the vision of Invest-Easy was clearly defined to include all the license and clearance approvals with the participation of the private sector in operating the platform. The platform has also included municipal services and labour clearances within the system. With a project of such magnitude, it was expected to see some challenges; the key ones are as follows:

- Ownership of the platform/ processes
- Buy-in from several entities
- Technical issues related to the IT infrastructure of the relevant agencies
- There are 27 agencies issuing business licenses in the Sultanate, every entity with its own legal framework/ processes
- The license periods, terms and conditions are different from one entity to another, calling for many decisions or amendments in the entities law/executive regulation
- Governance structure: there is no dedicated team responsible, specifically with proper project management, mandated with finishing the system integration, though there are many efforts needed from different levels of the project (contracting, financing, IT support, legal checks, etc.)

ISFU is currently continuing the efforts with relevant entities for problem solving the bottlenecks the initiative is facing.

Moving Forward

Invest-Easy will positively impact Oman's score in the ease of doing business (EODB) index and Ithraa will be a partner to promote and market it. The most important service which the initiative will be focusing on integrating in 2019 is that of the labour clearances procedures.

The stakeholders of the initiative are all entities responsible of issuing business licenses/ permits for business activities and have to be integrated to Invest-Easy. They are 27 government entities, however, the following entities are the most important entities in the overall investment process:

| | |
|---|---|
| Ministry of Commerce and Industry (MoCI) | Public Authority for Civil Defence and Ambulance (PACDA) |
| Ministry of Manpower (MoMP) | Dhofar Municipality |
| Ministry of Tourism (MoT) | Sohar Municipality |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | Secretariat General for Taxation (SGT) |
| Ministry of Environment and Climate Affairs (MECA) | Information Technology Authority (ITA) |
| Ministry of Agriculture and Fisheries (MoAF) | Public Authority for Investment Promotion and Export Development (Ithraa) |
| Ministry of Transport and Communication (MoTC) | Sohar Free Zone |
| Muscat Municipality | |

3. Implement Competition and Anti-Monopoly Law and a Governing Body



Oman is committed to establishing a free-market economy in order to encourage and protect competition in the market. Due to the incredible pace of growth witnessed in Oman since the renaissance, changes and updates to its laws and regulations are of significance to keep up with the constant growth of the market. An example of necessary updates was the introduction of the Protecting Competition and Preventing Monopoly Law in 2014, ratified in 2017. The passing of this law helped improve some international indicators like the Ease of Doing Business (EODB) Index and attracting investors.

2018 KPIs

3.1 Issuance of Competition and Anti-Monopoly Law and governing body

This KPI seeks to establish a governing body to ensure the law is applied fairly and that due-process is observed to maintain a safe business environment in the Sultanate.

The Journey

The team of the Anti-Monopoly Centre has successfully established the physical centre and the recruitment of staff by seconding professionals, helping to advance the initiative and achieve its desired targets. The working group, following global best practices, developed a communication plan and completed its own organisational structure.

ISFU played an important role in resolving issues that arose in the establishment of the body, as well as following up with the assignment of the acting head of the centre. ISFU is currently following up the assignment of the board of directors to be approved by the cabinet whilst obtaining the necessary budget from the Ministry of Finance (MoF).

The Oman Authority for Partnership for Development (OAPFD) played a vital role in the centre's establishment as it provided it with temporary offices in the early stages of formation, as well as seconding some of their staff to the centre.

Moving Forward

In 2019, the centre will be fully operational with its own board of directors as well as a governance structure and budget to work with. It is expected that many issues and cases will be resolved by the centre in 2019.

Stakeholders

| | |
|--|---|
| Anti-Monopoly Centre | Ministry of Legal Affairs (MoLA) |
| Cabinet of Ministers | Council of Oman |
| Ministry of Commerce and Industry (MoCI) | Public Authority for Consumer Protection (PACP) |

4. Bankruptcy and Insolvency Law



By allowing businesses to restructure and adapt their business level when facing financial issues, this law will be beneficial to the business environment in Oman.

Bankruptcy is the process wherein an individual or an entity applies to gain a legal status in the event of non-payment of their debts. Insolvency is a procedure that companies go through when liquidating their assets.

2018 KPIs

4.1 Issuance of the Bankruptcy and Insolvency Law

The KPI aims to regulate bankruptcy and insolvency in the Sultanate through the passing of a law in which entities could declare bankruptcy and give guidelines to organise their debt payment and to liquidate their assets.

The Journey

With the support of ISFU, the initiative advanced steadily towards completion by acting as a middleman to solve any issues which may hinder the implementation of the initiative. ISFU also coordinated between concerned entities for problem-solving and escalating unsolved challenges to a higher level.

Even though there were concerns of a lengthy process due to the sensitivity of the matter, an initial draft of the law was drawn-up and was agreed on by the key stakeholders.

There have been challenges and delays due to a scarcity of human resources, therefore, the ministerial committee made a decision to form a special task force consisting of representatives of different entities to be dedicated to finalize the draft of the law.

Moving Forward

The law is expected to be enacted in 2019 as it is in the final stages of the legislative process.

Stakeholders

| | |
|--|--|
| Ministry of Commerce and Industry (MoCI) | Oman Chamber of Commerce and Industry (OCCI) |
| Ministry of Legal Affairs (MoLA) | Capital Market Authority (CMA) |
| Cabinet of Ministers | Central Bank of Oman (CBO) |
| Oman Council | |

Capital Market Authority (CMA)

5. Establishing Real Estate Investment Trusts (REITs) and Monetising Government Assets



In recent years, Oman has seen an increase in real estate projects with a cross-section of uses, from commercial to industrial, on a varying degree of scales.

The Real Estate Investment Trust (REIT) has been established to tackle these issues with the sole purpose of channelling investable funds into operating, owning or financing income-generating real estate projects.

As REITs often trade on major exchanges, such as other securities and provide investors with a liquid stake in real estate, companies applying for a REIT must meet certain regulatory guidelines.

2018 KPIs

5.1 Number of real estate investment trusts approved by Capital Market Authority (CMA)

5.2 Value of assets under management (AUM)/fund size in approved Real Estate Investment Trusts (REITs) - (OMR million).

This initiative aims to issue a regulatory regime to enable the establishment of REITs in Oman so those investors who own and manage profitable real estate properties can subsequently be listed on the Muscat Securities Market (MSM). Retail investors could gain exposure to commercial property by purchasing units in REITs which are less expensive than the sale and purchase of traditional properties, with profits being distributed among shareholders annually as per the laws and regulations of the CMA. This initiative also aims to increase the liquidity in the capital and real estate market and allowing investors to diversify their investments in different types of real estates, instead of focusing on a specific sector. It will provide them with an easy way to exit their holdings through the sale of their units of the REITs.

The Journey

ISFU assisted in establishing a working group representing CMA, Ministry of Commerce and Industry (MoCI), Secretariat General for Taxation (SGT), Ministry of Legal Affairs (MoLA), Ministry of Finance (MoF) and Ministry of Housing (MoH). The working group met on a weekly or bi-weekly basis in order to accelerate the finalisation of the project.

An escalation mechanism was adopted in easing delays in the finalising of the draft regulation as well as for a ministerial decision to be issued from MoH.

The CMA issued the REIT Regulation on January 4th, 2018 and has been actively engaging the market to develop the REIT industry through various conferences, media, newspapers, television and radio interviews as well as consultation meetings with numerous parties who are interested in structuring a REIT fund. The CMA received positive feedback from the market players on the new regulation, though there are still some issues that were raised relating to certain taxes and fees being imposed which were not exempted by the government.

CMA and MoLA reached an agreement that Article 1 of Land Law issued by Royal Decree 5/80 and its amendment issued by Royal Decree 76/2010 to allow for non GCC-member countries' citizens to own units of REITs. The CMA and SGT reached an agreement to deal with a Special Purpose Vehicle (SPV) as a fund inside a REIT and, by law, the funds are tax exempted.

Seeking an exemption from MoH real estate registration fees posed a significant challenge to ISFU. In cooperation with The Financial Affairs and Energy Resources Council, ISFU sought to exempt REITs from 50% of real estate registration fees to effectively lower the fees from 5% to 2.5%. Further challenges were CMA insisting that the exemption was not sufficient to attract potential REITs to the market and ISFU needed to intervene to enhance the attractiveness of REITs in the domestic market by reducing taxes and fees or permitting the payments in multiple phases.

Moving Forward

The target in 2019 is to establish 2 REITs with a value of Assets Under Management (AUM) of OMR 20 million each. The CMA has always maintained that they are not able to control the commercial decision of whether a company wants to issue a REIT or otherwise. ISFU will work with the stakeholders to make the market more attractive in hopes that at least 2 REITs will be launched during 2019.

Stakeholders

| | |
|--|--|
| Capital Market Authority (CMA) | Ministry of Finance (MoF) |
| Ministry of Commerce and Industry (MoCI) | Ministry of Housing (MoH) |
| Ministry of Legal Affairs (MoLA) | Secretariat General for Taxation (SGT) |

Central Bank of Oman (CBO)

6. Oman Credit Bureau (OCB)



Oman currently lies fourth in the Getting Credit indicator of the Ease of Doing Business (EODB) Index in the GCC. This initiative aims to improve Oman's Rank on the Getting Credit Index in relation to other GCC countries ranking by 2020 by establishing Oman Credit Bureau (OCB) which will serve as a one-stop-shop for all credit and financial information for institutions and individuals in the Sultanate. Eventually, OCB will empower access to credit for segments of customers who don't have banking credit history data and thus enable further financial inclusion and access to credit.

2018 KPIs

6.1 New amendments to Banking Law / Credit Bureau Law

6.2 Enabling the Independent Credit Bureau to operate

The initiative will establish a Credit Bureau in Oman to serve as one-stop-shop for all credit and financial information, offering a wide range of products for its banking and non-banking members including, but not limited to, value-added services, self-service platforms to consumer and corporate customers offering secure, accessible and instant access to data.

The Oman Credit Bureau (OCB) will continue to supply the Central Bank of Oman with up-to-date credit and financial data for consumers and corporates for supervisory and regulatory purposes.

The Journey

A mutual agreement has been made to move the regulatory authority from the Capital Market Authority (CMA) to The Central Bank of Oman (CBO) and a revision of governing law and regulations to be addressed through legal process. The Cabinet of Ministers has already approved the establishment of OCB as national centre for credit and financial data in the Sultanate. The legal framework for transforming the Banking Credit and Statistical Data Department (BCSDD) of CBO into OCB has been submitted to the relevant authorities. The OCB, once established, will operate independently from financial, administrative and technological perspectives.

Despite the challenges arising from the regulatory framework, ISFU's continuous pursuit and relentless efforts for this project proved to be successful. ISFU worked on emphasising the importance of credit information in specific and access to credit in general to Oman's economy and business environment as well as its overall impact on the Ease of Doing Business Index (EODB).

Moving Forward

The working group will continue developing the new amendments of the credit bureau law to ensure the credit bureau gains its financial and administrative independence.

Stakeholders

| | |
|----------------------------------|--|
| Central Bank of Oman (CBO) | Ministry of Commerce and Industry (MoCI) |
| Ministry of Legal Affairs (MoLA) | |

Ministry of Housing (MoH)

7. Real Estate Development Centre (REDC)



The need for the Real Estate Development Centre (REDC) was established due to a decentralised system of construction approval processes and no clear pathway from submitting preliminary masterplans to the final step of construction permit approval.

The concept of the REDC was the result of the Directorate General for Real Estate Development (DGRED) at the Ministry of Housing (MoH) approaching ISFU to explore the concept. The establishments of the REDC will also contribute to Oman's ranking in the Ease of Doing Business Index under the Dealing With Construction Permits indicator.

2018 KPIs

7.1 Launch Real Estate Development Centre

This initiative seeks to have all related entities cooperating with real estate projects to map the process for internal procedures and a unified template for every project including processes within the Service Level Agreement (SLA).

Through the centre, developers will obtain their initial approvals within 27 days of submitting and will be able to start construction in order to gain final approval. Working with the 9 entities (see below), processes are being streamlined to track progress.

The Journey

When the setting up of the physical structure of the REDC was planned in 2017, it was expected to be launched by mid-2018. However, the inauguration of the physical centre was delayed due to many factors, including a delay in finding a suitable space as well as other technical issues that impacted the scheduled launch date. ISFU played a crucial role in mediating between the DGRED and other entities throughout the journey in order to ease processes between them. The physical location was a challenge to find, as was getting a budget, due to executive legislation approvals.

ISFU worked with the DGRED to accomplish the milestones required to launch and a ministerial decision was eventually issued on the 31st of October, 2018 effectively launching the REDC.

Moving Forward

It is anticipated that the REDC will be established and operating at full capacity in 2019. ISFU is working on other initiatives that fall under the scope of the MoH that will enable the REDC to operate even more efficiently. The plan for the REDC in 2019 will be to shift to operational KPIs that will further enhance the Sultanate's ranking in the Dealing With Construction Permits indicator of the EoDB index.

Stakeholders

| | |
|---|--|
| Ministry of Housing (MoH) | Public Authority for Civil Defence and Ambulance (PACDA) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | Public Authority for Water (Diam) |
| Ministry of Tourism (MoT) | Telecommunications Regulatory Authority (TRA) |
| Ministry of Environment and Climate Affairs (MECA) | Haya Water |

8. Regulate Real Estate Sector



With the objective of strengthening the legal framework for the real estate sector, this initiative was brought to ISFU by the Ministry of Housing (MoH) to consolidate the real estate sector in Oman. It targets the interests of investors, developers, brokers and evaluators by defining the crucial aspects of a real estate project and creating a more attractive atmosphere overall.

2018 KPIs

8.1 Issuance of Escrow Account law

The Escrow Account Law was introduced to protect the interests of investors in real estate development projects by mandating developers to utilise an escrow account. The role of the escrow account is to regulate payments made to developers, assuring that the developer only has access to funds after reaching a certain stage of progress in the real estate development project.

8.2 Issuance of executive regulation of escrow

The executive regulation of the escrow account law details procedures and regulations needed for the law to be applied.

8.3 Issuance of Real Estate Law (to include regulation, brokers and real estate developers)

The comprehensive real estate law aims to regulate the different facets of the real estate market in the Sultanate and will include the development of a real estate index to evaluate properties. It will also focus on the role of brokers and evaluators in the market and set clear criteria for them to operate whilst consolidating the various facets of the real estate market.

The Journey

Although the escrow account law was already in its final stages when it arrived at ISFU, the executive regulation was still being drafted. ISFU worked endlessly with the relevant entities to ensure the executive regulation was finalised and approved. The comprehensive real estate law arrived at ISFU in its early stages, meaning they faced challenges in forming the working group required to draft and review it. As for the escrow account law, it was issued by a Royal Decree on November 11th, 2018 with effect from May 11th, 2019.

Moving Forward

By the end of 2019, ISFU anticipates that the escrow account law will be in effect and its respective executive regulation will be issued. ISFU also aims to submit the draft of the real estate law to the relevant authorities for their review and approval.

Stakeholders

| | |
|----------------------------------|----------------------------|
| Ministry of Housing (MoH) | Central Bank of Oman (CBO) |
| Ministry of Legal Affairs (MoLA) | |

9. Allowing 100% Foreign Ownership of Property



The idea of opening the real estate market to expatriates was developed with the goal of attracting foreign expenditure and revitalising the real estate market, both of which are expected to have a positive impact on the Sultanate's economy.

This initiative began its journey at The Financial Affairs and Energy Resources Council, though after all preliminary endorsements were acquired from the Cabinet of Ministers, the Ministry of Housing (MoH) took ownership.

2018 KPIs

9.1 Allow 100% foreign individuals ownership of property based on regulations

Foreign ownership of property will attract foreign capital to the local market and replenish the domestic real estate market. Overall, this will have a positive impact on the investment environment in the Sultanate.

The Journey

This initiative began its journey at the Financial Affairs and Energy Resources Council, though after all preliminary endorsements were acquired from the Cabinet of Ministers, MoH took ownership.

There were several challenges to overcome to see this initiative passed, the first of which was a debate on whether the directive would be issued in the form of a ministerial decision or a royal decree. A ministerial decree would only allow leasehold of properties without actual ownership. Conversely, a royal decision permitting foreign ownership of properties is the sole approach for foreigners to own freehold real estate outside of Integrated Tourism Complexes (ITCs).

ISFU offered their guidance throughout the process and strongly encouraged the initiative owner to pursue the issuance of the ministerial decision and follow up the issuance of the royal decree.

Moving Forward

In 2019, the aim is to issue the regulatory decision to allow leasehold of properties for foreign individuals and define the permitted scope.

Stakeholders

| | |
|---------------------------|----------------------------------|
| Ministry of Housing (MoH) | Ministry of Legal Affairs (MoLA) |
|---------------------------|----------------------------------|

Ithraa

10. Enhancing Marketing and Promotion Efforts



Established in 1996, Ithraa is Oman's award-winning Public Authority for Investment Promotion and Export Development, committed to promoting the business benefits of Oman to a global audience and strengthening the image and profile of the Sultanate as an investment and business destination.

2018 KPIs

10.1 Publish an end-to-end Investor Guide in 2018 and an Invest in Oman portal

This guide will help map the current investment process (end-to-end) together with the relevant agencies by setting-up a working group and publish a consolidated guide in 2018.

10.2 Number of foreign strategic partnership established to attract investment

This KPI has the goal of securing 6 strategic partnerships to attract investments by the 31st December 2018.

10.3 Produce a plan for streamlined investment promotional activities in 2018

Collect and consolidate promotional plans for all entities that carry out investment promotions to produce a unified plan for streamlined investment promotional activities in 2018.

10.4 Total value of investment in target sector (OMR 4,015 million, as per the ninth 5-year development plan)

To measure the total value of investment in target sectors as per the ninth 5-year development plan, with a goal of securing OMR 4,015 Million in investments.

10.5 Total value of non-oil Oman exports

To measure the total value of non-oil Oman Exports in 2018 (actual value of 2016 + 10%).

This initiative seeks to strengthen the marketing and promotion of Ithraa in the national investment promotion strategy and enhance its responsibilities by making it the sole authority on investment promotion in Oman. This will be achieved by working and collaborating with other government entities to communicate and encourage foreign investments in Oman.

The Journey

There were bi-monthly meetings to discuss the progress of the initiative between ISFU and Ithraa. Other ad-hoc meetings were held whenever there were challenges and obstacles to overcome; most involved stakeholders' commitment to the platform. The working group achieved all the targets set for 2018, the challenges faced were mainly regarding the investment platform. ISFU offered assistance regarding obstacles faced in making an easy-to-use and reliable window for investors. In line with the recent Royal Decree 23/2018, there might be a change in scope when it comes to the direction of the initiative.

Moving Forward

As the platform is currently under construction and is expected to go live in 2019, ISFU will meet with the new management to decide on the way forward and any possible goals to be taken in 2019.

Stakeholders

Public Authority for Investment Promotion and Export Development (Ithraa)

Muscat Municipality

11. Enhancing Construction Permits



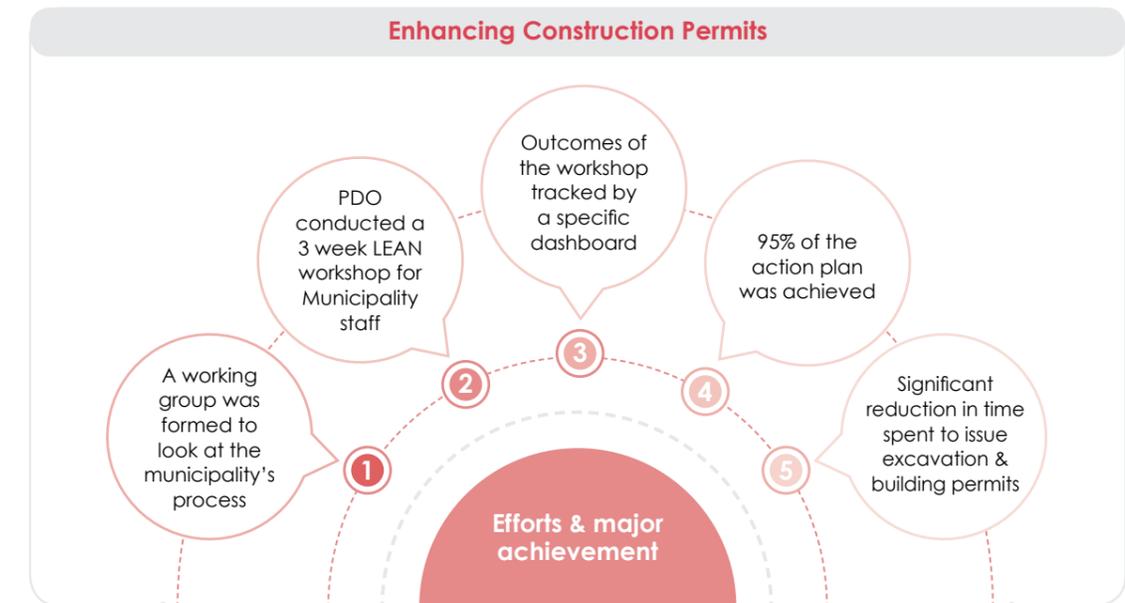
The construction industry is one that contributes to many pillars of a developing nation, not only through the buildings it constructs, but the people it employs and the economic stimulation it produces. As such, it is in the interests of the nation to establish a streamlined and effective process to apply for building permits. This initiative ties in with Oman's strive to top the Ease of Doing Business (EODB) Index in the GCC where it currently lies in fourth place.

2018 KPIs

11.1 Improve procedures for issuing building permits for residential commercial, tourism and industrial buildings

The EODB has 10 indicators overall but it is the Dealing With Construction Permits indicator that is the focus of this initiative. Within the indicator are 10 of its own KPIs:

1. Tracking procedures
2. Time and cost to build a warehouse, including obtaining necessary permits
3. Submitting all required notifications
4. Requesting and receiving all necessary inspections
5. Obtaining utility connections
6. Measuring the building quality control index
7. Evaluating the quality of building regulations
8. Strength of quality control and safety mechanisms
9. Liability and insurance regimes
10. Professional certification requirements



The Journey

As Muscat Municipality accounts for more than 40% of the overall process in the construction index, an internal working group was formed to look at the municipality's process in dealing with construction and identifying opportunities to shorten and simplify the process.

ISFU facilitated support from PDO to conduct a LEAN workshop in Muscat Municipality to identify lengthy processes that could be enhanced or eliminated as well as to standardise all procedures for all municipalities. Accordingly, all the outcomes of the workshop were tracked in the dashboard and ISFU started following up on the implementation.

The outcome of the 3-week workshop was an action plan to enhance the building permit allocation procedure. Muscat Municipality showed a clear desire for change and concentrated endeavours to streamline and enhance the procedures related to issuing building permits. It spared no effort to implement LEAN recommendations and harnessed all capabilities to put them into practice, culminating in achieving 95% of the total action plan which resulted in reducing the time needed to issue excavation and building permits. With regards to the challenges for this initiative, the process map and timings were not documented clearly, yet ISFU's commitment and ability to change helped in the problem solving.

Moving Forward

At the beginning of 2019, yearly targets will be implemented to reduce the timing of issuing all municipal permits related to construction.

Stakeholders

Muscat Municipality

Ministry of Legal Affairs (MoLA)

12. Streamline the Legislative Process



As Oman continues to grow at an increasingly fast pace, laws and regulations need to adjust accordingly to its development, as they represent great importance in achieving a sustainable environment and reflect positively on citizens and society as a whole.

From this perspective, Ministry of Legal Affairs (MoLA) and ISFU teamed-up to develop a roadmap with the goal of streamlining the process of issuing and amending laws relevant to MoLA internally to keep up with the pace of development locally and internationally. The initiative also aims to issue laws and regulations within specific timeframes.

2018 KPIs

12.1 Identify the bottleneck in the process of regulations and finding solutions to overcome it

12.2 Create a process map for regulations

The Journey

MoLA and ISFU played a vital role in advancing the initiative by forming a team representing both entities and conducting workshops to identify challenges, provide proposals and solutions and demonstrate information on procedures, timings and the value-added of each step in the process map. ISFU also recommended partnering with working-level legal researchers in MoLA to discuss their suggestions on how to streamline the process within a special focus group. The KPIs of the initiative were set for 2018 in order to track the progress of the process map. The main challenge was gathering the information on timings, as no 2 laws are alike; some involved lengthy consultations with relevant parties while others were straight-forward.

Moving Forward

More progress is expected to be made in 2019 whilst adapting best practices to MoLA's internal legislative process.

Stakeholders

| | |
|----------------------------------|----------------------|
| Ministry of Legal Affairs (MoLA) | Cabinet of Ministers |
| Oman Council | |

Finance

13. Privatization of State Owned Enterprises



Privatisation is an organized activities that lessen the government control and ownership of enterprises to promote private sector participation in the Economy. The World Bank defines privatisation as "the divestiture by the state of enterprises, land or other assets". The initiative consists of two parts: the process of privatization of 3 SOEs and developing a 5 years privatization plan. While the plan being developed and approved, MoF initiated the process of privatization of some pre-approved SOEs.

2018 KPIs

13.1 Privatization Process of 3 State Owned Enterprises (SOEs)

A total of OMR 700 million is expected to be generated out of the privatization over a 5 years period. The annual targets are OMR 100 million for 2017 and OMR 150 million for each of the remaining 4 years (2018-2021).

The Journey

In 2017, only OMR 9.9 million out of OMR 100 million, as a target, were collected. This is mainly due to the new direction that was recommended regarding the privatization of Muscat Electricity Distribution Company MEDC. In 2018, with the sale of 10% of Makarim Gas Development's share from Block 61, MoF succeeded to raise up to OMR 781 million Omani Rials. The privatization of block 61 had a debate whether it falls within the criteria of the initiative objectives. The issue was discussed by ISFU and MoF and the decision was to obtain an independent opinion from external auditors. The auditors were convinced on the privatization block 61 in the presence of MoF representatives.

In October 2018, Nama launched its privatization programme for electricity companies. It announced the sale of up to 49% of its shares in Oman Electricity Transmission Company (OETC) and up to 70% of its distribution and supply companies: Muscat Electricity Distribution Company (MEDC), Majan Electricity Distribution Company (MJEC), Mazoon Electricity Distribution Company (MZEC), and Dhofar Power Company (DPC).

Moving Forward

The process continues for the pre-approved SOEs such as Electricity Holding Company (Nama). Further, Musandam Power Company (MPC) is planned to be listed in Muscat Securities Market (MSM) in 2019.

Stakeholders

| | |
|---------------------|-----------------------|
| Ministry of Finance | SOEs to be privatized |
|---------------------|-----------------------|

2018 KPIs

13.2 Develop 5 year privatization plan for State Owned Enterprises (SOEs)

The KPI intends to work towards efficient privatization of State Owned Enterprises. The key objective was the establishment of a privatization committee by July 2017 to supervise the privatizing of 5 SOEs.

The Journey

MoF had to develop a new privatization plan through SOEs holding companies. As part of the plan, all holding companies had to submit their five-year privatization plan to MoF for review. The plan outlined a target of OMR 700 million for the value of SOEs transferred to private sector owners between 2017 and 2021. A notable accomplishment was that a committee to supervise the privatizing of SOEs was established. While all government holding companies submitted their privatization plans, Omran's plan was not received yet as it hired a consultant to study the feasibility of the privatizing the targeted subsidiaries.

Moving Forward

The plan is expected to be reviewed by the Financial Affairs and Energy Resources Council and approved by the Cabinet of Ministers during 2019. MoF expanded the drafted plan by adding new SOEs to cover the next 7 years.

Stakeholders

| | |
|-----------------------|----------------------|
| Ministry of Finance | Cabinet of Ministers |
| SOEs to be privatized | |

14. Outsourcing of Government Services



The practice of outsourcing involves assigning companies in the private sector to manage 1 or more business services to perform tasks, handle operations or provide services which are either usually executed, or had previously been done, by the government.

2018 KPIs

14.1 Number of government services outsourced

The aim of this initiative is to enhance the quality of services, and decrease the expenses of the government, by enabling government entities to be confident in private sector companies providing services on behalf of the government.

The Journey

ISFU and MoF communicated with different entities to identify potential services that can be outsourced. There was a target of 8 services to be outsourced to the private sector, however, MoF has overachieved by outsourcing 14 services.

Moving Forward

The year 2019 will see a redesign of the initiative's scope to focus on more complex services and more regular follow-ups to accelerate the process of outsourcing services from government entities.

Stakeholders

| | |
|---------------------------|----------------|
| Ministry of Finance (MOF) | Private sector |
| Public sector | |

15. Code of Governance



Based on the principles of accountability, transparency, integrity and avoiding conflict of interest, an efficient code of governance is an important prerequisite to help state owned enterprises (SOEs) become more competitive, efficient and transparent. The initiative aims to establish and implement a code of governance by MoF to guide SOEs in the way they function.

2018 KPIs

15.1 Establishment of Code of Governance for SOEs

The Journey

Feedback was obtained from the State Audit Institution, Capital Market Authority and holding companies on the final draft of the code of governance. MoF conducted a workshop to align and consolidate all stakeholders input and the way forward with regards to the final draft.

Moving Forward

As per the law of Commercial Companies issued by royal decree 19/2019 which gave the mandates to the Capital Market Authority to issue the Code of Governance, the working group submitted a memo to the minister responsible for financial affairs in order to send the authority the approved draft of the code.

Stakeholders

| | |
|---|-------------------------------------|
| Ministry of Finance (MoF) | Oman Oil Company (OOC) |
| Cabinet of Ministers | Oman Food Investment Holding (OFIC) |
| State Audit Institution (SAI) | OMRAN |
| Oman Centre for Governance & Sustainability | Oman Global Logistics Group (Asyad) |
| Electricity Holding Company (Nama) | State General Reserve Fund (SGRF) |

16. Introduction of Excise Tax



The initiative includes the ratification of the GCC agreement, declaration of the law on excise tax of goods and its executive regulations as well as the adaptation of the current tax administration system to absorb the selective tax on goods and to link it with customs. This initiative will generate income in the Sultanate of around OMR 100 million annually.

2018 KPIs

16.1 Issuance and implementation of Excise Tax

The Journey

MoF announced the implementation of excise tax by mid-2018. The Cabinet and Oman Council approved the GCC agreement and the excise tax law, and they are now in the final legislative stages. The initial draft of the executive regulation of the excise tax law was successfully finalised in 2018.

Moving Forward

Ratification of the GCC agreement and the issuance of the law and executive regulations are expected to take place in 2019.

Stakeholders

| | |
|---------------------------|--------------------------------------|
| Ministry of Finance (MoF) | Secretary General for Taxation (SGT) |
|---------------------------|--------------------------------------|

Supreme Council for Planning (SCP)

17. Assign Companies as Project Management Corporation (PMC)



This initiative aims to assign professional Projects Management Corporations (PMCs) to deliver their services in executing governmental projects within planned timelines and budgets. The scope of this initiative includes setting the necessary mechanisms and processes in place to allow governmental entities to use these services, develop the contractual framework in which all requirements for both parties are identified and suggest pilot projects to act as real examples for public entities.

2018 KPIs

17.1 Development of implementation plans

This KPI aims to measure the development of the necessary actions and processes that allow public entities to utilize the project management services of suggested PMCs.

17.2 Development of the contractual framework

This KPI aims to measure the development of the contractual framework (agreement) in which terms and requirements of the relationship between public entities and PMCs are well defined for a sufficient project management.

The Journey

As per the directions of the Ministerial Committee, 3 companies have been suggested for access by public entities as PMCs: ASAAS, PDO and ASYAD. PMCs initiative is concluded by identifying the processes and the contractual framework of the implementation strategy. To maximise the benefit of relevant expertise of these companies, ASYAD, through MoTC, is suggested for infrastructure projects such as roads, ports, airports, rail etc. The remaining general government projects will remain available for the other 2 companies. The existing road project, the Al Sharqiyah Express (tunnels) Highway, is considered the pilot project through which the PMC model is demonstrated between ASYAD and MoTC.

Moving Forward

This initiative has successfully graduated from the dashboard.

Stakeholders

| | |
|--|--------------------------------------|
| Supreme Council for Planning (SCP) | Petroleum Development Oman (PDO) |
| Muscat National Development and investment company (ASAAS) | Oman Global Logistics Centre (ASYAD) |

18. Assessment and Evaluation of Projects for Potential Public Private Partnerships (PPP)



Public-private partnership (PPP) projects are long-term contracts between a private sector partner and a government entity and can be used to develop various developmental projects based on shared responsibilities and risks.

The initiative aims to establish foundations and standards for the public entities to propose projects to be implemented through a PPP model. For this purpose, the ninth 5-year development plan was used as a reference to identify projects that can be delivered through PPP.

2018 KPIs

18.1 Number of projects with completed profiles

The key objective of this KPI is to measure projects that have completed profiles in which necessary information such as financial analysis, economic analysis and land request permits are included. This information will be used to assess their potentiality to be implemented through PPP framework.

18.2 Number of projects to be awarded to private sector through PPP

This KPI measures the total number of projects that are offered to the private sector by the concerned public entity to be established using a PPP model.

The Journey

The objective is to deliver priority public projects worth OMR 2.519 billion by 2020 through public-private partnerships. In 2017, the target was to have 8 projects with complete profiles and make 4 projects ready to be awarded to private sector through PPP by the concerned public entities. In 2018, the targeted number of projects with completed profiles is 16, and the number of projects to be awarded to the private sector through PPP is 8.

Building on previous experience and due to the increased target from 8 to 16, 4 projects were selected from 4 public entities, allowing for better focus in 4 sectors before acting as a pilot for other sectors.

ISFU accelerated the implementation of this initiative in which several stakeholders have a low level of awareness of PPP concepts and need support in the preparation of project profiles at public entities. A notable achievement in 2018 was the identification of the following projects as projects with complete profiles:

Ministry of Health (MOH)

| | |
|---|--------------------|
| 1 - Al-Falah new General Hospital at Jalan bani bu Hassan | 2 - Bahla Hospital |
| 3 - New General Hospital at Sumail | |
| 4 - AL-Namaa General Hospital at almudhabi | |

Ministry of Regional Municipality & Water Resources (MRMWR)

| | |
|-----------------------------|-------------------------------|
| 1 - Public Park at Nizwa | 2 - Ibri Souq |
| 3 - Slaughter House at Liwa | 4 - Slaughter House at khasab |

Ministry of Tourism (MOT)

| | |
|-----------------------------|--|
| 1 - Al Batinah Coastal Road | 2 - Al Mubaila Interchange (Muscat Expressway) |
| 3 - Khasab Port Development | 4 - Shinas Port |

Ministry of Agriculture and Fisheries (MAF)

| | |
|---|--|
| 1 - Development of Fishery Harbour at Masirah | 2 - Development of Fishery Harbour at Mirbat |
| 3 - Development of Fishery Harbour at Kumzar | 4 - Development of Fishery Harbour at at Sadah |

The following projects are open for private sector investment or have already been awarded to private sector through PPP model:

- Fishing Port In Suwaiq
- Fishing Port In Taqah
- Tourist facilities and services (National scope)
- Service workshop at Khasab Port
- Sea Marine at Sohar Port
- Fish Packaging Factory Khasab Port
- Central Livestock Market Project in Suwaiq
- Innovative Investment Project - Khasab Port

Moving Forward

This initiative has successfully graduated from the dashboard. The working group plays a significant role in collecting and delivering the information of prioritised projects from their respective sectors. In 2019, the working group intends to pursue communicating with public entities for their priorities in terms of developmental projects, focusing on high potential sectors and assessing the potentiality of these projects to be implemented through PPP framework.

Stakeholders

| |
|---|
| Supreme Council for Planning (SCP) |
| Public entities with priority projects in the ninth 5-year development plan |

19. Building Capabilities for Project Identification



The Building Capability (BC) initiative, which contributes to organisational performance improvement through a systematic approach, aims primarily at enhancing the performance of public entities by strengthening the capabilities of their personnel in the project planning and development areas.

2018 KPIs

19.1 Number of public entities involved in building capability

This KPI measures the total number of public entities involved in the programmes of BC in assessing and evaluating the projects that will potentially be implemented in PPP models.

19.2 Number of governmental staff involved in building capability

This KPI measures the total number of governmental staff involved in the BC programmes.

The Journey

As per the key goal of the BC initiative, which focuses on building the capabilities and enhancing the competencies of personnel involved in planning and business development in public entities, a working group of public entities was formed. A schedule of capabilities programmes was set out early in 2017 to achieve the targets by 2020, i.e. 60 public entities to be involved in the initiative with 120 governmental staff have taken part in the designated training programs.

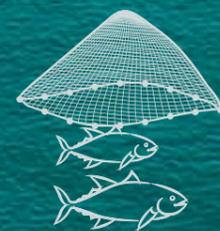
In 2018, 42 personnel from 21 ministries were involved in the BC training programme over 2 rounds. Beyond the implementation of these programmes, the working group discussed all outcomes, impacts and challenges for the purpose of improving the performance and training delivery, as well as addressing lessons learnt.

Moving Forward

Given that this initiative will be an ongoing one, 2 more capability building programmes will be held in 2019. This initiative has successfully graduated from the dashboard.

Stakeholders

| | |
|------------------------------------|--|
| Supreme Council for Planning (SCP) | State General Reserve Fund (SGRF) |
| State Audit Institution (SAI) | Institute of Public Administration (IPA) |
| Ministry of Civil Service (MoCS) | Sultan Qaboos university (SQU) |
| Ministry of Finance (MoF) | |



Fisheries

| Fisheries KPI Dashboard | |  |  |
|-------------------------|--|---|---|
| Initiative/KPI | | Target 2018 | Actual Achievement 2018 |
| 1 | Commercial Fishing | | |
| 1.1 | 90% compliance to the Ministry's Standard Operating Procedures (SOPs) timeframe for approving license application (soft project) | 100% | 97% |
| 1.2 | Al Wusta Industrial Fisheries | 100% | 77% |
| 2 | Modern Fishing Programme | | |
| 2.1 | Grant approvals for 30 new coastal fishing vessels | 100% | 100% |
| 2.2 | Grant approvals for 20 new modern boats | 100% | 37% |
| 3 | Infrastructure Projects | | |
| 3.1 | Realisation of Ash Shuwaymiyah and Mahoot fishing ports percentage per region | 100% | 70% |
| 3.2 | Realisation of Dithab fishing port | 100% | 70% |
| 4 | Shrimp Farming | | |
| 4.1 | Al Jazer Shrimp Farm - Commencement of conceptual designs | 100% | 30% |
| 4.2 | Quron Shrimp Farm - 40% construction of farm, hatchery, maturation and infrastructure | 100% | 20% |
| 4.3 | Khuwaima Shrimp Farm - Assigning construction contractor | 100% | 45% |
| 4.4 | Bar Al Hikman Shrimp Farm - Completion of site investigations | 100% | 35% |
| 5 | Abalone Farming | | |
| 5.1 | Mirbat Abalone Farming, owned by Oman Aquaculture Company (OAC) - Completion of farm construction | 100% | 20% |
| 5.2 | Sharbathat Abalone Farming, owned by Al Jazeera Investments - Completion of grow-out systems and 500k spats | 100% | 60% |

| Initiative/ KPI | |  |  |
|-----------------|--|---|---|
| Initiative/ KPI | | Target 2018 | Actual Achievement 2018 |
| 6 | Recirculating Aquaculture System (RAS) | | |
| 6.1 | Fins Salmon- Obtain Operational Aquaculture License (OAL) for Fins Salmon RAS | 100% | 10% |
| 7 | Hatcheries | | |
| 7.1 | Al Bustan Hatchery - Start construction | 100% | 75% |
| 8 | Algae Cultivation | | |
| 8.1 | Al Sharqiyah Algae Farm - Assigning EIA consultant | 100% | 30% |
| 9 | Develop Skilled Aquaculture Labour Via Private-Sector Led Training | | |
| 9.1 | Implement training programmes in the Vocational College of Marine Science in Al Khaburah | 100% | 10% |
| 10 | National Aquaculture Health Management | | |
| 10.1 | Publication of revised aquaculture regulations and recruitment of staff | 100% | 50% |
| 11 | Collection Points | | |
| 11.1 | Obtaining approvals to establish 5 collection points | 100% | 44% |

- The work process of ISFU was reviewed by Deloitte, and findings will be built upon in the future.
- A number of projects/initiatives haven't identified their KPIs yet as they are still under ongoing deliberations. This is due to the fact that such projects/initiatives have been recently listed in ISFU dashboard.
- A number of projects might not be reflected in the Annual Report as they are under direct monitoring of specific authorities. However, ISFU follows up on the execution on a regular basis.
- All forms of data are being continuously improved to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities and aligned with international standards.

Overview

Fishing, and the vital industries associated to it, play an important role in Oman's economy and shows massive potential opportunities for the future. The sector also received considerable support from the government who recognise it as a pillar of economic development due to its renewable sources, especially with the activation of a scientific management system of these sources.

The Fisheries sector initiatives are divided into 3 subsectors; Catch (traditional and commercial), Aquaculture, Processing Products and Growing Exports. In terms of classification for contribution to GDP, fisheries are intertwined with agriculture to maintain a global standard. Oman is ranked first in all GCC countries for fisheries and agriculture contributions to GDP with a total of 2.1%.

Oman boasts great economic potential from the sector due to its long coastline, multiple sites for commercial aquaculture projects and availability of supporting infrastructure such as ports, roads and logistics network. Global demand is estimated to increase to 40 million additional tons of fish products by 2025 and, based on the biodiversity in the Sultanate's waters, the fisheries sector in Oman has witnessed a paradigm shift over the course of the last 6 years (2011-2016). There was a higher increase in growth than planned of the total fisheries volume and value of production, contribution to the GDP and other key performance indicators in 2018.

Number of initiatives in 2018: **11**

2018 Achievements & ISFU Role

- Al Wusta Industrial Fisheries project got the approval on a provisional license from Ministry of Agriculture and Fisheries for mid-water trawling technology. A charter agreement for a suitable vessel was signed with the owner and is due to arrive in Oman at the end of Q1 of 2019 when it will immediately commence fishing operations.

ISFU coordinated between the Ministry of Agriculture and Fisheries (MAF) and Al-Wusta Industrial Fisheries to complete the procedures in order to issue a commercial fishing license and continues to coordinate with them to ensure they remain on the agreed timeline to ensure the best outcomes. ISFU also coordinated with the relevant entities to facilitate the project.

- Khuwaima Shrimp Farm issued the land sketch of their site and usufruct contracts were signed, resulting in the appointment of a management consultant and commencement of the engineering designs.

ISFU coordinated with the Ministry of Housing (MoH) to amend the land sketch of the land to not to overlap between 2 wilayats. Hence, the drawing was issued and the usufruct contract was awarded to the company.

- Collection Points. The Ministry of Agriculture and Fisheries (MAF) obtained approvals from the Ministry of Environmental and Climate Affairs (MECA) on the 12 suitable sites deemed suitable for the project. MAF also gained approvals from the Ministry of Housing (MoH) to issue the land and sketch for 4 collection points in Hitam, Al Suwaih, Hasik and Sharbathat. ISFU liaised with MoH, MECA and MAF to form a special task force to identify suitable locations for the collection points as they should be close to the fish landing sites. ISFU has also expedited the issuance of the necessary approvals for the selected locations.

Graduated projects

Over 90% compliance to the ministry's Standard Operating Procedures (SOPs) timeframe for approval of license applications as it now takes in the region of 20 business days to obtain the license approval as opposed to the previous timeframe of 2 years.

Catch

1. Management of Commercial Fishing Licensing



Oman is noted for its marine diversity and its massive fish stocks, a resource that offers a viable opportunity to establish commercial fleets to monetise the industry. GDP contribution is expected to double as a result of developing a modern commercial fleet with appropriate fishing gear to serve the downstream industry.

2018 KPIs

1.1 90% compliance to the Ministry's Standard Operating Procedures (SOPs) timeframe for approving license application

The approval process for commercial vessel licenses can be a protracted affair and comes with no communication update for applicants, a delay that can cost them time and money as they are docked and without the ability to earn an income from fishing. This project aims to simplify the application process through establishing an online application portal and ensuring that the approval waiting period takes a maximum of 1 month. To expedite timely approvals, a decision on each application goes through the committee for which a monthly meeting will be conducted to ensure the timeframe is met, regardless of the number of applications pending.

The Journey

The project commenced when a committee, chaired by the Director General of Resources Development in MAF, was formed. The minister approved forming this committee to study applications before they are submitted for approval. By the end of 2018, the committee conducted 7 successful meetings and approved a total of 70 licenses.

Moving Forward

This project successfully graduated from the Fisheries dashboard. In 2019, the ISFU team will be following up with MAF to ensure the license approval process is enforced in a timely manner based on the new SOPs.

Stakeholders

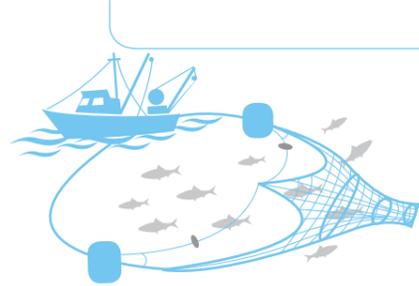
| | |
|---|----------------------------|
| Ministry of Agriculture and Fisheries (MAF) | Relevant fishing companies |
|---|----------------------------|

Al Wusta Industrial Fisheries



Fishing Mechanism

Operation of commercial fishing vessels for small pelagic species after obtaining provisional license for the use of mid-water trawling technology. The company will operate one commercial fishing vessel to conduct feasibility and economic studies before investing in procuring a full fishing fleet.



1

This technology is one of the fishing mechanisms used worldwide to fish this type of species.

2

This technology is one of the fishing mechanisms used worldwide to fish this type of species.



Targeted Species

The vessel will target Small Jacks (Redtail Scad) as this type of fish currently not utilised commercially. Redtail Scad exists significantly in the Arabian Sea overlooking the coasts of Al Wusta Governorate.

1

The company aims to produce 100,000 tons/annum out of the current available stock amounting to 1.3 million tons.

2

The stock of Redtail Scad will not be affected. Fishing this type of fish will evaluate the actual biomass and potentials available in the Arabian Sea.

3

Catch rate (20%)* is defined to ensure sustaining fish stocks which is estimated with 260,000 tons.

Project Impact



Catch and manufacture of **100,000** tons/ annum.



114 job opportunities for Omanis.



Contributing to GDP with **OMR 30 million** by 2023.

*The Centre for Environment, Fisheries and Aquaculture Science (Cefas).

Source: Ministry of Agriculture and Fisheries

2018 KPIs

1.2 Al Wusta Industrial Fisheries

Owned by Oman Investment Fund (OIF), Al Wusta Industrial Fisheries intends to operate in the small pelagic commercial fleet-line that will target an unfished species and start trial-fishing for a period of 2 years (2018 – 2019). The fleets are targeting Horse Mackerel, an as-yet unfished small pelagic species located in Oman's Exclusive Economic Zone (EEZ). The chosen vessel is capable of netting 100,000 tons per year from the available 1.3 million tons, making a minimal impact on the stock. It will also collect and provide a set of data to be used in evaluating the true biomass and potential of this species in Omani waters.

The Journey

The main challenge for Al Wusta Industrial Fisheries was gaining a provisional license from MAF for mid-water trawling technology, primarily because demersal trawling technology was banned in 2009. Al Wusta will operate its vessel using mid-water trawling technology and MAF was conservative in giving approval based on the similarity between these two fishing technologies. As this initiative has one of the biggest potential impacts in fisheries projects in term of production, investment and GDP, MAF approved the provisional license. After much searching for a suitable vessel, a prime candidate was sourced in Las Palmas, Spain and Al Wusta finalised a charter agreement with the vessel owner resulting in its arrival in Oman at the end of Q1 in 2019 when it will immediately commence fishing.

Moving Forward

Based on projections, Al Wusta will start a trial-fishing period for 2 years during which time data will be collected on stock seasonality, size, maturity and data for biomass estimates. Only on successful fishing in this period, and agreed monitoring by MAF, will the operation be continued and move to the next phase by increasing the number of fleets and building a processing plant.

Stakeholders

| | |
|--|----------------------------|
| Al Wusta Industrial Fisheries Company | Oman Investment Fund (OIF) |
| Ministry of Transport and Communication (MoTC) | |

2. Modern Fishing Programme



Defined as small-scale, low-tech and low-capital fleets operated by individuals, or as part of a cooperative, as opposed to commercial companies, artisanal fleets are a staple element of fish production in the Sultanate. This initiative supports artisanal fishermen by encouraging them to adapt to modern boats and develop new techniques and grounds outside territorial waters. By the end of 2018, 30 coastal and 20 modern fishing boats are targeted to be in operation.

2018 KPIs

2.1 Grant approvals for 30 new coastal fishing vessels

Dhows, the traditional vessels currently used by fishermen have been studied and many have been found to be lacking in operational conditions and not viable for use based on their lack of catch quality, reduced stability and unsafe standards for overnight fishing.

The aim of this KPI is to replace these dhows with thirty coastal vessels specially designed to overcome the weaknesses in the previous iterations.

This procedure will be simplified as ISFU will work with MAF to cooperate with the Al Raffd Fund to finance the project in a way that MAF will fully evaluate applications before funding is secured.

2.2 Grant approvals for 20 new modern boats

Although the current fibreglass skiffs synonymous with fishermen in Oman have their advantages in some areas, they are also limiting in the possibilities for overnight fishing, lack of safety and expensive operating costs. This project aims to replace these skiffs with boats designed to overcome these issues. ISFU and MAF will be working together to streamline the funding from the Al Raffd Fund.

2.3 Establish fishermen villages in Sarab and Hitam

Although the southern coastline is the most active fishing zone in Oman, the lack of infrastructure development in the area limits fishermen from settling there. The aim of this project is to develop and create a catalytic support enterprise in the area to provide a safe haven for an artisanal fleet of fishing boats. These villages will encourage fishermen from surrounding areas to settle there, resulting in higher catches. This project also supports the overall management of fishing activities in the area by aggregating all scattered activities into centralised locations. It will also aim to eradicate non-registered boats through enforcing administrative procedures and public awareness whilst strengthening control, surveillance and close monitoring. As an incentive to settle in the villages, fishermen will be provided with the facilities required to improve the landing quality, facilities such as an ice-plant, cold stores, proper handling facilities and equipment.

The Journey

The working group started awareness campaigns in different regions through workshops with the targeted groups involved in the field of artisanal fishing. The working group also developed criteria to sort, prioritise and approve applications as well as develop new application forms for these boats with specific roles and conditions for both MAF and the funding agency.

In the first 2 KPIs, it was the streamlining of the funding process that was key to their success, particularly as there was no government guarantee in place. ISFU and MAF have set a model for funding with the cooperation of the Al Raffd Fund.

Although the target of 30 coastal vessels was achieved, there were workshops held in several regions to spread awareness of the programme and the criteria of Al Raffd funding whilst increasing applications. In the third KPI there were challenges in gaining the requested land due to the size requirements of the project that reached up to 32 hectares. MAF and MoH negotiated the requirements of the project, its significance and its impact on the fishing community. As a result, Hitam is in the final stages of MoH approval and is expected by 2019 and will act as a pilot project while gaining the approvals for Sarab is under process.

Moving Forward

The ISFU will follow up with MAF to ensure the target of 50 coastal vessel and 30 modern boat licenses are issued. 2019 will see a feasibility study consultant being appointed for the fishermen villages.

Stakeholders

| | |
|--|-------------------------|
| Ministry of Agriculture and Fisheries (MAF) | Tender board |
| Ministry of Housing (MoH) | Boat building companies |
| Ministry of Environment and Climate Affairs (MECA) | Fishing community |
| Al Raffd Fund | |

3. Infrastructure Projects

By building a strong infrastructure to support initiatives across the fisheries board, there will be a stronger industry to ensure the future success and diversification of Oman.

Ports and harbours will accelerate the industry growth whilst meeting the demands of the local and international market. By building this infrastructure, artisanal fishermen will be able to expand their activities through using small to medium scale fishing vessels to venture further and for longer in better and safer conditions. An improved infrastructure will also encourage young fishermen to stay in the industry as it moves to become an industry that operates to international standards and guidelines.

In a 2011 survey conducted by MAF to study the biomass stock, it was revealed that the majority of commercial-use fish, estimated at a total of 7.5 million tons, is found in the Arabian Sea. The survey found that 64% of landed fish is from artisanal fishermen of the Arabian Sea with the Sea of Oman and the Arabian Gulf making up 30% and 6% respectively of that total. Of those percentages, Al Wusta, Dhofar and South Sharqiyah governorates produce 239,328 tons from 26,574 fishermen on 13,546 boats and vessels. It was discovered that the disparity between the number of ports in the north of Oman (60%) was disproportionate to the majority of fish being caught in the south. On closer inspection it was evident that there was a lack of ports between Masirah Island and Lakbi and from Lakbi to Hallaniyat, all highly active fishing areas. As a result, the initiative team isolated 3 areas where infrastructure improvements were needed.



2018 KPIs

3.1 Realisation of Ash Shuwaymiyah and Mahoot fishing ports

The need for a ports in Ash Shuwaymiyah in Dhofar governorate and Mahoot in the Al Wusta governorate was found, to serve fishermen through services such as a wholesale fish market, boat and fishing gear repair facility, cold store, ice plant, fuel station, fishing supply shop, prayer hall, ROP station and an admin building with café, toilet and tourism potential.

3.2 Realisation of Dithab fishing port

Located near Duqm in the Al Wusta governorate, the need for a port was found for Dithab to serve fishermen through services such as a wholesale fish market, boat and fishing gear repair facility, cold store, ice plant, fuel station, fishing supply shop, prayer hall, ROP station and an admin building with café, toilet and tourism potential was found.

The budget approval process, and releasing the design tender, are to be completed for this project.

The Journey

Collectively, these projects are some of the largest in the sector and, as such, approval to float the tenders from MOF and SCP is required, a step which took time as it needed details on feasibility and budgets. Approval was obtained in October of 2018 with the tender documents being prepared as a result. As such, MAF is in the process of preparing the tender documents with the tender expected to be floated at the beginning of 2019.

Moving Forward

Tendering for Ash Shuwaymiyah and Mahoot will be closed by the end of the second quarter of 2019 and the evaluation process will commence soon after. Once a contractor is assigned, mobilisation will commence with the building of breakwaters, dredging and reclamation by the end of 2019.

Dithab port is slightly behind in the process and will proceed with the design process starting in 2019 after bathymetric and topographic surveys, geotechnical investigations and physical model testing have been completed.

Stakeholders

| | |
|---|---|
| Ministry of Agriculture and Fisheries (MAF) | Rural Areas Electricity Company (Tanweer) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | Royal Oman Police (ROP) |
| Public Authority for Water (Diam) | Omantel |
| Haya Water | |

Aquaculture

4. Shrimp Farming



Although shrimp farming is highly profitable, it also requires extensive land-use and a supply of clean seawater. Fortunately, the coastline of Oman is perfectly suited to meeting these requirements and several sites were identified as a result of a study that culminated in the publication of the Atlas in 2010. With the subsequent listing of several sites with the right soil, seawater and other criteria, a dedicated company to manage them, Oman Aquaculture Development Company (OADC), was established. OADC is currently spearheading 4 shrimp farming projects.

4.1 Al Jazer Shrimp Farm

Located in Al Wusta governorate, Al Jazer Shrimp Farm has an investment of OMR 59.5 million and will be capable of producing 17,600 tons annually of Indian White Shrimp, with the first harvest expected in 2021.

2018 KPIs

4.1.1 Commencement of conceptual designs

Feasibility studies, along with the conceptual designs, will be finalised in order to obtain MECA approval for the Environmental Impact Assessment (EIA) and the operational aquaculture license permits from MAF.

The Journey

The initial project milestone was to secure land based on approvals from MoH and MECA, a process which took longer than anticipated due to the site being in an environmentally sensitive area. The ISFU team worked closely with MAF to resolve the issue which was compounded by other projects also seeking similar outcomes. The issue was resolved and the land sketch has successfully been issued with a Provisional Aquaculture License (PAL) provided to OADC to start site investigations and the EIA.

Moving Forward

OADC will concentrate on site investigations while an environmental consultant to start work on collecting data for the EIA is to be assigned, a process expected to last the entire year due to the seasonal nature of the region.

4.2 Quron Shrimp Farm

Established in Al Sharqiyah South governorate, Quron Shrimp Farm has an investment of OMR 14.2 million and will be capable of producing 3,600 tons annually of Indian White Shrimp, with the first harvest expected in 2019.

2018 KPIs

4.2.1 40% construction of farm, hatchery, maturation and infrastructure

Once detailed engineering design is completed, the project will commence construction. 40% has been targeted as an approximate aggregate for overall progress across the construction of 4 main components with the quarantine facility targeted for 70%, hatchery for 40%, the maturation unit at 65% and the farm for 30%.

The Journey

With a 40% target for 2018, there were some initial delays in the submission and approvals of the engineering designs. The bedding process to assign a construction contractor was delayed until November 2018, resulting in the mobilisation and construction commencing in December 2018.

Moving Forward

OADC will continue construction of the hatchery, maturation ponds and farm infrastructure throughout 2019 with the aim of starting production in the course of the year.

4.3 Khuwaima Shrimp Farm

Located in Al Sharqiyah South governorate, Khuwaima Shrimp Farm has an investment of OMR 11.3 million and will be capable of producing 3,000 tons annually of Indian White Shrimp, with the first harvest expected in 2020.

2018 KPIs

4.3.1 Assigning Construction Contractor

The first step in completing this KPI is to conduct an EIA study and submit it to MECA, after which the commercial license can be granted. Once the detailed engineering design is completed, the project will commence construction. 15% has been identified as an approximate aggregate for overall progress across the construction of 3 main components with the hatchery #1 facility targeted for 25%, infrastructure for 25% and the farm area #1 for 30%.

The Journey

Khuwaima Shrimp Farm was in the fortunate position of being ahead of targets from the outset, thanks to swift approval of their EIA by MECA. The initial step of starting engineering designs, however, was delayed when the usufruct contract from MoH turned out to fall between the jurisdiction of 2 wilayats. With the issuance of future licenses being an issue, the project had to either move into one of the wilayats fully, or to gain approval of the borders from the Ministry of Interior (MoI). Neither solution proved viable as land owners from the surrounding areas rejected the new borders and the MoI approval was set to take an extended time. A mid-year review was called for and the land sketch was amended as not to interfere with 2 wilayats whilst retaining its surface area. Usufruct contracts were signed and a project management consultant was appointed and engineering designs have successfully commenced.

Moving Forward

Based on the progress of 2018, OADC will work on the engineering designs and start construction of the hatchery, maturation ponds and farm infrastructure by the end of 2019, with the aim of starting production by 2020.

4.4 Bar Al Hikman Shrimp Farm

Located in Al Wusta governorate, Bar Al Hikman Shrimp Farm is planned to be one of the largest shrimp farms in the world. The first phase has an expected investment of OMR 150 million and will be capable of producing 43,000 tons annually of Indian White Shrimp, with the first harvest expected in 2023.

2018 KPIs

4.4.1 Completion of site investigations

A mega-scale project, the Bar Al Hikman Shrimp Farm development will be established on 8,000 hectares of land, a scale so large that, before site investigations are concluded, an internationally-recognised environmental consultant needs to be sourced. The consultant will need to collect data on the proposed site and produce an EIA based on the information collected from the site investigations.

The Journey

As a mega-scale project necessitating a world-standard consultant, a time-scale of site investigations was established. With the cooperation of MECA, OADC prepared the Terms of Reference (TOR) document for the candidates resulting in several offers from potential consultancy firms which were analysed and studied by OADC and MECA. After evaluation, one consultancy firm was shortlisted, however, the company doesn't meet the environmental requirements of MECA. Currently, negotiations between MECA, OADC and MAF are taking place to solve the problem.

With regards to initial site investigations, due to the wetland in Bar Al Hikman region, OADC struggled in the process of site investigation, significantly affecting the timeframe of the project.

Moving Forward

After the completion of site investigations, and the environmental consultants being assigned, the EIA will commence. A full year is the expected period for data collection.

4.5 Bentout Shrimp Farm

Located in Mahout in Al Wusta Governorate, Bentout Shrimp Farm is the first shrimp farming project established in Oman. The investment value of this project is around OMR 16.4 million, with the capacity of producing 4,000 tons of tiger shrimp per year with the first harvest expected in 2021.

2018 KPIs

4.5.1 Bentout Shrimp Farm- starting of conceptual designs

In 2018, the project owner sought to have an additional 350 hectares of land from MoH and obtain EIA approval from MECA.

The Journey

As 2018 started, Bentout Shrimp Farm's first milestone was to obtain the requested extension for the project's site from MoH. There was an initial delay due to the company's road that crosses the requested area for extension. The ISFU team is working closely with MoH and Bentout Shrimp Farm to identify a new route in order to issue the land sketch of the extension.

Moving Forward

In 2019, the project owners will concentrate their work on site investigations and an environmental consultant will be assigned to start collecting data to prepare the EIA. Data collection will require the entire year due to the seasonal nature of the region.

Stakeholders

| | |
|--|---|
| Ministry of Agriculture and Fisheries (MAF) | Ministry of Regional Municipalities and Water Resources (MRMWR) |
| Oman Aquaculture Development Company (OADC) | Ministry of Housing (MoH) |
| Ministry of Environment and Climate Affairs (MECA) | Bentout Company |

5. Abalone Farming



The waters of Oman boast some of the highest quality Abalone in the world and, as a result, can reap high values on the international market. The Golden Abalone (*Haliotis Mariae*) is particularly abundant and is harvested in commercial amounts. Two projects to develop the abalone industry are currently in the pipeline.

5.1 Mirbat Abalone Farming, owned by Oman Aquaculture Company (OAC)

Currently in construction in Mirbat in the Dhofar Governorate, OAC spearheads the abalone investment projects with an investment value in the region of OMR 5.7 million. Completion of the construction is scheduled for the end of 2018, though by 2020 the potential capacity of producing 200 tons of abalone per year will be reached.

2018 KPIs

5.1.1 Completion of farm construction

This project will have the key foundations of the construction in place as well as piping systems, wall structures and roofing by the end of 2018.

The Journey

OAC floated a tender to assign a construction contractor. The offers submitted were unexpectedly high in value as the candidates did not fully capture the requirements of the project. Therefore, OAC met with each bidder to establish the details needed for the project construction, with the end result being a contractor assigned in December 2018.

Moving Forward

Regardless of the delays, construction and installation of equipment is expected to be completed by end of 2019. The hatchery will produce its first juveniles and the separation of broodstock will be initiated with the focus on first harvests in 2020.

Stakeholders

| | |
|---|---------------------|
| Ministry of Agriculture and Fisheries (MAF) | Dhofar Municipality |
| Oman Aquaculture Company (OAC) | |

5.2 Sharbathat Abalone Farming, owned by Al Jazeera Investments

All abalone farming is restricted to the rich waters of Dhofar governorate and Al Jazeera, located in Sharbathat, is no exception. The second major abalone farm, investors have targeted a spend of OMR 5.6 million for an annual harvest of 450 tons of abalone. 2018 had the goals of installing the hatchery and grow-out systems.

2018 KPIs

5.2.1 Completion of grow-out systems and 500k spats

Phase 1 of the project is construction and has been divided into 4 key phases; design, engineering works, seawater supply phase 1 and nursery and grow-out systems. Phase 1 was to be completed by August 2018, with the production of spats commencing immediately afterwards.

The Journey

The project has progressed smoothly from the outset, regardless of minor challenges that were anticipated. Of the challenges, the first was the supply of electricity to the site through a line with enough capacity. A temporary working solution was found with an investment in electricity generators being made. The project moved ahead of schedule as installation of water source pipelines in phase 1 was completed in April instead of September 2018.

Crisis management protocol went into effect as a result of Cyclone Mekunu in May, with the hatchery being transferred to a nearby fishing port, Lakbi in Al Wusta governorate, rented from MAF. The investor, however, is currently looking into other suitable sites as the current location proved to be inconvenient to run the project.

Moving Forward

The investor is to identify a new site and obtain all necessary approvals while the hatchery works to produce the immature Golden Abalone needed to culture and harvest the targeted quantities by 2020.

Stakeholders

| | |
|---|---|
| Ministry of Agriculture and Fisheries (MAF) | Rural Areas Electricity Company (Tanweer) |
| Golden Coast Company | |

6. Recirculating Aquaculture System (RAS)



A land-based aquaculture system used predominantly for high-value species, RAS is a closed system that has a controlled environment. It has many benefits over other aquaculture types, including lower water consumption and reduced risk of diseases whilst maintaining a high standard of fish quality. This initiative focuses on an important RAS project related to salmon, a high-value species that is notoriously difficult to farm.

6.1 Fins Salmon

Based in Quriyat, a Norwegian aquaculture specialist, AquaSite, is investing OMR 46 million into the project which aims to produce 20,000 tons of salmon annually with the first harvest expected in 2021.

2018 KPIs

6.1.1 Obtain Operational Aquaculture License (OAL) for Fins Salmon RAS

With the EIA approval in July 2017, and financing secured in December 2017, the main objective of the KPI was gaining the OAL so the project could start immediately.

The Journey

With a plot of coastal land near Quriyat secured, representatives of AquaSite based their planning on the fisheries lab, with the first step being the submission of the EIA scoping report to MECA. This was delayed and the time for completing the EIA took more than expected. The EIA scoping report was finally submitted and approved by MECA in November 2018. As a result, the investor submitted the full EIA by the end of 2018.

Moving Forward

After approval from MECA and MAF on the EIA and feasibility study respectively, a usufruct agreement will be signed between the MoH and the investor.

Stakeholders

| | |
|---|--|
| Ministry of Agriculture and Fisheries (MAF) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Housing (MoH) | AquaSite |
| Ministry of Commerce and Industry (MoCI) | |

7. Hatcheries



To truly develop and ensure a long-term sustainability in the finfish aquaculture industry, it is vital that finfish hatcheries are established. At present there is a single project operating in Quriyat though it is a success in attracting more projects. Juveniles are currently imported into Oman which adds unnecessary costs to the total production, a situation which is being rectified through the development of a finfish hatchery in the Sultanate.

7.1 Al Bustan Hatchery

Located in the Al Bustan area of Muscat, Al Bustan Fish Hatchery is an OADC project with an investment value of OMR 11 million. The hatchery will be capable of producing 40 million juveniles annually, with the first harvest expected in 2020.

2018 KPIs

7.1.1 Start construction

The project underwent engineering designs and construction contractors were assigned with the goal of starting construction by the end of 2018.

The Journey

At the start of 2018, the project gained approvals of engineering designs from Muscat Municipality after which a tender was floated to assign a Project Management Consultant (PMC) for the construction stage of the hatchery. The PMC has been assigned and a tender was floated to assign a construction consultant. The bids submitted exceeded the set budget and they were referred to the Board of Directors for approval.

Moving Forward

The year 2019 will be focused on evaluating the proposals. The contract is expected to be awarded to the successful bidder in the middle of 2019 and construction to start at the end of the year.

Stakeholders

| | |
|---|---------------------|
| Ministry of Agriculture and Fisheries (MAF) | Muscat Municipality |
| Oman Aquaculture Development Company (OADC) | |

8. Algae Cultivation



Algae are fast-growing plant organisms with the ability to convert sunlight, CO₂ and nutrients into organic matter that can replace commonly used oils and proteins. Algae farming is a growing market, which is expected to reach USD 44.7 billion in the next 5 years and Oman's environment and climate is perfectly situated to take advantage of this growth. Algae has many uses other than food replacements, ranging from being a carbon sink and water filter through to applications in biofuel, bioplastics, fertilisers and much more. Due to a high concentration of protein and Omega-3 fatty acids, algal oil is an alternative to expensive fish oils and thus in high demand in the aquaculture industry, and shellfish hatcheries in particular, where they often have to produce their own.

8.1 Al Sharqiyah Algae Farm

Based in Al Sharqiyah, a British algae farming company with projects around the world, FeedAlgae, is investing OMR 167.5 million into the project which aims to produce 100,000 tons of algae annually with the first harvest expected in 2022. Once completed it will be one of the largest in the world.

2018 KPIs

8.1.1 50% completion of EIA report

The KPI target for 2018 was to submit the EIA scoping report and complete 50% of the EIA preparation.

The Journey

An application to the MoH for land was the first milestone of 2018 for Al Sharqiyah Algae farm, however the MoH and Mol requested a modification in the land application due to the land's proximity to residential areas. As a result, a new proposal was submitted to the investor, redesigned to circumvent the land's border issues. On approval of the new proposal, the investor met with the Municipal Committee of the Mol to obtain their approval and for MoH to produce a land sketch of the site.

Moving Forward

The year 2019 will witness the assignment of an EIA consultant to run the assessment on the site, while the investor will be able to finalise the feasibility study. The EIA will be finalised and a usufruct contract will be signed with MoH by the end of 2019.

Stakeholders

| | |
|---|----------------------------|
| Ministry of Agriculture and Fisheries (MAF) | Ministry of Interior (Mol) |
| Ministry of Housing (MoH) | FeedAlgae |

9. Develop Skilled Aquaculture Labour Via Private-Sector Led Training



As the aquaculture industry develops in Oman, so does the demand for skilled manpower to work in the farms and related industries. This initiative aims to improve existing training programmes and to provide a strong link between the public and private sector in terms of training programmes available. An Industry Advisor Panel (IAP) will be formed to give students increased exposure to the industry through situational training as opposed to theory-based only. Clear guidelines will also be established to create occupational standards in the fisheries industry for companies and training institutes to follow when training Omanis.

2018 KPIs

9.1 Implement training programmes in the Vocational College of Marine Science in Al Khaburah

The Vocational College of Marine Science in Al Batinah governorate is the de-facto fishermen college. This KPI looks to improve the current programmes available through collaborations between the public and private sector. With an emphasis on practical training, the long-term plans are to develop occupational standards for the industry in line with the national guidelines.

The Journey

As this initiative was planned and discussed during the fisheries labs, the first step was to establish a curriculum-revising IAP consisting of members assigned from the leading companies in the private sector as well as specialists from MAF, MoMP and academia.

The panel immediately started working on the curriculum's general framework, though there was a slight delay due to the process of obtaining land extension for the college, initiated by MoMP. It was discovered that the land was owned by Al Khaburah Fishing Port under MAF. Negotiations with MAF were held to investigate the possibility of providing part of the port's land to the college.

As it turned out, the port was already under development, including the requested land extension, so MAF directed the focus of the work of the initiative at this stage towards improving the curriculum plans of the college.

Moving Forward

The IAP will continue to develop curriculums and new training programmes. The panel will also obtain the relevant approvals of such programmes before the final stages of creating the new curriculum.

Stakeholders

| | |
|---|--------------------------------------|
| Ministry of Agriculture and Fisheries (MAF) | Vocational College of Marine Science |
| Ministry of Manpower (MoMP) | Private sector |

10. National Aquaculture Health Management



The aquaculture industry and the international market is a prime area for Oman to establish dominance and, with several large-scale projects in various stages of completion, the country is making every effort to increase significantly its contribution to the industry. The industry is not free of pitfalls and there is a need to upgrade not only the infrastructure, but also the regulations, if it is to sustainably develop the sector.

2018 KPIs

10.1 National aquaculture health management

MAF has been empowered to upgrade the regulations and regulate the development of the aquaculture industry in 2 distinct phases, the first being the regulation and planning with the second being the implementation and operations.

Under the first phase, the current regulations and guidelines are being reviewed, as are plans for training and the development of facilities.

The Journey

In Q4 of 2018, a contract was signed between MAF and the British Centre for Environment, Fisheries and Aquaculture Sciences (CEFAS), both of whom were working throughout 2018 to agree on terms convenient to both the Omani and British governments. The negotiations took longer than anticipated due to legal reviews, further compounding the overall project timeline.

Moving Forward

In the course of 2019, the ministry's scientific laboratories development plan will be prepared with CEFAS. The lab development plan and lab surveillance staff requirements will be finalised in 2019.

Stakeholders

| | |
|--|----------------------------------|
| Ministry of Agriculture and Fisheries (MAF) | Ministry of Legal Affairs (MoLA) |
| Centre for Environment, Fisheries and Aquaculture Sciences (CEFAS) | |

Downstream & Processing

11. Collection Points



Facilities to sort, wash and pack fresh catches is of paramount importance to fishing communities who need to ensure product quality. This initiative aims to improve these facilities through the provision of trucks and flake-ice for fishermen as well as gathering information for the purpose of data-monitoring and tracking. The initiative targets 15 collection points in communities with the highest density of fish landings and the highest numbers of fishermen, but currently lacking the facilities needed.

2018 KPIs

11.1 Obtaining approvals to establish 5 collection points

This initiative is ground-up, which means that the first step is to source land in desired areas and secure approvals from MoH and MECA.

The Journey

Due to the lack of suitable infrastructure serving fishermen with high-fish potential in remote areas, this initiative was endorsed during the labs to provide the facilities needed. 15 sites were selected for infrastructure development based on the number of fishermen and fish landed. A taskforce was formed during the labs by MAF, MoH and MECA to visit the sites and decide on their suitability.

12 suitable sites were selected and approved by MECA. Four of those sites gained MoH approval and the land sketches were issued. For these 4 sites, MAF sent a letter to MoF to request their approval to take these lands through a bidding process, approval that is currently pending. The remaining lands are in the process of obtaining approvals and submitting land sketches.

The challenge of this initiative was to source suitable lands in areas that fulfilled the criteria, though the support provided by ISFU to coordinate the process of obtaining approvals from MoH and MECA has resulted in securing the required lands.

Moving Forward

Upon approval from MoF, tenders are expected to be floated for the 4 sites in 2019.

Stakeholders

| | |
|--|-----------------------------------|
| Ministry of Agriculture and Fisheries (MAF) | Ministry of Finance (MoF) |
| Ministry of Environment and Climate Affairs (MECA) | Public Authority for Water (Diam) |
| Ministry of Housing (MoH) | Investors |



Energy

| Energy KPI Dashboard | |  |  |
|----------------------|--|---|---|
| Initiative/ KPI | | Target 2018 | Actual Achievement 2018 |
| 1 | Ibri 2 Solar IPP | | |
| 1.1 | Completion of bids submission | 100% | 105% |
| 2 | Solar 2022 | | |
| 2.1 | AER approval of request for qualification | 100% | 25% |
| 3 | Dhofar Wind | | |
| 3.1 | To achieve 70% of the design | 50% | 74% |
| 3.2 | To achieve 60% of construction | 50% | 88% |
| 4 | Wind 2023 Project | | |
| 4.1 | Commencement of collection of wind resource data | 100% | 25% |
| 5 | Barka Waste-to-Energy | | |
| 5.1 | Review and approval of feasibility study by AER | 100% | 110% |
| 6 | Energy Auditing and Retrofitting | | |
| 6.1 | Accreditation of local SMEs for energy audits | 100% | 105% |

| Initiative/ KPI | |  |  |
|-----------------|--|---|---|
| Initiative/ KPI | | Target 2018 | Actual Achievement 2018 |
| 8 | North-South Interconnector | | |
| 8.1 | Completion of RFQ (Request for Qualifications) document and approvals | 100% | 100% |
| 11 | National Environmental Policy for the Energy Sector (NEPES) | | |
| 11.1 | Complete the realisation of Oman's national environmental policy for the energy sector | 100% | 77% |

- * The work process of ISFU was reviewed by Deloitte, and findings will be built upon in the future.
- * A number of projects/initiatives haven't identified their KPIs yet as they are still under ongoing deliberations. This is due to the fact that such projects/initiatives have been recently listed in ISFU dashboard.
- * A number of projects might not be reflected in the Annual Report as they are under direct monitoring of specific authorities. However, ISFU follows up on the execution on a regular basis.
- * All forms of data are being continuously improved to be more representative of actual economic state. This is done in collaboration with NCSI and relevant government entities and aligned with international standards.

Overview

Over the past decade alternative energies have been brought into the energy diaspora of Oman to lessen the dependency on oil and gas. Solar has always been a meteorological opportunity, though the technology to harness Oman's abundant daily hours of sunshine has been a limiting factor. Wind has also become a viable option and Oman has the perfect combination of open spaces and wind. Wind-farm technology has grown exponentially and has now brought the investment risk to acceptable levels when compared with potential incomes and reduced dependability on fossil fuels. The energy lab was divided into 4 workstreams, namely Renewable Energy, Electricity Efficiency, Enhancing National Grid Connection and Enablers. Within the projects on the dashboard in 2018 were several renewable energy projects and it is these which carry much of the impetus in future goals. Solar plants in Ibri and Manah have seen strong progress, with bids being submitted and locations being investigated. Wind power in Oman has taken a step closer to realisation with wind studies being conducted in various locations.

The Sultanate believes in the necessity of diversifying energy source mix to generate power and reduce the heavy dependency on conventional energy resources in order to better cater for demands for power in households, commercial establishments and industrial areas. It is also crucial to focus on promoting power network security and improve power consumption through supporting different projects such as the north-south interconnector, buildings retrofitting and auditing, and standards for specific appliances e.g. ACs and lightening as per the plans set to increase the efficiency of power consumption.

ISFU, in collaboration with stakeholders such as Ministry of Oil and Gas (MOG), Authority for Electricity Regulation (AER) and other entities to address the challenges that would impact on the progress of the projects. For instance, the relevant entities together with ISFU succeeded in overcoming a delay in the tender process of the National Environmental Policy for the Energy Sector (NEPES) project and the tender was awarded without any impactful delays. Furthermore, ISFU provided support to allocate the required budget for buildings retrofitting and auditing project, and expedited the application process to connect the north-south interconnector with the main grid.

Number of projects: 11

2018 Achievements

- Ibri Solar IPP Project achieved 100% of its 2018 milestones. The project is currently receiving bids and has started the evaluation process with the intention of awarding the project early in 2019.
- North-South Interconnector. The tender for consultancy services was floated as planned and will be awarded mid of 2019.
- Waste to Energy achieved 100% of 2018 milestones by getting AER approval for the feasibility study.
- Energy Auditing and Retrofitting Project achieved 100% of its 2018 milestones. Fifty Omanis have been trained and accredited by the Association of Energy Engineers (AEE) to be the first Omanis qualified as energy auditors.
- The National Environmental Policy for the Energy Sector (NEPES) has been established for the filed sampling and analysis of air, marine, water sediment and terrestrial soil quality collected from selected locations in the Sultanate.

Graduated projects in 2018

Gas Allocation Committee has started actual operation.

Governance: The government structure and policies for gas and electricity were streamlined by merging the electricity policies of Diam and MOG.

Renewable Energy Projects

A. Solar Energy

All GCC countries enjoy an abundance of solar energy potential and can attract investment in harvesting the power of the sun. With global trends indicating the imminent availability of low-cost technology, the goal of shifting the power-source mix away from conventional fossil fuels is becoming increasingly viable. Studies conducted by the Public Authority for Water "Diam" (known previously as Public Authority for Electricity and Water) and Authority for Electricity Regulator (AER) have proven the feasibility and sustainability of executing solar projects due to the availability of solar energy in the Sultanate being among the highest in the world.

This initiative aims to diversify the resources used to generate electricity and enhance the Sultanate's utilisation of its solar energy resources through 2 major projects; Ibri 2 Solar IPP, the capacity of which is 500 MW and will be operational by 2021 and Solar 2022, the capacity of which is 500 MW and will be operational by 2022.

1. Ibri 2 Solar IPP project

Oman is currently studying different methods of energy diversification and, through the energy labs conducted in March 2018, enabled renewable energy sources to be folded into the sector. Important renewable energy projects destined to trigger the green energy sector in the country on a large scale revolve around embracing the power of the sun to create solar energy. Based on Oman's abundant supply of solar energy, studies have proven the long-term feasibility of such projects.

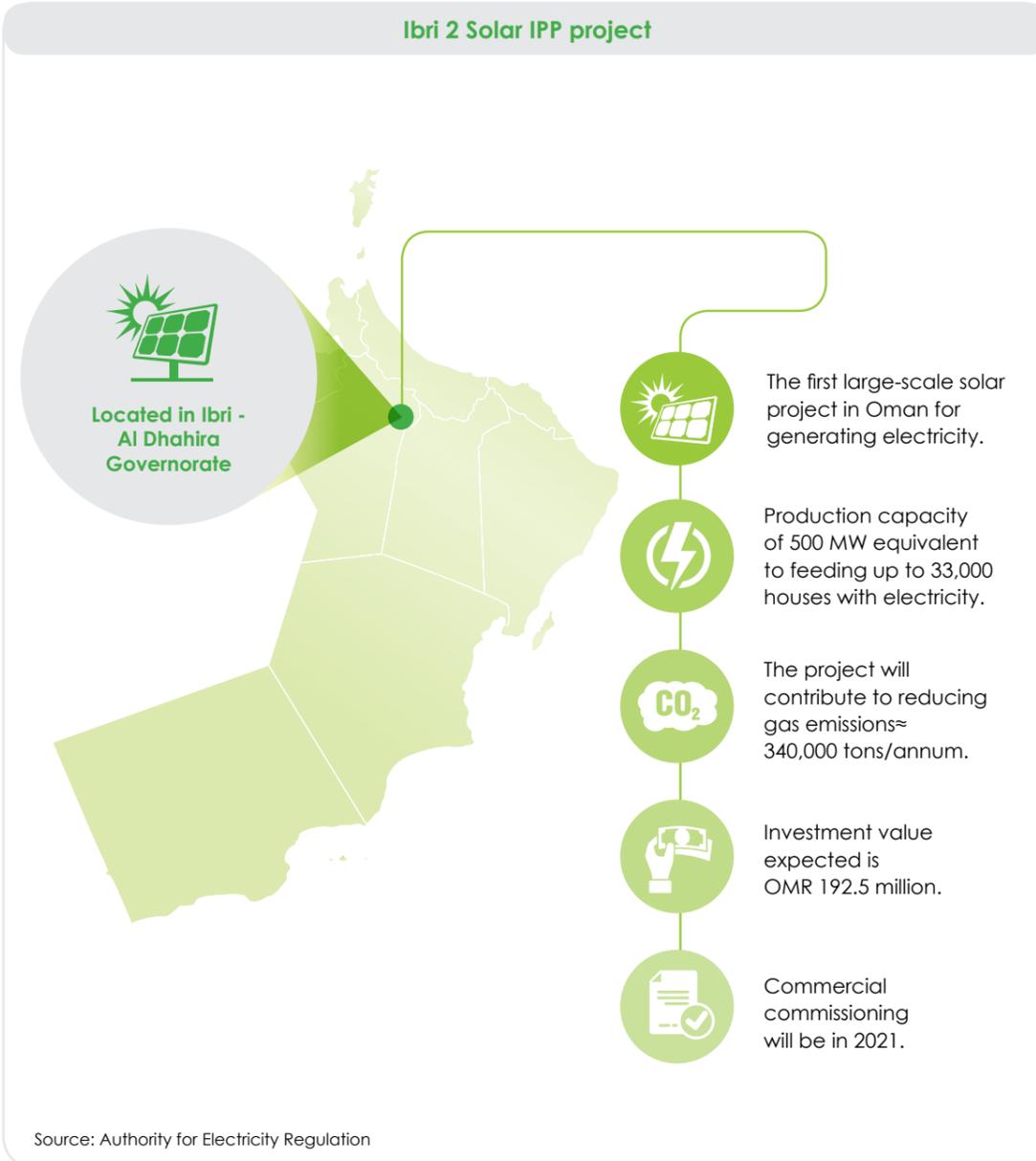


Ibri 2 Solar IPP is the first large-scale solar project in Oman for generating electricity and will encourage renewables whilst opening the door to many more solar energy projects. Using PV technology, the target generation capacity for this project is 500MW and the plant will be synchronised with the Main Interconnection System (MIS).

Alleviating Oman's high dependency on gas to generate electricity, this project will replace the future equivalent capacity from gas turbines. It will also support the energy lab's objectives in diversifying the energy source mix in the Sultanate and to achieve the planned 11% of electricity generation from non-gas sources by 2023. The project will have long-lasting environmental benefits by reducing gas emissions and optimising greenhouse gases (GHGs), a commitment that is aligned with signed international protocols related to environment.

Procured by Oman Power and Water Procurement Company (OPWP), the project is expected to be operational by 2021. Bids have been submitted and evaluation of bidders is ongoing, with an anticipated awarding of the project by early 2019.

Ibri 2 Solar IPP project



Progress of the project is as per plan. The key challenge for the project was securing land for such a large-scale project that demands certain topographical criteria, proximity to grid connection and solar irradiation as well as overlapping with the property of other entities. The land was successfully secured in the middle of 2018.

The KPI was successfully completed in 2018 with 3 bids being submitted as planned and currently under evaluation.

Moving Forward

In 2019, the project will be awarded to a developer who will subsequently start construction and mobilisation.

Stakeholders

| | |
|--|--|
| Ministry of Housing (MoH) | Authority for Electricity Regulation (AER) |
| Ministry of Environment and Climate Affairs (MECA) | Oman Electricity Transmission Company (OETC) |
| Oman Power and Water Procurement Company (OPWP) | Public Authority for Water (Diam) |

2. Solar 2022 project



Planned for 2022, this is the second phase of the solar energy projects that were embraced by the energy labs in 2018 and procured by OPWP. Based on topography, grid connection and solar irradiation, Manah is the perfect location for Solar 2022 to be one of the projects that will increase the renewable energy contribution to the electricity sector to a total of 11% RE through an installed capacity of 500 – 1000 MW. As Oman is located within the global sun belt and enjoys an abundance of solar energy potential, and the trust shown in Oman's power sector, there are factors that will attract investment to Oman. Global trends indicate the possibility of low-cost technology use in this field in the near future, but in order to achieve the goal of moving the power-source mix away from conventional fuel, Oman needs to leverage its endless solar energy as a main resource to generate power.

2018 KPIs

1.1 Completion of bids submission

The Journey

The project was initiated and progressed by OPWP before the energy labs and, due to its importance, was included in the energy labs to unlock the challenges that could possibly disrupt the implementation phase. As a result, it was endorsed by experts and the steering committee alike. The milestones were agreed during the labs and ISFU has helped support the working group on commencing implementation in June to complete the bids submission. ISFU also coordinated with the Ministry of Housing (MoH) and OPWP to expedite the process and secure the land permit.

2018 KPIs

2.1 AER approval of request for qualification

The Journey

Following the labs of early 2018, the KPI and key milestones were agreed prior to the implementation phase in June 2018. This project faced a challenge in securing a suitable plot of land and ISFU worked with OPWP and other stakeholders to secure all necessary permits for the plots in Manah. Following this, the preparation and submission of the Request for Qualification (RFQ) to the Authority of Electricity Regulation (AER) for review and approval was undertaken.

As part of the tender procedure in the electricity sector, AER needs to review the RFQ documents and approve them before they can be issued to the market by OPWP.

ISFU coordinated with the Ministry of Housing (MoH), Oman Power and Water Procurement Company (OPWP) and the Ministry of Finance (MOF) to look for and secure the new land. MoH and OPWP explored other options for convenient project sites and Manah was selected because it has the highest rate of radiation, topographical prosperity and proximity to grid connection and, once found, ISFU supported the new land proposal by facilitating the issuance of the permit from MoH.

Moving Forward

In 2019 OPWP will be working on the submission of a statement of qualification as part of the bidding preparation stage that will take place in 2020.

Stakeholders

| | |
|--|--|
| Ministry of Housing (MoH) | Authority for Electricity Regulation (AER) |
| Ministry of Environment and Climate Affairs (MECA) | Oman Electricity Transmission Company (OETC) |
| Oman Power and Water Procurement Company (OPWP) | Public Authority for Water (Diam) |

B. Wind Energy

Parts of Oman's long coastline have relatively high-wind speeds of between 5 and 7.5 metres per second. This average will enable the Sultanate to harness the wind in order to generate electricity. Similar to the solar energy initiative, the cost of wind-related technologies continues to decline which, in turn, enhances the status of wind energy as an attractive renewable energy potential.

This initiative aims at diversifying resources used to generate power whilst enhancing the Sultanate's smart usage of wind energy potential by establishing 2 new wind power projects; Wind 2023, the capacity of which is 200 MW capacity and will be operational by 2023, and Dhofar Wind, the capacity of which is 50 MW capacity and will be operational by 2019.

3. Dhofar Wind Project



This project sees a fundamental shift in clean-energy projects not only in the Sultanate, but in the region, as it becomes the first of the renewable energy projects to become operational. By offsetting 110,000 tons of carbon-dioxide emissions, the project supports Oman's wider strategy of meeting the country's growing energy demands.

Located in Dhofar governorate, it will supply 10% of Dhofar's energy demands on completion. Based on the Joint Development Agreement signed in August 2018, the project is developed by the Rural Areas Electricity Company (Tanweer) and Masdar. The plant will be connected to the main grid in Dhofar.

2018 KPIs

3.1 To achieve 70% of engineering designs

3.2 To achieve 60% of construction

The Journey

Substation buildings, wind turbines, overhead lines and cabling are currently in the design stage, with procurement management coming into effect for purchasing and delivery. Many of the major elements have been ordered, with the wind blades and towers having already been delivered.

Foundations for the wind turbines and substation buildings have been completed, with cable trenches and other excavations in progress. The next phase will see the construction of substation buildings, overhead lines and the installation of wind turbine generator components and other electrical equipment.

By playing a massive role in the shift from conventional energy to renewable energy, this project has been high-profile since the agreement was established between Rural Areas Electricity Company SAOC (Tanweer) and Masdar. A slight delay was experienced due to a challenge in obtaining the no-objection certificates (NOCs) from various stakeholders, but the working group liaised with ISFU and Tanweer and it was resolved successfully. ISFU also persevered to ensure that stakeholders are working closely together to expedite processes between them. For example, ISFU has reached an agreement with PDO to provide the NOC for routing 132 kV over headlines to allow for system connections through concession areas.

Moving Forward

In 2019, the project will be commissioned and start producing energy, becoming the first renewable energy project to start actual operations in the sultanate.

Stakeholders

| | |
|---|--|
| Rural Areas Electricity Company SAOC (Tanweer) | Oman Electricity Transmission Company (OETC) |
| Oman Power and Water Procurement Company (OPWP) | |
| Authority for Electricity Regulation (AER) | Masdar |

4. Wind 2023 project



Although solar energy is one of the more obvious sources of renewable energy for Oman, wind energy also has huge potential to not only create energy, but also to reinforce the government's commitment to supporting environmental commitments to reducing greenhouse gases.

The coastline of Oman receives consistently strong winds; enough to enable the 200MW capacity of the first wind farm in the country, particularly in key locations including Sur, Jaalan Bani bu Ali and Duqm, Shleem and Sadah. With a milestone set for operations to start in 2023, the analysis of locations will be ongoing through 2018 and 2019 due to the cycles of the season. At an agreed point, a feasibility study will be carried out to investigate the technical and economic aspects of the project.

Once land is secured, there will be a wind resource assessment at the proposed sites for a period of 1 to 2 years. The measurements will be analysed to reveal the location with optimal wind resources, after which the tender document will be issued.

2018 KPIs

4.1 Commencement of collection of wind resource data

The Journey

With so many options available along the coast of Oman, identifying the site that would meet all the key criteria of having the correct topography and a connection to the grid, resulted in slight delays. ISFU coordinated the negotiations with MoH, MOG and SEZAD to secure the 7 sites of the project. A wind resource assessment will be carried out while the applications for environmental permits are ongoing.

The areas secured for the project cover large areas of land and, in some cases, they overlap with the business operations of SEZAD as well as oil and gas activities related to the Ministry of Oil and Gas (MOG). ISFU is currently working with those stakeholders to reach a mutual agreement.

Moving Forward

The year 2019 will witness the wind resources assessment contract awarded as well as all assessments being completed.

Stakeholders

| | |
|---|--|
| Ministry of Housing (MoH) | Ministry of Environmental and Climate Affairs (MECA) |
| Public Authority for Water (Diam) | Authority for Electricity Regulation (AER) |
| Oman Power & Water Procurement Company (OPWP) | Oman Electricity Transmission Company (OETC) |
| The Special Economic Zone in Duqm (SEZAD) | |

C. Waste-To-Energy

5. Barka Waste-to-Energy Project



Oman currently manages the large amounts of waste generated annually through the use of special landfills as they are a cost-effective solution. By their nature they are long-term commitments and around 30,000 square metres per year need to be allocated for Muscat and Southern Batinah alone. Annual running costs are in the region of OMR 13 million. A key negative aspect of landfill as a solution is the negative environmental and health impact they have, as well as the adverse effects on local communities.

With the expected increase in waste generation reaching 3.67 million tons by 2040, due to the increase in population and projected economic growth, a viable opportunity to maximise value creation from municipal waste and bio-waste has been researched.

In order to implement this project, Oman Environmental Service Holding Company (Be'ah) and Oman Power and Water Procurement Company (OPWP) have worked together to conduct an economic feasibility study (2015 - 2016) in order to evaluate the proposed projects. A special consultant was appointed to verify the technical and commercial feasibility related to generating electricity using waste. During 2018, OPWP issued a tender to prepare a technical and economic feasibility study for the municipal waste project.

As per the planned schedule for this project, the technical and economic feasibility study was completed at the end of 2018 with approvals from the related stakeholders soon after. As this is a new energy source for the Sultanate, the existing experience is limited. There is a need to further explore the appropriate technology required for the project. Coordination and collaboration is ongoing between OPWP, Be'ah and the Authority for Electricity Regulation (AER) with the bids assessment and appointment of a project advisory service also completed in 2018.

2018 KPIs

5.1 Review and approval of feasibility study by AER

The Journey

This project is one of the pipeline projects of OPWP and Be'ah. The energy labs were focused on developing alternative energy as opposed to traditional sources and, in exploring that, the project will also provide vital solutions for the environment. This project is considered a key influencer in enhancing the energy diversification of the Sultanate's needs and will offer another solution alongside gas, solar and wind energy. Although still in the evaluation stage, the team is studying the techno-economic aspects, the options needed to carry out this project and conclude the viability study before the next phases.

Moving Forward

As the feasibility study has been completed, the company will submit the request of proposal to AER to obtain their approval to start the bidding stage of the project.

Stakeholders

| | |
|---|--|
| Oman Environmental Services Holding Company (Be'ah) | Authority for Electricity Regulation (AER) |
| Oman Power & Water Procurement Company (OPWP) | |

Energy Efficiency

Although the Sultanate is working to secure the energy sources to meet the annual growth in energy demands, energy conservation measures have been addressed as a vital objective in having a positive impact on energy sources as well as related economic, social and environmental implications. The energy sector has already worked with many initiatives and, due to their importance, they have been included and endorsed in the energy labs to promote energy-saving measures. These initiatives target the length and breadth of the sector, starting from upstream and continuing all the way to downstream. The 2 projects below are the first of many that target energy efficiency in Oman.

6. Energy Auditing and Retrofitting Project



Based on available data and statistics, it has become apparent that the majority of government buildings in Oman can improve the efficiency of their electricity consumption. The Authority for Electricity Regulation (AER) carried out a number of energy audits on government buildings in 2017 and 2018, the results of which have further reaffirmed the need to improve the efficiency of their electricity usage. Since the implementation of Cost Reflective Tariffs (CRT), facility managers are being incentivised to meet requirements in energy reduction for their respective buildings.

Lowering electricity consumption in Oman's government sector can be achieved by utilising Energy Services Companies (ESCOs). ESCOs have long served government markets internationally as they are proven in improving building performance and giving access to expertise. They also advise and oversee the installation of new, more efficient, equipment whilst training the building staff with little or no upfront costs as any risk involved is managed by the ESCOs. The comprehensive building retrofits that ESCOs can perform will allow for simultaneous targeting of multiple building systems, including the building cladding, lighting, ventilation, and air conditioning (HVAC).

2018 KPIs

6.1 Accreditation of local SMEs for energy audits

The Journey

As there is no current ESCO industry in Oman, AER hosted a programme to enable the certification process of local energy auditors. The Association of Energy Engineers (AEE) provided Certified Energy Auditor (CEA) training, examination and certification for a shortlist of 50 Omani nationals. The goal was to raise the capabilities of local Individuals and SMEs in undertaking the work of ESCOs and promoting employability through the supply of knowledge and skills to match current and future demand in the market. These local auditors can then be utilised by international ESCOs, who would provide them with first-hand experience in performing the energy audits of buildings and could ultimately lead to the establishment of qualified Omani SMEs in the industry.

In November 2018, AER floated a Request for Proposals (RFP) for Advisory Services for an energy efficiency programme, *Government Building Energy Audits and Retrofits*, to establish a financial, legal and regulatory framework for the utilisation of ESCOs by government institutions. The framework would include the creation of performance-based contracts that can be applied to an individual building, or a whole portfolio of buildings over the term of the roll-out of this project, and can gain the critical mass required to deem the programme a success.

Moving Forward

The appointment of an advisory service to set up the working model and related aspects of the ESCO market in Oman is expected in early January 2019. The intended outcome will be the simplification of mechanisms to appointing ESCOs by government entities to perform the audits and retrofits for the upcoming phases of building audits.

Stakeholders

| | |
|---------------------------|--|
| Ministry of Finance (MoF) | Authority for Electricity Regulation (AER) |
|---------------------------|--|

7. Appliance Standards Project



The appliance standards project will bring Oman in-line with the Gulf standard for energy efficiency, a standard which helps improve energy consumption whilst saving energy and thus lessening the demand on resources. As part of the plan for specifying and standardising the efficiency of electrical appliances such as air conditioners, lights and refrigerators among Gulf countries, the Ministry of Commerce and Industry (MoCI) has started with the highest-consumption equipment in buildings, namely air conditioners. In 2018 MoCI issued standards designed for air conditioners to control efficiencies by ensuring that electrical appliances are energy efficient.

MoCI has been working closely with other GCC authorities to establish standards for electrical appliances and in 2018 approved and issued them for implementation. ROP is responsible for controlling imports at the border and MECA now requires some permits related to the environment and the gas used in air conditioner units are checked. The target for 2018 is to streamline the processing of permits from MoCI and MECA in the database of ROP to ensure all permits are implemented.

2018 KPIs

7.1 Setting minimum efficiency standards for air-conditioners

The Journey

This project has been triggered by MoCI based on an agreement with other GCC countries to improve electrical appliances and energy consumption. The process of setting energy efficient standards for air-conditioners had already been completed, reviewed and approved by MoCI, represented by the Directorate General for Standards and Meteorology. As the energy labs focused on improving energy efficiency, this project is one that contributes to the main objective of the labs. It was discussed and agreed with other stakeholders to accelerate this project due to its impact on energy saving.

The standards for air-conditioners are currently in the implementation phase and are progressing as planned, however there are some challenges that need to be resolved.

One of the challenges is to deploy the standards in Bayan, the new ROP database which is a computerised customs procedure provided at all of Oman's customs entry and exit-points to encourage and enable trade facilitation. Environmental permits for gases in air conditioners issued by MECA, and the technical and safety requirement permits from MoCI, need to be integrated in Bayan to ensure all permits are computerised. The stakeholders, with the support of ISFU, are working together to unlock this challenge and resolve it, with the standards being operational in the system, by the end of 2019.

Efforts are now also underway to prepare standards for lighting and other appliances in the Sultanate.

Moving Forward

ROP's Bayan system will incorporate the efficiency standards and, as such, suppliers will start implementing energy efficiency labels on all air conditioning appliances.

Stakeholders

| | |
|--|--|
| Ministry of Commerce and Industry (MoCI) | Royal Oman Police (ROP) |
| Ministry of Environment and Climate Affairs (MECA) | Authority for Electricity Regulation (AER) |

Enhancing National Grid

8. North-South Interconnector project



Integrating Oman's 4 main systems, the Main Interconnected System (MIS), Petroleum Development Oman (PDO), Rural Areas Electricity Company (Tanweer) and Dhofar Power Company (DPS) is a project of national strategic importance. There will be strong economic and environmental benefits to the Sultanate, as well as financial input for areas such as Duqm as it lies on the north-south divide and will be the backbone of the 1,000km long interconnector. The first phase of the project will connect the MIS with Duqm and have an interconnection with PDO.

2018 KPIs

8.1 Completion of RFQ (Request for Qualifications) document and approvals

The Journey

The north-south interconnector was further explored during the energy labs and the importance of the project quickly became evident, resulting in accelerated endorsement by the steering committee and stakeholders. The consultancy services tender was floated in September 2018 and the project is progressing as planned.

Challenges for the project were mainly related to the connection application, as the requirements caused inconvenience to some of the stakeholders based on the nature of their business. ISFU is currently coordinating the negotiations between the stakeholders to ensure the project is progressing as planned. As per the connection application applied for by the stakeholders, Oman Electricity Transmission company (OETC) is studying the applications and is in discussions with the stakeholders regarding the technical and economical aspects. The pre-investment appraisal document and a consultancy services tender were prepared and floated with bids received accordingly.

The tender procedure in the electricity sector dictates OETC must receive connection application requests and agreement from the concerned stakeholders before proceeding with floating the tender and a request for an RFQ to approve them.

Moving Forward

By the first quarter of 2019, the consultancy services for the project will be awarded and, as a result, the Engineering, Procurement and Construction (EPC) tender will be prepared.

Stakeholders

| | |
|---|---|
| Oman Electricity Transmission Company (OETC) | Petroleum Development Oman (PDO) |
| Oman Power and Water Procurement Company (OPWP) | Rural Areas Electricity Company SAOC (Tanweer) |
| Authority for Electricity Regulation (AER) | The Special Economic Zone Authority of Duqm (SEZAD) |

Enablers

9. Gas allocation



Gas is a multi-purpose utility in Oman currently used to generate power, used for local industries and exported as LNG, though it could be further exploited to benefit the sector. In order to standardise the gas allocation quotas to industry, enhanced gas allocation criteria and a transparent allocation process are needed. By standardising the quotas, Oman will be in a stronger position to enable more projects and achieve higher revenue with beneficial economic returns.

2018 KPIs

9.1 Forming gas allocation committee

The Journey

During the labs, it was agreed that the existing methods of application for gas need to be streamlined to be clearer and more accurate. A standardised method of application is to be applied in order to enable new projects, create jobs, increase added-value and promote investment into the country.

It was found that a gas allocation committee was needed to communicate with stakeholders regarding the new processes and criteria in allocating gas and to start applying the model for new gas requests. As a result, a committee was formed consisting of undersecretaries from MOG (Chairman), MoCI (Co-Chairman), MoF, MoMP and SCP and has commenced working on mandates to examine the requests.

Moving Forward

The objective of this project was fulfilled, and the initiative successfully graduated from the dashboard, though ISFU will continue to follow up on the initiative operations.

Stakeholders

| | |
|--|------------------------------------|
| Ministry of Oil and Gas (MOG) | Ministry of Manpower (MoMP) |
| Ministry of Finance (MoF) | Supreme Council for Planning (SCP) |
| Ministry of Commerce and Industry (MoCI) | |

10. Governance structure for electricity and gas



There is a need to agree on a unified national strategic direction to streamline the management efforts of the electricity and gas sectors in order to avoid policy decision delays and the shortfalls in integrated planning. This project seeks to standardise the energy sector policies to be managed by a specific entity that is Ministry of Oil and Gas. This will result in facilitating the decision-making processes and the sector future planning.

2018 KPIs

10.1 Improve and streamline governance structure

The Journey

This project aimed to improve and streamline the governance structure for the entire value-chain of the electricity and gas sector. It also targeted the improvement of sector governance as a necessary step to sustaining its development through standardising policies and efforts.

A robust method of governance will also enable the development of a detailed decision-making process for the sector whilst improving the current mechanism related to the allocation of resources with a framework to accurately identify the roles and responsibilities of each responsible entity.

As a result of intensive workshops during the lab sessions, recommendations were put forward to consider the need to develop effective proposals to establish a single-platform whilst streamlining the governance structure, regulations and policies for the sector by 2019. By the end of 2018, legal aspects of developing effective proposals to join efforts within a single platform were prepared and made ready for implementation as per the energy lab outcomes.

An integrated governance structure would ensure alignment of policy-making procedures, following-up on the implementation of the issued decisions and streamlining planning and development efforts of the electricity and gas sectors, while taking into account the interests of both sectors.

Moving Forward

As the royal decree has been issued this project is considered graduated, however, ISFU will keep following up on the implementation.

Stakeholders

| | |
|----------------------------------|--|
| Ministry of Oil and Gas (MOG) | Public Authority for Water (Diam) |
| Ministry of Legal Affairs (MoLA) | Authority for Electricity Regulation (AER) |

11. National Environmental Policy for the Energy Sector (NEPES)



NEPES is an integrated, comprehensive environmental policy that provides clear regulations, standards, guidelines and standardisation of requirements based on international norms. The lack of clear environmental policies for power generation technologies have slowed investments in alternative power generation sources in Oman. By establishing an environmental policy with associated regulations and standards for power generation using diverse energy sources, it will lay the foundation for future economic development and energy supply security for Oman as well as streamline investment. MECA is currently developing environmental standards without specific focus on the adoption and use of alternative fuels or technologies other than those that use natural gas and combined gas-cycle technology.

The expected outcomes from this project will be a national environmental policy for the energy sector with regulations and standards whilst raising awareness of stakeholders and civil society on matters pertaining to Oman's energy security.

The project is progressing as it gathers the required data from the available sources and analyses it to develop the required toolbox and involve stakeholders in workshops. The project has faced a challenge in awarding the tender due to contractual issues which will slightly impact the project, however the majority of the other activities can proceed. ISFU is working with AER, MECA, the Tender Board and other involved parties to overcome all existing challenges effecting the project.

A solution was agreed upon and the issue was resolved with the project being awarded end of 2018. ISFU also played a vital role in connecting the concerned parties with the decision makers related to this issue and helping them arrive at a mutually agreed solution.

Moving Forward

The project will be updated with the summer data as the model/toolbox is planned to be ready in 2019. The achievements will be broken down into 4 key phases of: preparatory assessment, development policy, establishment and deployment and implementation.

As the project is planned for completion in 2019, the focus is development, then deployment and implementation. ISFU will collaborate with MECA and other concerned parties to continue supporting this project.

Stakeholders

| | |
|--|--|
| Ministry of Environment and Climate Affairs (MECA) | Authority for Electricity Regulation (AER) |
| Ministry of Oil and Gas (MOG) | Public Authority for Water (Diam) |
| Oman Power and Water Procurement Company (OPWP) | |
| Petroleum Development Oman (PDO) | |

2018 KPIs

11.1 Complete the realisation of Oman's national environmental policy for the energy sector

The Journey

NEPES was first explored during the manufacturing lab in September 2016 where its importance regarding the environmental impact arising from power generation was highlighted. As a result, baseline environmental conditions could be established in-line with the adoption and deployment of alternative energy sources. In 2018, energy labs were introduced, and an energy team was developed, resulting in NEPES being transferred from the manufacturing team to the energy team at ISFU.



Mining

| Mining KPI Dashboard | | | |
|-----------------------------|---|---|---|
| Initiative/ KPI | |  Target 2018 |  Actual Achievement 2018 |
| 1 | Copper Mines and Upstream Concentrator Plants | | |
| 1.1 | Ghuzayn underground mine (Mawarid) | | |
| 1.1.1 | Realisation of Mawarid's Ghuzayn underground mine | 24% | 0 |
| 1.2 | Washihi Mazzaza copper mining and new concentrator plant (Alara Resources and Al Hadeetha) | | |
| 1.2.1 | Realisation of Washihi's mine and concentrator plant | 84% | 1% |
| 1.3 | Yanqul copper and gold exploration project and concentrator plant (Mazoon Mining Corporation/MMC) | | |
| 1.3.1 | Realisation of Oman Mining Company's (OMCO's) Block 10 Yanqul block/mines and concentrator plant | 10% | 60% |
| 2 | Downstream Ferrochrome Plants | | |
| 2.1 | Ferrochrome plant expansion (Gulf Mining Ferro Alloys LLC) | | |
| 2.1.1 | Realisation of GMFA's ferrochrome plant expansion | 48% | 10% |
| 3 | Accelerate Review of Inactive Chromite Mining Licenses | | |
| 3.1 | Converting inactive chromite mine sites into confirmed status of renewal, revoke or closure | 34 | 16 |
| 4 | Integrated Downstream | | |
| 4.1 | Al Hael Ceramic Project | | |
| 4.1.1 | 100% realisation of Al Hael ceramic plant | 100% | 100% |
| 4.1.2 | Production of ceramics with capacity of 3.8 million sqm | 3,800,000 | 0 |
| 4.2 | Gulf Potassium Potash Project | | |
| 4.2.1 | 35% realisation of potash exploration programme | 35% | 43% |
| 4.3 | Kunooz Dolomite Project | | |
| 4.3.1 | 90% realisation of dolomite exploration programme | 90% | 6% |

| Mining KPI Dashboard | | | |
|-----------------------------|---|---|---|
| Initiative/ KPI | |  Target 2018 |  Actual Achievement 2018 |
| 5 | Establishment of Mining Blocks System | | |
| 5.1 | Establishment of Mining Blocks System | 90% | 11% |
| 6 | Initiate Simplification of Licensing | | |
| 6.1 | Simplification of exploration and mining license process | 100% | 40% |
| 7 | Integration of Inter-Agency GIS System and Licensing Data to Enable a Centralised Database | | |
| 7.1 | Establishment of centralised database | 8% | 100% |
| 8 | Activating the Acquired Financial Independence for PAM | | |
| 8.1 | Activating the acquired financial independence for PAM | 93% | 12% |
| 9 | Implementing a Dynamic Royalty Rate for the Mining Sector | | |
| 9.1 | Establishment of a dynamic mining royalty framework | 70% | 35.71% |
| 10 | Lab services outsourcing | | |
| 10.1 | Lab services outsourcing | 45% | 24% |
| 11 | Outsourcing of PAM's Monitoring | | |
| 11.1 | Outsourcing of PAM's Monitoring | 35% | 60% |

* The work process of ISFU was reviewed by Deloitte, and findings will be built upon in the future.

* A number of projects/initiatives haven't identified their KPIs yet as they are still under ongoing deliberations. This is due to the fact that such projects/initiatives have been recently listed in ISFU dashboard.

* A number of projects might not be reflected in the Annual Report as they are under direct monitoring of specific authorities. However, ISFU follows up on the execution on a regular basis.

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

Overview

The Sultanate is replete with mineral wealth such as chromite, dolomite, zinc, limestone, gypsum, silica, copper, gold, cobalt and iron spread across its vast territory. Each area is characterised by varied compositions formed by mineral ores based on the date of their natural formation. The wide range of ores, between precious metals and industrial minerals, found in Oman holds long-term economic feasibility for the country.

The Mining sector offers an attractive and lucrative environment for investors who see long-term value in the range activities and end products. For Oman, this results in a valuable increase in revenues and exports whilst creating new jobs for Omanis and localising the knowledge-base for exploration techniques, excavation and production activities. The Mining sector initiatives are divided into 3 subsectors; Metals, Industrial Minerals and Regulations and Enablers.

Number of initiatives in 2018: **12**

2018 Achievements & ISFU role

The Mining sector was added to ISFU monitoring programme in 2018 and has already made significant progress in establishing the importance of the initiatives. Many key milestones have been reached.

The Al Hael Ceramic Project started in the labs with approval for only one site. By the end of 2018 all sites had been approved by the 8 entities entrusted with guiding the sector (see below for a list of the 8 entities). Mawarid's Ghuzayn underground mine had challenges with initial approvals though, with the support of ISFU, meetings were held and the approvals followed shortly afterwards.

The division of parcels of land into mining blocks is an initiative that has given rise to several new projects. Of the 110 blocks targeted to be unlocked, most of them received responses (approval, rejection, downsizing or relocating) from the 8 entities and 12 of them were progressed and ready for auction. The balance of the blocks will be auctioned based on the nature of the response from the 8 entities.

Metals

1. Copper Mines and Upstream Concentrator Plants



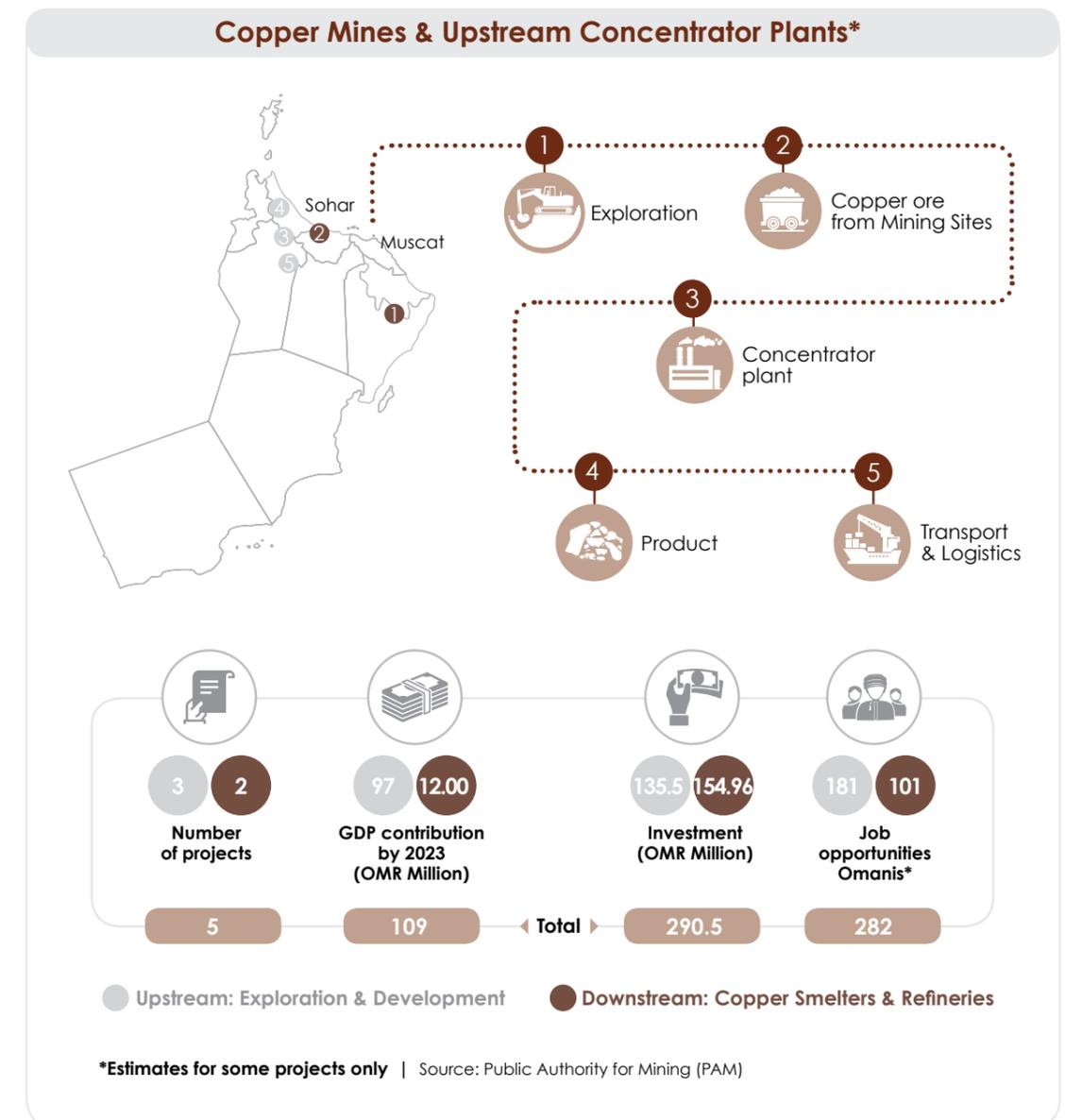
The ancient name for Oman was Majan, meaning Land of Copper, an indication of the mostly untapped copper resources lying under Oman's landscape. Although there are no active copper mines currently working in Oman, there are many applications for mining and exploration licenses which are awaiting approval. Under the umbrella of this initiative, there are 3 projects pertaining to mines in Ghuzayn, Washihi and Yanqul.

1.1 Ghuzayn underground mine (Mawarid)

2018 KPIs

1.1.1 Realisation of Mawarid's Ghuzayn underground mine

Located in the north of Oman in the wilayat of Khabourah, with an estimated JORC (Joint Ore Reserves Committee) reserve of 6.5 million tons of mineable ore, Ghuzayn underground mine is one of the largest copper discoveries in Oman and is expected to be the first unique advanced underground copper project in the country. This initiative aims to utilise an advanced underground mining method to extract the ore, whilst practicing standardised safe HSE levels. The project is anticipated to take 2 years or less to develop the portal and access plus 7 years of production, giving it an expected lifespan of 9 years or more. This initiative aims to reinstate copper production in Oman, thereby enabling a downstream feed by import substitution of concentrates of >166ktpa. A mining license is expected to be issued in Q1 2019 by PAM, along with infrastructure and project preparations.



The Journey

In May 2018, mining approval for the project was granted by the Ministry of Regional Municipalities and Water Resources (MRMWR), the Ministry of Environment and Climate Affairs (MECA), the Ministry of Interior (MoI) and Royal Oman Police (ROP) after the land area was reduced by ROP. The project was reviewed during the mining lab in the presence of the MECA, MoI, MRMWR and PAM. The key point of the review was to look at the reasons behind the rejection and the possibility of reconsideration due to the feasibility of the project and the overall economic impacts for Oman. It was agreed that the company would resubmit a copy of the EIA to MECA and MRMWR for their approval, after which MoI would issue their approval. In July 2018, the ministry reported their approval though Mawarid was asked to submit a bank guarantee for the EIA, request PAM to send a no-objection letter to MECA to proceed and to upload the EIA and bank guarantee to Invest-Easy. This project has gained approvals from all 8 entities and now the mining permit is pending from MoH and PAM.

Moving Forward

The company will continue to develop the underground mine and strive to open it for operation at the earliest. As part of the project preparation, recruitment and financing, the company will work on the definite feasibility study update and detailed engineering. They will also work on the project financing after the development contract identification and tendering. The next steps include project construction and development at the mining site, such as project portal development and ramp portal development and support. An additional step for 2019 will be the procurement and purchase of underground mining equipment.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Defence (MoD) | Ministry of Tourism (MoT) |
| Ministry of Heritage and Culture (MoHC) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Royal Oman Police (ROP) |
| Mawarid Mining LLC | |

1.2 Washihi Mazzaza copper mining and new concentrator plant (Alara Resources & Al Hadeetha)

2018 KPIs

1.2.1 Realisation of Washihi's mine and concentrator plant

Located in Washihi, the mine has an estimated reserve of 10.1 million tons of mineable copper ore and concentrate production of 33 kilo-tons per annum (ktpa). The concentrator plant, which will be the hub, will be within 1km of the copper ore body with multiple additional ore bodies proposed elsewhere in Oman to feed the plant in the future. Washihi's concentrator plant will undergo a typical beneficiation process to convert copper ores of 0.8% to 24.6%.

A mining license has been granted to the company, which means that by the first quarter of 2019 explosive clearance is expected to have been obtained and viable license terms will be negotiated. Construction of the project for plant and mine will be in preparation and project finance agreements will be finalised.

As this is in progress, resource validation at Mullaq and Al Ajal mines will have commenced. The KPI for this project will be realised when the construction of Washihi open-pit mine and concentrator plant are completed and open for operation, closely followed by the trucking of the mining ore from the sites to the plant.

The Journey

The primary challenge of the initiative was gaining the approvals from MRMWR, MECA and MoI, all of which have been pending since 2013. With the support of ISFU to expedite the process of obtaining the remaining approvals, the company successfully obtained all required approvals. After which, PAM issued the mining license for the company in May 2018 followed by the company starting preparation and reviewing of engineering, procurement and construction (EPC).

Several steps were delayed due to power connection issues, obtaining financing approvals from banks and other reasons. Alara and ISFU conducted a meeting with Mazoon Electricity Company to discuss Alara's application for power, wherein they agreed to supply temporary power but should revise their application for permanent connections and submit for approval.

Moving Forward

The company will continue to develop the mine and start producing-run-of-mine (ROM) from the Washihi mines.

Stakeholders

| | |
|--|--|
| Public Authority for Mining (PAM) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Defence (MoD) | Ministry of Tourism (MoT) |
| Ministry of Heritage and Culture (MoHC) | Ministry of Housing (MoH) |
| Royal Oman Police (ROP) | Ministry of Interior (MoI) |
| Al Hadeetha Resources LLC Company (JV between Alara Resources, Al Hadeetha Investment & Al Tasnimm company). | |

1.3 Yanqul copper and gold exploration project and concentrator plant (Mazoon Mining Corporation/MMC)

2018 KPIs

1.3.1 Realisation of Oman Mining Company's (OMCO's) Block 10 Yanqul block/mines and concentrator plant

The aim of this project is to utilise the significant upside potential inside and outside the existing resources area for Cu-Au mineralisation, a deposit which became evident after a detailed analysis of the exploration campaigns carried out until the present time in Block 10. As well as copper-gold, the block also shows potential sites for the mining of chromite. Yanqul is located southeast of Block 10 and the block has a volcanogenic massive sulphide deposit in the lower part of Samail volcanic rocks, with a contained metal potential of approximately 20ktpa, subject to confirmation on completion of the Definitive Feasibility Study (DFS).



Yanqul is owned by Mazoon Mining Company (MMC), formed in 2018, and will be an open pit mine with a concentrator plant for the processing of ore.

The Journey

Various studies have been conducted on the Yanqul project, including a consultant firm for resource assessment for Joint Ore Reserve Committee (JORC) classification. Other consultants completed a preliminary feasibility study in 2016. Currently the company is carrying out drilling and data processing.

Moving Forward

The company expects to complete the definite feasibility study (DFS), and apply for the relevant regulatory permits, so construction/development can commence. The aim of the DFS is to confirm geotechnical parameters, hydrogeology, metallurgy, process design, upgrading the existing inferred and indicated resources as well as other engineering studies.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Interior (MoI) | Oman Mining Company (OMCO) |
| Ministry of Defence (MoD) | Ministry of Tourism (MoT) |
| Ministry of Heritage and Culture (MoHC) | Ministry of Housing (MoH) |
| Royal Oman Police (ROP) | Mineral Development Oman (MDO) |

2. Downstream Ferrochrome Plants



Chrome mining is another source of relatively untapped income for Oman. 330ktpa (55%) is exported without any further value addition from chrome concentrates. Therefore, there is a need to utilise the added value of the chrome through implementing the 2 projects of this initiative. The ferrochrome plants utilise chrome briquettes and chromite lump ore in pre-calculated proportions before being fed in to arc furnaces to complete the reduction process.

2.1 Ferrochrome plant expansion (Gulf Mining Ferro Alloys LLC)

The existing ferrochrome plant currently covers an area of 60,000 square metres but the aim of this project is to expand the low-grade ferrochrome pellet producing capacity by 40,000 square metres. The expansion, slated to be completed in 2019, will involve adding 2 more furnaces with an additional capacity of 100 ktpa, bring the total to 150 ktpa. Located in Sohar Free Zone with an OMR 10 million investment, the current plant has been operational since 2015 and exports 100% of production to markets in eastern Asia and western Europe.

2018 KPIs

2.1.1 Realisation of GMFA's ferrochrome plant expansion

The specific KPIs of seeing the project through to completion include the finalisation of a detailed feasibility study, approval from the Chairman and Board of Directors and finalising financing with banks.

The Journey

Finalisation of a detailed feasibility study, and subsequent approval from the Chairman and Board of Directors, have been completed and the company is currently following up with Oman Arab Bank to complete the financing. As a result of making some late adjustments to the equipment needs, there have been some delays in getting financing from banks while the company is waiting for the final proposal from suppliers. Approval is also needed from Sohar Free Zone and Majan Electricity, but first the company needs to finalise the capacity and load-requirements, both of which are dependent on the final proposal from suppliers. ISFU has played a role by coordinating with PAM and other related entities to see the KPIs being completed. Ferrochrome plants currently have an issue with hazardous waste management and space, yet MECA does not permit these companies to dispose of these materials outside the plant's premises.

Moving Forward

The priority for 2019 is ensuring all procedures required to move the expansion forward are completed, followed by the completion of construction in order for the plant to be commissioned and start commercial production.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Ministry of Tourism (MoT) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Gulf Mining Ferro Alloys (GMFA) | Ministry of Housing (MoH) |
| Royal Oman Police (ROP) | |

3. Accelerate Review of Inactive Chromite Mining Licenses



Due to the expansion of ferrochrome plants in Oman, there is an increase in demand for raw products locally. There are currently 74 mining licenses which have been taken up but are laying dormant. As a result there are untapped sites containing valuable chromite ores needed for the plants to cover their expansion plans and increase revenues for Oman.

2018 KPIs

3.1 Converting inactive chromite mine sites into confirmed status of renewal, revoke or closure

A review is needed of all the inactive chromite sites and to categorise them efficiently to benefit the mining sector as a whole. There are 3 options open:

1. Close the site after an inspection
2. Revoke the site license and make it available to other applicants
3. Renew the license once the license-holder has presented reasonable justification to the licensing committee in PAM

The Journey

On reviewing the sites, the initiative team sent letters via PAM to the owning companies, giving them 60 days to respond. 16 of the sites have been closed, either by request from the holding company or by a decision made by the PAM Licencing Committee. The committee made a decision to cancel all the licenses that were granted to the companies before 2015, and the rest to contact their holders for renewal.

The plan for this initiative appeared to be unrealistic and not aligned with the actual processes and procedures followed legally for the 3 options of close, revoke or renew and, as such, reaching the target set for the initiative in 2018 is not applicable. By the end of 2018, the KPIs were reviewed and changed and now match the current procedures followed for the initiative by the working team in PAM.

Moving Forward

In 2019, the working group will continue to work on a process to renew the licenses that were granted after 2015 if the companies have valid reasons as to why their licenses have been inactive. They will also work on cancelling the licences that were given to companies before 2015 and receive their responses to present them to the licensing committee after the legal department in PAM reviews them. The initiative is anticipated to be completed in 2019.

Stakeholders

Public Authority for Mining (PAM)

Companies with inactive chromite sites

Industrial Metals

4. Integrated Downstream



Downstream projects in Oman, such as clay projects, are currently common practice though there are also projects aimed at increasing and enhancing downstream projects in the mining sector and integrating them with upstream projects. Under the umbrella of this initiative are 3 projects.

4.1 Al Hael Ceramic Project

This project sets out to produce porcelain and ceramic products in Oman using the most modern and technologically advanced methods possible, with the aim of being counted amongst the world's best. Five different sites, and international exporters, with a combined capacity of 15 million square metres per annum will supply the raw materials in order to meet the highest Italian standards and quality. The sites will be located in:

- Wadi Bani Khaled (2 will be located in this area)
- Al Khamel Wa Alwafi
- Dima and Wadi al Tayyin
- Muscat

2018 KPIs

4.1.1 100% realisation of Al Hael ceramic plant

By the end of 2018 mining licenses for all 5 clay sites will have been issued, with gas and electricity connected and all machines in the 4 production lines ready for operation.

4.1.2 Production of ceramics with capacity of 3.8 million sqm

Approval from 8 official entities for each of the 5 clay sites will be sought in order to receive exploration and mining licenses from PAM.

The Journey

The factory planned to be operational, with production having commenced on an initial capacity of (3.8) million sqm but, as a result of not obtaining the licenses for the sites, particularly site 5 in Wadi Bani Khalid, there were significant delays.

When the labs commenced, the company had an exploration license for a single site, with the 4 remaining pending approval from several entities including MoH and MECA. The 8 key entities were invited to take part in round-table discussions during the labs. ISFU continued conducting workshops in cooperation with PAM leading the issuance of the mining license for 3 sites.

Moving Forward

The focus will be on obtaining the exploration license for site 5 and mining licenses for the 3 remaining sites. Production capacity will be raised to above 9.75 million sqm.

Stakeholders

| | |
|-----------------------------------|---|
| Public Authority for Mining (PAM) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Ministry of Regional Municipalities & Water Resources (MRMWR) |
| Al Hael Ceramic Company | Ministry of Housing (MoH) |
| Royal Oman Police (ROP) | Ministry of Tourism (MoT) |

4.2 Gulf Potassium Potash Project

Located in Umm As Samim, this project aims to extract potassium to produce potassium chloride. There is also a large brine resource, with the potential for the factory to sustain production volumes of over 1,000 tons per day of dry salt products over a projected project life of 20 years. It can produce 99% purity of potassium chloride for the oil and gas industry where it can be used in drilling fluids.

2018 KPIs

4.2.1 35% realisation of potash exploration programme

By the end of 2018, it is anticipated that the market analysis and the testing phase will be completed, a process that includes an evaporation and water test analysis. Rigs and camps will have been mobilised to the sites and an EIA will be finalised. There was a delay in completing the rest of the milestones due to funding issues, as they continue to seek investors, though work has commenced on the bankable visibility study that includes the drilling plan, processing plant, marketing study and more.

The Journey

The project is progressing as planned, despite some internal delays of the company. The testing of brine, including the evaporation under standard conditions is complete, as are the test result reports and the commission of market research.

Moving Forward

It is anticipated that 65% of the exploration programme will be completed in 2019, including the completion of geotechnical assessment and modelling as well as a decision on the production processing method. Lastly, the final reserve feasibility study is expected to be completed by the end of 2019.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Royal Oman Police (ROP) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Tourism (MoT) | Ministry of Environment and Climate Affairs (MECA) |
| Gulf Potash | |

4.3 Kunooz Dolomite Project

Aiming to produce up to 3 million tons per annum of raw material dolomite, an exploration programme will delineate different dolomite material types based on Magnesium Oxide (MgO) content. High grade dolomite will be used for Mg whereas low grade aggregate and dolomite with less than 1% Silica will be targeted for the steel industry. The project will be located in Quriyat where a scoping study suggests resource potential to be more than 250 million tons. A large part of the exploration programme is targeted for completion by the end of 2019, with the completion of detailed geological mapping and topographical surveys as well as sampling, chemical analysis and physical and metallurgical tests, some of which will be done outside Oman.

2018 KPIs

4.3.1 90% realisation of dolomite exploration programme

To achieve the KPI of 90% realisation of the exploration programme it will be divided into 2 stages:

Stage 1: Detailed geological mapping, surface channel chip sampling and sample analysis

Stage 2: Detailed topographical surveys and drilling work starting from a drilling platform and access track. Core drilling will follow, finishing with logging and sampling of the cores. Chemical, physical and metallurgical tests will also be done during this stage.

The Journey

There were many noteworthy impacts and outcomes, starting with the mining labs that resulted in ISFU meeting Kunooz on more than one occasion to discuss and resolve technical issues, resulting in the selection of a mineral resource consulting firm. Once a schedule was agreed upon, the consultant initiated and completed detailed geological mapping of the site as well as an analysis of surface sampling. Delays were seen due to the nature of the greenfield exploratory work being carried out. The initial plan was revised based on surface exploration results and the need for additional access roads over difficult terrain. Exploration is dynamic and the initial project plan needs to be adjusted based on results of each stage as per international best practice. The exploration is result-based and dynamic changes may need to be done, mitigating the exploration and development Capex leading to optimal discovery of mineral and downstream products.

Moving Forward

The year 2019 will witness the completion of the exploration programme once work is finalised on the open-pit mine design to calculate mineral reserves in the block and in identifying areas to mine during the initial 5 years of operation.

Planning of mining capacity, as well as surface facilities such as the crusher, workshop, office and stores need to be done, as does planning for the project's utilities. A conceptual financial model for the project needs to be developed to include Capex and Opex estimates before the preparation of a technical report covering all of the above.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Royal Oman Police (ROP) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Tourism (MoT) | Ministry of Environment and Climate Affairs (MECA) |
| Kunooz | |

4.4 Kunooz Basalt Project

This project aims to produce continuous basalt fibre (CBF) from basalt, a product that is used in construction and building materials, power engineering, road construction and the oil refining industry. The project will be based in the basalt-rich area around Sohar and will offer significant downstream opportunities. The approval from the 8 entities has commenced for 2 blocks. Block 1 has responses from 7 entities with 1 pending and Block 2 has site coordinates approved from PAM, with the letters to the 8 entities being prepared for sending.

2018 KPIs

4.4.1 10% realisation of basalt exploration programme

Obtaining the exploration license is the single element of the KPI.

The Journey

Mol, MECA, MoT and MoD have all approved the application, with ROP restudying the application after an initial rejection. Responses are pending from MoH, MRMWR and MoH.

Moving Forward

The 2019 targets include obtaining a no-obligation clearance from MECA to commence a topographic survey report and surface exploration for the completion of surface sample testing to generate drill targets. In addition, the technical report on phase 1 findings, conclusions and recommendations for detailed work in phase 2 will be finalised. This stage will include detailed test work, involvement of the technology provider, flow-sheet design, permitting and detailed market research.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Royal Oman Police (ROP) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Tourism (MoT) | Ministry of Environment and Climate Affairs (MECA) |
| Kunooz | |

4.5 MDO Attapulgitite Project (2 sites)

This project will utilise attapulgitite, also known as palygorskite and primarily used for pet litter, oil well drilling applications, liquid fertilisers, absorbents and desiccants, in the downstream production process. Production capacity will be 50 to 100 million tons with the potential of 11 to 72% attapulgitite deposits at each of the 2 sites. Production is projected at between 1 to 5 million tons per annum for each site. By the end of 2018 the exploration license was obtained and an exploration programme was mapped out to appoint and award the contractor, complete geological mapping and topography as well as complete drilling, logging, lab sampling and testing.

2018 KPIs

4.5.1 Realisation of attapulgitite mine and exploration

This includes the completion of all approvals for the mines and the completion of the exploration element of the project.

The Journey

Both of the sites, located in Al Shuwaimia, received approval from 7 entities with approval from the Office of the Minister of State and Governor of Dhofar still pending.

Moving Forward

The 2019 will see the completion of the exploration programme, the project economic feasibility study and the construction and development of the site.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Royal Oman Police (ROP) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Tourism (MoT) | Ministry of Environment and Climate Affairs (MECA) |
| Mining Development Oman (MDO) | |

Regulations and Enablers

5. Establishment of Mining Blocks System



Mining blocks are pre-approved blocks of land that have been identified as having high potential and prospects in different commodities, for the purpose of offering them to suitable investors on a competitive basis. Therefore, PAM seeks approvals from 8 entities for all mining permits to be granted in order for them to be unlocked and offered for auction locally and internationally.

2018 KPIs

5.1 Mining block approval and redefinition

Deciding on 25 blocks per month for 4 months was agreed with PAM and the 8 entities, for a total of 110 blocks, is the initial target though the aim is to unlock as many blocks as possible.

5.2 Mining blocks bidding and award process

By enabling Omani experience from entities such as the Ministry of Oil and Gas (MOG) and international experience from countries such as India, the working group was able to put forward a proposal for the auctioning criteria in-line with international best practices. The criteria can also be included into the executive regulations of the mining law. Marketing the mining blocks can be done through local and international media with the first patch of the tender being planned for June 2019.

The Journey

Initiated in 2017 by PAM, the mining block initiative was included in the regulation mining lab to get the much-needed approvals from the 8 entities. Discussions as part of post-lab implementations with PAM and the mining initiative team held fortnightly meetings with the representatives of the 8 entities to resolve the mining block ownership. This initiative aims to find resolution to as many of the 110 blocks as possible by the end of 2019. Some mining blocks may be reduced, moved or rejected by some entities in case justifications are found reasonable. ISFU is working with the mining team to arrange meetings with entities to avoid blockage of any elements.

In summary:

- 39 blocks have been approved by the 8 entities, 13 are ready for auctioning, 26 are yet to be finalised.
- 36 blocks have received 7 responses with only 1 approval pending/rejected.
- 26 blocks have received 6 responses, with 2 pending/rejected.

Challenges were faced when there were delays or lack of response, though the working group, along with ISFU, dealt with these challenges by finding a swift, mutually agreeable, resolution.

Moving Forward

To continue the efforts, and unlock as many of the remaining blocks as possible, it will be stipulated that the auctioning framework will be completed by a special regulatory board ratified by the Board of Directors of PAM.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Royal Oman Police (ROP) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Tourism (MoT) | Ministry of Environment and Climate Affairs (MECA) |
| Office of the Minister of State and Governor of Dhofar | |
| Office of the Minister of State and Governor of Muscat | |
| Office for the Conservation of Environment | |

6. Initiate Simplification of Licensing



The current process of gaining a license is complex and involves a lengthy processing period which can be simplified through reducing procedures and minimising stakeholder engagement by applicants whilst having a transparent and clear requirement for application.

2018 KPIs

6.1 Simplification of exploration and mining license process

The current process of acquiring a mining and exploration license by investors from the 8 related entities is overly complex and this KPI aims to develop a system which simplifies it.

There will also need to be a Geographic Information System (GIS) integration that will involve:

- Sharing technical integration documents among the 8 entities.
- The Information Technology Authority (ITA) secures a Multiprotocol Label Switching (MPLS) line and approval of the connectivity.
- Test the integration connectivity and share the date.
- Final launch.

The Journey

PAM is coordinating on a weekly basis with the 8 relevant entities to simplify the current licensing process, resulting in a significant time reduction in the timeframe. PAM already prepared a Service Level Agreement (SLA) that will be adopted by the 8 entities. The Authority is working on integrating the GIS system with the relevant entities to share the authorised data, which will help in issuing the licence in a shorter period of time.

Moving Forward

The next step of the project is to sign an SLA by the eight entities. However, the terms and concerns of each entity will be discussed first and addressed. All inputs will then be aligned with the Mining Law and its executive regulation before signing the SLA.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Royal Oman Police (ROP) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Tourism (MoT) | Ministry of Environment and Climate Affairs (MECA) |

7. Integration of Inter-Agency GIS System and Licensing Data to Enable a Centralised Database



Currently, there are delays in expediting the license procedure for applicants, a situation that will be remedied through the integration of an inter-agency GIS system across related entities.

2018 KPIs

7.1 Establishment of centralised database

This initiative will establish a geographical database in PAM to facilitate the access of investor data between entities. It will also give investors access to their data and PAM services, including corporate social responsibility, monitoring and inspections, surveys and studies as well as align the PAM platform and integrate it with the Invest-Easy portal at the Ministry of Commerce and Industry (MoCI). This will need to engage a consultancy study to map the necessary processes as well as develop the system, starting with an RFP and proceeding through the tender floating, evaluation and awarding process before finally entering the implementation stage.

The Journey

In a decision initiated in August 2018, PAM will have the authority to access GIS information in order to substantially reduce the time taken to issue licenses. The working group prepared the consultancy study for the mapping document, the request for proposal (RFP) document and oversaw the tender floating and submissions while ISFU liaised with PAM on a weekly basis to follow-up on progress.

Moving Forward

In 2019, the initiative aims to award the tender and sign the contract with implementation following soon after.

Stakeholders

| | |
|---|--|
| Public Authority for Mining (PAM) | Ministry of Housing (MoH) |
| Ministry of Interior (MoI) | Ministry of Heritage and Culture (MoHC) |
| Ministry of Defence (MoD) | Royal Oman Police (ROP) |
| Ministry of Regional Municipalities and Water Resources (MRMWR) | |
| Ministry of Tourism (MoT) | Ministry of Environment and Climate Affairs (MECA) |
| Ministry of Commerce and Industry (MoCI) | |

8. Activating the Acquired Financial Independence for PAM



PAM currently collects revenue from the fees of licenses and other sources. This initiative proposes a change in the financial status from ministry to authority, thereby allowing PAM to retain a percentage of the revenue collected whilst being required to provide the Ministry of Finance (MoF) with an agreed fixed annual amount. With this regard, MoF suggested examining the initiative requirements in a wider context to include the financial support mechanisms that can be implemented for different government entities. Currently, MoF is looking for alternative funding means that can assure the financial independence for the authority, as it is the core objective of this initiative.

2018 KPIs

8.1 Activating the acquired financial independence for PAM

To achieve financial independence, PAM will restructure its fund resources scheme. This will result in more flexibility to obtain alternative sources of funds and accommodate its annual financial requirements.

The Journey

The working group was formed in August 2018 and they started working on a proposal for PAM financial independence.

Moving Forward

In 2019, the working group will focus on modifying the current mechanism for budget allocation to address changes that will occur after the change of status.

Stakeholders

| | |
|-----------------------------------|---------------------------|
| Public Authority for Mining (PAM) | Ministry of Finance (MoF) |
|-----------------------------------|---------------------------|

9. Implementing a Dynamic Royalty Rate for the Mining Sector



Incentives for investors in the mining sector are currently static and a dynamic royalty rate will increase investment into the sector. At present, the royalty is fixed for all commodities and mining activities, even when their costs are different.

2018 KPIs

9.1 Establishment of a dynamic mining royalty framework

The first step to complete the KPI was to establish a working group to evaluate the alternatives of the dynamic royalty framework from the Oman Mining Strategy and lab outputs. Once an alternative is found, it will need approval from the Board of Directors (BoD) of PAM to be included in the executive regulations and presented to the Cabinet of Ministers for approval.

The Journey

With the addition of an expert to the working group to contribute to royalty rate negotiation, the evaluation report for the outputs of the labs and mining strategy was completed. The subsequent inclusion in the report draft has been significantly bolstered.

Moving Forward

The year 2019 will witness approval of BoD for the proposed dynamic royalty rate and its inclusion in the executive regulations that will be presented to the Cabinet of Ministers.

Stakeholders

| | |
|----------------------|-----------------------------------|
| Cabinet of Ministers | Public Authority for Mining (PAM) |
|----------------------|-----------------------------------|

10. Outsourcing of Labrotaries Service



Outsourcing lab services would be a lucrative alternative source of funding for PAM as they currently increase overall expenditure and divert resources from other areas, leading to decreased efficiency.

2018 KPIs

10.1 45% completion of lab services outsourcing

The Journey

In Q4 of 2018, the first draft of the evaluation report was completed, based on services comparison and PAM representatives visiting different mineral labs. The working group visited several mineral labs to determine the status of the labs and responsibilities of PAM.

Moving Forward

Several key targets have been laid out for 2019 in order to complete the goals of the initiative. Firstly, approvals from relevant entities must be sought, followed by the preparation, floating and awarding of the tender. The regulations then need to be amended and developed whilst the agreement is prepared and signed off. Finally, the contents of the agreement are to be implemented.

Stakeholders

| | |
|-----------------------------------|---------------------------|
| Public Authority for Mining (PAM) | Ministry of Finance (MoF) |
| Private sector | |

11. Outsourcing of PAM's Monitoring and Inspection



This initiative focuses on outsourcing the inspection services to a third party, thereby freeing up the limited resources available at PAM and increasing the productivity and efficiency in generating revenue through fines and royalties.

2018 KPIs

11.1 35% completion of outsourcing of PAM monitoring

The Journey

The working group completed the first draft of the evaluation report based on visits to different mining markets in the region to compare services, such as Fujairah Natural Resources Corporation in the UAE, to gain an insight into their experiences.

Moving Forward

Several key targets have been laid out for 2019 in order to complete the goals of the initiative, such as obtaining approval from relevant entities before preparing, floating and awarding the tender. The regulations are to be amended and developed whilst the agreement is prepared and signed-off. Once this is complete, the contents of the agreement can be implemented.

Stakeholders

| | |
|-----------------------------------|---------------------------|
| Public Authority for Mining (PAM) | Ministry of Finance (MoF) |
| Private sector | |

12. Social Contribution



At present, all mining companies in Oman are committed to allocating 5% of annual profits to social contributions. The funds generated are channelled towards the local wali's office and used by the Municipal Affairs Committees to fund local development. New mining laws will bring updated methods of calculating social contribution allocations and this initiative seeks to develop the collection process by utilising existing administrative structures whilst developing the disbursement process and criteria. It will also raise the awareness of the mining sector's importance in its contributions to local communities and the national economy in general. A detailed study covering the current practices, and proposing a range of options to manage the collection and disbursement of the social contribution funds, was delivered in 2018 with the recommendations being presented to the Board of Directors of PAM for their approval.

2018 KPIs

12.1 Conduct comprehensive research to study the current practices and propose alternatives

A study regarding the current practices in the calculation, collection and disbursement of social contribution funds will be completed. This will lead to a proposal of alternative mechanisms based on a survey of societal expectations and good practices in other sectors in the Sultanate.

12.2 Obtain approval on the recommendations from the Board of Directors of PAM

In this KPI, the recommendation produced during the study will be presented to the Board of Directors and an approval obtained.

The Journey

A study proposal is currently being worked by the working group on whilst ISFU is following-up and supporting the implementation of the project in coordination with PAM and other related entities.

A slight delay was experienced as the working group had to reframe the milestones as a result of the advisory committee not approving the initiative during the mining labs. The process was expedited by ISFU following up with the working group to ensure the milestones were amended for approval.

Moving Forward

The initiative will complete the inclusion of the required legal texts in the executive regulations of the mining law.

Stakeholders

| | |
|-----------------------------------|-------------------|
| Public Authority for Mining (PAM) | Local communities |
| Ministry of Interior (MoI) | Shura council |
| Mining companies | |



**Independent
Advisory
Review (IAR)**

Independent Advisory Review (IAR)



H H Sayyid Dr. Adham Turki Al Said

Assistant Professor, Sultan Qaboos University

An academic and economist, His Highness Adham Al Said is currently Assistant Professor of Economics in the College of Economics and Political Science, Sultan Qaboos University. He has a Master's degree from New York University (NYU) and a PhD from the University of West Australia and his post-graduate research focused on the economic integration of the GCC.

HH Dr. Adham Al Said is an ardent supporter of SMEs and consults with them through their development via a private company, The Firm for Business and Economic Consultancy. He has also been instrumental in establishing policy initiatives targeted towards SME growth.



Sheikh Dr. Alkhattab Ghalib Al Hinaï

Deputy Chairman of Oman State Council

Alkhattab bin Ghalib Al Hinaï was awarded a PhD in Geology in 1988. An established figure in the State Council, Al Hinaï has served as the Deputy Chairman of the State Council since 2015, prior to which he was a member of the State Council and Chairman of the State Council Education Committee in the fifth term, from 2011 to 2015.



Hussain Jawad Al Lawati

Businessman

A respected businessman in Oman for several decades, Hussain Jawad is Chairman of Alargan Towell Investment Co., W.J. Towell and Co. and Oman National Dairy Products. With a Bachelor degree in Philosophy, Sociology and Psychology, Mr. Jawad's formidable career started in 1972 in Columbus, Ohio (USA) where he worked in the field of social planning. On moving to Kuwait in 1973, he established several successful companies before moving to Oman where, in 1990, he joined W.J. Towell, rising to become Chairman of the Board of Partners in 2000.



Musab Abdullah Al Mahruqi

Group CEO of ORPIC and Oman Oil Company

With a Master's degree in Business Administration from Edinburgh Management School (UK) and a B.Eng in Chemical Engineering from the University of Nottingham (UK), Musab Al Mahruqi is currently the group CEO of Oman Oil Company (OOC) and Oman Oil Refineries and Petroleum Industries Co (Orpic). Prior to his current position, he was the CEO of Orpic and the CIO of Oman Oil Company.



Said Saad Al Shahry

Founder of Said Al Shahry and Partners (SASLO)

Bringing a wealth of legal experience, Said Al Shahry worked for the government as the Director of Legal Department at the former Ministry of Petroleum and Minerals before establishing his own law firm in 1992. He retained his links with government service as Salalah's representative in the Majlis Ash Shura from 2003 to 2007. With his in-depth knowledge of Omani legal issues from both a public and private sector perspective, he advises local and international clients and has been associated with the establishment and privatisation of many of Oman's largest projects.

Through SASLO, Mr. Al Shahry is committed to contributing to the development, education and training of not only the legal fraternity but also ministerial and governmental bodies through the SASLO Legal Training Centre (SLTC), the first and only legal training centre in Oman.



Sayyida Dr. Rawan Ahmed Al Said

CEO of Takaful Oman

With multiple international businesswoman awards to her name, Sayyida Rawan Ahmed Al Said previously worked in the public sector as Deputy CEO-Investment for the State General Reserve Fund of Oman before becoming Managing Director and CEO of ONIC Holding Corporation. On moving to her current role as CEO of Takaful Oman, she became the first, and only, female to hold a CEO position in a publicly listed company in Oman.

With an MSc in Economics and Finance from Loughborough University (UK), a Post-Graduate Diploma in Investment Analysis from Stirling University (UK) and a BA in Economics and Political Science from the American University (Egypt), she is on the board of a number of companies and institutions in Oman and the GCC.



Dr. Khalfan Mohammed Al Barwani

Vice President, Investment and Market Operations, CBO

With a background firmly establishing him as a top economist, Dr. Khalfan Al Barwani is not only the Vice President of Investment and Market Operations in the Central Bank of Oman (CBO), but also Chairman of the College of Banking and Financial Studies.

Prior to his current role, he served as a Senior Analyst at CBO and held several finance positions at Petroleum Development of Oman (PDO) covering drilling, exploration, geosciences and corporate directorate. He earned his Bachelor's degree at the Florida Institute of Technology (USA), before going on to receive his M.A. in Applied Economics, a second M.A. in International Economic Policy and a PhD in Economics in International Money and Finance. He has written extensively on monetary, fiscal, and financial issues in the region and lectures part time at Sultan Qaboos University.



Dr. Saud Musallam Al Jufaily

Associate Professor, Sultan Qaboos University

Dr. Saud Musallam Al-Jufaily is an Associate Professor in the Department of Marine Science and Fisheries as well as an Assistant Dean in the deanship of Admissions and Registration, Sultan Qaboos University. Dr. Saud has published research studies in the fields of agricultural and biological science, management and accounting as well as earth and planetary sciences.

He brings broad experience and qualifications to the Fisheries sector and specializes in aquaculture, an area of key investment into Oman's future sustainability.





Eugene Iliescu

Managing Director, Duke Exploration - Australia

Eugene Iliescu is an Engineer Surveyor with a degree in Social Science and over 30 years of mineral exploration, development and operational experience. He has been involved in projects across the industry spectrum including exploration, mine development, mine operations and mine closure in Australia, USA, the Middle East, North Africa, Eastern Europe and the Pacific Region. He also has extensive experience in operations management and project development; most notably the Gold Ridge gold mine in the Solomon Islands, the Bass Strait Tasmanian Natural Gas Pipeline and a major geothermal project in South Australia.

Also the Managing Director of Gentor Resources LLC based in Oman, he previously held senior management positions in copper mine development in other countries in the Middle East. Over 2016-2017, he was the Country Manager for Australian Mining Consultants (AMC) where he conducted mineral assessments in Oman for Minerals Development Oman.



Khaldoon Nusair

Associate Professor, Sultan Qaboos University

A professional of the hospitality and tourism sector, Dr. Nusair has a total of 12 years of post-doctoral degree experience with a career primarily in the academic fields teaching both undergraduate and graduate students in the fields of entrepreneurship, marketing, commerce and hospitality.

With a Ph.D in Hospitality Management from The Ohio State University (USA) and experience working as Assistant Professor at Rosen College of Hospitality Management - University of Central Florida (USA), he also holds two Master of Science degrees in Technological Systems Management and Management Information Systems, both from The State University of New York at Stony Brook (USA). He is currently an Associate Professor and Head of Marketing Department in Sultan Qaboos University and has published more than 40 journal papers that are focused mainly on hospitality and travel management.



Raoul Restucci

Managing Director, Petroleum Development Oman

With a career in Shell International spanning of more than 30 years across global markets, Raoul Restucci brings unlimited experience in the energy and mining sector. A graduate of Mining Engineering from Nottingham University (UK), Mr. Restucci worked in The Hague in production technology before holding several positions in Brunei in the areas of well-site operations, production engineering and economics. A subsequent move to Qatar Petroleum as Head of Economics and Planning, followed by Production Technology and later as Petroleum Engineering Manager at Al Furat Petroleum Company in Syria saw him move to Dubai and then on to Oman.

Initially a member of PDO's Board of Directors representing Shell, he assumed the role of Managing Director in October 2010 where he is responsible for the day-to-day management of the company in accordance with the programme and within the budget approved by the Board of Directors.



Daniel Wood

Vice President of Major Projects and Innovation, DHL - Germany

Daniel Wood earned his Bachelor's degree in Economics and European Politics from the University of Kent (UK). Representing the Logistics sector, he brings in-depth knowledge of transformational growth together with operational and commercial innovation. Based in the global HQ in Bonn, Germany, he also leads the enabling functions of the CCO office in mainland Europe, Middle East and Africa (MLEMEA) and leads the Real Estate Development across all clusters of the firm.



IAR Statement

At the beginning of each year, the Corporate Planning Team of the Implementation Support and Follow-up Unit (ISFU) organises the Independent Advisory Review (IAR). This event reflects upon the achievements and challenges of the previous year. This year, the event was hosted by Al Wahat Club in Muscat from the 3rd to the 7th of February, 2019.

The objective of the IAR is to provide a constructive and independent assessment of the work process and to learn from the experiences of others within similar initiatives. Through the IAR, the government will gain a clearer vision of the effectiveness of its processes and garner valuable insights on how to fuel continuous improvement whilst gathering reliable comments and constructive critique.

In order to maximise the benefits of the IAR, effective panel selection is critical and, ideally, consists of a mix of representatives with strong economic backgrounds stemming from government and private sectors. This year, the panel also included sector-specific experts who brought technical elements to the feedback.

Permanent members of the panel include His Highness Sayyid Dr Adham Al Said, an economics professor at Sultan Qaboos University, as the economist, Mr. Hussein Jawad, CEO of WJ Towell, as the private sector representative, and Sheikh Dr. Al-Khattab Al Hinai, Deputy Chairman of Oman State Council, as the public sector representative.

These members were joined by sector-specific experts including engineer Musab Al Mahrooqi, Group CEO of ORPIC and Oman Oil Company, for the Manufacturing and Labour sectors, and lawyer Said Al Shahry, founder of Said Al Shahry & Partners law firm, for Business Environment and Labour sectors. The Logistics sector was represented by Mr. Daniel Wood, Vice President of Major Projects and Innovation at DHL, and for the Mining and Energy sectors, Mr. Raoul Restucci, Managing Director of Petroleum Development Oman (PDO) and Mr. Eugene Iliescu, Managing Director of Duke Exploration in Australia. Representing the Project Development and Finance sector was Dr. Khalfan Al Barwani, Vice President of Investment and Market Operations at the Central Bank of Oman (CBO), and Sayyida Dr. Rawan Al Said, CEO of Takaful Oman. The Fisheries sector was represented by Dr Saud Al Jufaily from the College of Agriculture and Marine Science and, finally, for Tourism, Dr Khaldoon Nusair from the College of Economics and Political Sciences.



The manufacturing sector in Oman continues to show great potential in attracting international investment and exploring new markets to foster investments that utilise local resources and support the current scale of production. A pressing need was identified for initiatives that show sector-readiness and a link to international trends as well as for KPIs that focus on the sector's ability to improve the business environment and encourage more investment into the sector. Further enhancements can be made by reflecting industrial stakeholders' feedback in a continuous improvement plan.

It was also stressed that the sector should focus on developing markets with a competitive and comparative advantage rather than entering into markets already established in neighbouring countries. The advisors also support engaging academic entities in backing the sector through contract-based applied research and development (R&D) that aims at finding solutions for the recurring issues the sector faces and help advance the sector further. To ensure diversity, it was urged that each academic entity should focus on a specific sub-sector.



The fisheries sector offers challenges in governance as it involves dealing with an unstable oceanographic environment and different stakeholders. As exemplified round the world, and consolidated by past and future challenges, it was deemed almost impossible to regulate fisheries in its entirety. The advisors placed emphasis on the importance of having a clear enabling role for the Ministry of Agriculture and Fisheries and concerted focus is needed on economic impact related projects such as improving fresh fish post-harvest and fresh fish marketing systems. Ministry of Agriculture and Fisheries should reduce fresh fish exports as a whole fish (raw product) and focus more on downstreaming activities and exporting with added value as opposed to depending on aquaculture being the driving force. A recurring challenge hindering the progress of multiple initiatives is the allocation of lands.

For example, lands were given to investors without checking for electricity connectivity which contributed to delays in the projects. To avoid such matters in the future, the ISFU team has added a set of criteria for land allocation in the feasibility studies. The advisors also highlighted the importance of setting up an advisory board for the Ministry of Agriculture and Fisheries to assist in better planning and co-ordination. The objectives of the board should be clear and aligned with the five-year development plans.



Mining

ISFU's support and focus has added impetus and rigour to the near-term objectives, plans and deliverables of the mining sector, though the Public Authority of Mining's (PAM) capabilities are hindered by several challenges, including pre-requisite legislations, funding and human resource constraints. The 699 activities identified as outcomes of the National Strategy for Mining reaffirm the considerable efforts by PAM and the ISFU team to pursue and enhance economic opportunities.

It was identified that PAM should consider developing a simplified programme, consistent with available resources, aimed at differentiating between legacy mining licenses and new strategic growth opportunities. For the former, a more explicit understanding of investor and operator constraints that undermine exploration or development in allocated mining areas is essential. The increased focus on regulatory compliance requirements will also be fundamental in ensuring public support, particularly for affected communities. For the latter, it is recommended that PAM simplifies the detailing methods and requirements and leverage from key strategic partnerships that can proficiently transfer key processes and know-how to Oman and increase in-country value.

Beyond more explicit insights on key enablers to attract local and foreign investors, a clear strategy and commitment for community engagement needs to be managed concurrently which, in turn, will contribute to understanding the scope for mining expansion in legacy sites. In the near term, brownfield sites can create more value than greenfield programmes as they entail extensive exploratory and value-definition efforts. PAM should further consider leveraging institutions such as Minerals Development Oman (MDO) to progress key partnerships and more strategic opportunities. On the Omani job creation front, the 2,000 opportunities identified need to be mapped out by a skill-pool to put appropriate training and certification in place at start-up and not following a longer-term Omanisation programme.



Logistics

The Logistics sector has shown great progress in advancing its initiatives throughout 2018 and success stories and best practices need to be showcased to attract international investment and increase awareness of what Oman can offer. Areas needing increased focus were related to aligning with global trends such as digitalisation and its relation with e-commerce and the usage of technology and innovation in customs clearance and transporting goods. The panel also identified that the logistics sector should create more value for citizens and residents and improve the quality of society as a whole, not just the infrastructure for industries.



Energy

The Energy sector has shown significant progress and delivery of milestones through all key projects identified in the 2018 Energy lab. It was evident to the advisors that the escalation, multi-stakeholder steering committee, and delivery unit process had clearly enabled and facilitated delivery.

Improving and streamlining the energy governance structure by assigning the Ministry of Oil and Gas (MOG) to undertake the policy making and planning for the electricity sector, is one of the primary objectives achieved when taking into consideration that MOG is currently the authority solely responsible for the energy policy in Oman.

The significant progress to-date on the other primary objectives of the sector provides the opportunity to re-assess the 11% target of non-conventional resources of energy and gain a better understanding of potential constraints related to renewable source expansion in different locations. Project delays experienced in land allocation or 'last mile' connection costs warranted a more integrated approach with entities such as the Special Economic Zone Authority at Duqm (SEZAD) and the Ministry of Housing (MoH) at the steering committee level.

The effort to progress the energy efficiency via energy auditing, building codes and appliance standards are also evident, but considerable focus needs to be placed in enforcing these codes and standards, possibly through incentives. The energy subsidy is proving onerous to the government and thus provides much scope for introducing smart-thermostats to alleviate the significant power usage for air-conditioning. This would further provide installation and advisory work and job creation opportunities for Small and Medium Enterprises (SMEs). There is great potential to support SMEs and introduce in-country value (ICV) as an integral platform in the Energy sector. The implications of the 4th industrial revolution and associated growth in power warranted early discussions to establish Oman as an energy export market, particularly in light of escalating requirements from neighbouring countries and the more mature primary and secondary institutions and infrastructure, both established and under development, in Oman.



The tourism sector in Oman has a lot of potential yet to be unlocked and branding Oman as a global go-to destination should be a main focus area for the sector. Existing and future initiatives should be mapped-out based on contributions to top line KPIs and their economic impact. The knock-on effect on employment figures, GDP, flight taxes, occupancy rates and tourist expenditure of current and future initiatives should be stated clearly in real economic terms whilst determining the most important projects. Incomplete data-sets such as simply stating the number of arrivals in Oman's ports is not enough to tell the entire story and more details should be given. The panel also stressed the importance of clarifying the roles and responsibilities of the various government entities involved in the sector, from investor, enabler and regulatory. The role of each entity should be well defined, with no overlaps, and no single entity should take on the various roles itself. This allows for a clear focus on goals, management of resources and time management, ultimately leading to better and more accurate results.



The views on the Manpower sector were summed up in four key focus areas. Firstly is the issue of manpower initiatives and how the current relationship between initiatives and sector objectives is unclear therefore, there should be a link between initiatives and the sectors key objectives. The question of whether the initiatives create a competitive labour market should be addressed by the Manpower sector.

The second summation was related to Omanisation and the viewpoint that it is necessary to deal with the root of the problem, not only its impact, and also how Omanisation should be based on facts and statistics. The Manpower sector may consider preparing a list of the jobs attractive to Omanis, with monitoring of any increase in numbers in such jobs. There should also be emphasis placed on creating an appropriate working environment. The current method adopted to face Oman's manpower challenges is not effective enough. Solutions are created for the existing challenges by, for example, establishing new entities to address the problem. In the third focus, it was envisaged that the role of the Oman Chamber of Commerce and Industry (OCCI) should be promoted to being the actual link between private sector trends and manpower policies. Kuwait's Chamber of Commerce and Industry, with its effectiveness and powers, is an example of effective alignment between private and public sectors.

Finally, the integration of the classification mechanism of sectoral activities was looked at in further detail. Sectors face challenges through the mismatching of their activities due to different mechanisms and multiplicity of entities. There should be one entity responsible for classifying sectoral activities and defining the classification systems and criteria to be applied in all relevant entities.



Although various parties, in cooperation with ISFU, take positive steps to improve Oman's business environment, they still need to increase their efforts so they can keep pace with the rapid growth and development of the global business environment. This is advised in order to avoid a decline in the indicators of improving the business environment when compared to other countries. It is necessary to improve the business environment in the Sultanate by establishing controls and setting a specified period for the Ministerial Council and the stakeholders in the relevant laws.

In order to improve the business environment, there must be a mechanism for activating the legislation in conjunction with the administrative procedures after it is issued. This needs to happen in addition to designing an electronic map of the legislative cycle methodology that determines the period required to study laws from the drafting stage through to issuance.

Bringing clarity in real estate development mechanisms is a key factor in attracting investors, as investors need to know the urban development strategy to be able to plan investments. This is a challenge that has thus far not been addressed in the initiatives tasked with improving the business environment.

Based on its importance as an economic indicator to analyse the movement of the real estate market, a requirement to provide statistics for the index of building permits has been implemented. A suggestion has been put forward that the procedures and timescale for the issuing of building permits should be unified across all regions of the Sultanate.



The advisor's views of the Finance sector can be summarised by considering five key discussion points. In the first instance, it was seen that there should be increased governance of financial initiatives. The Ministry of Finance (MoF) should encourage the Steering Committee to meet regularly, in line with other sectors, to follow up on the progress of initiatives. A mechanism of collecting tax revenues using modern technology should be implemented to define and identify companies that have to pay taxes and engage in more effective ways to collect revenues. Additionally, a central entity to oversee the management of government investments should be created.

There also needs to be clarity in respect to the objectives of the divestment of government assets and whether the funds generated are treated as an additional source of revenues to finance the deficit. There also needs to be a clear-cut strategy on divestment, supported by how sustainable the strategy is if the objective is indeed to contribute to deficit financing. Currently, there has not been any clarity in this regard and this challenge needs to be clearly spelled out as part and parcel of fiscal consolidation measures, all of which needs to be made public.

The final viewpoint of the advisors was that a process needs to be established wherein key policy reform decisions are implemented within a defined time frame that must be adhered to in order to effectively and quickly implement fiscal reforms that reduce non-discretionary expenditure whilst enhancing non-hydrocarbon revenues. Implementing these two parts of the equation would reduce the need for more borrowing whilst boosting the State General Reserve Fund (SGRF).



The panelists encourage initiatives with a framework for governance and, accordingly, lab initiatives should be reviewed and replaced by more important initiatives for the current period. The absence of a national economic strategy is considered to negatively affect the development of the national economy and the council should, therefore, actively play its role in this regard to enable the alignment of efforts between different economic sectors. The projects of the council and the ministries need to be aligned and improved. The current system has several shortfalls, while the Tanfeedh programme works only on facilitation and is not the radical solution needed.

The council should focus on planning and analysing the economic and social impact of projects in line with the Sultanate's priorities. It should not be conducting feasibility studies for projects, for example, as this is the responsibility of the implementation entities. Moreover, the council should also work on finding KPIs for projects, to be selected based on the value and size of the project and its contribution and impact on the Sultanate's economy. Finally, the Council should develop ways to utilise and activate the competencies that have been trained, as required.

Agreed-Upon
Procedure Statement
by
Deloitte.

Verification by Independent Third Party

Implementation Support and Follow Up Unit ("ISFU") endeavors to follow up and support the economic diversification projects. The annual report is an important part of ISFU as it includes Key Performance Indicators (KPIs) dashboards of different sectors, which highlights the efforts taken by the public and private organisations to enhance economic diversification. It also includes efforts taken by ISFU to follow up and support programmes projects and new labs (extensive discussions with public & private stakeholders).

ISFU reinforces the key principles of Transparency & Accountability, which are revealed through this Annual Report. The Annual Report lists the KPIs (key performance indicators) for the initiatives alongside the targets compared to the actual achievement for each KPI. ISFU has strived to report these achievements transparently by putting extensive time and diligence and ensuring that the collection, computation and tabulation of data were accurate.

In order to ensure consistency and accuracy in our methods of data collection and calculations reported in the annual report, ISFU has appointed Deloitte & Touche (M.E) Co. LLC ("Deloitte") as an independent third party to conduct Agreed Upon Procedures on a selected sample of the KPI initiatives from each sector. These Agreed Upon Procedures were applied to a sample derived out of the total population of the KPI initiatives of the sectors on the basis of the criteria provided by ISFU. The respective calculations were also checked against the guidelines and formulae provided by ISFU.

Deloitte.

Over the course of this exercise, Deloitte's findings highlighted a number of exceptions on the samples selected, the report of such exceptions has been submitted to ISFU as part of the company's engagement. Deloitte has also identified opportunities to improve processes and the quality of information. ISFU, together with the relevant stakeholders will be taking positive prescriptive actions to realise these improvements.



Finance



Manufacturing



Tourism



Labor

