



Pre-Budget
Statement

Pre-Budget Statement

FY 2025

ENGLISH TRANSLATION OF THE OFFICIAL ARABIC VERSION

وزارة المالية
Ministry of Finance



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List of Abbreviations

ACEA	Airport Customer Experience Accreditation
ACI	Airports Council International
ADF	Agriculture Development Fund
AUM	Assets under management
Bn	Billion
BOT	Build-Operate-Transfer
BPD	Barrel Per Day
CDF	Cultural Development Fund
CPI	Consumer Price Index
CSMMI	Comprehensive Strategy for Mining and Metal Industries
EIF	Event Investment Fund
FDI	Foreign Direct Investment
FSDP	Financial Sector Development Program
FY	Fiscal Year
GASTAT	General Authority for Statistics
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
H1	First-Half of the Year
H2	Second-Half of the Year
HCDP	Human Capability Development Program
HP	Housing Program
HRDF	Human Resources Development Fund
HSTP	Health Sector Transformation Program
IMF	International Monetary Fund
Infra.	National Infrastructure Fund
LMS	Labor Market Strategy
MoF	Ministry of Finance
NBS	National Biotechnology Strategy
NDF	National Development Fund

NDMC	National Debt Management Center
NGES	National Gaming and Esports Strategy
NIDL	National Industrial Development and Logistics Program
NIS	National Investment Strategy
NTP	National Transformation Program
NTS	National Tourism Strategy
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PIF	Public Investment Fund
Q1	First Quarter of the Year
Q2	Second Quarter of the Year
Q4	Fourth Quarter of the Year
QOLP	Quality of Life Program
REDF	Real Estate Development Fund
RELC	Renewable Energy Localization Company
RSG	Red Sea Global
SAR	Saudi Arabian Riyal
SDB	Social Development Bank
SFD	Saudi Fund for Development
SIDF	Saudi Industrial Development Fund
SVC	Saudi Venture Capital company
SMEs	Small and Medium-sized Enterprises
SME Bank	Small & Medium Enterprises Bank
TDF	Tourism Development Fund
Tn	Trillion
USD	United States Dollar
WEO	World Economic Outlook
WHO	World Health Organization

Introduction

The Ministry of Finance (MoF) publishes the Pre-Budget Statement for Fiscal Year (FY) 2025 as part of the government's policy to enhance the budget preparation process by integrating it within a comprehensive fiscal and economic framework over the medium term. This report is also designed to improve transparency, fiscal disclosure, and fiscal planning.

The Pre-Budget Statement aims to provide citizens, residents, analysts, and other concerned parties with insights into significant domestic and international economic developments that shape the preparation of the next year's budget, along with key fiscal and economic indicators for FY2025 and the medium term. It also provides a review of the major fiscal risks, and the key strategic directions over the medium term, in accordance with the objectives of Saudi Vision 2030.

It should be noted that the budget is usually approved in Q4 of every year, and it may vary from the content of this document in light of new fiscal and economic developments.

Executive Summary

The Saudi government aims to foster economic growth and enhance the quality of services provided to its citizens and residents in various sectors by increasing transformative spending while ensuring fiscal sustainability. The Saudi economy is expected to sustain positive growth rates in FY2024 and over the medium term. This anticipated growth is driven by the strategies and the structural reforms under Saudi Vision 2030, which contributed to diversifying the economic base, utilizing potential economic growth opportunities, creating an attractive investment environment, enhancing the role of the private sector, and stimulating growth in promising sectors.

Furthermore, these structural reforms are reflected in the optimistic outlook of international organizations for the Saudi economy's performance, despite the slowing growth of the global economy. However, this slower growth is expected to persist in the current and the upcoming fiscal year due to tightened monetary policies aimed at containing inflation rates, alongside ongoing geopolitical uncertainties.

- Real Gross Domestic Product (GDP) is expected* to grow by 0.8% in FY2024. This is driven by an estimated 3.7% increase in non-oil activities. These projections are reinforced by the positive economic indicators observed in H1 of FY2024, particularly in private consumption and investment. Furthermore, the positive growth rate is expected to continue over the medium term, due to the Kingdom's commitment to implementing its strategies.

* Ministry of Economy and Planning projections

- The positive performance of non-oil activities in the domestic economy is reflected in the Labour Market indicators as evidenced by the growth of Saudi employees in the private sector of 4.1% at the end of Q2 of FY2024, an increase of approximately 92 thousand employees compared to Q2 of FY2023.
- The preliminary estimates indicate that the Consumer Price Index (inflation rate) for FY2024 may reach around 1.7%. Inflation rates are expected to remain at acceptable levels over the medium term, due to the government's proactive measures and policies to control rising prices.
- The preliminary estimates* for FY2025 suggest that real GDP will grow by 4.6%, driven by an increase in the GDP of non-oil activities.
- It is estimated that the significant growth in the Saudi economy will enhance revenues over the medium term. Thus, total revenues for FY2025 are estimated to be around SAR 1,184 bn, with expectations to reach about SAR 1,289 bn by FY 2027.
- The government is pressing forward with its reforms to meet the objectives of Saudi Vision 2030, which is reflected in the budget of FY2025 and over the medium term. It intends to maintain spending on essential services for citizens and residents, while also focusing on the implementation and the acceleration of spending on specific projects and strategies in targeted sectors. Accordingly, expenditures

* Ministry of Economy and Planning projections

are projected to be around SAR 1,285 bn in FY2025, with government spending reaching about SAR 1,429 bn by FY2027.

- In FY2025, the budget is anticipated to record a deficit of approximately 2.3% of GDP. The deficit is likely to continue at similar levels over the medium term due to the government's strategic expansionary spending policies that foster economic diversification and sustainable growth.
- The government will continue borrowing activities to meet the FY2025 estimated financing needs. Additional proactive financing may also be considered based on market conditions to manage future debt principal repayment. Furthermore, the government aims to utilize market opportunities to pursue government alternative financing that support economic growth, such as funding for capital and infrastructure projects. This approach aims to diversify financing channels to maintain market efficiency and enhance its depth.
- The FY2025 budget aims at preserving the Kingdom's fiscal position while achieving fiscal sustainability through maintaining safe levels of government reserves as well as sustainable levels of public debt. This strategy aims to strengthen the Kingdom's ability to deal with unforeseen shocks.

01

Economic and Fiscal Indicators

for FY 2025 and the Medium term



A/ Economic Indicators Projections for FY2025, and the Medium Term

1. Global Economic Developments

Global Economic Growth

The global economy is experiencing a slow recovery and remains below its historical levels. This is due to the ongoing uncertainty that affecting the global economic environment since the beginning of FY2022. It is also attributed to several key challenges, including tightening monetary policy by most central banks, particularly in developed countries, to contain high inflation rates that have reached unprecedented levels in many countries. Additionally, the increase in global debt levels and associated costs, and the ongoing geopolitical risks, further weigh on the recovery. The US Federal Reserve's recent decision to cut interest rates by 50 basis points could bolster the ongoing global economic recovery and stimulate growth over the medium term.

According to the World Economic Outlook (WEO) for July FY2024, the International Monetary Fund (IMF) projects that global economic growth is expected to be approximately 3.2% and 3.3% in FY2024 and FY2025, respectively, compared to 3.3% in FY2023. Furthermore, the IMF expects that advanced economies will achieve a growth rate of 1.7% in FY2024, consistent with FY2023, while FY2025 is projected to slightly increase to 1.8%. In addition, economic growth in the euro area is expected to improve, reaching 0.9% in FY2024 and 1.5% in FY2025, compared to 0.5% in FY2023. At the same time, growth in emerging markets and developing economies is anticipated to remain steady at 4.3% for FY2024 and FY2025, compared to the 4.4% growth recorded in FY2023.

Growth Rates	2022	2023	2024 Projections*	2025 Projections*
Global Economy	3.5%	3.3%	3.2%	3.3%
Advanced Economies	2.6%	1.7%	1.7%	1.8%
Emerging Markets & Developing Economies	4.1%	4.4%	4.3%	4.3%
USA	1.9%	2.5%	2.6%	1.9%
China	3.0%	5.2%	5.0%	4.5%
Japan	1.0%	1.9%	0.7%	1.0%
India	7.0%	8.2%	7.0%	6.5%
Euro area	3.4%	0.5%	0.9%	1.5%
Saudi Arabia	7.5%	-0.8%	1.7%	4.7%
Global Inflation	8.7%	6.7%	5.9%	4.4%
Inflation in Advanced Economies	7.3%	4.6%	2.7%	2.1%
Inflation in Emerging Markets & Developing Countries	9.8%	8.3%	8.2%	6.0%

*Source: IMF - World Economic Outlook (WEO), July 2024

Based on the World Bank's estimates, the global economy is on track to achieve a state of stability after three consecutive years of slowdown. This shift was supported by the decline in the inflation rate to its lowest level in three years, along with improvements in the fiscal situation. The World Bank, in its Global Economic Prospects report published in June FY2024, indicated that the global economy is expected to grow by 2.6% in FY2024 and 2.7% in FY2025. The ongoing tightening of monetary policy and persistent geopolitical risks limit global growth from returning to its historical levels.

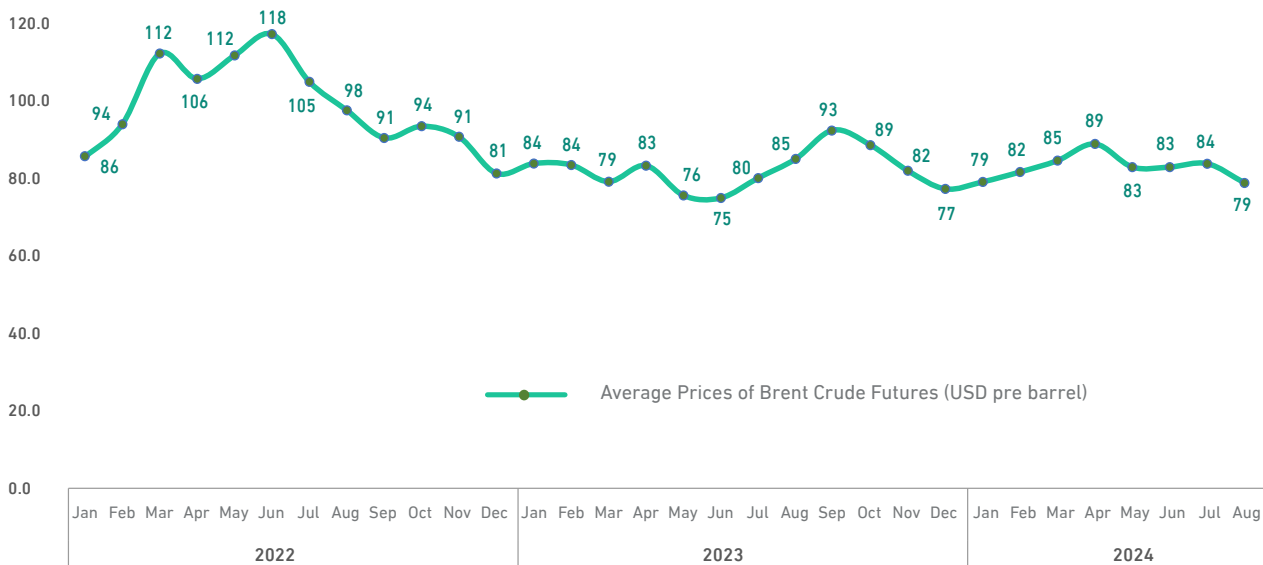
Inflation rates

Global inflation rates are expected to decline in the near term. IMF expects that the global inflation rates will decrease from 6.7% in FY2023 to 5.9% in FY2024, and 4.4% in FY2025. The IMF also anticipates a decrease in inflation rates by about 1.9% in advanced economies for FY2024, reaching 2.7% compared to FY2023. It is also anticipated that emerging markets and developing economies will experience a decrease in inflation rates in FY2024 and FY2025.

Oil Markets

The average price of Brent crude futures has increased by 3% from the beginning of FY2024 until August FY2024 compared to the same period last year, reaching an average of approximately USD 83 per barrel. There are several factors that have contributed to the increase in the average oil prices during this year, prominently including:

- OPEC+ countries, including the Kingdom, agreed to implement an additional voluntary production cut.
- Continuous growth of global demand for petroleum

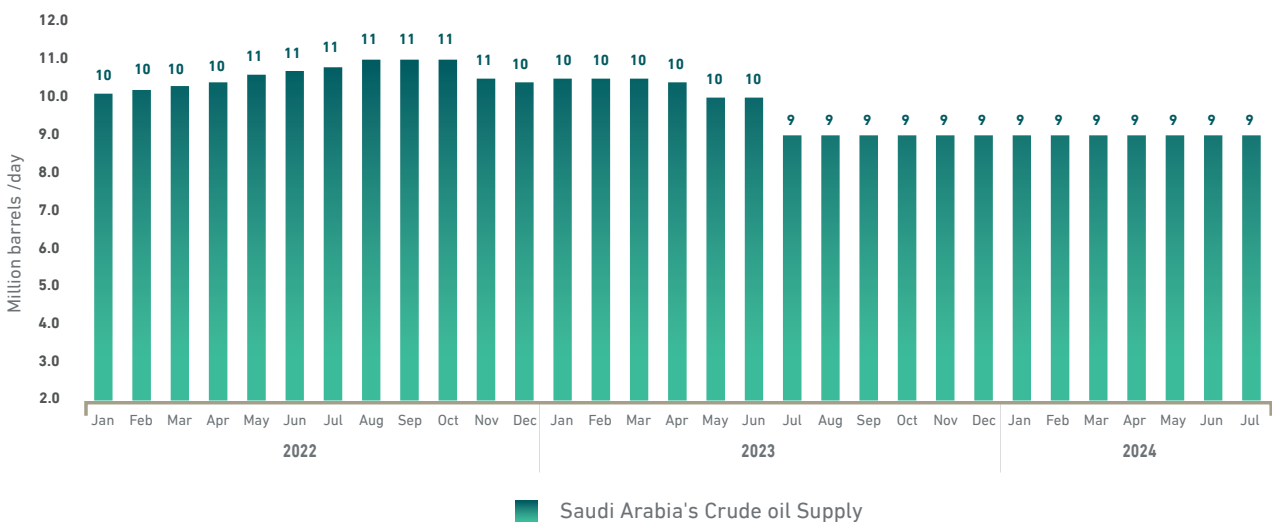


Source: Reuters

To support global oil markets and enhance its stability, the following precautionary measures have been carried out:

- OPEC+ countries, guided by the Kingdom, have conducted a new agreement to determine the oil production levels for FY2025, from the beginning of January till the end of December of the same year.

- A number of OPEC+ countries (Saudi Arabia, Russia, Iraq, United Arab Emirates, Kuwait, Kazakhstan, Algeria, and Oman) extended their voluntary production cut as follows:
 - Extension of the voluntary cut announced in April FY2023, amounting to 1.65 million bpd of the production level required in the agreement, until the end of December FY2025.
 - Extension of the additional voluntary production cut announced in November FY2023, amounting to 2.2 million bpd, until the end of November FY2024. This is under the condition that the reduced quantities will be gradually restored each month until the end of November FY2025, in order to support market stability, with the understanding that these monthly increases can be halted or reversed depending on market developments.



Source: JODI

2. Domestic Economic Developments

In recent years, the Saudi economy has experienced significant positive changes, fueled by ongoing efforts to diversify its economic base and strengthen growth in non-oil activities. This progress has led to improvements in the employment levels, leading to lower unemployment rates and growth in private consumption. Furthermore, non-oil activities have demonstrated strong growth at constant prices, averaging around 5.8% over the past three years. This growth is due to the expansion of a range of promising sectors, including the tourism & entertainment sector, the transport & logistics sector, and the industry sector. It is worth noting that in FY2023, non-oil activities reached a historic high of SAR 1.7 tn, contributing by 50% to real GDP. Additionally, the rising role of the private sector and the sustained growth in various promising sectors have mitigated the effects of oil market volatility on the domestic economy.

Moreover, the Saudi economy is expected to maintain positive growth rates during FY2024 and over the medium term. This growth will be supported by private consumption and investment, alongside ongoing structural reforms, which include diversifying the economy, enhancing privatization, improving the work environment, empowering women and youth, and reforming the labor market to achieve sustainable economic growth. The sectoral and regional strategies derived from Saudi Vision 2030 will also sustain this expansion.

For FY2024, real GDP is expected to increase by 0.8%, driven by growth in non-oil activities, which are projected to achieve a growth rate of 3.7%. These projections are reinforced by the positive economic indicators observed in H1 of FY2024, particularly in private consumption and investment. The interest rate cut is also expected to boost demand, which in turn should have a positive impact on economic growth.

Data revealed that private consumption is also projected to maintain its growth during H2 of FY2024, following a 2.4% increase in H1 of FY2024. This growth is attributed to wholesale and retail trade, the restaurants and

hotels activities, supported by the facilitation of the visit visa procedures and the expansion of eligible categories. These changes have led to an increase in visitors to cultural and entertainment activities, as well as tourist destinations. Consequently, in H1 of FY2024, the Kingdom hosted around 60 million tourists, marking a 10% increase compared to the same period last year. According to the Ministry of Tourism, total tourism spending reached about SAR 150 bn. This highlights the expanding role of the tourism sector in the Saudi economy and reinforces the ongoing efforts to enhance the sector and attract visitors from around the world. In addition, the manufacturing activity is anticipated to maintain its contribution to non-oil activities. This is driven by approximately 308 factories that started production from the beginning of FY2024 through the end of April FY2024, with a total investment reaching SAR 5.7 bn. Furthermore, approximately 410 new factory licenses were issued during the same period. This positive development has led to a 7.5% increase in non-oil merchandise exports in H1 of FY2024, compared to the same period last year.

Regarding inflation, the average CPI increased by 1.6% from the beginning of FY2024 until August FY2024, compared to the same period last year. The preliminary estimates indicate that CPI for FY2024 is expected to reach about 1.7%. The Kingdom has maintained relatively moderate inflation rates compared to global rates, due to the robustness of domestic economy. Further, the government's proactive measures and policies to control price increases have played a significant role. These measures include capping gasoline prices, and increasing food stock availability.

In H1 of FY2024, private investment registered an annual growth of 4.5%, while the net of foreign direct investment (FDI) reached SAR 21.2 bn during H1 of FY2024. It is anticipated that private investment will maintain positive growth rates in FY2024 and over the medium term, as it remains a key factor for the optimistic growth projections for the coming years, as well as a crucial element in the Kingdom's strategy for economic diversification.

The positive performance of the domestic economy, driven by non-oil activities, is evident in Labour Market indicators. The Labour Force Survey issued by the General Authority for Statistics (GASTAT) showed that the total rate of unemployment decreased to 3.3% by the end of Q2 of FY2024, compared to approximately 4.1% at the end of Q2 of FY2023. Additionally, the Saudi unemployment rates dropped to a historic low of 7.1% in Q2 of FY2024, compared to 8.5% in the same period last year. This is due to the proactive government initiatives to introduce incentives and support to the business sector, along with efforts to facilitate greater participation in the labor market. These efforts included the implementation of new work models, such as flexible and remote work which played a significant role in reducing the unemployment rate among Saudis. Over the past few years, the female participation rate in the labor market has steadily grown, reaching 35.4% in Q2 of FY2024 compared to 19.3% in Q4 of FY2016. This reflects the ongoing efforts to empower women, increase their participation in the Saudi economy, and enhance their leadership role. It is also derived by the initiatives and programs launched by the Ministry of Human Resources and Social Development which seek to remove barriers encountered by women in the Labour Market.

Data from the statistics of administrative records* revealed an increase of 4.1% in the number of Saudi employees in the private sector at the end of Q2 of FY2024, increased by around 92 thousand employees compared to the same period last year. This brought the total to 2.318 million employees in the private sector. Such growth is the result of numerous economic reforms and initiatives which have created new job opportunities in various sectors, including tourism, entertainment, and digital technology. Additionally, the government has supported and promoted entrepreneurship in small and medium enterprises (SMEs), and stimulated emerging sectors such as renewable energy and the green economy.

* Source: General Organization for Social Insurance

The Kingdom's balance of trade is projected to show significant improvement as a result of an increase in non-oil exports and a decrease in import reliance. This anticipated enhancement aligns with the continued execution of Saudi Vision 2030 initiatives, which focus on economic diversification and increasing investments in non-oil sectors. In addition, non-oil economic activities are expected to maintain positive growth rates in FY2024 and over the medium term. This growth will enhance the stability of the Saudi economy and contribute to achieving its ambitious economic objectives, including strengthening the industrial sector, expanding the production base, and improving the efficiency of the financial sector.

The positive expectations of the Saudi economy in FY2025 build on the positive developments observed in FY2024. It is anticipated that the positive performance of real GDP will persist in FY2025 as preliminary estimates indicate an increase of 4.6%, primarily driven by the expansion of non-oil activities. This positive projection highlights the Kingdom's commitment to implementing its ambitious strategies and achieving sustainable development. As a result, it enhances investor confidence and strengthens the Saudi economy's position both regionally and globally.

Medium-term Macroeconomic Projections

(Percentage, unless otherwise stated)

	Actual* 2023	Estimates 2024	Projections		
			2025	2026	2027
Economic Indicators					
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

** Preliminary data of Real and Nominal GDP (Ministry of Economy and Planning)

B/ Fiscal Projections

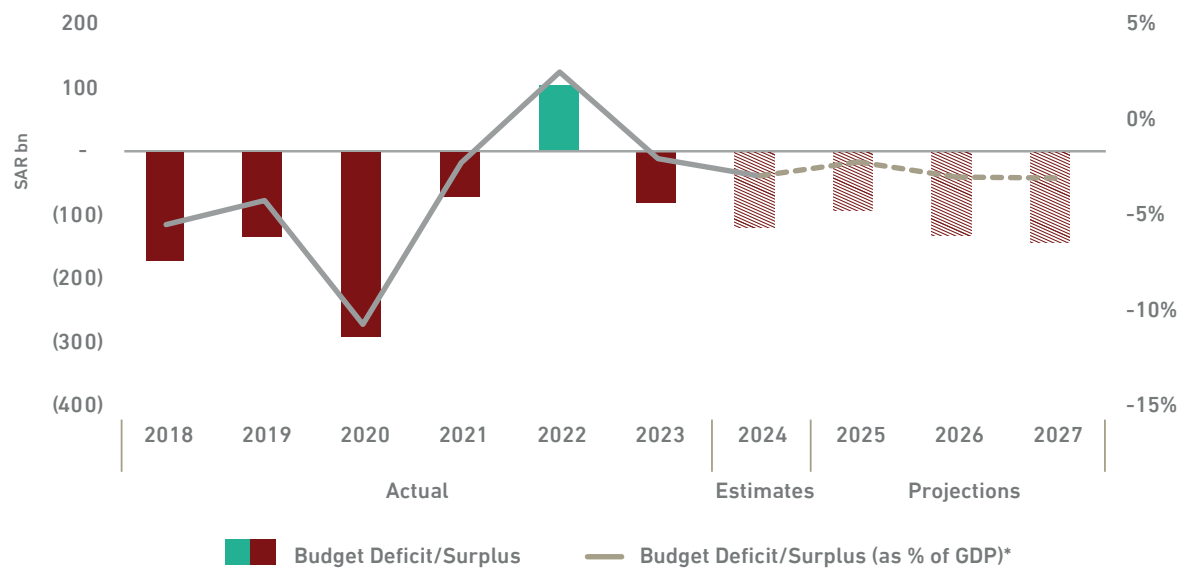
for FY2025, and the Medium Term

The FY2025 Budget reflects the government's commitment to achieving the objectives of Saudi Vision 2030 by advancing the fiscal and economic reforms. This includes implementing a fiscal policy that balances the utilization of the available fiscal space —stemming from the government's strong fiscal position, the existence of financial reserves and relatively low public debt compared to peer countries— with the ongoing improvements in spending efficiency and expenditure prioritization. This approach involves accelerating certain projects and strategies that support sustainable economic growth, while adjusting the timelines of other projects. The aim is to stabilize the economy, diversify its base for greater sustainability, and maximize economic and social returns. At the same time, the government remains committed towards improving the quality of services provided to citizens and residents by strengthening the social protection system and directing it towards the intended beneficiaries.

The FY2025 Budget highlights the Kingdom's commitment to accelerate the regulatory and structural reforms, as well as the development of policies. It also focuses on transformative spending to promote sustainable economic growth, improve social development, and enhance the quality of life. Moreover, the government aims to utilize sovereign and development funds for capital investment while empowering both the private and non-profit sectors to foster growth and prosperity.

In FY2025, the budget is projected to record a deficit of approximately 2.3% of GDP. It is anticipated that the deficit will persist at similar levels over the medium term, due to the expansionary spending policies intended to support economic growth.

Budget Deficit/ Surplus



Source: MoF

*The updated actual GDP figures are based on GASTAT data

Medium-term Fiscal Projections

(SAR Billion, unless otherwise stated)

	Actual	Budget	Estimates	Projections		
	2023	2024	2024	2025	2026	2027
Fiscal Indicators						
Total Revenues	1,212	1,172	1,237	1,184	1,198	1,289
Total Expenditures	1,293	1,251	1,355	1,285	1,328	1,429
Budget Balance	-81	-79	-118	-101	-130	-140
As percent of GDP*	-2.0%	-1.9%	-2.9%	-2.3%	-2.9%	-3.0%

Source: MoF

* GDP of FY2024 - FY2027 is based on the updated Projections.
Figures are rounded up to the nearest decimal point

1. Revenues

In line with Saudi Vision 2030, the government will continue to advance structural reforms and initiatives in the economic and fiscal sides, aiming to diversify the economy and enhance non-oil revenues related to economic activities. Consequently, various structural reforms and initiatives have been implemented to support economic transformation and expand non-oil revenues. These efforts have modified the structure of revenues, with notable increases in non-oil revenues as a percentage of total revenues. Such a shift aims to provide stable and sustainable revenue sources over the medium and long term, to become independent of oil price volatility. It also supports the execution of economic transformation plans, and the financing for development projects and expenditures with social and economic impacts. Furthermore, the reforms and initiatives introduced in recent years have led to a notable growth in non-oil revenues, positioning them as vital and sustainable source to finance budget expenditures. As a result, the share of non-oil revenues covering total expenditures in the budget grew from 17% in FY2015 to around 35% in FY2023. By the end of FY2023, the ratio of non-oil revenues to non-oil GDP improved, reaching 18% compared to 9% in FY2015. The government is focused on enhancing economic growth to further improve non-oil revenues, which is linked with the growth of economic activities. The goal is to achieve a stable and sustainable non-oil revenues over the medium and long term.

Preliminary estimates for FY2025 indicate that total revenues will amount to approximately SAR 1,184 bn, a decrease of 4.3% from what was expected by the end of FY2024. This decline is due to the government's cautious approach in estimating both oil and non-oil revenues in the budget, in order to account for potential developments in the domestic and global economy. However,

total revenues are expected to reach about SAR 1,289 bn in FY2027, driven by anticipated growth in the domestic and global economy.

2. Expenditures

As part of the ongoing government initiative to enhance public finance sustainability and meet the comprehensive development goals, periodic reviews of expenditure ceilings over the medium term are conducted. These reviews consider local and global fiscal and economic developments within the framework of the available fiscal space, reflecting the Kingdom's long-term fiscal planning program. In FY2025 and the medium term, the government intends to prioritize and enhance the spending efficiency and maintain expenditures on essential services for citizens and residents. It will also focus on enhancing the quality of life and improving government services in sectors such as education, health, and social development. Further, attention will also be given to advancing infrastructure development across different regions of the Kingdom, empowering the private sector, and fostering local content and national industries, as well as encouraging investment to achieve comprehensive development.

In addition, the government continues to utilize the available fiscal resources to diversify the economic base through transformative spending, which includes sectoral and regional strategies, giga projects, Saudi Vision 2030 programs, and the periodic review of project timelines. The aim is to avoid overheating the economy that might rise from increased government spending. As a result, total expenditures are expected to amount to approximately SAR 1,285 bn in FY2025, or about 29.5% of GDP, and will grow to SAR 1,328 bn in FY2026, representing about 30.0% of GDP. It is also anticipated that total expenditures will be around SAR 1,429 bn in FY2027, equating to about 30.3% of GDP.

3. Public Debt and Financing

The Kingdom has a strong fiscal position, with the existence of financial reserves and sustainable levels of public debt. This strong fiscal base enables the government to withstand potential future shocks, secure its financing needs over the short, medium, and long terms from various domestic and international markets at a fair cost. As a result, this gives the Kingdom additional fiscal space that can be used whenever needed.

MoF, through the National Debt Management Center (NDMC), is preparing an annual borrowing plan based on the medium-term debt strategy. This plan seeks to ensure debt sustainability, diversify financing sources to include domestic and external sources, and access global debt markets to enhance the Kingdom's position in international markets. This approach is conducted within well-studied frameworks and foundations for 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 the domestic debt market to accommodate debt issuances, and stabilize liquidity conditions.

The Kingdom continues to diversify its financing channels to include issuing bonds, sukuk, and loans. It also plans to expand its alternative government funding transactions through project financing, infrastructure financing, and export credit agencies. This is part of the MoF's strategy to support the continuity and completion of developmental projects in the Kingdom.

It is worth noting that the fiscal and economic developments have positively impacted the Kingdom's sovereign credit rating. Fitch Ratings reaffirmed the Kingdom's A+ rating with a "stable" outlook, while Moody's confirmed its rating

at “A1” with a “positive” outlook. In addition, S&P Global Ratings affirmed its credit rating for the Kingdom at “A”, while upgrading its outlook from “stable” to “positive”. This reflects the ongoing efforts toward economic transformation, driven by structural reforms and the implementation of fiscal policies to ensure fiscal sustainability and fiscal planning efficiency.

The Kingdom will continue its domestic and international financing activities with the aim of financing the expected budget deficit, and to repay 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 government alternative financing that support economic growth, such as funding for capital and infrastructure projects. This approach aims to diversify financing channels to maintain market efficiency and enhance its depth. Consequently, the public debt portfolio is anticipated to grow in a controlled manner to maintain debt sustainability. This increase is attributed to the expansionary spending aimed at accelerating the implementation of various projects and programs to achieve Saudi Vision 2030 objectives. The fiscal policy aims to preserve the Kingdom’s strong fiscal position while achieving fiscal sustainability through maintaining safe levels of government reserves, and ensuring sustainability of public debt. This strategy aims to strengthen the Kingdom’s ability to deal with unforeseen shocks.

C/ Key Fiscal Risks for FY2025, and the Medium Term

Assessing the key fiscal risks to the Kingdom's economy is crucial for identifying the factors that may lead to deviations from the budget estimates for FY2025 and over the medium term. This evaluation supports the development of precautionary policies and strategies to proactively address these risks and mitigate their negative impact on the domestic economy. This section will highlight the main challenges that could emerge from the domestic or global economy.

The global economy encounters various risks that may affect economic growth and fiscal sustainability. These include economic, geopolitical, environmental, and technological challenges. While global growth is anticipated to improve, certain major economies may face a slowdown due to risks like persistent inflation that is not reaching the expected level as forecasted. This could lead to prolonged periods of high interest rates, which would increase borrowing costs and affect capital flows between countries. Consequently, this might slowdown investments. It is noteworthy that the ongoing uncertainty about inflation levels may result in a slower pace of monetary policy easing by central banks in advanced economies. In addition, rising geopolitical and trade tensions may cause global market instability, leading to higher price pressure and disruptions in supply chains. Further, the growing frequency of cyber threats and attacks worldwide poses significant risks to critical infrastructure and sensitive data.

The domestic economy is greatly influenced by global economic developments. The aforementioned risks could increase probability of potential slowdown in

global economic growth. This, in turn, could negatively affect global demand and lead to a decline in oil prices. In terms of supply, geopolitical developments could impact the production levels and supply. Moreover, non-oil activities might also face challenges due to pressures on consumer prices and the supply chain. Further, if the U.S interest rates remain elevated beyond expectations, it will likely influence Saudi interest rates. This could affect investors and consumers behavior, as well as impact the tourism sector. However, the expansionary fiscal policy has helped mitigate the impact of increasing interest rates on the private sector and individuals. Increased employment has also lessened the decline in consumer loans, while the expansion of capital projects has boosted bank credit to the private sector.

The Kingdom has strengthened its economic resilience, in which this robustness has allowed it to overcome various challenges encountered in recent years. It has also had a positive impact on inflation rates, keeping them relatively stable compared to global benchmarks. Likewise, the structural reforms have enhanced the balance of payments, evidenced by the growth of non-oil exports at 65% during H1 of FY2024 compared to the same period in FY2016. In addition, the increase in imports of intermediate and capital goods—vital for production—is anticipated to enhance real GDP. The growth in tourism activity and its net inflows have further strengthened the balance of payments.

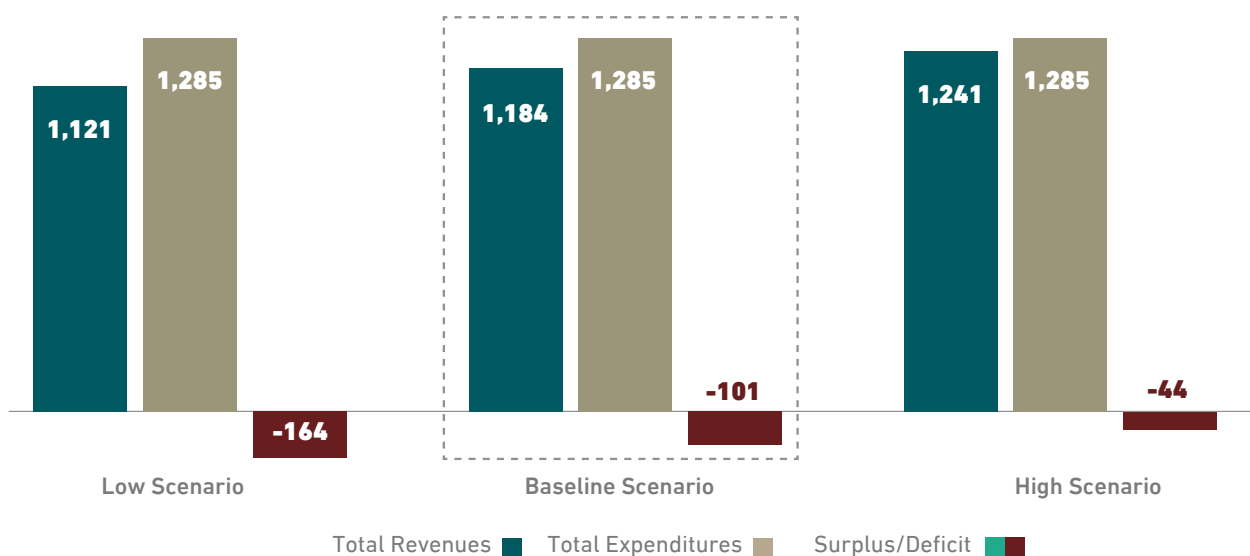
It is important to note that the expansion of strategic government spending, along with continued borrowing in alignment with Saudi Vision 2030, will assist in driving non-oil activities growth over the medium and long term. Additionally, the public finance is resilient and capable of coping with any pressure over the medium and long term if required.

As the Saudi economy is an integral part of the global economy, it will be affected by international developments and events as any other economy, in which it requires adequate fiscal space to withstand any shocks. Therefore, the Kingdom has implemented long-term fiscal planning that contributes to enhancing economic stability, supporting sustainable growth, and creating an attractive investment environment for investors, thereby promoting economic development over the medium and long term. Further, the fiscal policy aims to preserve the strong fiscal position of the Kingdom while achieving fiscal sustainability through maintaining safe levels of government reserves, and keeping public debt within acceptable rates. This strategy aims to strengthen the Kingdom's ability to deal with unforeseen shocks.

In light of the aforementioned global and domestic developments, three revenue scenarios were developed, taking into consideration the challenges and geopolitical risks facing the global economy. These projections assist the government in addressing any potential scenario and establishing a flexible fiscal space.

Revenues Scenarios for FY2025

(SAR bn)



02

Main Strategic Directions over the Medium Term



Second: Main Strategic Directions over the Medium Term

Since the launch of Saudi Vision 2030 in 2016, Saudi Arabia has steadily advanced toward building a diversified and sustainable economy. Moving forward, the Kingdom aims to further enhance economic growth and transformation through extensive investment in vital sectors such as industry, mining, tourism, agriculture, and transportation and logistics. The government has undertaken long-term fiscal planning to prioritize spending and channel fiscal resources into strategic transformative spending, aiming to fully utilize the available economic opportunities.

In this section, key strategies, along with Saudi Vision 2030 programs, projects, and initiatives are highlighted. These efforts are designed to promote sustainable economic growth and enhance the quality of public services, thereby contributing to the achievement of the intended economic, social, and fiscal objectives.

Sectoral Strategies

In line with the ongoing ambitious development endeavors, the Kingdom continues to implement its sectoral strategies that align with the objectives of Saudi Vision 2030. It is also advancing and developing its economic, fiscal, and structural reforms while adopting expansionary spending policies. During 2025 and over the medium term, new strategies and various initiatives will be introduced to further enhance the structural transformation in the economy.

The **National Investment Strategy (NIS)** serves as a comprehensive framework for the Kingdom's commitment to pursuing large and more efficient investments that enhance the competitive business environment

and strengthen promising vital sectors. NIS aims to accelerate economic transformation and diversification, ensuring its sustainability while supporting key objectives of Saudi Vision 2030. These objectives include increasing the private sector's contribution to GDP, boosting the share of foreign investment in GDP, elevating the contribution of non-oil exports to GDP, and continuing to reduce unemployment rates. In addition, NIS seeks to improve the Kingdom's ranking among top ten economies in the Global Competitiveness Index (GCI) by 2030. It also drives investment in the Kingdom forward at an accelerated pace through enhancing the investment environment and making it more appealing, providing financing solutions particularly for high-quality investment, and attracting regional headquarters of multinational companies to the Kingdom. NIS also supports the investments and operations of local companies to strengthen their international standing and enable them to efficiently and competitively reach regional and global markets with their investments and products.

In this context, NIS promotes the growth of various sectors, such as industry, renewable energy, transportation and logistics, tourism, digital infrastructure, and healthcare. This is achieved through diverse investment sources, including the Public Investment Fund (PIF), the National Development Fund (NDF) and its affiliated entities, government spending, the encouragement of local and international investment, and enhancing the effectiveness of partnership between the public and private sectors.

In FY2024, the updated investment law was approved, offering greater transparency, flexibility, and confidence. The law consolidates the freedoms and rights of existing investors into a single framework, reduces regulatory barriers, and promotes fair competition. As outcomes of NIS, the number of international companies that issued licenses to establish regional headquarters

in Riyadh reached 517 by the H1 of 2024, exceeding the Vision 2030 target of 500 companies. Also, the number of active investment licenses issued by Q1 of 2024 reached 30 thousand licenses compared to 8 thousand licenses in 2021. The Kingdom led venture investment in MENA region in terms of value, reaching USD 412 million during H1 of 2024.

Since NIS inception in 2021, it has contributed to increasing the gross fixed capital formation to its highest level ever at SAR 1.1 tn by the end of 2023, constituting 27.9% of the GDP, in which it is approaching the Vision 2030 target of 30%. Also, diverse and attractive investment opportunities were generated to reach about 1,777 approved investment opportunities until H1 of 2024, exceeding the 2024 target of 1,197 opportunities. During the same period, 146 investment deals were completed in several key sectors, in an amount of SAR 118 bn, which contributed to the continued development of these sectors at a faster pace, creating jobs, improving and raising the quality of services and enhancing sustainable economic growth.

The **National Tourism Strategy (NTS)** seeks to transform the tourism sector in Saudi Arabia into an integrated and promising ecosystem with attractive investment opportunities. NTS also focuses on the development of tourist destinations and the provision of a skilled national workforce. Further, the Kingdom has launched several initiatives to support the tourism sector, most notably the launch of eVisa, which has simplified entry for tourists and visitors to the Kingdom. In addition, NTS seeks to establish the Kingdom as a premier global tourism destination, drawing tourists from across the globe. Thus, it emphasizes showcasing the Kingdom's rich heritage in archaeology, culture, and the arts. NTS also includes organizing key international events such as the inaugural edition of ESport World Cup in 2024, the Red Sea International Film Festival, Formula 1 races, and the Dakar Rally. The Kingdom is also preparing to

host major global events in the future, including Expo 2030 and FIFA World Cup 2034.

Due to the Kingdom's cultural and tourism advantages, along with the accelerated efforts aligned with the initiatives of the Quality of Life Program, the number of tourists increased to 109.3 million by the end of 2023.

The **National Gaming and Esports Strategy (NGES)** aims to position the Kingdom as a global hub for esports, fostering an attractive environment for international companies. NGES includes 86 initiatives, carried out by 20 governmental and private entities. These initiatives encompass developing technologies and devices, and fostering innovation in gaming by creating an environment that support developers and both local and international companies. Such initiatives aim to support national talents in producing leading games that promote the Arab and Saudi culture, and boosting the presence of Saudi gamers on the global stage. Additionally, NGES seeks to enhance the role of Saudi Arabia in hosting major global events, and actively participating in the International Esports Federation to develop sector-specific regulations and standards. It also aims to increase the contribution of the gaming and esports sector to GDP by SAR 50 bn by FY2030, and create more than 35 thousand job opportunities. This will establish the Kingdom as one of the top three countries worldwide in terms of the number of professional gamers. One of the notable achievements of NGES is the Gamers 8 season held in Riyadh in 2023, which featured four major events and was ranked among the top 200 global events. Further, the Kingdom announced hosting the Olympic Esports Games in 2025 which would significantly strengthen its global standing in the sector.

The **National Biotechnology Strategy (NBS)** was launched in 2024 to establish the Kingdom as a leader in this sector, and achieve a high level of self-sufficiency. It focuses on four strategic directions: vaccines, biomanufacturing

and localization, genomics, and plant improvement. It will also contribute to the achievement of Saudi Vision 2030 objectives by improving access to healthcare services, localizing promising industries, boosting the local content in non-oil sectors, enhancing the role of SMEs in the economy, nurturing local talents while attracting global expertise, and ensuring both development and food security. In addition, NBS aims to increase the biotechnology sector's contribution to non-oil GDP to reach 3% in FY2040, with a total impact of SAR 130 bn. It also targets creating 11 thousand specialized jobs by 2030, and 55 thousand jobs by 2040.

The **Comprehensive Strategy for Mining and Metal Industries (CSMMI)** reflects the substantial changes the sector has undergone since the launch of Saudi Vision 2030. CSMMI aims to diversify the Saudi economic base and improve the investment landscape in mining by promoting high-quality investment to attract a greater number of investors. It also seeks to maximize the value derived from the mining sector. Over the past five years, the Kingdom has consistently recorded the fastest growth rates worldwide in developing a regulatory and foundational environment that attracts investments in the mining sector. As a result, the Kingdom now ranks second globally in license issuance, with estimates of its mineral wealth rising to SAR 9.4 tn. The strategy and economic reforms under 2030 vision contributed to a 260% increase in the number of licenses issued through the end of 2023. Thus, the sector's contribution to GDP has exceeded SAR 120 bn. CSMMI also aims to increase iron and glass production to meet the anticipated demand and achieve self-sufficiency. Further, it seeks to expand into new value chains, such as rare earth elements, tantalum, and niobium. As part of Saudi Vision 2030, the largest regional geological survey was conducted to collect data for identifying mining opportunities across the Kingdom. The survey covered an area of more than 600 thousand km², encompassing the entire region known as the "Arabian Shield".

Regarding the labor market, the **Labour Market Strategy (LMS)** was introduced to increase economic participation, elevate skills and productivity, and enhance market efficiency. LMS also aims to establish the Saudi labor market as a desirable destination for both local and global talents. Since the LMS inception, it has accomplished several achievements, including a reduction in the unemployment rate by facilitating the entry of 981 thousand citizens into the labor market in 2023, with 387 thousand entering the job market for the first time. Additionally, the Nitaqat Mutawar program has contributed to the employment of 430 thousand Saudis by 2023. Moreover, over 2.79 million freelance work permits were issued via the Freelance platform, thereby exceeding the 2023 target of 2.7 million permits.

Saudi Vision 2030 Realization Programs

Under Saudi Vision 2030, a series of strategic programs have been introduced to meet the aspirations across various sectors. These programs have led to notable achievements in recent years in areas that are crucial for economic transformation, improving the quality of life, enhancing fiscal sustainability, empowering the private sector, expanding digital services, as well as revitalizing historical and heritage sites. As a result, the Kingdom's global position has been elevated.

Given the Kingdom's resources and appealing factors for achieving a balance between economic growth and social development, the **National Transformation Program (NTP)** stands as a primary execution program for realizing Saudi Vision 2030. NTP aims to enhance the quality of government services provided for citizens and residents, advance the digital infrastructure, and enable the private sector to become a key partner in development. Furthermore, one of the main accomplishments of NTP made by H1 of 2024 was that the savings from digital government initiatives exceeded SAR 6.9 bn. These funds were reinvested into

projects aimed at advancing digital government transformation. Additionally, NTP has continued its procedural and regulatory reforms to improve the business environment, with a total of 161 reforms implemented. It has also continued to empower SMEs in promising and development-priority sectors. Since inception of NTP, it has focused on empowering the non-profit sector and establishing it as a significant player in the domestic economy and community development. Thus, the growth rate of non-profit organizations has reached approximately 202.8% since the launch of Saudi Vision 2030 through mid-FY2024.

In order to improve the well-being of both citizens and residents in the Kingdom, the **Quality of Life Program (QOLP)** focuses on promoting cultural, entertainment, and sport activities, aiming to make Saudi cities more vibrant and attractive places for living. This year, QOLP has met the Saudi Vision 2030 goal of increasing the number of Saudi heritage sites listed with UNESCO to 8, compared to 4 sites in 2016. QOLP has extensively worked on developing public facilities, enhancing sports infrastructure and achieving both local and international sports excellence. In Q1 of 2024, Riyadh hosted the competition of "Sand Clash 2024" with over 940 registered athletes. In addition, sports events and programs were held at 895 locations, exceeding the interim target of 292 sites. QOLP also maintained enhancing the tourism and entertainment sectors, as the number of entertainment venues reached 659 in Q2 of 2024. This progress has led to increases in both domestic and international tourists, resulting in the tourism sector's contribution to GDP reaching 5%.

In the Kingdom's pursuit to enable Saudi families to own their homes, the **Housing Program (HP)** has been launched to provide comprehensive housing and financing solutions. It has achieved significant successes by increasing the real estate supply, thus; raising the homeownership rate to over 63% by the end

of FY2023. In H1 of 2024, more than 56 thousand contracts for housing products were signed. These include contracts of off-plan sales, self-construction, ready-made units, and land products, as well as contracts for beneficiaries of the Developmental Housing.

To foster economic growth and diversification in the Kingdom, the **Privatization Program** was launched with the goal of privatizing certain government assets, services, and resources across various sectors. This will improve service efficiency and strengthen the role of the private sector. Since its launch in FY2018 through H1 of FY2024, the total value of revenues generated from partnerships and asset sales reached SAR 9.25 bn. In addition, 52 partnership agreements have been signed with the private sector, covering multiple sectors such as: health, municipalities and housing; environment, water and agriculture; as well as transportation and logistics and several other sectors. Such partnerships will enhance operational efficiency and alleviate the government's burden.

The **Financial Sector Development Program (FSDP)** aims to create a thriving financial sector that promotes financing, investment, and savings. It also seeks to offer a wide range of advanced financial products and services to ensure the stability and resilience of the financial sector, develop the financial market, and transform it into a global one. Since its launch in FY2018 through H1 of FY2024, FSDP has made significant progress in several indicators. Assets under management (AUM) amounted to 22.7% of GDP, the size of the debt market reached 19.8% of GDP, while the stock market capitalization stood at 83.9% of GDP. Additionally, there has been an increase in the number of market listings, including small and micro enterprises. Also, the number of technical companies reached around 224. In Q2 of FY2024, banking sector assets reached approximately SAR 4.2 tn.

In FY2024, FSDP supported the launch of various initiatives including the Sukuk (Sah) program which is the first saving product supported by the government and intended for individuals. Additionally, the Saudi Stock Exchange (Tadawul) announced the launch of “TASI50” index, which monitors the performance of the top 50 listed companies on Tadawul based on total market capitalization, representing 90% of the free-floating market capitalization.

The **Doydof Al Rahman** (Guests of God) **Program** is designed to offer a unique and exceptional experience to all visitors coming for Hajj and Umrah, as well to those visiting Al-Madinah Al-Munawara. This is achieved through providing high-quality facilities, and advanced digital infrastructure and services, ensuring that all visitors enjoy a spiritually enriching experience.

Since its launch in 2019, the program has built upon decades of efforts to serve the Two Holy Mosques and their visitors. In 2023, a new record for the number of Umrah performers from abroad was set, reaching 13.56 million compared to 6.2 million before the launch of Saudi Vision 2030.

Further, the program continued to simplify the visitor journey during H1 of 2024, starting from the pre-arrival stage by expediting visa processing in record time through the unified “Saudi eVisa” portal. Additionally, it introduced the pilot phase of the smart pass initiative, the digital wallet, and the self-driving flying taxi. The program remains committed to enhancing the Two Holy Mosques visitors’ journey by expanding its skilled workforce and improving the infrastructure. In 2024, the number of pilgrims totaled around 1.8 million, while the Kingdom hosted over 5.6 million Umrah performers from abroad in Q1 of the same year.

The **National Industrial Development and Logistics Program (NIDLP)** seeks to establish the Kingdom as a leading industrial power and a global logistics hub

by maximizing the value derived from the mining and energy sectors. Through the launch of the National Transport and Logistics Strategy, and the National Industrial Strategy, the Kingdom became a key global player in energy, mining, industry, and logistics services. These strategies aim to attract high-quality investment, create numerous job opportunities, and foster innovation in industry and logistics. In H1 of 2024, the number of logistics centers with possible re-export links reached around 22 centers. Additionally, the value of cumulative government financing for promising industries increased from SAR 1.2 bn in H1 of FY2019 to 20.4 bn in H1 of FY2024, while the number of active licenses issued for such industries totaled 2,647 licenses. On another hand, Saudi Ports Authority has made exceptional achievements in developing the infrastructure. This accomplishment is highlighted by King Abdulaziz Port in Dammam receiving the “Port of the Year” award at the ShipTek event held in Khobar. The port’s two container terminals were developed and operated with an investment exceeding SAR 7 bn under a Build-Operate-Transfer (BOT) model. As a result, the container handling capacity increased by over 120%, reaching 7.5 million containers.

The **Health Sector Transformation Program (HSTP)** aims to restructure the health sector to facilitate access to high-quality and efficient services. Since its launch in 2020, HSTP has focused on developing initiatives to enhance the sector’s capacity and infrastructure, as well as its ability to meet the growing demand for healthcare services. By the end of 2023, over 96% of population centers, including rural areas, have access to healthcare services. In H1 of 2024, the readiness of health regions to address health risks reached 92% and the average life expectancy increased to 78.8 years. Moreover, in an implementation of the New Model of Care, 20 health clusters were launched in all regions of the Kingdom. Besides that, the number of World Health Organization (WHO) certified healthy cities increased to 16 cities across the Kingdom, positioning it as the regional leader in certified healthy cities.

The **Human Capability Development Program (HCDP)** seeks to build a thriving economy led by highly skilled national talents. HCDP focuses on empowering Saudi youth, investing in national talents and competencies, as well as preserving core values while fostering, promoting, and taking pride in the Arabic language. In H1 of 2024, 9,712 specialized job opportunities for Saudis were created by ensuring compliance with the Saudization regulations. As a result, the Saudi unemployment levels continued to decline, reaching a historic low of 7.1%, thus approaching the Saudi Vision 2030 target. Additionally, the female economic participation rates increased to 35.4% by the end of Q2 of FY2024. In terms of enabling talents to compete globally, Saudi students achieved 114 medals and awards in the top two international competitions for science, engineering, invention, and innovation: ISEF 2024 and ITEX 2024

Public Investment Fund

PIF has played a key role in increasing the Kingdom's revenues through its local, regional, and international investments. It has supported the achievement of Saudi Vision 2030 objectives by promoting sustainable economic growth and strengthening the Kingdom's global position. In line with its medium-term financing strategy, PIF continues to issue sukuk, bonds, and other debt instruments in various currencies, amid high demand from investors, reflecting international confidence in PIF. In addition, revenues were directed towards achieving PIF strategy of maximizing assets, introducing new and promising sectors in the Kingdom, localizing technologies and knowledge transfer, empowering the local private sector, and establishing strategic economic partnerships at the local, regional, and international levels.

In addition, by the end of August 2024, PIF achieved several key milestones. Notably, it saw a rise in AUM, which approximately exceeded SAR 3.47 tn,

reflecting a 21% increase compared to SAR 2.87 tn by the end of FY2023. Thus, PIF is ranked as the sixth-largest sovereign wealth fund in the world in terms of AUM by the end of FY2023, according to the SWF Institute. Further, PIF is ranked top in the Middle East, and second globally, alongside several international funds, for the 2024 governance, sustainability, and resilience (GSR) scoreboard, published by Global SWF. It also received high credit ratings from Moody's and Fitch, highlighting its creditworthiness and the quality of its investment portfolio. Moreover, PIF succeeded in creating over 1.1 million direct and indirect job opportunities both locally and internationally across various strategic sectors in the Kingdom. It has also established 95 local companies in diverse sectors since 2017.

In order to support the industrial sector's role in achieving the objectives of Saudi Vision 2030, PIF has launched three new projects aimed at localizing the manufacturing and assembly of wind turbines, solar panels, and their components for renewable energy production. These projects are led by the "Renewable Energy Localization Company (RELC)", which aims to foster partnerships between leading global companies and the Saudi private sector. RELC is designed to meet the growing local and international demand for renewable energy production, strengthen supply chains, and contribute to an optimal energy mix for electricity production. Additionally, it seeks to reduce the use of liquid fuels in power production and other strategic sectors, thus supporting the objectives of Saudi Vision 2030.

PIF continues its journey in developing world-class unique giga-projects which contribute to the economic transformation, and attract domestic and international investment across various strategic sectors. These giga-projects form a core pillar of its strategy, as they enable the creation of new infrastructure

ecosystems, and the launch of promising sectors. Such sectors have a positive impact on supporting the efforts to diversify and advance the Saudi economy to achieve the objectives of Saudi Vision 2030. Moreover, PIF giga projects include five projects as follows:

The first PIF giga project is “**Neom**” which is a key project in Saudi Arabia. It aims to establish the Kingdom as a global hub for entrepreneurship and innovation. Further, through this project, PIF seeks to achieve several goals including creating more than 100 thousand job opportunities by 2030. To promote tourism and economic growth in the region, the “Magna” project has been introduced in Neom’s coastal area on the Gulf of Aqaba. This project represents a significant addition to Neom’s collection of pioneering and sustainable tourism projects. It contains 12 main destinations designed to offer an integrated and unique experience, combining sustainability and innovations in their development. These destinations are: Leyja, Epicon, Siranna, Utamo, Norlana, Aquellum, Zardun, Xaynor, Elanan, Gidori, Treyam, and Jaumur. Each destination will provide a range of activities to cater to the diverse needs of tourists and investors from across the globe.

Moreover, **Red Sea Global** (RSG) plays a crucial role in the Kingdom’s transformation by creating new economic opportunities and enhancing the Kingdom’s rich environmental and cultural heritage, in line with Saudi Vision 2030. RSG covers an area of 49 thousand km² along the west coast of Saudi Arabia. It currently oversees three world-class destinations: Red Sea, Amaala, and Thuwal Private Retreat. It aims to develop the Red Sea communities to establish a sustainable tourism sector that preserves and enhances the environment for future generations. In addition, in order to promote the region’s infrastructure and create a unique experience, the Red Sea International Airport

was inaugurated and received its first domestic and international flights. RSG also launched several resorts in the Red Sea destination, including “Six Senses Southern Dunes”, “St. Regis Red Sea Resort”, and “Nujuma, a Ritz-Carlton Reserve”. Additionally, in its effort to develop local talent, which is the key pillar of these development projects, RSG announced the establishment of the Red Sea National Academy. The academy aims to train individuals in various disciplines that align with market needs, while equipping the local workforce with the necessary skills to support the tourism sector.

Furthermore, **Qiddiya** seeks to build destinations and programs that elevate the Kingdom’s global standing by providing distinctive entertainment, sport, and cultural experiences. Thus, the project aims to achieve Saudi Vision 2030 objectives of vibrant society, thriving economy, and ambitious nation.

In line with the project’s primary goals, the urban design of “Qiddiya City” was revealed as it is set to accommodate 600 thousand residents. Several main features were also unveiled, including “Gaming and Esports District”, “Speed Park Track” for motor racing, and “Prince Mohammad bin Salman Stadium”. This stadium is recognized as one of the world’s top venues, featuring advanced technology and the capacity to host major sports, entertainment, and cultural events. Additionally, several recreational parks were announced, such as Dragon Ball Theme Park, Six Flags Qiddiya City, and Aquarabia which is the first of its kind in the Kingdom and the largest in the region.

In its mission to redefine lifestyle, living, work, and entertainment in the Kingdom, **Roshn Group**- a multi asset real estate developer and one of the major projects of PIF- is pioneering a new concept of modern living in the Kingdom. This involves developing high-quality, integrated and multi-use projects. Roshn plays a pivotal role in contributing to increasing the homeownership rate in the Kingdom and improving the quality of life.

Further, Roshn is currently developing its projects in three main Saudi regions. Among these projects are “Sedra” and “Warefa” in Riyadh, as well as “Alarous” in Jeddah. Additionally, the Marafy project, launched in the northern part of Jeddah, stands out as a distinctive destination with the first-of-its-kind water canal in the Kingdom. Recently, Roshn announced two new projects: Almanar in Makkah and Aldanah in Dhahran. It also revealed plans to build a new stadium “Roshn Stadium” in the southwest of Riyadh, as well as its partnering with Saudi Aramco to build “Aramco Stadium” for football in AlKhobar, eastern province. Both venues are set to be part of Saudi Arabia’s bid for the FIFA World Cup 2034 as potential match locations.

The **Diriyah** project which is rooted in the origins of Saudi Arabia and its early glories, is the fifth PIF giga-project and it stands as one of the most important historical and cultural destinations.

This project is set to position Diriyah as the premier global destination for heritage and culture. It seeks to attract additional economic and investment opportunities, while fostering an attractive business environment with exceptional governance and international standards. By 2030, the project aims to attract 50 million local and international visitors through a range of cultural and historical initiatives, and tourist attractions designed to elevate the quality of life in the area. In addition, Diriyah project seeks to provide over 170 thousand jobs and increase GDP by more than SAR 70 bn by 2030.

Looking ahead to its goals for the next phase, PIF plans to maintain its role in supporting the Kingdom’s fiscal sustainability. Its primary objectives for the end of 2025 include sustained investment in new local projects, growing AUM to around SAR 4 tn, and increasing the PIF and its subsidiaries’ contributions to the local content to reach 60%.

National Development Fund and its Affiliated Entities

Since the launch of Saudi Vision 2030, The **NDF** has been central to enhancing the economic stability and supporting national development. NDF aims to improve the performance and sustainability of development funds and banks within the Kingdom. The goal is to ensure that these entities meet their intended objectives, addressing the development priorities and economic needs. This makes NDF a vital component for the financial empowerment of Saudi Vision 2030. Further, NDF oversees the industrial, economic, and social development in the Kingdom, playing a crucial role in ensuring that the capital is effectively invested in sustainable and promising projects. It also supervises other development funds and banks, which have grown from six at the launch of Saudi vision 2030 to 12 in Q1 of 2024. In FY2023, NDF's affiliated development funds and banks have contributed over SAR 30 bn to GDP. Moreover, NDF supports financing for strategic projects that align with the Kingdom's goal of achieving net-zero emissions by 2060. This include financing **the world's largest green hydrogen plant**, which is set to be constructed in **Oxagon, Neom**. This project has received funding of over SAR 10 bn in FY2023 from the NDF, in partnership with both local and international banks. Additionally, NDF launched the **Gaming and Esports Financing Program** in 2022 with an initial budget of SAR 300 million, which was subsequently increased to SAR 1.0 bn by the end of FY2023.

To support and advance the agriculture sector in the Kingdom, the **Agriculture Development Fund** (ADF) has delivered a range of credit services and products. This includes providing financing loans to farmers, businesses, and cooperative associations. From FY2016 to FY2023, the total value of these loans reached approximately 23.6 bn, aimed at funding diverse agricultural projects across all regions of Saudi Arabia. This has led to an increase in agricultural GDP, and improving food security. Additionally, in 2025, ADF aims to enhance its role in

domestic production to meet the objectives of the Food Security Strategy and the National Agriculture Strategy. It also plans to increase the self-sufficiency ratio and finance the agricultural activities with more than SAR 7 bn. The targeted activities encompass strategic projects, food security projects, supply chains, marketing of agricultural products and food (processing/ manufacturing) industries, as well as innovative and specialized projects within the agriculture sector.

To address the needs of individuals and families and enhance the quality of life, the **Social Development Bank** (SDB) provided social loans amounting to around SAR 1.3 bn, benefiting over 24 thousand citizens. It has also supported and funded more than 4,800 establishments with SAR 1.6 bn by the end of H1 of FY2024. At the same time, SDB provided SAR 1.7 bn to finance freelance work, benefiting 41 thousand individuals. Further, over 18 thousand new accounts were opened under savings programs, and the number of participants in the empowerment and development program grew to 38 thousand by the end of H1 of FY2024.

In line with efforts to support emerging industrial projects, the mandate of the **Saudi Industrial Development Fund** (SIDF) was amended to include the energy, mining, and logistics sectors. This move positioned SIDF as the primary financial enabler for transforming the Kingdom into a leading industrial power and a global logistics hub. Since FY2016 until the end of H1 of FY2024, the total value of approved loans exceeded SAR 80.7 bn. In addition, SIDF total investments in projects surpassed SAR 372 bn from the launch of Saudi Vision 2030 through the end of August FY2024. SIDF has also supported various initiatives and specialized projects to raise awareness of the industrial sector, improve workforce efficiency, and promote entrepreneurship and innovation. This was achieved through the SIDF Academy, which trained over 9 thousand participants across 220 training

programs in the past five years. Moreover, the SIDF Investment Company was launched with a capital of SAR 2 bn for both direct and indirect investments. The aim is to empower and support the industrial ecosystem, and stimulate private sector investment in the industrial sector to maximize economic impact. For 2025, SIDF aims to boost industrial growth in the Kingdom, and finance projects that drive Saudi economic development and prosperity. This includes economic diversification, increasing the national workforce, and strengthening localization. SIDF also seeks to provide sustainable solutions to industrial challenges and achieve operational excellence by building strong and sustainable organizational capabilities.

The **Saudi Fund for Development** (SFD) provides financial and technical support to developing countries by offering soft loans and funding development projects. In H1 of FY2024, SFD issued about 10 development loans with a total value of SAR 2.3 bn. Further, SFD plays a key role in strengthening the Kingdom's international relations by providing grants to finance development projects in brotherly and friendly countries. SFD has also financed development projects carried out by the Saudi private sector with an amount exceeding SAR 462 million, representing 50% of total contract value signed with private companies by the end of H1 of FY2024. By 2025, SFD seeks to increase the local content contribution in its projects, enhance its development role, and improve its operational efficiency.

To support the availability of efficient and effective housing options, the **Real Estate Development Fund** (REDF) has introduced various financing solutions through a set of programs and initiatives aimed at facilitating home ownership for citizens. In 2021, REDF launched the "Tatweer" program to support and empower real estate developers by securing the appropriate financing from funding institutions. The program aims to boost the supply of residential units

and facilitate demand by addressing sector challenges to enhance market balance. In H1 of FY2024, REDF enabled over 46 thousand beneficiaries to own their homes, with a total value exceeding SAR 28.2 bn. Additionally, around SAR 5.8 bn has been allocated to beneficiaries of housing support programs to increase their ability to acquire residential units. Such funding reflects the REDF's dedication to promoting social and economic stability.

In order to foster a sustainable national workforce in Saudi Arabia, the **Human Resources Development Fund** (HRDF) has reached significant achievements. In H1 of FY2024, the total financial support to HRDF's programs amounted to approximately SAR 3.79 bn. At the same time, the total number of beneficiaries of HRDF training, empowerment, and counseling services and programs totaled about 1.4 million. Likewise, over 100 thousand institutes across various sectors of the labor market benefited from such services. HRDF facilitated the employment of 153 thousand citizens within private sector establishments. Over 546 thousand individuals have benefited from the Electronic Training Program (Doroob) aimed at developing their knowledge and skills, while more than 32 thousand individuals participated in the On-Job Training Program to gain professional experience and practical expertise. In 2025, HRDF seeks to make a significant improvement in the services offered to beneficiaries, thus supporting the objectives of Saudi Vision 2030 and the labor market. Further, HRDF plans to reach more than 2.3 million beneficiaries, and contribute to the employment of over 460 thousand individuals. It also seeks to increase the number of beneficiary private sector establishments to reach 142 thousand.

The **Event Investment Fund** (EIF) is focused on developing unique venues to host world-class events in the cultural, entertainment, tourism, and sports sectors, aiming to elevate the event industry in the Kingdom. Until H1 of 2024, EIF has signed contracts with global companies to manage and operate projects, as

well as design the Riyadh International Conventions and Exhibitions Center. EIF also seeks to address the infrastructure gap in the event sector which supports tourism, sports, culture, and entertainment. It also aims to establish strategic partnerships that benefit the economic ecosystem of the targeted sectors. In 2025, EIF plans to develop, design, and construct 14 projects across various sectors including exhibition, conferences, indoor stadiums, shooting ranges, horse racing tracks, and art centers. Additionally, it seeks to establish strategic partnerships for organizing and operating world-class exhibitions.

To support the tourism sector which is a key driver for Saudi Vision 2030, the **Tourism Development Fund** (TDF) has played a key role in encouraging and stimulating investments by providing support to the private sector. Until the end of FY2024, TDF supported 105 projects, with a total value of SAR 31 bn. In 2025, TDF plans to focus on 6 key destinations (Jeddah, Dammam, Asir, Makkah, Al-Madinah Al-Munawara, and Riyadh). It also seeks to accelerate disbursement processes, enhance operational cost-efficiency, and improve risk management. The goal is to achieve balanced tourism development for maximum impact, ensuring robust financial resources and sustainable investment to create long-term effects and stimulate investment.

To support the growth of non-oil Saudi exports and improve their competitiveness in international markets across various sectors, the **Saudi Exim Bank** provides credit solutions for export financing, guarantees, and export credit insurance with competitive advantages. This aligns with Saudi Vision 2030, which seeks to increase the share of non-oil exports to non-oil GDP. In H1 of FY2024, the bank offered financing facilities and insurance coverage totaling approximately SAR 16.3 bn. The number of covered countries was expanded to over 150 countries and the credit coverage network was extended to include 1,000 importers and banks worldwide. In FY2025, the Saudi Exim Bank seeks

to activate additional lines of credit for financial institutions in countries and markets targeted by Saudi exporters, while also expanding funding for SMEs. This will help broaden the range of countries, markets, and financial institutions covered by the Exim Bank's credit and insurance tools, including credit lines and insurance policies. Additionally, the Exim Bank aims to reach a total value of SAR 12.3 bn in financing facilities, and SAR 12.5 bn in insurance coverage by FY2025.

As part of the ongoing support for SMEs, the **Small & Medium Enterprises Bank** (SME Bank) enhances access to financing for promising sectors and regions. This is achieved by offering services and products through digital channels, in line with the Saudi Vision 2030 goal of building a digital economy and nation. Additionally, the SME Bank strengthens the role of financial institutions in financing SMEs by empowering them and fostering collaborations to better serve this crucial sector. Until H1 of FY2024, the financing of the SME Bank reached over SAR 1.2 bn. This is achieved through the Agency Financing Program, the Co-financing and the Low-Cost Loan Model, benefiting 918 enterprises. The Saudi Venture Capital (SVC) Company, a subsidiary of SME bank, played a role in securing the largest share of venture capital investment in the MENA region, accounting for 54% in H1 of FY2024 compared to 38% in the same period last year. In addition, the Kafalah program, which was launched by SME bank to support SMEs in obtaining necessary funding to develop their activities, introduced six products in collaboration with the Saudi Vision 2030 government initiatives. These products cover sectors such as export, culture, endowment, entertainment, and technology. In 2024, more than 1,029 beneficiaries accessed the SME Bank's Credit Advisory initiative, which helps understand and assess the Bank's financing options and their suitability for their business needs. Moreover, the SME Bank's strategic objectives for 2025 include increasing funding for SMEs,

amplifying their social and economic impact, and establishing the necessary infrastructure for SME financing through digital channels.

In order to support cultural activities and projects, the **Cultural Development Fund** (CDF) was launched under the Quality of Life Program. CDF seeks to foster growth in the cultural sector and ensure sustainability through facilitating investment in cultural activities, boosting sector profitability, and enabling individuals to participate in cultural projects. In FY2023, CDF contributed approximately SAR 313 million to GDP, and created 1,939 job opportunities through its funded projects. In addition, by the end of H1 of FY2024, CDF has allocated approximately SAR 157 million to finance the Film Sector Financing Program and the Cultural Projects Incentive Program.

Moreover, to accelerate the implementation of strategic infrastructure projects, the **National Infrastructure Fund** (Infra) provides development financing for such projects across the Kingdom. By December FY2023, Infra had participated in three transactions totaling approximately SAR 7.81 bn, with SAR 3.8 bn already disbursed. Such transactions contributed to delivering innovative financing solutions for several vital projects across promising sectors, in collaboration with multiple local and international financing partners. Additionally, in partnership with PIF, Infra has launched the Contractor Financing Program in H1 of 2024. The Fund has also activated a framework for collaboration with the National Center for Privatization to incorporate innovative financing solutions in project proposals. This aims to increase the appeal of the opportunities for the private sector across various fields, such as the secured custom zones and small sewage treatment plants. Besides that, Infra aims to provide development financing solutions to accelerate the implementation of infrastructure projects. This will be achieved through a set of innovative financial products and solutions, ultimately enhancing the infrastructure financing market in the Kingdom.