



RIYADH ECONOMIC FORUM

THIRD SESSION

The final recommendations

22-24 Dhul Qada 1428H corresponding to 2-4 December 2007

FIRST: *Study recommendations: Developing the Financial surpluses and the means of investing thereof.*

First recommendation:

The Forum recommends that the General Investment Fund would be converted to an independent general joint-stock company reporting to the Supreme Economic Council.

Recommendation motives:

Despite the success realized by the General Investment Fund in the projects implemented by it, yet such Fund has not take the proper legal form that enabling it to play its role as an independent entity having the power and control over its decisions and assets. The Fund does not declare its financial position as being a financial investment corporation.

Recommendation Implementation Mechanism:

There should be a resolution issued by the Cabinet converting the General Investment Fund to an independent joint-stock company reporting to the Supreme Economic Council. Another resolution should be issued in formation of the board of directors of the proposed company in the following manner:

- The company shares shall be wholly owned by the state.
- The company shall be considered as the main tool responsible for the execution of the State's investment strategy.
- The company shall found a public company for the short-term financial investments.



- The company shall substitute and take the place of the General Investment Fund in holding ownership and title of the State's shares in the companies that were previously founded abroad.
- The local and foreign private sector shall be given the chance to participate in establishing the companies incorporated by the Public Investment Corporation.

The second recommendation:

The Forum recommends that SAMA (Saudi Arabian Monetary Agency) would be fully spared and dedicated to its role as a central bank.

Recommendation Motives:

Under its regulations, SAMA has not been specifically authorized to invest the financial surplus. It has previously carried out this role due to the absence of qualified and capable entities to invest the financial surplus. However, in view of the current transformations in the national economy, the multiplicity, diversity and complexity of banking transactions, the emergence of insurance companies, and the excessive foreign currency fluctuations, it became necessary that SAMA be spared to manage and control the monetary liquidity expansion of the Saudi Money Market and related functions.

Recommendation Implementation Mechanism:

- SAMA shall waive its role as a State investment authority and be dedicated totally to its role as a central bank.
- The financial resources managed by SAMA shall be transferred to the General Investment Corporation (except the reserves needed to cover the national currency, and the current or future mandatory interaction between SAMA and other public authorities concerned with the government investments). However, such transfer of resources should be implemented gradually and conveniently under specific procedures between SAMA and these authorities so as not to cause any financial confusion.



The third recommendation:

The Forum recommends that a specific and constant methodology to build-up the financial surpluses would be identified.

Recommendation Motives:

The national economy relies heavily on the petroleum revenues, which are affected by the fluctuations of global petroleum prices and the difficulty of predicting the volume thereof, therefore there is a need to set-up a constant and specific methodology to determine the surpluses and the means of their investment.

Recommendation Implementation Mechanism

- To adopt a definite and constant methodology to build-up the surpluses in the Kingdom in accordance with the following:
- An additional account or a fifth chapter, entitled the “financial surplus” or general investments allocation, shall be added to the State’s general budget chapters. The following items shall be forwarded to such fifth chapter:
 - 10% or any higher rate.
 - The surplus resulting from the rise of the actual revenues according to the final accounts of a given year.
 - The proceeds of privatization of the corporations, organizations and commissions currently owned by the State or the General Investment Fund.
 - Transferring of the funds accumulated in the fifth chapter to the General Investment Corporation.
 - The General Investment Corporation shall invest the financial surpluses transferred to it in accordance with the approved investment strategy.



The fourth recommendation:

The Forum recommends that main venues would be set up for investing the public financial surplus.

Recommendation Motives:

The absence of a clear-cut method for investing the available financial revenues and particularly the financial surplus as well as the absence of a specific body authorized to evaluate the investment results.

Recommendation Implementation Mechanism

To adopt, determine and formulate a comprehensive investment strategy for the Kingdom in accordance with the following:

- A competent well-versed entity shall be assigned to draft the investment strategy which shall be made available for discussion by a number of investment experts and specialists and government officials.
- The draft strategy shall be submitted to the Supreme Council of Economy for discussion and approval.
- A Royal Order shall be issued in approval of the strategy.



SECOND: Study recommendations: *Vision for Human Resources Development.*

The recommendation:

It is recommended by the forum that the following vision, mission, policies and legislations would be adopted.

Vision:

Building-up the Saudi Human Resources capabilities in order to take their proper position in global competition.

The mission:

The task of building up the human resources is a joint responsibility that needs to be adopted by the political leadership and be committed to by all concerned bodies in order to achieve such target qualitative move of having our national human resources ready and adequate for global competition.

Recommendation Motives:

The absence of a unified integrated vision and the inadequacy of the plans, policies and legislations previously implemented to develop the human resources, that can meet the need for achieving the transformation towards know-how economy and confronting the global competition. Obviously, there is a need to a new integrated dimensions vision.

Recommendation Implementation Mechanism:

- Developing a modern and integrated database for the Saudi and expatriate human resources in the Kingdom of Saudi Arabia (The Ministry of Labor).
- Preparing a long-term strategy plan to develop the human resources in accordance with the proposed vision (The Ministry of Economy & Planning). Such plan should adopt an integrated package of the economic policies required to achieve the targets of the proposed vision, including, but not limiting, to magnifying the utilization of



the idle and unused human resources in cooperation with the Ministry of Labor, improving the output of the education and training sectors, concentrating on the quality and diversification of human resources to satisfy and meet the needs of local markets and development and the global competition, in cooperation with the Ministry of Higher Education, the Ministry of Education and the General Institution of Technical & Vocational Training.

- Adopting and issuing an integrated package of the new legislations to support the economic policies proposed, including, but not limiting, to the new regulations necessary to expanding and guarding the woman participation in labor market and motivating the contribution of the local and foreign private sector, the universities, the prominent international training centers to plan and invest in building-up the national human resources (The Shoura Council and the Ministry of Civil Service).
- Preparing an awareness plan to eradicate the community adverse and negative beliefs against woman work and vocational jobs as well as improving and developing the positive behavioral aspects of the Saudi human resources to interact efficiently with the global competitive environment (the Ministry of Information).
- Providing the required government and non-government financial resources and allocating thereof for the development plans and programs targeted to realize the vision, (the Ministry of Finance).



THIRD: Study recommendations: *Towards a sustainable development of infrastructure.*

The first recommendation:

The Forum recommends that a ministry of infrastructure would be founded.

Recommendation motives:

- The multiplicity of the authorities and parties concerned with infrastructure.
- The absence of coordination, follow-up and supervision on one side and the overlapping and imbrications of authorities between the concerned authorities on the other side.
- The absence of a specific long-term strategy of infrastructure planning.
- The centralism of finance and absence of finance mechanisms, substitutes and stimulants.

Recommendation Implementation Mechanism:

- The Cabinet (the Council of Ministers) shall study the factors that justify setting-up a new ministry.
- Transferring of all infrastructure responsibilities from the currently concerned entities to the proposed ministry.
- The Cabinet shall determine the jurisdictions and responsibilities of the proposed ministry.



The second recommendation:

The Forum recommends that a Fund would be established to finance the infrastructure.

Recommendation Motives:

- To come up with finance substitutes to be identified from the local, regional and international financial institutions.
- To facilitate spending on projects and timely removing of such restrictions that hamper spending.
- Assembling as one package all the infrastructure projects in order to identify priorities and coordinate between the various related sectors and institutions.
- Establishing a consortium of the public and private sector in order to encourage the private sector to entering into strong partnership with the public sector.

Recommendation Implementation Mechanism:

- Setting-up an infrastructure finance fund that hosts the approved budget of all the infrastructure projects.

The third recommendation:

The Forum recommends that the private sector's participation in developing the infrastructure services would be motivated.

Recommendation Motives:

- Poor stimulants given to the private sector to encourage its participation actively in developing the infrastructure.
- Absence of the mechanisms necessary for the private sector's participation.



- Inflexibility and complexity of public sector's laws and regulations.
- Lack of the professional experience in the field of transferring the economic activity to the private sector.
- The need to activate the foreign investment climate in the Kingdom and boost the relation between the foreign and local investors.

Recommendation Implementation Mechanism

- To have the public sector engaged in providing ample opportunities to the private sector to participate in the field of planning, execution, supervision and following-up of the infrastructure projects.
- To nominate representatives of the private sector in all committees engaged in planning and executing the infrastructure projects.



FOURTH: Study recommendations: *The Justice Environment and the Economic Development Requirements.*

The first recommendation:

The Forum recommends that the current obstacles, facing the legislative environment, would be eliminated.

Recommendation Motives:

The study has indicated the existence of many obstacles encountering the development of the legislative environment in each of the following fields:

- The legislative progression, laws issuance procedures, laws enforcement codes, evaluation of the regulations, non-participation of the community institutions and the individuals in developing the draft regulations and insufficiency of legislations distribution means.

Recommendation Implementation Mechanism:

- To expedite enforcement of the organizational arrangements for the Judiciary and dispute settlement system approved by Royal Order No. (A/14) dated 23/2/1426H.
- To have the Experts Panel engage in laying down a mechanism and time schedule for reviewing the laws and regulations existing before the issuance of the constitutional laws, and having them amended accordingly; issue an annual legislative plan covering all law bills, whether new law or amended law; issue a unified directory of laws and regulations and issuance procedures thereof duly approved by the Cabinet and lay down a plan to evaluate the laws and the regulations periodically and have a department established for publishing thereof.
- To explicitly mention, in each and every law to be issued, which laws and regulations being superseded. Phrases of implied



supersession such as “This law supersedes all matters to the contrary thereof” should be avoided.

- Having each and every government authority committed to review the circulars and decisions related to the executive aspects of the law in order to include them in the relevant complementary procedures, and to observe the same in future.
- To upgrade the level of the concerned sections and departments in the legislative environment through providing the required human and financial resources and facilitating part-time employment of experts and specialists.
- To set-up a professional unit, reporting to the Cabinet Premier, and monitor the process of enforcement of the laws and regulations.
- To activate the internal control in the government bureaus, lay-down mechanisms that ensure enforcement of the laws and regulations, and have such difficulties encountered mentioned in their annual reports.
- To expedite the process of having a National Corruption Prevention Commission set up
- To spread the public awareness of the importance of observing the enforcement of the laws and regulations.
- To give an active role to the Shoura Council, the Experts Panel, the Supreme Economic Council and the General Investment Authority to monitor and ensure the enforcement and evaluation of the laws.
- To publish the draft laws and regulations in the press and web-sites of the relevant bureaus and authorities.
- To set-up workshops to review and discuss the draft laws.



- To include, in the laws and regulation, specific provisions that provide for the publishing of the complementary procedures bills before approval thereof.
- To provide human and financial support to the official Gazette and the National Documents Center in order to promote their work.
- To obligate the government departments and authorities to prepare releases and printed-materials containing the laws and regulations and publishing them electronically and have them updated periodically.
- To assign the Experts Panel in cooperation with the National Documents Center, the Institute of Public Administration, the Ministry of Culture & Information and the Council of Commercial & Industrial Chambers to lay-down mechanisms ensuring the proper publishing of the laws and regulations.

The second recommendation:

The Forum recommends that all current obstacles, encountering the process of development of the justice environment, would be eliminated.

Recommendation Motives:

It is indicated by the study that certain obstacles do exist and do hamper the development process of the justice environment. Given the close relation that binds the judicial environment with both the legislative and economic environment, the task to eliminate these obstacles becomes even more critical and further demanding. Anyhow, the most critical obstacles are those related to the judicial system itself, litigation procedures, judgment enforcement procedures and electronic technology use.

Recommendation Implementation Mechanism:

- To set-up specialized courts and tribunals to consider the real estate lawsuits and claims in towns and cities.



- To have the judicial laws and regulations contain sufficient rules and clear mechanisms that speedily decide on the jurisdiction overlapping. Jurisdiction can be transitionally assigned to the Higher Administrative Court.
- Acts of authentication, finalization and documentation, not falling within the judicial line of operation, may be assigned to the public or private notaries.
- To minimize such administrative tasks undertaken by judges in the Courts and the Board of Grievances.
- To have the judicial authorities finalize the automation of the judicial transactions.
- To issue an authentication system.
- To accelerate the process of having Lawyers Association founded.
- Without prejudice to the Judiciary Law, the sources that can nominate candidates for the post of Judges should be expanded.
- To lay-down a time limit for having such committees, with judicial jurisdiction, join the judiciary system, be subject to a periodical inspection and issue the decisions necessary to regulate their procedures in a manner that realize justice.
- Legal procedures, dispersed in circulars, should be gathered by the judicial authorities and re-issued in the form of procedures acts. Such procedures should be uniformed. A separate system, governing for the execution of judicial judgments, should be issued. Judgments implementation is strictly entrusted to the judicial authorities.
- To study the possibility of developing the theory of compensation within the general scope of the Islamic Shari'ah.



- To regulate the rules and procedures of enforcing the administrative judgments by way of including them in the Board of Grievances Law or the proposed Enforcement Law.
- To order the government authorities to enforce promptly the judgments, passed against them and enact a law for penalty and compensation against the party delaying the enforcement of judgments.
- To amend certain provisions of the Arbitration Law such as the awards challenging mechanism, prerequisites and conditions to be met by arbitrators and the invalidation prerogatives.
- To issue a special Law for the commercial arbitration as it has a particular nature and special requirements. A national arbitration center should be founded.

The third recommendation:

The Forum recommends that the justice environment personnel would be trained and pre-qualified.

Recommendation Motives:

The field study findings and personal interviews, made to investigate the current state of affairs of the justice environment, have revealed the need to qualify the personnel of both the legislative and judicial systems so that they can carry out their jobs and tasks perfectly. Low performance in this field is attributable to the multiplicity of the academic institutions of legal education (Sharia'h–Law) and inconsistency of their educational courses and specializations, whether at the graduate or post-graduate levels. Law performance is also due to the fact that these programs do not involve all the essential and basic subjects needed for working with the justice field. This explains why the graduates show varied attitudes and approaches in dealing with the same situations at the same posts in the justice field and why there is a need to reviewing the qualification and training of the personnel working with the justice environment.



Recommendation Implementation Mechanism:

- To activate the recommendation previously, made by the Higher Committee of Education Policy in its document issued in the year 1390, providing for having the Faculty of Shari'ah teach law and rights subject. To activate also the former resolution of the Cabinet (the Council of Ministers) No. (167) dated 14/9/1401H providing for having the law be taught in faculties of Shari'ah.
- That Shari'ah subjects be taught in the faculties and departments of universities, and such colleges and faculties shall be re-named "Shari'ah & Law Faculty," the syllabuses and the study courses shall be revised and the study duration shall be extended to five years.
- To expedite the activation and implementation of the recent organizational arrangements made by the judicial bureaus; such as converting the Higher Judicial Institute to an independent public institution reporting to the Ministry of Justice, and to set-up a board of directors for it wherein the varied judicial authorities and entities shall be represented, and extend its jurisdiction.
- To lay down a specialized programs to qualify the judges in the Higher Institute of Judiciary and the Institute of Public Administration (IPA), the duration of study in each of them shall be one year during which the judge shall study a specialized subject suitable to the Court he will work in.
- To provide professional qualifying programs for the counselors and researchers in the justice environment.
- To provide diploma leading courses in the universities and the Institute of Public Administration (IPA), in fields like the global trade, electronic commerce and human rights etc.
- To increase the chances of training of lawyers through programs to be prepared by the Higher Institute of Judiciary and IPA, lay-down criteria to classify the lawyers in accordance with court rank and



jurisdiction, and to obligate the lawyers to attend these training programs before practicing the profession.

The fourth recommendation:

The Forum recommends that the justice environment, engaged in organizing women labor affairs and environment, would be developed.

Recommendation Motives:

The outcome and the findings of the field study and the personal interviews have revealed the existence of some problems relating to the affairs and environment of woman labor. Among others, these problems include the weak participation of woman in drafting of women oriented laws and policies, labor and civil service regulations, and employment, promotion, and salaries system; the need to protect her and ensure her safety in the work environment; the presence of certain restrictions on women business practice; the need to ensure the privacy and speed of lawsuits and dealings before the Courts and public notaries; and inability of business women to finalize the procedures relating to their matters in the government and private bureaus and agencies.

Recommendation Implementation Mechanism:

- To expedite the activation of paragraph (5) of the Cabinet resolution providing for a permanent Higher National Commission dedicated for woman affairs. The Commission shall be affiliated to the Council of Ministers or the Supreme Economic Council, have a separate budget, and be assigned to follow-up the execution of the decisions connected with activating woman labor and promoting and increasing her economic participation.
- To accelerate the conducting of an accurate jurisprudence study (Fiqh–study) to identify the scope and legitimacy of woman labor. (This has been previously recommended by the Riyadh First Economic Forum).



- To approve a system governing the interaction between women and men in common work place.
- To lay down a system organizing the remote labor and part-time work in order to widen and extend work opportunities and increase their participation in workforce.
- To expedite setting up woman sections in the government departments and agencies delegate to them the necessary powers, and use the modern technologies to facilitate remote finalization of transactions.
- To remove certain procedural restrictions against women investors, including the ban imposed on her practicing certain activities.
- To instruct the government departments and authorities to lay-down controls that regulate the activities pertaining to woman and monitor the systems that organize her work.
- To assign specialized and trained women to control and monitor the women activities.
- To instruct the Ministry of Justice to solve and mitigate the difficulties faced by women at Courts and public notaries offices.
- The Ministry of Justice shall give licenses to professional women, who obtained Shari'ah or legal qualification, to open a Shari'ah or law consulting offices.



FIFTH: Study recommendation: *Upgrading the efficiency of Services of the government departments and agencies.*

The first recommendation:

The Forum recommends that all relevant departments and bureaus would be obligated to lay-down quantitative criteria to measure the efficiency of services, and periodically attract feedback of beneficiaries.

Recommendation Motives:

The study outcome and findings have revealed the absence of criteria to measure the efficiency of services of the government departments and agencies, and non-surveillance of the beneficiaries feed back on said services.

Recommendation Implementation Mechanism:

- The Cabinet shall instruct the departments and agencies that provide services to citizens, to lay-down, in cooperation with IPA a quantitative, objective and measuring criteria for every service they render according to the nature, kind and objectives of such service. A special administration shall be formed in every government department or bureau to undertake periodical follow-up measuring and survey of the visions and opinions of the beneficiaries, and prepare reports on performance levels and comparing their progress periodically. This shall help identify the problems and obstacles and provide prompt solutions, taking into consideration the desires of those benefiting from the objectives and plans aimed at improving performance.
- The Ministry of Finance shall provide the necessary financial allocations needed for setting up such proposed administrations at the government departments and agencies, so as to enabling them to carry out their tasks, and also to provide these departments with the required powers to use their budget surplus in financing the projects and plans relating to improving the performance.



The second recommendation:

The Forum recommends that the role of various control bodies would be extended to cover major cities and sub-regions under the supervision of National Corruption Prevention Commission.

Recommendation Motives:

There is frequent complaint by beneficiaries (more than 60%) about the presence of intermediation, prejudice and administrative corruption in providing services, and absence of accountability. This is due to the inactivity of various control bodies under their current state of affairs. 84% of the sample individuals who confirmed the need to expand the circle of officials' accountability.

Recommendation Implementation Mechanism:

- The Cabinet should adopt a bill to expand the role of various control bodies and support them with qualified personnel and financial and material capabilities. The administrative powers should be assigned to each of them to activate their roles of carrying out their tasks on the basis of an objective criteria for measuring the performance efficiency. These bureaus and agencies namely, the Control & Investigation Bureau, the Public Control Bureau, the Regions' Councils and the Municipal boards, shall be entrusted to carry out their specific task of following-up and monitoring the performance of the government services and to submit (directly) periodical reports to the Corruption Prevention Commission as an executive competent authority and to Shoura Council as a neutral supervisory and organizational authority.
- All control bodies, each within its range of jurisdiction, shall lay-down new criteria to realize equity and equality and to curb mediation. They shall also lay-down efficiency criteria for the occupants of the administrative and executive posts, determine the tenure for occupying the post, the methods of reward and disciplinary system to be adopted, the lessening of administrative centralism, obligate the government departments to review the



procedures and the forms under usage and eliminate cases of duplication.

The third recommendation:

The Forum recommends that the process of implementation of e-gate project would be accelerated. Under this project, all updated accurate data and information shall be unified in one system and made available for the investors and citizens. It is also recommended that e-administrative methods would be applied to provide remote services to facilitate the performance of service to beneficiary and to lessen the number of over-counter-applicants at the government departments and bureaus. However, this should be accompanied with a national cultural and information program to prepare the community to respond with the modernization and upgrading processes.

Recommendation Motives:

The beneficiaries complain about the decline of the level of the government services, the prolonged period of performing the service, and the unjustified duplication of the procedures, which causes time, effort and cost waste. Beneficiary also complains about bureaucracy, the complicated routine and the phenomenon of concealing the necessary modern information on the pretext of confidence and presenting instead old and incomplete data.

Recommendation Implementation Mechanism:

- Training programs should be provided to the executive officials, on modern electronic means and devices in order to provide remote services.
- The Ministry of Telecommunications & IT shall, in coordination with the Public Statistics & Information Department and the General Investment Authority, set-up a modern, accurate and integrated database, and collect all necessary data of the private sector in one single information center on the internet or in one service center to serve businessmen.



The fourth recommendation:

The Forum recommends that Reward and Disciplinary System and Performance Efficiency measuring criteria should be applied. It is also recommended that the regulations relating to the promotion and accountability of employees should be reconsidered on the basis of quality and efficiency alone.

Recommendation Motives:

According to 82% of the government officials, the reward and disciplinary system and the performance standard are not well interconnected. Prolonged tenure of top management at post may create officials who resist modernization and depress the efforts of the distinguished, innovative and brilliant officials. This situation is due to the fact that promotion system is based upon seniority rather than performance.

Recommendation Implementation Mechanism:

The Institute of Public Administration (IPA) shall adopt a project for reviewing the regulations relating to the evaluation and promotion of employees under conditions and criteria of efficiency. Under this project, the reward and disciplinary system shall be interconnected with the actual levels of performance as compared to ideal or targeted levels, and also as compared to previous years performance. The project shall also set up, controls on the promotion by selection or absolute seniority. The project covers areas that have direct impact on performance such as raising the level of incentives for outstanding employees such as exceptional promotion, exceptional increments, internal and external training scholarship and annual prize for the exemplary officer. The project also covers intensified disciplinary actions applicable such as degradement to lower grade, deprivation of the annual increment, temporary suspension from work, deduction from salary and final dismissal from service.