THE REPORT

Medina 2020

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Al Madinah Region Development Authority

Grand plans

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The city of Medina is set to play an important role in achieving the goals laid out under Vision 2030, which earmarks heritage tourism as an engine for growth in the Kingdom's non-oil economy. The new Al Madinah Region Strategy 2030 outlines development goals for the region, and aims to tie in with the social and economic objectives laid out in Vision 2030 by focusing on four key priority sectors to drive growth and investment.

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Manufacturing base

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The Medina region's leading role in Saudi Arabia's manufacturing sector was strengthened in late 2018 when a number of state-owned oil giants announced their decision to build a new crude oil-to-chemicals facility at Yanbu Industrial City. The region's manufacturing base is set to continue expanding through the use of new technologies, the facilitation of research and innovation, and the growth of segments including food processing, pharmaceuticals and medical supplies.

TRANSFORMING MEDINA

BY EMPOWERING LOCAL COMMUNITIES AND ATTRACTING INVESTMENTS THROUGH INNOVATION

A beautiful, peaceful city for its residents and a welcoming place for all human beings

هيئة تطوير منطقة المدينة المنورة
Al Madinah Region Development Authority

Medina is an important religious centre for the world's 1.9bn Muslims

Grand plans

New development plans and increased privatisation boost growth

The economy is dominated by manufacturing, which accounts for 19.9% of gross value added in the region, driven by industrial activity in Yanbu and Medina.

The city of Medina plays an important role in the cultural and historical make-up of Saudi Arabia. It is the final resting place of the Prophet Muhammad and is home to the Prophet's Mosque, which the Prophet helped build after his flight from Makkah in 622 AD. Today, the Prophet's Mosque is one of the largest mosque in the world and is the second-holiest site in Islam after the Great Mosque in Makkah. As such, Medina is an important religious centre for the world's 1.9bn Muslims, with millions of pilgrims visiting the city and its holy sites annually. Saudi Arabia's far-reaching development strategy, Vision 2030, has earmarked tourism – specifically Islamic heritage tourism – as an engine for growth in the Kingdom's non-oil economy, with Medina set to play a central role in these efforts. One of the main goals in the Medina region is to increase the number of visitors and the quality of services, activities and offerings available. The country is set to see a gradual increase in the number of Umrah visitors over the next decade, with the goal of reaching 30m by 2030, up from around 19m in 2019. The authorities believe that this ambitious target is achievable, and plan to galvanise private sector participation in the region to boost jobs in the tourism industry. Many of the developments that are carried out in the Kingdom's fourth-largest city – and across the region as a whole – are supervised by the Almadinah Region Development Authority (MDA), the body responsible for spearheading development and generating private sector growth.

"The MDA plays a significant role as a vehicle for investment in the Medina region," Hatem Merdad, director of economic development at the MDA, told OBG. "We cooperate closely with many stakeholders across the economy and work to ensure that diversified and sustainable economic development is achieved, while also safeguarding social investment in line with our development targets. It is very important that this balance is maintained through the region, i.e., between rural and urban areas. Our aim is to create a dynamic, healthy and cultural living environment that helps enhance our ability to attract top international and local talent and expertise, as well as profitable businesses."

IN FIGURES: The Medina region is located in the west of Saudi Arabia and covers an area of approximately 151,990 sq km, making it the third-largest region in the Kingdom by size. The region is subdivided into eight governorates: Al Is, Al Hunakiyah, Al Mahd, Al Ula, Badr, Khaibar, Yanbu and Wadi Al Fara, and Medina is the region's capital. The region is home to some 2.2m people, making it the Kingdom's fifth-most populated area. Within the region, the Medina Metropolitan Area is the most densely populated – home to 63% of the population – followed by Yanbu, with 17%. Of the total number of people living in the area, 64% are Saudi nationals.

The economy is dominated by manufacturing, which accounts for 19.9% of gross value added (GVA) in the region, driven by industrial activity in Yanbu and Medina. Tourism is the second-largest contributor, at around 15.8% GVA, the vast majority of which is driven by visitors to the Prophet's Mosque.

DEVELOPMENT PLAN: The MDA is a Saudi government entity chaired by Prince Faisal bin Salman bin Abdulaziz Al Saud, the governor of Medina Province. The authority was formed in 2004, and is responsible for overseeing the region's economic expansion and development across all sectors, while also ensuring that the important historic and cultural integrity of the region remains intact – thereby balancing economic progress with social well-being. The MDA, in collaboration with key stakeholders and in alignment with central government and Vision 2030's Vision Realisation Programmes, has recently formulated a comprehensive policy document called the Al Madinah Region Strategy 2030, which outlines development goals for the region. As of May 2020 the document was under review by the Kingdom's central authorities. The plan aims to tie in with Saudi Arabia's overall social and economic goals as laid out in Vision 2030, which was launched in April

2.2m

people live in the Medina region

2016, as well as a number of other key development initiatives including the National Industrial Development and Logistics Programme, the Dhuyuf Al Rahman Programme, the Quality of Life Programme and the National Transformation Programme.

PRIORITY SECTORS: The authorities in Medina have identified four priority sectors to drive economic growth in the region, each of which is supported by ancillary enabling sectors. The highest-priority sector is tourism, followed by manufacturing, agriculture and mining, while the key supporting sectors are construction and real estate, education, health care, and transport and communications (see analyses). The main pillars draw on the region's many natural strengths.

"While tourism is the main pillar of the plan, we must ensure that the serenity and spirituality of Medina are not compromised," Ihab Salem, chief regional strategy officer at the MDA, told OBG. "We must seek to leverage the many natural and cultural assets of Medina in order to reach its full potential." The plan aims to boost the total annual number of visitors from approximately 14.4m in 2017 to 30m by 2030, with this figure largely fed by the rising number of Umrah pilgrims to the Kingdom each year as outlined in Vision 2030. "The aim is to provide tourists who travel to Medina to visit the Prophet's Mosque with a variety of options for how spend their time, thereby enriching their experience in the region and in the Kingdom," Salem said.

To help achieve this goal, the authority is planning to launch a three touristic routes initiative comprising a culture route, which will cover the underdeveloped cultural and historical cities of Yanbu, Khaibar and Al Ula; a serenity route, which will feature attractions such as thermal spas, date farms and eco-villages; and an adventure route, which will take place along the region's 300 km of Red Sea coast, and highlight the its abundance of natural assets including deserts, mountains, valleys and volcanoes. Significant coordination across various sectors will be required to reach this level of growth, particularly in the hospitality segment. In line with these objectives, the Al Madinah Region Strategy 2030 aims to boost the number of hotel rooms across the region from 75,000 in 2020 to 200,000 by 2030, while simultaneously targeting significant public transport upgrades across the region.

The remaining priority sectors – manufacturing, agriculture and mining – similarly draw on the region's natural strengths. For example, manufacturing accounts for 19.9% of the Medina region's GVA – making it the largest contributor. Under the MDA's current plans, the Medina region will further consolidate its position as an integrated logistics and manufacturing centre, with targeted areas for development including petrochemicals, food and beverage manufacturing, plastics, metals and port development. The agriculture sector accounts for roughly 4.8% of the region's GVA, and there are plans to channel investment into various subsegments – such as hydroponics and aquaculture – in addition to driving growth in the dates (especially the ajwa variety), poultry and citrus segments. Meanwhile, the mining sector accounts for approximately 4.3%

The Al Madinah Region Strategy 2030 outlines development goals for the region and ties in with Vision 2030

of the region's GVA, with the gold, silver and copper quarrying segments all targeted for further expansion under the plan (see analysis).

According to Merdad, Medina's residents are proud of their region's unique historical and natural sites, which will allow the tourism and the meetings, incentives, conferences and exhibitions segment to flourish. "The region is well known for its fertilised land and the richness of its natural resources, creating prosperous agriculture and mining industries as well as their downstream manufacturing," he said.

PRIVATISATION: The private sector has been earmarked as a major growth driver in Saudi Arabia's Vision 2030, with its privatisation programme aimed at unlocking key state-owned assets across the Kingdom for private investment. By opening up state-owned entities to greater private involvement, government spending can be reduced, efficiencies can be enhanced and the national economy can attract higher levels of foreign direct investment. Drawing on these national objectives, the MDA is similarly targeting significant private sector involvement across the various developments it is pursuing, and private players are considered an important component to the long-term success and sustainability of its target sectors.

While some developments are understandably being fully financed by the public purse, including the expansion and development of the Prophet's Mosque, and the restoration and development of the region's Islamic holy sites, others are aiming for greater levels of collaboration with the private sector. For example, Knowledge Economic City (KEC) is a Saudi-based joint-stock company responsible for driving development of the city's flagship economic city of the same name.

ECONOMIC CITIES: As part of government efforts to boost economic diversification and job creation across the country, six economic cities were under development as of May 2020. One of these is the 6.9m-sq-metre KEC, a $7bn mega-project located in Medina, 8 km from

The private sector has been identified as a major growth driver in Vision 2030, with its privatisation programme aimed at unlocking key state-owned assets across the Kingdom for private investment.

The decade from 2020 to 2030 is expected to be one of significant expansion for Medina and the wider region

Prince Mohammad bin Abdulaziz Airport. It is also situated adjacent to the Haramain High-Speed Rail, which was launched in October 2018 and connects Makkah with Jeddah, King Abdulaziz International Airport, King Abdullah Economic City in Rabigh and Medina.

KEC will offer opportunities for investment in residential, commercial, hospitality, "edutainment", services and tourism spaces, and provide an example of urban planning for other regions to follow. It also seeks to empower small and medium-sized enterprises (SMEs) by allocating designated space for local businesses to sell their products within pedestrian zones. The growth of local SMEs should help to raise Medina's socio-economic profile and encourage entrepreneurship. Indeed, the segment is already on a promising trajectory: SMEs in the Medina region posted growth of 31% in 2019, Rami Hajjaj, the CEO of Namaa Almunawara, a company which focuses on SME empowerment, told OBG. "It is necessary to build the Medina brand and to give a high degree of credibility to Medina-based products and services. This will foster local entrepreneurs and improve the entrepreneurial ecosystem," Hajjaj added.

NEW DEALS: The economic city has recently seen a growing number of deals reached. In July 2019, for example, KEC signed a 12-month memorandum of understanding (MoU) with the Saudi Public Transport Company in order to explore the feasibility of developing transport links within KEC, as well as to connect it to the Haramain High-Speed Rail.

In August of that year KEC awarded a $3.6m project to Canadian firm IBI Group, tasking the firm with engineering and design work across some 3.7 ha for a period of 42 weeks. Furthermore, in late 2019 a deal was inked with Hilton to operate the 300-room Double Tree by Madinah Gate, a hospitality and entertainment project slated to open in 2022. In February 2020 KEC signed a similar two-year MoU with India-headquartered hospitality firm OYO for the operation of some 1500 hotel rooms within the Islamic World District of Medina. Wasat Almadinah joins Madinah Gate and Islamic World District as KEC's top development projects.

One member of KEC is the Madinah Institute for Leadership and Entrepreneurship, a non-profit organisation that aims to build leadership and entrepreneurial capacity in the Arab and Muslim world. It has welcomed hundreds of senior executives from more than 25 countries to discover new leadership and management practices to grow in their careers.

EDUCATION: A key sector for the MDA's development plans is education. The Saudi government is actively encouraging public-private partnerships, and in late 2019 it signed an agreement for private companies to fund the development of buildings and facilities within the industry. Medina has considerable potential to raise the Kingdom's education profile internationally. Approximately 10m people visit Medina every year, and this exposure – along with Vision 2030 – attracts several multibillion-dollar mega-projects from around the world, which require substantial human capital development. The local education system tailors its programmes to the needs of sectors including industry, health care, education, tourism and entertainment, in additional to fostering connections among investors in the Middle East and beyond. This cooperation ensures an improved business ecosystem and greater employment opportunities, necessitating advances in the tourism and hospitality offering in particular.

CLOSING THE GAP: One example of this is the University of Prince Mugrin (UPM) in Medina, which is quickly working to close the gap between the needs of local industry and academia, particularly in the field of ICT. A notable feature of the university's collaboration with industry is the series of internships within industrial entities both in Medina and across the country. A flagship initiative in this regard is the Capstone programme, in which students – after having participated in the workplace internship – must solve real-life industry challenges presented during the placement.

UPM's industry partners include Saudi Aramco, Saudi Basic Industries Corporation, and the Royal Commission for Jubail and Yanbu. The university also has partnerships with the National Cybersecurity Authority, as well as mega-projects in the Kingdom such as NEOM. In addition, the university has several links to the local start-up community, with significant emphasis placed on the need to cultivate an entrepreneurial mindset in its students. To this end, the university, with the input of the local business community, recently launched a minor in entrepreneurship that is open to all students.

The university is also working to equip students with skills required by the Fourth Industrial Revolution, and has labs facilitating work in big data, the internet of things (IoT), blockchain technologies, artificial intelligence (AI), 3D cutting and engraving, and cybersecurity.

These specialisations feed into the university's advisory and consulting arm, which provides full life-cycle consulting services to help customers grow revenue and optimise business operations. One advisory was the Halal Consultation Project, which studied how the halal industry could benefit from AI, IoT and blockchain

Small and medium-sized enterprises in the Medina region posted

31%

growth in 2019

technologies. The project found that these technologies enabled facility and equipment monitoring, enhanced traceability in supply chains and improved halal supply chain visibility. The project also found that smart packaging with the Halal Monitoring Authority's seal allows businesses to monitor metrics such as the optimum freshness period, shelf life, environment and product monitoring, decay control and food waste prevention.

Taibah University is the largest university in Medina, representing one of the key educational entities when it comes to furthering the MDA's and the Kingdom's social and economic development goals. The university has grown significantly in recent years and currently offers some 140 academic programmes to its roughly 17,000 students – 2000 of whom are international registrants.

The university recently launched its Educational Academic Transformation Programme, which seeks to open new programmes and transform current ones. The programme will adapt its educational offering and tailor it according to the requirements of the three pillars identified in Vision 2030. In addition, the university has begun to enlarge its educational offering in the direction of the health care sector while simultaneously working to expand its faculty base by hiring international teachers. Another important development at the university is its digital transformation initiative, aimed at boosting levels of digitisation across the university. A number of professors – as well as students enrolled in IT-related courses such as electronic knowledge and cybersecurity – are helping to support the digital transformation process. As a result of this initiative, the university was able to immediately move all its courses online after the outbreak of Covid-19 in early 2020. The university also launched a health care research initiative in response to the pandemic, assigning SR2m ($533,200) for research related to the virus. As of mid-May 2020 around 24 research projects had been approved. In addition, the school has made all of its faculty members with specialties in medicine and health care available to the Ministry of Health throughout the pandemic. It has also created more than 95 online medical clinics as well as various online health services.

In terms of SME support, Taibah University hosts a number of different events, webinars and competitions throughout the year. "All of these events are open to the general public in Medina," Abdulaziz Al Sarrani, president of Taibah University, told OBG. "Indeed, interacting and engaging with the local business community is one of the central components of the university's mission."

VOCATIONAL TRAINING: As a region that enjoys significant tourism activity and industrial development, Medina is in need of skilled technical and vocational manpower in various fields. To this end, the Technical and Vocation Training Corporation (TVTC) was established with the aim to produce professionals to cover labour market needs in the Medina region as well as across the Kingdom. "Currently, the organisation is intensifying its efforts to conclude many strategic partnerships with the industry and business sectors to help equip people with skills suited to the labour market," Eid Alraddadi, general manager of TVTC, told OBG.

"In addition to manpower and entrepreneurship, the Medina region is also taking practical steps to revitalise sectors such as investment and consulting through the creation of multiple digital platforms," Abdullah Abualnasr, secretary-general of the Madinah Chamber of Commerce and Industry, told OBG.

HEALTH CARE: Leveraging the large number of pilgrims who visit the holy cities of Makkah and Medina to boost broader tourism activity is an important goal for the Kingdom, and one area that could benefit substantially from this push is the health care sector. The Kingdom's increasing population, alongside enhanced transportation links with Makkah, Riyadh, Qassim, Hail, Tabuk and major aviation centres, will contribute to demand for health care in Medina.

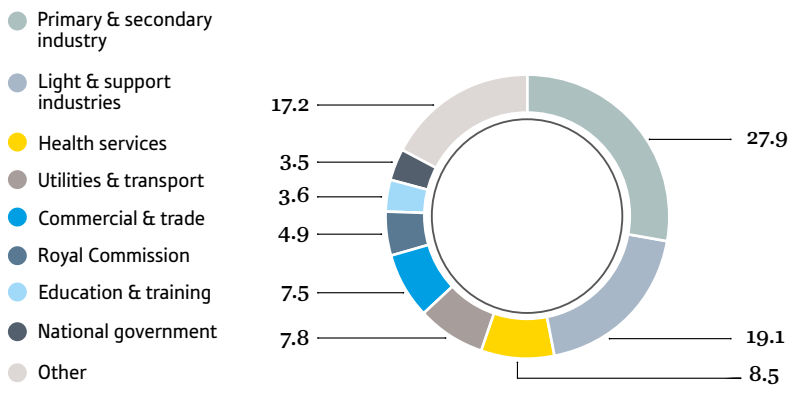
A number of emerging specialist health care centres are bolstering Medina's health care offerings. The King Faisal Specialist Hospital project is an example of the authorities' commitment towards specialised medical services, particularly of incurable diseases, adult oncology, paediatric haematology and oncology, and ophthalmology. Built across a 200,000-sq-metre site, the hospital will have an operational capacity of 300 beds once complete in the second half of 2020.

Such new facilities also feature advanced health technologies that have been key in helping the Kingdom treat the larger volume of people passing through its health facilities. Indeed, technology has played a role in many sectors of the increasingly knowledge-based economy. The government's new electronic health information system is designed to link all primary health centres, pharmacies, and public and private hospitals. "The government is making advancements in innovation and technology in health care," Faisal Al Battah, CEO of the Ghassan N Pharaon Hospital, told OBG. "The programmes are reducing bureaucracy in administrative areas and enhancing the quality of medical facilities."

Technology is also an important component of the medical tourism segment: the secure transmission of health care records between patients' home medical centres and overseas treatment facilities is a prerequisite for coordinated cross-border medical

As a region that enjoys significant tourism activity and industrial development, Medina is in need of skilled technical and vocational manpower in various fields.

Labour breakdown in Yanbu Industrial City, 2017 (% of workforce)



Source: RCJY

The Medina region is home to two international airports – one in the city of Medina and the other at Yanbu. These are complemented by a domestic airport in Al Ula, and commercial and industrial ports at Yanbu.

care. Furthermore, the quality of technology available, as well as the cost of the treatment that uses it, is a significant factor in determining the destinations patients select. In addition to the benefits of online information and marketing efforts, digital technologies can also support pre-treatment and post-treatment patient consultations in the Kingdom.

Meanwhile, Medina is seeking healthy city accreditation from the World Health Organisation (WHO). According to the WHO, a healthy city has a long-term strategy to continually develop a holistic health environment. Achieving this goal will require a multifaceted approach that includes community participation and collaboration among multiple stakeholders. Crucially, the public and private sectors need to work together to successfully create a city in which wellness is central.

Urban planning that takes into account well-being has a considerable role to play in achieving this goal, and KEC in Medina provides a strong example of the ongoing effort being made to achieve healthy city status. The project includes green areas, play areas for children, fitness and well-being facilities, stores, cafes and mosques, which create a sense of community.

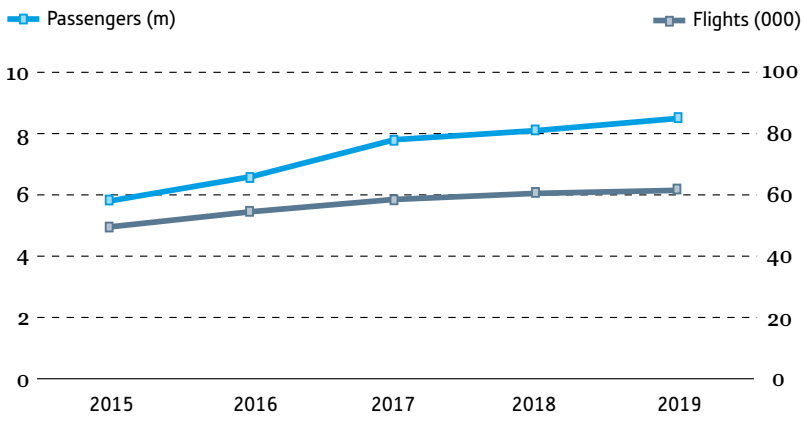
Another example is MDA's pilot Humanising Cities programme. The goal of the project is to enhance the quality of life in Medina through sustainable development, innovation and social responsibility. "Humanisation is about how urban public spaces serve to enhance human happiness," Rekaz Faisal Aljedaani, senior urban designer at MDA, told OBG. If successful, the programme will provide a blueprint for schemes in other regions of the country. "Saudis are becoming increasingly health-conscious. As a result, preventive care and wellness are growing, particularly among younger generations," Makarem Batterjee, president of the Saudi German Hospitals Group, told OBG.

TRANSPORT: The Medina region is home to two international airports – one in the city of Medina, the other located at Yanbu. These are in addition to a domestic airport in Al Ula. The region is also home to a commercial and industrial port, both located at Yanbu. In 2018 the Haramain High-Speed Rail was launched, linking the holy cities of Makkah and Medina. It passes through three stations: Jeddah, King Abdulaziz International Airport in Jeddah and the King Abdullah Economic City. The line has the capacity to carry 60m passengers annually, and is therefore set to play a significant role in transporting growing numbers of Umrah and Hajj visitors between King Abdulaziz International Airport and Medina in the coming decade. According to Saudi Arabia's General Authority for Statistics, in 2019 there were 19.2m domestic and international Umrah pilgrims, 4.5m of whom travelled to the region via King Abdulaziz International Airport. Furthermore, travel beyond the Medina region to the five surrounding provinces of Makkah, Riyadh, Qaseem, Hail and Tabuk is easily accessible via an international standard highway network.

RENEWABLES: In terms of energy, Saudi Arabia has resources of petroleum and natural gas, among others. The Kingdom is currently exploiting renewable energy, such as solar and wind, to leverage its diverse geological features and climate. In recent years the country has significantly increased its renewable energy targets, with a five-year plan to boost power generation from renewables from the previous goal of 9.5 GW to 27.3 GW by 2023, and a 12-year plan to increase this to 58.7 GW by 2030. The majority of the renewable output, or 68%, is expected to come from solar photovoltaic (PV), while wind is expected to account for 27%. The Medina region is key to the country's renewable energy plans given its rich potential for solar PV, wind, concentrated solar power and geothermal generation. Currently, there are three solar projects under development in the Medina region, with total output of 370 MW, and one wind project, with an output of 850 MW. With respect to geothermal resources, there are many volcanic fields in the Medina region, such as Harrat Rahat.

OUTLOOK: The decade from 2020 to 2030 is expected to be one of expansion for Medina and the wider region as a whole. With a number of targets laid out in Vision 2030, as well as the MDA's comprehensive development strategy, significant investment can be expected across the range of target sectors identified. In the short term, the impact of the Covid-19 pandemic looks set to substantially limit economic growth in 2020, and international travel restrictions mean visitor numbers will likely fall substantially that year. Looking to the longer term, however, the IMF has suggested that in 2021 – given a baseline scenario in which the pandemic fades in the second half of 2020, and the various lockdown and containment measures that have been implemented worldwide start to be lifted – global economic growth can expect to rebound to approximately 5.8% in 2021 following an estimated contraction of 3% in 2020. This bodes well for Medina, considering the global nature of its appeal as a religious destination. Building on the region's cultural and religious importance, Islamic heritage tourism is set to continue to play a central role in Medina's development. As the range of offerings for Umrah and Hajj visitors expands, the private sector will increasingly become the main provider of goods and services, as well as the primary vehicle for investment.

Traffic at Prince Mohammed bin Abdulaziz International Airport, 2015-19



Source: TAV

Prince Faisal bin Salman bin Abdulaziz Al Saud

Global example

Prince Faisal bin Salman bin Abdulaziz Al Saud, Governor, Madinah Province, on putting the personal development and well-being of citizens at the heart of diversification

What are some of the challenges Medina faces regarding the need to balance infrastructure development with the region's historic heritage?

PRINCE FAISAL: Medina is not just the historic sites, but a region of the Kingdom with its own development challenges and opportunities. The development of historic places presents a particular challenge for urbanisation. This is due to the embedded tension between the expansion and growth needed to satisfy the needs of the inhabitants who live there and maintaining the historic character of the region. Medina is thus a global city and not just a local one.

Maintaining a balance between the infrastructure requirements of a global city that hosts millions of pilgrims and visitors year-round, and the local needs of the population is not an easy task. Thus, the guiding principles for us have been to facilitate access for the millions of visitors to the Prophet's Mosque with ease; to preserve the city's historic character; and to attend to the modern needs of local residents with regard to health care, educational institutions and projects that enhance the development of the local and regional economy. These guiding principles have helped us to keep Medina in line with the vision for the whole Kingdom. The challenge, however, has been to keep the city friendly for people in terms of scale, access and ease. After all, cities are about people, and in holy cities this human and spiritual dimension is even more accentuated. Medina's global importance to all Muslims puts the city at the top of development priorities. This can be seen clearly the moment one lands in Prince Mohammad bin Abdulaziz Airport, which ranks as the best airport in the Middle East in the 5m-15m passenger capacity category. It is also obvious as a visitor sets foot on the Haramain High-Speed Rail, which connects the two holy cities of Makkah and Medina. Moreover, it is impossible for any pilgrim or visitor to miss the various expansions of the Prophet's Mosque. In Medina we are proud of the achievements to make the visit of Hajj and Umrah an unparalleled spiritual experience.

How is the region boosting its profile both locally and nationally in the context of the country's wider social development plans?

PRINCE FAISAL: The wider Medina region is of paramount importance. The industrial coastal city of Yanbu, which will soon be a leading global centre for petrochemicals, currently boasts the third-largest refinery in the world. The balance between industrial centres, such as Yanbu, and the preservation and development projects around the city of Medina is a challenge. Yet the balance has been maintained through programmes that focus on low-income areas. These areas have been developed without relocating inhabitants or disrupting their daily lives. The facades of homes reflect the unique character of these areas without disturbing the sensibilities or the aesthetics of the historic city. The walkways that connect all Islamic heritage sites and make them accessible to pedestrian visitors and locals alike is also a project we are proud of. Along these pedestrian routes we have encouraged local crafts through the Namaa Almunawara foundation, which promotes local creative work under the slogan "Made in Medina" and contributes to the local economy. Medina has always been a centre for Islamic learning. In order to maintain this character of the city, we have embarked on an ambitious programme that focuses on schools and libraries. The King Abdulaziz Complex for Endowed Libraries is one example of how we have focused on the preservation and restoration of rare publications and manuscripts under one roof. This project is aimed at highlighting the role of Medina as a global centre of learning. We are also building a new museum called Alsalam Museum along the lines of other prestigious world museums. In it, visitors will be able to see rare artefacts and manuscript displayed for the first time.

Prince Saud bin Khalid Al Faisal

Abundant opportunities

Prince Saud bin Khalid Al Faisal, Deputy Governor, Madinah Province, on economic development and untapped potential

In what ways is Madinah Province promoting economic development and investment opportunities?

PRINCE SAUD: Madinah Province has worked closely with the World Bank since 2013 to conduct extensive studies using economic and ease of doing business indicators to measure the region's competitiveness and investment climate; benchmarking it to both global and national standards, and best practices. These studies lead to a number of action plans that aim to ensure the region remains on track with the country's Vision 2030 goals, through working with different public and private sector organisations to develop and sustain the investment ecosystem. The Almadinah Region Development Authority has worked extensively on renovating and redeveloping the residential districts of Medina; in particular, the surrounding areas of the Prophet's Mosque. These projects have contributed towards boosting the local economy and attracting future investment in retail, hospitality and catering, both on a national and international level.

Under the supervision of the governor of Madinah Province, a comprehensive governmental services centre was established. The centre offers services of 13 different government and semi-government agencies under one roof, and works to reduce the administrative processes for Medina's citizens and investors. In addition, the Economic Development Centre was established to facilitate cooperation between the public and private sectors by organising, developing and promoting investment opportunities, and provide the necessary support for the launching and sustainability of these projects. These opportunities cover a broad spectrum of sectors such as tourism, real estate, entertainment and pharmaceuticals.

How can Madinah Province fully leverage the untapped potential of its strategic sectors?

PRINCE SAUD: Medina, which is the second-holiest city in Islam and home to the Prophet's Mosque, enjoys a unique place in the hearts and minds of over 1.9bn Muslims around the world, all of whom aspire to visit the city at least once in their lifetime. It is because of this exceptional status that Medina enjoys a variety of opportunities spanning numerous sectors.

A great amount of effort has gone into making Madinah Province more accessible to visitors and investors alike. This includes Prince Mohammed bin Abdulaziz International Airport, which is a successful example of a public-private partnership project; the Haramain High-Speed Rail, which links Medina to Makkah and Jeddah via King Abdullah Economic City; and the region's two seaports, which facilitate the smooth transition of both cargo and passengers. This, in turn, encourages visitors to extend their stay in Medina and enjoy all that the region has to offer.

Utilising Medina's place in the Islamic world and the recently inaugurated King Salman Conference Centre, a multipurpose venue built on 91,000 sq metres, makes Medina an excellent year-round destination for international forums, symposiums and conventions. Medina is also an ideal location for recuperation and well-being facilities; patients can receive treatment in addition to worshipping in the Prophet's Mosque. Visitors can capitalise on the health care facilities that exist in the region by taking advantage of the Kingdom's recently announced medical treatment visa. These include King Faisal Specialist Hospital and Research Centre, and others that provide medical care ranging from physiotherapy to chemotherapy.

Additionally, Madinah Province is known for its unique agricultural products, which include over 100 different types of dates – considered a must for visitors to bring back as gifts. Furthermore, Medina's entrepreneurs and incubators are working on ongoing projects in order to capitalise on the potential international market for Medina's dates and date-based products. Medina is also known for its famous mint and special roses, which are used to create fragrances.

The next generation of petrochemical plants are under development

Manufacturing base

Research and innovation are at the heart of efforts to expand and diversify the region's manufacturing capacity

Home to Yanbu Industrial City – the site of significant petrochemical and refining facilities, in addition to port capacity – the Medina region has long played a leading role in Saudi Arabia's manufacturing sector. This position was strengthened in late 2018 when state-owned oil giant Saudi Aramco and SABIC announced their decision to build a new crude oil-to-chemicals facility at Yanbu. In addition, work is under way to broaden the manufacturing base of the region by nurturing the growth of manufacturing segments including food processing, pharmaceuticals and medical supplies, and new technologies.

MANUFACTURING CITY: Saudi Arabia's decision to build the twin industrial cities of Yanbu and Jubail on each of its coastlines in 1975 led to the creation of the Medina region's biggest industrial complex, Yanbu Industrial City. The Royal Commission for Jubail and Yanbu (RCJY) administers the industrial zone. Although most of Saudi Arabia's oil and national gas is produced in the Eastern Province, pipelines carry much of it across the country so that it can be loaded for export to Europe and North America on the Red Sea coast of Medina Province.

In 2017 Yanbu Industrial City employed 46,331 people, 56% of whom were Saudi citizens, with 36% of workers employed by the industrial sector, according to the latest available figures from the RCJY. Yanbu Industrial City currently occupies a 185m-sq-metre site, but there are plans to expand this to 605m sq metres over the coming years, the land has already been set aside by the RCJY. "I see a very positive future for Yanbu," Fahad Al Qurashi, director-general of investment development at the RCJY, told OBG. "The area is not as congested as the industrial zones in the east of the country, and its location on the Red Sea provides businesses with access to markets in Europe, Africa and the Americas."

PETROCHEMICALS: Among the biggest investment projects to take place in the city in recent years is the Yanbu Aramco Sinopec Refining Company (YASREF), a refinery facility built as a joint venture by Saudi Aramco and China's Sinopec. YASREF began commercial production in 2015 and uses 400,000 barrels per day of crude oil, with a daily production capacity of 287,000 barrels of diesel, 105,000 barrels of petrol, 6200 tonnes of petroleum coke, 1200 tonnes of sulphur and 400 tonnes of benzene.

The latest petrochemical plant to break down in Yanbu is being developed by Farabi Petrochemicals, a Saudi private company that also operates a facility in Jubail. The new SR4bn ($1.1bn) plant will have seven processing units producing 14 petrochemical products, with an annual capacity of 500,000 tonnes. Upon coming on-line, the new facility is expected to become one of the world's largest manufacturers of paraffin and linear alkylbenzene, a biodegradable surfactant with broad industrial and commercial applications. In a move that signals the next generation of petrochemicals production in the region, Saudi Aramco and SABIC announced plans to build a crude-oil-to-chemicals plant in Yanbu in November 2018. Once it becomes fully operational in 2025, the facility is expected to process 400,000 barrels per day of crude oil to produce 9m tonnes of chemical products and base oils each year. The plant will employ innovative processes to convert crude oil rather than using refined products as feedstock. By 2030 the output of the plant is set to be equivalent to 1.5% of the Kingdom's GDP, and will have generated and additional 30,000 direct and indirect jobs.

EMERGING INDUSTRIES: In early 2019 the National Industrial Development and Logistics Programme (NIDLP) was established and tasked with examining additional ways in which Yanbu Industrial City could contribute to the achievement of the growth and diversification goals outlined in the country's Vision 2030 development strategy. The NIDLP has proposed that Yanbu could become a major rubber

36%

of workers in Yanbu Industrial City were employed in the industrial sector as of 2017

In early 2019 the National Industrial Development and Logistics Programme was established and tasked with examining additional ways in which Yanbu Industrial City could contribute to the achievement of Vision 2030's growth and diversification goals.

In 2018, 131 of the 305 factories in the Medina region were involved in rubber and plastics production

manufacturing cluster, in addition to providing a centre for the regional production of renewable energy technology. According to the Almadinah Region Development Authority, of the 305 factories in the Medina region in 2018, 131 were involved in the rubber and plastics subsector.

The government entity responsible for the development of industrial cities in Saudi Arabia is the Saudi Authority for Industrial Cities and Technology Zones (MODON). Established in 2001, MODON oversees 35 industrial cities across Saudi Arabia, providing land, infrastructure and business services to over 3500 factories, 248 of which are located in Medina.

MODON acts as an enabler by offering a range of products and financial solutions designed to provide easy integration for partners in both the public and private sectors. These include industrial land with developed infrastructure; land dedicated to the development of facilities and services within industrial cities; and ready-made factories with a total area of 700 sq metres or 1500 sq metres that are tailored to the needs of small and medium-sized enterprises, with a total of 24 factories ready for lease and 44 factories under construction. Investors can also benefit from logistical solutions in principal areas throughout the Kingdom, as well as business workshops held in collaboration with the Small and Medium Enterprises General Authority.

MODON's land and loan products are provided in cooperation with the Saudi Industrial Development Fund (SIDF) as part of a unified industrial package. MODON and SIDF offer packages intended to make ready-made factories available to investors, together with the possibility of obtaining financing for their projects. In addition, investors can obtain up to SR4m ($1.1m) in financing from the Social Development Bank via a loan product called OSOS.

In May 2019 MODON signed an agreement with the Egyptian company Pharco Pharmaceuticals to build a new pharmaceuticals complex in Medina city, including both manufacturing facilities and research and development centres. The 62,000-sq-metre project represents an investment of SR570m ($152m) and is expected to provide 1000 new jobs with a localisation rate exceeding 50%. MODON has also attracted a number of valuable investments in various other industries, including a magnesite factory in an agreement with Ma'aden Industrial Minerals Company; a cement products factory with Madina Net Holding Company; a factory branch of Mustafa and Nabil Muhammad Samer Kerman and their partners Al Razi Laboratory; and an electricity meters factory with Saudi Globaltronics.

In 2019 the Saudi Authority for Industrial Cities and Technology Zones signed a deal to develop new pharmaceutical research and production facilities in the Medina region.

DRIVING INNOVATION: Tertiary education plays an important role in supporting the development of the region's industrial base through the facilitation of research and innovation. In 2018 Taibah University created Taibah Valley in Medina, a standalone company focused on fostering the development of emerging technologies associated with the Fourth Industrial Revolution. These include blockchain, artificial intelligence (AI) and the internet of things. Taibah Valley's innovation centre provides support for the development of start-up companies utilising these disruptive technologies, and is in the process of helping to develop localised expertise that can support existing enterprises and foster the development of new industries and sectors, notably through the organisation of knowledge-building workshops for entrepreneurs and businesses. Taibah Valley also provides facilities that enable companies to test prototypes using new technologies. In addition, the company is tasked with directly developing applications and solutions based on the needs of clients operating in priority segments, notably renewable energy, smart city solutions, health care, transportation, education, security and agriculture.

FOOD & BEVERAGE: While Yanbu has undergone significant development a site for downstream petrochemical industries, it has also increasingly served as a centre for food and beverage production. Factories processing and packaging food produced in the region have the potential to expand in the years ahead, according to analysis by the Almadinah Region Development Authority and the Madinah Chamber of Commerce and Industry (MCCI). In particular, the Almadinah Region Development Authority has highlighted the potential for expansion in the date and halal meat segments. According to the MCCI, there are 3.7m date palms in the Medina region, approximately 16% of the national total. There are 90 varieties of date grown in the region, including the ajwa variety, with 77,000 tonnes of dates picked across the region in 2017. On a national level, the value of date exports increased by 14.6% from SR755m ($201m) in 2018 to approximately SR865m ($230.6m) in 2019, according to the Saudi National Centre for Palms and Dates. In terms of volumes, exports of the commodity expanded by 13.5% from 162,000 tonnes in 2018 to 184,000 tonnes in 2019.

Fahad Albuliheshi

The next step

Fahad Albuliheshi, Mayor, Almadinah Almunawarah Region; and CEO, Almadinah Region Development Authority, on medium-term plans for Medina's economic development

How is urban infrastructure being developed for diversified economic and demographic growth?

ALBULIHESHI: Projects focusing on humanising the city began in 2016, with Medina undertaking radical structural reforms. The projects focused primarily on the revaluation of natural heritage; the transformation of central urban areas of historical and religious importance; and the development of local social, business and commercial communities. These three pillars were designed to increase the population's quality of life, attract visitors and foreign investment, and better prepare Medina to welcome the shared benefits of such progress. A further long-term aim of this project is to create a successful model that can potentially be replicated in all the cities in the Kingdom.

In terms of the city's natural heritage, we focused on the restoration of Wadi Al Aqeeq, or the "Blessed Valley", and its surrounding areas. We sought to revive the area's culture and placed renewed impetus on economic prosperity and environmental rehabilitation. Such a project revitalises culture through the protection and rehabilitation of sites, promotes well-being through community spaces, and pursues prosperity through innovation, foreign investment, the more efficient use of resources and sustainable development.

Concerning the transformation of urban areas, the project aimed to renovate the central Darb Al Sunnah Street and Quba Avenue, connecting the two major religious sites of Al Haram and the Mosque of Quba. We sought to create vibrant public spaces that would allow tourists and pilgrims to enjoy a pleasant walk in a multifunctional area rich in religious and historical sites, shopping centres and relaxation areas.

In what ways have local institutions fostered the empowerment of local communities?

ALBULIHESHI: We in Medina are well aware of the important role small and medium-sized enterprises (SMEs) play in the Kingdom's economy, and how difficult it is for these entities to access the resources they need to succeed. Local organisations are sensitive to this and have created a series of joint initiatives, both public and private, aimed not only at knowledge transfer and mentorship, but also at facilitating access to credit and strengthening commercial channels in order to generate higher revenue for SMEs. Upskilling efforts have also been made in slum areas.

The Almadinah Region Development Authority has prioritised SMEs, creating ad hoc physical spaces and promoting social events aimed at stimulating the economic development of this segment. Additionally, the Knowledge Economic City has dedicated spaces and opportunities for SMEs. These enterprises have been relatively successful in Medina in recent years, in part because of the essential support of Namaa Almunawara, a non-profit organisation committed to encouraging entrepreneurship and empowering SMEs.

What role can the education sector play in ensuring the availability of the skilled workers needed to meet development goals?

ALBULIHESHI: Especially in light of Vision 2030's Saudiisation objectives, close cooperation between the education sector and industry is essential. The results of the dialogue between the two parties has been positive. The education sector has been particularly receptive to what the different industry players need for growth. Local educational institutions have focused training offerings on the segments that are essential for profitable economic growth: tourism, technology and health care. Medina's universities, for example, are excelling at both the regional and the global level in these subjects, offering bachelor's, master's and executive degrees.

This alignment of resources has allowed the region to continue to grow at pace as a centre for tourism and pilgrimage, as a centre for health care excellence and as one of the leading smart cities in the world.

There are some 22,493 people employed in the agriculture sector

Top crops

Farming practices benefit from traditional and modern techniques

There are

22,370

agricultural holdings in the Medina region

Farming and fishing have been part of the fabric of life in the Medina region for centuries. In recent years a number of new developments have taken place that look set to solidify the foundation for profitable, sustainable and secure food production in the future. It is hoped that building on environmental principles and blending traditional knowledge with the latest research and technology will boost output from Medina's sea and soil. Increasing yields will enable the region to achieve a higher degree of self-sufficiency and provide its citizens with homegrown and healthy ingredients.

TRADITIONAL FARMING: According to the "Agricultural Production Survey Bulletin 2018" from the General Authority for Statistics (GaStat), of the 22,370 agricultural holdings in the region, 17,441 had land that was being worked, with 15,970 of the total number of farms described as traditional and 1471 as specialised.

Although Saudi Census 2020 will bring figures more up to date, a comprehensive picture of the Medina region's agricultural practices was produced in the 2015 agriculture census, released by GaStat. Of the 19,388 working farms surveyed in the 2015 agriculture census, the primary activity on 17,338 farms was growing crops, while 2010 were mainly rearing livestock and 25 were used for poultry – with nine devoted to eggs and 16 for broilers. Of the farms surveyed in the census, permanent trees were growing on 5409, date palms on 15,190 and cut flowers on eight. There were about 288 farms growing vegetables in enclosed fields and 3714 growing vegetables in open fields. At that time 2963 establishments were growing grain or feed. GaStat's "Agricultural Production Survey Bulletin 2019" found there were 4.75m date palms in the region, of which 3.81m were capable of bearing fruit. In 2018 approximately 2052.3 tonnes of honey was produced in the region, with 264.8 tonnes produced in modern hives and 1787.5 tonnes in traditional hives.

Around 2372 farmholders said agriculture was their main occupation, while 17,000 landowners cited agriculture as a secondary source of income. The sector employed some 22,493 people, including 20 veterinarians and 110 agricultural engineers. Meanwhile, hired managers were used to operate 52 specialised farms and 366 traditional farms.

Of the specialised farms, four were operated by companies, nine by corporations, 53 by partnerships and 1406 by individuals. In terms of traditional farms, nine were owned by companies, 21 by corporations, 609 by partnerships and 15,337 by individuals.

CONSERVATION CONCERNS: In December 2015 the Ministry of Environment, Water and Agriculture (MEWA) announced a ban on the cultivation of green fodder such as alfalfa, in a move to reduce pressure on the country's depleted groundwater reservoirs. The ban was introduced in stages until full implementation in November 2018. According to the Almadinah Region Development Authority (MDA), in 2017 fodder accounted for 10.1m tonnes of the 14.6m tonnes of crops grown in Saudi Arabia. The MDA has identified the ban as a way to encourage the region's farmers to diversify the range of foods they produce and to modernise their techniques. The MDA notes that from 2009 to 2013 the local production of fodder grew from 52,804 tonnes to 58,428 tonnes, while the production of vegetables and fruit – not including dates – declined by 10% and 2.3%, respectively. The authority attributed the decline in production to overall water scarcity. It also noted that the Medina region only grows 10-15% of the fruit and vegetables it consumes annually.

NEW TECHNIQUES: In the region, traditional surface irrigation is used on more than four times the acreage that is watered by newer drip irrigation. US experts have noted increased efficiency – of 35-55% – with drip irrigation; however, Saudi Arabia chooses to focus more closely on water conservation.

According to the MDA, hydroponics could be an attractive conservation option for farmers and market gardeners in Medina, as 70-90% less water is used per

In the Medina region, traditional surface irrigation is used on more than four times the acreage that is watered by newer drip irrigation.

sq metre when plants are grown in water. The authority reports that some Australian growers have effectively used hybrid solar-hydroponic facilities to produce over 15,000 tonnes of tomatoes annually on desert farms of around 65 ha. Strawberries can also be grown using the technique. The MDA also recommends the use of clean recycled effluent to grow citrus trees and date palms.

DATE FARMING: Medina's dark brown ajwa dates have been popular for centuries, and are known for their medicinal as well as nutritional value. The fruit has typically commanded high prices at the market, and in recent years scientists have found evidence of its healing properties. A study from researchers at Riyadh's King Saud University and the University of Michigan, published in the *Journal of Agriculture and Food Chemistry*, reported that the ajwa had active elements useful in the prevention of diseases like cancer. They also found that the dates contain flavonoid glycosides, which have antioxidant properties, and that they can have inhibitory effects similar to commercial anti-inflammatory drugs such aspirin and ibuprofen. Furthermore, the researchers noted that the sugars in ajwa dates are monosaccharides – making them beneficial for individuals who suffer from Type 2 diabetes. Another team of researchers from the King Abdullah University of Science and Technology (KAUST) in Jeddah is studying samples from ajwa date trees located near the Mosque of Quba in Medina – some of the most ancient date palms in the world. "Within KAUST's Centre for Desert Agriculture Research, we are studying date palms using advanced genome sequencing techniques, and have begun to develop new breeding strategies to help palms grow faster and healthier, as well as making them more resistant to pathogens and pests such as the red palm weevil," Ikram Blilou, associate professor of plant science at KAUST, told local media.

While Medina date producers welcome any assistance science can offer, they also draw on centuries of experience in cultivating their crops. "There have been date farmers in Medina since the foundation of the city," Ghazi Al Haidari, general manager of the National Factory for Dates Packing, told OBG. "Before oil, dates production was one of the main components of the Saudi Arabian economy." Al Haidari has spent many years exporting Medina's dates worldwide and informing potential customers of their nutritional value.

As many as 90 varieties of dates are found in the Medina region. Around 213,668 tonnes were produced in 2018, with a surplus of 68,000 tonnes sold outside Medina – suggesting growing opportunities for export and food-processing facilities.

FARM PRODUCE: Despite its arid climate and the recent constraints on the use of water for irrigation purposes, the region continues to produce a diverse range of food products. Citrus fruit is exported and farms also produce olives – in addition to mint, garlic, grapes and Medina flour in some areas.

The MDA notes that honey production has grown steadily over recent years, suggesting this growth may have been stimulated by MEWA grants and the introduction of regulations prohibiting the transport of bees without ministerial consent. According to the 2015 agriculture census, the Medina region produces approximately 2% of the country's honey and is home to 3% of its hives. The primary focus on livestock in the region is on broiler chickens and eggs, with production growing steadily at CAGRs of 1.78% and 1.33% between 2015 and 2018, respectively, according to GaStat data. The region produced just under 33m broilers and 271,000 eggs in 2018.

As many as 90 varieties of dates are found in the Medina region, and 213,668 tonnes were produced in 2018

FISH FARMING: Aquaculture in Saudi Arabia dates back to the 1980s, and is considered a dynamic emerging food-producing sector and a key pillar of Vision 2030. Particularly in the Medina region, aquaculture is expected to expand significantly over the coming years. The government has established the National Fisheries Development Programme (NFDP), which aims to assist fishermen and aquaculture companies to produce a total of 600,000 tonnes of seafood annually by 2030. In particular, 530,000 tonnes of shrimp and fish (marine and freshwater) are expected to be produced by the aquaculture industry, and the remaining 70,000 tonnes are expected to be supplied by the domestic capture fisheries sector.

According to the NFDP, in the Medina region there are currently 17 licensed aquaculture farms with a production capacity of 2550 tonnes of freshwater and 17,600 tonnes of marine fish and shrimp. In 2019 production in the region totalled 187 tonnes from freshwater farms and 420 tonnes from marine farms. "We are looking at projects in Medina for freshwater species like tilapia," Ali Al Shaikhi, CEO of the NFDP, told OBG. "A salmon production project, based on full recirculation of water, could soon be established."

As the industry looks to ramp up production, it is also careful to ensure that food safety remains a top priority. For example, Tharawat Seas, a private food distribution firm in Saudi Arabia, is using a hazard analysis critical control point system to ensure food safety and quality, and it can be adapted to critical stages of the process.

420

tonnes of fish were produced at marine farms in 2019

Tourism and culture play a significant role in the economy of Medina

Gateway to heritage

Infrastructure, cultural and entertainment projects are designed to accommodate long-term growth in visitors to the region

The Hajj and Umrah Vision Realisation Programme includes plans to increase the number of international Umrah pilgrims to 30m by the end of the decade.

Tourism and culture already play a significant role in the economy of the Medina region. There are plans to nurture the sector's potential for growth in the decade ahead, while at the same time conserving the holy city's unique religious and cultural heritage. A visit to Saudi Arabia for the Hajj pilgrimage to Makkah and a visit to the Prophet's Mosque in Medina is a journey that all Muslims are expected to take in their lifetime, provided that they are physically and financially able to do so. Makkah was the birthplace of the Prophet Muhammad, while Medina is the city in which he sought sanctuary, lived and died. The Umrah pilgrimage to Makkah, which can be undertaken at any time of the year, also brings millions of Muslims annually to Medina to visit the Prophet's Mosque.

The Hajj and Umrah Vision Realisation Programme, one of Vision 2030's 12 Vision Realisation Programmes, includes plans to increase international Umrah pilgrims to the Kingdom from 8m at the time of the plan's formation to 30m by 2030. This will have a significant impact on the region, as nearly all international pilgrims to the Kingdom visit Medina. According to the Almadinah Region Development Authority, 98% of international Hajj pilgrims come to Medina, as do 93% of international Umrah pilgrims. In addition to providing hospitality and accommodation to growing numbers of pilgrims, MDA is aiming to broaden the region's tourist offering and encourage visitors from within Saudi Arabia, as well as from abroad, to discover the natural, historical and cultural attractions located within the wider Medina region.

STEADY GROWTH: According to data from the Ministry of Hajj and Umrah, 19.2m pilgrims performed the Umrah in 2019, an increase of 4.6% from the previous year. Approximately 61% of those pilgrims came from within Saudi Arabia and the remainder from abroad, with the latter group increasing by 10.2% to 7.5m. Of the foreign arrivals, 88.7% came by air, with almost 61% arriving at King Abdulaziz International Airport in Jeddah. According to the ministry's data 1.9m foreign and 634,000 local pilgrims performed the Hajj in 2019, bringing the combined total to 2.5m. This represents the highest number since 2012, which saw 3.2m pilgrims visit the holy cities. The 2019 Hajj season led to the employment of more than 350,000 people, including 257,000 public servants and more than 30,000 health care professionals.

In response to the global outbreak of Covid-19, the authorities announced in February 2020 that Umrah visas would be temporarily suspended amid efforts to contain the spread of the virus within the Kingdom. In late June 2020 the authorities announced that a limited number of residents and citizens under the age of 65, who are expected to observe preventative measures, is permitted to perform Hajj that year, which is scheduled to begin in late July. The exact number of pilgrims allowed has not yet been confirmed. While the pandemic is likely to affect arrivals to the holy cities in 2020, the long-term growth outlook remains strong.

MINDFUL DEVELOPMENT: For centuries Medina has welcomed visitors, and the city's authorities are working to preserve the balance between the historic and religious importance of the region, and expanding and developing the offering for millions of international visitors each year. In 2018 Prince Faisal bin Salman bin Abdulaziz Al Saud, the governor of Medina Province and chairman of MDA, gave the opening address at an international conference on humanising cities at Taibah University. The conference provided an opportunity to showcase and discuss development projects in Medina, including Quba Avenue, Sayed Al Shohadaa district and Tal'a Al Haboub. The Quba Avenue development saw pedestrian walkways added to the 3-km route between Al Haram in the city centre and the Mosque of Quba. Since the redevelopment, both Quba Street and Quba Square have hosted events, festivals and parades.

VISA CHANGES: In order to achieve the objectives outlined in Vision 2030 and to leverage the Kingdom's

19.2m

pilgrims performed the Umrah in 2019

potential as a centre for tourism, visa regulations were liberalised in October 2019, granting citizens of 49 countries eligibility to obtain 90-day electronic tourist visas. Earlier, in July 2019, the official Saudi Press Agency announced that a royal decree had been prepared that would give Umrah visa holders the freedom to travel throughout the Kingdom. Prior to the announcement, religious visas restricted holders to Jeddah and the holy cities of Makkah and Medina. The new regulations also lifted restrictions on the ports of entry for pilgrims; religious visitors can now arrive at any of the Kingdom's airports, enabling the country to accommodate more pilgrims.

HERITAGE & HISTORY: To prepare for the anticipated influx of tourists, the Ministry of Tourism, then known as the Saudi Commission for Tourism and National Heritage, began training locals to become tour guides, leading visitors to sites of interest and offering information on their historical and cultural significance. The Ministry of Tourism has identified 1500 historical and archaeological sites across the Medina region, including ancient settlements, forts, caves and artwork. These include Saudi Arabia's first UNESCO World Heritage site: Madain Saleh, regarded as one of the largest and best-preserved Nabataeans sites south of Petra in Jordan. The World Heritage site includes 111 monumental tombs, some of which date back as far as the 1st century BCE. Throughout the region's varied and dramatic topography, some of which has been shaped by volcanic activity, visitors can also explore sites of historical significance in Islam, such as Badr, Uhud, Khandaq and Khaibar.

For a spiritual journey to Medina, the holiest sites are the Prophet's Mosque (Masjid Al Nabawi), the burial place of Prophet Muhammad; the Mosque of Quba, where he laid the stone of what was to be the world's first mosque; and the Mosque of the Two Qiblas (Masjid Al Qiblatayn), where Muslims believe that in the middle of a prayer ritual Prophet Muhammad received the command to change the *qiblah* (direction of prayer) from the Holy Aqsa Mosque in Al Quds, Palestine, to Kaaba in Al Haram, Makkah.

ART & CULTURE: In March 2018 visitors to Medina were offered the chance to view the work of the city's artistic community alongside its cultural heritage, with the opening of the Madinah Art Centre, a 3200-sq-metre space in King Fahd Park. "One of our major targets is to make the Medina arts scene recognisable on the world map," Moath Al Ofi, director of the Madinah Art Centre, told OBG. "This is a land of civilisation, and with civilisation comes art." In the two years since the art space has opened it has hosted exhibitions as well as workshops for artists, writers, poets and filmmakers.

Elsewhere in the region, Al Ula's annual Winter at Tantora Festival offers a range of art installations, music concerts, sporting events and culinary experiences. The site on which the festival is held can be traced back 20,000 years to prehistoric times.

HOSPITALITY: Data from the Madinah Chamber of Commerce and Industry shows the city is second only to Makkah throughout the Kingdom in terms of its number of hotels, with approximately 411. In 2019 the region's hotels had an average occupancy rate of 69%, compared to Makkah's rate of 70%. In November 2019 a memorandum of understanding was signed between the General Authority for Awqaf and Dur Hospitality to build a new five-star hotel in central Medina under the Makarem Hotels brand.

Citizens of 49 countries are now eligible to obtain a tourist visa thanks to regulatory changes in late 2019

MICE: The Medina region has great potential for the meetings, incentives, conferencing and exhibitions (MICE) segment due to three significant advantages: the second holiest city attracts millions of visitors annually; it is known as the original centre of Islamic knowledge and thus attracts all kinds of international events related to Muslim communities; and it is rich with many ancient places for hosting historical events. Arabian Mehad Excellence, a business management consultant, has created and organised over 30 events in the Kingdom since 2008.

AIRPORTS: Medina's Prince Mohammed bin Abdulaziz International Airport serves as a gateway to the Kingdom for millions of international travellers each year. The airport began operations in 2015, and was financed and developed through a public-private partnership model, with Turkey's TAV Airports signing a build-own-operate agreement. Since its opening, the airport has recorded strong growth in passenger arrivals: it saw a year-on-year rise of 6% in February 2020, with arrivals up by about 500,000 to 8.6m compared to the preceding 12-month period, making it one of the Kingdom's busiest airports.

The MDA reports that religious pilgrimages account for 96% of international air travellers arriving to Medina, as well as 69% of domestic passengers. Of the remaining domestic passengers, approximately 20% cite leisure and shopping as their reason for travelling, 8% come to visit friends and relatives, and the remaining 1% come for business purposes. The Medina region also hosts an international airport in Yanbu on the Red Sea coast and a domestic airport in Al Ula.

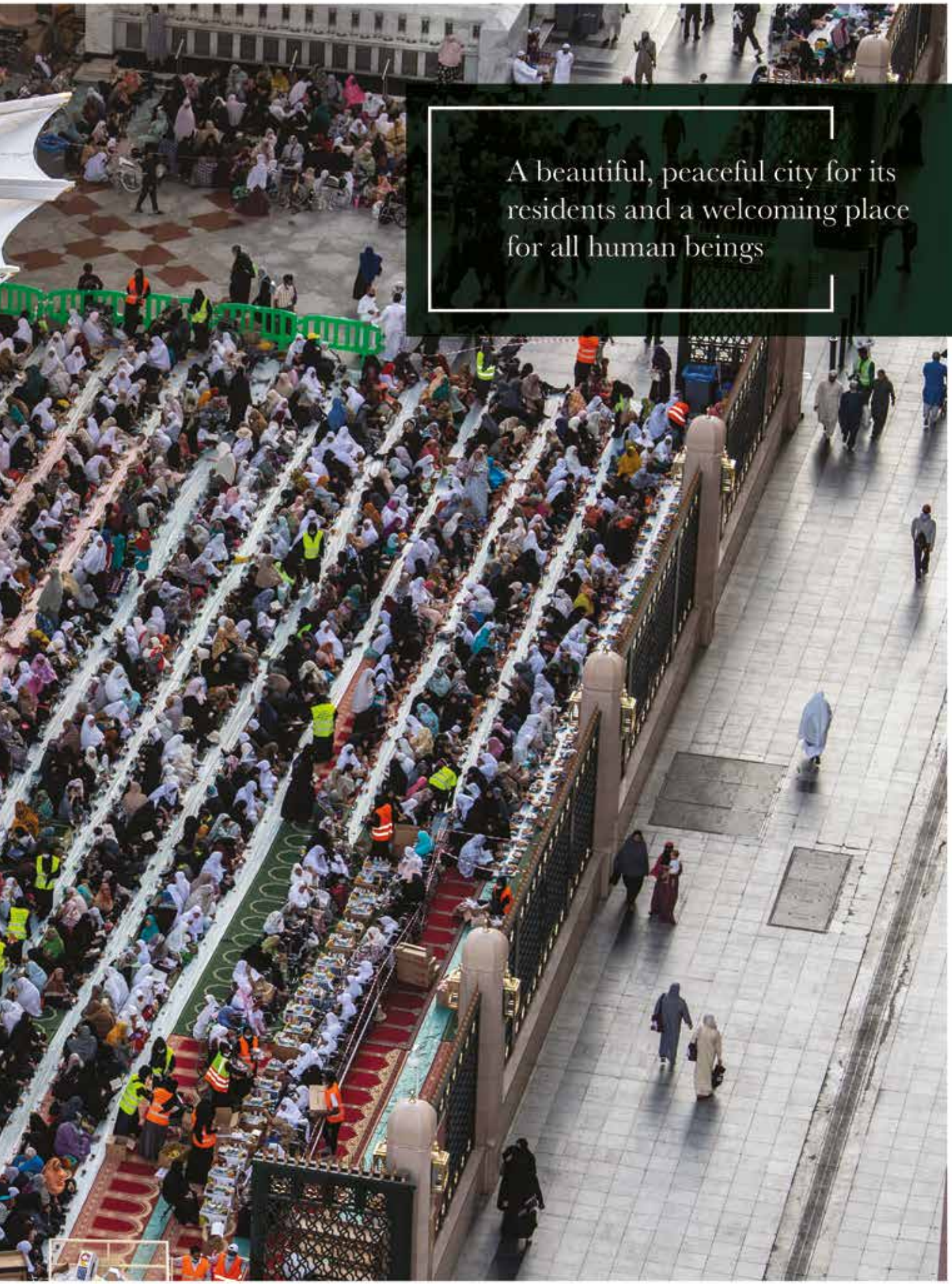
New regulations lifted restrictions on the ports of entry for pilgrims; religious visitors can now arrive at any of the Kingdom's airports, enabling the country to accommodate more annual visitors.

HUMANIZING MADINAH

EMPOWERING LOCAL COMMUNITIES & ATTRACTING INVESTMENTS THROUGH INNOVATION

هيئة تطوير منطقة المدينة المنورة
Al Madinah Region Development Authority

MDA - Shaker Samargandi



A beautiful, peaceful city for its residents and a welcoming place for all human beings

Saudi Arabia is aiming to offer more licences to private companies

Precious cargo

Steady growth and new plans for exploration drive activity

Mineral deposits in Saudi Arabia are estimated to be worth

$1.3trn

Archaeologists have found evidence of gold mining in the Medina region dating back almost 3000 years, and the drive to develop the area's precious mineral resources is picking up pace in 2020. Under Vision 2030 and the comprehensive regional development strategy put forward by the Almadinah Region Development Authority (MDA), the mining sector is set to become a major pillar of industry – after oil and gas and petrochemicals. According to recent government estimates, Saudi Arabia may have mineral deposits worth SR5trn ($1.3trn).

The National Industrial Development and Logistics Programme (NIDLP) expects to see 450,000 direct and indirect jobs generated in mining by 2030. The sector has made great strides in the Medina region in recent years, and in 2020 the Ministry of Industry and Mineral Resources announced a number of new plans for exploration in the area.

CRADLE OF GOLD: The modern era of mining in Saudi Arabia began in Medina in 1988, at Mahd Al Dahab – which translates to "Cradle of Gold" – where miners began working on a site believed to have first been excavated 3000 years earlier. In 1997 the Saudi Arabian Mining Company (Ma'aden) – the national mining and minerals company – was formed by royal decree to take over work at Mahd Al Dahab. It was also tasked with finding and exploiting new sources of minerals. The company's first mine has 60 km of underground tunnels, to a depth of 300 metres. The ore dug out of Mahd Al Dahab is processed at the site using the carbon in leach (CIL) method to recover gold, silver and copper.

In 2003 commercial production began at Bulghah, Ma'aden's second gold mine, also located in Medina. At the Bulghah mine, an open-cast technique is used to extract both low- and high-grade ore. The site is operated in tandem with another mine at Sukhaybarat, located around 70 km away. At the Bulghah site, heap leaching is used to extract gold from lower-grade ores – taken from both mines – which are then blended together. The higher-grade ore is subsequently trucked to Sukhaybarat, where there is a CIL processing plant that blends together the high-grade ore from both mines. The gold produced during each process is sold in gold doré bars.

CORPORATE GROWTH: According to Ma'aden's "Building A Mining Giant Annual Report 2018", a number of milestones have been reached in the company's corporate growth. These include its SR9.25bn ($2.5bn) initial public offering in July 2008, and the subsequent decade of investment in mega-projects – mainly concentrated in the north of the country – where industrial cities were built at Wa'ad Al Shamal and Ras Al Khair to support its phosphate and aluminium businesses. Under the current corporate structure, the gold mining in Medina became part of a new wholly owned subsidiary, Ma'aden Gold and Base Metals Company (MGBM). In 2018 MGBM generated 14% of Ma'aden's total revenue. By 2018 another four gold mines had opened in Medina: Sukhaybarat, Al Amar, Al Suq and Al Duwaihi. Ma'aden is also developing two additional gold mines outside the Medina region at Mansourah-Massarah and Al Rjum. The company aims to double its gold production to 1m oz per year by 2025. As these plans proceed, however, the company is also reinvesting to extend the working lives of its first mines in Medina. Ma'aden plans to increase exploration for new deposits around Mahd Al Dahab, while simultaneously redesigning the Bulghah pit to boost output.

In 2018 Bulghah and Mahd Al Dahab produced 36,972 oz and 29,904 oz of gold, respectively, together accounting for around 16% of Ma'aden's production. MGBM generated SR1.98bn ($527.9m) in sales that year, rising to SR2.09bn ($557.2m) in 2019. From the first quarter of 2019 to the first quarter of 2020 Ma'aden's sales of precious and base metals increased by approximately 80% on the back

The National Industrial Development and Logistics Programme expects to see 450,000 direct and indirect jobs generated in mining by 2030.

of higher average international gold prices, from SR381m ($101.6m) to SR685m ($182.6m).

COPPER CONCENTRATE: Although silver and copper are extracted in relatively small quantities in the gold mining process, copper has formed the basis of a new business for Ma'aden in recent years. On July 1, 2016 the Ma'aden Barrick Copper Company (MBCC) began commercial production at the Jabal Sayid mine, north-east of Jeddah. In 2014 MBCC was formed as a 50:50 joint venture with Canada's Barrick Gold Corporation in order to develop and complete the construction of the new copper mine. In 2016 the mine had probable reserves of 24.8m tonnes and a project life of 17 years. MBCC sells the copper concentrate it produces to international smelters that make copper cathodes and continuous cast copper rods – used in the manufacture of electrical goods. Copper is also used extensively in the automotive and telecommunications industries.

MBCC is carrying out further exploration in the vicinity of Jabal Sayid, initially targeting the Wadi Rafara area in 2017. An underground paste plant – an essential component of the mining process – was completed in 2017 and commissioned in 2018.

The company saw its copper concentrate production grow from 38,587 tonnes in 2017 to 50,340 tonnes in 2018. Production at Jabal Sayid increased to 60,000 tonnes in 2019 and is forecast to reach up to 63,500 tonnes by end-2020. Meanwhile, in the first quarter of 2020 Barrick reported that its half-share of copper production was 9071 tonnes, an 11% increase on the same quarter in 2019, when its share stood at 8165 tonnes.

INDUSTRIAL MINERALS: Another division of Ma'aden's business with a footprint in the Medina region is the Industrial Minerals Company (IMC), a wholly owned subsidiary that produces kaolin, low-grade bauxite (LGB) and caustic calcined magnesia (CCM). In addition to kaolin and LGB mining at Al Zabirah and magnesite mining at Al Ghazalah, in 2011 IMC opened a processing plant at Al Madinah Al Munawara to produce CCM. IMC's customers for kaolin include manufacturers of filler, coatings, paper, paints, plastics and ceramics, while LGB is used in the manufacture of cement, fire insulation products and ceramics. CCM is sold to industries involved in the production of animal feed, fertiliser, pulp and paper, and is also used in wastewater treatment and metallurgy. IMC inaugurated a vertical shaft kiln in order to produce dead burned magnesia in 2017 and began producing monolithic premix in early 2018.

FUTURE PROSPECTS: Beyond the minerals already mined or processed in the region, the MDA has identified a number of other prospects for future development based on geological surveys of the Kingdom. It suggests that new businesses could potentially be created around the extraction of zinc, zircon, niobium, lead, nickel and cerium. It notes that significant deposits of uranium have been discovered at several sites near Mahd Al Dahab, and the feasibility of a uranium mining is already being assessed. Meanwhile, an exploration licence for titanium was granted to the National Titanium Dioxide Company (Cristal). In 2019 Australia's multinational Tronox bought Cristal, 79% of which was owned by petrochemicals manufacturer Tasnee.

Sites in Medina were included among the 54 mining reserves identified by the government in April 2020

QUARRYING: According to the MDA, companies in the region play a key role in the Kingdom's quarrying sector. In 2016 quarries in Medina produced 980,000 tonnes of gypsum, from a national total of 1.6m tonnes; 290,000 tonnes of pozzolan, from a total of 560,000 tonnes; and 697,000 tonnes of clay, from a total of 1.2m tonnes. Medina was also the source of country's entire production of pyrophyllite (40,000 tonnes) and basalt (80,000 tonnes).

PRIVATE INVESTORS: Under the NIDLP, the Saudi government has outlined a number of major macroeconomic targets for Ma'aden and the mining sector as a whole. Saudi Arabia is aiming to create a more vibrant mining sector by offering more licences to private companies; however, it acknowledges that there are challenges inherent in creating and growing thriving businesses – especially in high-risk, high-reward sectors such as mining. There are 219 different types of mining licences in the Medina region, covering a total area of 5505 sq km.

The Saudi Geological Survey (SGS) is tasked with conducting detailed studies and creating an accessible database to aid in exploration, supporting the government's goal of releasing more licences for mining and quarrying. The SGS will carry out mapping, in addition to collecting samples and data.

In a move to position itself as a catalyst for growth, the government has pledged to co-fund exploration in the region until 2025. Sites in Medina were included in April 2020 when Bandar Alkhorayef, minister of industry and mineral resources, issued seven decisions on the allocation of mining reserves for 54 locations, including 12 areas each for gold and copper, and nine for rare earth elements.

The Almadinah Region Development Authority has identified a number of prospects for future development based on geological surveys of the Kingdom, such as the creation of new businesses around the extraction of zinc, zircon, niobium, lead, nickel and cerium.

An increasing number of technology start-ups are forming in Medina

Engines of growth

Small and medium-sized enterprises lead the effort to transform Medina into a centre of knowledge and innovation

Small and medium-sized enterprises employ

32%

of the Saudi workforce

As Medina looks for ways to expand and diversify its economy, significant efforts are being made to nurture and encourage entrepreneurs and to support the development of start-ups: the engines of future growth. Small and medium-sized enterprises (SMEs) play a significant role in the region's economy and are active in many of the sectors being championed in Vision 2030's Vision Realisation Programmes.

SME LANDSCAPE: A March 2019 report by Jadwa Investment on the Kingdom's SMEs and Vision 2030 showed that around 1m Saudis, or 32% of the Saudi workforce, were employed among more than 950,000 SMEs. Close to 33% of that workforce were employed by firms operating in wholesale and retail, and 10% in the manufacturing sector. Among the SME segments with the highest levels of Saudiisation were finance and insurance, at 61%, and real estate, at 48%. SMEs also employed 3.7m foreigners, equivalent to 46% of the expatriate workforce. The government defines micro-, small and medium-sized enterprises as companies with one to five, six to 49, and 50 to 249 employees, respectively.

The General Authority for SMEs (Monshaat) is the main stakeholder developing SMEs in Medina and the broader Kingdom. Beneficiaries of Monshaat are granted access to consultancy programmes on areas such as business modelling, marketing, operations management, accounting and law, among others.

A 2018 survey of SMEs by the General Authority for Statistics (GaStat) showed that smaller private businesses with some of the highest revenue were in sectors the Medina region is targeting for growth and development. Across the Kingdom the three sectors generating the highest revenue in the micro-firms segment were wholesale and retail, amounting to SR320m ($85.2m); manufacturing, at SR125m ($33.3m); and agriculture and fishing, at SR64m ($17m). Among small businesses the top three were wholesale and retail, generating SR163 ($43.4m); manufacturing, at SR128m ($34.1m); and mining and quarrying, at SR44m ($11.7m). For medium-sized companies the top-three revenue generators were companies operating in manufacturing, at SR136m ($36.2m); mining and quarrying, at SR61m ($16.2m); and wholesale and retail, at SR55m ($14.5m).

VISION 2030 REFORMS: In December 2017 the Saudi government announced a SR200bn ($53.3bn), four-year stimulus package targeting private sector growth. This included four important reforms for SMEs, and more than SR12bn ($3.2bn) in funding aimed at addressing the challenges and obstacles most frequently cited by SMEs. The stimulus package also entails SR1.6bn ($426.1m) in indirect funding for SMEs at a lower cost than conventional commercial funding; raising the capital allocated to the SME Kafalah programme of the Saudi Industrial Development Fund (SIDF) to SR800m ($213.1m); using SR7bn ($1.9bn) to reimburse government fees for businesses registered between 2016 and 2021, including commercial and chambers of commerce registrations and municipal licensing; and a SR2.8bn ($745.7m) venture capital fund focused on start-ups.

In 2019 SIDF's capital was raised to SR105bn ($28bn), and throughout the year it disbursed SR12bn ($3.2bn) in loans, representing a 32% increase. Approximately 77% of these loans went to SMEs. In 2018 SIDF loaned a combined SR577m ($153.7m) to six projects in Medina, bringing the cumulative total for the region to SR20.6bn ($5.5bn) through 207 loans to 166 projects since the fund was formed in 1974.

MADE IN MEDINA: Prince Faisal bin Salman bin Abdulaziz Al Saud, the governor of Medina Province, has been spearheading support for SMEs across the region since 2014. That year he set up the non-profit organisation Namaa Almunawara as the executive arm of Waqf Almunawara. The foundation was created to act as a dynamic service centre for entrepreneurs, offering production and creativity facilities,

In 2018 the Saudi Industrial Development Fund loaned a combined $153.7m to six projects in Medina, bringing the cumulative total for the region to $5.5bn since the fund was formed in 1974.

space for lectures and conferences, showrooms and sales outlets for regional products. Ultimately, Namaa Almunawara is aiming to turn Medina into a centre for SMEs and transform it into a "City of Knowledge".

Namaa Almunawara has been leading the drive to promote the Made in Medina initiative as a means of helping businesses market their products and offering a mark of quality. To this end, two retail outlets were opened in 2015, staffed by Saudis, to sell Made in Medina products.

Namaa Almunawarah is also working to encourage cooperation between different government agencies, and between the public and private sectors. In recent years it signed several deals aimed at strengthening business in the region, including with the Saudi Authority for Industrial Cities and Technology Zones to build an industrial city with up to 100 medium-sized factories, and also with Saudi Aramco to establish and develop programmes to support Medina-based SMEs.

MANAGEMENT TRAINING: Namaa Almunawarah has also spearheaded initiatives to develop skills among the local workforce. Its efforts saw tutors from the UK's Cranfield School of Management come to Medina in 2017 to offer management training, the first time courses on the subject were taught in Arabic. Over 100 business leaders from the city, almost half of them women, participated in the two-week programme funded by the Human Resources Development Fund. The courses covered topics such as strategy, innovation, finance and operations, and offered Medina's managers and entrepreneurs an opportunity to network and share knowledge.

INVESTMENT PLATFORM: The Madinah Chamber of Commerce and Industry provides businesspeople within the city and wider region with other opportunities to gain insights and commercial expertise. It offers support for SMEs in several ways, including a platform through which small companies can share updates, offer guidance and provide information about investment, the local business climate, localisation and projects. With Medina Province generating about 7% of the Kingdom's GDP, the chamber is seeking to leverage the area's competitive rental prices for industrial land and commercial property, and low staff turnover rates, as well as the Vision 2030 target to increase the annual number of pilgrims to the region to 30m by 2030, as a means to attract greater investment. Medina is connected to a modern logistics infrastructure, with two ports nearby at Yanbu, the Haramain High-Speed Rail and the Prince Mohammed bin Abdulaziz International Airport.

KNOWLEDGE ECONOMIC CITY: Intrinsic to Saudi Arabia's efforts to diversify its economy away from oil is the drive to lay the seeds for a knowledge-based economy. In this, the country and its citizens aim to generate wealth through expertise and innovation rather than through exploitation of natural resources. In 2006 the late King Abdullah bin Abdulaziz Al Saud announced that the north-west portion of Medina would become the Knowledge Economic City (KEC). While the original blueprint that included billions of a dollars in real estate and infrastructure investment has been scaled back, KEC developments are progressing and are poised to develop the area into a centre for innovation, expertise and creativity, and offer greater opportunities for SMEs in wholesale, retail and hospitality. The development located between the Haramain train station and the city centre covers an area of 6.8m sq metres and will contain 150,000 people. Planners have dedicated nearly half of the area for mixed-use commercial and residential space, as well as areas for commercial enterprises and other firms to serve the knowledge economy.

Several organisations are working to provide skills training and development to Medina's business leaders

TAIBAH VALLEY: Medina's emphasis on education is also evident in the rapid growth of Taibah University. Founded in 2003, the university had close to 70,000 students among 89 degree programmes, and employed 1600 faculty members at the start of the 2019/20 academic year. Taibah Valley is a company belonging to the university that focuses on developing artificial intelligence, the internet of things and blockchain applications, as well as virtual and augmented reality, and gaming. The company provides training courses in these technologies for students and hosts competitions. "We offered two blockchain classes during the spring term of 2019 that were quickly filled up by students, and in the following term we filled six classes," Abdulrahman Al Olayan, chief executive of Taibah Valley, told OBG.

Taibah Valley also houses an innovation centre, bringing together entrepreneurs with industry leaders to create new businesses, and then matches them with corporate and individual investors prepared to provide seed capital. The first project to receive seed funding through the innovation centre was a blockchain application for charitable donations designed to help donors see their gifts reach the intended recipients. Three other start-ups were on track to receive funding as of early 2020, pioneering Medina as a centre for SMEs and innovation.

Medina Province generates around

7%

of the Kingdom's GDP

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