

Al-Madinah City Development Strategy



Al-Madinah city is the most important urban center in the region. Its religious significance, based on the existence of the Al-Haram El-Nabawi, makes it one of the most visited places in the Islamic world. In 2004, about nine million Muslims visited Al-Madinah. The local economy of the city is relatively narrow, service-based, and confined to accommodation and provision of services to visitors, along with a large retail sector.

To preserve the spiritual character of Al-Madinah, and the serene atmosphere it provides to worshipers and visitors, the Regional Development Plan (RDP) that was adopted in 2005, recommends limiting the city population size to no more than 1.2 million, and to accommodate any further future population growth within three satellite towns and three suburbs located within reach of Al-Madinah city. Each of those satellite towns and suburbs were projected to accommodate and attract adequate services and economic activities needed to support the expected population increase. However, a quick glance over the RDP, and a drive through some of the proposed towns and suburbs, reveal that the projected growth of population and economic activities may not take place in the time span envisioned by the plan. Therefore, future investments in new infrastructure and services within these settlements should be made cautiously after careful scrutiny of potentials and expected outcomes.

The RDP is also pivoted on the potentials of the spill over of the Industrial development in Yanbu to generate adequate employment and economic growth for Al-Madinah region at large, with strong linkages with Al-Madinah city and its environs. However, it is evident that the industrial development expansion in Yanbu is not contributing significantly to the region's economy either in terms of employment or in terms of linkages due to the fact that most, if not all the industries in Yanbu are capital-intensive and highly localized in petrochemical industries With very little forward linkages to other sectors of the region's economy.



It is also evident that the decision made by the Saudi Arabia General Investment Authority (SAGIA), backed by the central government, to build King Abdullah new Economic City, about 200 kilometers to the southwest of Al-Madinah; and ARAMCO's decision to establish a new industrial complex in Rabigh, around 150 kilometers southwest of Al-Madinah, will

have significant impacts on the local economy and the spatial distribution of population growth of Al-Madinah region. These new realities are expected to change the spatial location of the development nodes in the region and the extent to which they will influence the overall development within the region as well as the distribution of its population and settlement pattern. These new realities which were not known during the formulation of the RDP necessitate rethinking the objectives of the RDP, and introducing substantial modifications of the RDP policies and recommendations.

Rationale for Al-Madinah City Development Strategy:

Based on the existing studies and the new realities of the large scale Industrial complex to be executed by ARAMCO and the King Abdullah New Economic City to be built by SAGIA, it is apparent that, there is an urgent need to reexamine the previous strategies and evaluate the extent to which these new developments will alter the shape of the settlement pattern in the region and how they will influence the spatial distribution of job opportunities, population movements, housing needs, required intra regional infrastructure and investment opportunities. All these variables will definitely have direct as well as indirect implications and influence on Al Madinah city future development prospects and role as the capital of the region.

Recommendations:

In consultation with Al-Madinah Region leaders and their key partners and stakeholders, and after discussion with key officials in the Ministry of Finance and the Ministry of Municipal and Rural Affairs, it was agreed that Al-Madinah will benefit substantially from a city development strategy (CDS) to guide its medium-to-long-term development (5-10/15 years). The CDS should focus on Al-Madinah city (the most important urban center in the whole region) while taking into account its regional context and inter-regional flows and linkages.

The following objectives are proposed for Al-Madinah CDS:

- Developing synergies amongst the disparate strategies and programs prepared so far, and developing a common vision shared between all stakeholders. Such vision should be translated into goals, objectives, programs and projects linked to budgetary allocations and measurable indicators.
- Formulating a local economic development (LED) plan that aims at (a) diversifying the economic base in accordance with market needs and private sector interests, (b) improving the investment climate so as to facilitate job creation, primarily through the private sector.
- Building the capacities of agencies and departments concerned with urban development, services and infrastructure with the aim of elevating their performance to international standards.
- Broadening the Municipality's resource base and improving its revenue collection to generate additional funds to finance urgent and immediate local development projects, in partnership with the private sector.
- Achieving a balanced and fair growth and development that benefit all segments of Al-Madinah's population.

The following recommendations pertain to creating a competitive business environment, which should include but not limited to the following measures:

- To improve and up-date the existing investment regulations and policies, to be in harmony, and to avoid contradictions, as well as to avoid the continuous regulations and policy changes.
- Identify the best means by which the municipality can improve the city general economic performance in terms of mobilizing private sector investments in wide range of development activities.
- Improving the city's competitiveness, nationally and internationally.
- Creating adequate job opportunities, both in the formal as well as the informal sector.
- Establishing incentives for enhancing public –private sector participation in all aspects of development, with emphasis on the role that small and medium establishments can play in implementing the city development strategy
- Ensuring the contributory role of all stakeholders, including the private sector and NGOs, which in turn will guarantee the support of the CDS, thus its success and sustainability.