A Guide to State’s General Budget for Fiscal Year 2022
“We will also be committed to directing our financial resources in the most ideal manner which will ensure the reduction of debt and the increase of income. We will direct the government, with all its sectors, to implement a more efficient system of management which places, on top of its priorities, financial balance, economic diversification, the sustainability of the national economy...”
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Introduction

In light of the Royal Decree no. (1/2022) ratifying the State’s General Budget for the Fiscal Year (FY) 2022, the guide to State’s General Budget for FY 2022 presents the key financial indicators for 2021, and 2022 Budget estimates. The 2022 Budget has been prepared amid several challenges arising from the persistent consequences of the COVID19- pandemic and the volatility of oil prices.
Over the past few years, Oman has faced several challenges posed by low oil prices and decline in global demand, high public debt, and repercussions caused by the COVID-19 pandemic. These factors have adversely affected Oman’s creditworthiness and led to a high cost of borrowing.

The preliminary results of 2021 indicate that the 2021 Budget registered the lowest deficit since 2014, despite the fluctuation in oil prices over the past years. Moreover, the Government’s commitment towards Medium-Term Fiscal Plan (MTFP) helped in gaining the confidence of lenders and credit rating agencies.

The 2022 Budget was prepared in line with the objectives of the Tenth-Five Year Development Plan (2021-2025), which is the first plan of Oman Vision 2040, that aims to achieve financial sustainability while stimulating economic sector diversification.

As the global economy and demand recovers, energy markets are still experiencing fluctuation due to the new variant of the COVID-19 pandemic “Omicron”. The possibility of
imposing new lockdown measures will likely affect maintaining high levels of oil prices. As a result, precautionary measures were taken in the 2022 Budget, wherein the oil price was assumed at US$ 50 per barrel. In case the oil price exceeds this estimate, additional revenue will be utilized to reduce the deficit and repay loans.

The main considerations when preparing 2022 Budget estimates were: maintaining the level of spending on basic services such as education, health care, housing, and social welfare. Other considerations are reflected by measures aiming to improve business environment and expanding public-private partnership (PPP) projects.

We pray to Almighty Allah to give success to our country under the leadership of His Majesty the Sultan Haitham Bin Tarik.

Sultan Bin Salim Al Habsi

Minister of Finance
Glossary

- **Oman Vision 2040**: represents the national reference for the social and economic planning of Oman during the period (2021-2040).

- **Tenth Five-Year Development Plan**: is a national medium-term action plan, which is an integrated and comprehensive plan, developed by the Government to be implemented over the next five years (2021-2025) within the framework of Oman Vision 2040. The Government seeks, through the plan, to engage the private sector and society towards the achievement of comprehensive and sustainable economic and social development.

- **Fiscal Balance Plan**: is a medium term fiscal plan (2020 - 2024) that includes a set of measures and initiatives aiming at achieving fiscal sustainability while maintaining an attractive investment climate.

- **State’s General Budget**: is a document prepared annually by the Government in accordance with the rules and regulations specified by the Financial Law and its Executive Bylaws, to present the estimates of public revenue and expenditure for the upcoming fiscal year.

**Spending**: refers to all expenses incurred by Government units for public interest and service delivery.
- **Capital Expenditure**: is an amount spent to acquire or significantly improve the capacity or capabilities of a long-term asset.

- **Current Expenditure**: is consumed within the current year and would have to be renewed if needed in the following year.

- **Development Expenditure**: refers to Government expenditure to establish approved development projects.

- **Revenue**: is the money received by the Government from various sources of income to cover public spending and achieve economic and social balance.

- **Public Debt**: represents the total outstanding debt (bonds, sukuk, direct loans ...etc.) borrowed by the government.

- **Bonds**: a fixed income instrument that represents a loan made by an investor to a borrower.

- **Sukuk**: sharia-compliant bonds that provide an investor with a temporary ownership in an underlying asset, wherein the investor gets profits within a specific period of time.

- **Budget Deficit**: is the difference between revenue and spending and occurs when spending exceeds revenue.
- **Budget Surplus**: is the difference between revenue and spending and occurs when revenue exceeds spending.

- **Final Account**: is a financial statement on the actual revenue and spending for the previous fiscal year.

- **The Balance of Trade (BOT)**: is the difference between the monetary value of a country’s imports and exports over a given time of period.

- **Foreign Direct Investment (FDI)**: according to IMF and OECD definitions, the direct investment reflects the aim of obtaining a lasting interest by a resident entity of one economy (direct investor) in an enterprise that is resident in another economy. A direct investment enterprise is an incorporated or unincorporated enterprise in which a foreign investor owns 10% or more of the ordinary shares or voting power of an incorporated enterprise or the equivalent of an unincorporated enterprise.

- **Inflation**: is a statistical indicator that measures changes in the prices of goods and services that fall within the household consumer spending basket in the «comparison period» vis-a-vis the «base period».

- **Value Added Tax (VAT)**: is an indirect tax on most goods and is levied on the value-added of business operations, which is the difference between the final price of a commodity and the cost of materials and services.
- **Excise Tax**: is imposed on specific goods at different rates which are typically harmful to human health or the environment.

- **Credit Rating**: is an opinion of a particular credit agency regarding the ability and willingness of an entity (government, business, or individual) to fulfil its financial obligations in completeness and within the established due dates.

- **Fee Setting Policy Handbook**: a unified and transparent approach for setting government service fees framed by a clear methodology to strike a balance between the service price, cost and quality.

- **Fiscal Sustainability**: is the State’s ability to fulfil its financial obligations in the medium and long term and provide financial requirements and resources by diversifying revenue, increasing the efficiency of spending, and controlling the budget deficit.

- **Financial Reserves**: is the budget surplus over years, coupled with profits generated from investing the reserves.
Executive Summary

The 2022 Budget has been prepared in line with the objectives of the Tenth Five-Year Development Plan (2021-2025) and Oman Vision 2040. It includes all government measures, endorsed by His Majesty the Sultan, which aim to increase non-oil revenue and reduce public spending on government units, leading to fiscal sustainability. Furthermore, the 2022 Budget endeavours to attract more investments, enable the private sector to play a greater role in accelerating economic growth, and creating more job opportunities.

As a result of fiscal and economic measures implemented in 2021 and economic diversification efforts, public spending is estimated to stand at RO 12.13 billion in 2022, decreasing by 0.3% compared with the preliminary figures of RO 12.17 billion in 2021.

The 2022 Budget assumes an oil price of US$ 50 per barrel. This is in harmony with the precautionary principles, as the oil prices are still surrounded by uncertainty. Public revenue is estimated to amount to RO 10.58 billion, down by 3.3% as compared to preliminary figures of 2021. Therefore, the 2022 Budget deficit is estimated to be around RO 1.55 billion i.e., 15% of total revenue and 5% of gross domestic product (GDP). Nearly 74% of this deficit will be financed through external and domestic borrowing i.e., RO 1.15 billion while the rest of the deficit, around RO 400 million, will be covered by drawing on reserves. However, the Government seeks to achieve a growth rate of 2.5% at constant prices in 2022.
Economic Developments in 2021
Global Economic Developments

In the latest World Economic Outlook report (October, 2021), the IMF projected that the global economy to grow by 5.9% in 2021 and by 4.9% in 2022 (lower than previous estimates by 0.1%). This is reflected by supply chain challenges and low economic growth in lower-income and developing countries, as a result of the COVID-19 pandemic and concerns over the new mutations in such countries.

Furthermore, it is expected that the global economy will grow by 3.3% over the medium-term, while advanced economies are projected to achieve higher growth rates exceeding the pre-pandemic levels. Meanwhile, the slow pace of vaccine distribution across developing countries would deaccelerate their economic growth as compared to advanced countries.

1. MENA Region Growth Outlook

According to the World Bank’s report issued in October 2021, the real GDP for countries in the Middle East and North Africa (MENA) is expected to expand by 4.1% in 2021 and 2022, after experiencing a sharp contraction in 2020. The data of H1-2021 indicates that recovery is ongoing despite new outbreaks. Prospects for oil-exporting economies have improved with higher oil prices and gradually declining production curbs.
The below chart illustrates the World Bank growth projections for advanced, developing and emerging market economies during 2017-2023:

2. Global Inflation Outlook

The IMF has projected that the global inflation will remain high over the upcoming months before returning to pre-pandemic levels by mid-2022, though risks of acceleration do remain.

The IMF also projects that the annual inflation in the advanced economies will reach 3.6% during Q4-2021, but will decrease to 2% during the first half of 2022. Emerging markets are expected to witness inflation rates as high as 6.8% in 2021, however, this is expected to decline and average at 4% from 2022 onwards.
National Economic Developments

1. GDP at Current Prices

By the end of Q3-2021, Oman’s GDP rose by 12.7% at current prices, registering RO 24,236 million compared to RO 21,506 million over the same period in 2020. This is mainly due to a rise in oil prices as compared to the same period in 2020.

The value-added of oil activities amounted to RO 7,405 million by the end of Q3-2021 compared to RO 5,855 million registered in the same period in 2020. The oil activities contribution to GDP represented 31% by the end of Q3-2021.

The value-added of non-oil activities reached RO 17,691 million by the end of Q3-2021, up by 7.8% compared to the same period in 2020. Such increment is due to a rise in the value-added of industrial activities by 9.1%, service activities by 7.5% and agricultural and fisheries activities by 4.8%.
2. National Economic Outlook

The preliminary estimates of National Center for Statistical Information (NCSI) indicate that the GDP to grow by 13.8% at current prices, reaching RO 32 billion by the end of 2021. The Government targets to achieve a growth rate of 2.5% at constant prices.

3. Oman’s Credit Ratings

The key credit rating agencies have revised Oman’s Outlook to stable and positive in 2021:

<table>
<thead>
<tr>
<th>Standards &amp; Poor’s</th>
<th>Fitch</th>
<th>Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>B+</td>
<td>BB-</td>
<td>Ba3</td>
</tr>
<tr>
<td>Positive</td>
<td>Stable</td>
<td>Stable</td>
</tr>
</tbody>
</table>

In 2021, key credit rating agencies issued their assessment reports on Oman’s credit rating. Fitch Ratings revised Oman’s outlook from negative to stable and affirmed its rating at BB-. The agency assumes that Oman’s deficit will decline to 1.6% of GDP in 2022, and predicts GDP to grow by 3.1% in 2022.

In its October 2021 report, Standard & Poor’s revised Oman’s outlook from stable to positive and affirmed its rating at B+. This is attributed to the robust policy responses to economic
and health challenges and the steps taken within the MTFP towards fiscal sustainability. This is in addition to a recovery in oil prices and a decline in the consequences of the COVID-19 pandemic, which would reduce fiscal deficits and limit the increase in net government debt over the next three years.

Standard & Poor’s also stated that Oman’s rating could be raised over the next year if fiscal measures and higher economic growth led to further improved fiscal performance and reduction in net government debt.

Moody’s changed the outlook on Oman’s credit rating to stable from negative and affirmed its rating at Ba3. According to Moody’s, the change in outlook reflects the significant easing of government liquidity and external financing pressures, mainly as a result of the ongoing implementation of the MTFP and significantly higher oil prices since the middle of 2020. This will underpin a steady decline in direct government debt burden to around 60% of GDP by 2024.

**Foreign Trade (Trade Balance)**

Oman’s total exports amounted to about RO 12.3 billion during January to September 2021, up by 42.4% compared to the same period in 2020. Non-oil exports recorded a significant increase by 91% during the period from January to September 2021, reaching RO 4.2 billion compared to RO 2.2 billion registered in the same period in 2020.
Oil exports recorded about RO 7 billion, an increase of 33.3% compared to the figures achieved during the same period in 2020.

By the end of September 2021, total imports amounted to about RO 9 billion, up by 54.3% compared to the volume of imports during the same period in 2020, the year that has experienced the outbreak of the pandemic and its negative effects on the movement of global trade.

**Merchandise Exports and Imports (Sep 2020 - Sep 2021)**

![Graph: Merchandise Exports and Imports (Sep 2020 - Sep 2021)](image)

**Foreign Reserves**

The foreign reserves at the Central Bank of Oman (CBO) increased to US$ 18 billion in December 2021 from US$ 14 billion in December 2020, up by 31%.
2021 Budget Performance
2021 Budget Performance

The preliminary results of 2021 Budget show an increase in total revenue that led to a lower deficit than what was estimated in the 2021 Budget. The total revenue is projected to reach RO 10.9 billion compared to the budgeted figure of RO 8.6 billion, up by 27%. Public spending has increased to nearly RO 12.2 billion, up by 12% compared to the 2021 Budget. Moreover, the deficit dropped by RO 1 billion i.e., 45%, totaling RO 1.2 billion in 2021.

2021 Budget Performance (RO Million)

![Diagram showing budget performance comparison between actual, preliminary, and budget estimates for 2020 and 2021]
### The Preliminary Results of 2021 Budget (RO Million)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Budget Estimates</th>
<th>Preliminary Results</th>
<th>change between estimates &amp; preliminary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Oil Price ($)</td>
<td>45</td>
<td>61</td>
<td>16</td>
</tr>
<tr>
<td>Average of Daily Oil Production (000 bbl)</td>
<td>960</td>
<td>957</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Public Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil Revenue</td>
<td>3,550</td>
<td>5,555</td>
<td>2,005</td>
</tr>
<tr>
<td>Gas Revenue</td>
<td>1,870</td>
<td>2,628</td>
<td>758</td>
</tr>
<tr>
<td>Current Revenue</td>
<td>3,220</td>
<td>2,761</td>
<td>(459)</td>
</tr>
<tr>
<td><strong>Total Public Revenue</strong></td>
<td>8,640</td>
<td>10,944</td>
<td>2,304</td>
</tr>
<tr>
<td><strong>Public Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defense &amp; Security Expenditure</td>
<td>2,965</td>
<td>2,885</td>
<td>(80)</td>
</tr>
<tr>
<td>Civil Ministries Expenditure</td>
<td>4,075</td>
<td>4,320</td>
<td>245</td>
</tr>
<tr>
<td>Oil &amp; Gas Production Expenditure</td>
<td>780</td>
<td>1,767</td>
<td>987</td>
</tr>
<tr>
<td>Debt Service (Interests)</td>
<td>1,200</td>
<td>1,070</td>
<td>(130)</td>
</tr>
<tr>
<td>Development Expenditures</td>
<td>900</td>
<td>1,100</td>
<td>200</td>
</tr>
<tr>
<td>Electricity Subsidy</td>
<td>500</td>
<td>550</td>
<td>50</td>
</tr>
<tr>
<td>Other Expenditure</td>
<td>460</td>
<td>475</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total Public Expenditure</strong></td>
<td>10,880</td>
<td>12,167</td>
<td>1,287</td>
</tr>
<tr>
<td><strong>Surplus /Deficit</strong></td>
<td>2,240</td>
<td>1,223</td>
<td>(1,017)</td>
</tr>
</tbody>
</table>
A. Public Revenue

The 2021 Budget witnessed significant changes in energy prices due to global oil price fluctuation, whereby oil prices increased to more than US$ 80 per barrel in November 2021. However, the concerns over the new variant of COVID-19 “Omicron” have plunged oil price by more than 10% in a single day, however the price recovered gradually. The preliminary figures for 2021 indicate the following:

- **Net oil revenue increased by 56%** due to the average oil price being higher than the assumed price in the 2021 Budget.

- **Gas revenue increased by 40%**, as a result of higher oil prices which pushed gas prices upward, and a rise in volumes of LNG exports.

- **Non-oil revenue declined by 14%** due to persistent implications of the COVID-19 pandemic on the business activities. In addition to the measures taken by the Government to stimulate the private sector.

Therefore, total revenue reached nearly RO 10.9 billion by the end of 2021, up by 27% compared to the budgeted figures of RO 8.6 billion.

Public Revenue Trends (2017 - 2021) (RO Billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
<th>Hydrocarbon Revenue</th>
<th>Non-hydrocarbon Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>8.5</td>
<td>6.2</td>
<td>2.3</td>
</tr>
<tr>
<td>2018</td>
<td>10.9</td>
<td>8.6</td>
<td>2.3</td>
</tr>
<tr>
<td>2019</td>
<td>10.6</td>
<td>8.0</td>
<td>2.6</td>
</tr>
<tr>
<td>2020</td>
<td>8.5</td>
<td>5.8</td>
<td>2.7</td>
</tr>
<tr>
<td>2021</td>
<td>10.9</td>
<td>8.2</td>
<td>2.7</td>
</tr>
</tbody>
</table>
B. Public Spending

As per the preliminary results, public spending increased to about RO 12.2 billion as compared to the budgeted figure of RO 10.9 billion, up by 12%. Such an increase is mainly due to the following:

- Increase of current expenditures of civil ministries and defence and security units by 2%.
- Continued support of the Government to cover expenses of the oil and gas sector until EDO completed the required legal procedures and commenced funding its operations.
- Increase in contributions and other expenses by 7% as a result of settling water subsidy for previous years.

Public Spending Trends (2017 -2021) (RO Billion)

Future Debt Obligations Budget-item

The Government has introduced a new budget-item within the 2021 Budget to repay future debt obligations. By the end of 2021, the total appropriations allocated for this budget item amounted to RO 150 million.
Development Budget Performance

The development spending is anticipated to reach RO 1,100 million by the end of 2021, up by 22% compared to the budgeted figure of RO 900 million estimated in the 2021 Budget. This is due to settlement of payments deferred from previous years, and expenses required to address the damages caused by the cyclone “Shaheen”.

2021 Development Budget allocations as per the sectors:

<table>
<thead>
<tr>
<th>Preliminary Expenses as end of 2021 (RO Million)</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Service</td>
<td>99.6</td>
</tr>
<tr>
<td>Public Order &amp; Security</td>
<td>0.3</td>
</tr>
<tr>
<td>Education</td>
<td>153.1</td>
</tr>
<tr>
<td>Health</td>
<td>121</td>
</tr>
<tr>
<td>Social Welfare</td>
<td>9.8</td>
</tr>
<tr>
<td>Housing</td>
<td>123.7</td>
</tr>
<tr>
<td>Culture &amp; Religious Affairs</td>
<td>14.6</td>
</tr>
<tr>
<td>Energy &amp; Minerals</td>
<td>17.7</td>
</tr>
<tr>
<td>Agriculture, Fisheries &amp; Water Resources</td>
<td>257.7</td>
</tr>
<tr>
<td>Transport &amp; Communications</td>
<td>265.4</td>
</tr>
<tr>
<td>Economic Affairs</td>
<td>37.2</td>
</tr>
<tr>
<td>Total</td>
<td>1,100</td>
</tr>
</tbody>
</table>
Private Sector Payments

The Ministry of Finance (MOF) is keen to settle the payments of contractors. All disbursement requests are dealt in accordance with the applicable regulations, and the amounts paid to the private sector reached nearly **RO 1.2 billion** as of end-December 2021.

COVID-19 Pandemic

The total cost of expenses required for the COVID-19 pandemic amounted to **RO 53 million**. Such expenses included costs of vaccines and medicines.

Cost of Tropical Cyclone “Shaheen”

An amount of **RO 200 million** is the approximate cost required to address the damages caused by the cyclone “Shaheen”.
C. Deficit and Financing

The 2021 Budget deficit declined to RO 1.2 billion, down by RO 1 billion i.e., 45% less than the estimated deficit of RO 2.2 billion in the 2021 Budget. This is attributed to higher public revenue.

As per the anticipated deficit rate by the end of 2021, the MOF has reduced financing requirements versus estimated figures of 2021. Accordingly, the 2021 Budget deficit was financed through external and domestic borrowing by RO 823 million, as well as drawing on reserves by RO 400 million.

Trends in Deficit (2017 - 2021) (RO Billion)
Government Measures and Initiatives in 2021

The Government has launched a number of initiatives and measures with the aim to stimulate the national economy, maintain fiscal sustainability and promote social protection. The main initiatives and measures, which also come to mitigate the implications triggered by the COVID-19 pandemic, are illustrated as follows:

1 - Economic Stimulus Plan

The economic stimulus plan, which was endorsed on 9th March 2021, aims to fuel the efforts exerted to mitigate the implications of the COVID-19 pandemic on the national economy. This is achieved through providing a set of stimulus measures and initiatives. Such measures and initiatives aim to support economic recovery efforts, enhance economic activities performance, and attract more foreign investments.

The economic stimulus plan addresses five key areas, as follows:

- Tax and Fees
- Business Environment and Investment Climate
- Small and Medium Enterprises (SMEs)
- Labour Market and Employment
- Banking Sector
2 | Social Protection Initiatives

Social protection initiatives were launched on 8th April 2021. The objective of these initiatives is to mitigate and alleviate the implications arising from the current global economic situation to enhance the efficiency of public finance.

Moreover, the initiatives seek to enhance and stabilize the labour market, in order to ensure effective participation of the private sector in leading the economy in line with Oman Vision 2040. Such initiatives include:

1. Provide financial facilities and grant exemptions for some individuals and SMEs from repaying loans.

2. Extending the duration of benefits offered by Job Security System.

3. Expand food items list, which is subject to VAT at 0%, from 93 items to 488 items.

4. The Government shall incur the costs of VAT imposed on electricity and water services.
The government has taken other measures and initiatives, most notably:

**Job Security System**

The Job Security System (JSS) is a national initiative, with the aim to provide social protection for the Omanis who have lost their jobs against their will. The JSS will provide aid to those people until they get other job opportunities.

The number of beneficiaries reached 10138 persons as of 30 September 2021, with a total cost of RO 22 million.

**Ministry of Commerce, Industry and Investment Promotion**

**Investor Residency Program**

This program allows interested investors to stay in Oman for a period ranging from 5 to 10 years, which is extendable.
Ministry of Finance

National Fund for Emergency

Aims to deal with the aftermath of the tropical situation “Shaheen”, and to be ready for any other natural disasters that may occur in the future.

E-transfer of Salaries Initiative

In March 2021, the MOF completed the activation of e-transfer of salaries initiative in collaboration with CBO, with the aim to facilitate and accelerate the transfer process of salaries and current payments using e-banking services.

Ministry of Transport, Communications and Information Technology

Digital Transformation Program

This program aims to create an innovative e-Government that provides smart services, through setting out a comprehensive plan for digital transformation that includes 53 government units. The program seeks to make 80% of the main government process/action online.
Authority for Small & Medium Enterprises Development

1- Emergency loan is made for entrepreneurs (Riyada card holders) affected by the COVID-19 pandemic. The number of loans offered totaled 619 loans worth RO 3.33 million.

2- Waiving 75 loans offered by Mawareed Alrizeq Fund, and 734 loans granted under Sanad Program, with a total cost of more than RO 4 million.

3- Defer installments of 2340 beneficiaries, due for Raffd Fund (previously), until the end of December 2021. Such installments are worth more than RO 8 million.

4- Launching specialized and qualitative incubators in creative industries.

5- Launching on-the-job training in SMEs.

6- Launching a program whereby various types of consultations shall be provided for SMEs.

7- Launching a special program for entrepreneur’s readiness and promoting the culture of entrepreneurship.
Government Companies Performance Enhancement

OIA seeks to develop and enhance the performance of government companies, as all government companies in accordance with the Royal Decree No. (61/2020) fall under OIA ownership. Accordingly, OIA has launched a number of initiatives and programs, which includes:

1 - Rawabet Program

A program launched to enhance the corporate governance of OIA affiliated companies, with the aim to:

- Establish the general framework for regulating the companies owned by OIA.
- Align corporate strategies, policies and systems with the policies set by OIA, and in consistency with Oman Vision 2040.
- Regulate the relationship between the companies and government units that supervise the performance of economic sectors to achieve harmonization and integration.
- Implementing a clear governance framework.
2 - Governance Charter

The governance charter aims to regulate the activities of companies associated with OIA and link their plans with sustainable development plans.

3 - In-Country Value Program

This program contributes to business and human development, and **stimulates the economy** by:

- Giving priority to Omani product at an increasing preferential price of 10%.

- Giving priority for negotiating Omani products if the unit price is 10% higher than the lowest offered price.

- Giving preferential price up to 20%, to develop and manufacture new local products.
Key Economic & Financial Indicators Achieved in 2021
Key Economic & Financial Indicators Achieved in 2021 As a Result of Royal Directives & Government Measures

The GDP increased by the end of Q3-2021 at current prices, registering RO 24.2 billion. Moreover, the GDP at current prices is projected to record RO 32 billion in 2021, up by 13.8% as compared with the figures of 2020.

Financial indicators improvement

- The estimated deficit dropped from RO 4.8 billion to RO 1.2 billion in 2021, down by 75%.
- Annual deficit declined to 3.8% of GDP in 2021 from 15.5% in 2020.
- Containing public spending in spite of the followings:
  - Additional allocations for the COVID-19 pandemic.
  - Increasing enrollment capacity in higher education institutions to 31,000 thousand seats.
  - High expenses required for employment and employment-linked training.
  - Settlement of RO 418 million deferred from previous years.
  - RO 1.2 billion paid to the private sector by the end of 2021.
  - Allocating RO 200 million for the damages caused by the tropical cyclone “Shaheen”.
  - Covering oil and gas sector expenditure until EDO was fully operational.
- **A decline in public debt to 68%** of GDP versus previous estimates of 83% in 2021.

- **The breakeven point declined to as low as US$ 60** for the period 2021-2025 versus US$ 80 during 2016-2020.

- **The key credit rating agencies revised their outlook** on Oman to stable and positive in 2021.

**Monetary indicators improvement:**

<table>
<thead>
<tr>
<th>Icon</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Graph" /></td>
<td>The foreign reserves at CBO increased to US$ 18 billion at the end of December 2021, up by 31% as compared with US$ 14 billion registered at the end of December 2020.</td>
</tr>
<tr>
<td><img src="image" alt="Deposit" /></td>
<td>Deposits in the banking sector increased to RO 25.2 billion i.e. 5.3% as of end October 2021.</td>
</tr>
<tr>
<td><img src="image" alt="Credit" /></td>
<td>The total credit granted by conventional commercial banks grew by 5%, reaching RO 27.8 billion by the end of October 2021.</td>
</tr>
</tbody>
</table>
State’s General Budget
for FY 2022
State’s General Budget for FY 2022

Over the past few years, the national economy experienced frequent fiscal challenges posed by a sharp drop in oil prices, lower oil demand, high public debt, and the implications caused by the COVID19- pandemic. These challenges have adversely affected Oman’s creditworthiness and borrowing cost.

Moreover, Oman was recently hit by the tropical cyclone “Shaheen”, which took a toll on the community and infrastructure of some wilayats (cities). However, with the efforts put by the Government entities and members of society, life has returned to normal.

Therefore, the 2022 Budget draft was prepared, while taking into consideration the existing challenges, in line with the Tenth Five-Year Development Plan (2025 - 2021) which reflects the first plan of Oman Vision 2040. The fiscal sustainability and stimulus of economic diversification sectors are among the top priorities.
Economic and Social Objectives of 2022 Budget

The State's General Budget for FY 2022 is consistent with the objectives of the Tenth Five-Year Development Plan. The 2022 Budget aims to achieve a set of economic and social development objectives, summarized as follows:

- Maintaining prudent and sustainable levels of public spending
- Enhancing the contribution of non-oil revenue to total public revenue
- Giving priority to establish projects that are linked to productive sectors
- Giving priority to complete the program of digital transformation
- Maintaining the level of spending on basic services
- Redirecting government subsidies to targeted low-income households
- Continue improving Oman’s credit rating and increase investors’ confidence
- Continue supporting training programs and training linked to jobs schemes, and boost job creation
- Continue supporting small and medium enterprises (SMEs)
2022 Budget Estimates

Public revenues and expenditures have been estimated after taking into account the MTFP, as well as a set of bases and scenarios, which all aim to ensure the continuation of basic services delivery such as education, health care, housing and social welfare. In addition to improving the business environment and investment climate.

As a precautionary measure, the oil price was assumed at the price of US$ 50 per barrel in the 2022 Budget.
### 2022 Budget Estimates (RO Million)

<table>
<thead>
<tr>
<th>Statement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First: Public Revenue:</strong></td>
<td></td>
</tr>
<tr>
<td>Net Oil Revenue</td>
<td>4,490</td>
</tr>
<tr>
<td>Gas Revenue</td>
<td>2,750</td>
</tr>
<tr>
<td>Current Revenue</td>
<td>3,340</td>
</tr>
<tr>
<td><strong>Total Public Revenue</strong></td>
<td>10,580</td>
</tr>
<tr>
<td><strong>Second: Public Expenditure:</strong></td>
<td></td>
</tr>
<tr>
<td>Current Expenditure</td>
<td></td>
</tr>
<tr>
<td>Defense &amp; Security Expenditure</td>
<td>2,965</td>
</tr>
<tr>
<td>Civil Ministries Expenditure</td>
<td>4,300</td>
</tr>
<tr>
<td>Gas Purchase &amp; Transport Expenditure</td>
<td>1,600</td>
</tr>
<tr>
<td>Public Debt Service</td>
<td>1,294</td>
</tr>
<tr>
<td><strong>1- Total Current Expenditure</strong></td>
<td>10,159</td>
</tr>
<tr>
<td>Investment Expenditure</td>
<td></td>
</tr>
<tr>
<td>Development Expenditures</td>
<td>900</td>
</tr>
<tr>
<td>Electricity Sector Subsidy</td>
<td>500</td>
</tr>
<tr>
<td>Allocation of Loans Repayment</td>
<td>200</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>371</td>
</tr>
<tr>
<td><strong>2- Total Investment Expenditure:</strong></td>
<td>1,971</td>
</tr>
<tr>
<td><strong>Total Public Expenditure (1+2)</strong></td>
<td>12,130</td>
</tr>
<tr>
<td><strong>Deficit/Surplus</strong></td>
<td><strong>(1,550)</strong></td>
</tr>
</tbody>
</table>
Public Revenue

Revenue estimates are based on the following considerations:

- The 2022 Budget assumes an oil price of US$ 50 per barrel.
- Transferring proceeds from selling 20,000 thousand oil barrels per day to the Oil Reserve Fund.
- Oil production is projected to be 1,055 thousand barrels per day.
- Revenue generated from Gas in 2022.

Therefore, aggregate revenue is estimated at RO 10,580 million in 2022. Oil and gas revenue is estimated to amount to RO 7,240 million, accounting for 68% of total revenue. Furthermore, non-hydrocarbon revenue is estimated at RO 3,340 million.

The below chart shows the structure of public revenue in 2022 Budget:
Actual Hydrocarbon Revenue & Non-hydrocarbon Revenue during (2017-2021)

<table>
<thead>
<tr>
<th>Year</th>
<th>Oil Revenue</th>
<th>Gas Revenue</th>
<th>Non-oil Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>55%</td>
<td>18%</td>
<td>27%</td>
</tr>
<tr>
<td>2018</td>
<td>60%</td>
<td>18% 22%</td>
<td>24%</td>
</tr>
<tr>
<td>2019</td>
<td>58%</td>
<td>18% 24%</td>
<td>25%</td>
</tr>
<tr>
<td>2020</td>
<td>46%</td>
<td>22% 32%</td>
<td>26%</td>
</tr>
<tr>
<td>2021</td>
<td>51%</td>
<td>24% 25%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Hydrocarbon Revenue

Net Oil Revenue

Net oil revenue is projected to amount to RO 4,490 million i.e. 42% of total revenue, down by 19% compared to the preliminary results of 2021.

Gas Revenue

Gas revenue is estimated to stand at RO 2,750 million i.e., 26% of total revenue, up by 5% compared to the preliminary results of 2021.
Non-hydrocarbon Revenue

The non-hydrocarbon revenue is projected to reach RO 3,340 million in 2022 i.e., 32% of total revenue, up by 21% compared to the preliminary figures of 2021.

Current Revenue

The current revenue is anticipated to amount to RO 3,160 million in 2022. Excise tax and VAT revenues are expected to stand at RO 535 million in 2022. Moreover, corporate income tax revenue is estimated at RO 465 million in 2022.

Government revenue from Oman Investment Authority (OIA) is estimated at about RO 800 million in the 2022 Budget. The remaining current revenue is projected to be around RO 1,360 million in 2022.

Capital Revenue and Repayments

Capital revenue is expected to amount to RO 170 million in 2022, while capital repayments are anticipated to be around RO 10 million in 2022.
Public Spending

In light of the policies adopted by the Government to enhance spending efficiency and in line with the initiatives undertaken in 2021, public spending for 2022 Budget was estimated based on the following considerations:

- Expenditures of Government units, including periodical allowances and 2011 batch promotion costs, taking into account the financial impact of fiscal measures.

- Allocations for gas expenditures will be in accordance with the expected cost.

- Allocations of electricity subsidy, taking into account the subsidy reform outcomes.

- Allocating subsidies for water sector, sewage, and waste sector as per the estimates made by the relevant entities.

- Subsidies allocated for the transport sector as per estimated cost.

- Cost of public debt service in accordance with the existing loans and the planned ones over the year.

- Allocating an amount of RO 200 million for future obligations budget-item.
Public spending is estimated to amount to RO 12,130 million in 2022 compared to RO 12,167 million as indicated by the 2021 preliminary estimates, increasing by RO 37 million i.e. 0.3%

Expenditure Composition in 2022 Budget:

- **Current Expenditures of Defense and Security**: Current expenditures of defence and security are estimated at RO 2,965 million, accounting for 29% of total current expenditures.

- **Current Expenditures of Ministries and Government Units**: Current expenditures of ministries and government units are estimated at RO 4,300 million, in accordance with the following:
  - Actual needs of all government civil units.
  - Outcome of fiscal consolidations and government initiatives geared towards spending reduction.
  - Salary appropriations of government units allocated as per the occupied posts, totalling RO 3.2 billion i.e., 74% of current expenditures of ministries and government units.
Spending on basic services

The 2022 Budget is set to maintain the same level of spending on social services by 40% of total current expenditure, as follows:

- Education: 17%
- Social Welfare: 7%
- Housing: 5%
- Health: 11%

Total Current Spending: 40%

Development Expenditures

Spending on development projects is estimated at RO 900 million in 2022 Budget, representing the estimated amount to be paid during the year as per the actual work in progress for the projects. The development projects have been reprioritized in terms of their urgency, cost, and economic and social return, using the Matrix of Projects developed by the Ministry of Economy.
• **Tenth Five-Year Development Plan (2021-2025): Projects Matrix**

The Ministry of Economy has developed a matrix to identify sectoral and project priorities for the Tenth Five-Year Development Plan to ensure social and economic return. In addition to capture the repercussions that would contribute positively to the national economy and serve the social aspect. **This can be illustrated as follows:**

• A clear mechanism for evaluating the priority of projects selection to meet the current and future requirements.

• Unified standards for ministries to prepare and submit the project file.

• A clear and flexible methodology for projects selection in line with the strategic objectives of development.

The matrix features criteria for measuring the positive economic and social impact of the projects through the related elements. It also assesses the readiness of the units to implement the projects. Depending on the availability of full details on a project, a score is given for each criterion, and then the total scores of each project are measured according to mathematical equations. At this point, it is possible to compare the results **according to the following priorities:**
The Green category
High-impact projects with complete effort from the project owner. Projects are filed for approval.

The Blue category
High-impact projects with incomplete effort from the project owner. The unit is required to complete the required effort for re-assessment and approvals.

The Yellow category
Low-impact projects with complete effort from the owner of the project. Projects that can be approved if financial resources are available.

The Red category
Low-impact projects with incomplete effort on the part of the owner of the project. These are considered as rejected projects.
Projects Being Financed Outside 2022 Budget

**Total Investment in 2022 (RO Billion)**

- **RO 2.9 Billion**
  - Oman Investment Authority (Local Investment)

- **RO 1.2 Billion**
  - Energy Development Oman

- **RO 900 Million**
  - Development Budget

**Total: RO 5 Billion**

Investments of Oman Investment Authority

The investments of OIA help to fuel the growth of economic sectors and also improve the investment environment. OIA’s investments are estimated to stand at RO 2.9 billion in 2022, for the following purposes:

1. **Expand current projects**
2. **Complete ongoing projects**
3. **Development and establishment of new projects**
Investment spending is financed through:

- OIA affiliated companies
- Public-Private Partnership (PPP)
- Finance agencies

Investment Spending during (2021 - 2022):

- **Tourism**: 54 (2021) vs. 193 (2022)
- **Minerals**: 15 (2021) vs. 57 (2022)
- **Logistics**: 32 (2021) vs. 116 (2022)
- **Technology**: 18 (2021) vs. 156 (2022)
- **Food**: 40 (2021) vs. 99 (2022)
- **Fisheries**: 17 (2021) vs. 54 (2022)
- **Energy**: 1600 (2021) vs. 1410 (2022)
- **Services**: 785 (2021) vs. 802 (2022)
- **Other Sectors**: 16 (2021) vs. 52 (2022)

• **Energy Development Oman**

  The investment spending of EDO for oil and gas production is estimated to be around RO 1.2 billion.
• **Partnership for Development Programme**

Partnership for Development (PFD) Programme is a global economic tool, whereby any foreign company or contractor who has a contract with the government worth more than RO 5 million shall be obliged to carry out a strategic project or program in Oman, as per the Royal Decree No. (54/2019) and its Bylaws. The objective is to transfer advanced technology and knowledge that strengthen local manpower capacity, enhance productivity and create more jobs.

The MOF has embarked on the implementation of nine projects including: ship and boat maintenance project, a multi-sensor direct satellite reception station, and fishing research vessel. In addition to other projects to be implemented in coordination with defence and security units.

• **Public-Private Partnership (PPP)**

The Ministry of Finance undertook a number of initial studies on certain projects to be carried out under PPP. Some of the key projects are illustrated as follows:
1 | **Education Sector**

**Construction of schools (First phase):** developing the educational infrastructure and benefiting from the private sector expertise in designing, building and maintaining schools to meet the increasing demand for schools in various governorates. In this phase, 40 schools are planned to be constructed under PPP.

2 | **Health Sector**

**Hemodialysis services project:** establishing a number of dialysis centres under PPP so as to reduce the costs borne by the Ministry of Health.

**Drug Rehabilitation Centre project:** operating and maintaining the drug rehabilitation centre at Suhar. This centre shall provide services during the treatment and post-treatment.

3 | **Transport Sector**

**Salalah-Thumrait road project:** implementing an additional expressway to the existing Salalah-Thumrait road. The trucks will be obliged to use this expressway with payment of crossing fee; the public can also use the expressway.
4 | Ports Sector

**Fishing Ports in Liwa & Musunah:** developing the ports and associated lands under PPP to become multi-purposes seaports, in a manner that does not conflict with the usage of nearest seaports.

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### Gas Purchase and Transport

The expense of purchasing and transporting gas is estimated at RO 1,600 million in the 2022 Budget, accounting for 15.7% of total current expenditures.

<table>
<thead>
<tr>
<th>Statement</th>
<th>2021 Budget</th>
<th>2022 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas Purchase</td>
<td>650</td>
<td>1,440</td>
</tr>
<tr>
<td>Gas Transport</td>
<td>130</td>
<td>143</td>
</tr>
<tr>
<td>Block 8 allocations</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total Gas Expenditure</strong></td>
<td>780</td>
<td><strong>1,600</strong></td>
</tr>
</tbody>
</table>

As may be noted from the above table, the cost of gas purchase and transport has increased by RO 820 million in 2022 as compared with 2021 Budget, **due to the following:**
1. Gas Purchase

After the establishment of EDO, the methodology of purchasing gas from Petroleum Development Oman’s (PDO) Block 6 was changed. Accordingly, gas purchasing cost has risen. However, this also has led to an increment in gas revenue compared to the figures of 2021.

2. Gas Transport

The volume of gas is expected to increase in 2022, and thus the estimated cost of gas transport increased by 2% accordingly.

3. Block 8 allocations

RO 17 million was approved with the aim to enhance the production volume of Block 8.

Contributions and Other Expenses

The appropriations allocated for this budget-item are estimated at RO 1,071 million, including subsidies for electricity, water, sewage and waste sectors. In addition to subsidies for oil products, housing and development loans. These allocations can be illustrated as follows:

• Housing Aid, Social Housing Scheme and Housing Loans

In 2021, the number of households that benefited from the social housing scheme reached 1247 households, with a total cost of RO 29,631 million. The amount allocated for such a scheme shall remain at the same level in 2022.
• Oil Products Subsidy

The total appropriations allocated for oil products subsidy are estimated at about RO 35 million.

• Electricity and Water subsidies

An amount of RO 575 million has been allocated for electricity and water subsidies.

• Transport Subsidy

The transport sector is planned to receive a subsidy worth RO 80 million.

Public Debt Service:

Expenses of servicing public debt are estimated to reach RO 1,294 million in 2022.

Deficit and Financing

According to budget estimates, the fiscal deficit for 2022 Budget is projected to be around RO 1,550 million i.e., 15% of total revenue and 5% of GDP.

The deficit will be financed through external and domestic borrowing by 74% i.e. RO 1.15 billion. The remaining deficit, estimated approximately RO 400 million, will be covered by drawing on reserves.
Tenth Five-Year Development Plan (2021-2025): Financial Framework
Tenth Five-Year Development Plan Financial Framework

The Tenth Five-Year Development Plan has significant importance as it is the first executive financial program of Oman Vision 2040. It is also considered as the springboard towards achieving fiscal sustainability and economic growth. Therefore, the Government is committed to the financial framework, particularly when it comes to improving financial indicators and reducing the deficit.

Tenth Five-Year Development Plan: Financial Framework (2025-2021):

<table>
<thead>
<tr>
<th>Statement</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenth Five-Year Development Plan Financial Framework</td>
<td>(2,240)</td>
<td>(1,660)</td>
<td>(605)</td>
<td>(165)</td>
<td>65</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statement</th>
<th>Preliminary Results</th>
<th>Budget Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Performance</td>
<td>(1,223)</td>
<td>(1,550)</td>
</tr>
</tbody>
</table>
Key Government Measures in 2022
Key Government Measures in 2022

1. Government Projects and Initiatives

- **System for measuring individual performance and institutional proficiency “Ejadah”** (Ministry of Labour):

  Ejadah, which will be implemented in January 2022, aims to develop human resources by linking incentives and rewards with the level of productivity.

- **Digital Transformation Projects** (Ministry of Transport, Communications and Information Technology):
  - Launching a unified guide for government services
  - Launching the first package of electronic services through the unified government platform
  - Launching the national platform for suggestions and complaints
  - Initiatives and activities for space exploration

- **Ministry of Economy Projects**
  - Governorate Development Program
  - Follow up the implementation of strategic programs
• **SMEs-related Measures (2022):**

Drafting SMEs Law

Introducing funding regulations

Introducing Riyada Card regulations

Announcing incubators-related regulations

Introducing Sanad centers regulations

Launching group financing platforms

Supporting craft industry and one-person industry

2. **Fiscal Performance Improvement Measures**

The financial challenges faced by Oman have prompted the Government to reconsider the priorities and align the objectives in accordance with Oman Vision 2040. Therefore, the Government has taken a set of measures in order to achieve fiscal sustainability while improving financial indicators and maintaining social welfare. **Such measures can be illustrated as follows:**
1. Revision of Financial Law and Executive Bylaws

In light of modernizing laws and revising the regulations pertaining to economic and financial aspects, alongside the restructuring of the State’s administrative apparatus, the Financial Law and its Executive Bylaws are under revision in order to address the recent changes and to regulate the financial systems developed by the Ministry of Finance. Some of the systems include Program Based Budget, GFMIS and Treasury Single Account.

2. Public Debt Law

This law aims to manage the funding the government obtains as a loan from banks, financial institutions and individuals to finance its public expenditures. The law also aims to:

- Regulate and manage public debt operations.
- Diversify the sources of funding.
- Monitor the level of indebtedness and associated risks.
- Improve the cash flow management mechanisms.

3. Government Financial System (Maliyah)

Maliyah is a modern system for managing public finance, the government units use Maliyah for planning, implementing, controlling, and reporting on the State’s budget. It will act as an information technology platform for the application of the rules, policies, procedures, and operations of public finance management. The features of Maliyah can be summarized as follows:
• Provide accurate, reliable, timely, and consistent financial information that supports the financial and economic decision-makers in creating fiscal policies, strategies, fiscal decisions, and discipline to achieve economic diversification and fiscal sustainability.

• Develop a modern financial accounting and reporting system using a unified Chart of Accounts (CoA) and new budget classification which is in line with Government Financial Statistics (GFS).

• Enable better cash management and effective utilization of public funds by implementing and using cash forecasting (revenues and expenditures) and streamline treasury banking operation under the Treasury Single Account (TSA).

4. Program Based Budget (PBB)

An advanced approach of fiscal planning that identifies public spending priorities and links spending to objectives and activities. The advantages of the PBB are as follows:

- Link the national objectives of Oman Vision 2040 and targets of the Five-Year Development Plans within the annual programs and activities of government units.
- Reflect the public policies and objectives within the budget.
- Link the objectives and outcomes with the required spending.
- Provide authenticated data about the government’s performance.
- Organize Government programs and activities, and integrate the efforts to prevent duplication.
- Flexibility to allocate resources as per tasks and activities.
- Raise the efficiency of financial and administrative control.
- Connect financial planning with public policies.
5. National Register of Government Assets

The register is an integrated central system, seeks to take full account of government assets and draft a strategy to maximize returns. Oman is among the leading countries to establish an integrated central system for managing government assets. The register aims to:

- Register and determine the actual value of Government assets.
- Generate more financial resources.
- Centralize Government assets management and enhance its efficiency.
- Secure more financial resources for the state budget.
- Identify the Government assets for privatization and public-private partnership (PPP).

6. Fee Setting Policy Handbook

The Fee Setting Policy Handbook comes as a unified and clear framework to standardize the pricing of government services, which would serve as a reference for the government units. Some other entities - such as OIA, pension funds, investment funds and free zones – can use the handbook when pricing their services.

In its first phase, the handbook was applied to the Ministry of Heritage and Tourism, Ministry of Commerce, Industry and Investment Promotion and municipalities sector, which resulted in the following:
- A reduction and cancellation of 548 services fees.

- Merging some municipal licenses. This entails that similar business activities will no longer require separate licenses.

- Shifting 88% of services provided by the Ministry of Commerce, Industry and Investment Promotion to Invest Easy platform.

7. **Merger of Pension Funds**

Pursuant to the Royal Decree no. (33/2021) on systems of retirement and social security, a civil pension fund for public and private sectors shall be established under the name “Social Security Fund”. In addition to, the establishment of a fund for military and security under the name “Military and Security Services Retirement Fund”. **The merger is aimed at:**

- Creating a comprehensive social protection coverage
- A unified methodology for investment management
- Enhancing investment capacity and efficiency
8. Common Contract

The Common Contract is an initiative aimed at modernizing the standard contracts of various Government units, in accordance with the latest practices adopted by the International Federation of Consulting Engineers (FIDIC).

Highlights of Common Contract:

- Updating contract clauses as per the international practice so as to facilitate the process and save money and time.
- Easy to obtain a copy of the contract via MOF's website.
- The Common Contract is drafted in Arabic and English in one document.
- Ability to electronically fill the required data.

9. Central Government Procurement

This initiative seeks to identify a central unit with the aim of integrating government procurements and contracts for all Government units. **The unit shall carry out the following:**

- Controlling all Government procurement and contracting process
- Enhancing purchasing power of the unit so as to be able to negotiate the quotations.
- Establishing a direct link with the main suppliers and service providers.
- Monitoring government inventory efficiently.
- Reducing public expenditures and the number of staff working in procurement departments.
- Building a close relationship with suppliers and enhancing training and support potentials.
- Migrating to e-business for key processes such as tendering, contracting and payment transactions.
10. Supply Chain Financing (SCF) Scheme

The Ministry of Finance is working with a group of banks, primarily based in Oman, to provide a simple and effective financing solution to the suppliers under contract with various Government units. The objective is to offer the suppliers an alternative option of getting their invoices settled in a timely manner without signing any financing agreement with the banks. The bank shall transfer the funds directly to the bank account of the supplier and then the Ministry of Finance will repay the funds to the same bank.

11. Tafakur Platform

An e-platform that aims to promote community participation between the Government and society by receiving ideas, suggestions and solutions that will help improve public financial management and achieve fiscal sustainability. The platform targets, during the pilot phase, all employees of the MOF and the target group will expand later depending on the outcomes of the pilot phase.

12. Treasury Single Account

The Treasury Single Account (TSA) is a unified structure of government bank accounts, deal with government revenue and expenditure on a daily basis, thereby allowing for an optimal use of government cash resources. The TSA aims to:

- Enhance the efficiency of government cash management, by utilizing the unused cash.
- Improve monitoring the implementation of the State’s budget through providing accurate information on the expenditure and revenue.
- Reduce fees and costs of banking transactions.
- Facilitate payments and ease banking settlements.
Conclusion

Oman has achieved positive outcomes and indicators in 2021 as a result of government measures and efforts towards achieving national objectives. Such an approach, if maintained, will ensure better outcomes in 2022 and strengthen rating agencies and investors’ confidence.

We pray to Almighty Allah to give success to our country under the leadership of His Majesty the Sultan Haitham Bin Tarik.