

# Comments on Oman's 2015 budget in Times of Oman article, Jan 3, 2015

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## **Health, education get lion's share in Oman's new budget**

Funds set aside in the budget for education and health sectors will help transform both sectors and enable them to become the best in the region, said officials. The Ministry of Finance has allocated OMR4.6 billion for both the sectors in the 2015 budget, constituting 33.6 per cent of the total government expenditure in the coming financial year.

"Allocation of OMR3 billion for the education sector will be a shot in the arm for the education field. It will improve education in different ways, especially in terms of quality. With the funds allocated, focus should be more on improving the quality and bringing our education system on par with global standards," Said Amur Said Al Rahbi, director of the qualifications, equivalency and recognition department, told Times of Oman.

The budget has set aside funds to start 41 new schools in different wilayats and to provide training within the country and outside at a cost of OMR95 million.

"Training will enable our graduates to excel in academics and prepare them for the job market, which is the need of the hour," the director said, adding that more schools will give more opportunities to students in Oman to fulfil their dreams. Budget allocation for the education sector will be OMR3 billion, which constitutes 21.3 per cent of total expenditure. Meanwhile, a senior health professional serving in the Ministry of Health for a long time said that the funds allocated to the health sector will boost its growth.

"Allocation of OMR1.6 billion and plans to set up 11 new hospitals will help Oman's health sector to meet people's demands. Funds can be used to set up modern facilities and turning fresh medical personnel into experts. In the long run,

we can see Oman's health sector turning into the best medical sector in the region," said A. Saifudeen, a senior doctor at the Sultan Qaboos Hospital in Salalah.

Meanwhile, a well-known economist in the region said that the focus on education, which constitutes 21.3 per cent of total spending, health with 11.3 per cent and the related social spending is intended to build Oman's human capital.

*"Given its young population and demographic structure, the focus on human capital investment is appropriate. Economic diversification, innovation and productivity growth are both dependent on having a high level of educational attainment and a healthy population," said Nasser Saidi, former chief economist and head of external relations at the DIFC authority.*

*Importantly education will need to endow young Omanis, particularly women, with the skills and knowledge that match the labour market requirements. Education for employment should be the motto," said Nasser.*

*"However, with lower oil prices, growth is likely to moderate or decline across the GCC countries and Oman's export markets in Asia, Japan in particular, are likely to show lacklustre growth. The projected growth of 5 per cent is unrealistic, implying that non-oil revenues will be smaller than expected and the budget deficit will be higher. Oman will need to tap the financial markets and dip into its reserves to sustain government spending," added Nasser.*

An investment expert in Muscat said that the 2015 budget sends clear messages of confidence and growth with a path for certainty ahead.

"The major projects, which are either directly implemented by the government or built by government-owned companies, are expected to generate job opportunities. The sustained spending will allow Oman to press on with major projects, including a \$15 billion national railway network and major expansion projects at airports in Muscat and the southern city of Salalah. Yet the rise also puts Oman on track to run a growing deficit," said Dr. Anchan, managing director at World Wide Business House, an international business advisory firm.

"High oil prices have cushioned Oman's oil-dependent economy for the past three years. With prices falling by about half since June, Oman and other GCC countries are facing new fiscal

strains," he added.