

It was primarily due to a massive expenditure (US \$ 1.65 trillion) by the Government over the previous seven development phases.

**ACTUAL EXPENDITURE ON DEVELOPMENT
(US \$ BILLION)**

First Plan	20.6
Second Plan	190.7
Third Plan	349.7
Fourth Plan	215.5
Fifth Plan	272.5
Sixth Plan	258.3
Seventh Plan	340.7

It is unlikely that free markets would have built schools, hospitals and roads at the rate at which they were built. There are many reasons for this, all of them captured by the economist's term "market failure." Basically, given the uncertainties about the future and absence of profits, it is often difficult for the private sector to undertake such a massive investment in building social and physical infrastructure. Obviously, this massive expenditure required careful planning to ensure coordination and effective utilization of national resources. This is where planning comes in.

As far as the private sector is concerned, Kingdom adopted an indicative approach to planning. The private sector was given full freedom to pursue its interests but the government laid the long-term priorities and directions for economic development.

While different in many respects from the previous plans, the 8th Plan represents a continuation of the successful approach to economic development.

As can be seen from the figure below, the emphasis has shifted over the planning period from physical infrastructure to human development.

PERCENTAGE DISTRIBUTION OF PLANNED EXPENDITURES

Spending Category	1ST PLAN	2ND PLAN	3RD PLAN	4TH PLAN	5TH PLAN	6TH PLAN	7TH PLAN	8TH PLAN
ECONOMIC RESOURCES	18.4	28.9	30.0	37.3	18.5	18.5	8.5	11.5
HUMAN RESOURCES	31.0	25.2	18.5	24.2	35.4	44.1	56.7	56.6
SOCIAL DEVELOPMENT	7.6	10.4	8.7	16.3	16.8	16.9	19.6	19.0
PHYSICAL INFRASTRUCTURE	43.0	35.5	35.5	28.5	29.3	20.5	15.2	12.9

* INCLUDING FUNDS PROVIDED BY THE GOVERNMENT'S SPECIALIZED CREDIT INSTITUTION

The 8th Development Plan: A clear vision...

The following features of the 8th Development Plan represent the core elements:

- Clear vision for the Saudi economy representing the desired destination for the economy in the long run (See definition box overleaf).
- Clear vision for the key sectors derived from the overall vision for the Saudi economy.
- Translation of the vision into quantifiable strategic goals and objectives for the economy as well as for key sectors of the economy.
- Thorough review of the current status, key issues and major challenges facing the economy in general and various sectors, in particular.
- Identification of policies, programs and projects to achieve the national objectives as well as sectoral objectives.
- Prioritization of goals, objectives and proposed policies.
- Explicit sectoral targets to facilitate follow-up and monitoring of the plan implementation