



Build back better -Leadership in post pandemic world

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Budget – 2021

RO' billion	
Income	
Oil	3.5
Gas	1.8
Taxes	3.0
Capital revenue	0.2
Total	8.6
Expenditure	
Civil ministries	4.0
Defence & security	2.9
Development	0.9
Investment	1.2
Subsidies & others	0.9
Total	10.8
Deficit	2.2

Deficit Trend

RO' billion	
2018	2.7
2019	2.6
2020	4.2
2021	2.2
2022	1.7
2023	0.6
2024	0.2
2025	+0.1

Challenges



Lower oil price



High deficit



Public debt

Five Pillars of fiscal plan



Economic growth



Enhancing
efficiency of
public financial
management



Enhancing social
security net



Improving public
spending efficiency



Revitalising &
diversifying sources
of Government
revenue.

Key words used in the budget 2021

1. Paves way to **Oman Vision 2040**.
2. Achieve fiscal **sustainability**.
3. Higher **non-oil revenues**.
4. Public spending at **optimal** level.
5. **Diversified** economy.
6. Increase **domestic & foreign investment**.
7. **Private sector** role in economic growth & job creation opportunities.

Key sectors for growth under PPP

Sea ports



Education



Environment



Transport



Health care



Municipalities



Government service

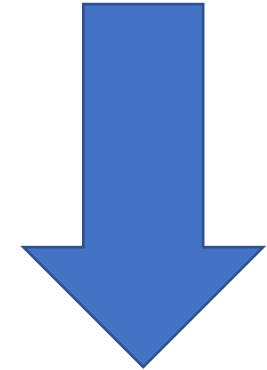


Covid casualties in Oman

- * Number of reported cases 304,519 (other GCC-2,222,000)**
- * Number of deaths 4,113 (other GCC – 15,445)**
- * Percentage of deaths to reported cases 1.35%(KSA 1.6%- Qatar 0.25%)**

Performance of banking sector in 2020

- * Gross loans increased by **3%** in
- * Provision for doubtful loans increased by **26%**
- * Deposits increased by **2%**
- * Net profit decreased by **32%**



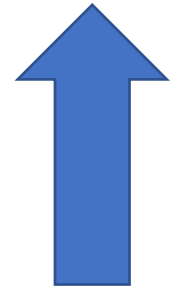
Aggregate audited figures of 6 banks (BM, NBO, BD, SIB, AA, and HSBC)

Performance of Stock market –MSM index

* **January 2020 to February 2020** increase by **7.7%**

* **February 2020 to December 2020** decrease by **11.5%**

* **From January 2021 to November 2021** increase by **9%**



Oil prices in 2021- budget at \$45 per barrel for 960,000 per day

The oil prices during 2021 :

- January \$51 per barrel
- April \$63 per barrel – 23% increase
- July \$73 per barrel – 16% increase
- Late October \$84 - 15%
- 30 November \$68 per barrel- -19 % increase

Overall to date increase is 32%



Economic effects of Covid

- **Businesses**
 - **Bankruptcy**
 - **Dip in earnings / profits**
 - **Layoffs**
 - **Accumulation of debts**
 - **Legal procedure**
- **Disruption of supply chains**
 - **Vulnerability of imports (food/medicines)**
- **Effect on Rental values and rentals**
- **Drop in quality of services**
 - **Efficiency and effectiveness**
 - **Remote learning and working**
- **Travel Industry**
 - **(inability to come to a consensus on covid travel protocols)**
- **Over dependency on technology**
 - **Human touch is being removed**
 - **Employability**

Social effects of Covid

- **Family**
 - **Earnings**
 - **Lifestyle shift**
- **Mental health**
 - **Fears**
 - **Insecurity**
 - **Communication**
 - **Isolation**
- **Physical health**
 - **Healthcare**
- **Education**
 - **Long term impact on future leaders**
- **New skill set**
 - **Cope with the change**

Economic challenges for business in Oman

Budget deficit

**Borrowings and
debt service**

**Employment of
youth**

**Expansion of
the SME Sector**

**Cash flows -
delayed
payments**

Ease of business

**Regional geo -
political
landscape**

**Economic
Recovery from
Covid – V or U
curve**

The X factor

Focus area for the business leaders

- * **Raise efficiency and effectiveness**
- * **Improve the quality of services**
- * **Make effective use of infrastructure (airport, seaport, roads, aircraft, malls, properties)**
- * **Create demand , attract investment, people (biggest resources)**
- * **Create abundance not scarcity**
- * **Expand Agriculture, fisheries and diary- avoid too much dependence on imports**
- * **Standardize healthcare facilities in the private sector**
- * **Improve the living conditions of the labor workforce (they are most vulnerable in pandemic and effect everyone society)**
- * **Ensure regulators and banks support to business (part of same team)**

Focus area for the business leaders

What got you here, won't get you there....

Be a human in this digital world. We need to be more human rather than more technical.

Technology is unbiased and has no ethical / moral compass. We need to find a moral balance.

In the wake of the new world order let us not forget the human elements :Trust, Ethics, Empathy & Values

‘The world is moving faster than we think and we need to reinvent and innovate ourselves to face the post covid challenges or we will perish’

Change before you are forced to....



Wake up call for the business leaders

If you fail to plan, you plan to fail

*Benjamin
Franklin*

Thank you

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