

An depth Look at Saudi Arabia's Privatization and PPP Opportunities

National Centre for Privatization & PPP

Saudi Italian Joint Commission

Rome, Italy

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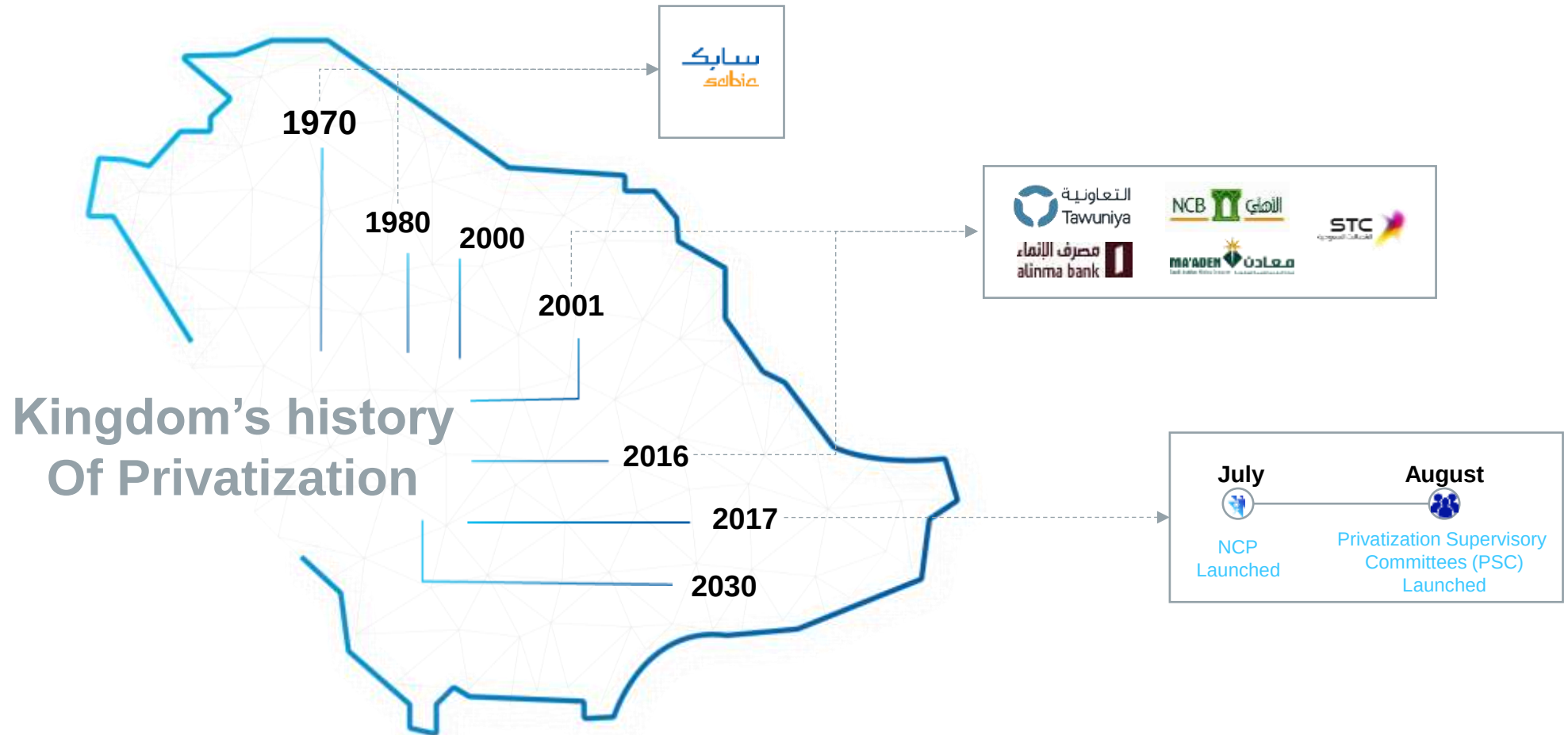
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Saudi's Privatization History

NCP was launched in July 2017, but KSA has a long history of privatization



The Kingdom's aspiration is to privatize **7x** compared to its historic activities

Privatization Program at the heart of Vision 2030

Aims to boost private sector contribution to GDP



“ To increase the private sector’s contribution from 40 to 65% of GDP

“ ... we will remove all obstacles preventing the private sector from playing a larger role in development

“ We will also grow our economy and improve the quality of our services, by privatizing some government services...

The Privatization Program links directly to 2 vision objectives...

- Unlock state-owned assets for the Private sector
- Privatize selected government services

... IN ADDITION to an indirect link to 20 other objectives

SOURCE: Vision2030, Vision Realization Program



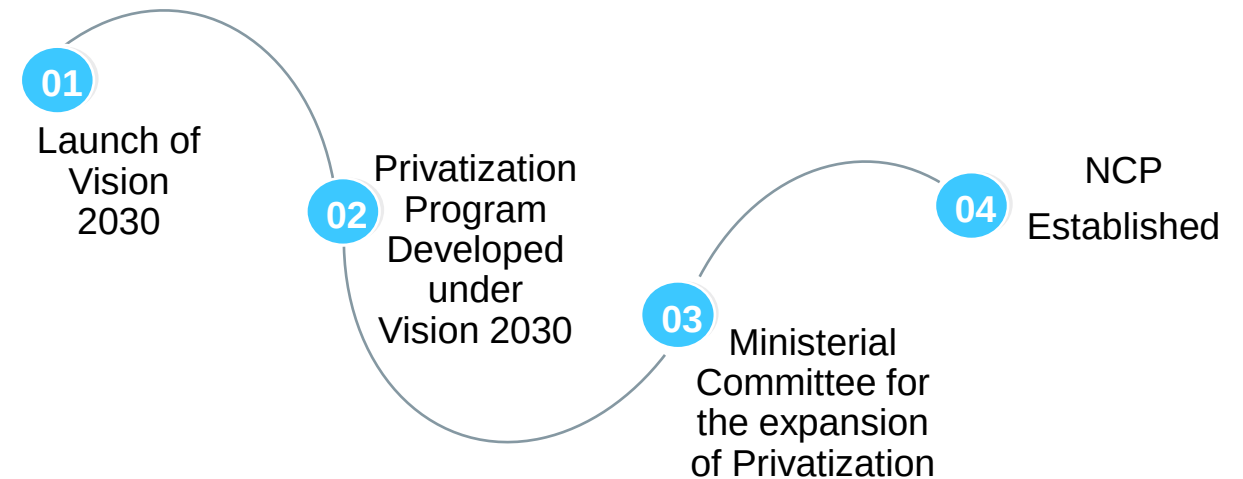
What is NCP?

NCP was created to **Enable** and support the **Governance** of the **Privatization Program** established under **Saudi Vision 2030**. We provide world-class expertise in the areas of legal, financial advisory, strategy, risk, marketing and project management.

Our Vision:

To be a world class center of excellence for KSA's Privatization Program; building a foundation to grow economic diversity and prosperity for the Saudi people and investors.

Why was NCP Established



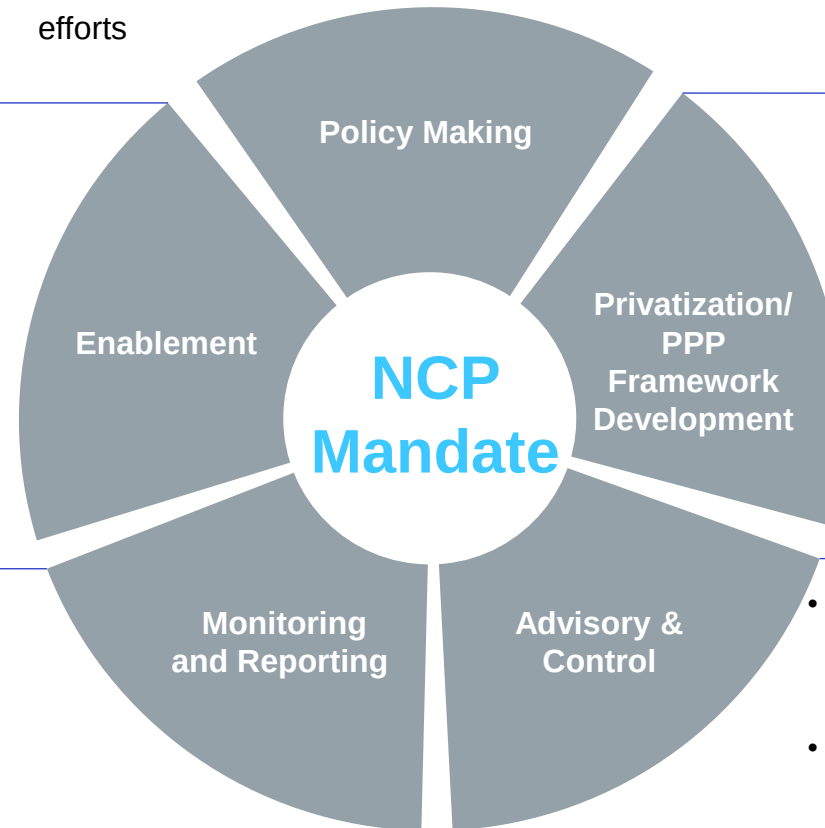
NCP's Mandate

Focus on five key areas to steer KSA privatization/PPP efforts

- Develop national regulatory framework for Privatization/PPP
- Develop rules and procedures to guide PSCs and ETs efforts

- Provide funding for PSCs and execution teams
- Provide optional training to entities
- Set agreements with international PPP/privatization entities

- Follow up on execution progress and escalate to CEDA where necessary

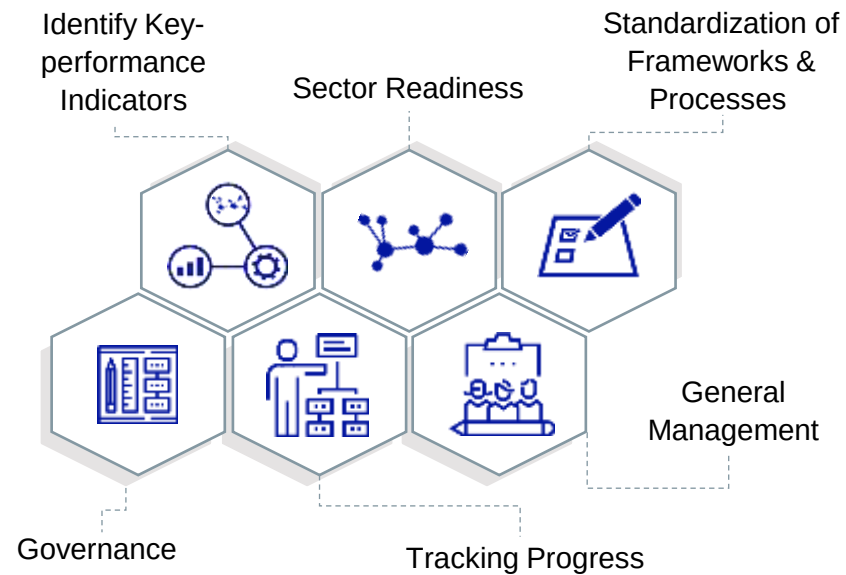


- Develop national privatization/PPP KPIs in line with Vision 2030
- Develop privatization/PPP directives, standards and guidelines

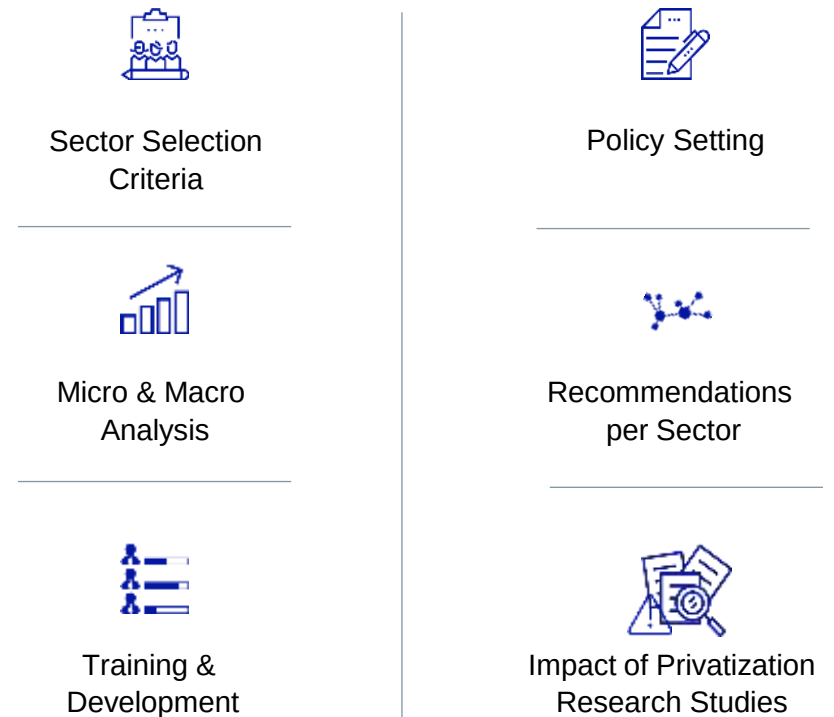
- Review sector privatization/PPP strategies and models and ensure their alignment with NCP directives, standards & guidelines
- Review sector regulatory changes and ensure their enablement of the sector's privatization/PPP strategy

NCP's Functions and Responsibilities

01 Privatization Governance



02 Privatization Enabler



Why invest in KSA?

01

Attractive market

- ✦ A population of **31M** with an annual growth rate of **2.5%**
- ✦ The **largest** single market in the **GCC & MENA** region
- ✦ **Mega** projects across **all industry** sectors
- ✦ Tariff free **access** to the **GCC**

02

Investor friendly

- ✦ Permits and visas for **manpower sourcing**
- ✦ Industrial loans and **equity partners**
- ✦ Export credit, financing, guarantees and insurance
- ✦ Financial **support** for the **training** and **employment** of Saudi nationals

03

Social Infrastructure

- ✦ **Highly educated** local workforce
- ✦ Strong higher education system
- ✦ Substantial **industrial** land availability, **commercial** real estate and utilities

04

Positive regulatory environment

- ✦ Up to **100%** foreign ownership
- ✦ No restriction on **profit repatriation**
- ✦ Liquid finance market

05

Ease of doing business

- ✦ Ranked **25th** in the GCI in 2015 – research latest
- ✦ Reforms to facilitate business within Saudi Arabia - specify

Why Invest in KSA's Privatization Program?



Privatization Supervisory Committees (PCS)

Established by Council of Ministers Decree 665

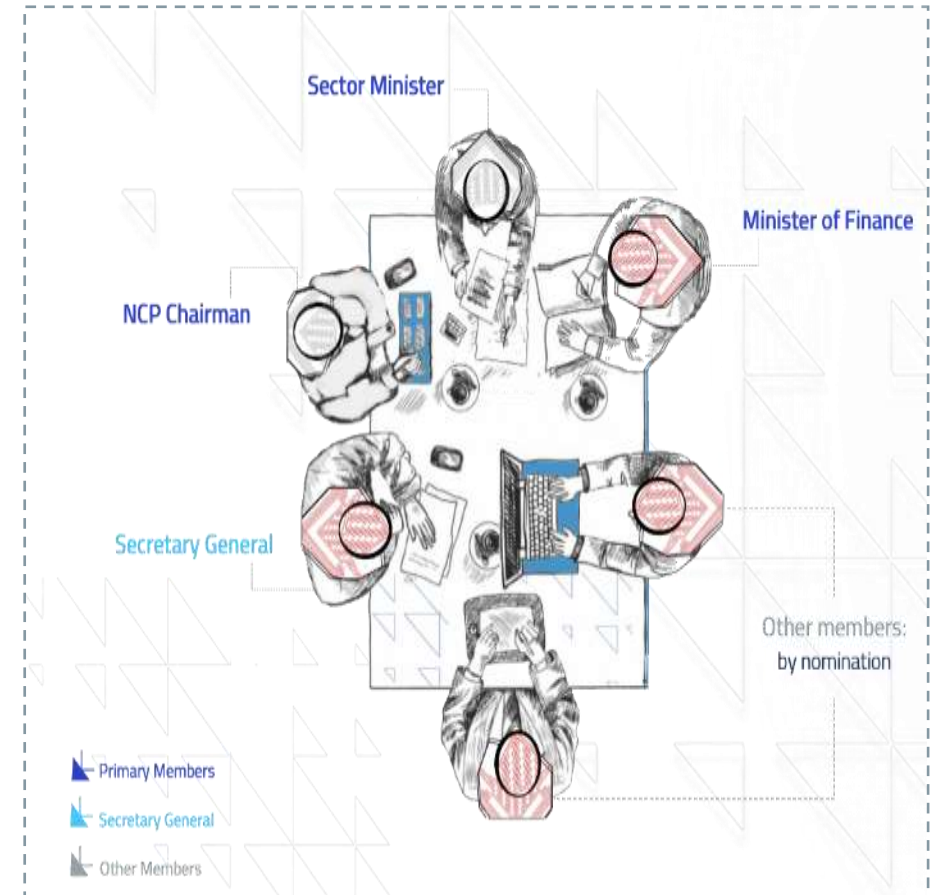
Formation of PSC

- Privatization Supervisory committees formation per sector
- Additional Privatization Supervisory Committees maybe formed based on NCP recommendation

Main tasks of PSC

- Define the main goals & objectives for privatization in each transaction
- Selection criteria for partners, vendors and external consultants
- Advise on the most suitable privatization models per transaction
- Commence and lead the execution of privatization processes
- Directly liaise with government departments to obtain required information
- Negotiate with prospective private sector investors and related parties
- Approve and sign any contract related to the implementation of the Privatization Program

Supervisory Committee Members



✓ **Strong regulatory environment supported by oversight bodies**



**Control and
Investigation
Board**



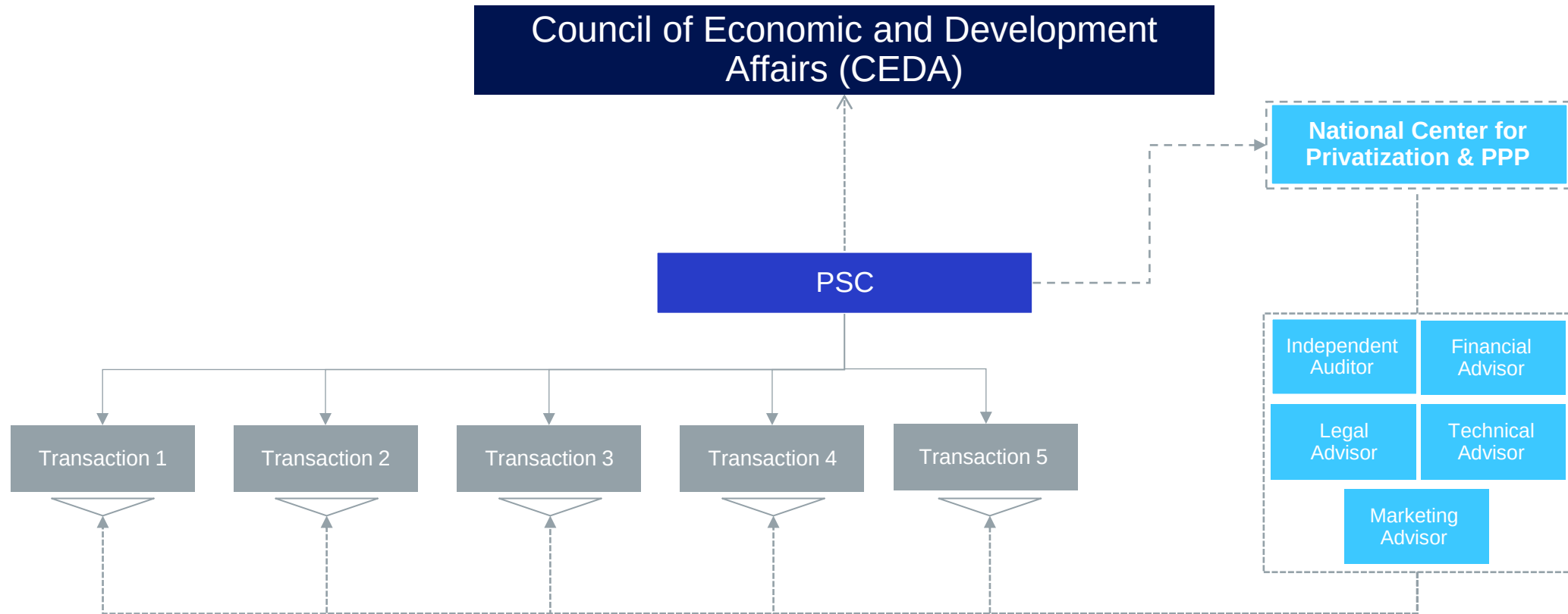
**National Anti-
corruption
Commission
"Nazaha"**



**General
Auditing
Bureau**

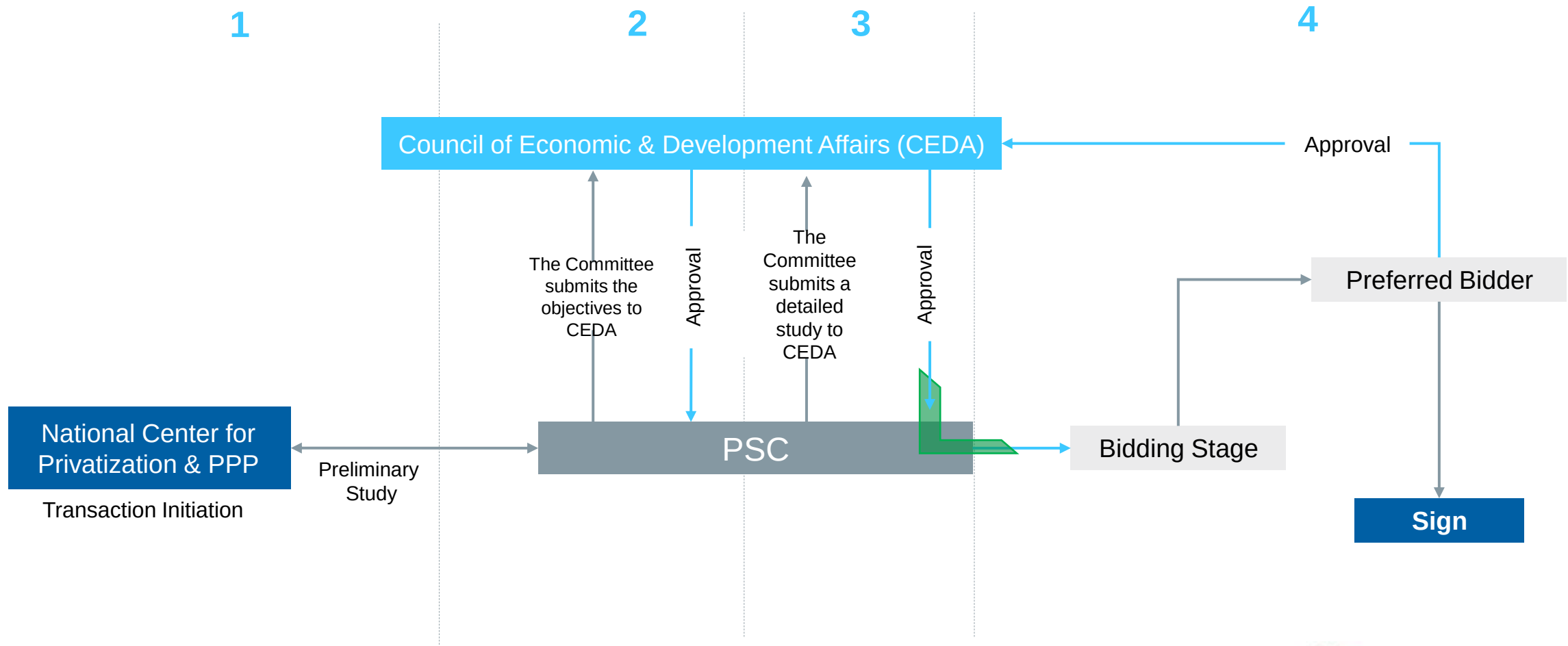
How will it work?

Privatization Supervisory Committees (PSC) Governance



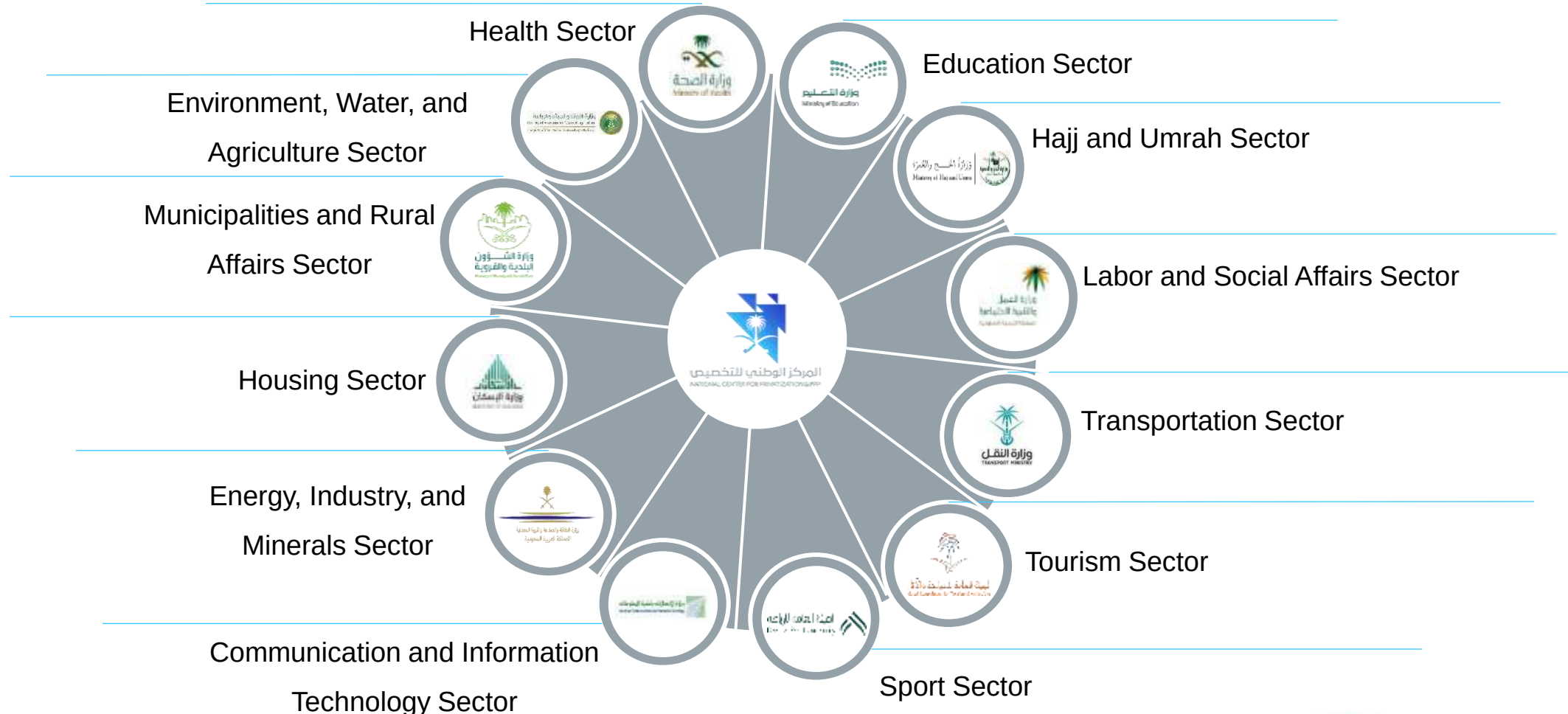
How will it work?

Privatization Process



Privatization Priority List

100+ initiatives have been identified for Private Sector Participation (PSP) in 12 Sectors



What Will Be Privatized?



TRANSPORTATION

Responsible Entity

- The Ministry of Transport
- General Authority of Civil Aviation
- The Public Transport Authority
- Saudi Ports Authority
- Saudi Arabian Airlines Organization
- Saudi Railways Organization

Examples

- Aviation
- Airports
- Railways
- Toll Roads
- Sea Ports

What Will Be Privatized?



ENVIRONMENT, WATER & AGRICULTURE

Responsible Entity

- The Ministry of Environment, Water and Agriculture
- The Saline Water Conversion Corporation
- General Authority of Meteorology and Environmental Protection
- National Water Corporation

Example

- Water Production (desalination & ground water)
- Water Distribution
- Water Wastewater Management
- Flour Mills Operations
- Veterinary Vaccines Production

What Will Be Privatized?



HEALTH

Responsible Entity

- The Ministry of Health
- The Saudi Health Council
- King Faisal Specialist Hospital and Research Center General Organization

Example

- Primary Care
- Radiology Outsourcing
- Hospital and Medical Cities Commissioning

What Will Be Privatized?



COMMUNICATION & IT

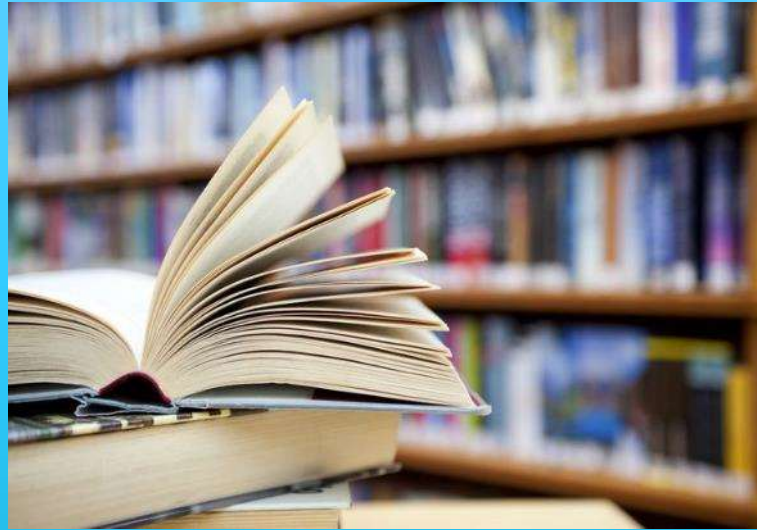
Responsible Entity

- Ministry of Telecommunication & IT
- Saudi Post
- The E-government Program “Yesser”

Example

- Courier, Express and Parcel (CEP)
- Postal Services

What Will Be Privatized?



EDUCATION

Responsible Entity

- the Ministry of Education
- General Organization for Technical and Vocational Training
- Government Universities

Example

- School & Educational Buildings
- Education Support Services

What Will Be Privatized?



ENERGY, INDUSTRY & MINERAL RESOURCES

Responsible Entity

- The Ministry of Energy, Industry & Mineral Resources
- The Royal Commission for Jubail & Yanbu
- King Abdulaziz City for Science and Technology
- King Abdullah City for Atomic and Renewable Energy
- The Saudi Industrial Property Authority (Modon)
- The National Industrial Clusters Development Program.

Example

- Renewable Energy: Solar PV & CSP, Wind

What Will Be Privatized?



HOUSING

Responsible Entity

- The Ministry of Housing

Example

- Housing Development
- E-platforms supporting housing services

What Will Be Privatized?



LABOR AND SOCIAL DEVELOPMENT

Responsible Entity

- Ministry of Labor and Social Development

Example

- Rehabilitation Centers
- Training and capacity building

What Will Be Privatized?



HAJJ AND UMRAH

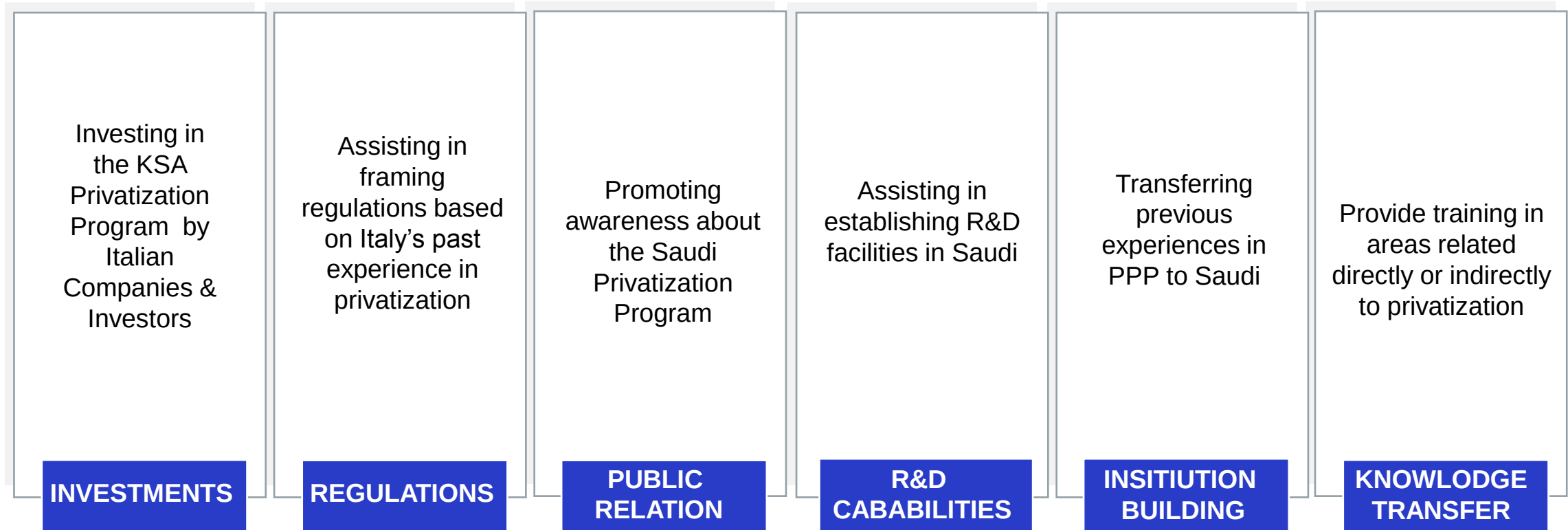
Responsible Entity

- The Ministry of Haj and Umrah

Example

- Pilgrims Food,
- Pilgrims Housing & Accommodation
- Pilgrims Logistics Services

Where the Kingdom and Italy can work together



**We look forward to becoming partners as part of the
Saudi privatization programs**

Contact us:



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QUESTIONS?

THANK YOU

معاً للتغيير، لمستقبل واعد
Investing in our Future. A Catalyst for Change.

المركز الوطني للتخصيص
NATIONAL CENTER FOR PRIVATIZATION & PPP

