June 2018

Privatization and Vision 2030

Delivery Plan 2020

- In April 2018, the Council of Economic and Development Affairs (CEDA) approved the Privatization Program Delivery Plan, which aims to privatize five government assets by 2020, with total revenues to reach SR35-40 billion.
- Moreover, more than 100 privatization initiatives have been identified to be considered by 2020 in many sectors including health, water, transportation, education, municipalities, energy, sports, labor and social development, and communication.
- The plan shows a high level of governance and regulatory framework, however, we find two main challenges that could be tackled by the privatization program in the medium term: the impact on level of services and the impact on employment.
- In the Kingdom, privatization programs have always been part of economic plans to expand the role of the private sector in the economy. However, the size of the public sector has remained historically large.
- Privatization has become one of the major economic phenomena in recent economic history. Since the late 1970s, more than 100 countries have privatized tens of thousands of firms around the world.
- International experiences suggest positive outcomes of privatization and improvements in macroeconomic performance, but do not automatically lead to economic gains.

Figure 1: The Vision 2030 Realization Programs (VRPs)

For comments and queries please contact:

Fahad Alturki
Chief Economist and Head of Research
falturki@jadwa.com

Nouf N. Alsharif
Economist
nalsharif@jadwa.com

Head office:

Phone +966 11 279-1111
Fax +966 11 279-1571
P.O. Box 60677, Riyadh 11555
Kingdom of Saudi Arabia
www.jadwa.com

Jadwa Investment is licensed by the Capital Market Authority to conduct Securities Businesses, license number 6034-37.

View Jadwa Investment's research archive and sign up to receive future publications:
http://www.jadwa.com

Released: June-11-2018, 11:00 UTC+3

Privatization has become one of the major economic phenomena in recent economic history.

Experience shows that privatization, if well executed, can bring clear benefits to the economy.

In Saudi Arabia, privatization programs have always been part of economic plans to expand the role of the private sector in the economy.

Overview

Privatization, the conversion of state-owned and managed enterprises into privately-owned and managed ones, has become one of the major economic phenomena in recent economic history, which has varied significantly from one country to another. Many reasons arise as motivation for privatization, as supporters emphasize on increasing efficiency and improving incentives.

Experience shows that privatization, if well executed, can bring clear benefits to the economy in terms of economic growth, higher employment, and an improved fiscal balance for the government. In addition to fiscal benefits, privatization can lead to economic benefits, such as enhancing market competition, attracting local and foreign investments and developing capital markets. Social benefits can arise too, such as enhancing public services and involving citizens in the ownership of the economy through the distribution of shares.

However, international experiences also show that not all privatization projects have led to prosperity, as a number of failures show. The main factors behind failures are lack of a political commitment and weak institutional framework. Despite the huge privatization trend within emerging economies, the Gulf Cooperation Council (GCC) has not followed suit until now, resulting in high government ownership within their economies (Figures 2-3).

Privatization in the Kingdom

In Saudi Arabia, privatization programs have always been part of economic plans to expand the role of the private sector in the economy. The size of the public sector has been historically large in the Kingdom and other GCC countries, where the government has always led state development and large infrastructure projects.

During the late 1990s, and after a sustained period of low oil prices, the Saudi government and other GCC countries sought to diversify their economies through reform plans to increase the private sector's share. In 1997, the Cabinet of Ministers in Saudi Arabia approved the privatization strategy, and the government started working on privatization, with a program of twenty sectors specified for privatization.

Figure 2: Government ownership in the Saudi capital market

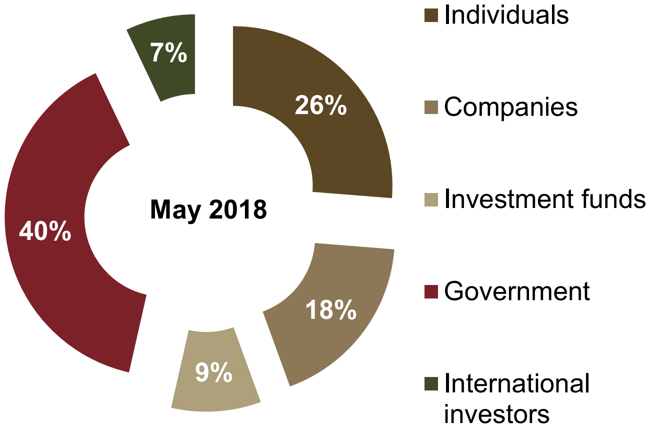
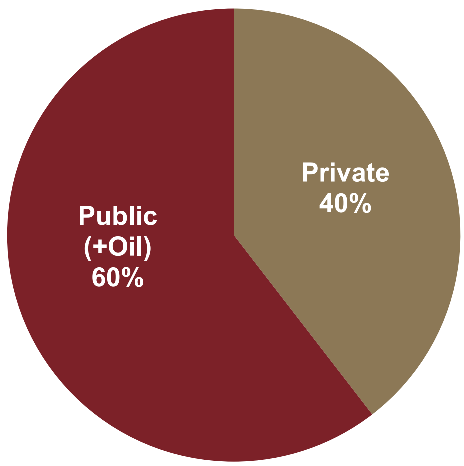


Figure 3: Saudi GDP shares in 2017



However, the privatization program in Saudi Arabia was limited to several projects at that time.

In addition, a number of reforms took place with the goal of developing and enhancing the institutional and regulatory framework. This includes the establishment of the Saudi Arabian General Investment Authority (SAGIA) to facilitate foreign direct investments, establishing a new capital market law with the Capital Market Authority (CMA) and joining the World Trade Organization (WTO).

However, the privatization program in Saudi Arabia was limited to several projects at that time, targeting a number of enterprises, leaving the Kingdom lagging behind compared to other countries in the region (Table 1). Despite the reforms taking place at that time, there were no distinctive privatization laws, and supervision was made by a number of committees rather than special entities that lacked clear timetables. That said, many of these shortfalls are now being covered by the new Privatization Program.

The Privatization Program (Delivery Plan 2020)

On the 24th of April 2018, the Council of Economic and Development Affairs approved the Privatization Program Delivery Plan.

On the 24th of April 2018, the Council of Economic and Development Affairs (CEDA) approved the Privatization Program Delivery Plan, which aims to privatize five government assets by 2020, with expected total government revenues of SR35-40 billion.

The Plan identifies privatization as the transfer of ownership of specified assets or services from the government to the private sector. The transfer of ownership will be done in several forms, including full or partial assets sale, initial public offering (IPO), management buy-outs, public-private partnerships (PPP) and concessions/outsourcing.

The Plan specifies a number of projects as **"out of scope",** including dealing with assets owned by the Public Investment Fund (PIF), as they are covered by the PIF Program, and dealing with residential real estate assets through real estate developers, as it will be part of the Housing Program.

The Kingdom has established the National Center for Privatization to develop frameworks that will enable and manage privatization.

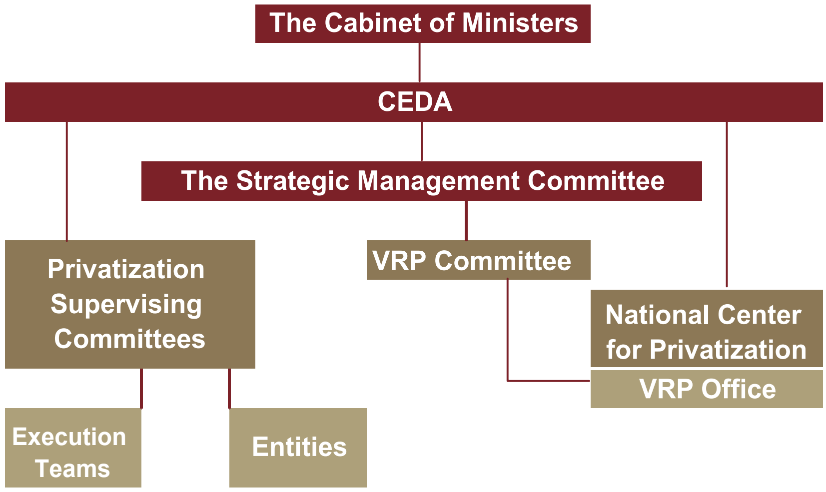
To govern the privatization process, the Kingdom has established the National Center for Privatization (NCP) and Supervisory Committees. NCP's role is to develop frameworks that will enable and manage privatization, and the committees should provide technical, financial and legal framework for privatization.

Table 1: Previous privatization projects in the Kingdom, through IPOs

Year	Company	Sector	Share Sold
1984	Saudi Arabia Basic Industrial Corporation	Industrial	30%
2003	Saudi Telecom Company	Telecommunications	30%
2004	The Company for Cooperative Insurance	Financial Services	70%
2005	Bank Al-Bilad	Financial Services	50%
2007	Saudi Kayan Petrochemical Company	Oil and Gas	45%
2008	Saudi Airlines Catering Company	Transport	49%
2008	Alinma Bank	Financial Services	70%
2008	Saudi Arabian Mining Company	Mining and Metals	50%
2008	Rabigh Refining and Petrochemical Company	Oil and Gas	25%
2012	Saudi Airlines Catering Company	Transport	30%
2014	National Commercial Bank	Financial Services	25%
2015	Saudi Ground Services	Transport	40%

Privatization governance structure

Effective governance and detailed implementation can enhance the privatization benefits in the local economy.



We find this detailed governance structure a supportive element that could help monitoring the progress, and avoids conflict of interest. Effective governance and detailed implementation can enhance the privatization benefits in the local economy.

Each privatization proposal will be raised to the Cabinet of Ministers for approval.

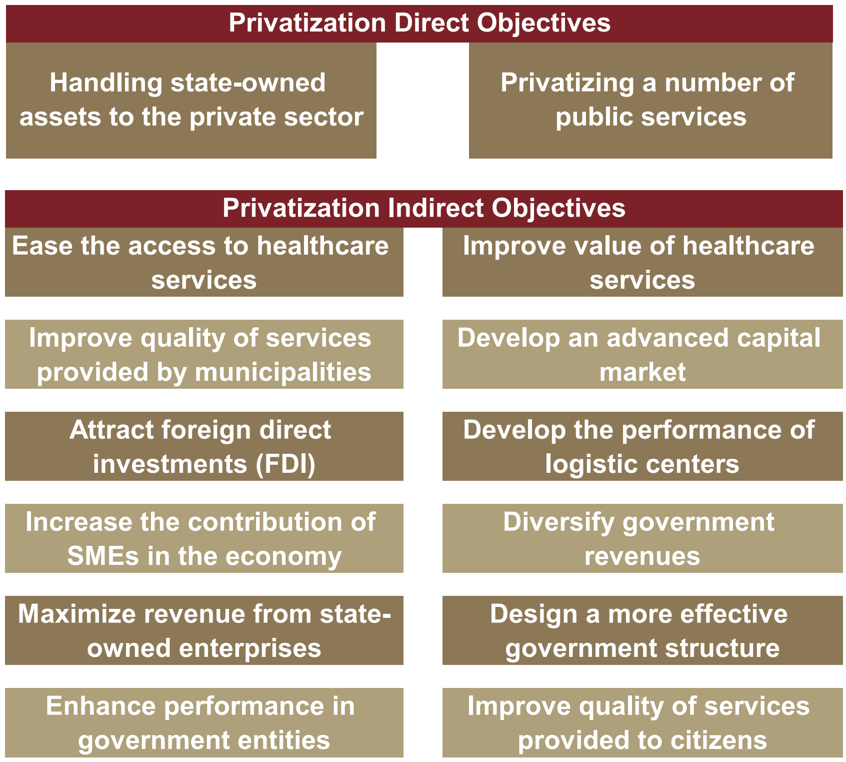
The main steps in the privatization process

1. Each supervisory committee will be responsible for studying the privatization project, and propose a privatization model.
2. The supervisory committee will submit a proposal to the Council of Economic and Development Affairs (CEDA) for approval.
3. CEDA will study the proposal, as the strategic committee in CEDA will focus on the strategic outcomes, in addition to the economic aspects of each proposal.
4. Lastly, the proposal will be raised to the Cabinet of Ministers for approval, and issue the required legal procedures to facilitate initiating the supervisory committees, and its related regulations.

Privatization objectives

The privatization direct objectives are mostly linked to Vision 2030.

The privatization indirect objectives include raising government revenues and enhancing public services.



Government proceeds from assets sales in 2020 account for 5 percent of total target by 2030.

We note that the plan clearly differentiates between direct asset sales and PPP, providing better supervision and stronger governance.

The plan lists three groups of metrics to be monitored by 2020: macroeconomic metrics, program metrics, and game-changers.

Whilst **direct objectives** support the Vision 2030 targets, **indirect objectives** aim to explain the main purpose behind the privatization program in the Kingdom.

Table 2: Targets by 2020

Target	SR Billion	Notes
Contribution to GDP	13-14	This figure is estimated to account for 0.4 percent of nominal GDP by 2020.
Total gov. proceeds from assets sales	35-40	Accounting for 5 percent of its previously announced target of SR750 billion ($200 billion) by 2030.
Gov. net savings from privatization/ PPP	25-33	The plan clearly differentiates between direct asset sales and PPP, which provides better supervision and stronger governance, following the international best practices (Table 4).
Gov. net savings from asset sales	1-1.2	
Create new jobs in the private sector	10-12 thousand jobs	This number might be reflecting the total number of public sector jobs that are planned to be transformed through the privatization process.

Vision 2030 Realization Program (VRP) metrics and targets:

The plan lists three groups of metrics to be monitored by 2020: macroeconomic metrics, program metrics, and game-changers.

Table 3: Macroeconomic and program metrics

Macroeconomic metrics	Target
1. Contribution to GDP	SR13.8 billion
2. Non-oil government revenues	SR35-40 billion
3. Non-government investments	SR70 billion
4. Impact on balance of payments	SR40 billion
5. Create new jobs in the private sector	10-12 thousand
6. Contribution to the local content	SR8.3 billion
7. Impact on inflation	+0.42 percent
Program metrics	**Target**
1. Number of assets privatized	5
2. Non-oil government revenues	SR35-40 billion
3. Number of PPP contracts	14
4. Value of PPP contracts	SR24-28 billion
5. Government net savings from privatization/ PPP	SR25-33 billion

Among the “macroeconomic metrics”, the **impact on inflation** is highlighted in this section as a metric to monitor, which shows that the plan identifies that privatization would result in higher prices of services once transferred to the private sector. Therefore, we

Higher services prices post-privatization would require focusing on assessing the level of these services.

believe that focusing on assessing the level of these services post-privatization would support monitoring and evaluating the success of the process.

The plan targets 23 privatization initiative with high impact, of which 5 will be privatized through asset sales.

The **five** main privatization projects by 2020 are:

1. Privatize a part of Saline Water Conversion Corporation (SWCC), Ras Al-Khair station, by 100 percent.
2. Privatize four flour mills
3. Privatize Saudi sports clubs
4. Privatize Saudi Post services (and/or PPP)
5. Privatize a number of transport projects (and/or PPP)

The plan differentiates between privatization and corporatization.

In addition, the plan differentiates between **privatization** and **corporatization**, as a number of initiatives will not be fully privatized, but will be corporatized instead. This includes transforming these assets into government or non-profit corporates. Therefore, the plan excludes these initiatives from the metric "number of assets privatized":

1. Ports
2. King Faisal Hospital & Research Center
3. A number of transport projects

Game changer initiatives are the ones that seem to be receiving the highest priority in the VRP, including **ports corporatization**, privatizing the production sector of **SWCC,** and developing the "**opportunity explorer**", a unit within NCP tasked with finding and studying new privatization opportunities in the local economy.

The plan also proposes a number of additional metrics, to be considered at a later stage.

In addition, the plan also proposes **additional metrics**, to be under consideration:

1. The percentage of services privatized in each sector (privatization or PPP)

Table 4: Main differences between three types of privatization projects: IPO, asset sales, and PPP

	IPO	Asset Sales (full or partial)	PPP
Positives	• Puts the listed companies under monitor by both investors and market regulators • Privatized companies need to adhere to rigorous requirements, such as corporate governance and transparency • IPO offers equal opportunities to both individuals and institutional investors to participate • More listed companies will help deepen local capital markets • Generates higher returns to the government than trade sales	• Attracts the expertise from strategic investors, such as large companies operating in a large international market	• Risks can be shared between the public and private sectors
Negatives	• IPO does not guarantee bringing in the required expertise from strategic investors into target sectors	• No strict adherence with capital market regulations and transparency as the case in IPO	• The PPP process could get very complex

2. The success of privatization projects, through 3 main measures:
    - The **number of bids** provided by the private sector
    - The **bid value**, compared to the asset evaluation
    - The **level of service** provided by the privatized entity

Most of the proposed metrics are linked to the quality of services provided post-privatization, therefore, we believe that this metric should receive higher priority.

Current situation

The plan analyzes the current role of the Saudi government as the main service provider.

In this section, the plan identifies two main facts about the Saudi economy:

1. The government has been the main service provider.
2. Previous privatization projects were limited to a number of sectors with high levels of expertise and knowledge.

The plan analyzes the role of the Saudi government as a main service provider resulting in a number of outcomes:

1. Decreasing the private sector's share in GDP (43 percent for KSA in 2016 compared to 58 percent in top five EU economies).
2. Lowering the quality of services with higher costs.
3. Difficulty in cost calculations.
4. Diverged the government from its main task as a legislative and regulatory agency into a service provider, which could result in conflict of interest.

We find a significant opportunity in PPP projects that could emerge in the services sector in the future.

We find a significant opportunity in PPP projects that could emerge in the services sector, as the government decreases its role as a main service provider. For example, there is a considerable potential for improving health services in the Kingdom, by choosing the right assets through the planned PPP projects, which raise the private sector's role while risks are shared with the public sector in the same time. In addition, we do agree that providing most of services solely by the government could raise conflict of interests.

Main challenges facing privatization

The plan outlines a number of challenges:

- Limited amount of expertise in privatization within the targeted sectors, leading to workers and public resistance.
- Shortage in experienced local companies that are able to provide the privatized services, which could lead to a lower level of competition in the private sector, and hinders the benefits.
- Insufficient legislative frameworks, such as bankruptcy law, and competition regulations. Once the framework gets well developed, it would enable privatization process, enhance its governance and attract foreign direct investments (FDI).
- Lack of regulatory base tailored for each target sector, as a result of being regulated and operated by the government simultaneously.

The plan finds 4 main challenges facing the program, including limited expertise and the lack of suitable regulatory framework.

Risks

The plan identifies two major risks: limited liquidity in the financial system, and changes in market conditions. These risks will be mitigated through opening opportunities to foreign investments, global markets and leveraging. That said, dealing with various risks came in more details in the "privatization projects manual", recently published by the NCP.

Table 5: The Privatization Program Initiatives through 2020

Privatization Program

Sector	Initiative
All sectors	Develop privatization general legislative frameworks Develop legislative frameworks that govern the targeted sectors for privatization Develop the structural mechanism of the "Opportunity Explorer" Activate the Privatization Supervisory Committees and Execution Teams Identify privatization strategies, indicators and incentive mechanisms for privatization Enable the National Center for Privatization (NCP) Establish the "Privatization Innovation Center"
Health	Privatize the King Faisal Hospital &Research Center into a non-profit organization Update and expand primary care through PPP Establish medical cities and hospital management through PPP Provide extended care (rehabilitation and long-term care) PPP Update and expand radiology through PPP Update and expand laboratory through PPP
Transportation	Corporatize ports 4 initiatives to enhance transportation system Create new medical center for Saudi Airlines through PPP
Education	Attract private investments to finance school buildings Operate public schools under the "independent schools" initiative (Box 1)
Environment, Water & Agriculture	Privatize production sector of Saline Water Conversion Corporation (SWCC) Privatize four flour mills
Municipality	Privatize parking plots through PPP Establish PPP deals on vacant land owned by MOMRA
Energy, Industry, and Minerals	Enable production of energy from renewable sources through PPP programs
Labor & Social Development	Privatize services of 35+ rehabilitation centers
Communication & IT	Privatize/PPP Saudi Post services
Sports	Privatize Saudi sports clubs
Other	Establish PPP model for the construction of a waste management plant

Challenges and opportunities

The delivery plan shows high level of governance and regulatory framework.

As we brief above, the delivery plan shows high level of governance and regulatory framework, however, we find two main challenges that could be tackled by the privatization program in the medium term: the impact on level of services and the impact on employment.

The impact on level of services: *as privatization usually aims to help achieve economic and social benefits simultaneously, the level of services provided by the companies post-privatization should be carefully monitored.*

Services have tended to attract more FDI inflows globally in recent years whilst it still lags behind in the Kingdom.

Under the metric "success of privatization operations", the plan lists two more measures to be under consideration, one of them is to "enhance the level of service provided to users".

In addition to fiscal revenues, one of the main goals of privatization is achieving social benefits through providing higher standards of living to citizens in all income levels. Services have tended to attract more FDI inflows globally in recent years (Figure 5), whilst it still lags behind in the Kingdom, showing an opportunity for local and foreign investments, and an opportunity to improve fiscal benefits in the same time (Figure 6). Accordingly, it would be beneficial to include this criteria in one of the main privatization assessment metrics, in order to monitor the efficiency of services and measure its impacts on the local society.

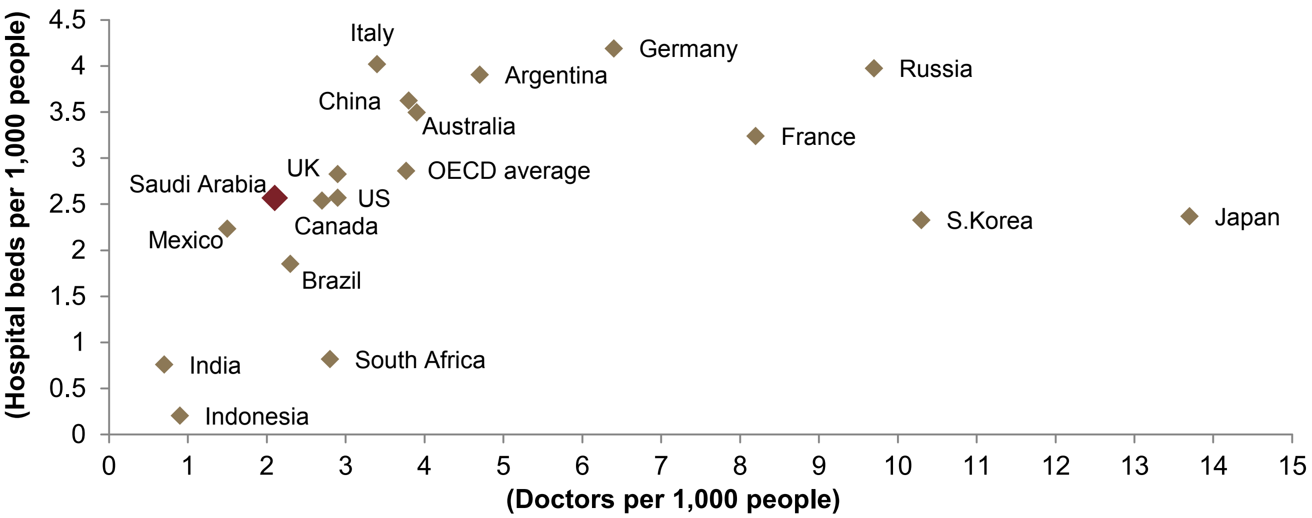
Accordingly, it would be beneficial to monitor the efficiency of services post-privatization carefully.

The impact on employment: *the success of privatization depends on the entity's employees. Therefore, smoothing the impact of privatization on the public workers would enhance the process.*

We think that more new jobs will be created in the medium term.

The program has a target to create 10-12 thousand jobs by 2020 through the privatized entities. However, latest labor data shows new jobs created for Saudis in the private sector in 2017 totaled 12 thousand jobs, and the average of new jobs between 2014-2017 was 108 thousand per year (Figure 7). State-owned enterprises are usually over-staffed, especially within resource dependent countries. In the Kingdom, public sector employees account for more than 60 percent of total Saudi work force. Accordingly, we think that this target could be achieved through the transferred jobs from the public to the private sector, with more new jobs to be created in the medium term between 2022-2030, for the following reasons:

Figure 4: Measures of healthcare services in the G20 countries (latest available data)



After going through restructuring, new privatized companies are expected to exhibit growth and profits in the medium term…

...raising the need to hire more workers to keep up with competition.

We find that privatization in the health sector could offer more jobs for Saudis in the near future.

- After going through restructuring and efficiency planning, new privatized companies are expected to exhibit growth and profits in the medium term, raising the need to hire more workers to keep up with competition and the potential higher demand on their services, creating new jobs and raising employment in the longer term. Within the region, restructuring companies post-privatization in Jordan has led to an estimate of 25 thousand new jobs in privatized sectors in the medium term (Box 2).

- During the privatization process, there are possibilities of workers re-distribution, and probably training the workers for their new more demanding roles. For example, the General Authority of Civil Aviation (GACA) has previously reassured that there are no plans of lay-offs post-privatization in airports, and employees could be reallocated into service providing jobs in the front offices.

- The impact on Saudization, especially with the new Saudization plans within the privatization target sectors. For example, the focus on health privatization projects might show considerable employment opportunities for citizens. According to the Ministry of Civil Services (MCS), foreigners occupied around 46 thousand public health jobs in 2016, accounting for 30 percent of total public health workers. Therefore, privatization in the health sector could offer a considerable amount of jobs for Saudis by 2020.

Figure 5: Global inward FDI stock by sector

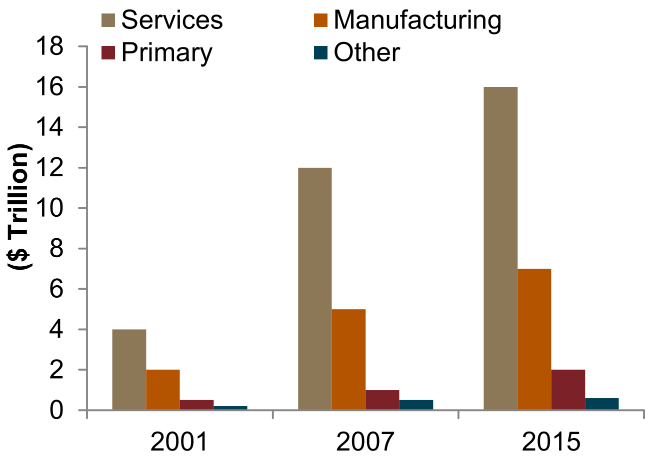
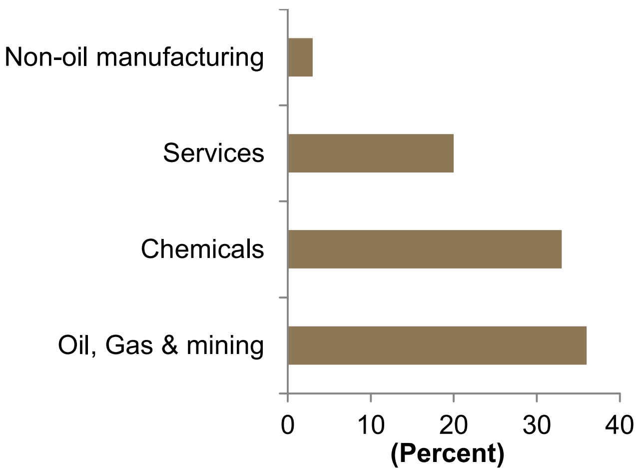


Figure 6: Inward FDI stock by sector in Saudi Arabia between 2003-2015



The Ministry of Education has recently announced the handover of 25 public schools to be run by the private sector.

Charter schools is a form of independent schools in the US and some parts of Europe, firstly established in the US in 1992.

The decision will affect all public teaching staff, who account for 46 percent of total public workers.

Accordingly, it would be beneficial to facilitate the transition process, which would increase public support.

Box 1: Independent Schools

The Ministry of Education (MoE) has recently announced the handover of 25 public schools in five different regions to be run by the private sector, just few days after the Council of Economic and Development Affairs approved the Privatization Program Delivery Plan, as education is one of the ten government sectors to be partially privatized. The "independent schools" initiative is part of the MoE's NTP, as the number of schools is planned to increase up to 2000 schools by 2020, and expected to account for around 6 percent of total public schools in the Kingdom. According to local media, an agreement was recently signed between a Saudi company and a US based education organization that overlooks a number of charter schools in the US and Europe.

Charter schools is a form of independent schools in the US and some parts of Europe. There are estimated to be over 6,900 charter schools in the US enrolling more than 1.3 million students in 2017. American charter schools were firstly established in 1992 for the purpose of reforming the public education system, and were given more independence and higher responsibility to the outcomes of their students. As for the funding, charter schools receive funding from the government based on the number of the students enrolled.

Even though students attending charter schools represent only 6 percent of students in US public schools, their numbers have been increasing, but studies show small performance improvements.

In the Kingdom, two vital aspects should be considered:

1. **The employment strategy:** The MoE indicated that independent schools will be free to select their own teaching and admin staff, while still being part of the public sector labor force, as they are currently estimated to account for 46 percent of total public workers registered with MCS*. This will enhance efficiency and competitiveness within the public school staff, which could positively reflect on teaching quality and outcomes (Figure 8).
2. **The speed of change:** Charter schools in the US took 25 years to reach the same percentage. In the Kingdom, the expansion to 2000 schools will affect around 34 thousand school workers (teachers and admin). Accordingly, it would be beneficial to facilitate the transition process, which would increase public support among workers in the education sector.

Figure 7: Net new jobs in the private sector

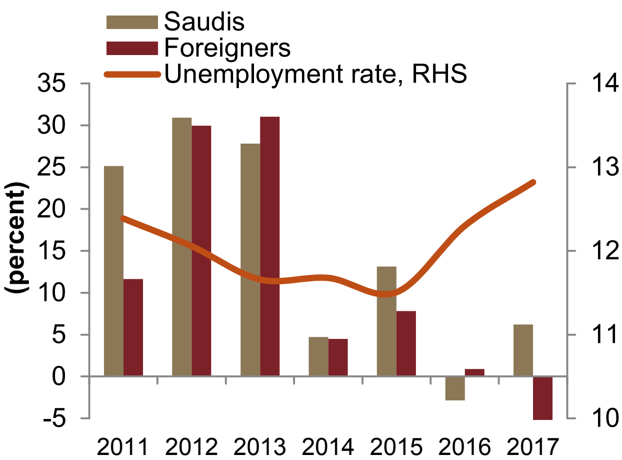
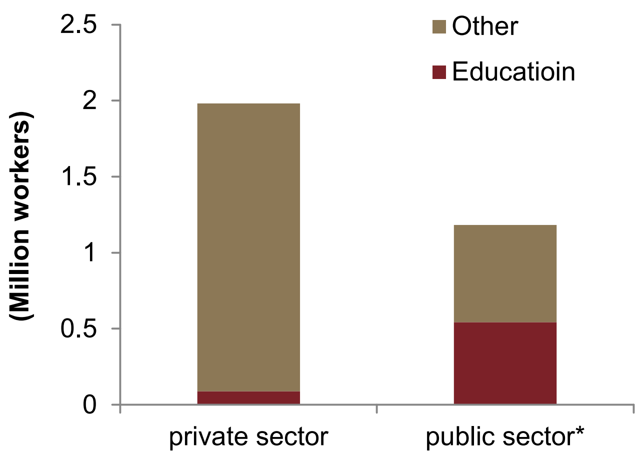


Figure 8: Percentage of education staff in total Saudi work force, 2017



**Public sector data is provided by GaStat from the MCS, and it excludes employees in the military and security sector.*

Global trends

In the 1950s and 1960s, nationalizing business firms was seen to enhance economic development.

In the 1950s and 1960s, governments in developing countries and many newly independent countries sought economic development through nationalizing business firms. At that time, state ownership was thought to promote development in areas where the private sector was too risk-averse to explore.

Since the 1970s, more than 100 countries had privatized tens of thousands of firms.

Since the 1970s, more than 100 countries had privatized tens of thousands of firms, raising almost $1.5 trillion in government revenue (Figure 9). Beginning with the US, and followed by the UK, where the government privatized coal, steel, railroads, telecom, electricity, and water. After that, many countries have seen the substantial fiscal benefits and followed the privatization process, as total revenues accounted for 10 percent of government budget in some years.

The shift in the privatization trend from developed to developing countries has increased research on its benefits for emerging economies.

In the European Union (EU), privatization has increased gradually in Western Europe following the UK. Over the past 20 years, many formerly communist nations that were part of the Russian Federation went through privatization as part of their access to the EU membership. This shift in the privatization trend from developed to developing countries has increased research on its benefits and feasibility for the emerging economies (Figure 10), as many countries faced failed (canceled or postponed) privatization attempts.

Box 2: Country experiences

Mexico had one of the largest privatization programs in Latin America in terms of size and number of companies privatized.

1. Mexico, a large resource country:
Mexico had one of the largest privatization programs in Latin America in terms of size, scope and number of companies privatized. The debt crisis in 1982 encouraged the Mexican government to reform its economy, as the country used to have around 1155 state-owned firms in 1982, accounting for about 14 percent of GDP. By 1988, the government sold 150, liquidated 260 and merged an additional 400 firms. By 1994, the number of state-owned firms was reduced to just over 200. A World Bank empirical study finds a 40 percent increase in average profitability, as measured by the ratio of operating income to sales, arising from increases in productivity and prices. Most successful privatizations in Mexico were in telecommunication and air transport, however, the privatized telecom sector was faced with a limited competition, leading to higher prices in the end service.

In Jordan, the government privatized 14 state-owned enterprises, which helped decreasing government debt from 100 percent of GDP in 2000 to 60 percent in 2008.

2. Jordan, a regional example:
A World Bank report shows that the privatization experience in Jordan, that went during 1998-2008, showed a wide range of benefits to society. The government privatized 14 state-owned enterprises in telecoms, air transport, electricity and other sectors, brining around $2.4 billion in government revenues, which helped decreasing government debt from 100 percent of GDP in 2000 to 60 percent in 2008. Privatized firms saw an increase in investments by $1 billion, representing 11.4 percent of FDI between 2001-2007, and a limited loss in employment, which were offset by 25 thousand new jobs in IT and telecoms in the medium term. Jordan's experience highlights several good practices, such as the high government commitment, a sufficient legal authority, and the close coordination between public agencies which helps avoiding conflicts of interest.

Outlook

The privatization program will help the Ministry of Health and the Ministry of Education reaching a number of their NTP 2020 targets.

Among VRPs, the privatization program interacts with the Financial Sector Development Program and the PIF program in a number of aspects.

Looking ahead, the privatization program is expected to support a number of future targets for Vision 2030, other Vision Realization Programs (VRPs), and particularly the NTP 2020 program (Figure 11).

For example, a number of the Ministry of Health's NTP 2020 targets fall within the main privatization program's initiatives at the same time. As seen in table 5, one of the main privatization initiatives is to Improve and ease access to health services, which is listed in the Ministry of Health's NTP targets and is set to be reached through increasing the private sector's role in total healthcare spend from 25 to 35 percent by 2020.

In addition, the privatization program would interact with some of the Ministry of Education's NTP 2020 targets, through the independent schools initiative (Box 1), and through increasing the percentage of students in non-governmental higher education institutions.

Moreover, the privatization program also interacts with a number of other Vision Realization Programs, especially with the Financial Sector Development Program (FSDP), which comes through a number of targets. Firstly, the FSDP aims to develop deeper capital markets through more IPOs and security listings. Secondly, the FSDP encourages privatizing more government entities through IPO, aiming to attract FDI and increase efficiency in local capital markets. Thirdly, the FSDP aims to privatize SAMA's payment system "Sadad", aiming to increase innovation and encourage competitiveness in the financial sector. Lastly, the FSDP aims to work closely with the NCP, the PIF, and the privatization committees in CEDA to privatize a number of government entities through developing and defining key regulatory framework.

Lastly, the privatization program would also interact with the PIF Program. As privatization helps in maximizing revenues from state-owned assets; the two programs are expected to simultaneously look at targeted state-owned assets to be privatized.

Figure 9: Worldwide revenue from privatization, 1988-2016

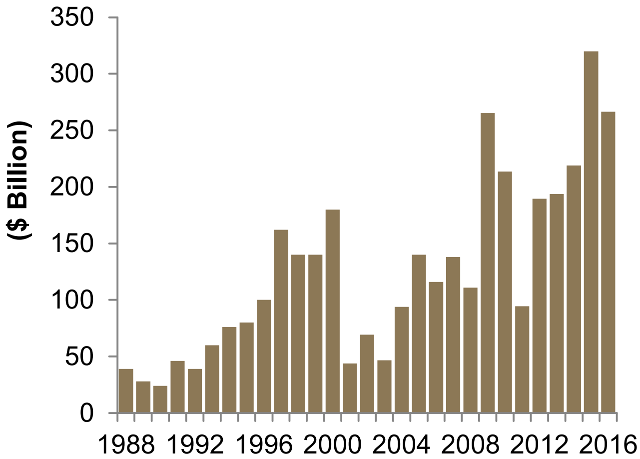
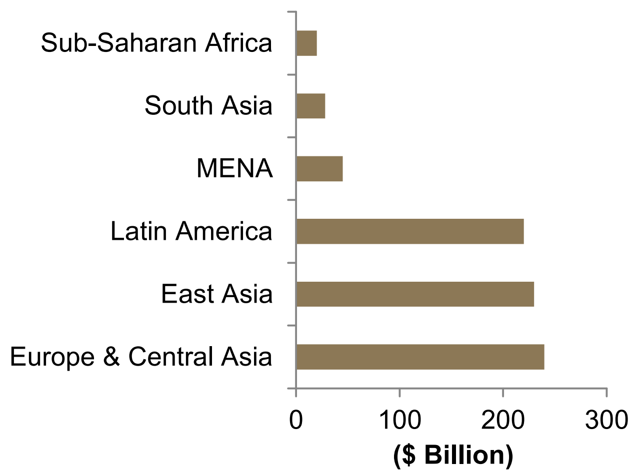


Figure 10: Value of privatization transactions in developing countries by region, 1988-2008*



**Data is sourced from the World Bank privatization database, discontinued in 2008, no other consolidated data is available.*

Figure 11: The privatization program and Vision 2030

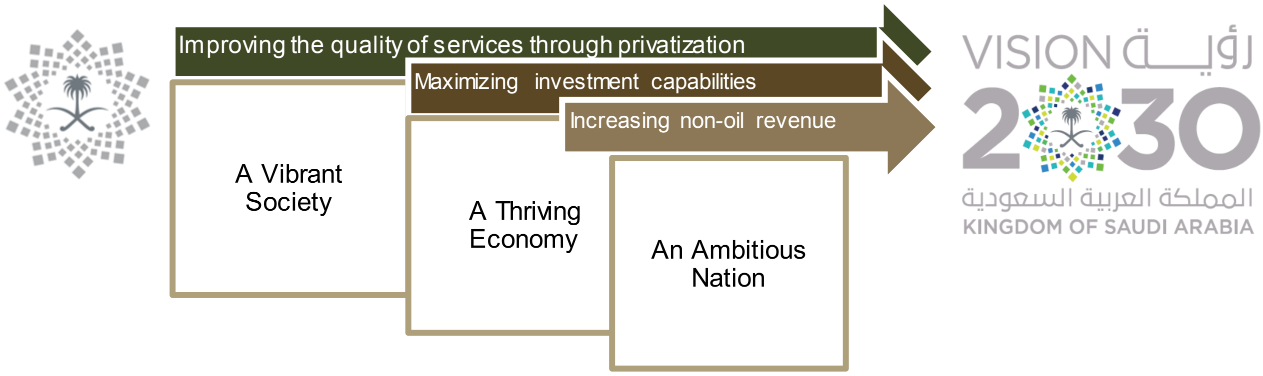
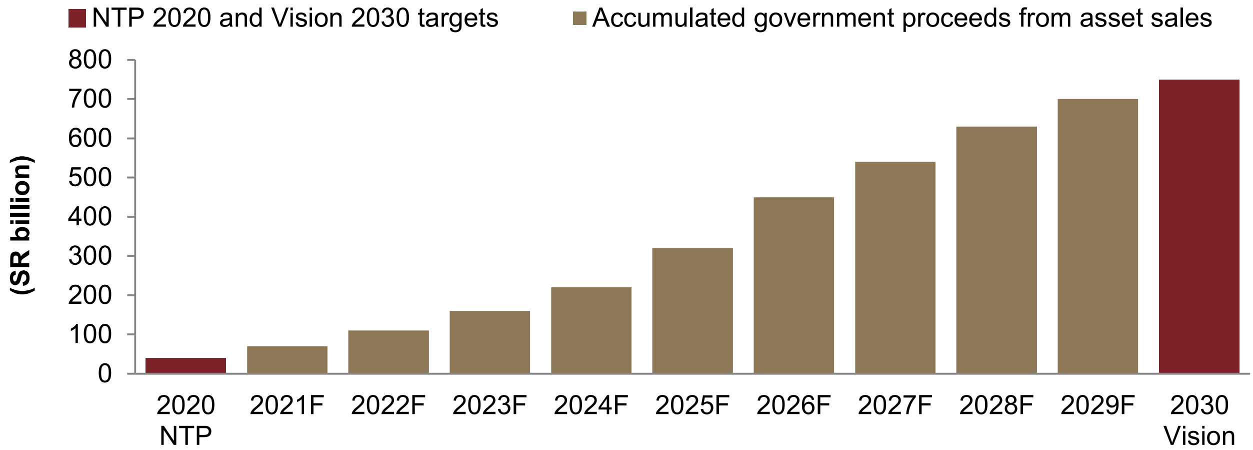


Figure 12: The privatization program NTP 2020 and Vision 2030 revenue targets



Disclaimer of Liability

Unless otherwise stated, all information contained in this document (the "Publication") shall not be reproduced, in whole or in part, without the specific written permission of Jadwa Investment.

The data contained in this research is sourced from national and international statistical sources unless otherwise stated, such as GaStat, Tadawul, Ministry of Civil Services, IMF, UN, WB, UNCTAD, the Privatization Barometer among others.

Jadwa Investment makes its best effort to ensure that the content in the Publication is accurate and up to date at all times. Jadwa Investment makes no warranty, representation or undertaking whether expressed or implied, nor does it assume any legal liability, whether direct or indirect, or responsibility for the accuracy, completeness, or usefulness of any information that contain in the Publication. It is not the intention of the Publication to be used or deemed as recommendation, option or advice for any action (s) that may take place in future.