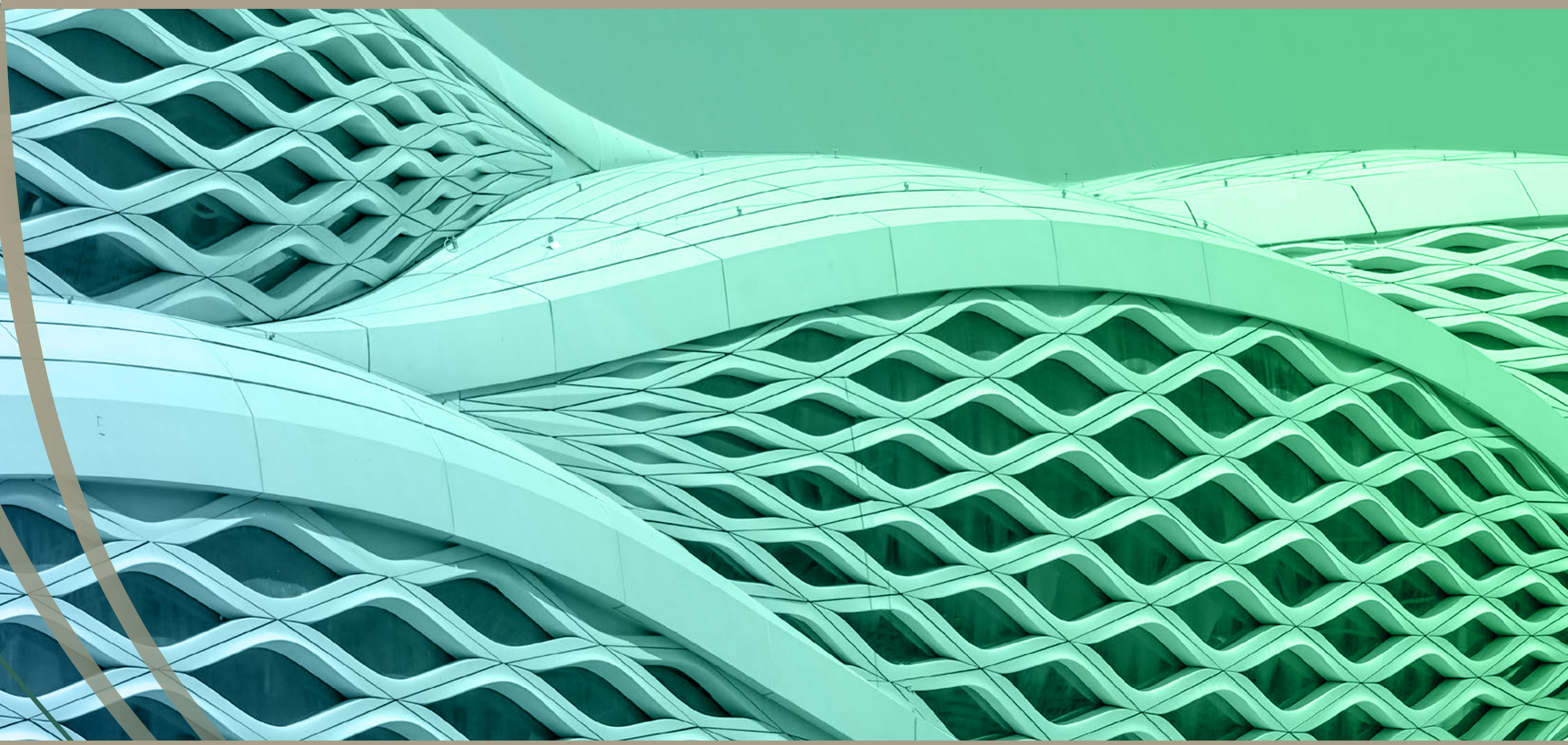
ميزانية 2023
المملكة العربية السعودية
Saudi Arabia-Budget

YEAR-END

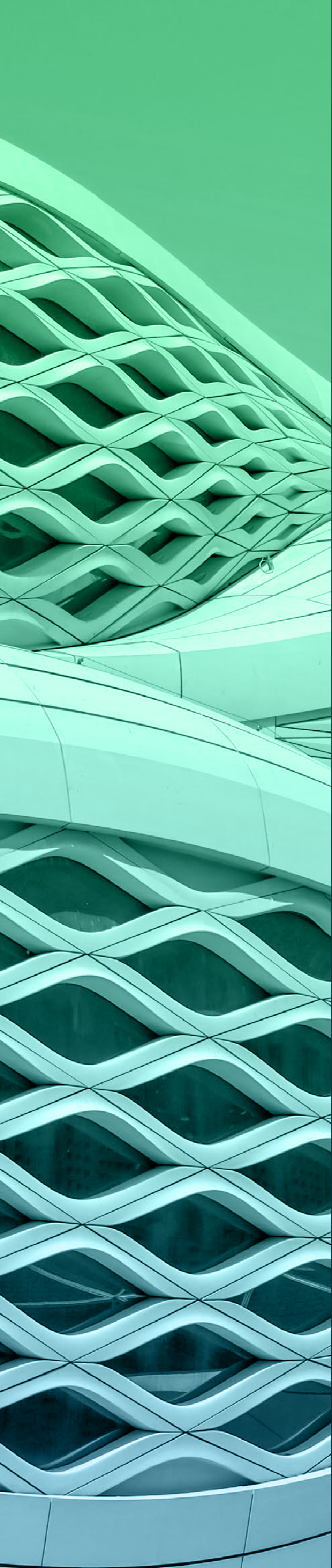
BUDGET PERFORMANCE REPORT

Fiscal Year 2023



ENGLISH TRANSLATION OF THE OFFICIAL ARABIC VERSION

وزارة المالية
Ministry of Finance



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Abbreviations

Bn	Billion
CAPEX	Capital Expenditure
CPI	Consumer price index
FY	Fiscal Year
GAF	Government Alternative Funding
GASTAT	General Authority for Statistics
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GFS 2014	Government Finance Statistics Manual 2014
KSA	Kingdom of Saudi Arabia
MoF	Ministry of Finance
NDF	the National Development Fund
OPEX	Operational Expenditures
PIF	Public Investment Fund
Q1	First Quarter of the Year
Q2	Second Quarter of the Year
Q3	Third Quarter of the Year
Q4	Fourth Quarter of the Year
USD	United States Dollar
SAR	Saudi Arabian Riyal
Tn	Trillion
VAT	Value-added Tax

Introduction

The Ministry of Finance (MoF) publishes the Year-End Budget Performance Report for Fiscal Year (FY) 2023 to present the fiscal and economic performance of the Kingdom of Saudi Arabia (KSA) during FY2023, as well as to explain the key reasons for the deviations from the approved budget projections for FY2023.

This document is one in a series of budget reports issued by MoF in Saudi Arabia to support the transparency and fiscal disclosure initiatives undertaken by the government in line with the objectives of the Saudi Vision 2030. The MoF has implemented several initiatives in this regard, which include issuing and publishing periodic reports on the fiscal performance of budget execution, and enhancing the level of transparency and disclosure regarding the policies and initiatives that the MoF undertakes. Additionally, MoF is keen to develop further these reports, such as the Pre-Budget Statement, the Annual Budget Statement, the Citizen's Version of the Budget statement, the Budget Quarterly Performance Reports, and the Mid-Year Economic and Fiscal Performance Report.

Furthermore, the MoF will continue with the preparation and publication of reports that are designed to enhance transparency and disclosure in public finance, along with providing clarifications on the policies, initiatives, and programs adopted and implemented by MoF.

Executive Summary

The economy of Saudi Arabia is experiencing a pivotal phase as the Kingdom advances toward achieving one of the key pillars of the Saudi Vision 2030 "A Thriving Economy". The kingdom's economy fosters a conducive environment for growth and investment development even though there are numerous challenges facing the global economy. For instance, the slowdown in economic activity growth amid central banks maintaining tight monetary policies to contain inflationary pressures, as well as the uncertainty due to the increased geopolitical risks worldwide and supply chain disruptions. All in all, the impact of these challenges remains limited on the domestic economy. This resilience is attributed to the strength and robustness of the kingdom's economy, stemming from the ongoing structural and economic reforms guided by the Saudi Vision 2030. This vision supports economic growth through a range of regional and sectoral programs, projects, and strategies.

Throughout FY2023, the government gave special attention to enhancing the fiscal performance by utilizing the available fiscal space to accelerate the comprehensive development in the Kingdom. These endeavors shall ensure achieving financial sustainability, while maintaining safe levels of government reserves and sustainable levels of public debt.

During FY2023, the fiscal performance witnessed around 7.3% increase in **total revenues** compared to the approved budget projections, due to the rise in both oil and non-oil revenues. The increase in oil revenues is attributed to the collection of performance-linked dividends. Non-oil revenues also increased by 15.5% compared to the approved budget. Such an increase was driven by the growth of economic activities, the government's continuous efforts at implementing non-oil revenue development initiatives, and the ongoing improvement in tax administration and collection procedures.

Total expenditure also increased by about 16.1% compared to the approved budget plan. This increase is primarily attributed to the enhanced spending on social protection system due to extending additional financial support to beneficiaries of the Citizen's Account program, along with the issuance of a royal decree to raise the basic minimum for calculating pensions for social security beneficiaries. Moreover, the expenditures on numerous promising regional and sectoral strategies increased with the aim of diversifying the economic base. Capital Expenditure (CAPEX) increased by around 19.0% compared to the approved budget; this was a result of the continuous effort to achieve comprehensive development goals through continued spending in the Saudi Vision 2030 programs and giga projects with sustainable economic returns. Additionally, there was an enhanced spending on infrastructure and public services across different regions of the kingdom to ensure a decent quality of life for citizens and residents.

In addition, the government will continue to implement structural initiatives and reforms on the economic and financial aspects in line with the Saudi Vision 2030. For instance, the enhancement of public finance to achieve fiscal sustainability objectives through the adoption of fiscal policies that promote economic diversification. Despite of the many challenges, the government's supported the expansionary public spending but remained within its authorized fiscal sustainability parameters, by recording a fiscal deficit in FY2023 of approximately SAR 81 bn, about 2.0% of Gross Domestic Product (GDP).

By the end of FY2023, the **public debt** reached approximately SAR 1,050 bn (26.2% of GDP), compared to about SAR 951 bn in the approved budget. In addition, the **government reserves** amounted to around SAR 390 bn by the end of FY2023.

The actual data for FY2023 indicated a 0.8% decrease in real GDP growth compared to to an increase of 3.1% in the budget estimates for the same year. This decline stemmed from a 9.0% decrease in the real GDP of the oil activities, resulting from the kingdom's continued voluntary cut of crude oil production aimed at stabilizing and balancing energy markets. Conversely, the real GDP of non-oil activities recorded a growth rate of 4.4%. This positive performance of non-oil activities reflects Saudi Arabia's efforts to enhance the role of the private sector in driving economic growth, alongside endeavors to accelerate projects and strategies.

Furthermore, the inflation rate in KSA remained at acceptable levels, falling below the global inflation rates recorded in FY2023. The Consumer Price Index (CPI) increased by 2.3%, compared to the estimated 2.1% in FY2023 budget. This increase was driven by elevated prices of essential goods (due to geopolitical tensions and supply chain disruptions), as well as increase in housing rents.

The Labor Force Survey estimates revealed a decline in the overall unemployment rate to 4.4% by the end of FY2023, compared to 4.8% at the end of FY2022. Additionally, the **Saudi unemployment rate** dropped to a historic low of 7.7% compared to 8.0% at the end of FY2022. This continuous decline is attributed to the ongoing recovery of the domestic economy. Further, the Ministry of Human Resources and Social Development has played a significant role by intensifying efforts to provide job opportunities for citizens through a series of programs and initiatives aimed at engaging them in the labor market.

01 Economic Indicators

The actual performance of the real GDP in FY2023 experienced a 0.8% decrease compared to an increase of 3.1% in the budget estimates for the same year. This decline is attributed to 9.0% decrease in the real GDP of the oil activities. The Kingdom's oil production declined by approximately 9.2% in FY2023, with an average production of around 9.6 bpd due to a voluntary cut of 500 thousand bpd starting from May 2023 until the end of FY2024. In addition, there was an extra voluntary cut of one million barrels per day starting from July 2023 until Q2 of FY 2024. The aim of such voluntary cut is to support oil market stability.

Despite the decrease in the real GDP, the real GDP of the non-oil activities witnessed a growth of 4.4%. This is attributed to the positive and extensive performance of the private sector and the efforts to accelerate the completion of giga projects. It is noteworthy that the real GDP of the non-oil activities recorded the highest contribution to the real GDP by 50% in over three decades, reaching a total of SAR 1.7 tn at constant prices.

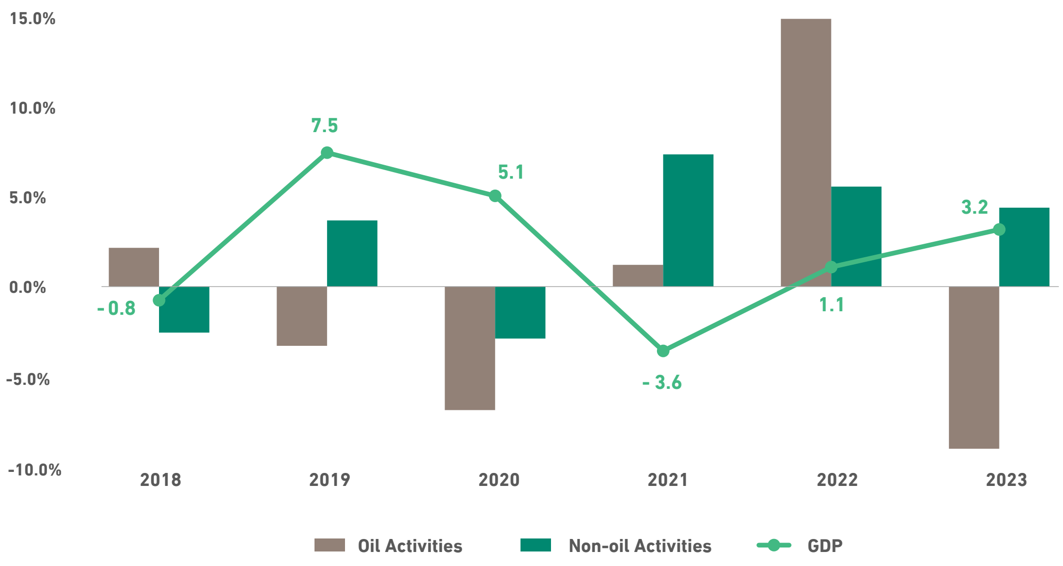
During FY2023, most non-oil activities sustained positive growth rates. This reflects the successful path of economic diversification across various sectors. as data indicates a 7.3% increase in Transport, Storage and Communication activities, and a 7.0% increase in wholesale and retail trade, restaurants, and hotels. This increase is also driven by the revival of of the tourism sector. Saudi Arabia has achieved its Vision 2030 target of attracting 100 million tourists in FY2023. Accordingly, the Kingdom has achieved the highest-ever recorded spending by incoming visitors, totaling SAR 135 bn. This reflects an annual growth rate of 42.8% according to the travel data of the balance of payments. The Kingdom experienced a substantial growth in international tourist arrivals in FY2023 with a 156% increase compared to FY2019. This is due to ongoing efforts to host a variety of entertainment, cultural, and sports activities across the Kingdom. These endeavors in the tourism sector contributed also to the real growth in private consumption expenditures during FY2023.

Furthermore, the construction sector experienced a growth of 4.3%. This is attributed to the efforts to accelerate the execution of major development strategies and projects, as well as infrastructure development across various regions of the Kingdom. In addition, the sector of financial, insurance, real estate, and business services recorded a growth of 3.9%. This is driven by a 6.8% increase in Finance, Insurance and Business services with a 1.2% growth in Real Estate activities.

During FY2023, the Gross Fixed Capital Formation (GFCF) index achieved a real growth rate of 5.3% compared to FY2022. This was supported by a 6.2% growth in fixed capital formation for non-government sector. This growth can be credited to efforts aimed at supporting and maximizing the role of private sector, fostering competitive and innovative advantages for domestic industries, overcoming investment barriers, empowering investors, and increasing foreign investment contribution. This was achieved through the launch of various programs such as Shareek program, that aim to enhance the collaboration between the public and private sectors. In addition to the Regional Headquarter (RHQ) Program, which aims to attract global companies to establish their regional headquarters in KSA. Thus, Saudi Arabia is becoming a choice for companies operating in the Middle East and North Africa (MENA) region. Moreover, the Public Investment Fund (PIF) and the National Development Fund

(NDF) play a significant role in sustainable economic growth, in which PIF and NDF support the Kingdom's efforts to enhance the role of local content as outlined in Saudi Vision 2030.

Real GDP Growth by Main Economic Activities



Source: Actual Data by GASTAT

The CPI recorded an increase of 2.3% in FY2023, compared to the 2.1% estimated in the FY2023 budget. Inflation rates in KSA are still considered relatively acceptable and remain lower than global rates. Global inflation, on the other hand, reached 6.8% during FY2023. The Kingdom's efforts have contributed to the enhancement of the social protection system in many ways. Among such is the additional support to beneficiaries of Social Security system, the Citizen's Account, and Small Livestock Breeders Support program. Funds were also allocated to increase strategic stocks of essential goods and ensure their availability. The Kingdom employed a vigilant monetary policy to address and lessen the impact of global increase in inflation rates.

By category, the average FY2023 growth in CPI is largely represented in the housing, water, electricity, gas, and other fuels categories by 7.9% when compared to FY2022. This rise is primarily due to 9.5% increase in actual rentals paid by tenants. Additionally, the restaurants and hotels sector witnessed an increase of 4.1%, driven by a 5.7% rise in the Prices of Hotel & Furnished Apartment Services. The food and beverage section also experienced a 1.4% increase.

The Labor Force Survey estimates issued by the General Authority for Statistics (GASTAT) showed that the total rate of unemployment decreased to 4.4% by the end of FY2023, compared to approximately 4.8% at the end of FY2022. Additionally, Saudi **unemployment rate** fell to a historic low level of 7.7% by the end of FY2023 compared to 8.0% at the end of FY2022.

This decline in unemployment rates resulted from the growth of the domestic non-oil activities during the aforementioned period, leading to higher employment rates and the creation of new jobs during FY2023. Further, the Saudization strategy implemented by the Ministry of Human Resources and Social Development played a positive role in fostering a supportive and stable work environment for male and female citizens in the labor market.

Data from the statistics of administrative records indicate an increase of 4.8% in the number of Saudi employees in the private sector in Q4 of FY2023 compared to Q4 of FY2022. This means approximately 106 thousand Saudi employees joined the workforce, bringing the total to 2.3 million employees. The number of non-Saudi employees in the private sector also increased by 10.6% —about 764 thousand employees— compared to the same period of last year; thus, reaching a total of 7.9 million employees. Over recent years, there has been a continuous rise in the rates of female participation in the labor market. The number of female workers increased from 17.4% in Q1 of FY2017 to 35.5% at the end of FY2023, exceeding the target of 30% in the Saudi Vision

2030. Consequently, the total number of Saudi female employees in the private sector surpassed 900 thousand employees. This improvement is attributed to the policies and programs implemented by the Ministry of Human Resources and Social Development to empower women in the labor market. For instance, "Telework Promotion Initiative", "Flexible Working Initiative", "Wusool" program that facilitates transportation for women, and "Qurrah" program which offers childcare services for working women. Consequently, these efforts have effectively decreased the unemployment rate among Saudi women to a historic low of 13.7% by the end of FY2023, down from 33% in Q1 of FY2017.

Main Economic Indicators

Growth	2023	
	Budget Estimates	Actual*
Real GDP (Growth)	**3.1%**	**-0.8%**
Nominal GDP (SAR bn)**	3,869	4,003
Nominal GDP (Growth)	-2.2%	-3.7%
Inflation	**2.1%**	**2.3%**

*Source: GASTAT

** Budget estimates were produced before historical GDP actuals were updated.

02

FISCAL PERFORMANCE

A. Revenues

In FY2023, the total actual revenue reached approximately SAR 1,212 bn, marking a 7.3% increase over the approved budget. This is due to an increase in both oil and non-oil revenues, as oil revenues were recorded at about SAR 755 bn.

Further, non-oil revenues reached about SAR 458 bn, representing a 15.5% rise compared to the approved budget. This increase is attributed to the ongoing implementations of structural initiatives and reforms aimed at diversifying the economy and enhancing non-oil revenues, which are intrinsically linked to economic activities, and the enhancements in tax management and collection procedures.

The following are the details of the main revenue items according to the Government Finance Statistic Manual (GFS 2014).

Tax Revenues

In FY2023, tax revenues were about SAR 357 bn, marking an increase of around SAR 35 bn, or 10.8%, compared to the approved budget. This growth stems from the sustained improvement in economic activity during the year, and the continued efforts and initiatives aimed at supporting and empowering the private sector. Additionally, ongoing advancements in tax administration and improvements in collection procedures, enhanced by technical solutions, have positively impacted the overall increase in tax revenues.

Taxes on income, profits, and capital gains for FY2023 were around SAR 39 bn, showing an increase of 79.7% (SAR 17 bn) compared to the approved budget. This increase is primarily due to the improved performance of economic sectors — notably the manufacturing industries— and the extension of the cancellation of fines and exemption of penalties initiative during FY2023.

In FY2023, taxes on goods and services totaled around SAR 262 bn, a 3.2% increase (SAR 8 bn) over the approved budget. This rise is due to the positive performance of non-oil revenue items associated with economic activity growth. The Value-added Tax (VAT) recorded an increase of 2.8% compared to the approved budget as a result of the economic activity improvement and the growth in the private final consumption rate during FY2023. It is worth noting that the expats and dependents levy reached around SAR 37 bn, marking an increase of 14.5% from the approved budget. This rise was driven by a greater number of workers during FY2023 and a higher rate of compliance with advanced payment before the expiration of work permits.

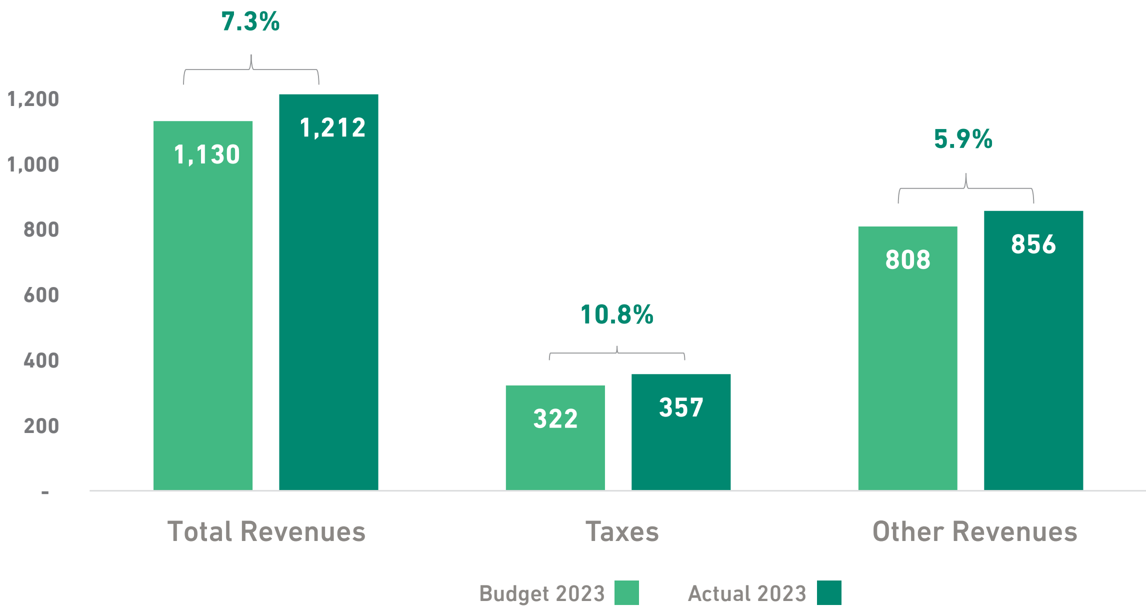
Taxes on international trade and transactions (custom duties) increased by 21.9% (SAR 4 bn) over the approved budget, thus totaling around SAR 22 bn in FY2023. This growth stemmed from an increase in imports, which is driven by improvements in economic activity and the global inflation.

In FY2023, revenues from other taxes (including Zakat) amounted to approximately SAR 33 bn, marking a 18.9% increase (SAR 5 bn) over the approved budget. This is attributed to the improved performance of various economic sectors.

Other Revenues

In FY2023, the total of other revenues (include oil revenues, sales of goods and services, fines and penalties) reached about SAR 856 bn. Thus, it recorded a 5.9% increase (SAR 48 bn) over the approved budget. The primary drive for such growth is the increase in oil revenues, stemming from the collection of performance-linked dividends. It is worth noting that —based on average prices of the Intercontinental Exchange (ICE) Brent— the average of oil prices was about USD 82.17 per barrel in 2023, while the average of oil prices reached USD 99.04 per barrel in 2022. During the year, the average of oil production reach 9.6 million bpd, compared to the average production of 10.6 million bpd according to the data of the Joint Organisations Data Initiative (JODI).

Comparison of Actual Revenues for FY2023 and the Budgeted
(SAR bn)



Source: MoF

B. Expenditures

In FY2023, total expenditures reached around SAR 1,293 bn, marking an increase of 16.1% (SAR 179 bn) compared to the approved budget. This rise was driven by a 15.6% increase (SAR 149 bn) in Operational Expenditures (OPEX), and a 19.0% (SAR 30 bn) increase in Capital Expenditure (CAPEX). This is due to the ongoing advancements in implementing structural initiatives and reforms, and executing regional and sectoral strategies that support structural transformations of a developmental nature. The aim is to achieve a comprehensive sector development and economic diversification, as well as accelerating the implementation of projects, programs, and initiatives that offer economic and social returns, thereby fostering sustainable economic growth. Additionally, ongoing periodic evaluations of the social protection system are conducted to ensure the improvement of spending efficiency directed towards the intended beneficiaries. Further, such efforts are underway to empower the private sector, stimulate the investment environment, and enhance both the public services and the overall quality of life for citizens and residents.

Operational Expenditures (OPEX)

In FY2023, OPEX amounted to approximately SAR 1,107 bn, marking an increase of 15.6% (SAR 149 bn) compared to the approved budget. This demonstrates the Kingdom's endeavors towards strategic expansionary spending on promising sectors with sustainable economic and social returns, which, in turn, contributes to the development and diversification of economy. In addition, the government prioritizes social expenditure, supports social protection programs, and enhances the quality of life in line with the goals of Saudi Vision 2030.

Expenditures on goods and services witnessed a 39.4% increase (SAR 86 bn) compared to the approved budget. This resulted from the ongoing support for expenditures on health goods and services, such as pharmaceuticals, medical supplies, maintenance and cleaning of healthcare facilities and buildings, as part of the continued efforts to improve the quality of healthcare services and systems. Further, there was an increased support for cultural, media, and sports activities, as well as scientific research. There was also an increase in funding for several transformative programs and strategies, such as the National Program for the Development of the Information Technology Sector, and the Data and AI project. Moreover, OPEX for maintenance, cleaning, and operations items increased due to the completion of the infrastructure projects. For instance, the operation and maintenance of the Riyadh Metro project, which contributes to enhancing the quality of life in line with of the goals of Saudi Vision 2030.

Expenditures on employee compensations experienced a 4.5% (SAR 23 bn) increase compared to the approved budget. This is due to the shift of several governmental bodies from the Civil Service Law to the Labor Law, along with related actuarial financial allocations. Furthermore, expenditures on grants witnessed a growth by over 100%, reaching SAR 7 bn. This surge demonstrates the kingdom's dedication to its humanitarian duty and its proactive efforts to assist nations during humanitarian and economic crises.

Expenditures on social benefits increased by 45.8% (SAR 30 bn) compared to the approved budget. This is due to the periodic evaluations of the social protection system through the continued additional financial support, the opening of registrations for the Citizen's Account, and the increase of the basic minimum for calculating pensions for social security beneficiaries. Additionally, there was an increase in spending on healthcare costs and expenses for individuals with special needs.

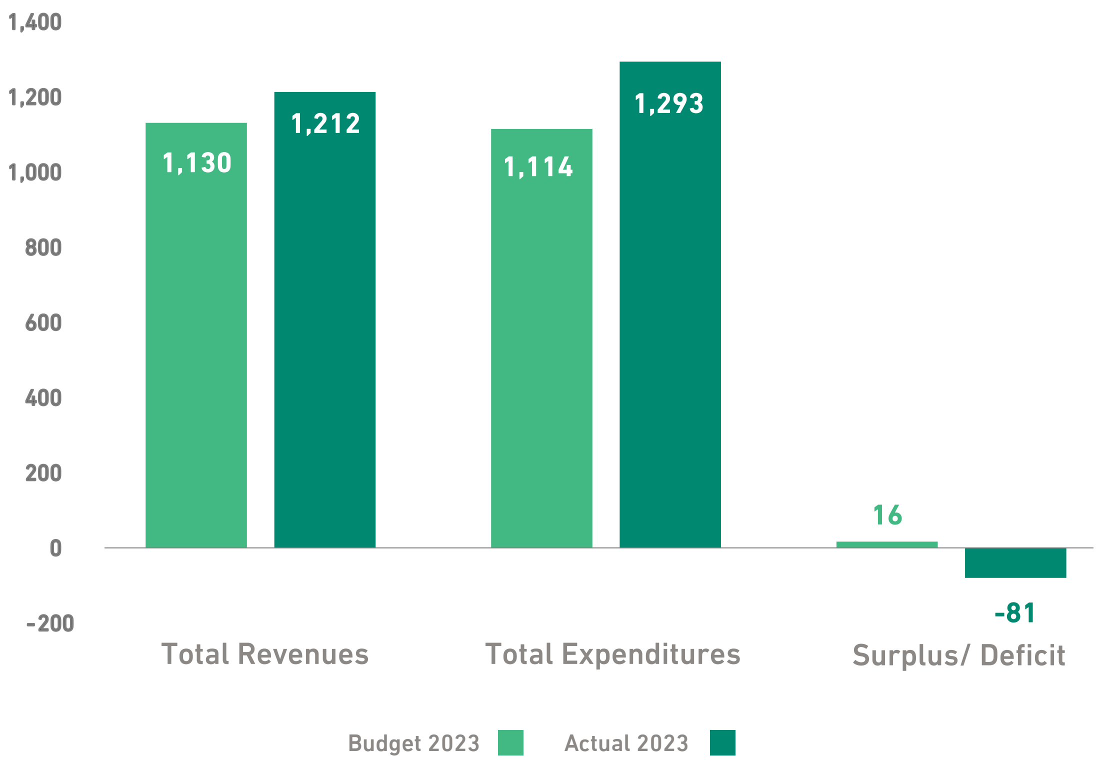
Expenditures for other expenses witnessed an increase of 8.4% (SAR 8 bn) compared to the approved budget. This rise was driven by an increase in spending on student stipends, tuition fees, school transportation, and funds allocated to scholarships for students studying abroad. In addition, expenditures on subsidies for non-profit institutions and associations experienced an increase as well.

On the other hand, expenditures on financing expenses decreased by 3.6% (SAR 1 bn) compared to the approved budget. This is due to conservative estimates that took into account the expected changes in the markets. It is worth noting that a substantial portion of debt issuance was based on fixed return. Further, spending on subsidies dropped by 4.4% (SAR 1 bn) compared to the approved budget.

Capital Expenditure (CAPEX)

By the end of FY2023, total CAPEX reached approximately SAR 186 bn, an increase of 19% (SAR 30 bn) compared to the approved budget. This increase was a result of continuous efforts to implement strategic projects, Saudi Vision 2030 programs, and giga projects with substantial economic and social returns. These include the third Saudi expansion of the Grand Mosque (Masjid Al-Haram), the King Salman Park, and the Sport Boulevard projects. It also covers various projects supporting the tourism sector and economic diversification such as the allocation of CAPEX for domestic airports. Additionally, funds were allocated to Saudi Vision 2030 projects that support research and developments in the Housing Program, the Development of Asir Industrial City, the establishment and support of public transportation strategy, as well as the support of the national water strategy through construction projects of water station, network, and storage facilities to boost desalinated water sources. Funds were also allocated to support the industrial strategy, along with the projects and programs of the national environment strategy, such as the cloud seeding program in the Kingdom, and the development of pastures and forests. Moreover, some funds were allocated for compensations to citizens affected by property expropriation.

Comparison of Actual Performance for FY2023 with the Budgeted
(SAR bn)



Source: MoF

Actual Performance of the Budget for FY2023

(SAR billion, unless otherwise stated)

	Actual 2021	Actual 2022	Budget 2023	Actual 2023	Change (Actual 2023 -Budget 2023)
Revenues					
Total Revenues	**965**	**1,268**	**1,130**	**1,212**	**7.3%**
Taxes	**317**	**323**	**322**	**357**	**10.8%**
Taxes on income,profits,and capital gains	18	24	22	39	79.7%
Taxes on goods and services	251	251	254	262	3.2%
Taxes on international trade and transactions	19	19	18	22	21.9%
Other Taxes	29	28	28	33	18.9%
Other Revenues	**648**	**945**	**808**	**856**	**5.9%**
Expenditures					
Total Expenditures	**1,039**	**1,164**	**1,114**	**1,293**	**16.1%**
Expenses (OPEX)	**922**	**1,021**	**957**	**1,107**	**15.6%**
Compensation of employees	496	513	514	537	4.5%
Goods and services	205	258	218	303	39.4%
Financing expenses	27	30	39	38	-3.6%
Subsidies	30	30	22	21	-4.4%
Grants	3	3	2	7	208.1%
Social benefits	70	79	67	97	45.8%
Other expenditures	91	107	96	104	8.4%
Non-Financial Assets (CAPEX)	**117**	**143**	**157**	**186**	**19.0%**
Deficit/Surplus					
Deficit/Surplus	**-73**	**104**	**16**	**-81**	_
Percent of GDP*	**-2.2%**	**2.5%**	**0.4%**	**-2.0%**	_
Debt and Assets					
Debt	**938**	**990**	**951**	**1,050**	_
Percent of GDP*	28.6%	23.8%	24.6%	26.2%	_
Government Reserves at Saudi Central Bank	**347**	**318**	**399**	**390**	_

Source: MOF
Figures are rounded to the nearest decimal point
* Based on updated GDP actuals issued by GASTAT

Sectoral Expenditures

In view of the actual performance of sectoral expenditures, most sectors recorded an increase by the end of FY2023. **the health and development** sector witnessed an increase of 35.2% compared to the approved budget. This is mainly due to supporting the programs of social protection system. Such increase was seen on account of ongoing support to the Citizen's Account to help in mitigating the effects of the increased prices of basic and food commodities, and the increase of the basic minimum to calculate pensions for social security beneficiaries. Expenditures on **the general Items** sector increased by 25.8%. This was driven by the expansionary spending to support the implementation of major developmental strategies and projects, as well as Saudi Vision 2030 projects. Furthermore, expenditures on the **municipal services** sector experienced an increase of 22.0%, demonstrating the efforts to accelerate the completion of infrastructure projects. Expenditures on the **economic resources** and **public administration** sector also experienced increases of 19.0% and 29.7% respectively. Conversely, expenditures on **military** sector decreased by 1.8%.

Actual Expenditures by Sector

(SAR bn, unless otherwise stated)

Sector	Actual 2021	Actual 2022	Budget 2023	Actual 2023	Change (Actual 2023 -Budget 2023)
Public Administration	34	41	37	48	29.7%
Military	202	228	259	254	-1.8%
Security and Regional Administration	106	115	105	114	8.5%
Municipal Services	39	75	63	77	22.0%
Education	192	202	189	210	11.1%
Health and Social Development	197	227	189	256	35.2%
Economic Resources	71	77	72	85	19.0%
Infrastructure and Transportation	51	41	34	40	18.9%
General Items	147	159	165	208	25.8%
Total	**1,039**	**1,164**	**1,114**	**1,293**	**16.1%**

Source: MoF

Figures are rounded to the nearest decimal point

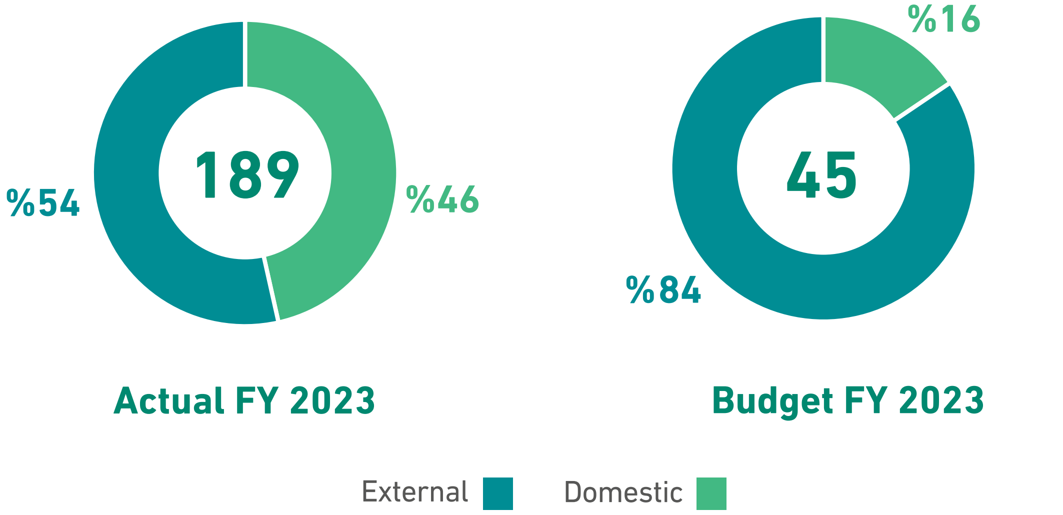
C. Budget Deficit and Financing

The Saudi Government is committed to maintaining a balance between fostering economic growth and ensuring fiscal sustainability. This balance is pursued through the execution of structural reforms and initiatives within the economic and financial aspects in line with the Saudi Vision 2030. There is an emphasis on expansionary spending on regional and sectoral strategies, along with projects and programs aimed to promoting sustainable economic growth. This involves developing the infrastructure across various regions of KSA, as well as supporting promising sectors. As a result, the budget of FY2023 registered a deficit of approximately SAR 81 bn (2.0% of GDP), compared to a surplus of about SAR 16 bn in the approved budget. This deficit is primarily due to an increase in total expenditures, stemming from the advancement in the implementation of projects designed to support economic diversification and enhance growth rates.

By the end of FY2023, total borrowing reached around SAR 189 bn, of which domestic issuances accounted for 46.5%, and external issuances accounted for 53.5%. This included about SAR 82 bn in domestic issuance of government Sukuk, as well as around SAR 60 bn in international issuances as part of its Sukuk and Global Medium-Term Note Issuance (GMTN) Program. Additionally, international financing agreements worth SAR 41 bn were arranged, along with local financing agreements totaling SAR 6 bn. Such agreements were made to fund several capital and infrastructure projects as part of the Government Alternative Funding (GAF) channel. As a result, the public debt portfolio totaled SAR 1,050 bn (26.2% of GDP) by the end of FY2023, compared to SAR 951 bn (24.6% of GDP) estimated in the approved budget. Therefore, domestic debt made up of 61.4% of the total public debt portfolio, while external debt reached 38.6%.

Debt Issuances for 2023

(SAR bn)



Source: MoF

The Average Time to Maturity (ATM) of the public debt portfolio reached around 9.5 years by the end of FY2023, compared to around 9.3 years in FY2022. By the end of FY2023, the average cost of funding for the debt portfolio reached about 3.6% compared to 2.9% in FY2022. This is due to increase in interest rates and the size of the debt portfolio.

By the end of FY2023, the government reserves balance was about SAR 390 bn, a decrease of around SAR 9 bn compared to the approved budget. This is to fund off-budget financing needs, including stimulus packages for the private sector, payments for local loans, and foreign deposits. It is worth noting that the government reserves balance of FY2023 was enhanced by some of the surpluses of FY2022 budget. The fiscal policy, in terms of handling surpluses, aims to direct these budgetary gains to bolster the government reserves and support national funds. It also considers the possibilities of accelerating the implementation of some strategic projects and programs with significant social and economic impacts, to achieve sustainable economic growth and maintain financial stability and sustainability for the country's financial position.

Comparison of Debt Issuance, Total Debt Portfolio, and Total Withdrawals from Government Reserves by the End of FY2023 with the Budget

(SAR bn)

	Actual 2021	Actual 2022	Budget 2023	Actual 2023
Total Debt at End of Year	**938**	**990**	**951**	**1,050**
Total Debt Issuance	**158**	**125***	**45**	**189**
Total Domestic Issuances	109	107	7	88
Total External Issuances	49	19	38	101
Government Reserves Balance at End of Year	**347**	**318**	**399**	**390****

Source: MoF

Figures are rounded to the nearest decimal point.

*Includes payment of debt principal amounted SAR 42 bn, early purchases of bonds and Sukuk due in the coming years, Proactive financing operations to secure and reduce part of the financing needs for FY2023, and Government Alternative Funding (GAF) transactions.

**Includes FY2022 surpluses

وزارة المالية

Ministry of Finance