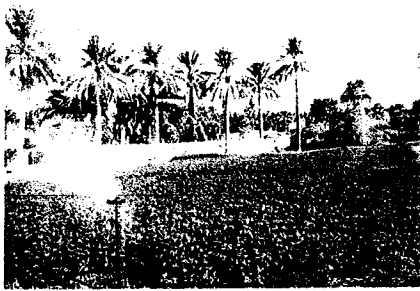


Sultanate of Oman  
Ministry of Agriculture

International Workshop on  
Innovative Micro Credit Delivery  
Systems for Rural Poverty  
Alleviation



DONE BY

Qalila Khamis Fraish Ambusaidi

2008/3/ 22-17

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# Abstract

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Sultanate of Oman occupies the southeast corner of Arabian Peninsula . Its shore extends from Hormoz in the north to Yemen republic in the south, so it is open to three seas: Arab Gulf, Oman Gulf and Arab sea. Its area is about 309500 km<sup>2</sup>. It is the third largest country in Arab peninsula.

According to 2003 census the population is 2,340,815 of which 1,781,558 are Omanis. The Omani people are friendly in nature, welcoming to visitors and always offering incomparable hospitality. The Omanis have preserved and restored their heritage, which reflects their great value empowered with a rich culture of creative achievements.

Desert climate characterized by long hot humid summer and short warm winter. The rainy season in northern part of the country is between November – April. Quantity of rain goes up to about 100 mm in munitions land. Rain falls in Dhofar –southern part of the country in July and August which are part of summer season. Rain seldom falls in desert area.

## Administrative Regions

The Sultanate is divided into eight administrative regions:

4 Governorates:                      and              5 Regions:

- |                                   |                                       |
|-----------------------------------|---------------------------------------|
| <input type="checkbox"/> Muscat   | <input type="checkbox"/> Al-Batinah   |
| <input type="checkbox"/> Dhofar   | <input type="checkbox"/> Al-Dhahirah  |
| <input type="checkbox"/> Musandam | <input type="checkbox"/> Al-Dakhliyah |
| <input type="checkbox"/> BURAIMI  | <input type="checkbox"/> Al-Sharqiyah |
|                                   | <input type="checkbox"/> Al-Wusta     |

Each of these is subdivided into smaller districts called Wilayats, which are governed by the Wali, the person responsible for administrating the area and reports to the Minister of the Interior.

Muscat is the capital of Oman; a cosmopolitan, but relaxed city, free from the hustle and bustle found in many of Arabia's other capital cities. In the south of the Sultanate, is Salalah; the administrative capital of the Dhofar region.

# The micro credit experience of Oman

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## The micro credit experience of Oman

There are many commercial banks in Oman providing loans to Omani people but with high interest. However the government provide Omani small scale entities with interest a free laons subject to having a capital not exceeding RO 5,000, such loan are provided through:

### 1. Oman Development Bank (SAOC)

was formed in 1997 by merging the then existed ODB and Oman Bank for Agriculture and Fisheries (OBAF) with a paid up capital of RO 20 million by the Government of Oman. By the Royal Decree referred above the bank was financing within the framework as below:

- Financing projects with total investment not exceeding RO 250,000. ODB's upper limit of financing for a single project is RO 165,000
  - Rate of Interest : Gross           9% p.a.
  - Govt. Subsidy   :                 6% p.a.
  - Customer rate   :                 3% p.a.
- Small units with investment of RO 5,000 and below are exempted fully from interest
- Government Soft Loans above RO 165,000 for projects with investment of more than RO 250,000 were handled by the Ministry of Commerce and Industry and disbursed through selected commercial banks

### 2. Sanad Program

The Sanad program was established in 2001. Sanad provides fund for the Support and Development of Small Projects and for the Finance of subsistence Projects. Sanad finances projects with total investment not exceeding RO 5000.

### 3. Sustenance Resources

It is supervising by Ministry of Social Development with Sanad Program. It is intrest-face loans up to R.O.3000.

# Introduction:

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The ministry of Agriculture apply many programs to increase food production in Oman to enter the new technology for successful food production . Some of these programs are free and some are subsidized .The subsidized programs include agriculture(i.e. machinery, green house , irrigation systems) and animal programs (hen breeding , sheep and goat breeding). However the farmers need a cash to complete the program, so they take a loan from banks or from the government foundations that give small credits .

The main points that I'm going to cover in this paper are: country profile, Micro-Credit Delivery in Oman and case study. Finally, I will draw some recommendation.

## Country Profile

### Sultanate of Oman

#### Location:

Sultanate of Oman is located in south-eastern part of the Arab semi- peninsula, between latitudes 16.40 and 26.30 and longitudes 51.50 and 59.40. Its shore extends from Hormoz in the north to Yemen republic in the south, so it is open to three seas: Arab Gulf, Oman Gulf and Arab sea. Bordered by UAE and Saudi Arabia in the west, Republic of Yemen in the south, Hormoz bay in the north, and Arab sea in the eastern border. This location has given Oman its historical role in connecting Arab Gulf states with these countries, by land or sea or air.

#### Area:

Its area is about 309500 km<sup>2</sup>.It is the third largest country in Arab peninsula.

#### Relief:

The relief varies from flat to mountainous land. The most important costal flat land and covers 3% of the area and it extends by the sea shores from Gulf of Oman to Arab sea, while the mountainous land covers about 15% of the area. The important mountain series are Al-Hajar series that extend from Musandam in the north to Ras Al\_Had and Al\_Qara series in far south west, 82% of the area is sand and desert which is part of the Empty Quarter desert.

#### Islands:

There are so many islands across the shore, and the most important of which are Masera and Al\_Halanyat islands.

#### Vallies:

There are many vallies in Oman like Samael, Rustaq, Hawasna, Sahatan, Htat, Nam, Adai, Batha'a and Dank vallies.

#### Climate:

Desert climate characterized by long hot humid summer and short warm winter. The rainy season in northern part of the country is between November – April. Quantity of rain goes up to about 100 mm in munitions land. Rain falls in Dhofar –southern part of the country in July and August which are part of summer season. Rain seldom falls in desert area.

#### Population:

According 2003 census the population is 2,340,815 of which 1,781,558 are Omanis. Expatriates are about 23.9 % of total population.

#### Administrative Region:

The Sultanate is divided into five administrative regions and four governates, and each region/governate is formed of several willayat, while educational service is administered by ten General Directorates in seven region and 4 governates, and one directorate in one region (Al-Wosta region)

#### Language

Arabic

#### Important cities:

Muscat, Salalah, Mirbat, Sur, Ibra, Al\_Mudibi, Nizwa, Samael, Ibri, Buraimi, Sohar, Rustaq and Khasab.

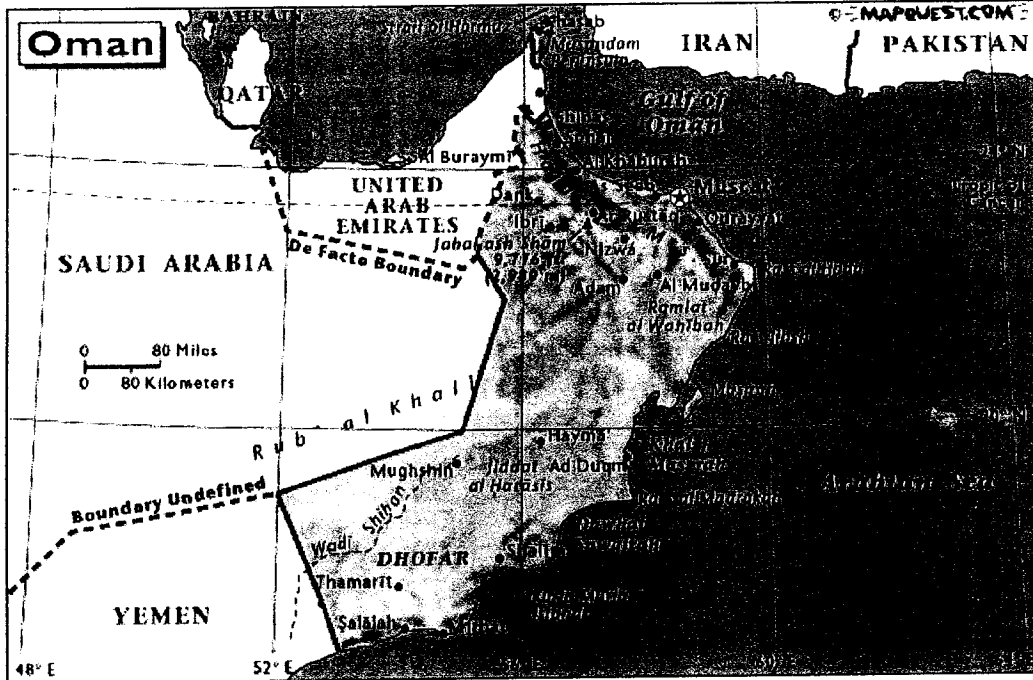
#### Ports:

Sea ports: Sultan Qaboos, Al\_Fahal and Salalah ports.

Air ports: Al\_Seeb and Salalah air ports.

Exports:

Petroleum, fish, dates, and copper



# The micro credit experience of Oman

## 1. OMAN DEVELOPMENT BANK (SAOC)



بنك التنمية العماني (ش.م.ع.م)  
OMAN DEVELOPMENT BANK (SAOC)

### Introduction

In this point I'm going to give an overview about the Oman Development Bank through the following points:

- History of ODB
- Highlights of Royal Decree No. 18/ 2006
- Objectives and Scope of Finance of the bank
- ODB's Loan Structure
- Introduction to strategy
- SWOT Analysis
- Bank's Strategy
- On going projects under implementation
- Achievements
- The Challenges
- Perceived Areas of Co-operation

### History of ODB

By the Royal Decree No. 18/ 1997, ODB in its present form was formed in 1997 by merging the then existed ODB and Oman Bank for Agriculture and Fisheries (OBAF) with a paid up capital of RO 20 million by the Government of Oman



The two banks were specialized in financing various development projects in different economic sectors; but excluding commercial (trading) activities

In tune with the government policy on future plans, the interest rates were continued to be subsidized by the government. In some cases the government is subsidizing the interest in full .

By the Royal Decree referred above the bank was financing within the framework as below:

- Financing projects with total investment not exceeding RO 250,000. ODB's upper limit of financing for a single project was RO 165,000
  - Rate of Interest : Gross           9% p.a.
  - Govt. Subsidy :                   6% p.a.
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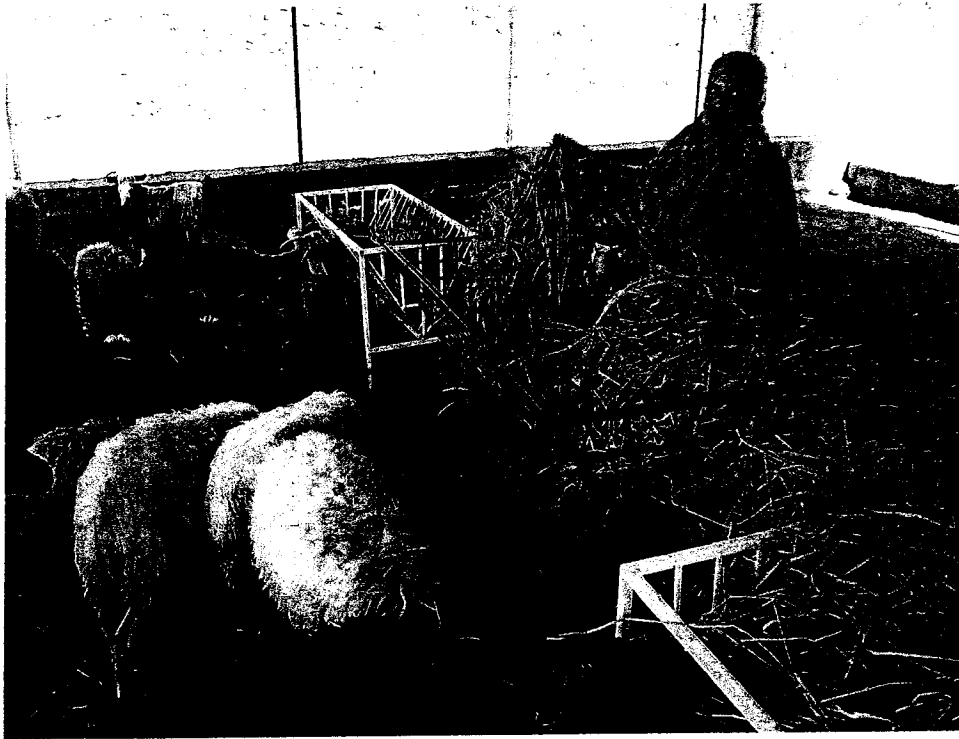
### **Highlights of the Royal Decree No. 18/2006.**

In March 2006, the Royal decree No. 18/2006 was issued replacing the old Royal Decree No. 18/ 1997, converting ODB into an SAOC (Societe Anonyme Omani closed), with the following changes:

- Increased the capital to RO 40 million
- The lending limit increased to RO 1 million for a single borrower.
- For companies whose shares are offered to the public for subscription to the extent of at least 40%, the total loans limit is RO 3 million
- Maximum repayment period: 10 years with initial grace period not exceeding half of the total repayment period

### **Objectives and Scope of Financing of the Bank**

- To provide term loans to individuals / Omani companies in the fields of: Agriculture, Animal Husbandry, Fisheries, Industries, Tourism Projects, Education (Schools/ Training, Institutions/ Colleges/ Universities), Healthcare - Institutions, Professional Offices, Handicraft units/ workshops.
- To provide interest- free loans up to RO 5,000 to small investors.
- To manage loan programmes and grants provided by the Government to youths/ handicrafts units.



### ODB's Loan Structure

➤ Studying, preparing and approving of:

- Corporate Loans which are above RO 500,000 (US \$ 1.3 Mn)
- Loans to SMEs which are between RO 50,000 to RO 500,000 (US \$ 130,000 to US \$ 1.3 Mn)
- Loans to small units which are up to RO 50,000 (US \$ 130,000 )

### Highlights of strategy

By the end of year 2003, ODB started to formulate an overall strategy for the bank to be followed .The highlights of the strategy:

- Re-organising the departments
- Re- deploying the managers
- Preparing loan procedure manual
- Streamlining procedures to non-credit departments
- Updating Job Description
- Redefining the functions of different committees
- Laying down the preliminary delegation of authority.

### SWOT Analysis

As part of the overall formulation of strategy a SWOT Analysis was conducted

## Strengths

- government entity
  - Has first priority on rights on projects financed.
  - Financial support from Ministry of Finance
  - Govt. guarantee to borrow up to 4 times capital of ODB
- Experienced in the activities for the past 20 years
- Detailed knowledge about customers
- Competitive Interest rates
- Geographical Coverage with a network of 12 branches
- Specialisation in development loans
- Own fixed assets
- Good coverage of provision for non-performing loans
- Loyalty from successful project owners

## Weaknesses

A number of weaknesses have surfaced in the past and currently under rehabilitation by the management :

- Developing human resources by training
- Changing the way of thinking to “commercial thinking”
- Simplifying procedures
- Improving productivity
- Updating IT
- Improving marketing and promotional activities
- Improving quality of loans sanctioned
- Improving financial position

## Opportunities

- Increased lending limits with the latest Royal Decree No. 18/ 2006
- Flexible mechanism to add new loan schemes
- Opportunity for funding Working Capital Loans
- Government’s thrust towards privatization- will provide more projects for financing
- Reluctance of commercial banks to finance small and medium projects
- Possibility of financing non-subsidised loans
- Political and social stability of the country
- Well managed national economy, achieving high growth rates
- Low tax rates

## Threats

- Economic Environment
  - Small domestic market
  - Open economy without tariff protection
  - Fierce competition from imported products
  - High infrastructure cost

- Lack of industrial plots for expansion
- Domination of large companies (weakens opportunities for SMEs)
- Domination of large companies in government contracts
- Weak database on market and on small enterprises
- Low market share for small companies in investments

➤ Social Environment

- Conservative dealings of some investors with regard to payment and receipt of interest (due to religious beliefs)
- Rigid labour laws restricting efforts on improving Omanisation

➤ Administrative Environment

- Tough administrative procedures to set up projects
- Complex legal procedures in closing down or liquidation of companies
- Lengthy and complex procedures in executing court verdicts

➤ Human Elements

- Lack of skilled manpower and qualified workforce
- Weakness of entrepreneurial qualities
- Attractiveness of government sector jobs
- Weak market studies and feasibility studies
- High level of personal loans
- Fear and embarrassment of bankruptcy
- Absence of vocational training for Omani nationals in SMEs
- Shying away from joint ventures / partnerships
- Mentality of people on treating loans from ODB and government as grants
- Dependence on total borrowings (without induction of capital)

➤ SMEs

- Smaller share of export compared to neighbouring countries
- Lack of reliable information on export market
- Lack of financial statements and maintaining accounts for small companies
- Lack of co-ordination between government & private establishments

➤ Financing

- Reluctance of commercial banks to finance SMEs
- Lack of availability of information on SMEs (past performance, debt burden, etc.)
- High risk on SMEs –cannot be covered by raising interest
- Absence of venture capital funds
- Lack of personal savings with majority of population
- Modesty of financing for SMEs (less than 20% against more than 70% in developed countries)
- Weakness of lender's rights
- Strict procedures / policies stipulated by international organizations like Basel II

## ODB Strategy

Based on the results of SWOT Analysis, the framework of strategy and priorities were specified for smooth flow of work. The major highlights of strategy laid down by the end of year 2004 are:

### ➤ Mission of the Bank

Enhancing development in various sectors of the economy, in line with the goals of the government that aim to diversify the sources of national revenue. Our mission will be possible through our services that satisfy the financial needs of our clients.

### ➤ Vision of the Bank

A sustainable development bank, which finances corporate, medium and small projects along with handicrafts. A bank characterized by the professionalism of its employees in servicing clients and characterized by its success in its development mission.

## Objectives of the Strategy

### ➤ Goals

- Economic Development
- Create employment opportunities for the nationals.
- Availability of competent staff at the service of the bank
- Customer satisfaction (technical support)
- Financial independence framework
- Diversification

### ➤ Main Strategic Objectives

- Reach full financial independence by year 2010.
- Contribute to economic development and create employment opportunities
- Improvement of loan portfolio (Net loan portfolio of RO 60 million with Non Performing Loans with less than 15% of the portfolio by the year 2010).
- Update IT structure and simplify procedures (By Mid 2007)
- Customer satisfaction through improved services and infusion of TQM culture
- Provide competent employees to the bank
- Satisfactory operating results (operating ratios comparable to other development banks)

## Competitive Strategy

The strategy is outlined with 3 dimensions

*Customers, Products and Geography*

➤ **Customers**

The market is divided into different segments based on needs of each segment and size of projects:

- Individuals with loans less than RO 5,000
- Small entities with loans between RO 5,000 and RO 50,000
- Medium sized companies with loans between RO 50,000 and RO 500,000
- Corporate with loans more than RO 500,000

➤ **Products**

- ODB is currently having a single product, which is long term loans with repayment period ranging from 5 to 7 years.
- It is suggested to introduce new products in the future to serve our clients.
- Working Capital Loans
- Bill Discounting
- Financing Government Contracts
- Financing Raw Materials and Equipment through Letters of Credit (LC)
- Lease Financing
- Financing Venture Capital in co-ordination with Youth Fund
- Deposits / Investments for self-financing activities
- All the above products will be subjected to thorough studies prior to launching.

➤ **Geography**

Due to the importance of small scale loans to individuals and craftsmen the bank maintains a strong network of branches, provided that they function as separate profit centers. In addition, the bank will study the possibility of opening new offices in co-ordination with government authorities like the Ministry of Commerce and Industry and organizations like Chamber of Commerce and Industry for geographical areas that are not yet easily covered by the bank, but has reasonable marketing potential at affordable costs to function as profit centers.

**Diversification Strategy**

- In addition to the new products and a wider coverage of the Sultanate, raising the ceiling of lending enables the Bank to advance loans to bigger companies with lower risks than to small and medium size companies.
- The attraction of a higher share in the government loans reduces the concentration of risks, which were earlier caused by the limitation of lending limit. The bank will look for new fields of lending in view of the saturation of the sectors which the Bank has financed.

## **Functional Strategy**

Since the critical strategic points were identified to overcome the weaknesses a detailed action plan was undertaken at the operational level for all important functions of the bank which was translated into the framework of the annual budget and performance management system.

## **On-going projects under implementation**

Based on the results from setting strategic study during year 2005 and 2006 the bank has carried out a number of projects as follows:

### ➤ **Restructuring of Branches**

- Enhanced power (empowerment) for branches for sanction of loans
- Standardized and simplified procedures
- Training of employees
- Administrative restructuring of branches -setting up regional offices and small branches

### ➤ **IT Development**

- Since customer satisfaction comes first in priorities and considered as one of the objectives the bank seeks to achieve, ODB has procured an advanced IT package that constitutes the following modules:
  - Credit System
  - Finance Package
  - Customer Information System (CIS)
  - Supporting Systems
- The bank also procured updated system to create connections between the different branches and the Head Office.
- 

### ➤ **Human Resources Development**

- Review of Job Description
- Evaluation of jobs and setting salaries and allowances for each job
- Specifying the abilities required for each job and then trying to study and narrow the gap between job requirements and the capability of employees so as to set the career path and then provide refresher training courses along with pay scales as per objectives of the strategy.
- Prepare a study of performance management
- Adopt programmes to reward and encourage employees (Incentives Programmes)

### ➤ **Training Programmes for year 2007**

- Group courses in leadership skills for departments, branch managers and department heads
- Courses abroad to enrich staff knowledge in the latest practices of credit and risk management

- On the job training
- Courses to be held in local training institutes, etc.
- Courses in English Language

➤ **Marketing and promoting bank's services**

- Redesigning the bank's logo to convey its objectives
- Encouraging marketing and promotion by distributing printed brochures, creating awareness of the bank's products and services to potential investors
- Face-lifting of the branch offices by redesigning them in a modern way to convey a friendly atmosphere by introducing customer care desks (front office services). The changes also include the signboards of the branches in terms of logo, colour, etc.
- Sponsoring of economic forums/ functions in Oman related to various sectors of the economy that the bank financially supports.

➤ **Risk Management**

Sound management of risk necessitates the availability of a good risk management system and therefore the bank will utilize the services of consulting offices and experts from similar development banks to set up a database system for internal rating.

**The Challenges**

➤ **Future Challenges**

- Will the bank be able to increase the lending portfolio- fourfold from RO 15 million to RO 60 million?
- Control and reduce number of Non Performing Loans (NPL) from 50% to less than 15% during the coming 4 years?
- Can the activities of the development bank be found viable financially while 95% of development banking experiences in the world failed?

➤ **Addressing the challenges**

**In the short run**

- Marketing and promoting working capital loans (quantitative measures)
- Update and develop risk management (qualitative measures).

**In the long run**

- A plan has to be prepared to exit the bank from the development activity and look for other alternative strategies (exit strategy).



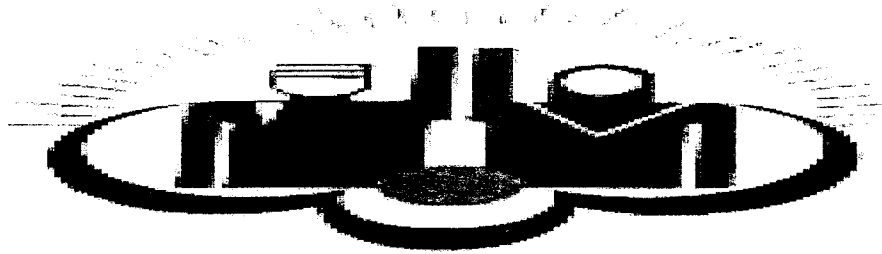
- The possible available alternatives which similar development banks have undertaken are as follows:
  - o Combine commercial and development activities
  - o Complete transformation into commercial activities
  - o Merge with other establishments
  - o Joint venture with commercial banks and international establishments specialized in the field (such as IFC, KFW, ING)

### **Perceived Areas of Co-operation**

- **Core Business:**
  - Working Capital
  - Feasibility Study Model
  - Rehabilitation of Sick Projects
  - Technical Support for Start-ups
  - Opening Current Accounts for Customers
  - Project Appraisal Software
- **Risk Management:**
  - Internal Rating
  - Credit Review Forms
  - Scoring for Small Credit
- **Legal Aspects (Corporate Governance):**
  - Duality of Supervision of Central Bank and Ministry of Finance
- **Strategy:**
  - Assets and Liabilities Management
  - Subsidy Policies
  - Deposits /Funding
- **HR:**
  - Training of Oman Development Staff
  - Performance Management
- **IT:**
  - Banking Systems used
  - Work Flow

## 2. SANAD

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### Introduction

Under the direction of H.M. Sultan Qaboos Bin Said, the Ministry of Manpower launched 'Sanad' programme with focus on Omanisation and a vision to enhance business opportunities for the Oman nationals. The ministry of Manpower will focus on the following points to make Sanad programme a success:

Maximum employment of Oman nationals in all sectors.

- To encourage and sponsor, develop and popularize self-employment initiatives.
- Training and development of the citizens.
- To establish nursery committee to support nationals with self-employment objective.

There are some points that I'm going to talk about the Sanad Programme. The points are:

- History
- Objectives
- Strategy
- Components of Sanad Programme
- Projects Financed by Sanad Programme
- The Challenges
- The Aspirations
- Terms for Utilizing Sanad Programme

### History

The Sanad program was established in 2001 at the directives of **His Majesty Sultan Qaboos** to provide job seekers among citizens with opportunities to gain their living and to support self-employment projects and develop small businesses.

### Objectives

- Contributing to the employment of the national labor force.
- Encouraging and supporting individual initiatives and self-employment programmes.

- Contributing to qualifying individuals and preparing them to actively contribute to the labor market.
- Developing individual projects and drafting required programmes and plans to spread them.
- Establishing incubators to provide individuals who wish to establish small projects with required care and support.

### Strategy

The programme attempts to contribute to tackling the phenomenon of increasing job seekers among citizens, through two successive and integrated lines which are:

1. Urgent horizontal line.
2. Long term strategic line.

### Components of Sanad Programme

- Sanad Fund for the Support and Development of Small Projects (Ministry of Manpower): This fund supports job seekers among the skilled and craftsmen to establish individual and family self-employment projects by offering required finance and guidance, according to the terms and regulations drafted for this propose. The fund also trains applicants who seek finance to establish private projects, in the training and qualifying establishments available in the country.
- Sanad Fund for the Finance of Earning Living Projects (Ministry of Social Development): The fund supports job seekers among the families of social security and persons with special needs to establish their own productive projects which help them secure an appropriate income to meet their life requirements.
- Sanad Offices: These offices spread all over the Sultanate's regions and governorates and affiliate to the directorates of the Ministry of Manpower which hosts the executive body of Sanad programme.

### *Sanad Offices Exercise the Following Tasks:*

- Receiving applications of job seekers and individual initiatives and transferring these applications to the main office and guide them on the steps taken in connection with their applications.
- Providing those who wish to establish small projects with vocational guidance.
- Contributing to the implementation of required procedures to establish individual and small projects.
- Regular follow-up of individual and small projects owners and assisting them in minimizing the difficulties facing their projects.

- Supervising the small investment projects whose management is awarded to Omanis with individual initiatives.
- Sanad Incubators: Sanad incubators are set up with the purpose of providing small projects with transitional care. Such incubators are established with the participation of government authorities, private associations and the private sector. These authorities provide the premises for the projects along with required equipment for establishing the incubators and training candidates who will work in these incubators, offering advice and technical and administrative support, drafting required terms and regulations and following up and assessing the incubators' activities.

### Projects Financed by Sanad Programme

The categories targeted by this fund are capable of identifying the projects which fit them. Nevertheless, there are certain sectors which could be mentioned as promising if they are offered required technical and financial support. Such sectors include:

Activities financed by Sanad Programme	
1	Foodstuff selling
2	Vegetables and fruits selling
3	Fish, meat and poultry selling
4	Vegetable and fruit distributing cars
5	Car wash and oil change outlets
6	Readymade garments and cosmetics selling
7	Fabrics and textiles selling
8	Flower selling
9	Cooling equipment selling and maintenance
10	Photography
11	Car spare parts selling
12	Car maintenance and spare parts selling
13	Selling and rent of wedding costumes and their accessories
14	Sweets and nuts selling
15	Nurseries
16	Sports costumes and tools selling
17	Library
18	Coffee shops
19	Sanad offices for citizens services
20	Ladies' beautification saloons
21	Internet cafes

22	Boats maintenance workshops
23	Used cars selling
24	Transport of Breakers such as sand, bricks and graves (5 tone trucks)
25	Mobile phones selling and maintenance
26	Lady garment tailoring
27	Calligraphist
28	Electrical appliances selling and supply

### The Challenges

- Spreading awareness with the importance of self-employment and the role of free labor and self reliance in improving living conditions of individuals and the society and pushing forward social and economic development in the country are faced by a number of difficulties in the light of an inappropriate labor market and the prevalence of the concept of salary guaranteed job.
- Lack of the minimum limit of expertise among new entrants to the labor market which results in curbing their capabilities to identify investment opportunities assess economic feasibility and the ability to successfully implement and manage these investment opportunities.
- Dominance of expatriate labor which owns manages and markets small enterprises under the umbrella of what is called hidden trade.

### The Aspirations

- Sustainability of projects financed by Sanad programme remains a pivotal objective which should be achieved through the following: Enhancing awareness with the importance of self-employment and the role of free labor in improving living conditions of individuals and the society and pushing forward the social and economic development in the country.
- Availing protective support to those in charge of projects, by imposing appropriate Omanisation policies to remove unequal competition with a highly experienced expatriate labor.
- Promoting the skills, capabilities and knowledge of job seekers to transform them from wasted energies into productive ones which actively contribute to enhancing the Sultanate's GDP.

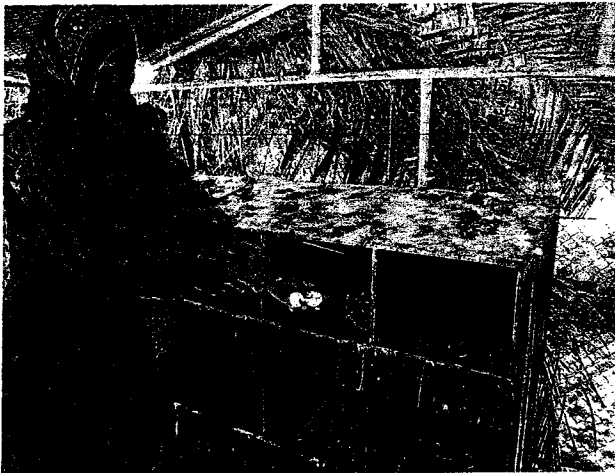
**Sanad Program aims to enhance its activity, increase the number of its beneficiaries and apply a number of policies as a requisite to achieve success. These policies include:**

- Enhancing organizational and human capabilities of the program.
- Activating the role of social upbringing establishments.
- Promoting the program.
- Establishing a comprehensive electronic database.
- Holding exhibitions.
- Preparing feasibility studies of individual projects.

### Terms for Utilizing Sanad Program

Approval of Projects Depends on Meeting all, or some of the Following Terms:

- The project must provide new job opportunities.
- It must have technical and economic feasibility.
- It must use available local crude materials.
- Its products must be of high quality and easy to market.
- It must use appropriate modern technology.
- It must have the ability to continue and expand.
- It must not violate environment conservation terms and requisites.
- It must meet the society needs for internationally high quality and competitive price commodities.
- Must be 100% Omanised



## 3. Sustenance Resources Project

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### History

It started before Sanad Program and its supervising by Ministry of Social Development with Sanad Program.

## Objectives

- To provide job seekers among citizens with opportunities to gain their living and to support self-employment projects and develop small businesses.
- To help the people who get financial support from government "Social Insurance"
- Giving loan up to R.O.3000 without interest.
- Improve high standard of living

## Activities

- Foodstuff selling
- Vegetables and fruits selling
- Agriculture and animal breeding
- School Driving Learning

## The Challenges

- Dominance of expatriate labor which owns manages and markets small enterprises under the umbrella of what is called hidden trade.
- High Risk

## 4. Case Study

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Getting loans from the above programs help farmers in Oman to increase their income by working in different activities and the below part are some examples how any Omani can get the loans .

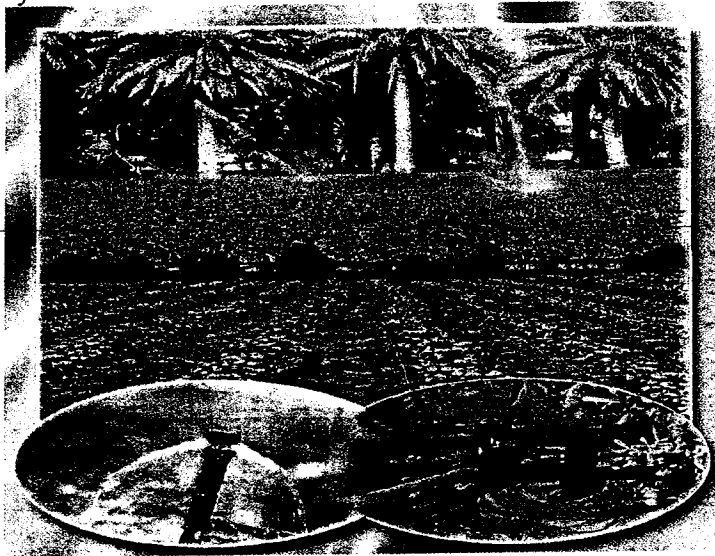
### **1. Buying a tractor**

The farmer can get a loan to buy a tractor (20 horsepower or above).He can get a subsidize from the Ministry of Agriculture and the remaining cost from Oman Development Bank as a loan .He also can get loan to buy the small tractors(i.e. 8 horsepower).



## **2. Insertion of new irrigation systems**

The farmer also can get loan to insert new irrigation systems in his farm despite the Ministry of Agriculture apply a program subsidize 100% and the farmer fitting the system.





## 5. Recommendation

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I summarize my paper by saying that the vision of the government of **His Majesty Sultan Qaboos** to provide job seekers among citizens with opportunities to gain their living and to support self-employment projects and develop small projects. Also, to encourage and sponsor, develop and popularize self-employment initiatives. Training and development of the citizens in the rural areas for the new agriculture technology.

The main recommendations:

1. To encourage the new generation to work in the farming through lecturers, leaflets, seminars.
2. To support the youth physically and morale obligation.
3. Help farmers to overcome the barriers that might otherwise prevent them from adopting improved more sustainable agricultural system such as marketing their production.
4. Fixing the youth in training in governmental and particular academy to facing the requirements of basic work data.