



# Budget Statement

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## FY 2025

ENGLISH TRANSLATION OF THE OFFICIAL ARABIC VERSION

وزارة المالية  
Ministry of Finance



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## List of Abbreviations

<b>AI</b>	Artificial Intelligence
<b>AUM</b>	Assets Under Management
<b>Bn</b>	Billion
<b>BPD</b>	Barrel Per Day
<b>CAPEX</b>	Capital Expenditures
<b>CIT</b>	Communications and Information Technology
<b>CPI</b>	Consumer Price Index
<b>FSAP</b>	Financial Sector Assessment Program
<b>FSDP</b>	Financial Sector Development Program
<b>FY</b>	Fiscal Year
<b>GASTAT</b>	General Authority for Statistics
<b>GCC</b>	Gulf Cooperation Council
<b>GDP</b>	Gross Domestic Product
<b>GFCF</b>	Gross Fixed Capital Formation
<b>H1</b>	First-Half of the Year
<b>HRDF</b>	Human Resources Development Fund
<b>IMF</b>	International Monetary Fund
<b>IMFC</b>	International Monetary and Financial Committee
<b>MENA</b>	Middle East and North Africa
<b>MoF</b>	Ministry of Finance
<b>NDB</b>	National Data Bank
<b>NDF</b>	National Development Fund
<b>NIS</b>	National Investment Strategy
<b>Nomu</b>	Parallel Market Index
<b>NTLS</b>	National Transport and Logistics Strategy
<b>NTS</b>	National Tourism Strategy

<b>OPEX</b>	Operational Expenditures
<b>PIF</b>	Public Investment Fund
<b>PMI</b>	Purchasing Managers' Index
<b>Q1</b>	First Quarter of the Year
<b>Q2</b>	Second Quarter of the Year
<b>Q3</b>	Third Quarter of the Year
<b>SAMA</b>	Saudi Central Bank
<b>SAR</b>	Saudi Arabian Riyal
<b>SMEs</b>	Small- and Medium-Sized Enterprises
<b>Tn</b>	Trillion
<b>US</b>	United States of America
<b>USD</b>	United State Dollar
<b>WEF</b>	World Economic Forum
<b>WEO</b>	World Economic Outlook
<b>RELC</b>	Renewable Energy Localization Company
<b>RSG</b>	Red Sea Global
<b>SAR</b>	Saudi Arabian Riyal
<b>SDB</b>	Social Development Bank
<b>SFD</b>	Saudi Fund for Development
<b>SIDF</b>	Saudi Industrial Development Fund
<b>SVC</b>	Saudi Venture Capital company
<b>SMEs</b>	Small and Medium-sized Enterprises
<b>SME Bank</b>	Small & Medium Enterprises Bank
<b>TDF</b>	Tourism Development Fund
<b>Tn</b>	Trillion
<b>USD</b>	United States Dollar
<b>WEO</b>	World Economic Outlook
<b>WHO</b>	World Health Organization

## Introduction

The Ministry of Finance (MoF) publishes the Budget Statement for Fiscal Year (FY) 2025 that outlines the approved budget details, covering revenues and expenditures according to economic classifications, sectors, and major projects and programs. Additionally, it indicates the level of budget deficit or surplus and public debt. The Budget Statement also presents the major fiscal and economic developments for FY2024, fiscal framework, economic outlook, main strategic directions, and key fiscal risks for FY2025 and the medium term.

The Budget Statement demonstrates MoF's commitment to improving the level of fiscal disclosure and transparency that are key pillars in enhancing budget preparation and execution, as well as increasing the efficiency of public finance management. The classification of the fiscal data referenced here adheres to the Government Finance Statistics Manual (GFSM 2014) published by the International Monetary Fund (IMF), which is a standardized international framework based on monetary principles.

## Executive Summary of the Fiscal and Economic Framework

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The Saudi economy has achieved notable fiscal and economic progress in the recent years. Driven by the government efforts to realize Saudi Vision 2030 objectives, which focus on implementing comprehensive fiscal and structural reforms. The Kingdom's government aims to diversify and expand the economic base while improving the quality of services provided to citizens and residents across various sectors by expanding targeted government spending, while maintaining fiscal sustainability. The Saudi economy is expected to achieve a sustainable growth rate, particularly in the non-oil activities, over the medium and long term, driven by income diversification, improvements in the business environment to strengthen the private sector's role, and support towards the growth of promising sectors.

Fiscal and structural reforms have contributed to the success in overcoming global economic challenges as the Saudi economy has recorded a positive performance, as reflected in the growth of non-oil activities. These reforms have reduced the unemployment rates to historic lows, and contained the inflation rate compared to global rates. The Government continues to develop fiscal policies to promote economic stability and ensure fiscal sustainability.

The Budget Statement for FY2025 confirms the ongoing commitment to realizing Saudi Vision 2030, with its goals being achieved in succession. This led to sustained support for economic growth, the implementation of sectoral strategies, and the advancement of Saudi Vision 2030 programs and giga projects.

From the beginning of FY2024 through the end of the third quarter (Q3), the actual data for Real Gross Domestic Product (GDP)<sup>1</sup> recorded a slight growth of 0.2% compared to the same period last year. This is due to the decline in oil activities at a rate of 6.8% during the same period, reflecting the Kingdom's commitment to the voluntary oil production cut under "OPEC+" agreement.

The non-oil activities played a significant role in mitigating the impact of this decline in oil activities, with a 4.2% increase recorded from the beginning of FY2024 through Q3. This reflected the success of economic diversification, making the Saudi economy less reliant on the performance of the oil sector.

The preliminary estimates for FY2024 indicate that real GDP will reach 0.8%, driven by an increase in non-oil activities, which are expected to grow at a rate of 3.7%. This is a result of the ongoing initiatives and reforms aiming at enabling the private sector to be the main driver of the economic growth. Moreover, the preliminary data for FY2024 indicate an increase of the average Consumer Price Index (CPI) by about 1.7%. The Kingdom has maintained relatively low levels of inflation compared to the global inflation rate.

The preliminary estimates for FY2025 indicate that real GDP will grow by 4.6%, driven by an increase in non-oil activities. This growth will be achieved through increasing the private sector contribution and empowering it to reach positive growth rates for FY2025, as well as the continuing efforts to enhance economic diversification, develop labor market, create sustainable job opportunities, and improve the business environment and its rules and regulations to attract investments for the private sector in order to achieve the economic transformation goals under Saudi Vision 2030.

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<sup>1</sup> The data for H1 is actual, whereas the Q3 figures are based on the flash estimates of GASTAT

In terms of the fiscal performance for FY2024, **total revenues** are expected to reach about SAR 1,230 bn, representing an increase of 4.9% compared to the approved budget estimate. This was supported by the increase in oil and non-oil revenues, and resulted from the improvement and growth of non-oil activities and the Kingdom's efforts through the "OPEC+" agreement which have promoted the overall stability of the oil markets.

The **total revenues** are projected to reach about SAR 1,184 bn in FY2025, and SAR 1,289 bn in FY2027. These projections are conservative due to the government's approach in building the budget estimates, taking into account any potential developments in the domestic and the global economy.

With the government's focus on directing spending toward projects that accelerate the achievement of economic diversification goals while maintaining fiscal sustainability and enhancing Saudi economic growth within the scope of long-term fiscal planning and available fiscal space, **total expenditures** for FY2024 are expected to reach about SAR 1,345 bn. This reflects an increase of 7.5% compared to the approved budget. This rise is brought about by the implementation of the transformational initiatives and strategic projects to achieve comprehensive development in all sectors across the Kingdom as well as the diversification of economic base, the enhancement of structural reforms, and the focus on supporting the economic growth. It is also due to ongoing infrastructure development, and the improvement of public services to enhance the quality of life in the Kingdom. In addition, the enhancement of the efficiency of the social support and protection system and the stimulation of the investment environment to achieve the goals have also contributed to



this estimated increase. Thus, **total expenditures** are estimated to reach around SAR 1,285 bn in FY2025 and about SAR 1,429 bn in FY2027.

The updated estimates for FY2024 indicate a **budget deficit** of around SAR 115 bn (2.8% of GDP). It is also projected that the **budget deficit** for FY2025 will reach about SAR 101 bn (2.3% of GDP). The budget deficit is estimated to continue at similar levels over the medium term, due to the government's implementation of expansionary spending policies intended to support economic growth.

In order to meet financing needs, and in accordance with the approved annual borrowing plan, domestic and external borrowing activities are expected to continue to finance the expected budget deficit in FY2024 and over the medium term. The Kingdom also aims to benefit from available opportunities, based on market conditions, to implement additional proactive funding activities to repay debt principal maturing in the coming years. It also aims to utilize market opportunities to implement alternative government funding activities with the aim of financing transformative spending for capital projects and infrastructure. Thus, the total **public debt balance** is expected to reach about SAR 1,199 bn in FY2024 (29.3% of GDP). It is also estimated that the **public debt balance** in FY2025 will reach about SAR 1,300 bn (29.9% of GDP).

The FY2025 budget aims to continue preserving the Kingdom's fiscal position and achieve fiscal sustainability by maintaining sustainable levels of public debt and considerable levels of government reserves to enhance the Kingdom's ability to deal with external shocks. It is expected that the **government reserves** at the Saudi Central Bank (SAMA) will continue by the end of FY2025 at the same level as FY2024, reaching about SAR 390 bn.

To address different global and domestic developments, various economic challenges, ongoing uncertainty surrounding current geopolitical risks, and oil market volatility, three revenue scenarios were developed for the FY2025 budget. These scenarios encompass a baseline scenario, which is adopted in the budget, as well as scenarios that incorporate higher and lower revenue levels as compared to the baseline scenario.

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## Economic Developments and Outlook

for FY2025 and the Medium Term



## Section I: Economic Developments and Outlook for FY2025 and the Medium Term

### A. Global Economic Developments

#### Global Economic Growth

The global economy is experiencing improvement despite the persistent and escalating geopolitical conflicts that could pose new challenges in the near term. Ongoing disputes among major economies and disruptions in the Middle East, particularly in the area of trade, are placing a real burden on the global economy by fostering uncertainty. However, monetary policy tightening remains ongoing by most central banks, especially in advanced economies, in an effort to contain inflation rates which have reached very high levels in many countries worldwide. This monetary tightening is occurring amid rising global debt levels and their costs. Moreover, decisions to cut interest rates could enhance the recovery observed in the global economy. The US Federal Reserve cut interest rates twice in succession, with the first reduction of 50 basis points during Q3 of FY2024, followed by a second reduction of 25 basis points in November FY2024.

The IMF, according to the World Economic Outlook (WEO) for October FY2024, predicts that global economic growth will be 3.2% in FY2024 and FY2025. Growth expectations remain nearly unchanged from the IMF's WEO for July and April FY2024. Moreover, forecasts indicate a slowdown in global inflation rates in FY2025, with continued uncertainty amid escalating geopolitical and

trade tensions. The IMF projects that global inflation will decline from 5.8% in FY2024 to 4.3% in FY2025, with advanced economies witnessing a decline from 2.6% to 2.0%, and a drop from 7.9% to 5.9% in emerging market and developing economies.

### Projections for Global Economic Growth & Inflation

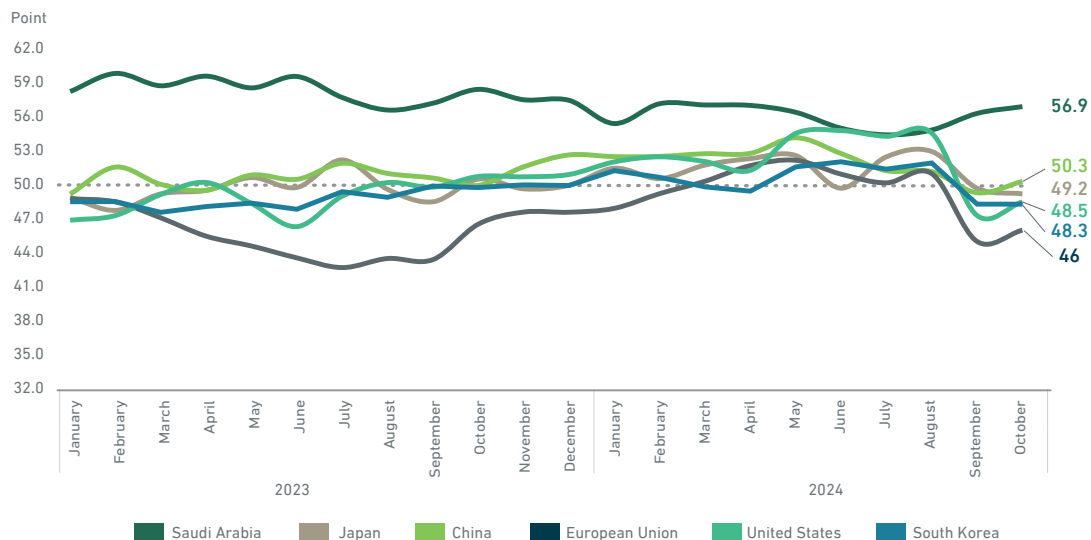
Year	2023	2024 Projections	2025 Projections
<b>Global Economy</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.2%</b>
Advanced Economies	1.7%	1.8%	1.8%
USA	2.9%	2.8%	2.2%
Euro Area	0.4%	0.8%	1.2%
Japan	1.7%	0.3%	1.1%
Emerging Market and Developing Economies	4.4%	4.2%	4.2%
China	5.2%	4.8%	4.5%
India	8.2%	7.0%	6.5%
<b>Saudi Arabia</b>	<b>-0.8%</b>	<b>1.5%</b>	<b>4.6%</b>
<b>Inflation</b>			
<b>Global Inflation</b>	<b>6.7%</b>	<b>5.8%</b>	<b>4.3%</b>
Inflation in Advanced Economies	4.6%	2.6%	2.0%
Inflation in Emerging Markets & Developing Countries	8.1%	7.9%	5.9%

Source: IMF- WEO-October FY2024

## Global Purchasing Managers' Index

The Purchasing Managers' Index (PMI) is one of the most important economic indicators that tracks the conditions of the non-oil private sector globally. The instability of global markets has greatly affected industrial production worldwide. Nevertheless, PMI showed a slight improvement, remaining close to the neutral level (50 points) in many countries in FY2024. These readings indicate that the Kingdom of Saudi Arabia recorded 56.0 points in the performance of the index since the beginning of FY2024 until October of the same year. This shows that the Kingdom recorded higher points compared to other countries shown in the line graph below, which includes European Union (EU) countries and South Korea, which are experiencing fluctuations in the growth of their economies. This reflects the continued acceleration in the growth of the non-oil private sector in the Kingdom as well as the strength of its economy in light of Saudi Vision 2030 and its efforts to support and empower the private sector by enhancing the quality, efficiency and digitalization of public services provided to the sector.

### The Purchasing Managers' Index



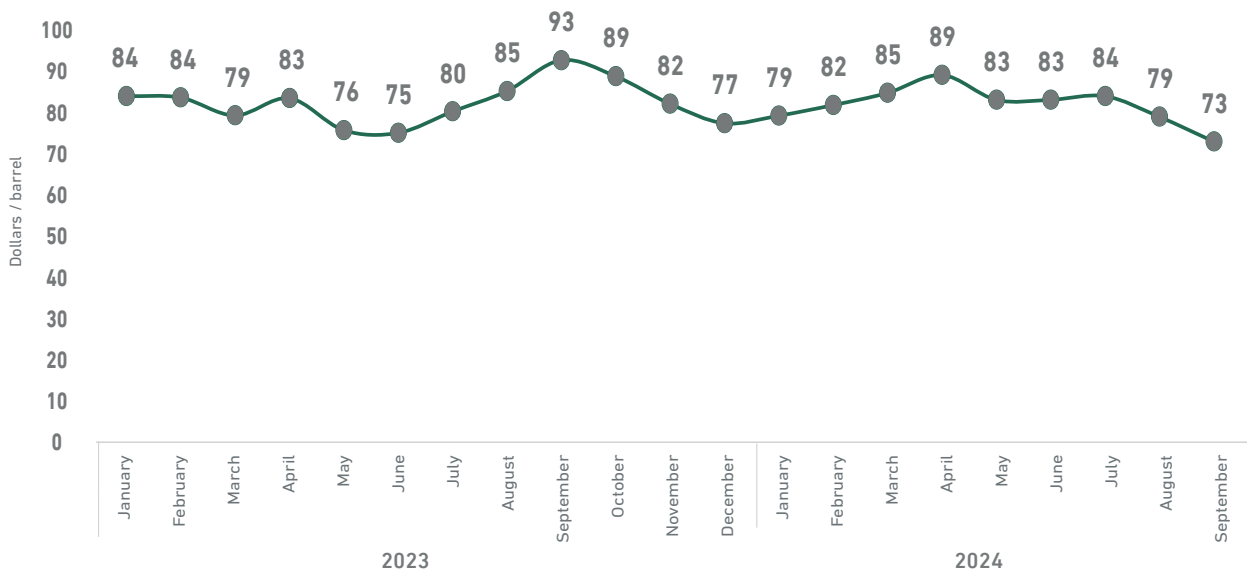
Source: S&P Global- Riyadh Bank

## Oil Markets

The average price of Brent Crude Futures has slightly decreased by 0.3% from the beginning of FY2024 until the end of September FY2024, reaching approximately USD 81.8 per barrel compared to USD 82.1 per barrel during the same period last year. However, in September FY2024, the prices of Brent Crude Futures saw a drop, reaching approximately USD 73 per barrel, as shown in the line graph below. The decline in average oil prices in FY2024 compared to last year is attributed to sustained high interest rates, as central banks continued their efforts to control inflation. This affected global economic growth expectations and, subsequently, the global oil demand growth.

### Average Prices of Brent Crude Futures

(USD per barrel)



Source: Reuters

The Kingdom's average oil supply remained steady at 9.0 million barrel per day (bpd) from the beginning of FY2024 until the end of September FY2024, as shown in the bar chart below. This marks a decline of 0.9 million bpd compared to the same period last year. This decrease was brought about due to the Kingdom's voluntary production cut, as well as the efforts made through the "OPEC+" agreement to support market stability in a manner that benefits both producers and consumers.

### Saudi Arabia's Average Crude Oil Supply

(Million bpd)



Source: JODI

According to the OPEC Monthly Oil Market Report (MOMR) issued in October FY2024, global oil demand in FY2024 is expected to grow by about 1.9%, equivalent to 1.9 million bpd compared to last year, reaching an average of 104 million bpd. This is primarily driven by China, India, other Asian countries, the Middle East, and Latin America. It is also bolstered by the growth in demand across the transportation, industry, construction and agriculture sectors.



## International Monetary and Financial Committee

The Kingdom of Saudi Arabia has been selected to chair the International Monetary and Financial Committee (IMFC) of the IMF, represented by His Excellency, the Minister of Finance. It is the first time that the Kingdom has been chosen to chair this committee.

The IMFC noted the improvement in global economic activity, which demonstrated resilience through stable economic growth and moderate inflation rates. However, high uncertainty and increased risk of negative economic developments are weighing heavily on the global economy. As a result, the level of the medium-term growth is expected to be affected, while global public debt has reached record-high levels.

Furthermore, the IMFC indicated that it will intensify reform efforts to smoothly transition the global economy from its current path, which is represented by low growth rates and high debt levels, while addressing other challenges over the medium-term. It also highlighted the importance of fiscal discipline to ensure the sustainability of debt-carrying capacity and rebuilding margins of financial safety. This should be implemented with the recognition that fiscal discipline should be supported by credible medium-term plans and institutional frameworks, which contribute to protecting the countries that are most at risk and enhancing public and private investments that support economic growth.

The IMFC affirmed its dedication to international cooperation in order to enhance the adaptability and prosperity of the global economy, while ensuring

the effectiveness of the international monetary system. The IMFC will also continue to support the countries in implementing reforms and tackling debt risks and liquidity challenges. Further, IMFC acknowledged the progress made in debt treatment under the G20 Common Framework and its commitment to tackling global debt vulnerabilities in an effective and comprehensive manner. This progress includes accelerating the implementation of the G20 Common Framework in a clear and organized manner, as well as enhancing debt transparency.

## B. Domestic Economic Developments

### Real Sector

The Saudi economy has witnessed notable positive developments in recent years, with ongoing efforts to diversify income sources and promote growth in the non-oil sector. These changes have positively impacted the labor market, reducing unemployment rates to a historic low level and increasing employment rates. This directly led to higher average household income and growth in private consumption. It has also accelerated economic transformation plans by expanding investment options and enhancing the role of the private sector.

In FY2023, non-oil activities registered a positive growth of about 4.4%, reflecting the effectiveness of the continued efforts to enhance the growth of non-oil activities. This growth continued from the beginning of FY2024 through Q3 of FY2024, with non-oil activities accounting for around 52% of total real GDP compared to a contribution of about 47% in FY2016. This structural transformation is driven by growth in promising sectors, including tourism, entertainment, transport & logistics, and industry. Along with the sustained growth of promising sectors, it is underpinned by the ongoing contribution of the private sector to GDP. All these factors helped mitigate the impact of oil market volatility on the Saudi economy. In addition, these factors played a significant role in boosting the outlook of international organizations and credit rating agencies for the future of Saudi economy, despite the challenges facing global economy.

Data on real GDP<sup>2</sup> from the beginning of FY2024 until the end of Q3 of FY2024 indicated a 0.2% growth compared to the same period last year.

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<sup>2</sup> The data for H1 is actual, whereas the Q3 figures are based on the flash estimates of GASTAT

This growth is driven by a 6.8% decline in oil activities, due to the Kingdom's commitment to the "OPEC+" agreement on a voluntary oil production cut, which aligns with the Kingdom's ongoing efforts to maintain the stability of global oil markets. On the other hand, non-oil activities recorded a significant increase of 4.2% during the same period. This is fueled by the strong and sustainable performance of the private sector, which played a key role in fostering economic growth. The government activities also grew by 2.8% during the same period, which demonstrates the Government's commitment to achieving its economic objectives and advancing sustainable development.

Looking at the Saudi economic performance over the first three quarters of FY2024, the real GDP of non-oil activities recorded a 3.4% annual growth in Q1 of FY2024. This positive performance continued in Q2 of FY2024, with a growth of 4.9%. Flash estimates for Q3 of FY2024 indicate that non-oil activities will sustain their positive performance, with a growth rate of 4.2%. The ongoing growth in non-oil activities highlights the effectiveness of the policies implemented to enhance partnership with the private sector, empower small and medium-sized enterprises (SMEs), create an attractive investment environment, and boost the competitiveness of the Saudi economy. Therefore, this has positively impacted the performance of non-oil activities in Q2 of FY2024. Finance, insurance, and business services recorded a growth rate of 7.1%, while the wholesale & retail trade, restaurants and hotel activities grew by 6.8%. Additionally, construction activity registered a growth rate of 5.7%.

Preliminary estimates for FY2024 indicate that real GDP will grow by approximately 0.8%. This is mainly driven by an increase in the GDP of non-oil

activities, which is expected to grow by 3.7% as a result of the sustained growth and expansion observed in most non-oil activities in FY2024.

Key consumption indicators showed significant positive growth, as private consumption expenditures increased by 2.4% in H1 of FY2024 compared to the same period last year. Since the beginning of FY2024 until the end of Q3 of FY2024, the point-of-sale (POS) and e-commerce sales indexes<sup>3</sup> revealed significant growth of 8.9% and 22.2% respectively. This growth reflects the substantial efforts to enhance the infrastructure of national payment systems, and offer advanced payment technologies by empowering fintech companies. It is noteworthy that these improvements have contributed to the shift toward electronic payment methods. In FY2023, electronic payments accounted for over 70% of total payment operations, compared to 62% in FY2022, thus achieving the FY2025 target of the Financial Sector Development Program (FSDP). This contributes to enhancing economic efficiency and reducing costs of cash transactions.

Moreover, efforts to develop the tourism sector have stimulated related activities; thus, positively impacting **private consumption**. Further, according to the data published by the Ministry of Tourism, the Kingdom led G20 countries in the growth of international tourist arrivals from the beginning of FY2024 until July FY2024, with a 10% increase compared to the same period last year. During the same time, the Kingdom hosted around 17.5 million international tourists, a 73% increase compared to the same period in FY2019 (Pre-COVID-19 levels). In addition, increased investments in tourism infrastructure, including hotels,

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<sup>3</sup> The e-commerce index through MADA cards

resorts, and entertainment facilities, have positioned the Kingdom as an attractive tourist destination both regionally and internationally. It has also improved the quality of life for both citizens and residents, while boosting economic activity.

In H1 of FY2024, most **private investment indicators** showed growth. The (non-government) Gross Fixed Capital Formation (GFCF) recorded a 4.5% growth rate in H1 of FY2024 compared to the same period last year. This highlights the expansion of local and foreign investments in the private sector within a competitive environment aimed at enhancing and encouraging investment in vital and emerging sectors.

**PMI**, which reflects the performance of the non-oil private sector, recorded an average reading of 56.0 points from the beginning of FY2024 until October FY2024. PMI readings remained positive and above neutral level (50 points) since the beginning of FY2024, indicating the expansion of the economic activity. This growth is driven by a sharp increase in the production capacity in response to increased purchases and higher employment rates. Notably, PMI has shown expansion (above 50 points) over the past three years.

Furthermore, the **Saudi labor market** witnessed positive developments in recent years, fueled by the positive performance of the domestic economy, which is derived from the sustained growth of non-oil activities. According to the Labor Market Statistics published by the General Authority for Statistics (GASTAT), the overall unemployment rate fell to 3.3% in Q2 of FY2024, compared to 3.5% in Q1 of FY2024, reaching its lowest historical level. **The Saudi unemployment rate** also dropped to an historic low of 7.1% at the end of Q2 of FY2024,

marking a decrease of 0.5 percentage point compared to Q1 of FY2024. This decline is due to the government's effort to diversify the Saudi economy by promoting promising sectors, empowering the private sector, implementing major developmental projects within the framework of Saudi Vision 2030, and providing more job opportunities for citizens. Additionally, the initiatives and efforts of the Ministry of Human Resources and Social Development to localize specialized jobs, and provide sustainable employment have positively led to a 4.1% increase in the number of Saudi employees in the private sector at the end of Q2 of FY2024, with approximately 92 thousand employees compared to the same period last year. Thus, the total number of Saudi employees in the private sector reached 2.317 million employees. Over the past few years, **the female participation rates in the labor market** have steadily risen, reaching 35.4% at the end of Q2 of FY2024 compared to around 19.3% at the end of FY2016. This surpasses the Saudi Vision 2030 target of 30%. These achievements are driven by the initiatives and programs launched by the Ministry of Human Resources and Social Development to promote female's participation in economic development.

## Inflation rates

According to the actual data published by GASTAT, the average CPI (inflation rate) increased by 1.6% from the beginning of FY2024 through October FY2024, compared to the same period last year. The "housing, water, electricity, gas, and other fuels" section recorded the highest increase among the main sections in the general price index, with an increase of 8.8%. This was followed by the

“restaurants and hotels” and the “education” sections, which grew by 2.2% and 1.3%, respectively. On the other hand, the “clothing and footwear” section experienced the largest decrease among the main sections in the general price index, with a decline of 3.6%. The “furnishings and household equipment” and the “transport” sections declined by 3.5% and 2.4%, respectively.

Since the beginning of FY2024 through October FY2024, the average Wholesale Price Index (WPI) increased by 3.3% compared to the same period last year. The “other transportable goods, except metal products, machinery and equipment” section registered the highest increase of 8.1% while the “food products, beverages, tobacco and textiles” section increased by 1.3%.

Moreover, the Real Estate Price Index (REPI) increased by 1.8% through Q3 of FY2024 compared to the same period last year. This is attributed to a 6.4% increase in commercial real estate, a 1.0% growth in agricultural real estate, and a 0.3% increase in residential real estate.

Preliminary estimates indicate that CPI for FY2024 will reach around 1.7%, as the Kingdom has maintained relatively acceptable levels of inflation compared to global inflation. This is due to the Kingdom’s implementation of various fiscal and monetary policies aimed at stabilizing prices and mitigating their increases, along with the continued improvement in the Kingdom’s economic conditions.



## Balance of Payments

Amid the ongoing implementation of Saudi Vision 2030 initiatives to diversify the economy and boost non-oil exports, the International Trade report published by GASTAT revealed that the Kingdom recorded a surplus of about SAR 219.2 bn in the **balance of trade** from the beginning of FY2024 through August FY2024. Merchandise exports decreased by around 2.8% during the same period due to a 6.4% decline in oil exports. Meanwhile, non-oil exports, including re-exports, increased by 9.4%. Furthermore, merchandise imports increased by approximately 8.7% from the beginning of FY2024 through August FY2024. Despite this growth, the majority of merchandise imports consist of intermediate and capital imports used in production process, accounting for a 66.3% of total imports. Further, intermediate and capital imports grew by about 9.5% during the same period, which is a positive indicator of the improvement in the production process. This supports the optimistic outlook for the non-oil economy over the near and medium term.

In H1 of FY2024, the **current account of the balance of payment** recorded a surplus of approximately SAR 47.5 bn, due to a surplus in the balance of goods and services during the same period. The balance of goods recorded a surplus of about SAR 203.1 bn, while the balance of services registered a deficit of around SAR 72.3 bn during the same period. Moreover, the travel item within the service exports maintained positive rates, with a surplus of approximately SAR 41.6 bn during the same period. This increase is attributed to the growth witnessed in the tourism sector in the Kingdom, driven by the government's various initiatives

aimed at enhancing the sector's growth as part of Saudi Vision 2030. These initiatives include enhancing tourist destinations, and infrastructure, as well as the launch of eVisa, which have facilitated entry for visitors and tourists from around the world.

## Foreign Direct Investment

The Kingdom has successfully enhanced its economic position by attracting foreign direct investment, with net inflows reaching SAR 21.2 bn in H1 of FY2024. Additionally, the number of investment licenses granted by the Ministry of Investment increased by around 71.5%, reaching 9,695 licenses through Q3 of FY2024 compared to the same period last year.

The **National Investment Strategy (NIS)** serves as a key pillar in realizing Saudi Vision 2030 objectives, by creating diverse and effective investment opportunities, improving the investment climate, and addressing the challenges facing investors. Further, NIS aims to increase the contribution of total investments<sup>4</sup> to GDP from 22% in FY2019 to 30% in FY2030.

## Financial Sector

### Banking Sector Developments

The indicators of the banking sector in the Kingdom continue to demonstrate the strength and resilience of the financial sector, with all indicators pointing to safe levels, which enable the sector to withstand various shocks. Moreover, at the end of September FY2024, **total bank assets** grew by 12.2%, exceeding

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<sup>4</sup> Gross Fixed Capital Formation

SAR 4.4 tn compared to SAR 3.9 tn in the same period last year. This marks the achievement of a key target of FSDP for FY2025, which aims for bank assets to reach SAR 3.5 tn. This growth is primarily driven by an increase in lending, as the loan portfolio accounted for over 65.2% of total assets at the end of Q3 of FY2024. In terms of loan portfolio, **total bank credit** grew by approximately 12.2% in September FY2024 compared to the same period last year. **Bank credit to the private sector** also increased by about 11.7% in September FY2024 compared to the same period last year. Further, **consumer loans** grew by 4.0% at the end of Q3 of FY2024 compared to the same period last year, representing around 16.2% of total loan portfolio.

At the end of Q2 FY2024, **real estate loans** granted by commercial banks to individuals and companies recorded an annual growth of 11.4%, exceeding SAR 814 bn, which represented 29.6% of total bank credit. This growth is mainly attributed to government programs aimed at increasing homeownership among citizens. Credit facilities provided to micro, small & medium enterprises rose by 18.1% during the same period, despite the increase in financing expenses.

Furthermore, **bank claims on public sector** grew by approximately 10.4% at the end of September FY2024 compared to the same period last year. This growth was driven by 19.5% increase in bank credit to public institutions and 7.9% growth in government and quasi-government bond issuance.

The **ratio of non-performing loans** to total loans continued to decline, reaching a historic low of 1.3% in Q2 of FY2024, marking the lowest level since 2016. Regulations, legislations, and oversight have played a significant role in this reduction. The **capital adequacy ratio** remained at 19.4% at the end of Q2 of

FY2024. This confirms that banks are at safe levels, as the Basel Committee on Banking Supervision (BCBS) recommends maintaining a capital adequacy ratio of at least 10.5%.

Data from SAMA revealed that the money supply (M3) increased by about 10.5% on an annual basis in September FY2024, reaching SAR 2.9 tn. This is the result of approximately 16.7% growth in time and savings deposits, and around 8.4% in demand deposits. Currency outside banks grew by about 8.1%, while other quasi-money deposits increased by approximately 5.0%. This growth in money supply is attributed to the ongoing improvement in economic growth, and the impact of higher interest rates, which encouraged a shift toward time and savings deposits.

The aforementioned positive indicators -including credit growth, lower non-performing loans, and an increase in capital adequacy ratio- persist despite interest rates remaining at high levels. This progress reflects the sustained positive growth in non-oil activities, driven by sustained government spending on projects and programs, and the government's dedication to achieving Saudi Vision 2030 objectives. Moreover, this is confirmed by the findings of the Financial Sector Assessment Program (FSAP) mission<sup>5</sup> for FY2024, as it conducted a thorough assessment of the financial sector's resilience and its ability to withstand shocks. The assessment revealed that banks are well-capitalized, profitable, and resilient enough to withstand significant macroeconomic shocks. This assessment also demonstrated the banking sector's ability to handle

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<sup>5</sup> FSAPs are done jointly by IMF and World Bank staff, which provides a comprehensive, in-depth analysis of the resilience of a country's financial sector. A crucial part of the financial surveillance, it includes "stress tests" of financial institutions, an evaluation of the quality of supervision and regulation of the sector, and an assessment of the crisis management framework. The purpose of an FSAP is to help countries minimize the occurrence and severity of financial crises.

liquidity stress scenarios. Additionally, the mission commended the efforts of regulatory and supervisory authorities in mitigating risks associated with rapid growth of credit and real estate markets.

## Financial Market Developments

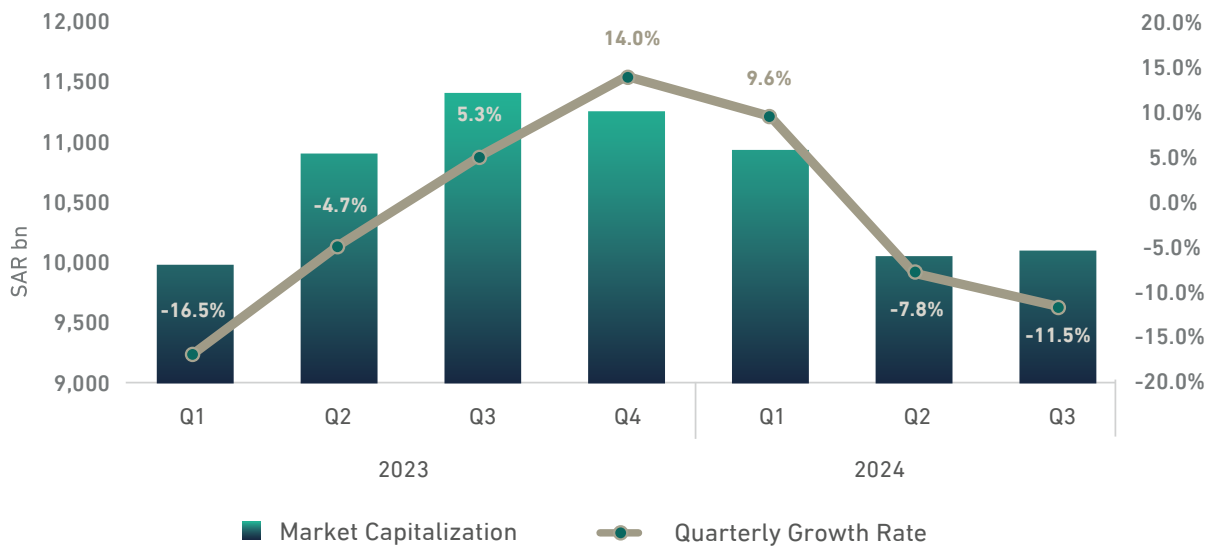
### Saudi Stock Exchange (Tadawul)

Although interest rates remained high during the first nine months of FY2024, Tadawul experienced a notable increase. This is attributed to the growth in non-oil activities and their contribution in enhancing the overall economy. **The Tadawul All Share Index (TASI)** increased by 10.6% at the end of Q3 of FY2024 compared to the same period last year, closing at 12,226 points, which represents an increase of 1,170 points. The **volume traded** decreased by 8.9%, reaching 65.3 bn shares. Meanwhile, the total **number of transactions** increased by 45.1%, reaching 97.9 million transactions at the end of Q3 of FY2024 compared to the same period last year, according to the data from Tadawul.

The data also indicates that the **total value of shares traded** increased by 50.8% compared to the same period last year, reaching SAR 1.5 tn. The **share of institutional investors** exceeded 43.7% of total traded value during the first three quarters of FY2024, compared to 40% during the same period last year. Thus, it is exceeding the FY2024 target at 42% and approaching FY2025 target of 44% set by FSDP. The following bar chart illustrates the quarterly change in total equity market capitalization since the beginning of FY2023:

## Market Capitalization

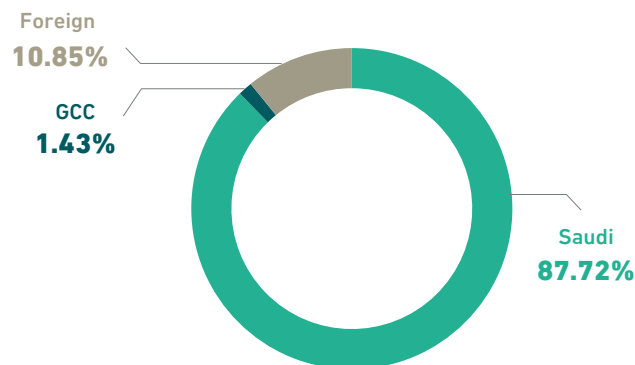
(SAR bn)



Source: Saudi Stock Exchange (Tadawul)

## Ownership by Nationality

(percentage)



Source: Saudi Stock Exchange (Tadawul)

The value of foreign investors' ownership increased by more than SAR 49 bn at the end of Q3 of FY2024 compared to the same period last year. However, foreign investors' ownership percentage declined to 10.85% compared to 12.51% during the same period last year. This is due to a growth of Saudi investors' ownership at a higher rate than that of foreign investors.

## Parallel Market Developments (Nomu)

The Index of **Parallel Market (Nomu)** grew by 12.1% at the end of Q3 of FY2024 compared to the same period last year, closing at 25,442 points with an increase of 2,752 points. Nomu reached its highest closing points at 27,362. During the first nine months of FY2024, the **total number of volumes traded** increased by 14.2%, reaching 619.8 million shares compared to 542.8 million shares during the same period last year. Meanwhile, the total value of shares traded from the beginning of FY2024 until the end of Q3 of FY2024 exceeded SAR 9 bn, a 41.7% increase compared to the same period last year. The **total number of transactions** increased by 34.1%, reaching 654.6 thousand transactions at the end of Q3 of FY2024 compared to the same period last year.

## Debt Market Performance

**Debt Markets** are fundamental pillars for financial and economic systems. They provide governments and private enterprises with essential funding for projects and infrastructure through the issuance of debt instruments like sukuk and bonds. These instruments allow for expansion in activities and increased productivity, which support the economy by increasing consumption and investment. The **Sukuk/Bond Market** Index showed a modest growth at the end of Q3 of FY2024 compared to the same period last year, closing at 920.5 points, which represents an increase of 4 points. The value traded in Q3 of FY2024 exceeded SAR 9 bn, a 231% increase compared to the same period last year. However, the number of transactions declined to 11,304 transactions during

the same period, marking a 1.6% decrease. In addition, total number of public listings reached 66 listings during Q3 of FY2024.

The financial sector continues to contribute in empowering the national economy by providing various financing options to the private sector, whether through bank credit or the financial market via equity or debt instruments. These instruments also serve as investment vehicles. Ultimately, economic growth and stability can only be realized with a robust and stable financial sector.

## **Main Factors of Economic Growth in FY2025**

The Saudi economy continues to advance toward meeting the objectives of developmental programs aligned with Saudi Vision 2030, through the implementation of structural reforms and initiatives. This progress is clearly evident in advancing the diversification of the economic base, the accelerated growth of private investment and consumption, as well as the empowerment of the private sector. The aim is to achieve economic stability and sustainable development.

Given the positive domestic developments, the Kingdom's economic growth rates for FY2025 and the medium term have been updated. It is estimated that positive economic growth rates will be maintained, due to the Kingdom's commitment to implementing its ambitious strategies which are particularly led by the non-oil sector, diversifying the economic base, and developing promising sectors. Preliminary forecasts for FY2025 indicate a real GDP growth rate



of 4.6%, supported by growth in the GDP of non-oil activities. This growth is derived from the ongoing role of the private sector as a key driver of economic growth. It is also supported by the continued improvement in the labor market, the creation of new sustainable job opportunities, the enhancement of effective female participation in the workforce, as well as by the ongoing implementation of Saudi Vision 2030 programs and projects, which are essential for achieving the objectives of economic transformation.

Moreover, the Kingdom aims to establish its position as a leading investment destination by continuing efforts to enhance the role of the private sector and its partnership with the public sector. Focused efforts are also underway on improving the regulatory and legislative environment. Thus, the updated investment law, which is one of the key pillars of **NIS**, has already been enacted. This law aims to enhance the competitive environment and remove barriers for investors by promoting fair treatment and equality between local and foreign investors. The law also focuses on efficient dispute resolution. Such efforts will assist in creating a range of investment opportunities that will enable the private sector to lead the economy, increase its contribution to GDP to 65% by FY2030, as well as double the investment volume to SAR 2 tn. In addition, there are ongoing initiatives to attract capital from international investors through the creation and development of special economic zones and economic cities. These initiatives offer competitive advantages to support promising sectors, which will help increase foreign direct investment to nearly 5.7% of GDP, create new

job opportunities, and contribute to the goal of reducing unemployment rates among citizens to 7% by FY2030.

Key enablers (Development Funds and Public Investment Fund) play a crucial role in driving the sustainable economic transformation. The National Development Fund (NDF) supports sustainable growth and economic diversification. NDF also aims to ensure the effectiveness of the programs of its affiliated entities, by investing more than SAR 570 bn by FY2030. Furthermore, the Public Investment Fund (PIF) plays a pivotal role in empowering the private sector and fostering effective partnership by launching promising sectors and expanding opportunities for local companies. PIF is committed to injecting SAR 150 bn annually into the domestic economy through FY2025, while contributing a cumulative SAR 1.2 tn to non-oil GDP via its portfolio companies through the end of FY2025. At the end of FY2025, PIF aims to exceed SAR 4 tn in assets under management (AUM), create direct and indirect jobs, and increase the contribution of PIF and its portfolio companies to 60% in local content.

The Kingdom continues to develop the industrial sector, which is one of the key pillars of the Saudi economy, through the **National Industrial Strategy**. The aim is to establish an integrated regional industrial hub to meet demand, with a focus on 12 industrial sectors as a strategic priority in order to diversify the industrial economy and Increase local industrial production to SAR 895 bn and double the value of industrial exports to SAR 557 bn by 2030. In addition, the **National Transport and Logistics Strategy (NTLS)** is expected to enhance the Kingdom's

position as a global logistics hub. NTLS will contribute to the development of the aviation sector by targeting a threefold increase in passenger numbers, reaching 330 million travelers. The King Salman International Airport will increase its capacity to accommodate 120 million passengers by FY2030, while expanding the Kingdom's air connectivity by launching 250 new destinations.

As part of the ongoing efforts to diversify the economic base, several promising sectors were empowered to support the objectives of Saudi Vision 2030. The tourism sector has experienced notable growth, supported by the **National Tourism Strategy (NTS)**. This progress was evident as the Kingdom exceeded its 2030 target of reaching 100 million tourists in FY2023. As a result, the target was raised to 150 million tourists by FY2030, with the contribution of mega projects, including Red Sea Global and Qiddiya, and international events such as Expo2030. Further, NTS aims to create 1.6 million new jobs in the tourism sector, and increase its contribution to GDP to reach 10% in FY2030. Moreover, the Kingdom is dedicated to enhancing the entertainment sector by hosting Saudi seasons across various regions, according to the seasonal schedule planned throughout the year. This helps enhance the quality of life for both citizens and residents, attract international tourists, and enrich diverse cultural and entertainment experiences.

**The sports sector** in the Kingdom is undergoing a significant transformation in line with the Saudi Vision 2030 objectives. The Government is focused on promoting community participation, developing sports infrastructure, and

hosting international events such as the AFC Asian Cup 2027 and the Asian Winter Games 2029 in Trojena. Additionally, the Kingdom has submitted a bid to host FIFA World Cup 2034. The Kingdom is also placing significant emphasis on esports, with plans to host the inaugural Olympic Esports Games in 2025. Thus, Saudi Arabia is establishing itself as a diverse sports hub that attracts investments. All these efforts elevate the Kingdom's global standing, support comprehensive development, and improve the quality of life for both citizens and residents.

### Medium-Term Macroeconomic Projections

(Percentage, unless otherwise stated)

	Actual* 2023	Estimates 2024	Projections		
			2025	2026	2027
<b>Economic Indicators</b>					
Real GDP Growth**	-0.8%	0.8%	4.6%	3.5%	4.7%
Nominal GDP (SAR Billion)**	4,003	4,091	4,352	4,431	4,718
Inflation	2.3%	1.7%	1.9%	1.9%	1.9%

\*Source: GASTAT

\*\*Source: Ministry of Economy and Planning, Preliminary Data

# 02

## Fiscal Developments and Projections

for FY2025 and the Medium Term



## Section II

# Fiscal Developments and Projections for FY2025 and the Medium Term

## A. Fiscal Performance Developments for FY2024

The Kingdom's government continues to implement its economic transformation strategies, enhance fiscal sustainability, and meet the comprehensive development goals that support the resilience and robustness of the economy. The Government has focused on improving the fiscal performance in the Kingdom, leveraging the available fiscal space to expedite comprehensive development while ensuring fiscal sustainability and maintaining considerable levels of government reserves as well as sustainable levels of public debt. In addition, the updated estimates for FY2024 indicate that the budget will record a deficit of approximately SAR 115 bn (2.8% of GDP). The budget deficit is estimated to continue at similar levels over the medium term, due to the government's implementation of expansionary spending policies intended to support economic growth.

## Fiscal Performance

	(SAR bn unless otherwise stated)			
	Actual 2023	Budget 2024	Estimates 2024	Annual Change* (Actual FY2023 - Estimates FY2024)
<b>Revenues</b>				
<b>Total Revenues</b>	<b>1,212</b>	<b>1,172</b>	<b>1,230</b>	<b>1.4%</b>
<b>Taxes</b>	<b>357</b>	<b>361</b>	<b>366</b>	<b>2.7%</b>
Taxes on income, profits, and capital gains	39	31	30	-22.4%
Taxes on goods and services	262	279	280	6.6%
Taxes on international trade and transaction	22	21	22	0.3%
Other taxes	33	30	34	3.0%
<b>Other Revenues</b>	<b>856</b>	<b>812</b>	<b>863</b>	<b>0.9%</b>
<b>Expenditures</b>				
<b>Total Expenditures</b>	<b>1,293</b>	<b>1,251</b>	<b>1,345</b>	<b>4.0%</b>
<b>Expenses (OPEX)</b>	<b>1,107</b>	<b>1,062</b>	<b>1,148</b>	<b>3.7%</b>
Compensation of employees	537	544	558	3.8%
Goods and services	303	277	298	-1.7%
Financing expenses	38	47	44	16.5%
Subsidies	21	38	34	63.5%
Grants	7	4	4	-43.8%
Social benefits	97	62	97	-0.02%
Other expenditures	104	91	113	9.0%
<b>Non-Financial Assets (CAPEX)</b>	<b>186</b>	<b>189</b>	<b>198</b>	<b>5.9%</b>
<b>Budget Deficit</b>				
<b>Budget Deficit</b>	<b>-81</b>	<b>-79</b>	<b>-115</b>	<b>-</b>
Percent of GDP	-2.0%	-1.9%	-2.8%	
<b>Debt &amp; Reserves</b>				
<b>Debt</b>	<b>1,050</b>	<b>1,103</b>	<b>1,199</b>	<b>-</b>
Percent of GDP	26.2%	25.9%	29.3%	
<b>Government Reserves at SAMA</b>	<b>390</b>	<b>395</b>	<b>390</b>	<b>-</b>

Source: MoF

\*Figures are rounded to the nearest decimal point

## Revenues

The structural reforms and initiatives introduced under Saudi Vision 2030 have been instrumental in diversifying the economy and enhancing non-oil revenues related to economic activity. Since the launch of Saudi Vision 2030, ongoing improvement in economic activities and advancement in tax policies have contributed to the notable increase in non-oil revenues to non-oil GDP. Further, **total revenues** are expected to reach around SAR 1,230 bn in FY2024, a growth of 1.4% compared to last year and a 4.9% increase compared to the approved budget estimate. This is driven by growth in both oil and non-oil revenues.

## Taxes

Tax revenues for FY2024 is anticipated to be around SAR 366 bn, an increase of 2.7% compared to the same period last year. This growth is attributed to the ongoing improvement in non-oil activities. Additionally, the government efforts and initiatives, including the continued improvement of tax administration, and the extension of the cancellation of fines and exemption of penalties for all taxpayers until 31 December 2024, have contributed to this growth.

In FY2024, **taxes on income, profits, and capital gains** are expected to reach approximately SAR 30 bn, reflecting a decrease of 22.4% compared to last year. This is driven by a decline in corporate income tax revenues, as the revenues collected in FY2024 are linked to economic performance in FY2023.

**Taxes on goods and services** are expected to reach around SAR 280 bn in FY2024, an increase of 6.6% compared to last year. This is mainly due to the



growth in non-oil activities and the improvement in consumption indicators, along with efforts to develop tax systems and their contribution to the increase in tax compliance among taxpayers.

By the end of FY2024, **taxes on international trade and transactions** (customs duties) are expected to reach about SAR 22 bn, marking a slight increase of 0.3% compared to last year. This is fueled by the continued growth in imports, which are linked to the improvement in economic activities.

**Other tax revenues (including Zakat)** are expected to reach around SAR 34 bn in FY2024, an increase of 3.0%. This is attributed to the improved performance in some economic sectors as well as the collection of outstanding amounts from previous periods.

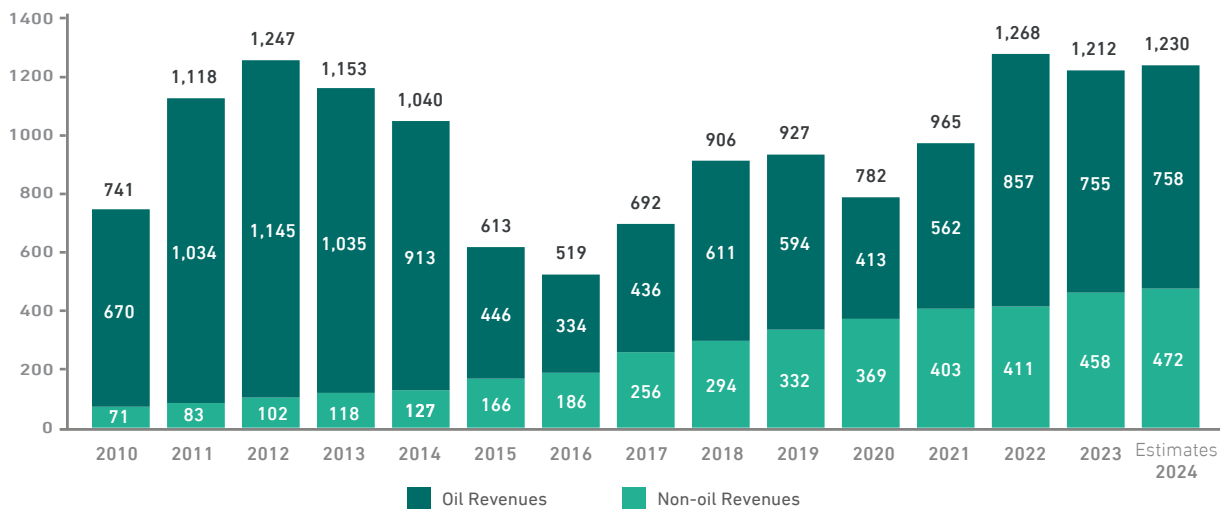
## Other Revenues

In FY2024, other revenues, including oil revenues, profits from government deposit investments, sales of goods and services, as well as penalties and fines, are expected to reach around SAR 863 bn. This reflects an increase of 0.9% compared to last year, and it is primarily driven by the anticipated increase in oil revenues due to the collection of performance-linked dividends in FY2024. It is worth noting that the average price of Brent crude futures reached approximately USD 81.8 per barrel through Q3 of FY2024, compared to an average price of Brent crude futures of around USD 82.1 per barrel for the same period last year. At the same time, the average oil production was 9.0 million bpd, marking a reduction of 0.9 million bpd compared to the same period last year. This decrease was brought about due to the Kingdom's voluntary production cut,

as well as the efforts made through the “OPEC+” agreement to support market stability in a manner that benefits both producers and consumers.

## Oil and Non-Oil Revenues

(SAR bn)



Source: MoF

## Expenditures

In light of the remarkable progress toward the objectives of Saudi Vision 2030 as well as the global and domestic economic developments, the Government continues to advance comprehensive structural reforms and transformative spending. This is achieved through implementing sectoral strategies, Saudi Vision 2030 realization programs, and giga projects aimed at fostering sustainable economic growth. The Government also continues to spend on social benefits to mitigate the impact of economic changes on the intended beneficiaries through periodic reviews of the programs of the social support and protection system. It also empowers the private sector, stimulates the investment environment within the Kingdom, and improves the quality of public services and the overall quality of life for citizens and residents.

Accordingly, **total expenditures** for FY2024 are expected to reach around SAR 1,345 bn, an increase of 4.0% compared to the actual expenditure of last year and about 7.5% compared to the approved budget.

Given the actual performance for FY2024, and in comparison with the actual expenditure of last year, **operational expenditures (OPEX)** are expected to increase by about 3.7%, reaching SAR 1,148 bn by the end of FY2024. It is expected that expenditures on **compensation of employees** will increase by 3.8%, around SAR 20 bn compared to the actual expenditure of last year. This increase is primarily attributed to the impact of the annual increment and previous entitlements to the General Organization for Social Insurance (GOSI). Expenditures on **financing expenses** are also expected to increase by 16.5%, approximately SAR 6 bn, due to the growth in the public debt portfolio and interest rates.

**Other expenditures** are anticipated to increase by 9.0%, around SAR 9 bn. This is due to directing spending toward supporting non-profit institutions and associations, the reclassification of the budget of King Faisal Specialist Hospital & Research Center into this category, as well as an increase in subsidies for sports federations. It is also expected that expenditures on **subsidies** will increase by 63.5%, about SAR 13 bn, as a result of the reclassification of the budget of certain government agencies under subsidies rather than other categories. This growth also reflects increased spending to compensate specific public service companies through the allocation for supporting essential service facilities, along with increased spending on agricultural subsidies.

On the other hand, expenditures on **goods and services** are expected to decrease by 1.7%, around SAR 5 bn. This decline is due to the payments of previous dues made in FY2023 for internet services and digital circuits to various government agencies. Expenditures on **grants** are also expected to decrease by 43.8% in FY2024 compared to last year.

By the end of FY2024, **capital expenditures (CAPEX)** are expected to increase by 5.9%, approximately SAR 11 bn compared to the actual expenditure of last year, reaching around SAR 198 bn. This is driven by the progress in implementing the developmental strategies and projects in the Kingdom, which aim to achieve comprehensive development and high economic and social returns. Notable projects include the third expansion of the Holy Mosque, the infrastructure of Red Sea Global, King Salman Park, and Green Riyadh. Furthermore, the government has continued to empower and expand the role of the private sector, and stimulate the investment environment to advance the development goals of Saudi Vision 2030. The Government has also placed significant emphasis on the enhancement of public services and infrastructure across all the regions of the Kingdom.

## Sectoral Performance

In terms of expenditure performance across various sectors, spending on the **municipal services sector** is expected to increase by about 48.8% by the end of FY2024 compared to last year. This is supported by the implementation of giga and transformative projects, aiming to achieve comprehensive development. Expenditures on the **security and regional administration sector** are also

expected to increase by approximately 12.1% compared to the same period last year. On the other hand, the **general item sector** is expected to witness a decrease of around 2.8% compared to the same period last year. Meanwhile, expenditures on **the public administration, and economic resources sectors** are expected to experience increases of about 9.6%, and 2.8% respectively. This stems from increased spending intended to accelerate the implementation of major developmental strategies and projects, as well as enhance infrastructure across various regions of the Kingdom to improve access to services and facilitate the movement of individuals and goods.

Expenditures on the **health and development sector** are expected to increase by around 1.7% compared to the same period last year. This increase is attributed to the continued support of social support and protection systems and the improvement of the quality of healthcare services, which contribute to enhancing the quality of life in line with Saudi Vision 2030. Further, estimates indicate that expenditures on the **military sector** will increase by 1.6%, reaching SAR 259 bn compared to last year. Meanwhile, expenditures on the **education sector** are expected to decrease by about 4.4% while expenditures on the **infrastructure and transportation sector** are expected to slightly decrease by 0.02% compared to the actual expenditure of last year.

## Sectoral Expenditures

(SAR bn unless otherwise stated)

Sector	Actual 2023	Budget 2024	Estimates 2024	Annual Change* (Actual FY2023 - Estimates FY2024)
Public Administration	48	43	53	9.6%
Military	254	269	259	1.6%
Security and Regional Administration	114	112	128	12.1%
Municipal Services	77	81	115	48.8%
Education	210	195	201	-4.4%
Health and Social Development	256	214	260	1.7%
Economic Resources	85	84	88	2.8%
Infrastructure and Transportation	40	38	40	-0.02%
General Items	208	216	202	-2.8%
<b>Total</b>	<b>1,293</b>	<b>1,251</b>	<b>1,345</b>	<b>4.0%</b>

Source: MoF

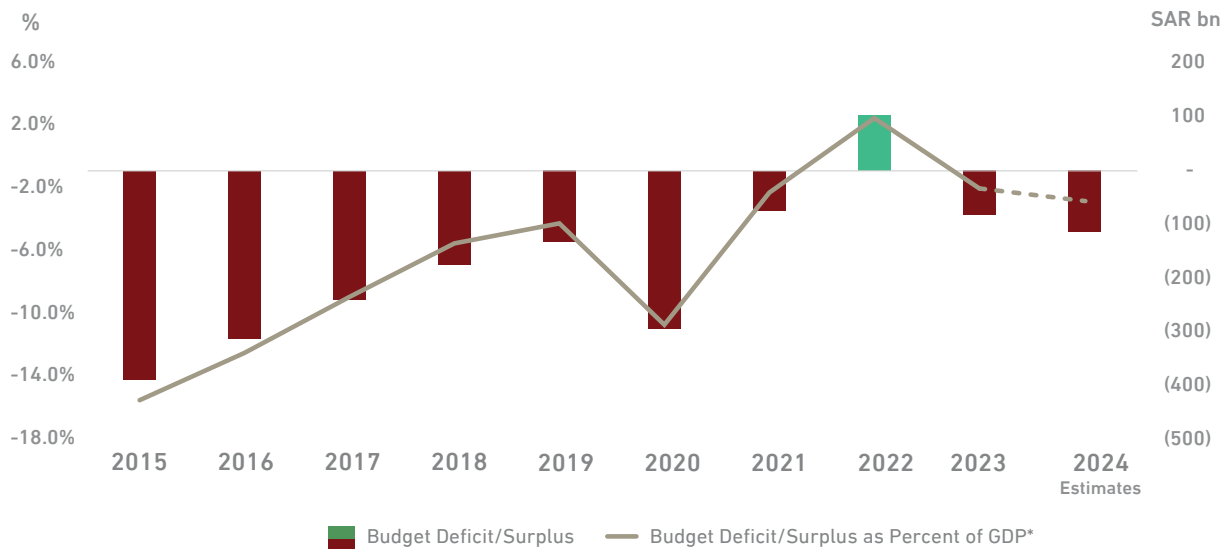
\*The annual change percentages are based on the total values

Figures are rounded to the nearest decimal point

## Budget Deficit/ Surplus and Debt

In line with Saudi Vision 2030, the Kingdom's government continues to implement economic and fiscal structural reforms and initiatives. These efforts include enhancing public finance by balancing economic growth objectives, maintaining fiscal sustainability, diversifying revenue sources through increasing non-oil revenues, enhancing spending efficiency, and expanding transformative spending to promote sustainable economic growth. Therefore, it is expected that the FY2024 budget will record a deficit of approximately SAR 115 bn (2.8% of GDP).

## Budget Deficit/Surplus as a Percentage of GDP



Source: MoF

\* The actual numbers of GDP is according to the data published by GASTAT, GDP of FY2024 is based on updated estimates

Through Q3 of FY2024, the government funding activities, including early domestic repurchases and alternative funding, totaled about SAR 185 bn. In addition, the repayment of debt principal amounted to about SAR 78 bn, with around SAR 73 bn allocated to domestic debt principal repayment. This included early purchases of a portion of outstanding debt instruments maturing in FY2024, FY2025, and FY2026, amounting to around SAR 63 bn. The repayment of external debt principal was about SAR 5 bn. Through Q3 of FY2024, Public debt balance reached approximately SAR 1,158 bn, with domestic debt representing 59% of the public debt portfolio while the external debt is accounting for 41%. It is worth noting that in May FY2024, an early purchase was executed for a portion of outstanding debt instruments maturing in FY2024, FY2025, and FY2026, with a total value exceeding SAR 63 bn. In return, new sukuk amounting to around SAR 64 bn were issued. This aims to proactively manage refinancing risks and future maturities of the debt portfolio.

## Borrowing Activities through Q3 of FY2024



Source: National Debt Management Center

\*Includes an early purchase of a portion of outstanding debt instruments maturing in FY2024, FY2025, and FY2026, with a total value exceeding SAR 63 bn. New sukuk were issued in return, amounting to around SAR 64 bn

By the end of FY2024, the public debt portfolio is expected to grow in a controlled manner to maintain debt sustainability. It is anticipated to reach approximately SAR 1,199 bn<sup>6</sup> (29.3% of GDP) compared to SAR 1,050 bn (26.2% of GDP) in FY2023. This growth aims to finance the budget deficit driven by increased spending to accelerate the implementation of some programs and projects to achieve the objectives of Saudi Vision 2030. It is also derived from the execution of alternative government funding and the ongoing government support to certain sectors, thereby facilitating the completion of essential projects in line with Saudi Vision 2030.

Further, the government's fiscal policy seeks to preserve the Kingdom's fiscal position while achieving fiscal sustainability through maintaining considerable levels of government reserves, which are expected to remain consistent with FY2023 levels of SAR 390 bn.

<sup>6</sup> Estimates of debt portfolio in FY2024 based on domestic and global market conditions.



## B. FY2025 Budget and Medium-Term Projections

### Budget Projections for FY2025

(SAR bn unless otherwise stated)

	Budget 2024	Estimates 2024	Budget 2025
<b>Revenues</b>			
<b>Total Revenues</b>	<b>1,172</b>	<b>1,230</b>	<b>1,184</b>
Taxes	361	366	379
Taxes on income, profits, and capital gains	31	30	31
Taxes on goods and services	279	280	290
Taxes on international trade and transaction	21	22	23
Other taxes	30	34	36
Other Revenues	812	863	804
<b>Expenditures</b>			
<b>Total Expenditures</b>	<b>1,251</b>	<b>1,345</b>	<b>1,285</b>
Expenses (OPEX)	1,062	1,148	1,101
Compensation of employees	544	558	561
Goods and services	277	298	265
Financing expenses	47	44	59
Subsidies	38	34	31
Grants	4	4	2
Social benefits	62	97	98
Other expenditures	91	113	86
Non-Financial Assets (CAPEX)	189	198	184
<b>Budget Deficit</b>			
Budget Deficit	-79	-115	-101
Percent of GDP	-1.9%	-2.8%	-2.3%
<b>Debt &amp; Reserves</b>			
Debt	1,103	1,199	1,300
Percent of GDP	25.9%	29.3%	29.9%
Government Reserves at SAMA	395	390	390

Source: MoF

\*Figures are rounded to the nearest decimal point

## Revenues

In FY2025, the Government aims to advance the economic and fiscal structural reforms and initiatives in the economic and financial sides. The goal is to diversify the economic base and enhance non-oil revenues related to economic activities. This approach ensures a stable income source that is independent of oil market volatility. Furthermore, the reforms and initiatives introduced in recent years have led to a notable growth in non-oil revenues, positioning them as sustainable source to finance budget expenditures. As a result, the share of non-oil revenues covering total expenditures in the budget is expected to grow from 17% in FY2015 to around 35% by the end of FY2024. The ratio of non-oil revenues to non-oil GDP is also expected to improve by the end of FY2024, reaching 18% compared to 9% in FY2015. The Government is supporting economic growth to enhance non-oil revenues related to non-oil activities. The aim is to achieve sustainable non-oil revenues over the medium and long term.

Projections for FY2025 indicate that **total revenues** will amount to approximately SAR 1,184 bn, a decrease of 3.7% from what is expected in FY2024. This decline is due to the government's conservative approach in estimating the budget, in order to account for potential developments in the domestic and global economy.

## Taxes

In FY2025, tax revenues are projected to reach around SAR 379 bn, a 3.6% increase compared to FY2024 estimates. This is influenced by economic growth, ongoing improvement in non-oil activities, as well as the positive impact of continued improvement in tax administration.

It is estimated that **taxes on income, profits, and capital gains** will amount to SAR 31 bn in FY2025, an increase of 2.0% compared to what is expected in FY2024. This is due to the extension of the cancellation of fines and exemption of penalties until the end of FY2024, which encouraged taxpayers to fulfill their obligations from previous periods.

In FY2025, **taxes on goods and services** are projected to reach approximately SAR 290 bn, a 3.8% increase compared to what is expected in FY2024. This growth is attributed to the optimistic projections for non-oil activities and private consumption, along with enhancement in tax revenue collection.

It is estimated that **taxes on international trade and transactions** will amount to about SAR 23 bn in FY2025, an increase of 2.4% compared to what is expected by the end of FY2024. This is driven by the continued growth in imports anticipated next year, which is linked to the improvement in local consumption indicators.

It is also projected that **other taxes (including Zakat)** will reach around SAR 36 bn in FY2025, a 3.9% increase compared to what is expected in FY2024. This reflects the expected economic growth in FY2024 and the improved performance of economic sectors.

## Other Revenues

Other revenues, including oil revenues, profits from government deposit investments, sales of goods and services, as well as penalties and fines, are projected to amount to approximately SAR 804 bn in FY2025, reflecting a decrease of 6.8% from what is expected in FY2024. This is due to the

government's conservative approach in estimating the budget, in order to account for potential developments in the domestic and global economy.

Moreover, several scenarios for FY2025 revenues were developed, taking into consideration domestic and global developments. These scenarios comprise a baseline scenario, which is approved in the budget, as well as lower and higher revenue scenarios. These scenarios will be presented later in the section of key fiscal risks for FY2025 and the medium term.

## Expenditures

In light of the long-term fiscal planning program, periodic reviews, the implementation of various giga projects, and the prioritization of spending within the available long-term fiscal space - while upholding fiscal sustainability, economic growth stability, and enhancing spending efficiency - the budget for FY2025 and over the medium term is designed to support project implementation. These projects accelerate economic diversification goals, and enhance the quality of life for citizens and residents through improving essential services and government facilities. In addition, the budget continues with targeted social spending to mitigate the impact of economic changes on the intended beneficiaries. This is achieved through periodic reviews of the programs of the social support and protection system. It also intends to stimulate the investment environment to achieve comprehensive development. Thus, **total expenditures** are projected to reach around SAR 1,285 bn in FY2025.

In FY2025, **OPEX** is expected to reach around SAR 1,101 bn, a decrease of about 4.0% compared to what is expected in FY2024, representing 86% of total expenditures. In addition, **expenditures on compensation of employees** are projected to reach approximately SAR 561 bn, an increase of 0.6% compared to

what is expected in FY2024. This is due to the impact of the annual increment. Expenditures on **goods and services** are projected to amount to approximately SAR 265 bn, a decrease of about 11.0% compared to what is expected in FY2024. This is driven by the exclusion of non-recurring expenses for FY2024, along with the efforts of the Expenditure Efficiency and Projects Authority (EXPRO) to enable government entities to adopt best practices that promote efficient and effective spending.

Expenditures on **financing expenses** are projected to reach around SAR 59 bn in FY2025, a 33.4% increase compared to what is expected in FY2024. This reflects the growth in the public debt portfolio, which stems from increased spending to accelerate the implementation of specific programs and projects. Additionally, it results from the ongoing government support to certain sectors that generate economic and social returns, thereby facilitating the achievement of Saudi Vision 2030 objectives, and the previous increases in interest rates.

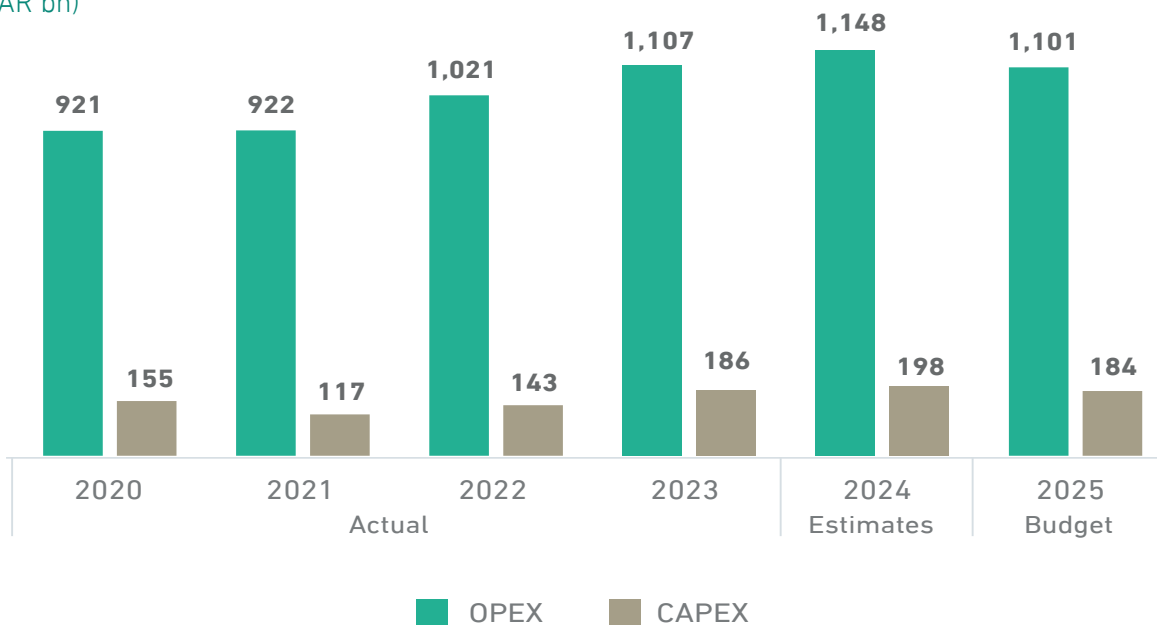
Expenditures on **social benefits** are projected to reach about SAR 98 bn, a slight increase of around 0.7% compared to FY2024 estimates. This growth is driven by the sustained spending on the social security system, which is maintained at the same level due to a 20% rise in the basic minimum pension for social security beneficiaries, effective from November FY2023. Additionally, the wise leadership directive to extend the additional financial support granted to beneficiaries of the Citizen's Account Program have also contributed to this increase.

In FY2025, **CAPEX** is estimated to reach around SAR 184 bn, representing 14% of total expenditures. It is estimated that CAPEX will decrease by around 6.9% compared to what is expected in FY2024, while increasing by 18.3% due to

the exclusion of non-recurring expropriation costs. In addition, the Government continues to implement projects, programs, and strategies that accelerate the achievement of economic diversification goals and Saudi Vision 2030. It will also continue to empower the private sector and national funds to take the lead in investment opportunities.

## OPEX and CAPEX

(SAR bn)

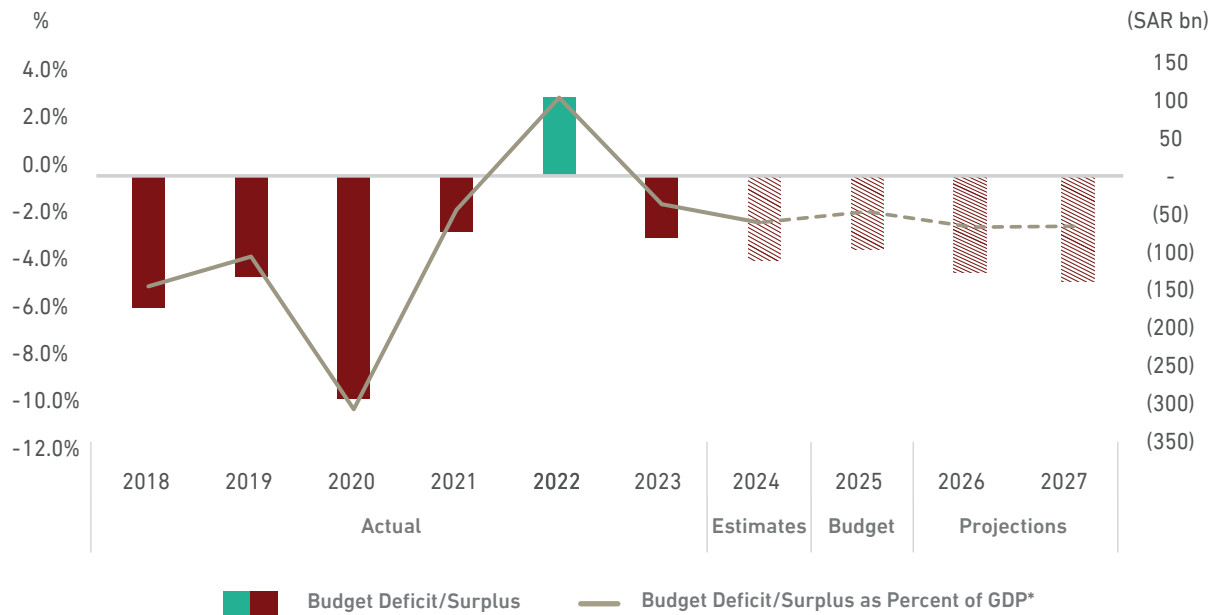


Source: MoF

## Budget Deficit and Debt

The budget for FY2025 and over the medium term seeks to enhance the efficiency and effectiveness of government spending, with a focus on expanding transformative spending that foster sustainable economic growth. Consequently, the budget is projected to record a deficit of about SAR 101 bn (2.3% of GDP) in FY2025. The deficit is likely to continue at relatively similar levels over the medium term, driven by the government's expansionary fiscal policies that promote sustainable economic growth.

### Budget Deficit/Surplus as % of GDP



Source: MoF

\* The actual numbers of GDP is according to the data published by GASTAT, GDP of FY2024-FY2027 are based on updated projections

To meet the Kingdom’s financing needs, MoF, through the National Debt Management Center (NDMC), is preparing an annual borrowing plan based on the medium-term debt strategy, that aims to maintain to ensure debt sustainability, diversify funding sources between domestic and external sources, as well as access the global debt market to enhance the Kingdom’s position in the international markets within well-considered foundations and frameworks of risk management. Further, the strategy aligns with the objectives of Saudi Vision 2030, which aims to enhance the growth of the financial sector, sufficiently deepen domestic debt market to accommodate debt issuances, and stabilize liquidity conditions.

This strategy also aims to diversify financing instruments to include issuing bonds, sukuk, and loans. It also continues to seek new financing methodologies and markets through alternative government funding through projects financing, infrastructure financing, and export credit agencies. This is part of MoF's strategy to support the continuity and completion of major developmental projects in the Kingdom.

It is estimated that **public debt** will amount to approximately SAR 1,300 bn (29.9% of GDP) in FY2025, with the aim of financing the expected budget deficit, and repaying debt principal maturing in FY2025 and over the medium term. Additional proactive financing may also be considered, based on market conditions, to manage future debt principal repayment. Further, the Kingdom aims to utilize market opportunities to pursue alternative government funding that supports economic growth, such as financing capital projects and infrastructure, with the aim of diversifying financing channels to maintain market efficiency and enhance its depth.

## Medium-Term Public Finance

(SAR bn, unless otherwise stated)

	Actual 2023	Budget 2024	Estimates 2024	Budget 2025	Projections	
					2026	2027
<b>Total Revenues</b>	1,212	1,172	1,230	1,184	1,198	1,289
<b>Total Expenditures</b>	1,293	1,251	1,345	1,285	1,328	1,429
<b>Budget Deficit</b>	-81	-79	-115	-101	-130	-140
As Percent of GDP**	-2.0%	-1.9%	-2.8%	-2.3%	-2.9%	-3.0%
<b>Debt</b>	1,050	1,103	1,199	1,300	1,430	1,570
As Percent of GDP**	26.2%	25.9%	29.3%	29.9%	32.3%	33.3%

Source: MoF

Figures are rounded to the nearest decimal point

\*\*The actual numbers of GDP is according to GASTAT. GDP of FY2024-FY2027 are based on updated projections



## C. Sectoral Expenditures in FY2025 Budget

This section outlines the main programs and projects that will be funded in each sector, whether to complete their implementation or to initiate new programs and projects:

### Infrastructure and Transportation Sector

#### First: Overview

**Sector allocation**  
in FY2025 Budget

SAR 42 bn

#### Main functions

The construction and development of roads, ports, airports, real estate, communications and information technology, data and artificial intelligence, digital government, postal services, space, and industrial cities.

**Number of governmental**  
entities affiliated with the sector

18

#### Second: Main Achievements in FY 2024

Scope	Achievement
<b>Digital Economy, Space, and Innovation</b>	The Kingdom achieved highest historical rank in the UN E-Government Development Index (EGDI), ranking 6 <sup>th</sup> globally -climbing 25 places- and was second among G20 countries.
	The development of the Space Market through the graduation of the first 15 pioneering space technology companies via the Space Tech Entrepreneurship Incubation Program, which offers various training and mentoring packages as well as financial support. This contributes to increasing domestic and foreign investments in the space sector.
	Enhancement of the Kingdom's leading digital position by achieving second place among the G20 countries in the ITU's ICT Development Index (IDI) 2024.
	Attraction of foreign and domestic investments exceeding SAR 41 bn in technology and data center field.
	The Launch of National Semiconductor Hub, which includes the establishment of a specialized semiconductor design group. Several national initiatives aimed at localizing semiconductor technologies in the Kingdom were also launched, including: <ul style="list-style-type: none"> <li>Localizing semiconductor technologies by training 850 trainees.</li> <li>Launching the joint National Capability Center for Semiconductors (NCCS) with King Abdullah University of Science and Technology (KAUST).</li> <li>Launching a joint Master's Program in Semiconductors in a collaboration between King Abdul-Aziz City for Science and Technology, the University of California (UC), and Princess Nourah bint Abdulrahman University (PNU).</li> </ul>

## Second: Main Achievements in FY 2024

Scope	Achievement
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The development of infrastructure and analytics solutions by integrating data from 27 large government systems into a data lake, with a total of over 322 systems in the data bank. Significant savings were achieved through streamlined efforts. In addition, the quality of national data was enhanced, the data-sharing processes between agencies was automated, and entities were empowered to analyze data using the latest data analysis and artificial intelligence technologies.

The launch of "ALLaM" model, which aims to employ generative AI technology in the Arabic language, and include it in the (IBM's) (Watsonx) platform as one of the best generative models in Arabic language, worldwide. Moreover, "ALLaM" model was ranked first globally in its category as a top generative language model in Arabic, according to the Arabic Massive Multitask Language Understanding (Arabic MMLU) standard evaluation, which specializes in the Arabic language, as it is a leading standard for large language models.

### Data & Artificial Intelligence

The provision of advanced technical services that contribute to improving the pilgrims' experience during Hajj season, by providing smart solutions for monitoring and analysis. These solutions facilitate crowd management and ensure the safety and security of the pilgrims. They also include smart platforms "Basier" and "Sawaher". Further, the Jamarat facility was covered by more than 300 cameras, with a total of over 400 smart analysis cameras covering tunnels and other locations. These cameras were directly linked to AI algorithms to classify and count crowd density, determine the number of pilgrims in different floors, identify crowded places, and measure pedestrian movement to address any emergency in a timely manner. In addition, there were 2 use cases for the Basier platform.

The enhancement of the Kingdom's position as a global hub for innovation in the AI field, and the development of a network of international relations and partnerships to support progress in this field by organizing and hosting the third edition of the Global AI Summit to foster a global discussion on AI.

### Promoting Research, Development, and Innovation

The launch of Open Access National Gateway, which provides scientists and researchers with access to advanced research infrastructure and benefit from more than 1,000 laboratories affiliated with 30 agencies.

## Second: Main Achievements in FY 2024

Scope	Achievement
<b>Transportation and Logistics Services</b>	<p>The GDP of the transportation and logistics sector grew by 6.4% in H1 of FY2024, compared to the same period last year.</p>
	<p>In order to enhance transportation and logistics services and raise the level of regional and global partnerships for an integrated and competitive sector across all levels, the total investment contracts signed in this sector amounted to over SAR 200 bn.</p>
	<p>The Kingdom won the bid to host and chair many international organizations and forums, which enhances the Kingdom's international presence globally and its leadership as a global logistics center and an international hub linking the three continents. This includes:</p>
	<p>1. Hosting the UNCTAD Global Supply Chain Forum in 2026.</p>
	<p>2. Presidency of the Executive Council of the Arab Civil Aviation Organization (ACAO).</p>
	<p>3. Membership of the International Maritime Organization (IMO) Council for 2024 - 2025.</p>
	<p>4. The Future of Aviation Forum 24 (FAF 24) in its third edition, which was held in Riyadh in May 2024 with the participation of more than 8,500 experts and leaders of the global aviation sector, and the presence of 31 ministers and 77 leaders of civil aviation authorities in 130 countries. The conference included the empowerment and localization of several investment offers in the aviation sector in the Kingdom, worth about SAR 375 bn.</p>
	<p>A number of initiatives were implemented during the Hajj season of 1445H by adopting modern and eco-friendly transportation practices to increase the quality of services provided to pilgrims. These initiatives included self-driving transportation and delivery vehicles, launching a self-driving air taxi experience, using flexible rubberized asphalt on pedestrian walkways and cooling asphalt surfaces at the holy sites, increasing aircraft seat capacity for pilgrims by more than 24 million passengers, achieving an increase of over 42% in the number of passengers on the Haramain Train with more than 1.07 million pilgrims compared to Hajj season of 1444H, and implementing the initiative of 'Passengers with No Bags'.</p>
	<p>The execution of performance-based operation and maintenance contracts to enhance asset management efficiency and improve the quality of the road network.</p>
	<p>The launch of the Unified Law for International Land Transport between GCC countries.</p>
	<p>The launch of 5 travel lounges in several international airports in the Kingdom (Al-Ahsa International Airport, Taif International Airport, Terminal 1 at King Khalid International Airport, Executive Lounge at Ha'il International Airport, as well as the expansion of Abha International Airport).</p>

### Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Data &amp; Artificial Intelligence</b>	<p>The improvement of the average maturity of government agencies in the National Data Index, which is distinguished by its comprehensive methodology that covers data management practices, compliance with national data controls, as well as quantitative measurement of operational indicators.</p>
	<p>Increasing Artificial Intelligence (AI) adoption readiness within government agencies to enable and stimulate responsible adoption of AI.</p>
	<p>Increasing the number of datasets hosted in the National Data Bank (NDB), with the aim of measuring the number of datasets stored in the NDB in an organized and automated manner to facilitate their sharing with stakeholders.</p> <p>Increasing the number of activated use cases for the National Smart Cities (Smart C) Platform (cumulative). The aim is to measure the number of activated smart city use cases that have a strategic impact in achieving smart city priorities, such as security, safety, quality of life, and environmental sustainability.</p>
<b>Digital Economy, Space, and Innovation</b>	<p>Increasing the contribution of the communications and information technology sector to GDP by adding two new multi-billion companies to the Saudi market by the end of FY 2025, which brings the total to 8 multi-billion companies.</p>
	<p>The manufacturing and launching of a Saudi satellite to investigate space weather as part of the Artemis 2 mission to explore the moon.</p>
<b>Transportation and Logistics Services</b>	<p>The launch of several travel lounges in a number of international airports in the Kingdom (Al Jawf International Airport, Al-Baha International Airport, and the South Terminal at King Abdulaziz International Airport).</p>
	<p>Increasing the number of national air carriers by licensing a new national carrier in Dammam and commencing Riyadh Airlines operations.</p>
	<p>The expansion of public bus transport projects across several regions and governorates, along with the operation of the public transport network.</p> <p>The launch of 6 logistics zones in several Saudi ports to increase capacity.</p>

## Education Sector

### First: Overview

#### Sector allocation in FY2025 Budget

SAR 201 bn

#### Main functions

Establishing schools, colleges, and university campuses; managing the Custodian of the two Holy Mosques Scholarship Programs; supporting research, development, and innovation; providing medical services through university hospitals; as well as supporting knowledge sources.

#### Number of governmental entities affiliated with the sector

36

### Second: Main Achievements in FY 2024

Scope	Achievement
Education	Saudi universities have advanced in their ranking, with 3 universities ranked among the top 200 universities, and King Saud University advancing into top 100 universities in the Shanghai ranking.
	The percentage of higher education graduates joining the labor market within 6 months of graduation increased to 43%, compared to 32% in 2023.
	Four training facilities across the Kingdom received institutional accreditation, in order to enhance the achievement of the objectives of the Human Capability Development Program and improve the ranking of educational institutions.
	The inclusion of three Saudi learning cities in the Kingdom in the UNESCO Network of Learning Cities, in Madinah, Al-Ahsa, and King Abdullah City in Thuwal. Furthermore, a learning city harnesses its resources and intensifies its efforts to promote comprehensive education, revitalize learning in families and communities, equip individuals of all ages with the necessary skills to support national development and prepare citizens to enter the workforce.
	The establishment of (40) research, development and innovation centers in training facilities to adopt and support innovations, inventions, and distinguished ideas. These centers also conduct research and surveys to motivate innovators and creators to engage in research, creativity, and development.
	The enrollment of 28,264 gifted students in the National Program for Gifted Identification, with an increase of 10% in 2024 compared to last year.
	The achievement of 6 international awards in the field of technical activity, talent, innovation, training, and education.
	The construction and operation of (30) schools in Madinah in collaboration with the private sector. This is within the first phase of the executive program of Public-Private Partnership (PPP) initiative to provide educational buildings.

### Third: Key Projects Planned for FY 2025

#### Scope

#### Objective

Increasing the enrollment rate in kindergarten education to reach 40% by 2025 to achieve Saudi Vision 2030 target of 90%, as well as addressing the need for specialized teaching staff in kindergarten.

Increasing the enrollment number of students with disabilities in educational institutions.

The construction of sports halls in public education schools for girls.

The teaching of the Chinese language in public schools, with 102 thousand students per academic year starting from 2024.

#### Education

Increasing the percentage of training institutions accredited by the Education and Training Evaluation Commission (ETEC) to 39% in 2025.

The establishment of 3 schools for gifted students in various fields, with plans to allocate schools for gifted students that nurture their capabilities in various areas. This includes establishing a sports school and a technology school for gifted students in Riyadh.

The opening of a branch of Arizona State University in the Kingdom to enhance educational competitiveness and provide diverse international education.

## Health and Social Development Sector

### First: Overview

#### Sector allocation in FY2025 Budget

SAR 260 bn

#### Main functions

Providing healthcare, emergency, and legislative services, as well as conducting research. In addition, the sector includes managing human resources and the social aspect, which includes social security and welfare services. It also regulates cultural, media, sport, and entertaining aspects along with managing the Quality-of-Life Program.

#### Number of governmental entities affiliated with the sector

28

### Second: Main Achievements in FY 2024

Scope	Achievement
Health	The issuance of 113 million electronic prescriptions at a cost of SAR 2.4 bn and the achievement of financial savings of SAR 1.3 bn through "Wasfaty" service.
	The improvement of healthcare quality by reducing emergency response time and saving lives by 20%, as well as providing more efficient ambulance and air transport services.
	The expansion of health coverage scope and the improvement of healthcare quality by increasing the number of health insurance beneficiaries to reach 12.5 million and reducing the need to transfer patients outside their areas.
	The improvement of operational efficiency, which contributed to a 27% increase in scheduled surgeries and a 91% increase in the percentage of patients with access to emergency services within 4 hours.
	The enhancement of the capabilities of local laboratories in conducting specialized tests and reducing dependence on external tests, which leads to improving efficiency and reducing costs over the long term. This resulted in a 13.1% increase in the localization of specialized tests, equivalent to 14 tests, and a decrease in the dependence on sending samples abroad.
	The development of dental services by expanding the number of active clinics by 137%, increasing the percentage of appointments by 200%, and 250% in Primary Health Care Centers.
	The provision of advanced ambulances especially for rough roads, crowded places and mass casualty accidents equipped with medical equipment to save the lives of the injured.
	The achievement of a number of international standards accreditations, with the Ministry of Health and its affiliated system receiving more than 17 international certificates, accrediting more than 31 laboratories by the College of American Pathologists (CAP) and the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI), and increasing the health compliance rate to 84% in 252 facilities.

## Second: Main Achievements in FY 2024

Scope	Achievement
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The launch of the 'Fasah' platform to facilitate and accelerate the review and clearance processes for digital content.

The organization of media oases for media coverage and the utilization of modern technology to foster creativity and innovation in covering national events, major occasions, and the Kingdom's international participation.

### Media

The official launch of the Saudipedia platform, the largest digital encyclopedia, to be a unified reference for all Saudi visual content locally and globally. Thus, the visual and written content related to the culture, history, heritage, and achievements of the Kingdom will be produced and displayed, which provides ways to enhance knowledge of the country and everything related to it in an attractive and accessible way. Moreover, it will be a reliable source for individuals, organizations, institutions, and others.

The launch of Eid program for 2024, which aims to enrich the entertainment experience for residents across different regions of the Kingdom, by organizing 24 different entertainment activities. These activities included fireworks displays, concerts, and plays, in an effort to enrich the entertainment experience and meet the entertainment needs of the Kingdom's residents.

### Entertainment

The launch of the second edition of 'Around the Kingdom 2024', which aims at organizing entertainment events in 5 major cities in the Kingdom. These events include concerts and plays.



## Second: Main Achievements in FY 2024

Scope	Achievement
	<p>The qualification and participation of several Saudi champions in the Olympic and Paralympic Games, and winning medals in a number of international tournaments. Further, the Kingdom of Saudi Arabia achieved sixty-four regional, international and global medals in several competitions, including sixteen gold medals, twenty silver medals, twenty-eight bronze medals, and qualified for the Olympic Games in Paris in 2024.</p>
	<p>The implementation of the corporate resource system for sports clubs, which covers 59 clubs in 2024.</p>
<b>Sport</b>	<p>Administrative and financial development of sports clubs, with 74 clubs participating in the governance initiative for 2023-2024 season. This effort contributed to enhancing the governance standards within sports clubs.</p>
	<p>The selection of 8 ambassadors from among Saudi citizens to represent the Kingdom in the International Olympic Academy (IOA) programs for 2024.</p>
	<p>Increasing the number of active clubs in various games in the Kingdom in 2023-2024 season from 43 clubs to 126 clubs.</p>
	<p>The empowerment and support of women in various sports by increasing the number of women's teams from 25 to 35, indirectly preparing 4,800 to 8,000 players to reach leadership positions, and developing professional players in various local, regional, or international games.</p>

## Second: Main Achievements in FY 2024

Scope	Achievement
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In the context of improving the government work environment and enhancing job loyalty, employee engagement increased to 80%, surpassing the Saudi Vision 2030 goal of 75%. In addition, the maturity rate of human resources practices grew by 62%, to reach 2.37 surpassing 2024 goal of 2.1 out of 4. The number of beneficiaries of the employee loyalty program "Doam" also increased to 170 thousand employees, with 89 thousand operations completed.

An increase was seen in the number of beneficiaries of the Human Resources Development Fund's (HRDF) programs and initiatives at the end of Q3 of FY2024, with more than 1.7 million beneficiaries, achieving a growth rate of 5% compared to the same period last year. It is expected that this number will exceed 2.2 million beneficiaries by the end of 2024, which contributed to strengthening the connection between job seekers and employers. HRDF also supported the employment of over 294 thousand beneficiaries until Q3 of 2024, with expectation to surpass 380 thousand beneficiaries by the end of the year. Additionally, 150 thousand establishments across various sectors and regions in the Kingdom benefited from the HRDF's services. Moreover, to further enhance recruitment efforts across all sectors, Jadarat platform for employment was launched.

### Human Resources

The Ministry of Human Resources and Social Development (HRSD) has launched innovative services across all regions of the Kingdom with the aim of processing requests, complaints, and inquiries more effectively without the need to visit branches. This is achieved by activating the virtual branch and the proactive communication service. These services contribute to reducing the number of visits, saving time and effort for beneficiaries, and providing them with a comprehensive and distinguished experience.

The labor market in the Kingdom has experienced remarkable growth with the development of more than 140 services on the "Qiwa" platform and the documentation of over 9 million work contracts. More than 98% of establishments have registered in the Wage Protection Program. Moreover, the "Professional Verification" service to verify the qualifications of foreign workers has been launched in 128 countries. In addition, the national campaign "Waad" has provided more than 1.3 million training opportunities for 83 thousand students, reflecting the Kingdom's commitment to enhancing the efficiency of the labor market and developing the professional environment.

## Second: Main Achievements in FY 2024

Scope	Achievement
	<p>The empowerment of individuals and establishments by financing 104 thousand individuals and establishments with a value of SAR 7.4 bn. In addition, financial support of SAR 970 million was provided to 3,700 women, alongside enabling non-profit associations to enhance financing services across the regions.</p>
	<p>The first and second phases of the social cases research service were privatized, yielding significant impacts on the social and economic levels. The project also contributed to enhancing private sector participation by providing two promising investment opportunities, as well as improving the quality of customer service and enhancing the social lifestyle.</p>
<p><b>Social Development</b></p>	<p>The number of non-profit organizations grew by nearly 222% until the end of October FY2024, compared to 4% in 2018.</p>
	<p>The adoption of development opportunities and the launch of initiatives that included over 9 million beneficiaries through the private sector contributions of more than SAR 3 bn on the National Social Responsibility Platform.</p>
	<p>The launch of the Anti-Bullying and Abuse Campaign “Malek Hag”, which included a series of activities specifically designed to raise awareness about the issues of bullying, discrimination, harassment, and abuse within the educational environment and family contexts. This campaign has a social impact in improving awareness and understanding among children, developing their coping skills, increasing self-confidence and security, and improving communication with children.</p>

## Second: Main Achievements in FY 2024

Scope	Achievement
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The Ministry of Culture has completed the restoration and development of King Fahd Cultural Center to transform it into a comprehensive cultural center that includes multiple departments and a main theater with a capacity of 2,750 seats. The center hosts a wide range of cultural and artistic activities, including exhibitions, lectures, and theatrical performances. Also, it was opened with Zarqa Al Yamama Opera performances in Q2 of FY2024.

Enhancing of cultural assets in the Kingdom of Saudi Arabia, through the introduction of new insurance products targeting artworks for the purpose of acquisition in premises or lending. A cultural insurance product has also been created, the first of its kind in the Kingdom and the region, as it contributes to preserving cultural assets and enhancing their sustainability. This product targets all governmental, private, and non-profit sectors, as well as individuals. As part of promoting this initiative, a cultural insurance conference was held with the presence of a group of officials from government agencies, international embassies, chief executive officers, and specialists interested in the cultural and insurance fields. The conference focused on the importance of the cultural insurance product and the need to raise awareness of preserving cultural assets and enhancing their sustainability, which reflects the Kingdom's vision of promoting and reinforcing culture in the society.

### Culture

The adoption of a new set of legislative initiatives in the film sector in the Kingdom to promote the film industry and support local production. This included reducing the fees for cinema licenses, which makes it easier for investors to enter this sector. In addition, Saudi films were exempted from clearance and classification fees. An agreement was made between the General Authority of Media Regulation and MoF to discuss the mechanism on how the country will bear the financial cost for clearing and classifying each sample of Saudi films. These steps reflect the Kingdom's commitment to developing the film industry and enhancing its cultural and creative role.

The Ministry of Culture, in strategic partnership with King Saud University in Riyadh, launched the College of Arts at the University, which is the first of its kind in the Kingdom, under Saudi Vision 2030. The aim is to achieve the objectives of the cultural capabilities development strategy that stems from the National Strategy for Culture and contributes to covering the labor market's need for cultural professions. The College teaches 8 programs and includes three scientific and cultural departments, which are, the Department of Design that is concerned with teaching graphic design sciences; the Department of Performing Arts, which offers a number of study programs in theater, cinema, and music sciences; and the Department of Visual Arts, which focuses on teaching printing, drawing, engraving, and Arabic calligraphy sciences.

## Second: Main Achievements in FY 2024

Scope	Achievement
<b>Culture</b>	<p>A number of cultural and artistic festivals were organized that aimed to showcase performing arts. The Qemam International Festival for Mountain Performance Arts included the participation of 25 countries, and 20 local bands from the various regions of the Kingdom, with the organization of two carnival marches on Prince Sultan Street. The festival included accompanying events such as artisan shops, fashion shows, and special events for children, as well as a diverse cultural programs that included seminars and workshops specializing in mountain performing arts with the participation of a group of elite speakers. The festival represented a qualitative leap in raising awareness among visitors about mountain performing arts and supporting heritage sites in Asir province, and it lasted for 8 days in 8 different locations.</p>

## Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Health</b>	<p>Opening and operating 5 new hospitals in targeted provinces and increasing bed capacity by 963 beds, to reach 23 beds per 10 thousand residents, including Rijal Almaa, Dhahran Al-Janoub, Hail, Makkah and the Mental Health Hospital in Riyadh. The hospitals will be equipped with modern medical equipment and qualified human cadres will be employed to meet the health needs of the population and improve the quality of medical care provided.</p> <p>The provision of 568 vehicles, including ambulances, electric vehicles and amphibious vehicles, to transport the injured and medical supplies and enhance emergency and healthcare services.</p> <p>The development of early screening programs for newborns and children to enhance the quality of life and reduce disability. The project includes the development of an early screening program for newborns to detect hearing problems and genetic diseases, while providing a reference database for children in the public and private sectors. The project also includes pre-school hearing screening that is linked to Noor system to improve educational quality for children. In addition, the program aims to promote early intervention in cases of hearing problems and genetic diseases, which reduces the disability rate and improves health care for children in the Kingdom.</p> <p>Increasing the Human Papillomavirus (HPV) vaccination coverage for girls and enhancing early detection of HPV to reach a 90% coverage rate for the HPV vaccine because the virus causes cervical cancer. This is achieved by providing a vaccination service for girls in their first intermediate grade, providing an early detection service for women aged 30 years and above, as well as transferring positive cases to early screening for cervical cancer. The project aims to prevent cervical cancer and the spread of the virus through vaccination and early detection, which contributes to improving public health.</p>

### Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Health</b>	The implementation of the modern care model by expanding oncology services, early cancer detection, and providing diagnostic devices in 3 new centers.
	The expansion of dialysis centers in Huraymila and Jazan General Hospitals. The project includes the expansion of dialysis services at Huraymila and Jazan General Hospitals, increasing the capacity to 200% in each hospital. Advanced dialysis centers will also be established and equipped, with a financing of SAR 10 million for Huraymila Hospital and SAR 30 million for Jazan Hospital. Furthermore, the project aims to improve the quality of the provided dialysis services and increase the capacity to accommodate more patients.
	The development and activation of medical evacuation centers, command and control centers, and providing advanced ambulance centers in various regions.
	The classification of the National Health Emergency Operations Center (NHEOC) by the World Health Organization (WHO).
<b>Media</b>	Partnership with China (Business Accelerator). The accelerator program aims to help entrepreneurs in the media industry, by providing resources and guidance, and exchanging experiences between the two countries.
	Production of "the Kingdom in 2024" movie, a documentary film presented at the end of each year, which aims to narrate the achievements, events, and projects that left a great impact on the lives of Saudis during the year.
	Production of the "Sound and Movement Series", which is a cultural entertainment series that documents the origin of traditional dances and folklore from the various regions of the Kingdom, their authenticity and antiquity, and the meanings they carry for the tribe, the region, and the Kingdom as a whole.
<b>Entertainment</b>	The launch of Riyadh Season 2024-2025, which is Saudi Arabia's largest entertainment season, offering a diverse range of options and entertainment activities. The Season is designed to promote entertainment and tourism in the Kingdom, aiming to increase the number of visitors, both citizens and residents. Additionally, Riyadh Season seeks to create both permanent and seasonal jobs, and ensures the sustainability of the sector as a whole by providing sustainable and high-quality entertainment experiences. The new edition of the Season also focuses on enhancing local content by involving local companies in events and activities.

### Third: Key Projects Planned for FY 2025

Scope	Objective
	<p>Increasing the current attendance rate of 2.49 million in Saudi Professional League matches by 5%, contributing to making it one of the top 10 leagues in the world.</p>
	<p>Increasing the number of active clubs for various sports, from 126 clubs, to at least 130, an increase of 3% over the previous season.</p>
<p><b>Sport</b></p>	<p>The renovation and development of Imam Muhammad ibn Saud Islamic University Stadium to host the AFC Asian Cup matches, with a capacity of 20 thousand seats.</p> <p>Increasing the number of clubs participating in the governance initiative by 15% compared to the previous season to raise the level of sport clubs in the field of governance.</p>
<p><b>Human Resources</b></p>	<p>The implementation of the Performance Management Transformation Model for 24 ministries in 2025, with the aim of enhancing the efficiency of human capital in the public sector. This is achieved through aligning employee performance and targets with the strategic objectives of the agency, while also improving the ability of leaders, supervisors, and specialists to set measurable smart goals.</p> <p>The aim is to create job opportunities for more than 400 thousand people in vital sectors, offer services to over 170 thousand establishments, and reach 2.3 million beneficiaries through the training and empowerment programs of HRDF across all regions of the Kingdom.</p>
<p><b>Social Development</b></p>	<p>Increasing the satisfaction rate of beneficiaries of non-profit organizations' services, with the target of 85% for 2025. This aims to enable non-profit organizations to achieve the objectives of Saudi Vision 2030.</p> <p>Increasing the number of volunteers and volunteer opportunities in the Kingdom, reaching 750 thousand volunteers in 2025.</p> <p>Increasing the growth in the number of non-profit organizations by 124% in 2025.</p>

### Third: Key Projects Planned for FY 2025

#### Scope

#### Objective

The opening of the "Black Gold" Museum, which is the first permanent creative museum about oil in Saudi Arabia, in partnership with the King Abdullah Petroleum Studies and Research Center (KAPSARC). The museum presents a creative narrative of the history of oil through more than 200 contemporary artworks that reflect its historical, economic, and cultural impact on humanity.

The Opening of Prince Mohammed bin Salman Global Center for Arabic Calligraphy. This Center is dedicated to everything related to Arabic calligraphy, including teaching Arabic calligraphy to graduate practitioners of Arabic calligraphy with accredited certificates for the first time in Saudi Arabia.

#### Culture

The promotion and support of literature and translation by holding the International Translation Forum, organizing literary events, conducting training courses, supporting the translation of content from and into Arabic, and stimulating creativity in literature by creating new platforms and enhancing cooperation in this field.

The promotion and development of the visual arts sector by supporting practitioners and creators, organizing events and exhibitions, and developing training and educational programs, including developing policies, updating strategies, and creating platforms to display and promote visual arts locally and internationally.



## Municipal Services Sector

### First: Overview

#### Sector allocation in FY2025 Budget

SAR 65 bn

#### Main functions

Establishing and developing the infrastructure of cities, urban planning, and providing solutions related to housing and urban development, as well as holding entertainment activities, festivals, and occasions.

#### Number of governmental entities affiliated with the sector

305

### Second: Main Achievements in FY 2024

Scope	Achievement
<b>Municipalities and Housing</b>	The provision of housing support services to nearly 80 thousand Saudi families, with the delivery of about 15 thousand housing units from the off-plan sales product to beneficiaries. In addition, more than 3,131 thousand housing units were provided in partnership with real estate developers by the end of Q3 of FY2024. This contributed to enabling citizens to choose suitable properties and achieving the goal of increasing the percentage of homeownership rate among Saudi families.
	Over 2.6 million visual distortion reports were addressed, and the "Balady Lens" initiative was introduced, covering more than 310 thousand kilometers. Further, a total of 8.4 million images were captured using artificial intelligence technologies to enhance the quality of life in Saudi cities.
	Over 3.6 thousand investment contracts were signed on the Saudi Cities Investment Gate "FURAS", enabling 29 agencies to offer and manage investment opportunities. This contributed to improving the investor's journey and enhancing the percentage of government investment.
	The launch of the tourism and entertainment project, the "Zan" seafront, in Jazan province, with an area of 300 thousand square meters and a cost exceeding SAR 1 bn.

### Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Municipalities and Housing</b>	The provision of housing support to more than 100 thousand beneficiaries through a variety of housing products, along with providing 80 thousand housing units and developed lands in partnership with real estate developers in various regions of the Kingdom.
	The achievement of a 66% rating in the Pavement Condition Index (PCI) to improve the quality of life for residents of the cities.
	The establishment of 1.8 million m <sup>2</sup> of parks and urban interventions to improve the urban landscape and enhance the concept of quality of life in Saudi cities.

## Economic Resources Sector

### First: Overview

#### Sector allocation in FY2025 Budget

SAR 87 bn

#### Main functions

Servicing the commerce and business services, environmental transformation and vegetation development, energy and water resources, and mineral and industrial wealth. In addition, it focuses on developing tourism businesses and the investment environment; promoting industry and exports; supporting SMEs, and the state properties assets; and enhancing local content, economy and planning, and international strategic partnerships.

#### Number of governmental entities affiliated with the sector

48

### Second: Main Achievements in FY 2024

Scope	Achievement
<b>Environment, Water and Agriculture</b>	<p>The agricultural sector's contribution to the Kingdom grew by 9%, reaching SAR 109 bn, and total food production increased to about 10.6 million tons. This contributes to diversifying income sources and increasing economic sustainability.</p>
	<p>The discovery of the Four Sisters Islands (Al-Lith Governorate) as an important habitat for sea turtles and coral reefs in the Red Sea.</p>
	<p>The achievement of food security for the most important strategic commodities in the Kingdom by covering more than 11 million tons of 12 basic commodities, and receiving more than one million tons of local production.</p>
	<p>The achievement of a self-sufficiency rate of up to 80% in vegetables. This reflects the significant progress made in enhancing national food security and reducing dependence on imports by improving local production and developing agricultural infrastructure.</p>
	<p>The launch of the International Year of Camelids, where the Kingdom of Saudi Arabia is a co-chair at the global level. The Kingdom held more than 50 events around the world, as part of its celebration of the International Year of Camelids 2024, which seeks to enhance the status of camels as an important element in cultural, social, and economic heritage. It also aims to increase public awareness of the importance of camels and their role in maintaining the ecological balance. Hence, the Kingdom celebrates its heritage and legacy and grounds its tireless efforts in caring for the camelid sector based on its importance in achieving the goals of food security and economic growth.</p>

## Second: Main Achievements in FY 2024

Scope	Achievement
<b>Commerce</b>	<p>The support of 140 promising innovative enterprises for international expansion by enabling them to compete globally through including them in the global accelerator track or participating in international exhibitions and conferences.</p>
	<p>The hosting of the Entrepreneurship World Cup 2024 and the qualification of the top 100 entrepreneurs from 145 countries worldwide for the final round, with 14 winners honored at Biban24 Forum. The competition included a total cash prize of up to USD 1 million, along with several in-kind awards in collaboration with partners and supporting entities. This contributes to supporting and enhancing innovation and entrepreneurship at the local and global levels, while attracting leading startups to the Saudi market.</p>
	<p>The provision of more than 10 thousand local and international investment opportunities in franchising, the development of 45 local brands for expansion through franchising, and supporting the expansion of 60 franchise brands during the franchising tour.</p>
<b>Industry and Mineral Resources</b>	<p>The Kingdom of Saudi Arabia has achieved the second-largest global improvement in the investment risk index in the mining sector over the past five years. The Kingdom has also made significant progress in the legislative structure, regulations, and financial policies index, positioning itself among the best mining countries in the world in terms of legislative and regulatory frameworks. Additionally, the Kingdom has become a model for improving regulatory frameworks and developing the mining sector in neighboring countries.</p>
	<p>The establishment of the National Minerals Program to be a key tool to support and secure supply chains for local industries and giga projects, as well as supporting the Kingdom's investments abroad.</p>
	<p>The development of 454 investment opportunities worth SAR 143 bn, linked to the industrial sectors targeted in the National Industrial Strategy.</p>
	<p>The attraction of qualitative industrial investments estimated at about SAR 33 bn to the cities of the Royal Commission for Jubail and Yanbu.</p>
<p>The attraction of investments estimated at SAR 20.3 bn as a result of the acquisition of 706 new contracts. This includes 222 factories targeting the export of products outside the Kingdom and 37 factories targeting the export of 50% or more of production quantities abroad, and creating approximately 45 thousand new expected job opportunities in the sector.</p>	

## Second: Main Achievements in FY 2024

Scope	Achievement
<b>Investment</b>	<p>The Kingdom advanced 16 places in the Operational Risk Index issued by the Economic Intelligence Unit (EIU), reaching 50<sup>th</sup> place in 2024, after consistently ranking at around 66<sup>th</sup> place over the last three years.</p>
	<p>The completion of 146 investment deals in several sectors, including education, culture, communications and information technology, automobiles, energy, health, environmental services, food, petrochemicals, real estate, and sports sectors, with a value of SAR 118 bn. This contributes to achieving remarkable accomplishments in several priority sectors, creating direct and indirect jobs, and improving and raising the quality of provided services.</p>
	<p>Saudi Arabia's Regional Headquarters (RHQ) program succeeded in attracting more than 540 global companies since the program was launched, exceeding the Saudi Vision 2030 target of 500 companies. This enhances the Kingdom's regional position as a center for international companies to manage their investments in the Middle East and North Africa (MENA) region and provide their services to the region from the Kingdom.</p>
<b>Zakat, Tax, and Customs</b>	<p>The launch of an integrated digital system for investor services in special economic zones.</p>
	<p>The automation of more than 70 services by simulating human procedures through the use of Robotic Process Automation (RPA) to improve and accelerate procedures with greater accuracy and speed.</p>
	<p>VAT refund has been made available for the donors to public benefit projects and real estate developers, acknowledging them as eligible for VAT refunds. This reflects on enhancing community contributions and developing the domestic economy.</p>
	<p>The establishment of electronic connectivity between the Kingdom and some Gulf Countries (Oman, Kuwait, Qatar, United Arab Emirates) to facilitate the flow of goods across the gulf customs borders.</p>
	<p>The establishment of a research center in the field of Zakat, Tax and Customs to enrich the research and academic content in these field. The center will attract outstanding talents and conduct scientific, Sharia, and accounting research and studies to address the challenges stemming from the limited availability of specialized scientific and academic resources in the Authority's fields of work.</p>
<p>The expansion of the initiative to cancel fines and exempt financial penalties to support economic development and facilitate trade.</p>	
<p>The operation of free markets in 3 arrival terminals in Riyadh and a departure terminal in Jeddah to achieve the Zakat, Tax and Customs Authority's goals of expanding the operation of free markets in all the Kingdom's ports, which serve both the departure and arrival terminal to improve the travelers' experience at the ports.</p>	

## Second: Main Achievements in FY 2024

Scope	Achievement
<b>Energy</b>	<p>The inauguration and expansion of 24 factories, with a total investment of over SAR 2.2 bn. This resulted in the creation of more than 730 jobs, and it contributed to increasing the localization of components and services in the energy sector.</p>
	<p>The announcement of the discovery of four oil and gas fields and four reservoirs is a significant achievement. These discoveries hold great importance due to their positive impact on the Kingdom, its reliability, and capabilities in the exploration and production sector. Moreover, it is important because it increases the Kingdom's reserves by adding new oil and gas reserves.</p>
	<p>The announcement of signing 3 agreements to localize the components of solar and wind energy and their supply chains, which aims to contribute to achieving the localization targets for the energy sector.</p>
	<p>The issuance of the first license for the retail sale of cylinders of liquified petroleum gas with a delivery service to the consumer, and the first license for the trade of petroleum products at a marine fuel station with international standards.</p>
	<p>The announcement of introducing clean gasoline and diesel fuels to the local markets and providing transport vehicles that meet the international specifications compatible with clean fuel, aiming to reduce emissions resulting from fuel combustion in vehicles.</p>
<b>Tourism</b>	<p>The Ministry of tourism attracted 59.74 million local and international tourists until June 2024, contributing to the support of the private sector and increasing non-oil revenues in the GDP. The target is to reach 119.6 million tourists by the end of 2024.</p>
	<p>The attraction of SAR 8 bn in new investments in the tourism sector since the beginning of FY2024 and through August. The target is to reach SAR 15 bn by the end of 2024.</p>
	<p>The total tourism spending reached SAR 156.6 bn through June 2024, out of SAR 304 bn targeted to be achieved by the end of 2024. This contributes directly to the domestic economy, raising non-oil revenues, and supporting the private sector.</p>
	<p>The success of the "Saudi Summer Program 2024" campaign, which resulted in 6.9 million visitors, with their total spending amounted to more than SAR 10.5 bn.</p>
	<p>The enhancement of Saudi Arabia's position as a leading global tourism destination by the engagement of 1,025 trade partners at the Arabian Travel Market in Dubai and ITB in Berlin. This could contribute to 4.1 million potential visits and an estimated expenditure of SAR 21.9 bn.</p>

### Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Commerce</b>	<p>In collaboration with the World Bank Group (WBG), to establish a knowledge center in the Kingdom, aiming to promote the culture of reforms in neighboring and vulnerable countries in the world. The center will aim at highlighting the Kingdom's successes and economic reforms that have contributed to improving the Kingdom's competitiveness at the regional and the global level.</p>
	<p>The strengthening of relations with government counterparts in leading countries in the areas of competitiveness, as well as with the local and foreign private sector through chambers of commerce, business councils, and specialized committees.</p>
	<p>The issuance of Consumer Protection Law project with the aim of achieving: a fair balance in rights and duties between the economic operator and consumer; protecting the consumer from harmful, defective or infringing products and services; spreading and promoting consumer rights; educating consumers about their rights and duties; and encouraging the culture of sustainable consumption.</p>
<b>Industry and Mineral Resources</b>	<p>The activation of the National Minerals Program and the National Plan for Strategic and Critical Minerals, which aim to attract investments estimated at approximately SAR 400 bn.</p>
	<p>The provision of credit facilities and insurance coverage for non-oil exports with a total value of SAR 12.3 bn, and insurance coverage with a total value of SAR 12.5 bn to enable Saudi exporters to increase their non-oil exports, which will positively reflect on the percentage of Saudi non-oil exports and improve the balance of payments.</p>
	<p>The enhancement and maximization of local content for the public and private sectors and individuals, by enhancing the share of local content in government procurement, maximizing the role of government-owned firms by 51% or more, increasing the private sector's contribution to developing local content in accordance with national plans and visions, and activating the role of individuals through awareness to direct consumption towards local products.</p> <p>The attraction of industrial investments by allocating industrial lands in cities affiliated to the Royal Commission for Jubail and Yanbu with an estimated investment of SAR 29.9 bn.</p>

### Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Energy</b>	The replacement and maximization of the Kingdom's oil and gas reserves by replacing 100% of the 2024 production of crude oil and condensates, and adding 7.5 tn standard cubic feet (scf) of crude gas.
	The completion of the construction of the gas plant in the Jafurah unconventional gas field, which is expected to start production in 2025. In addition, sustainable production is expected to reach 2 bn cubic feet of gas per day by 2030.
	The allocation of lands of renewable energy projects with approximately 260 km <sup>2</sup> for a solar power plant project and 1,862 km <sup>2</sup> for a wind farm project, with the aim to increase the renewable energy sources contribution to the optimal energy mix.
	The launch of the Integrated Energy Strategy in the Kingdom of Saudi Arabia to achieve leadership in energy markets, develop local content, increase the security and reliability of supplies, manage emissions, enhance consumption efficiency and economic growth, and maximize financial benefits.
	The launch and implementation of the third package of educational and training programs to prepare national talents within the objectives of the human capital qualification strategy in the nuclear and renewable energy industries.
<b>Environment, Water and Agriculture</b>	The implementation of the objectives of the Liquid Fuel Displacement Program through the completion of the conversion of a water desalination plant from liquid fuel to reverse osmosis technology. This includes initiating the construction work for expanding the main gas pipelines, connecting two factories to the electrical grid, and commencing electrical network expansion projects to connect factories and farms.
	The contribution of achieving food security in the Kingdom by covering more than 11.5 million tons of 12 basic food commodities, and supplying 1.2 million tons of strategic commodities.
	The establishment of a water desalination research center named the (Desalination Oasis), which contributes to developing the water sector in general and desalination technologies in particular. The center will support research and innovation to raise the efficiency and sustainability of water in the Kingdom.
	The launch of a hackathon that aims to solve 10 challenges in the waste management sector by developing standards for adopting creative ideas and incubating them within the Creative Ideas Incubator.
Increasing the coverage of wildlife and marine reserves to 22% and 24%, respectively, by FY2025.	

### Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Tourism</b>	The attraction of 127 million visitors until the end of 2025 to achieve the objectives of the National Tourism Strategy, which supports the Saudi Vision 2030 target by enabling the growth of the tourism sector aimed at both local and international tourists.
	The achievement of SAR 346.6 bn for total tourism spending, which directly contributes to the domestic economy, increases non-oil resources, and supports the private sector by providing higher demand in the tourism sector.
	The achievement of 1.170 million jobs in the tourism sector by fostering growth of tourism aimed at both international and local tourists. This will contribute to reducing the unemployment rate and creating new career paths and professions in the labor market.
<b>Investment</b>	Targeting SAR 139 bn in foreign direct investment (FDI) flows.
	Targeting the achievement of SAR 1.09 tn in GFCF investments in the Kingdom.
<b>Zakat, Tax, and Customs</b>	The establishment of the Crisis, Emergency and Disaster Center at the Authority with the aim for improving response times to incidents by ensuring the activation of an integrated structure for coordination, control, and communication internally and with stakeholders. It also aims to implement a distinctive response methodology for various crises while ensuring effective stakeholder participation and providing high-quality central operational control for crisis monitoring.
	<p>The implementation of VAT refunds for tourists in the Kingdom of Saudi Arabia to effectively balance the traveler experience and tax compliance.</p> <p>The adoption of generative AI technology and the activation of a general use case by integrating the available general guidelines on the Authority's portal. This enables the portal visitor to engage in an advanced interactive chat, and a seamless and exceptional user experience.</p>



## Public Administration Sector

### First: Overview

#### Sector allocation in FY2025 Budget

SAR 44 bn

#### Main functions

Undertaking the management of foreign relations, political and diplomatic affairs, Islamic affairs services, and justice and judicial affairs. Organizing Hajj and Umrah, ensuring the care of the Two Holy Mosques, and facilitating the operations of the central government and the management of general authorities.

#### Number of governmental entities affiliated with the sector

33

### Second: Main Achievements in FY 2024

Scope	Achievement
Islamic Affairs	The publishing and printing of 6.5 million copies of the Holy Qur'an, and the provision of its several versions through various programs.
	Hosting of 1 million visitors to King Fahd Glorious Qur'an Printing Complex, including pilgrims, Umrah performers, and visitors from within the Kingdom and abroad.
	The implementation of the Custodian of the Two Holy Mosques Iftar Program, where 500 tons of high-quality dates were distributed to 93 countries. The program was also implemented in 60 countries around the world, in coordination with the embassies of the Custodian of the Two Holy Mosques in the beneficiary countries.
Justice	The completion of the project to digitize and preserve the real estate wealth archive documents (scanning and archiving real estate documents) and photocopying 100 million paper documents from the real estate wealth records.
	The completion of activating virtual accounts for all enforcement courts, converting fiscal procedures from a manual system and operations to an automated system integrated with external parties.
	The launch of real estate map that allows buying and selling real estate through the real estate map.

## Second: Main Achievements in FY 2024

Scope	Achievement
	<p>Hosting 11.05 million Umrah performers from abroad who performed Umrah in 2024 until the end of Q3. This represents 97% of the 2024 target of 11.3 million Umrah performers.</p> <p>A project to build 10 towers in Mina to enhance the experience of the pilgrims, and to develop additional spaces in Arafat, spanning over 100 thousand square meters.</p>
<b>Hajj and Umrah</b>	<p>The improvement of the experience of the visitors to the Blessed Rawdah through the project of enhancing the crowd management system, which has facilitated the issuance of over 10.26 million electronic permits so far, with an average of 45 thousand permits per day, and up to 49 groups.</p> <p>The opening of competition among companies serving pilgrims from abroad, with 35 companies competing to provide their services to pilgrims, which contributes to enhancing the quality of services and increasing the pilgrims' satisfaction.</p>
<b>Foreign Affairs</b>	<p>More than 15 thousand beneficiaries were served through the Kingdom's Missions Abroad, providing support, counseling and legal assistance. In addition, since the beginning of 2023 until November 2024, 1,646 beneficiaries who were stranded due to unforeseen circumstances have been assisted.</p> <p>The launch of the Platform for International Organization Recruitment (Dawli), which aims to match national competencies with jobs available at international organizations abroad. It also seeks to increase Saudi representation and enrich national competencies with international expertise and experiences.</p> <p>The establishment and operation of the unified call center for the Ministry of Foreign Affairs with the aim of improving the level of services provided and achieving the highest rate of beneficiary satisfaction.</p>

### Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Islamic Affairs</b>	<p>Printing 15 million copies of the Holy Qur'an and the translations of its meanings which are issued by King Fahd Glorious Qur'an Printing Complex, ensuring the dissemination of the Holy Qur'an and the translations of its meanings to all countries worldwide.</p> <p>The development of the comprehensive platform for the Islamic Affairs sector (Whole of Government).</p>
<b>Justice</b>	<p>The activation of the first phase of the smart court and the smart path in implementing the legal case stages, starting from the smart selection of the statement of claim to the issuance of automatic generated judgment.</p> <p>The development of financial disbursement services that contribute to the expansion of electronic payment operations and minimize reliance on manual processes, thus; saving time, effort, and costs for individuals, companies and government agencies.</p> <p>Automating the services between the Ministry of Justice and the Ministry of Interior through integrating electronic systems with the Ministry of Interior (which includes General Administration of Expatriates' Affairs, General Directorate of Passports, General Traffic Department, and Police).</p>
<b>Hajj and Umrah</b>	<p>The establishment and development of drinking-water taps in the holy sites, ensuring that they are evenly distributed along pedestrian pathways in the holy sites based on the pilgrims' need. This facilitates the accessibility and availability of clean drinking water for all pilgrims, reducing the risk of dehydration during Hajj.</p> <p>The development of 15 historical and cultural sites to offer pilgrims and Umrah performers the opportunity to deepen their religious and cultural experiences. This will allow them to experience local culture, Islamic history, and discover the Kingdom.</p>
<b>Foreign Affairs</b>	<p>The development and establishment of a comprehensive innovation center that provides a wide range of tools and technologies that enable the Ministry to devise innovative initiatives and solutions. This contributes to enhancing the Ministry's efficiency and improving the services provided to all segments of beneficiaries.</p> <p>The establishment and development of an integrated platform "Qimmam Platform", which aims to manage events and conferences held in the Kingdom with high efficiency.</p>

## Security and Regional Administration Sector

### First: Overview

#### Sector allocation in FY2025 Budget

SAR 121 bn

#### Main functions

Focusing on maintaining internal security and the country's safety, which includes border guards, countering terrorism and extremism, narcotics control, civil defense, passport administration, and traffic safety. In addition, it focuses on managing and organizing the affairs of the emirates of the regional administration, reformatories and prisons administration, as well as the technical integration of the citizens' transactions to the civil affairs, cybersecurity, and premium residency.

#### Number of governmental entities affiliated with the sector

31

### Second: Main Achievements in FY 2024

Scope	Achievement
	The National Cybersecurity Authority organizes the fourth edition of the Global Cybersecurity Forum (GCF 2024), in Riyadh, under the theme: "Advancing Collective Action in Cybersecurity". This event aims to strengthen international cooperation to address urgent challenges in cybersecurity, with participation from leading thinkers, decision makers, and key international stakeholders.
	The Kingdom of Saudi Arabia achieved the first place globally in the Cybersecurity Index, according to the World Competitiveness Booklet 2024 report.
<b>Cybersecurity</b>	The Kingdom was ranked in the highest category (Role-Modeling) in the Global Cybersecurity Index 2024, achieving a 100% score after meeting all the requirements of the 83 sub-indicators.
	The Launch of the National Program for Research, Development and Innovation in Cybersecurity as a specialized program that includes unique initiatives aimed at strengthening sustainable partnerships both locally and internationally. This program contributes to empowering the research, development, and innovation ecosystem in the cybersecurity sector. In addition, the "Cybersecurity Research and Innovation Pioneer Grant" initiative was launched as part of the program. This initiative offers grants to researchers, experts, and students in the field of cybersecurity, aiming to promote significant growth in cybersecurity research and innovation.

## Second: Main Achievements in FY 2024

Scope	Achievement
	The launch of 66 new qualitative services on the Ministry of Interior's electronic platforms (Absher Individuals - Absher Business - Absher Government).
<b>Interior Affairs</b>	Opening 30 new security headquarters across the Kingdom, 3 training cities for public security, and two medical centers within the Custodian of the Two Holy Mosques' project to develop security facilities to keep pace with the urban expansion occurring in the Kingdom, and to accelerate service delivery to beneficiaries and provide high-quality services.
	The Launch of electronic gates at a number of international airports (King Abdulaziz International Airport, Prince Mohammad Bin Abdulaziz International Airport, King Khalid International Airport, King Fahd International Airport, NEOM Bay Airport).

## Third: Key Projects Planned for FY 2025

Scope	Objective
<b>Cybersecurity</b>	Maintaining the Kingdom of Saudi Arabia's ranking in the Global Cybersecurity Index (GCI) issued by ITU.
<b>Interior Affairs</b>	Targeting the launch of 50 electronic services on the Ministry of Interior's electronic platforms (Absher Individuals, Absher Business, and Absher Government). Thus, the total number of services provided is more than 510 for more than 27 million beneficiaries including citizens, residents, and visitors, and more than 1.3 million beneficiary establishments and 500 beneficiary government and private entities through the National Unified Access.
	The development of the digital platform for automatic alarm (linking fire prevention and protection systems in facilities and buildings to operating rooms).

## Military Sector

### First: Overview

#### Sector allocation in FY2025 Budget

SAR 272 bn

#### Main functions

Focusing on defending the Kingdom and protecting its sovereignty. This includes: enhancing military capabilities and developing and localizing the military industries; providing medical services through the military hospitals; supporting military research, education and training in military colleges and universities; as well as operating and maintaining military facilities, bases and cities.

#### Number of governmental entities affiliated with the sector

17

### Second: Main Achievements in FY 2024

Scope	Achievement
	Opening of King Abdullah Specialist Children's Hospital, and Neuroscience and Trauma Care Center at King Abdulaziz Medical City in Jeddah.
<b>National Guard</b>	The localization of 6 contracts for maintenance and operation services across all systems of the Ministry of National Guard. This contributes to creating job opportunities for Saudis.
	The Launch of the framework agreements to localize industry and support local factories, by directing purchase orders to local factories included in the framework agreements. This resulted in savings by following up on purchase orders for the framework agreement with military and security agencies, with total savings exceeding SAR 328.1 million.
<b>Military Industries</b>	The enhancement of partnerships with the private and public sectors and the provision of investment opportunities in supply chains. The main committee for military standards and specifications was also launched, its charter was approved by the Authority's Board of Directors, and 6 sub-committees for military products were also authorized.
	The support and encouragement of the private sector through a package of incentives to promote local manufacturing and contribute to reducing the total value of contracts subject to VAT.

## Second: Main Achievements in FY 2024

Scope	Achievement
Defense	The launch of the National Defense University is one of the achievements and development stages of the Ministry of Defense, through which the capabilities of the national security system in the Kingdom are supported with a professional military educational institution.
	The treatment of the first case of oncology patients by Stereotactic Radiosurgery (SRS), using (Hyper Arc) in Armed Forces Hospital in Taif.
	The documentation of financial savings amounting to approximately SAR 45.2 bn during the period from FY2021 to Q1 of FY2024, including SAR 2.2 bn in FY2024.
	King Fahd Armed Forces Hospital in Jeddah ranked second among the top government hospitals for contributing to improving emergency response time.
	The development of an interactive international map covering the Kingdom that includes geospatial data and technological tools. This map allows locating points of interest, locations, and assessing their accessibility through a navigation system that suggest the fastest routes to reach destinations. Thus, it helps reduce daily travel times, carbon emissions, and costs.

## Third: Key Projects Planned for FY 2025

Scope	Objective
Military Industries	Raising the percentage of localization of military industries to reach 20% according to the target for 2025 by implementing programs and projects that support localization and working on legislation and policies in the sector to reach the target of 50% for 2030.
	The update of the strategy of the military industries sector in light of the changes that have occurred in the system, aiming to achieve the strategic goal of localizing 50% of military spending.
	The development of human capabilities in the sector of military industry system to support and empower the private sector.
Defense	Increasing the capacity to 600 kidney transplants annually, making it the highest in the Middle East and fifth in the world, for the Organ Transplant Center.
	The development of the Prince Sultan Cardiac Center to become a global leader and one of the top 10 centers in the world in providing advanced medical care, and establishing the first smart hospital specialized in cardiac medicine and surgery.

## General Items

The allocations for the general items sector in the FY2025 budget amounted to approximately SAR 192 bn. This sector is responsible for expenditures related to the government's share in retirement pensions and social insurance, contributions to international organizations, the cost of debt, and allocation management such as the allocation for supporting essential service facilities, revenues development incentives allocation, budget support allocation, and the emergency allocation. In addition, it includes the operational budget expenditures for new entities and provides subsidies for government agencies.

## Sectoral Expenditures

(SAR bn, unless otherwise stated)

Sector	Actual 2023	Estimates 2024	Budget 2025	Annual Change* (FY2025 Budget - FY2024 Estimates)
Public Administration	48	53	44	-15.6%
Military	254	259	272	5.3%
Security and Regional Administration	114	128	121	-5.4%
Municipal Services	77	115	65	-43.4%
Education	210	201	201	0.2%
Health and Social Development	256	260	260	-0.1%
Economic Resources	85	88	87	-1.1%
Infrastructure and Transportation	40	40	42	3.6%
General Items	208	202	192	-4.7%
<b>Total</b>	<b>1,293</b>	<b>1,345</b>	<b>1,285</b>	<b>-4.5%</b>

Source: MoF

\*The annual change percentages are based on the total values  
Figures are rounded to the nearest decimal point



## D. Fiscal Policies and Economic Enablers for FY2025 and the Medium Term

Within the framework of Saudi Vision 2030, the Government of the Kingdom of Saudi Arabia seeks to strategically direct public spending to support sustainable economic development and promote economic diversification. This trend is reflected in the efficient use of resources, with a focus on empowering vital sectors, developing infrastructure, promoting innovation, and improving the investment environment. Through these efforts, the Kingdom aims to achieve a strong and competitive economy in the global market, while ensuring the sustainability of resources for future generations.

**Infrastructure** development is a key pillar of the Government's spending strategy, as the Kingdom aims to establish its position among countries as a global logistics hub connecting three continents by continuing to invest in mega projects to modernize and expand transport networks, airports, and ports. The Kingdom is advancing its road network efforts to enhance quality and operational efficiency by adhering to the top technical specifications and safety standards. This goal is achieved through the implementation of the Saudi Road Code, which aims to unify standards and specifications that contribute to improving the efficiency and sustainability of the road network. This has positively impacted the Kingdom's ranking on the Road Infrastructure Quality Index issued by the World Economic Forum (WEF) report for 2023, securing fourth place among G20 countries. Furthermore, in terms of investment in airports and

air transport, the Kingdom continues to support this sector by launching new projects to enhance infrastructure and digitalization, as well as to ensure airport security and protection. This aims to increase operational efficiency, improve service quality across its various airports, advance multiple means of transportation in an integrated manner, and strengthen effective partnerships between the government system and the private sector to contribute to the implementation of mega projects. In addition, the transport sector's contribution to GDP grew by 6.4% in H1 of FY2024 compared to the same period last year, with local content in the projects of the National Strategy for Transport and Logistics reaching about 46.8% by the end of FY2023. These efforts supported a remarkable increase in air traffic, which contributed to the Kingdom's achievement of 18th place globally in the Airport Connectivity Index among the global airports. Building on the developments achieved by the Kingdom in strengthening its role as a logistics hub, the Kingdom advanced 17 positions in the Logistics Performance Index, reaching 38th position globally according to the World Bank report issued in April 2023. By Q2 of FY2024, the number of logistics centers in the Kingdom had reached 22 centers.

In FY2024, the **Industrial Sector** issued over 750 new industrial licenses, with more than 900 factories commencing production. Additionally, the Saudi Industrial Development Fund (SIDF) approved and disbursed loans exceeding SAR 16.7 bn to support projects in targeted sectors. Until FY2024, more than 450 investment opportunities, valued at SAR 143 bn, were developed which are related to the targeted industrial sectors in the

**National Industrial Strategy.** Further, significant industrial investments of SAR 25 bn were attracted for industrial cities across the Kingdom, while there are more than 1,300 ready-made factories. In addition, credit facilities of SAR 8.98 bn were granted, along with SAR 14.59 bn in insurance coverage for Saudi exporters and importers of non-oil Saudi goods and products. These efforts have contributed towards achieving economic diversification and reducing dependency on oil.

To promote local content and industrial localization, development opportunities amounting to SAR 20.2 bn were introduced and the number of products on the mandatory lists that government contractors are required to purchase from local factories was increased. Further, local content requirements were incorporated into government projects with a value of up to SAR 101 bn. Moreover, the National Industrial Academy was established to provide training and educational programs aimed at developing young national talents in the targeted sectors. The Kingdom aims to develop the **Mining Sector** to become the third pillar of Saudi industry and maximize the value derived from this sector. Thus, natural resources were reassessed, reaching SAR 9.4 tn. In FY2024, the total number of active licenses in the sector reached 2,288 licenses. Additionally, the National Mineral Program was established as a crucial tool to support and secure supply chains for local industries and giga projects, and to enhance Saudi investments overseas. The Mining Sector also contributed to the Kingdom's achievement of the second-largest improvement in the Investment Risk Index worldwide. Exploration expenditures in the Kingdom

also increased by 40% compared to last year. Further, the Kingdom is focused on generating economic and social returns from the Mining Sector by developing communities near mining projects, creating job opportunities for the inhabitation of these areas, and improving the quality of life through educational and training programs, as well as increasing purchases from local markets. In FY2025, the industrial sector seeks to continue attracting industrial investments by drawing investments of SAR 29.9 bn, providing credit facilities to Saudi exporters with a total value of SAR 12.3 bn, and insurance coverage with a total value of SAR 12.5 bn to enable Saudi exporters to increase their non-oil exports. In addition, the sector plans to secure loans valued at SAR 10.4 bn. These efforts are expected to contribute to localizing industries, attracting investors, achieving sustainable economic development, and establishing over 3,000 factories that implement cutting-edge technologies to achieve advanced manufacturing and drive the fourth industrial revolution. In FY2025, the Mining Sector aims to continue attracting high-quality domestic and international investments in mining, iron, steel, and copper smelting, with a production capacity of up to 400 thousand tons and an estimated investment of about SAR 5 bn. This is intended to meet both current and future demand from manufacturing industries. The Industry and Mineral Resources system seeks to train over 40 thousand professionals in the industrial and mining sectors, focusing on high-level skills in all priority sub-industrial sectors as outlined in the National Industrial Strategy and the Comprehensive Mining Strategy. These initiatives aim to enhance and

sharpen the skills of the national workforce, preparing them for the labor market requirements in these sectors.

The Kingdom also attaches great importance to **environmental sustainability** through its commitment to managing its natural resources efficiently to ensure their availability for future generations. These efforts include projects and initiatives that take into account the economic, social and environmental dimensions, with the aim of improving the quality of life and promoting economic growth. These initiatives are in line with Saudi Vision 2030, which enhances sustainability and contributes to achieving the environmental, water and agricultural goals that the Kingdom seeks to fulfill. They also promote the use of renewable energy sources, such as solar and wind energy. Further, the Kingdom continues to strive to provide nature-based solutions for carbon capture, combating climate change and desertification, and restoring plant biodiversity as part of its strategy to transform into a green and sustainable economy. The meteorological fleet was enhanced with the addition of five new cloud seeding aircraft, contributing to 1,416 hours of rainfall, and 7 million trees were planted and nurtured as part of the Saudi Green Initiative. These investments contribute to achieving afforestation targets under the Saudi Green Initiative and Middle East Green Initiative. The Kingdom seeks to increase vegetation cover by planting 4.8 million trees in FY2025. It also aims to contribute to the creation of new sources of water, as well as achieving environmental security, improving the quality of life and the effective use of natural resources.

In the **water sector**, the Kingdom is investing in water resources management projects, such as developing new desalination technologies and improving sewage networks. In FY2024, the total production of desalinated water from the public and private sectors reached more than 11 million cubic meters per day. Several water transmission projects have also been implemented, which increased the capacity by more than 1 million cubic meters per day, including developing new plants from seawater or groundwater with an increase in productivity of more than 450 thousand cubic meters per day. Furthermore, the Saudi Water Authority achieved first place in the second edition of the “Local Content Award” in 2024, with spending over SAR 11 bn. In terms of water rationalization, cumulative water savings of 19 million cubic meters were achieved, which is equivalent to financial savings of more than SAR 202 million. As part of the Government’s focus on enhancing the efficiency of water use in agriculture to reduce waste and ensure the sustainability of water resources, the amount of recycled water used in the agricultural sector reached 250 million cubic meters annually. This represents an increase of 212% compared to the target of 118.04 million cubic meters per year in Q2 of FY2024. It also supports water availability for farmers and encourages them to expand agriculture, which contributes to increasing agricultural productivity.

In the field of **food security**, the field survey project and the national platform to reduce food loss and waste were launched. These initiatives will contribute to the governance of the necessary legislation to build

a strategy for reducing food loss and waste in the Kingdom and ensure compliance. In addition, the early warning system for food was launched which tracks the developments in global and local markets for strategic food commodities.

Within the framework of investing resources efficiently, the **labor sector** is an enabling arm and a main pillar for achieving Saudi Vision 2030. It contributed to increasing the rate of economic participation, enhancing productive skills, and improving market efficiency. The sector is focused on attracting local and international talents and capabilities. In H1 of FY2024, the labor sector has reached many tangible achievements in the labor market. Most notably, the workforce exceeded 11.5 million workers, and the number of Saudis working in the private sector reached a record high of over 2.317 million employees. The Saudi unemployment rate also fell to a historic low of 7.1%, and women's empowerment in the workforce increased, with women's participation in managerial positions reaching 43.8%. In the World Competitiveness Yearbook report for 2024, the Kingdom advanced from 10<sup>th</sup> to 5<sup>th</sup> place in the labor market subindex. Additionally, the Kingdom made progress in three indicators for WEF 2024, including flexible working arrangements, ease of finding skilled employees, and gender pay equality. The Kingdom also continues its efforts to support the labor market and achieve sustainable development. As part of the ongoing efforts to empower Saudi youth, the Unified National Employment Platform "Jadarat" was launched, which aims to facilitate job seekers' access to public and private sector

jobs. In the area of voluntary work for FY2024, the number of volunteer opportunities in the Kingdom increased to 285.6 thousand opportunities in H1 of FY2024. By the end of October FY2024, the number of volunteers reached approximately 878.7 thousand volunteers, surpassing the FY2024 target of 690 thousand volunteers. In line with Saudi Vision 2030, the sector has a set of ambitious targets, as it aims to increase the number of Saudis in the labor market to 2.5 million Saudi workers in FY2025. In addition, it seeks to promote entrepreneurship, by financing over 140 thousand individuals and establishments, with a value of SAR 10 bn. This reflects the government's commitment for enhancing the participation of citizens in the economy, improving the quality of life, and creating new opportunities.

The Government seeks to enhance the Kingdom's position as a leading tourist destination. The **tourism sector** has witnessed a major transformation due to the Saudi Vision 2030. Numerous large-scale tourism programs and projects were launched to support economic diversification in the Kingdom and enhance the efficiency of the tourism sector. The most prominent projects include providing a set of training programs, offered within the Kingdom and abroad, aimed at empowering workers in the tourism sector with the necessary skills and developing their abilities to meet market demand. Efforts have also focused on improving governance in the tourism sector through enhancing the commitment to carry out inspection tours on tourism facilities. These inspections aim to ensure high service quality and raise awareness of the importance of compliance



with the approved laws and regulations. In FY2025, the Kingdom will host the General Assembly of the United Nations World Tourism Organization. This event seeks to develop the tourism sector and promote sustainable tourism awareness. Furthermore, the second phase of the NTS will be implemented to achieve economic and development returns for promising tourist areas with the participation of the private sector. It is expected that these projects will increase the number of tourists to more than 127 million tourists in FY2025, and raising tourism spending to about SAR 346.6 bn, boosting the tourism sector's contribution to GDP to approximately 5.3%. Additionally, it is expected to increase jobs in tourism-related sectors to 1.170 million jobs.

To support economic diversification, the **communications and information technology (CIT) sector** will continue its progress through implementing various initiatives and projects. These efforts are expected to contribute to around 5% growth in the CIT market by the end of FY2025 compared to last year. This is part of the sector's strategy for growth and to strengthen the Kingdom's position as the largest technology market in the MENA region. Further, the Government seeks to complete and advance digital infrastructure, promote innovation in modern technologies and future communications, including the development of sixth-generation (6G) networks and non-terrestrial communication systems. In terms of digital government, the Government will continue its investment and growth by fostering greater participation from the private sector, particularly SMEs, which account for about 18% of the private sector's

share. It is also expected that government agencies will increase their adoption of emerging technologies, especially artificial intelligence, and expand the use of cloud-based digital government solutions and services, reaching 50% in FY2025. This will be primarily focused on priority sectors (including health, education, transportation & infrastructure, and municipal services). It is also expected to create an added value to the digital economy through exporting leading digital government products in partnership with relevant entities. Moreover, the Digital Government Authority will persist in its efforts to improve government efficiency, with expected financial savings of up to SAR 8 bn from the governance of digital projects, along with an 86% improvement in user experience. Furthermore, in the space sector, the Kingdom aims to enhance the national capabilities in the field of satellite, particularly satellites communications, earth observing systems, and navigation, while advancing its exploratory missions in service of humanity.

These strategic directions embody the Kingdom's commitment to achieving comprehensive economic development by thoughtfully directing government spending toward vital sectors. The Government's efforts aim to enhance the Kingdom's ability to compete globally by diversifying its economy and improving the quality of life for citizens. Further, investments in innovation, technology and infrastructure will support the achievement of the goals of Saudi Vision 2030, ensuring a bright and sustainable economic future for the Kingdom.

## Public Investment Fund

**The Public Investment Fund (PIF)** continues to play its pivotal role in fostering sustainable economic and social development in the Kingdom by investing in promising strategic sectors. It strengthens private sector participation in these sectors through various initiatives and projects, thereby contributing to increasing the Kingdom's revenues through its domestic, regional, and international investments. PIF aims to support the Saudi Vision 2030 objectives by focusing on four main goals. These include maximizing the PIF's assets, launching key strategic sectors in the Kingdom, localizing the latest technologies and knowledge, and building strategic partnerships.

PIF achieved significant improvement in its asset management, reaching a value of approximately SAR 3.47 tn until October FY2024. This positions the fund as one of the largest sovereign wealth funds in the world. In FY2024, PIF launched several companies and projects across various strategic sectors. In addition, PIF continued to enhance its partnership with the private sector through the "**Musahama**" program and the "Private Sector Hub", which recorded over 150 investment opportunities in Q3 of FY2024, with a total value surpassing SAR 40 bn. This positively contributed to improving transparency in the private sector and offering investment opportunities across key sectors, including vehicles; transportation and logistics; construction, building components and services; healthcare services; entertainment, tourism and sport; real estate; utilities and renewable energy; metal and mining; and telecom, media and technology.

PIF continues to achieve notable progress in **environmental sustainability and renewable energy**. From FY2022 until October FY2024, PIF issued green bonds valued about SAR 33.8 bn. These were allocated to finance green projects and support the development of renewable energy projects across the Kingdom, including solar and wind power plants. PIF also launched the **National Automotive & Vehicles Academy (NAVA)** to contribute to the development of the future of innovation in sustainable mobility.

As part of PIF's pursuit of its investment strategy and its medium and long-term goals, it aims to invest up to SAR 1 tn in local projects and investments, and contribute about SAR 1.2 tn to non-oil GDP. PIF strategy for FY2021 to FY2025 aims to increase AUM to more than SAR 4 tn, and generate SAR 1.2 tn in non-governmental investments at the end of FY2025. It also focuses on creating direct and indirect jobs, and increasing the contribution of PIF and its portfolio companies to local content to reach 60%.

Moreover, PIF continued to meet its goals under its investment strategy. **Giga projects**, including Neom, Red Sea Global, Qiddiya, Roshn, and Diriyah, have made significant progress in urban development. Thus, PIF contributed to the advancement of both urban and economic development in the Kingdom. Further, these giga projects were designed to foster domestic economic growth, diversify the non-oil economy, promote investment in various sectors, and deliver sustainable returns over the medium and long terms.

In **Neom**, the “Magna” project is currently under development, marking a significant addition to the tourism project portfolio. In Q1 of FY2024, Neom announced the establishment of “Aquellum”, a luxury area that will be a significant addition to the ongoing development efforts. In addition, Neom signed an agreement with Marriott International to launch a hotel apartment project on “Sindalah Island”, reflecting the accelerated progress in Neom’s projects and the advancement of its ambitious global vision.

The “Sindalah” Island, spanning 840 thousand square meters, serves as Neom’s gateway to the Red Sea. Its prime location offers easy and seamless access for ship owners from Europe, the Gulf Cooperation Council (GCC) countries, and Saudi Arabia. The island is distinguished by its diverse marine ecosystem, containing 1,100 fish species, including 45 unique species, as well as over 300 types of coral reefs. It is expected that Sindalah will create about 3,500 jobs and attract around 2,400 visitors daily by FY2028. This will contribute to promoting the hospitality and tourism sectors in the Kingdom, and supporting economic diversification plans in line with Saudi Vision 2030 objectives.

**Red Sea Global** continued to advance its projects, revealing agreements to launch 12 hotels and resorts in the first phase. Additionally, the Red Sea International Airport received its first domestic and international flights. In early FY2024, the company announced the official opening of “St. Regis Red Sea Resort” on “Ummahat” Island, and the establishment of “Red Sea National Academy” to support the hospitality and tourism sectors. “Shura

Links” has also launched its exclusive golf course and club on “Shura” Island, along with the development of a comprehensive electric vehicle charging network. Further, Red Sea Global also revealed the opening of its luxurious “Shebara” resort, its fourth resort in the “Red Sea” destination, which is set to welcome visitors starting from November FY2024.

In the **Qiddiya** project, the urban plan for “Qiddiya City” is currently in progress, with plans to accommodate 600 thousand people. Additionally, “Prince Mohamad bin Salman Stadium” was announced. The stadium is recognized as one of the world’s top venues, featuring advanced technology and the capacity to host major sport, entertainment, and cultural events.

The **“Roshn”** Group has contributed to increasing homeownership rates in the Kingdom, by offering over 14 thousand residential units for sale since its inception until September FY2024. Roshn has also delivered more than 900 thousand square meters to sub-developers for further developments within its projects. In addition, Roshn is actively developing six projects across the central, eastern, and western regions. Recently, it revealed the construction of football stadiums including “Roshn Stadium” in Riyadh, and “Aramco Stadium” in Alkhobar, eastern province, in collaboration with “Aramco”.

In FY2024, **Diriyah** attracted over 2 million visitors since the launch of its initial project. The infrastructure work on the eight-lane Diriyah tunnel was completed. The “Bab Samhan Hotel” was opened, and the “Zallal” project was also announced. In addition, contracts were signed to build

luxury hotels and tourist facilities in Wadi Safar, with a value of SAR 8 bn, along with a contract to develop a new area north of Diriyah. By FY2030, the Diriyah project aims to attract 50 million local and international visitors, create over 170 thousand jobs, and contribute more than SAR 70 bn to GDP.

The PIF's investment strategy and its adherence to best practices in governance and management have contributed to the PIF's high **credit ratings** from "Moody's" and "Fitch Ratings", reflecting the PIF's credit worthiness and the quality of its investment portfolio. Recently, PIF received an issuer rating of (A1) and a credit rating of (Aa2) with a positive outlook from Moody's. Additionally, Fitch Ratings has recently assigned PIF a long-term issuer rating of (A+), with a stable outlook.

# 03

## Key Fiscal Risks

for FY2025 and the Medium Term





## Section III

### Key Fiscal Risks for FY2025 and the Medium Term

With the rapid pace of global developments and the associated challenges affecting the economic and financial situation worldwide, the importance of monitoring, analyzing, and disclosing financial and economic risks has taken center stage. This focus facilitates the proactive management of risks, while mitigating their negative impacts on public finance. This section highlights **key domestic and global financial and economic challenges** faced by the Kingdom's economy, as well as how these challenges may impact the achievements of the budget goals for FY2025 and the medium term.

#### Global Economic Challenges

In spite of some signs of relative recovery in the global economy and the IMF's forecasts –according to its recent report published in October– of stable growth in FY2024 and FY2025, there are several risks and challenges that may negatively affect the expectations of global economic growth. Notably, geopolitical risks stemming from escalating regional political tensions in the Middle East could negatively impact global supply chains and international trade, leading to greater pressure on prices. In addition, trade disputes among major economies may result in an increase in protectionist industrial policies that may hinder innovation and development, thereby affecting economic growth. These factors may increase uncertainty, potentially leading to a slower pace in easing monetary policies by central banks. They may also influence exchange rate fluctuations, increase borrowing costs, and reduce investment flows between

countries, possibly leading to a slowdown in the growth of global economic activity.

Amid the challenges facing the global economy, oil markets experienced consecutive fluctuations during FY2024. In September FY2024, the average price of Brent crude futures dropped to approximately USD 73 per barrel<sup>7</sup>, marking the lowest level since the beginning of the year. This decline in average oil prices in FY2024 compared to last year is primarily due to persistently high interest rates, driven by ongoing efforts by central banks to combat inflation. This has impacted global economic growth forecasts, subsequently, the growth in global oil demand. It should be noted that the Kingdom continues its efforts to maintain balance and stability in oil markets while proactively addressing any potential risks.

To mitigate the negative impacts of oil market volatility, the Kingdom has implemented sustainable fiscal policies in recent years, aimed at enhancing non-oil revenues, which is supported by the growth of non-oil activities. Additionally, the prudent macroeconomic policies coupled with the extensive reforms in public finance and the business regulatory environment, along with strong domestic demand have contributed to promoting non-oil growth.

Furthermore, the global economy can impact various areas of the domestic economy, such as exports, imports, foreign trade, investments, or financial markets. A slowdown in global economic growth could negatively impact the demand for countries' exported goods and services. This decline in demand may result in lower oil prices, which would subsequently impact the domestic economy.

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<sup>7</sup> Source: Reuters

## Influential Factors on the Domestic Economy

Despite the decrease in inflationary pressures and the progress many advanced economies and emerging markets are making toward their targeted inflation levels, uncertainty continues to overshadow the outlook for a global economy recovery. This is attributed to the impact of geopolitical tensions and concerns about possible escalation in the Middle East. There are also concerns that central banks may not continue to lower interest rates, which remain elevated. This situation has resulted in an intensification of pressures on the financial markets as well as an increase in credit risks. It has also increased the burden on the investment sector, which could negatively impact the productive sectors and labor market, thereby affecting global economic activity. Despite these significant challenges, the domestic economy has demonstrated an ability to adapt to these global shocks. The Kingdom aims to lessen the impacts of any global risks by implementing proactive measures. These measures include capping gasoline prices, increasing the strategic food security reserve, and supporting the social protection programs. Further, the ongoing improvement in the Kingdom's economic activity and the sustained growth in vital and promising sectors, such as tourism, contribute to the growth in the private consumption indicators. As a result, the Kingdom has maintained relatively moderate inflation rates compared to other G20 countries and compared to global rates.

## **Fiscal Risks and Policies to Address Them**

In light of the significant challenges facing global economies, the Kingdom's fiscal policy for FY2025 and the medium term aims at maintaining a strong fiscal position, while achieving fiscal sustainability through ensuring considerable levels of government reserves and sustainable levels of public debt. These measures demonstrate the Kingdom's capacity for effective and sustainable debt management. Further, the stability of debt levels is a key towards enhancing confidence in the Saudi economy; thus, providing the Government with greater flexibility to address future economic challenges. Alongside the fiscal and economic policies implemented by the Government to establish a diverse and sustainable economic base, numerous supportive initiatives and structural reforms have been introduced in recent years. These efforts aim to facilitate economic transformation and promote the growth of non-oil revenues, ensuring a stable and sustainable income source over the medium and long term beyond oil market volatility. Such efforts also drive the implementation of various economic transformation plans, the financing of developmental projects and expenditures for social and economic impacts.

Moreover, the fiscal policy aims to expand spending on strategies and projects that support structural change in the economy, taking into account the objectives of long-term fiscal planning and the possibility to expedite the implementation of Saudi Vision 2030 objectives. This approach contributes to enhancing economic and fiscal stability, fostering sustainable growth, and creating an attractive investment environment. Further, the Government remains committed to

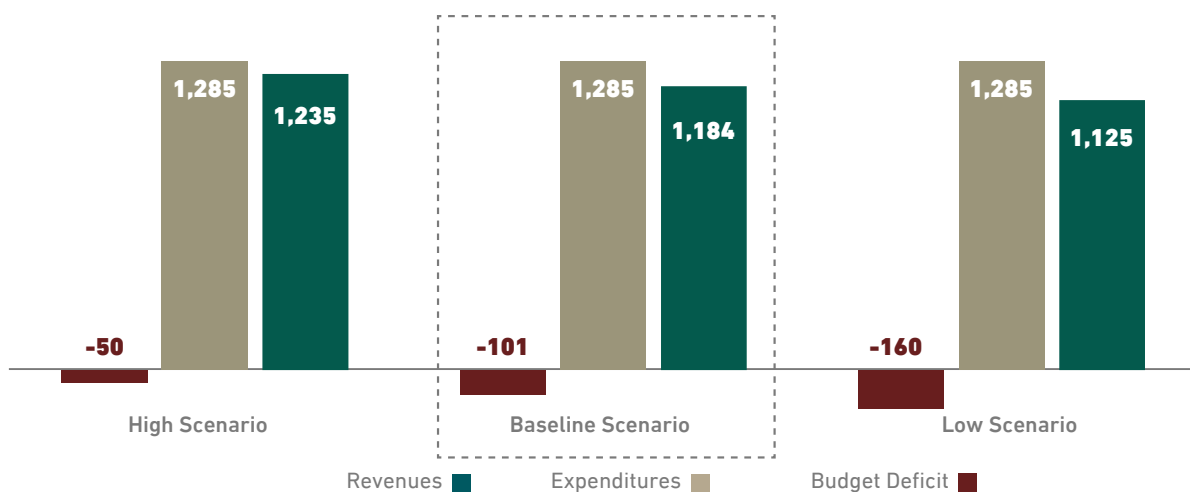
improving spending efficiency and prioritizing expenditures in order to foster sustainable economic growth while enhancing economic and social returns and benefits. It is also important to highlight that public finance remains resilient and capable of coping with pressures over the medium and long term if required.

As the Kingdom implements an expansionary fiscal policy, the public debt portfolio is expected to grow. This increase is driven by higher financing needs emanating from additional borrowing activities, aimed at financing a budget deficit and repaying maturing debt principal in FY2025 and the medium term. However, this increase in debt is deliberate to ensure sustainability by directing debt towards spending on developmental projects, supporting the diversification of the economic base and enhancing growth in the non-oil sector. Further, it is expected that the initiation of interest rate cuts and the easing of monetary policy by central banks in major economies will positively influence financing costs. Nonetheless, the risks of sustained high interest rates, as previously mentioned in the context of global economic risks, may negatively impact the ongoing increase in borrowing costs for government debt. This could result in higher-than-expected debt servicing costs over the medium and long term. It is also worth noting that the Kingdom's high credit rating enables it to obtain financing through borrowing from international and domestic markets at reasonable costs, providing sufficient fiscal space that can be utilized when required. Moreover, the Kingdom's efforts to maintain sustainable levels of public debt enhances investor confidence and supports domestic economic growth.

Against the backdrop of domestic and global developments, and in response to various economic risks, prevalent uncertainty surrounding geopolitical risks, and oil market volatility, three revenue scenarios were developed for the FY2025 budget. These scenarios comprise of the baseline scenario, which is adopted in the budget, as well as scenarios that take into account potential higher and lower revenue levels. These revenue scenarios contribute to enhancing overall fiscal flexibility for managing in case of non-baseline scenarios, thereby ensuring fiscal stability and sustainability.

### Revenue scenarios for FY2025 Budget

(SAR bn)



Source: MoF