



## Department for Economic Development

### Request for Information

#### Conducting Studies for Strategic Sectors

Aseer Development Authority (ASDA) is soliciting a Request for Information (RFI) from the recipient (Recipient) for a study on Aseer region's strategic sectors. This RFI is for informational purposes only and it is not for solicitation of proposals. No contract will be awarded as a result of this RFI. ASDA reserves the right to issue a Request for Proposals (RFP) at a later stage to the Recipient. The Recipient's response to the RFI will have no impact on the evaluation of responses to any subsequent Request for Proposals. Responses will be used solely for information and planning purposes.

The RFI should contain the following information including but not limited to:

1. Background of your organization.
2. Relevant experience and examples of similar projects your organization or team members led and managed globally and in the region.
3. Profiles of your key team members and experts along with their relevant experience.
4. Perspectives on our guidance, scope and suggested approach and how would your organization improve our approach and methodology (for each of the strategic sectors).
5. Your initial perspectives on methodology to be deployed by your organization for achieving desired outcomes from the studies.
6. Showcasing your knowledge of the strategic sectors globally, regionally and in Saudi Arabia.
7. Your knowledge of the Aseer region and your track record of projects in the region.
8. Your knowledge of the strategic sectors in the Aseer region and your initial perspectives.
9. Critical requirements for effective completion of the studies including your expectations from ASDA.
10. Any additional information or attachments you wish to provide in the context of the RFI.
11. An estimated cost of the work proposed.

Please submit your responses by email to this account by 3<sup>rd</sup> December. You can send any questions regarding the RFI to the following email.

Email: [alanound@asda.gov.sa](mailto:alanound@asda.gov.sa)

#### Overview of Aseer Development Authority and ASDA's Department for Economic Development

Aseer Development Authority is the regional development entity for the Aseer region. ASDA's Department for Economic Development (ADED) is responsible to contribute to the strategic master planning and economic development of the region in building Aseer as a growth-oriented, sustainable and the most diversified regional economy in Saudi Arabia. Among its key objectives is to spearhead sector and economywide research to develop new economic opportunities, measure impact of ASDA's strategic initiatives and projects, and calibrate national and regional policies for developing and executing the economic development plan for the region.

It is in this context that ADED is seeking RFIs from the Recipient. The section below provides the list of strategic sectors and our initial view on the significance of each of these sectors in Aseer's economic development, combined with our critical questions and areas that need to be covered regarding these sectors. The section also includes a general description of our requirements encompassing all the sectors. The description of each sector also identifies our initial perspectives on the proposed approach for conducting a strategic and competitive analysis of the respective sector.



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The description should be viewed only for guidance purposes, as this is not supported by any specific data or empirical analysis. ASDA does not take any responsibility for any accuracy and validity of any data and insights regarding any of the strategic sectors mentioned in this RFI. The Recipient is free to provide their perspectives based on their knowledge and experience and any supporting data and insights.

### Our Strategic Sectors

Aseer's regional strategy is tourism sector orientated. It is the foundation of our economic development proposition. Aseer has traditionally been a tourist hub for domestic, regional, and international visitors. During the pandemic, the number of tourists peaked at around 9 million, rising from the pre-pandemic level of around 5 million visitors per annum. Our target number of visitors by 2030, according to conservative estimates ranges between 9 to 9.5 million, expected to rise significantly by 2035, depending on the quantum of tourist infrastructure. Key drivers for growth and economic impact for the region are the rise in average tourist spend and diversification of the tourist mix with increasing number of regional and international tourists.

Notwithstanding the paramount importance of the tourist sector, ADED has made a preliminary identification of sectors and value chains whose growth and improved efficiency can reinforce the economic sustainability of the region. In addition to the sectors, to amplify the effects of Aseer region's comparative advantages, we would like to explore the growth poles and clustering of sectors that can leverage resource endowment advantages of the region to unlock a set of dynamic industries which can adapt to market conditions and base their growth on innovation, public private partnerships and thereby generate external effects for regional economic growth. These six core areas constitute the first wave of investigations identified and are to be seen as separate studies, but which are mutually reinforcing. This wave of studies covers five sectors and one examination of economic development approach. These include:

1. Construction and construction services
2. Aquaculture and livestock (with an added coverage of food systems)
3. Sports
4. Renewable energy
5. Financial services; and
6. Growth Poles and Clusters

### Construction and Construction Services

The regional strategy of Aseer region is founded on development of world class tourism and hospitality industry, supported by enabling physical infrastructure. The legacy development in the Abha downtown will be remodeled and renovated to align with our ambitions of instilling sustainability, preserving environment, and protecting our heritage. This remodeling and new build entail an expansive and long duration activity in the construction sector.

In the future, the physical built-up landscape will be significantly different from today's. The future development of the urban and rural landscape will need a building and construction sector capable of meeting the needs of demand for both buildings as well as demolition. This will involve huge opportunities for employment, material supply and technical resource purchase. The current labor force will change and expand to meet the demand driven by the development projects including megaprojects of PIF, other public sector projects and private investments in Abha. The regional strategy has carved out four distinct Tourism Development Areas and their development will require a vibrant, capable, and sustainable construction and construction services industry in the region.

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This study should cover the following but not limited to:

- Explore the number and availability of construction companies, design centers and studios in Aseer, and material availability constraints.
- Identify the capacity gaps in the resident value chain and the opportunities for the Aseeri and Saudi construction industry players in the subsectors.
- Determine the demand size for construction industry segregated in different segments including building materials, design and architecture, logistics and construction related services.
- Identify key companies in the value chain both resident and nonresident that are currently or are likely to provide construction services in Aseer.
- Examine the opportunities in the sustainable construction space consistent with the principles in Aseer's masterplan and long-term regional plan.
- Identify key opportunities and challenges for the industry.
- Identify the nature of support required from the public policies and national incentives.
- Estimate the overall economic impact of the sector on Aseer's economy.

### Fisheries and Livestock Sectors

The starting point would be an examination of the food system with subsequent focus on each sub-sector in turn and its contribution both in terms of volume and value to the economy of Aseer. A full value chain analysis will need to be undertaken and presented. Areas such as employment, location of activity and economic value will need to be studied. Contextual elements such as import suppliers will also need to be considered including the cold chain and fish processing and handling to market and then to the end consumer.

1. **Fisheries:** There exists both an artisanal (Red Sea based) and aquaculture sub-sector in Aseer and both will need to be studied. The Aseer region contributes to the country's fisheries and aquaculture production. The industry has its presence scattered across the coastal areas, however, the current contribution is significantly smaller than neighboring Jazan region, though Aseer's Red Sea coastline is about 125 km long compared to Jazan's 350 kilometers. According to 2020 statistics published by General Authority of Statistics, Jazan contributes 44% of the total catch in the Red Sea region whereas Aseer's contribution is close to 6% only.

Some of the critical areas to be covered include (the study may not be limited to the following):

- Aseer's competitive position in the country's fisheries industry.
- Breakdown of species both for artisanal fisheries (wild) and aquaculture (cultivated).
- Value of the industry and breakdown in terms of species.
- Location and size of the clusters including artisanal and aquaculture farms across the Aseer region.
- For each cluster, a diagnostic in terms of capacity (number of farms and capacity, number of boats and daily catch).
- Farm to market channels across the region and main delivery points including key wholesale and retail points.
- Feed stock supply and associated challenges for aquaculture farms.
- Identification of opportunities for local supply (replacement of internal and external imports) and exports.
- Harvesting for artisanal fisheries and sustainability considerations.

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- Imports of non-local fish in the region.
  - Key operators in the region and their operations.
  - Comparative analysis with Jazan and other regions in the Red Sea and Aseer's comparative strengths and weaknesses
  - Key opportunities and natural advantages
  - Critical challenges and nature of support required from the center and regional authorities.
2. **Livestock:** Aseer region is also home to cattle farms as the region rears animal stock including sheep, goats, and camels. Similar to the approach for the fisheries sector, the study should build a current profile of the industry in terms of its size, composition, and value chain analysis. The poultry sector in Aseer is among the key producers of broiler chickens in the country. The 2018 GASTAT numbers indicate over 12% of country's production from Aseer region. The country is also aiming to ensure food security through local production and minimizing imports. Saudi Arabia is the largest country in the Middle East with the highest per capita consumption of chicken. Other significant poultry includes pigeons (higher in number than chickens) and quails. Other livestock in the Aseer region include goats, cows, sheep, and camels. Qassim is a livestock rich region, however, Aseer has its fair share of livestock. The livestock sector is contributing both to meat and dairy industries.

The study on the livestock sector should include the following (but should not be limited to):

- Aseer's competitive position in the country's livestock industry.
- Breakdown of livestock species and their growth pattern over the years.
- Value of the industry in terms of production and sales.
- Location and size of the clusters in the Aseer region and identification of large and medium sized farms.
- For each cluster, a diagnostic in terms of capacity, farming practices and relative value and market share.
- Farm to market channels across the region and main delivery points including key wholesale and retail points.
- Feed stock supply and associated challenges.
- Critical diseases ailing the stocks and mitigation.
- Sustainability considerations for quality of livestock, resource usage and replenishing the feedstock.
- Competition with other regions and comparative analysis of quality and value of stock.
- Key opportunities and natural advantages
- Critical challenges and nature of support required from the center and regional authorities.

In addition, the study must also cover the degree of dependencies on imported animal stock such as day-old-chicks (DOCs), rearing animals and animal pharmaceutical products if not locally or national manufactured. Feed supply will also be key to potential development and support.

In both studies the costs and benefits of each sub-sector must also be explored in terms of economic contribution as well as potential for food production versus reliance on regionally imported commodities from other parts of Saudi. Factors such as labor, access to finance and land fertility and ownership, including water will be considered.



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### Sports and Sports Services Sector

The sports sub-sector in its widest meaning is considered a key aspect of the Aseer offering. It offers however the opportunity to make a significant economic contribution to Aseer in term of facilities, training centers and the development of a leisure industry supplying inputs and equipment for both visitors and local communities, schools, and universities. Long-term employment can also be considered an economic benefit. Sporting activities in the region and most importantly building an events calendar for all sports will contribute significantly to making Aseer a yearlong destination for tourists.

The Aseer region offers a tremendous landscape for a variety of sports including marine sports, field sports including football, rugby, golf and cricket and high-altitude activities such as rock climbing, cross country cycling and other adventure sports. The traditional and cultural association with horses in the region can be turned into a converting Aseer as a destination for equestrian sports such as endurance racing. In addition to the core sporting activities, the support ecosystem for these activities can also be established here including performance centers and training academies. The terrain, climate and diversity in the natural space is extremely conducive for high performance training. The Saudi Arabia's hosting of the 2034 World Cup, Abha and Aseer region will be one of the destinations of the global event. It is an excellent opportunity to make the region one of the most prominent sports hubs in the country.

The study must also examine embedding sports and physical education into schools acknowledging gender differences and creating facilities such as Sports Academies and sports incubation hubs centered around a particular identified sport. Football may be a starting point for such considerations, but also other sports can be factored in as well. In addition, the study must look at both human, physical, and social elements that allow a sports sector to become established.

The whole sports eco-system would need to be examined from an economic value consideration standpoint to assess its own GDP (Gross Domestic Product) value.

Some of the critical areas of coverage will include:

- Aseer's current sports landscape including formal sports activities, sports venues, and academies.
- Aseer's competitive position in the national sports strategy.
- Evaluation of Aseer's potential for various outdoor sports.
- Indoor sporting landscape and integration of these activities with the outdoor sports venues.
- Current planned projects in the sports sector and their potential to push Aseer as a major year-round sporting events destination.
- Configuration of sports services and support infrastructure including coaching networks, JV possibilities with international academies and establishment of standalone performance centers
- Integration of education and sports academies to promote healthy activities and scouting of talent for performance sports.
- Potential for international sporting venues and destinations
- Connectivity of sports sector with tourism, adventure activities, coaching academies and international forums and seminars.

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- SWOT analysis to capture key takeaways of the study.
- Identification of major implementation challenges including but not limited to infrastructure, competition from other regions and lack of human talent.

## Renewable Energy

Renewable energy supply must be of high consideration for Aseer as Government seeks to realize a long-term economic development program. Sustainable development rests on power and accessing this power affordably and equitably. The study will need to determine how Aseer take advantage of the National Renewable Energy Program (NREP). Through NREP, the Saudi government plans to transition 50% of its domestic energy supply to renewable sources by 2030. The government conceived the Saudi Green Initiative (SGI) as a framework for the Kingdom's "green transition," in line with the core aims of Vision.

Aseer is one of the most prominent regions in Saudi with a significant potential for solar energy. In addition, Aseer's coastal areas also have potential for wind energy. Our regional strategy commits to environmental sustainability projects which will include developing projects in the renewable energy sector.

In this study we would like to examine the following but not limited to:

- An overall assessment of Aseer's renewable energy potential
- Existing pipeline of projects under National renewable Energy Program
- Potential for Public Private Partnerships
- Economic size of viable projects
- Aseer as an incubation center for R&D in the renewable sector
- Potential for renewable energy cluster with backward integration possibilities
- Potential challenges to the industry and competition from other regions.

Some related questions on the positioning of renewable sector in Aseer region and its contribution to the regional and national economy can include:

- Where does Aseer sit in the program of renewable energy and what comparative advantages does the province have for becoming a generator and supplier of power for its own current requirements and those in the future?
- Questions the study may address would be an examination of the costs and benefits of setting up a renewable based sector and the demands for power supply in the future. What could the power mix be for Aseer, and could surplus be fed into the national grid to be used elsewhere? Would this be economically viable?

## Financial Services and Banking Sectors

Access to finance and ease of banking are key ingredients to regional economic opportunity and maturity. Whilst national based studies are undertaken, local Aseer banking may look and feel completely different and warrants a deep dive review. Sub-sectors may access banking differently to elsewhere including the attitudes by banks themselves.

The study needs to meet with the formal and informal banking community to explore lending practices and terms, banking products, attitudes, and operating systems with respect to enterprise relationships. The banking and finance sector needs to be mapped and described. Some of the critical areas of coverage will include but not limited to the following:

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- Diagnostics of Aseer's banking network and presence and quality of human capital
- Diversity of banking products available to retail and corporate customers
- Plans of key banks for expansion in Aseer region
- Ability of banks to fund Aseer's economic development strategy.
- Assessment of financial inclusion and literacy of Aseer's retail and corporate community, especially Small and Medium Enterprises
- Key challenges in the growth and financial stability of Aseer's banking industry
- Overall assessment of banks' portfolios including their allocation to economic sectors
- Government and public sector financing institutions in Aseer's financing eco system including Sovereign Wekath Funds, social funds under NDF and special purpose companies.
- Assessment of attractiveness of Aseer for alternative financing including venture capital, private equity, mezzanine funds, accelerators etc.

### **Cluster Economics and Growth Pole Economic Approach for Aseer Region**

The twin economic options of cluster development and growth pole economics have been applied in many parts of the world. Special Economic Zones (SEZs) are a form of encouragement for clustering business and industry that support value creation and the demands of the consumer in a mutually supportive manner reducing costs and increasing efficiencies. Growth pole principles suggest that business can be attracted to areas that can lead to having a momentum of its own – once a business of sufficient size and market pull is established other businesses start to zoom in on a client they can service. This may continue until a critical mass is achieved and the value chain is served.

In the case of cluster economics several industrial parks and centers exist in the Kingdom to be complemented by five new SEZs one of which is in the adjacent province of Aseer. The study will explore the potential pathway for cluster-based economic development and/or growth pole development to manage economy-wide activities and explore specialisms that Aseer could focus on. Industrial parks and hubs may be centered around technology sciences, mutually supportive services, food handling and processing or even commodity trading but these are suggestions only.

Core questions the study must seek to answer, and map include the following:

- Are there any growth pole activities taking place in Aseer that offer potential for anchoring economic growth if they can be supported economically, financially, technically, and even socially? What is the performance of existing industrial or other cluster activities currently?
- Can cluster development be considered in Aseer to balance areas within Aseer and which can also offer returns to economic investment without turning in to loss leaders for years to come?
- What are the supporting interventions that might be considered that would support either growth pole and/or clustering of industry to become more efficient? This may be in the form of special accessible funds, training, and capacity building efforts to upskill local Saudi communities.
- How can the new and emerging sectors be integrated into the existing economic ecosystem? What are the advantages of the current endowments that can be leveraged for building new sectors?

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- How can innovation become part of the growth pole strategy for Aseer through configuration or reconfiguration of the key economic factors including labor and capital?

### **Overall Guidance on Methodology and Approach**

ADED does not expect a single entity to be able to undertake all these studies although one specialist may carry out one or more studies in line with its own technical capacities. These are highly specialized studies based on technical knowledge and skills to undertake the investigations. It is expected that fieldwork will constitute a substantial level of effort to ensure that sector and sub-sector players and enablers are interviewed and surveyed thoroughly by the team. The Recipient is encouraged to elaborate their approach and track record for similar field work in other destinations and settings. This will be a crucial element in our evaluation later.

Team composition is up to the consultant's discretion, but as a guide each study may have two to three people. Each team will need to have category one-level (at least 15-20 years' experience) expertise and include a subject-matter economist and technical specialist.

It is highly likely that each study will need to carry out a sample survey of the sector on which it bases its analysis. This will be done with other data collection activities, either Focus Group Discussions (FGDs) or with Key Informants (KIs) and sector representatives. These studies will not be solely desk-based on data collected from national sources but will be field based with visits to cover the three main geo-environmental areas of Aseer (coastal, mountain and desert).

Proven experience in the subject matter must be demonstrated with references to similar studies undertaken by agencies and institutions where a demand for rigorous economic investigation is expected.