



وزارة الاستثمار
Ministry of Investment

استثمر في السعودية
INVEST
SAUDI



ECONOMIC AND INVESTMENT MONITOR, SAUDI ARABIA

Q4 2022



"My primary goal is to be an exemplary and leading nation in all aspects, and I will work with you in achieving this endeavor"

-Custodian of the Two Holy Mosques,
King Salman Bin Abdulaziz Al-Saud



"Our nation holds strong investment capabilities, which we will harness to stimulate our economy and diversify our revenues"

-His Royal Highness the Crown Prince
Mohammed bin Salman bin Abdulaziz Al-Saud



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Abbreviation List

Bn	Billion
Capex	Capital Expenditures
CPI	Consumer Price Index
FDI	Foreign Direct Investment
GASTAT	General Authority for Statistics
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GSCRI	Global Supply Chain Resilience Initiative
ICT	Information Communications Technology
IMARC	International Mining and Resources Conference
IMF	International Monetary Fund
IPI	Industrial Production Index
LLC	Limited Liability Companies
MISA	Ministry of Investment of Saudi Arabia
Mn	Million
MoF	Ministry of Finance
NIS	National Investment Strategy
NOMU	Parallel Market Index
OECD	The Organization for Economic Cooperation and Development
OPEC	The Organization of Petroleum Exporting Countries
OPEC+	A group of OPEC and non-OPEC oil-producing states
PMI	Purchasing Managers' Index
PoS	Points of Sale
REPI	Real Estate Price Index
SADAD	National Electronic Bill Presentment and Payment
SAIBOR	Saudi Arabian Interbank Offered Rate
SAMA	Saudi Central Bank
SAR	Saudi Riyals
SMLLC	Single-member Limited Liability Company
SMEs	Small and Medium Enterprises
Tadawul	The Saudi Stock Exchange
TASI	Tadawul All Share Index
VRPs	Vision Realization Programs
WEO	World Economic Outlook
WB	World Bank
WPI	Wholesale Price Index
WTTC	World Travel and Tourism Council

Executive Summary (1/2)

- In the World Economic Outlook report (WEO), January 2023, the International Monetary Fund (IMF) projects global growth to fall from 3.4% in 2022 to 2.9% in 2023.
- Saudi Arabia is in the lead among developed countries, emerging market economies, and developing economies in the real GDP growth rate for 2022, with an estimated growth rate of 8.7%. For emerging markets and developing economies, growth is projected at 3.9%, and 2.7% for advanced economies for the same period.
- The PMI readings for Saudi Arabia grew by 2.4% in Q4 2022, compared to the same period of the previous year. While the PMI of China, South Korea, the United States, the European Union and Japan declined during the same period.
- According to GASAT, flash estimates of Q4 2022 indicate real GDP growth of 5.4% compared to the same period of the previous year, driven by the growth of non-oil activities and oil activities by 6.2% and 6.1%, respectively.
- In Q4 2022, points of Sale (PoS) and SADAD payments grew by 15.0% and 17.7%, respectively, compared to the same quarter last year, while cash withdrawals declined by 1.8%, due to the shift in consumer behavior from cash transactions to electronic payments methods.
- Saudis unemployment rate grew to 9.9% in Q3 2022 from 9.7% in Q2 2022, while the total unemployment rate remains unchanged at 5.8% in Q3 2022.
- Money Supply grew by 8.1% in Q4 2022 compared to the same quarter last year, driven by the increase of time and savings deposits by 32.2% and other quasi-monetary deposits by 25.5%.
- The Inflation Rate (CPI) rose to 3.1% in Q4 2022 compared to the same quarter last year, driven by the increase in the prices of housing, water, electricity, gas and others by 4.6%, followed by food & beverages by 4.0%.
- Tadawul All Share Index (TASI) decreased by 7.2% compared to the same period last year. Similarly, the Parallel Market Index (NOMU) declined by 25.3% in Q4 2022.
- The current account recorded a surplus of SAR 177.5 bn, which represents 17.1% of nominal GDP in Q3 2022, against a surplus of SAR 62.8 billion for the same quarter last year.
- Merchandise exports rose by 46.1% in Q3 2022, due to the increase in oil exports reaching SAR 321.3 billion. Similarly, imports grew by 25.1% compared to the same period last year.

Executive Summary (2/2)

- According to the Budget Statement FY 2023, the total government revenues grew by 5.4%, on an annual basis, reaching SAR 284 billion in Q4 2022, strongly supported by the increase in oil revenues. Government expenditures, on the other hand, are estimated at SAR 331 billion for Q4 2022, a drop of 1.8%, on an annual basis. Therefore, the Budget is estimated to register a deficit of SAR 48 billion in Q4 2022.
- The nominal GFCF recorded SAR 268 billion in Q3 2022, on an annual basis, an increase of 38.2%, driven by the increase in the fixed capital formation of the government sector by 50.8% and fixed capital formation of the non-government sector by 36.2%.
- The FDI inflows into Saudi Arabia recorded SAR 7.2 billion in Q3 2022, an increase of 10.7% compared to the same quarter of the previous year.
- According to MISA, the number of closed deals increased by 94.6% reaching 218 deals in 2022, compared to 112 deals in 2021.
- According to MISA, the number of new investment licenses recorded growth by 30.9%, or 1,278 licenses in Q4 2022, compared to 976 licenses in Q4 2021 (excluding the licenses issued as part of the anti-concealment law enforcement).
- Efforts made, to improve the investment environment, attract foreign investments, and enhance domestic investments, have contributed to achieving the NIS's goals, as it recorded 112.4% of the overall investment target and 172.3% of the FDI inflows in 2021.
- Saudi Arabia has achieved advanced positions in several global indicators in 2022, as it ranked fifth in the Edelman Confidence Index, and second in the Consumer Sentiment Index for January 2023.
- MISA, in cooperation with other government entities, has a pivotal role in promoting investment and attracting investors through organizing and participating in numerous events, more than 53 events in Q4 2022 in various areas including transport & logistics, renewable energy, infrastructure, tourism & hospitality, agriculture, healthcare, manufacturing, and iron & steel, in addition to its participation in several investment forums between Saudi Arabia and several countries.
- The Sports Sector is highlighted in the Investment Overview of the Key Promising Regions, Sectors and Projects in Saudi Arabia. The sports sector receives great attention that can be seen through the Saudi Vision 2030's strategies and initiatives such as, the Strategy to Support Saudi Sports Federations, the Program to Develop Elite Athletes, and the Saudi Sports for All Federation. Over the last two years, the sports sector has witnessed many achievements, which contribute to promoting sports, tourism, and investment in Saudi Arabia such as, Formula 1 and the Dakar Rally.



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01

GLOBAL ECONOMY

First: Global Economy

I. Economic Growth

In the **World Economic Outlook report** (WEO), January 2023, the International Monetary Fund (IMF) projects global growth at 3.4% in 2022, higher than October 2022 projections by 0.2%. The IMF revised up global growth estimates at 2.9% and 3.1% in 2023 and 2024.

Interest rate hikes have already affected the forecasts for 2023, causing a slowdown in the global economy, particularly the advanced economies. However, the growth is expected to pick up in emerging and developing economies, with the full reopening in China.

For advanced economies, growth is projected to decline sharply from 2.7% in 2022 to 1.2% in 2023. In emerging market and developing economies, growth is projected to rise modestly from 3.9% in 2022 to 4.0% in 2023.

The IMF forecasts for 2024 are expected to be affected by the recovery of the global economy from geopolitical conflicts and the response of central banks and governments to inflation. As for the advanced and emerging and developing markets, growth is estimated at 1.4% and 4.2%, respectively in 2024.

It should be noted that, according to the IMF, Saudi Arabia is in the lead among developed countries, emerging market economies, and developing economies with regard to the real GDP growth rate for 2022.

Growth Rate (Real GDP, annual percent change)	2021 (Actual)	2022*	2023**	2024**
Global Economy	6.2	3.4	2.9	3.1
Advanced Economies	5.4	2.7	1.2	1.4
Emerging market and Developing Economies	6.7	3.9	4.0	4.2
Saudi Arabia	3.2	8.7	2.6	3.4
United States	5.9	2.0	1.4	1.0
China	8.4	3.0	5.2	4.5
Japan	2.1	1.4	1.8	0.9
India	8.7	6.8	6.1	6.8
Euro area	5.3	3.5	0.7	1.6

Source: IMF (WEO, January 2023), GASTAT, official statistical offices of countries

* Projections

** Estimates

2. Inflation

The IMF estimates the inflation rate for 2023 to reach 4.6% in advanced economies and 8.1% in emerging market and developing economies. For Saudi Arabia, the IMF estimates the inflation rate to reach 2.2% in 2023.

Inflation rate (%)	2021 (Actual)	2022	2023*	2024*
Advanced Economies	3.1	7.3	4.6	2.6
Emerging Market and Developing Economies	5.9	9.9	8.1	5.5
Saudi Arabia	3.1	2.7	2.2	2.0

Source: IMF (WEO January 2023 - October 2022).

*Estimates

3. Global Investment

In WEO, October 2022, the IMF projects global investments, as percentage of GDP, to reach 27.8% in 2023, down by 0.2% from the previous year. This decline also affected the projection of investments as percentage of GDP for the advanced economies (G7) and the European Union in 2023 and 2024, while the emerging market and developing economies maintained the same percentage.

Global Investment as (%) of GDP	2021 (Actual)	2022*	2023*	2024*
Global economy	27.1	28.0	27.8	27.8
Advanced economies (G7)	22.0	22.4	21.9	21.8
European Union	23.1	23.5	22.7	22.5
Emerging markets and developing economies	33.3	34.3	34.2	34.2

Source: IMF (October 2022).

*Projections

According to the latest data issued by the OECD, global FDI inflows in Q3 2022 grew by 18.3% compared to Q3 2021. The data indicates that growth rates are slowing globally. Whereas the OECD countries grew by 169.2%, down from the growth achieved in 2021. For the European Union, the FDI inflows increased by 191.7%. According SAMA Saudi Arabia grew by 10.7% in Q3, slowing down from the achieved growth in the same period of the previous year.

FDI Inflows growth rates (%)	2020 Q3	2021 Q3	2022 Q3
Global FDI	-51.3	70.6	18.3
OECD countries	-90.4	277.5	169.2
Euro area	-119.8	-227.6	191.7
Saudi Arabia	-5.4	58.8	10.7

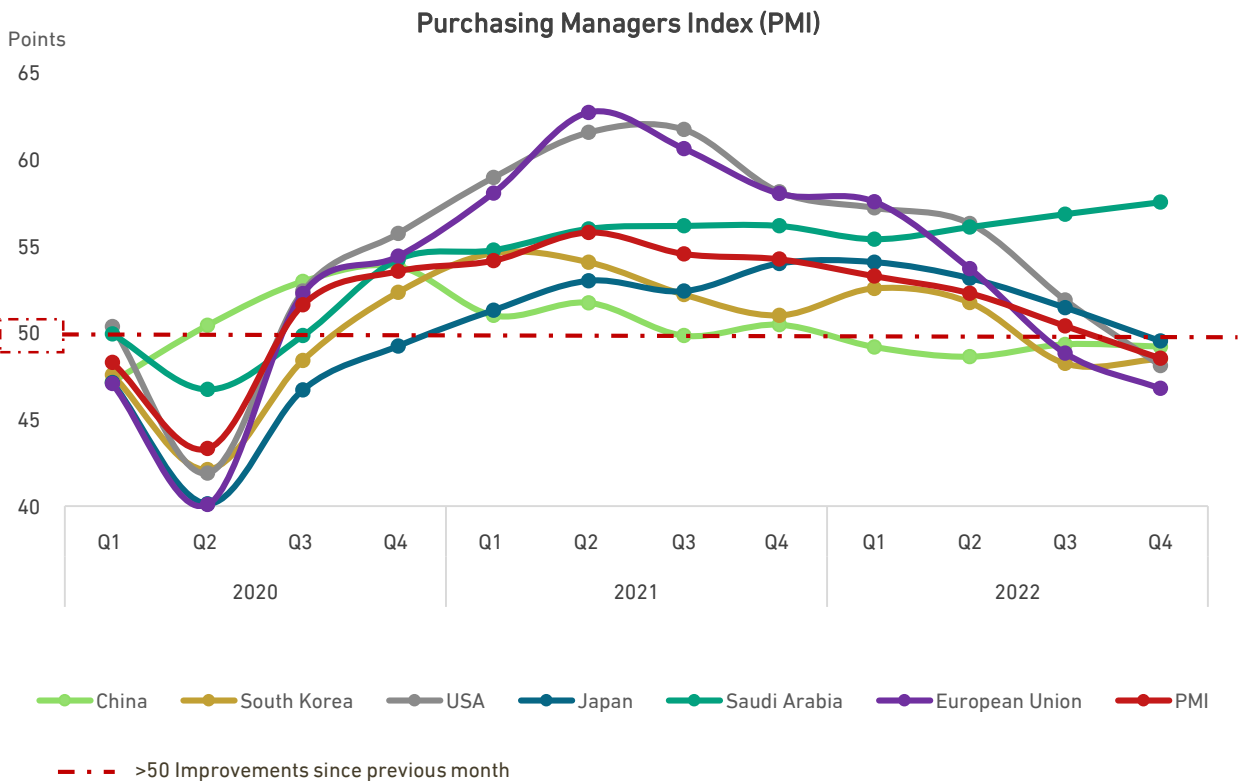
Source: OECD, SAMA, IMF

4. Global Purchasing Managers Index (PMI)

The global industrial production purchasing managers' index declined by 10.5% in Q4 2022, on an annual basis, to average 48.5 points from 54.2 points in the same quarter last year.

In Q4 2022, the PMI of China, South Korea, the United States, the European Union and Japan also declined compared to the same quarter of the pervious year.

The PMI of Saudi Arabia, on the other hand, grew by 2.4% during the same period. It is worth noting that the continuous decline of the PMI for the selected countries coincides with the uncertainty among investors due to the contractionary monetary policies implemented by central banks based on the IMF recommendations.



Source: IHS Markit

II: Oil Market

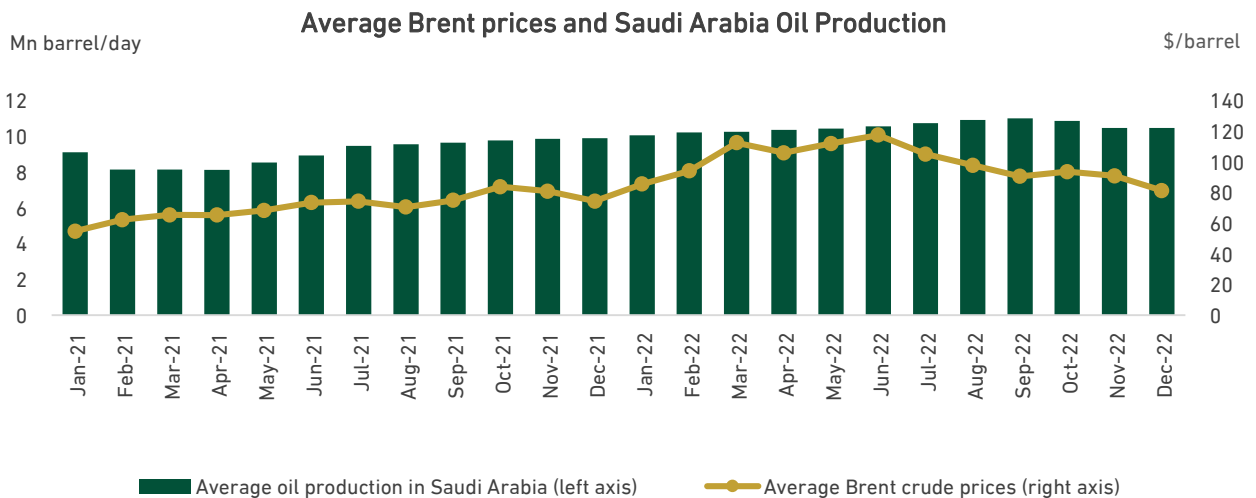
Since the beginning of 2022, the **global oil market** has been facing several challenges leading to a divergence in the future outlook for the oil market, due to economic and geopolitical uncertainty, in addition to fears of weak demand due to the surge of the Covid-19 in China and the imposed policies and precautionary measures. Moreover, the Federal Reserve's tightening of monetary policy has also caused the rise of the value of US dollar, leading to more uncertainty. On the other hand, the global economy is witnessing an improvement with the easing of the restrictions imposed globally on supply chains, in addition to a drop in ocean freight rates which may lower investment costs and stabilize oil demand.

Looking at the performance of oil market, the Organization of Petroleum Exporting Countries (OPEC) report indicates an increase in the Brent crude average prices to 11.2% in Q4 2022, on an annual basis, in response to the instability of energy markets, and the Western sanctions on Russia and their impact on Russian oil production.

Moreover, **average oil production for Saudi Arabia** grew by 7.7% in Q4 2022, recording an average of 10.6 million barrels per day.

The annual OPEC data showed that Brent crude prices in 2022 grew by 39.9% on an annual basis, to average nearly \$99.0 per barrel in 2022, from \$71.0 per barrel in 2021. Likewise, the average oil production for Saudi Arabia grew by 15.5% during the same period, to average 10.5 million barrels per day, from an average of 9.1 million barrels per day in 2021.

The **WEO January 2023**, shows that oil prices are projected to fall by about 16% In 2023, driven by forecasts of interest rates hikes, resulting from the monetary policies pursued by central banks to limit the impact of high inflation rates triggered by the Russian-Ukrainian war on the oil market.



Source: OPEC, IMF (WEO, January 2023)



02

SAUDI ECONOMY

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Second: Saudi Economy

I: Saudi Economy, and the Projections of Local and International Entities

Based on reports issued by local entities and international organizations, the Saudi economy is growing at a steady pace and towards more achievements globally, as Saudi Arabia is considered among the fastest-growing economies in 2022.

International Monetary Fund (IMF) projections for January 2023 indicate that the real GDP will grow by 8.7% and 2.6% in 2022 and 2023, respectively. **The World Bank**, similarly, projected a growth of 8.3% and 3.7% for 2022 and 2023, respectively. As for **OECD**, the real GDP is expected to grow by 9.8% and 5.0% in 2022 and 2023, respectively. It is important to note that the projections for 2023 are lower than 2022, due to the impact of the slowdown in most global economies.

The Budget projections for FY 2023, issued by the Ministry of Finance (MoF), indicate a growth in the real GDP by 8.5% and 3.1% for 2022 and 2023, respectively, which are similar to the international organizations' projections. By achieving these projections, Saudi economy will become one of the fastest-growing economies in the world, and the highest among the G20 countries.

II: Saudi Economy Actual Performance

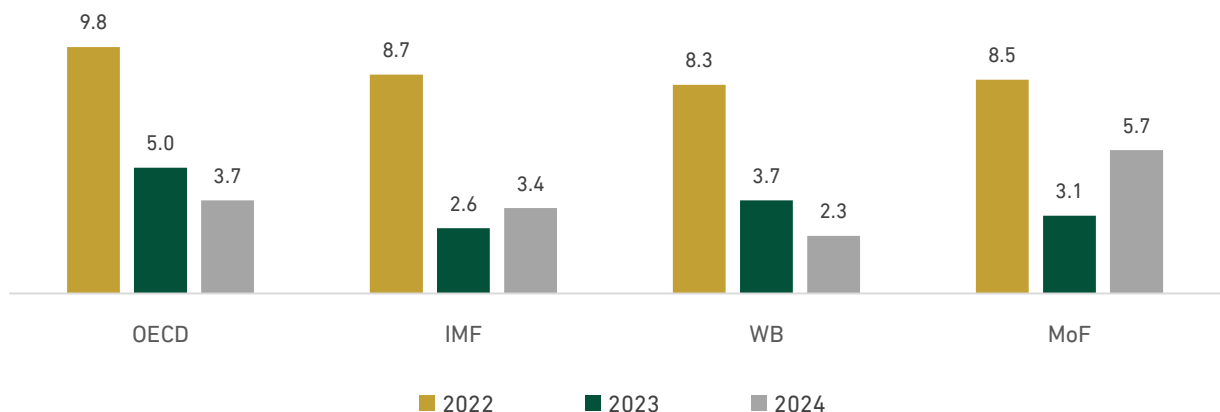
1. Real Sector

According to the estimates of the General Authority for Statistics (GASTAT) for 2022, the real GDP grew by 8.7% compared to the same period last year, as a result of the significant increase in oil activities by 15.4%, in response to the gradual increase in oil production related to the OPEC+, in response to the growing global demand for oil. Similarly, non-oil activities** and government activities grew by 5.4% and 2.2%, respectively, compared to the same period last year.

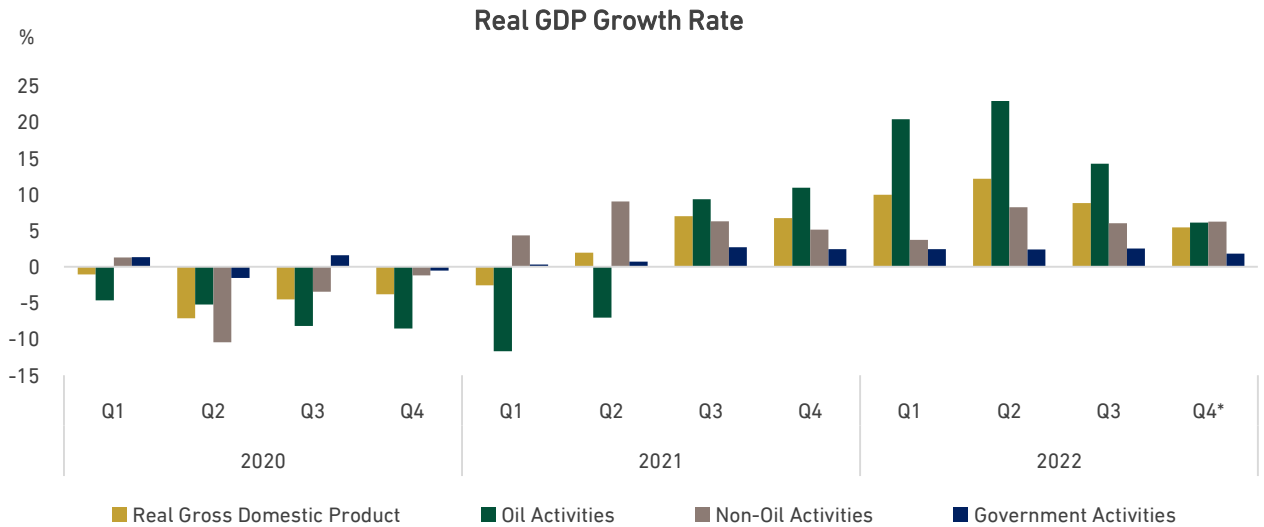
In Q4 2022, the flash estimates indicate a growth in the real GDP by 5.4% compared to the same period of the previous year. This is due to the positive growth in non-oil activities and oil activities by 6.2% and 6.1%, respectively, compared to the same period of the previous year, in addition to the increase in government services activities by 1.8% during the same period.

**The terms "oil activities, non-oil activities and government activities" are used based on the new classification of the GASTAT, issued on 14 December, 2021 (instead of institutional sectors)

GDP Growth Projections (%)



Source: IMF Report (WEO, January 2023), World Bank Report (Global Economic Prospects, January 2023), OECD (OECD Economic Outlook, November 2022), and MoF budget statement FY 2023



Source: GASTAT
* Flash estimates

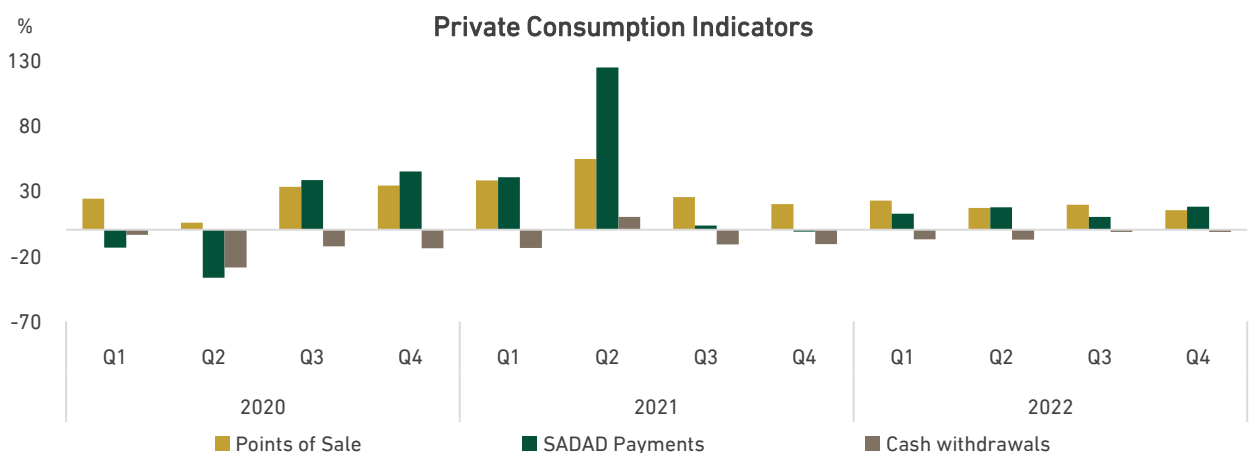
According to the Saudi Central Bank (SAMA) data for December 2022, the leading consumption indicators recorded remarkable growth rates in Q4 2022, as the Points of Sale (PoS) and SADAD payments grew by 15.0% and 17.7%, respectively, compared to the same quarter last year.

However, the cash withdrawals declined by 1.8%, due to the shift in consumer behavior from cash transactions to electronic payment methods, pushing (PoS) transactions up by 33.1% during the same period.

For 2022, (PoS) and SADAD payments grew by 18.1% and 14.3%, respectively, while cash withdrawals declined to 4.7% during the same period.

Private investment indicators grew in Q4 2022, as the average PMI registered an increase of 2.4% to reach 57.5 points, compared to 56.2 points in Q4 2021. Also, the PMI grew by 1.3% in 2022, reaching 56.5 points compared to 55.8 points in 2021, reflecting the improvement of non-oil private sector as a result of strong demand and high flows of new business.

According to the latest data of GASTAT, the Industrial Production Index (IPI) rose by 10.0% in Q4 2022 compared to the same quarter last year, as the increase in oil production led to the higher production in mining and quarrying activity by 7.2% (74.5% of the index weight), also manufacturing by 20.4% which affected the growth of the IPI.



Source: SAMA

Cement sales increased by 2.6% in Q4 2022, compared to the same period last year, reaching 14 million tons. The increase is attributed to higher construction activities, as the building materials prices declined in Q4 2022.

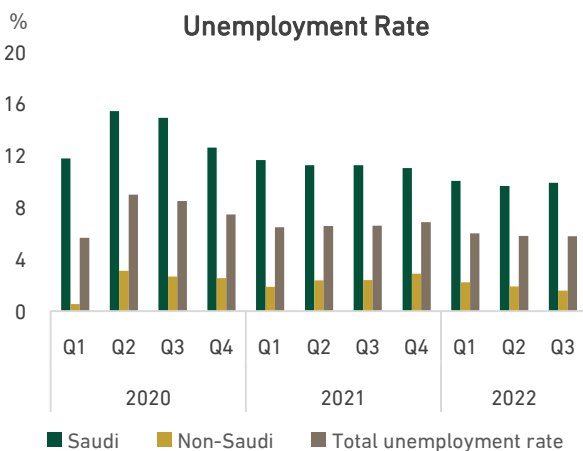
In Q4 2022, the real estate price index (REPI) increased by 1.6% compared to the same period last year, mainly due to the increase in residential real estate prices by 2.6%. On an annual basis, the (REPI) increased by 1.1% in 2022, driven by an increase of 1.2% in residential real estate prices.

1.1 Labor Market

Based on GASTAT Labor Force Survey, **the total unemployment rate remains unchanged at 5.8% in Q3 2022.** However, the Saudis unemployment rate grew by 9.9% in Q3 2022 from 9.7% in Q2 2022, due to the increase of Saudi females unemployment rate by 20.5%, and the decline of Saudi males unemployment rate by 4.3% during the same period.

Among non-Saudis, the unemployment rate decreased to 1.6% in Q3 2022 compared to 1.9% in Q2 2022, recording 1.0% and 5.7% for non-Saudi males and females, respectively.

The labor force participation rate (for Saudis and non-Saudis population) climbed to 61.5% in Q3 2022, compared to 60.8% in Q2 2022.



Source: GASTAT

2. Monetary Sector

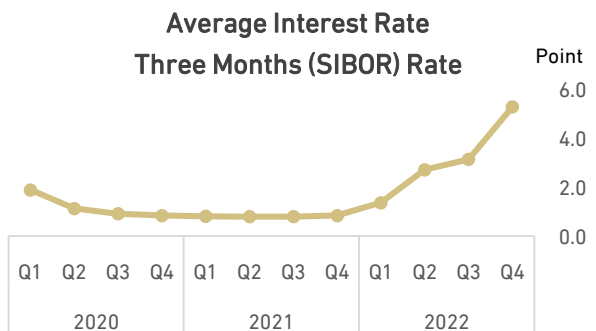
2.1 Money Supply and reserve assets

According to SAMA data, **Money Supply** increased by 8.1% in Q4 2022 compared to the same quarter last year, driven by the increase of time and savings deposits by 32.2% and other quasi-monetary deposits by 25.5%. Similarly, Reserve Assets grew by 1.0% in Q4 2022, due to the increase in foreign exchange and deposits abroad by 4.6% and the reserve for the IMF by 0.6%.

2.2 Interest Rates

The **average Interbank Offered Rate (SAIBOR)** in Q4 2022 closed at 5.3 basis points, up by 4.4 basis points compared to Q4 2021. Moreover, REPO rate rose by 5.0 basis points, and the Reverse REPO rate by 4.5 basis points during the same period, due to the raise in interest rate to 4.5 basis points by the U.S. Federal Reserve during the same period. It is expected that the interest rate in the Kingdom will rise in the future in tandem with the US Federal Reserve to contain Inflation. As we can see in the beginning of February 2023, SAMA raised its REPO rate by 25 basis points to 5.25%, and its Reverse REPO rate by 25 basis points to 4.75%.

However, the **Lending volume** in the Kingdom is still growing, as the Government Credit increased by 10.8% in Q4 2022 compared to the same period last year. Credit to the Private Sector also increased by 12.6% on an annual basis. Likewise, Commercial Real Estate Loans increased by 24.2% in Q3 2022 on an annual basis, according to the latest published data.



Source: SAMA

2.3 Inflation

According to GASTAT data, the **Inflation Rate** (Consumer Price Index (CPI)) rose to 3.1% in Q4 2022 compared to the same quarter last year. This increase was attributed to the increase in the prices of housing, water, electricity, gas and others by 4.6%, followed by food & beverages by 4.0%. Looking at the inflation rate for 2022, the CPI increased by 2.5% compared to the same period of the previous year, mainly driven by the increase of food & beverage prices, and transportation prices by 3.7% and 4.1%, respectively.

Wholesale Price Index (WPI) grew by 3.8% in Q4 2022, compared to the same period last year. The increase originated mainly from other agriculture and fishery products by 8.9% (8.7% of the index weight), followed by food and beverages products by 7.9 (17.3% of the index weight).

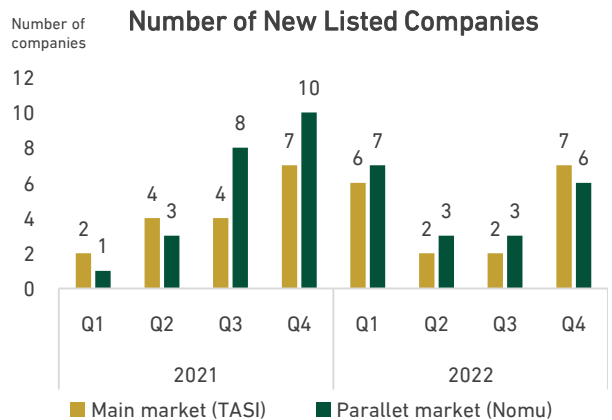
Moreover, the annual **Wholesale Price Index** increased by 7.7% in 2022, compared to 2021. The increase is driven by higher prices for agriculture and fishery products by 13.7%, as well as other transportable goods by 9.0%. Inflation Rates was affected by geopolitical repercussions and supply chains disruptions on the supply side. On the demand side, the improvement in domestic demand driven by private consumption has increased inflation rates in the Kingdom.

3. Capital Market

Tadawul All Share Index (TASI) decreased by 7.2% compared to the same period last year, where the index closed at 10,478 points by the end of Q4 2022. The total volume of traded shares had fallen by 31.67%, to SAR 307 billion compared to the same quarter last year.

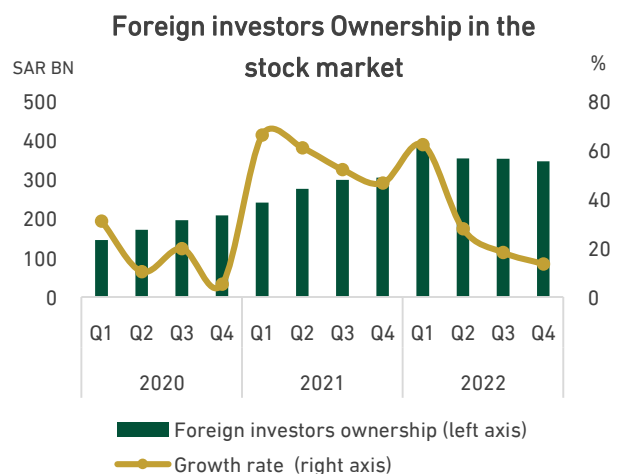
On the other hand, the Parallel Market Index (NOMU) closed at 19,417 points in the end of Q4 2022*, a decrease of 25.3% compared to the same quarter last year. The total volume of traded shares amounted to SAR 2.4 billion, recording a decrease of 6.38% compared to the same quarter last year.

The total number of companies whose listing have been approved in Q4 2022 reached 13 companies. 7 companies were listed TASI, and the remaining 6 companies were listed in NOMU. In 2022, 46 companies were listed in the Saudi market. 16 new listings in TASI, while NOMU had the largest number of new listings amounting to 30 companies.



Source: Tadawul

Saudi Exchange (Tadawul) data shows a decline in the Saudi investor's ownership in the stock market by 1.7% in the end of Q4 2022 compared to the same quarter last year. However, the foreign investors ownership increased by 13.5% for the same period, in response to the Kingdom's efforts to enhance the investment ecosystem, and increase investor confidence. While the GCC investors ownership declined to 9.3% in Q4 2022, on an annual basis.



Source: Tadawul

* Cumulative data, Q4 and December data represent the entire year.

4. External Sector (Balance of Payments)

According to SAMA balance of payments in Q3 2022, in response to the improvement of oil and non-oil exports, the **current account** recorded a surplus of SAR 177.5 billion, which is 17.1% of nominal GDP, against a surplus of SAR 62.8 billion for the same quarter last year, due to the improvement in oil and non-oil exports.

The GASTAT's international trade data for Q3 2022 show continued growth of non-oil exports, recording an increase of 11.7% compared to the same period of the previous year, reaching SAR 65.7 billion from SAR 58.8 billion in the same period of the previous year, which led the trade balance to record a surplus of SAR 218.6 billion in Q3 2022, from SAR 128.8 billion in the same period the last year.

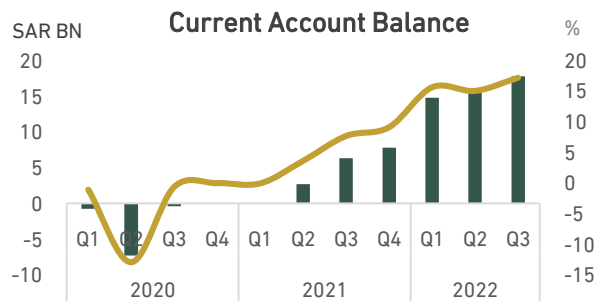
Merchandise exports rose by 46.1% to record SAR 399.7 billion in Q3 2022 from SAR 273.6 billion for the same quarter last year, driven by an increase in oil export recording SAR 321.3 billion, a growth of SAR 117.1 billion in Q3 2022 compared to same period in the previous year, due to OPEC+ agreement to increase oil production gradually.

Imports, similarly, recorded SAR 181.1 billion, an increase of 25.1% in Q3 2022, from SAR 144.8 billion in the same period last year. The share of non-oil export to total imports was 36.3% during the same period.

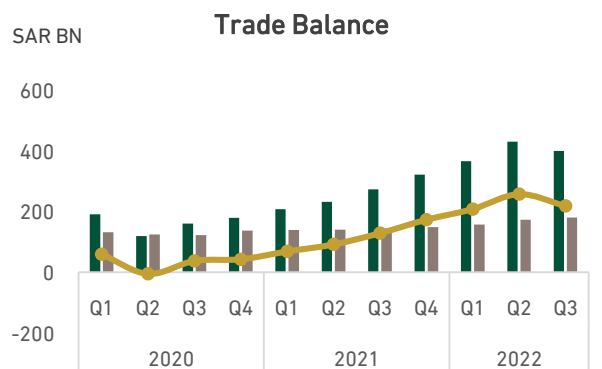
From the beginning of 2022 until the end of November, the trade balance recorded a surplus of SAR 788.8 billion from SAR 408.6 billion in the same period last year, recording an increase of 93.0%. This rise is attributed to the significant increase in oil exports by 67.1%, reaching SAR 1,138.1 billion, compared to SAR 681.1 billion in the same period of the previous year.

Moreover, from the beginning of 2022 until November, the **merchandise exports** also recorded an increase of 54.1% compared to the same period of the previous year, reaching SAR 1430.8 billion compared to SAR 928.6 billion. Similarly, non-oil exports grew by 18.3% in the same period.

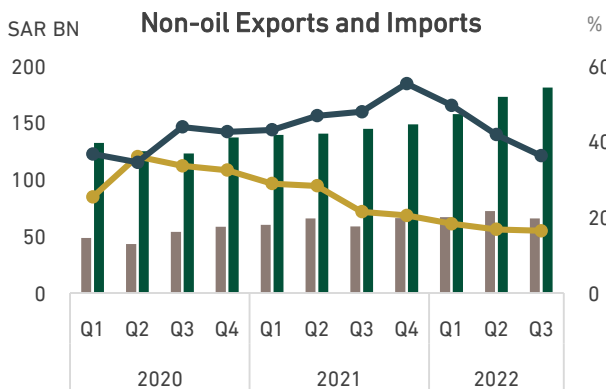
Imports also grew by 23.5%, reaching SAR 642.0 billion from SAR 520.0 billion during the same period. Whilst, the share of non-oil export to total imports was 38.4 during the same period.



Source: SAMA



Source: GASTAT



Source: GASTAT

5. Fiscal Performance

5.1 Revenues

According to the budget statement FY 2023 issued by MoF, the **total government revenues** grew by 5.4%, on an annual basis or SAR 283.7 billion in Q4 2022. The revenues are estimated to reach SAR 1,234 billion in 2022, up by 27.8% on an annual basis, due to the increase in government revenues, and oil revenues which amounted to SAR 842 billion.

5.2 Expenditures

Government expenditures are estimated at SAR 331.3 billion in Q4 2022, decreasing by 1.8% on an annual basis. Expenditures are expected to reach SAR 1,132 billion for 2022, up by 9.0% from the actual expenditure in 2021, and 18.5% from the approved budget in 2022. This reflects the government's keenness to continue development expansion and support economic growth in light of the financial conditions the world is witnessing, in addition to strengthening welfare systems, subsidies and social protection.

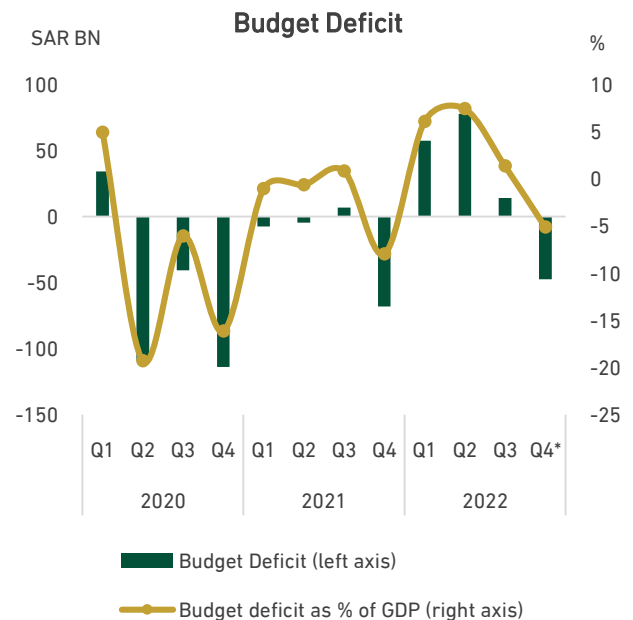
5.3 Surplus/deficit and Debt

The deficit is expected to reach SAR 47.5 billion in Q4 2022, compared to a deficit of SAR 68.1 billion in Q4 2021.

The budges is expected to register a surplus by the end of 2022, reaching nearly SAR 102 billion (2.6% of GDP), **recording the first surplus since the 2013 budget**. This confirms the success of the Kingdom's plans and financial policies in maintaining financial sustainability.

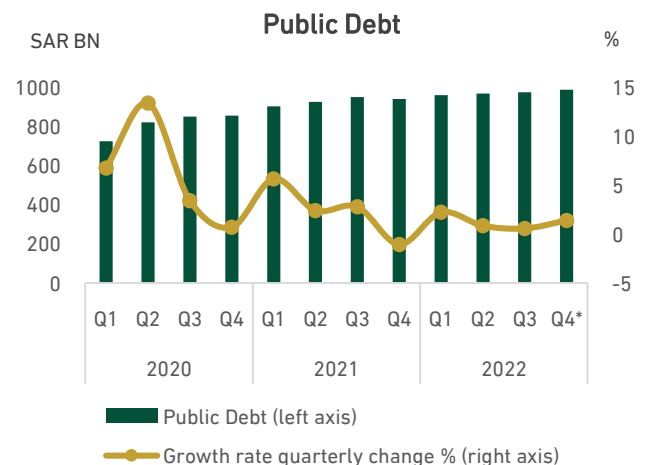
Debt is expected to reach SAR 985 billion (equivalent to 24.9% of GDP) at the end of 2022, compared to SAR 938 billion (equivalent to 30.0% of GDP) in 2021.

It is expected to continue borrowing with the aim of repaying the principal due and financing some strategic projects, in addition to implementing alternative government financing transactions with the aim of financing capital and infrastructure projects.



Source: MoF, GASTAT

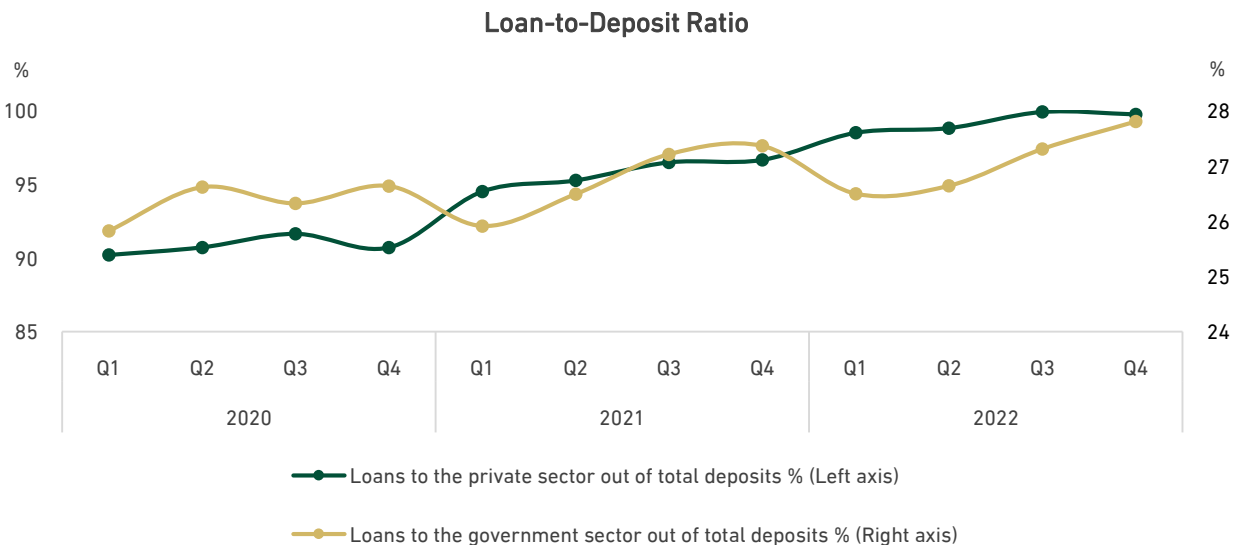
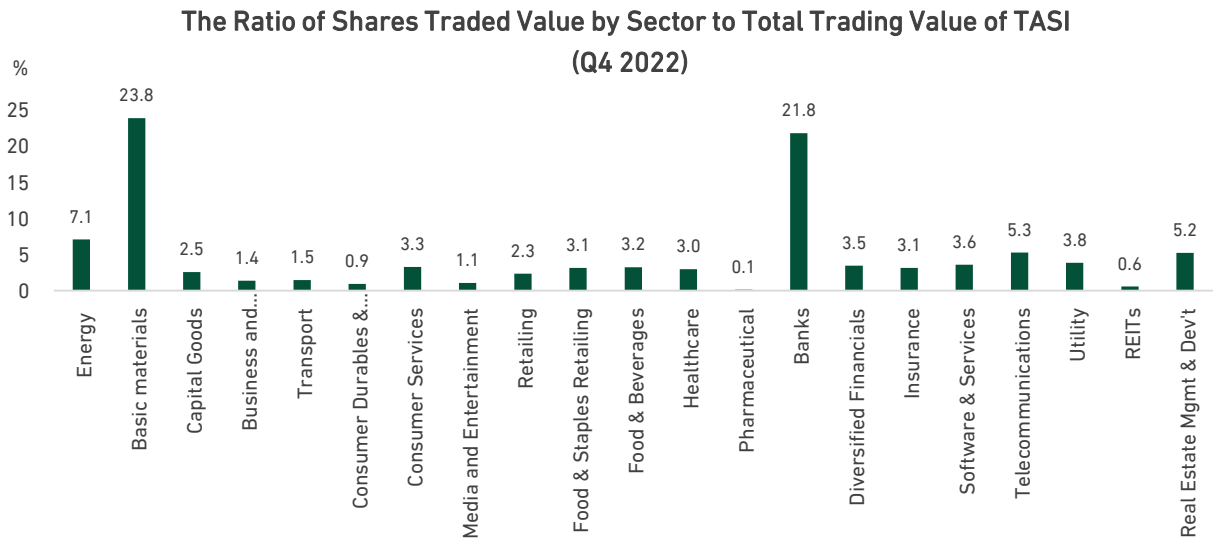
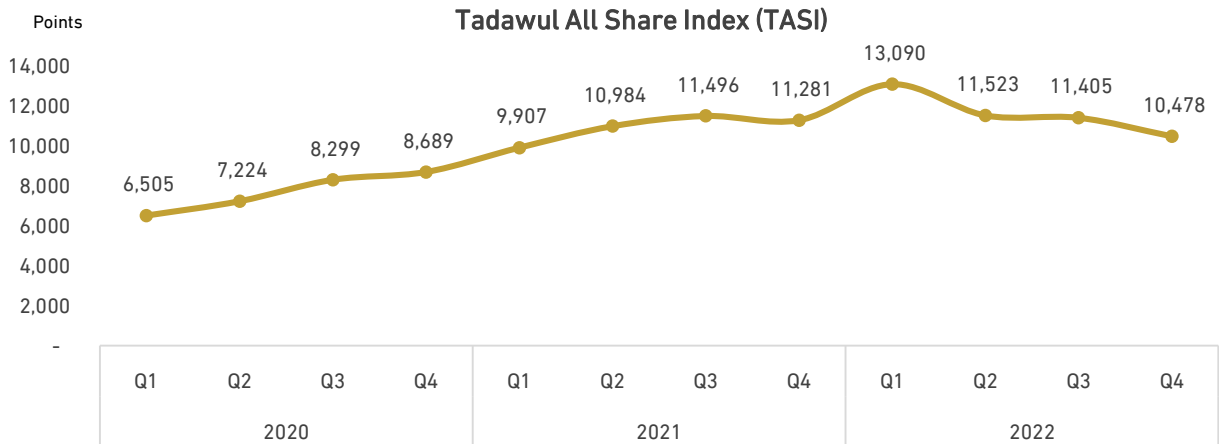
*Q4 2022 data estimated based on the estimates for the total 2022, according to the budget statement for the FY 2023.



Source: MoF

*Q4 2022 data are estimated based on the total of 2022, according to the budget statement for the FY 2023.

6. Selected Economic Indicators

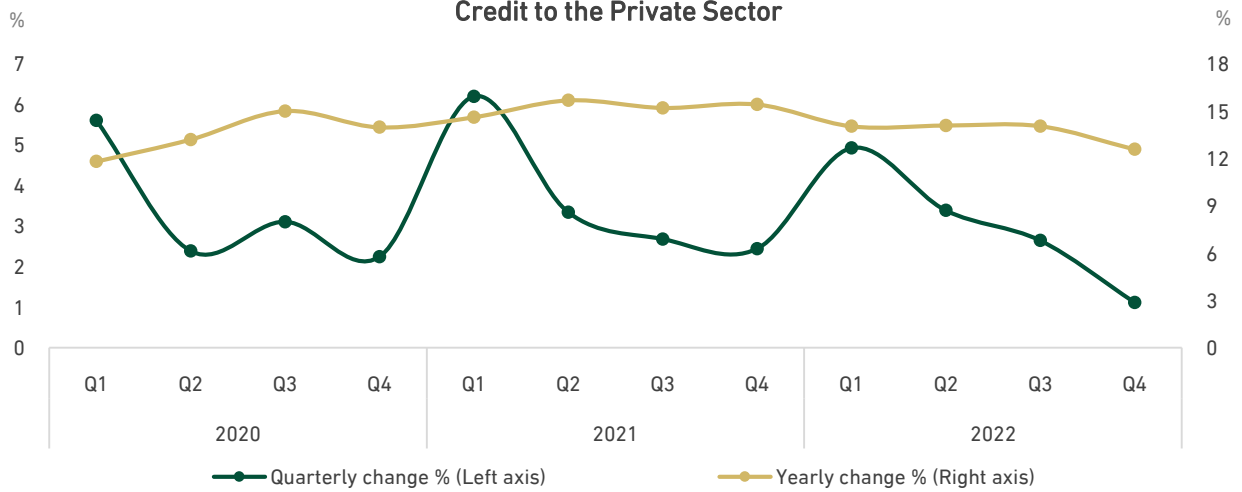


Source: Tadawul, SAMA

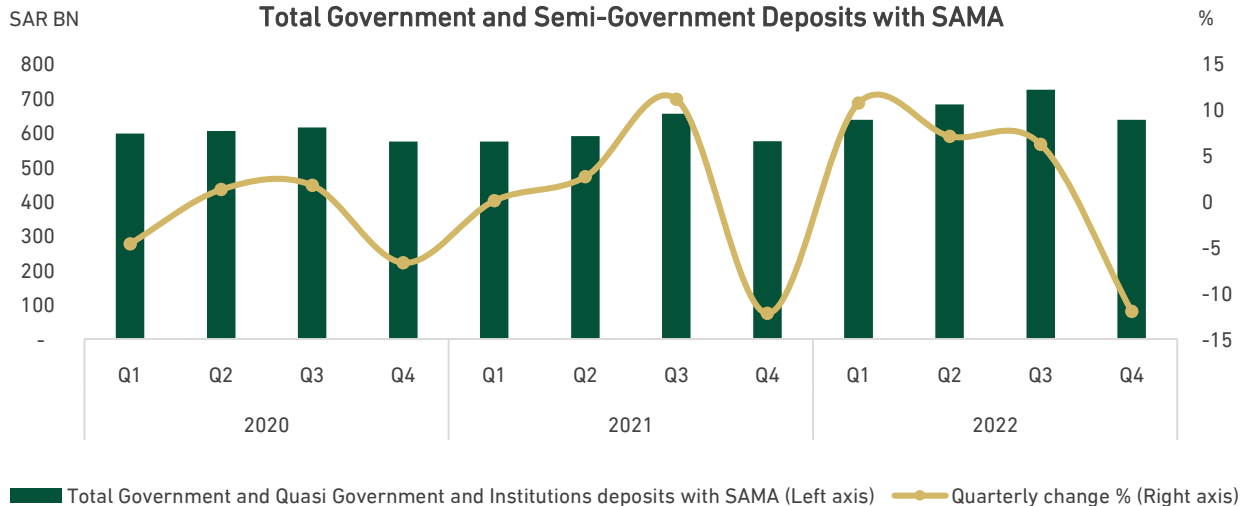
Total Deposits with Commercial Banks



Credit to the Private Sector

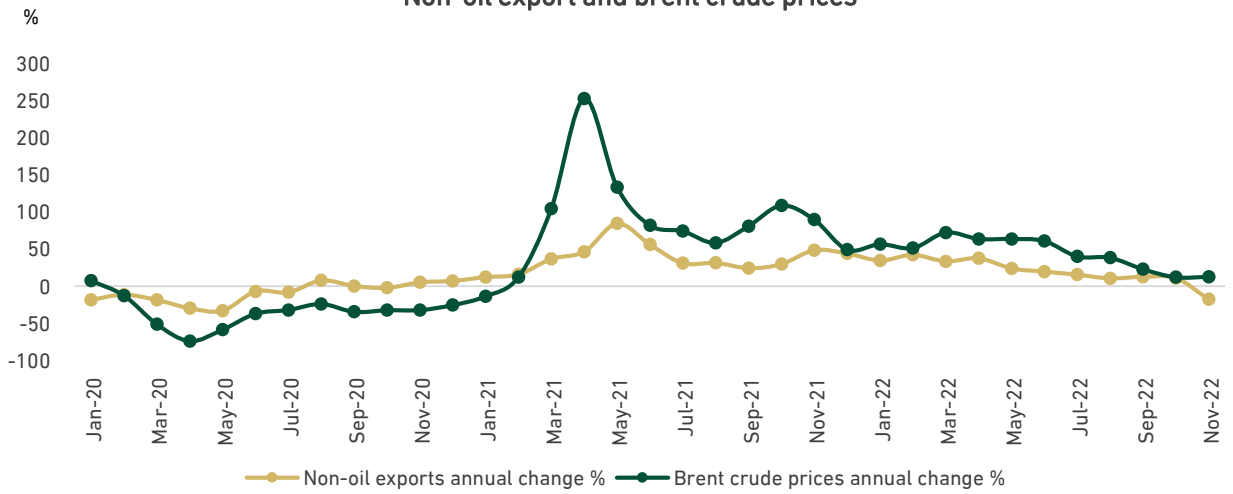


Total Government and Semi-Government Deposits with SAMA

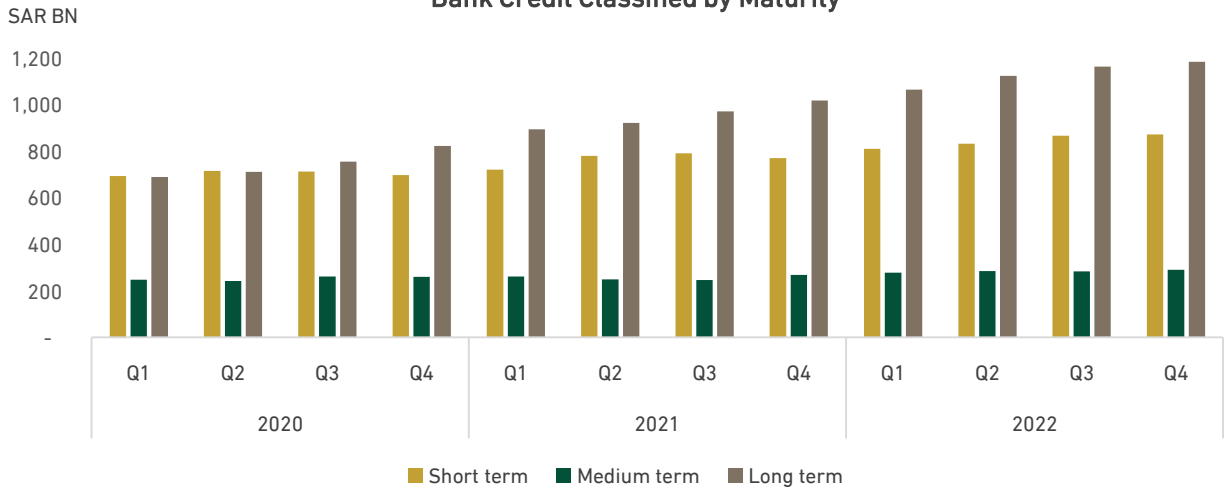


Source: SAMA

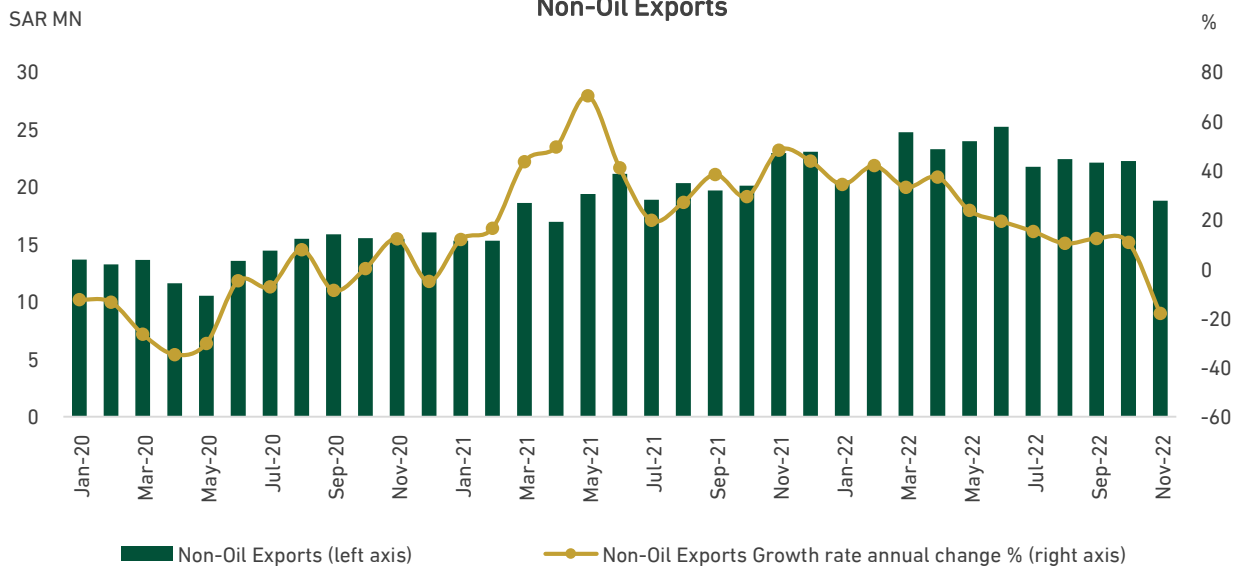
Non-oil export and brent crude prices



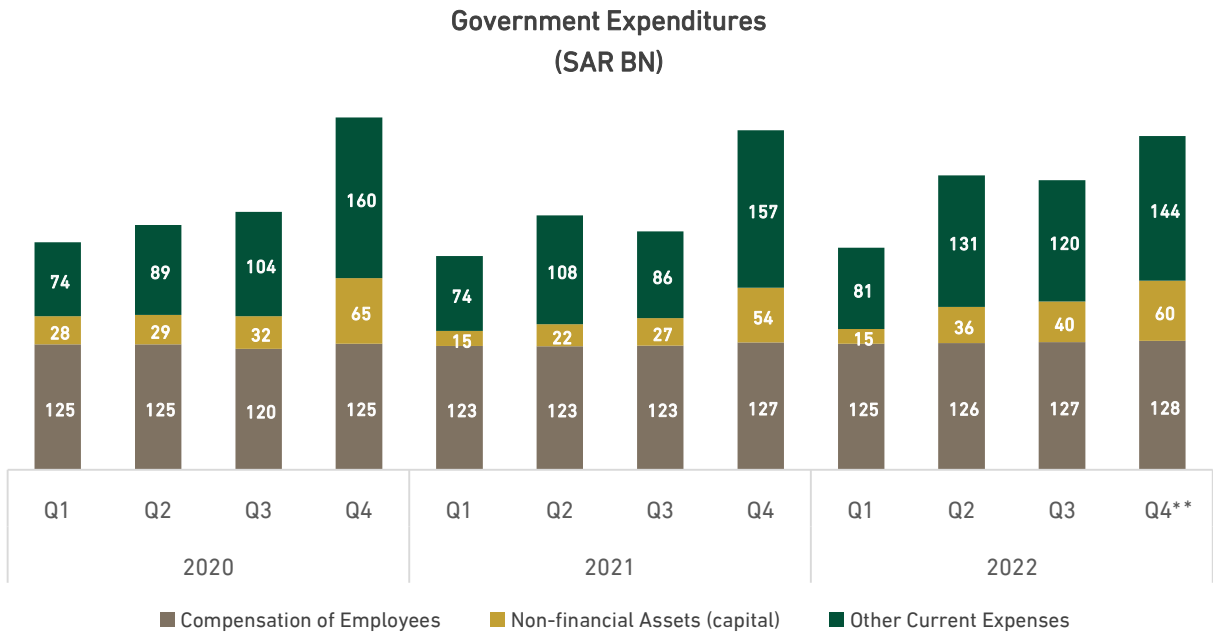
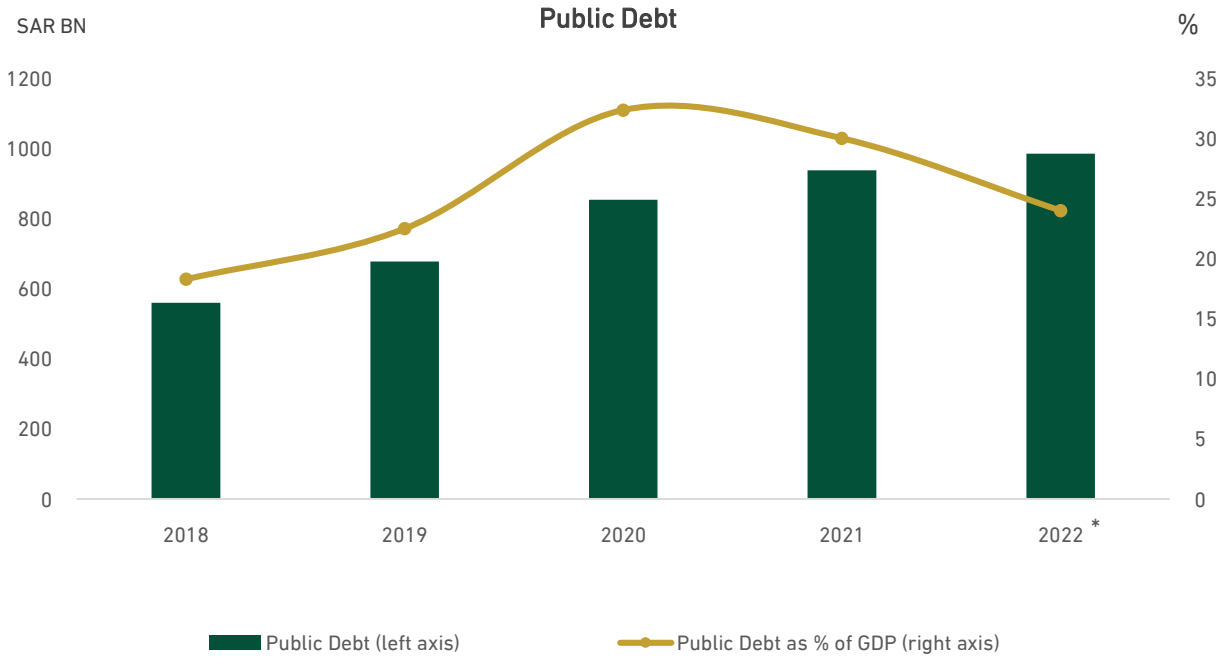
Bank Credit Classified by Maturity



Non-Oil Exports



Source: GASTAT, SAMA, OPEC



Source: MoF

*Budget statement for the FY 2023.

** Q4 2022 data are estimated based on the total of 2022, according to the budget statement for the FY 2023.



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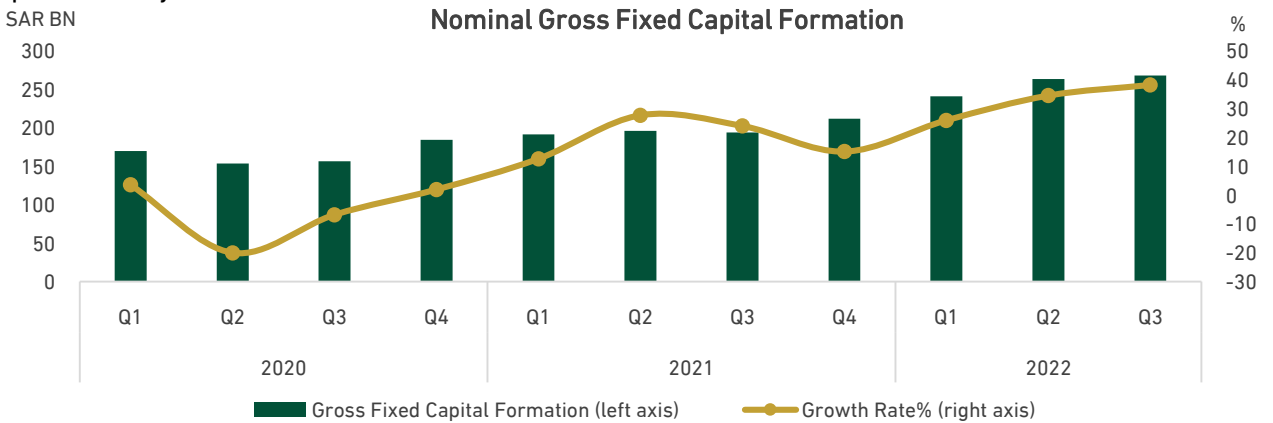
ENABLING INVESTMENT AND ENHANCING THE ATTRACTIVENESS OF ITS ENVIRONMENT IN SAUDI ARABIA

Third: Enabling Investment and Enhancing the Attractiveness of Its Environment in Saudi Arabia

I: Investment in Saudi Arabia

1. Gross Fixed Capital Formation (GFCF)

The **nominal GFCF** was valued at SAR 268 billion in Q3 2022, on an annual basis, recording an increase of 38.2%, driven by an increase in fixed capital formation of government sector* and non-government sector** by 50.8% and 36.2%, respectively. This was due to the efforts made to promote the role of the private sector in Saudi's economic development. The gross fixed capital formation (as % of nominal GDP) increased to 25.1% in Q3 2022, compared to 22.9% in the same quarter last year.



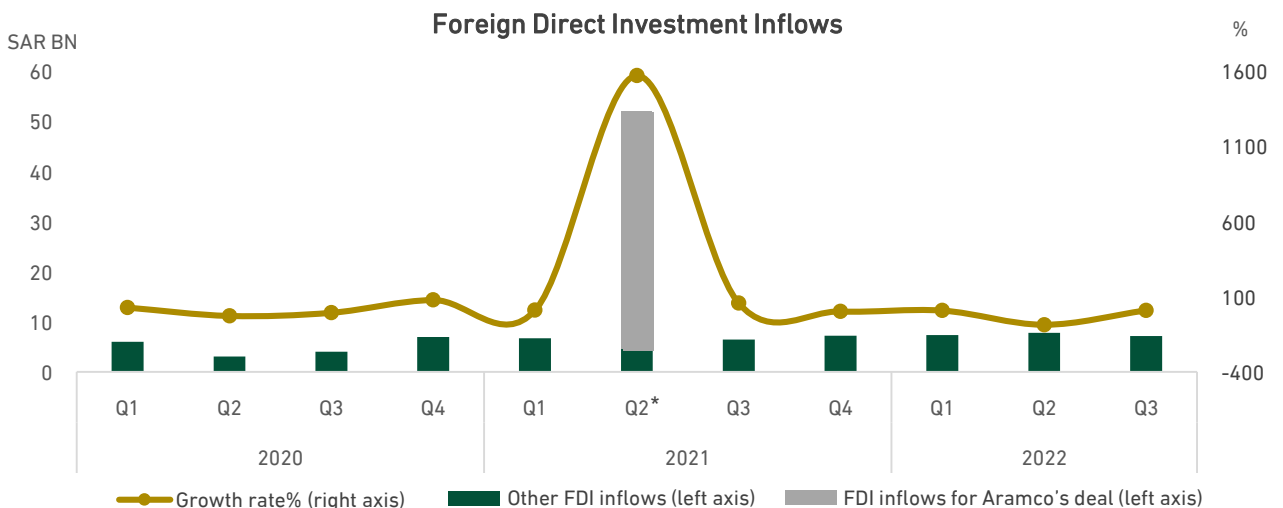
Source: GASTAT

*accounts for 14.5 of GFCF

**accounts for 85.5% of GFCF

2. Foreign Direct Investment (FDI)

The **FDI inflows** into Saudi Arabia grew by 10.7%, or SAR 7.2 bn in Q3 2022, compared to SAR 6.5 bn in Q3 of 2021, reflecting the efforts made in improving the investment ecosystem in Saudi Arabia and increasing foreign investor confidence in the investment environment.

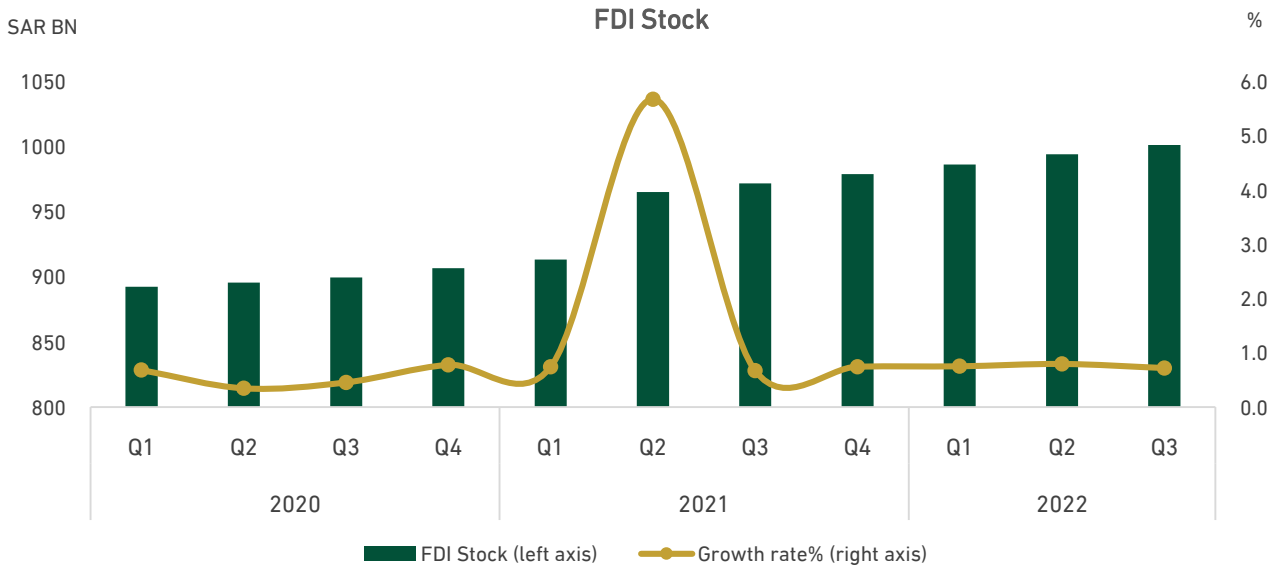


Source: SAMA

*the increase in Q2 2021 was due to the Aramco's deal of SAR 46.5 bn.

3. FDI Stock

Saudi Arabia's **FDI stock** grew by 0.7% in Q3 2022, on a quarterly basis, reaching SAR 1,001 billion, reflecting the recent policies pursued by the Kingdom towards attracting and supporting investments from different countries through various facilities and incentives.



Source: SAMA

4. Closed Deals in Q4 2022

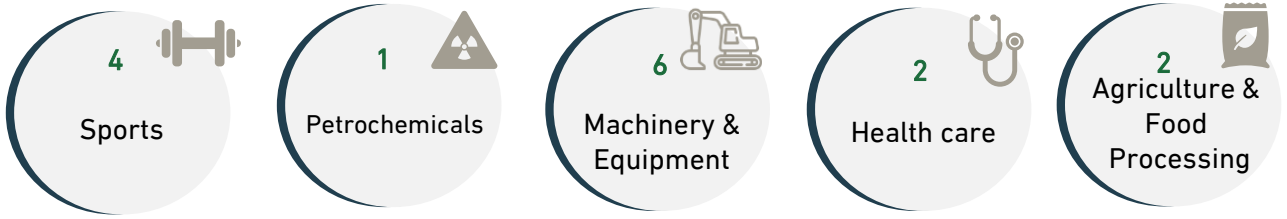
According to MISA, the **closed deals** reached 15 deals in Q4 2022. For the year 2022, the total of closed deals reached 218 deals, up by 94.6%, from 112 deals in 2021. Considering investor types, there was an increase in both the number and turnout of new investors to invest in Saudi Arabia.

Looking at sectors, the distribution of deals showed that **machinery & equipment and sports attracted the most attention from investors**, with 6 deals and 4 deals, respectively, in Q4 2022.

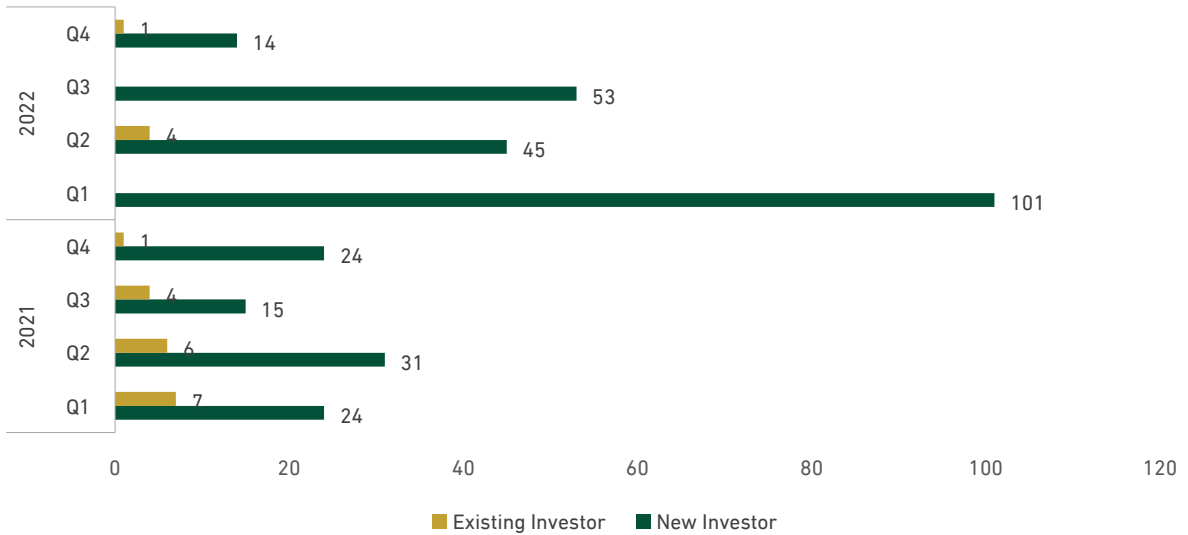
As for countries, the top investors in Saudi Arabia, in Q4 2022, are: France with 3 deals, the United Kingdom with 2 deals, and the rest of the deals were distributed on several countries.

Source: MISA

Distribution of Deals by Sector in Q4 2022



Number of Investors in Deals by Type of Investor Q4 2022



Distribution of Deals by Country in Q4 2022 (Number of deals)



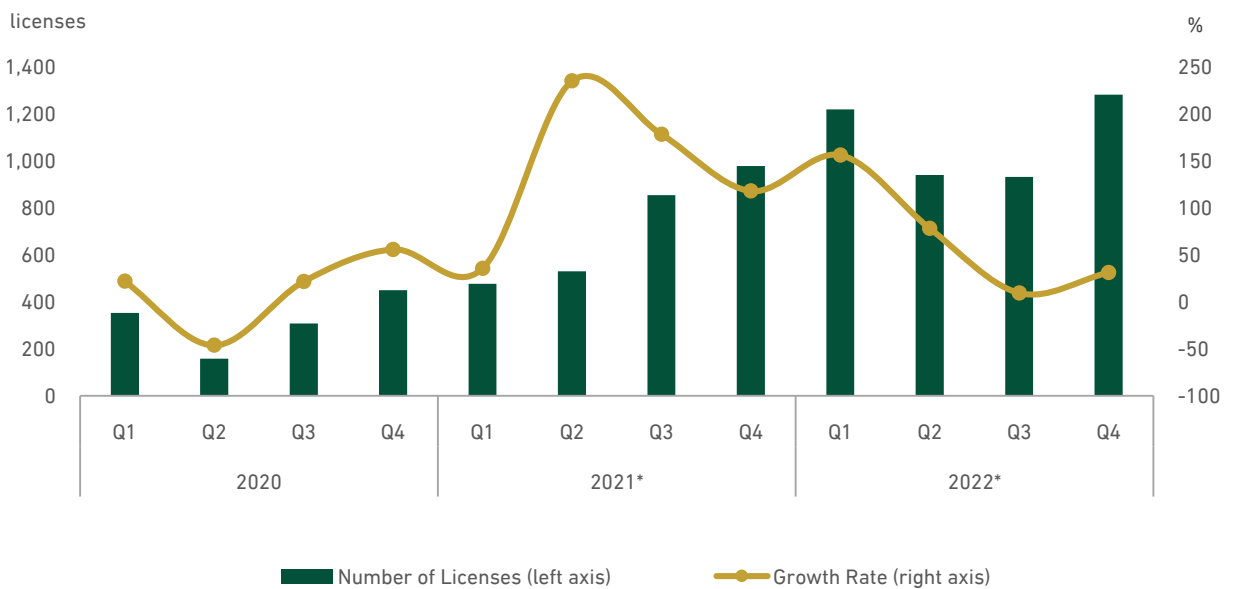
Source: MISA

5. Investment Licenses in Q4 2022

According to MISA data, the number of **new investment licenses** grew by 30.9%, or 1,278 licenses in Q4 2022, from 976 licenses in Q4 2021 (excluding the licenses issued as part of the anti-concealment law enforcement). The total number of new investment licenses reached 1,348 licenses.

In 2022, the total number of investment licenses reached more than 16,000 licenses, an increase of 267.4%, from 4,000 investment licenses in 2021, due to the anti-concealment law enforcement.

The Number of Investment Licenses



The sectors with the most issued licenses include **construction, manufacturing, professional, scientific & technical services, wholesale and retail, ICT, and accommodation & food services**. The investment licenses issued for these activities constitute 78.5% of the total investment licenses issued in Q4 2022. The licenses for construction activity grew by 3.6%, or 316 new licenses (23.5% of the total licenses in Q4 2022), compared to Q4 2021.

Source: MISA

*Figures exclude investment licenses issued as part of the anti-concealment law enforcement

**Historical figures of investment licenses are subject to update according to data dynamics

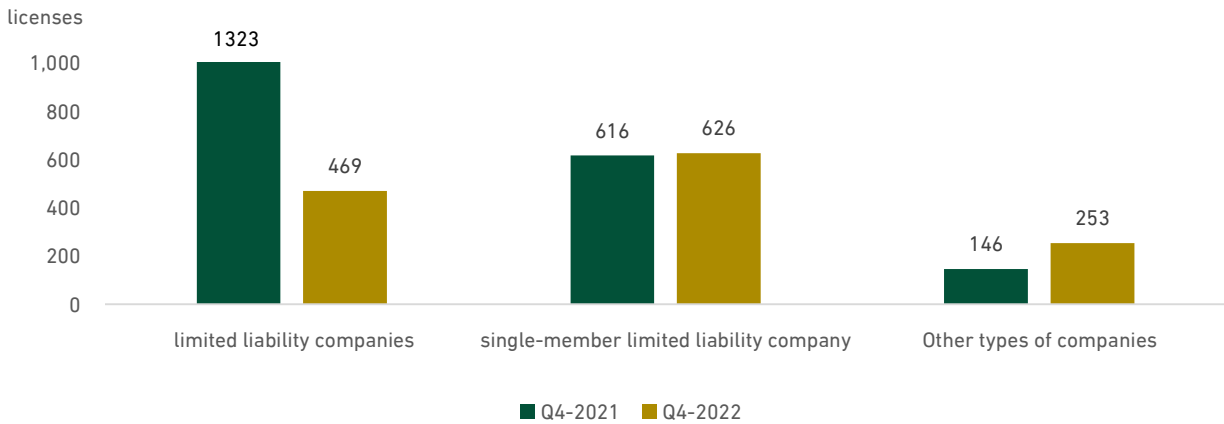
5. Investment Licenses in Q4 2022

The following activities recorded the highest growth rates of **investment licenses issued** in Q4 2022, compared to Q4 2021: the arts & entertainment by 280%, the real estate by 136.4%, and agriculture & fishing by 100%.

Activity	2021 Q4	2022 Q4	Q4 2022 Growth rate
Arts, entertainment and recreation	5	19	280.0%
Real estate activities	11	26	136.4%
Agriculture, forestry and fishing	7	14	100.0%
Professional, scientific & technical activities	86	155	80.2%
Administrative and support services	40	71	77.5%
Health and social activities	13	21	61.5%
Financial and insurance activities	11	17	54.5%
Information and communication	79	111	40.5%
Water supply, sewerage activities and waste management	13	18	38.5%
Transportation and storage	39	51	30.8%
Other services	17	22	29.4%
Mining and quarrying	11	12	9.1%
Construction	305	316	3.6%
Education	16	12	-25.0%
Manufacturing	331	237	-28.4%
Electricity, gas, steam and air conditioning	6	4	-33.3%
Accommodation & food service	156	99	-36.5%
Wholesale & retail trade; repair of motor vehicles and motorcycles	939	143	-84.8%
Total	2,085	1,348	-35.3%

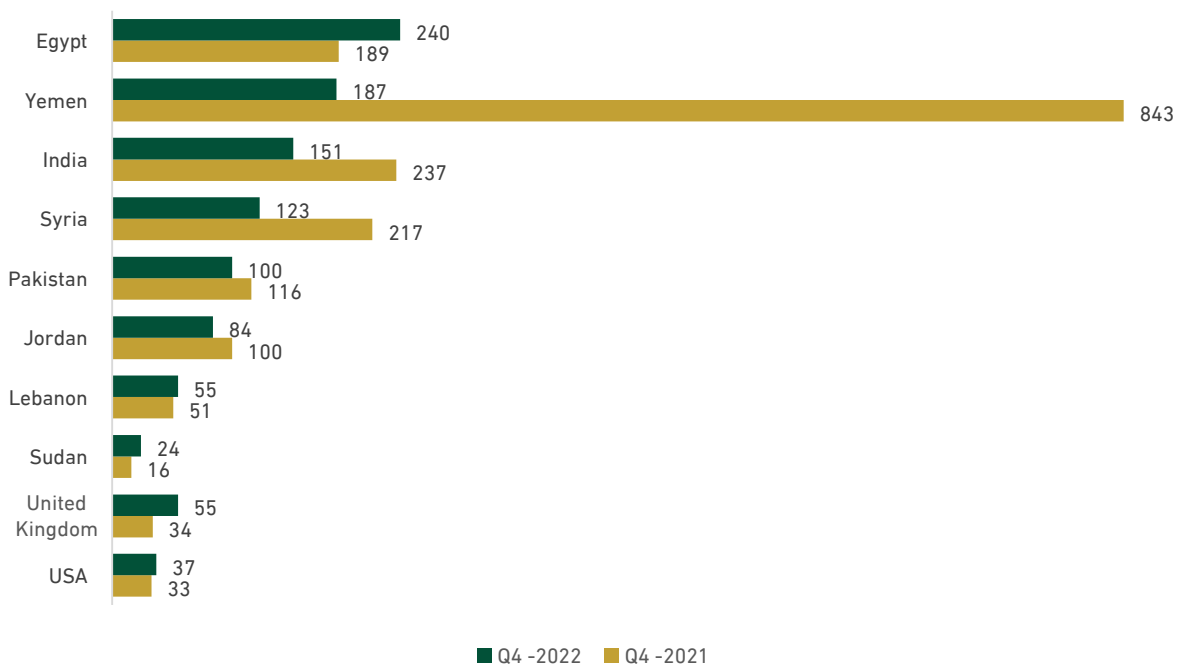
Considering the legal status of the company, **the licenses issued** for limited liability companies (LLC) amounted to 469 licenses in Q4 2022. The total number of LLC in 2022 reached 11,000 licenses. The single-member limited liability company (SMLLC) recorded 626 licenses of total issued licenses, and a total of 4,000 licenses in 2022. The rest of licenses were distributed among other types of companies (1,000 of total issued licenses in 2022).

Number of Licenses by Legal Status of Company



With regards to the distribution of **licenses by country** (a share was calculated for each country participating in the ownership of the capital), **Egypt had the highest number of investment licenses issued by MISA in Q4 2022, with 240 licenses**, followed by Yemen with 187 licenses, India with 151 licenses, Syria with 123 licenses and Pakistan with 100 licenses.

Licenses by Top 10 Countries

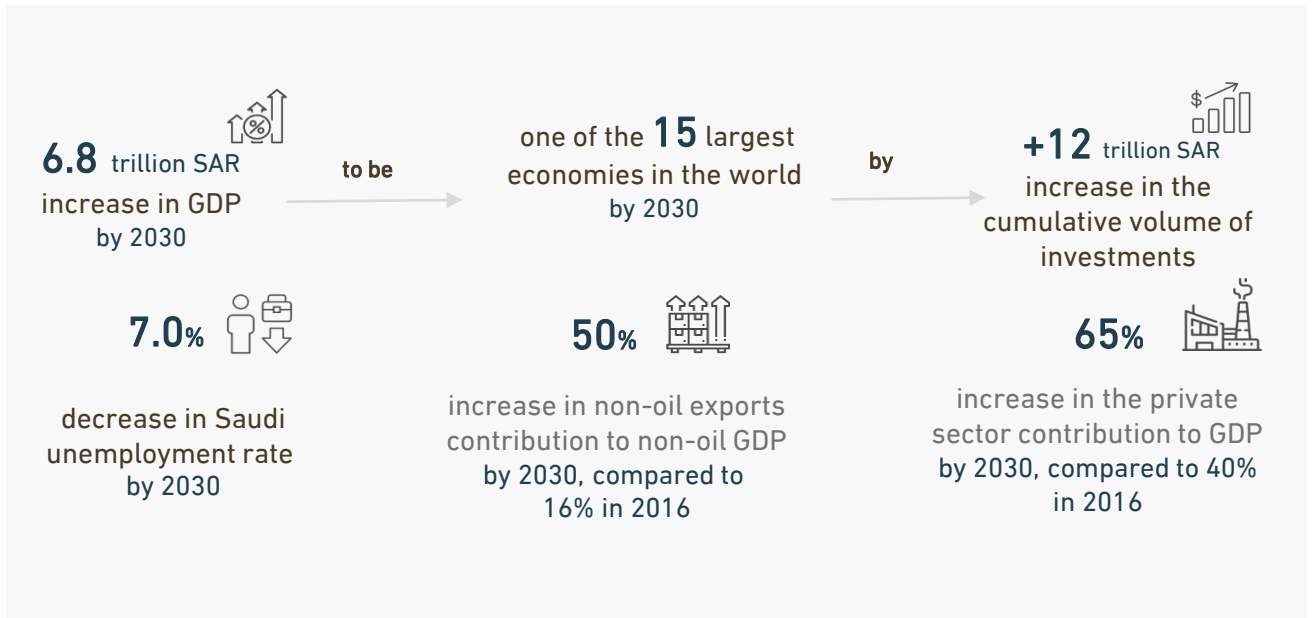


Source: MISA

*Historical figures of investment licenses are subject to update according to data dynamics

II: Saudi Arabia's Performance on Investment Indicators

The National Investment Strategy (NIS) is one of the enablers to achieve the targets of Saudi Vision 2030, through:

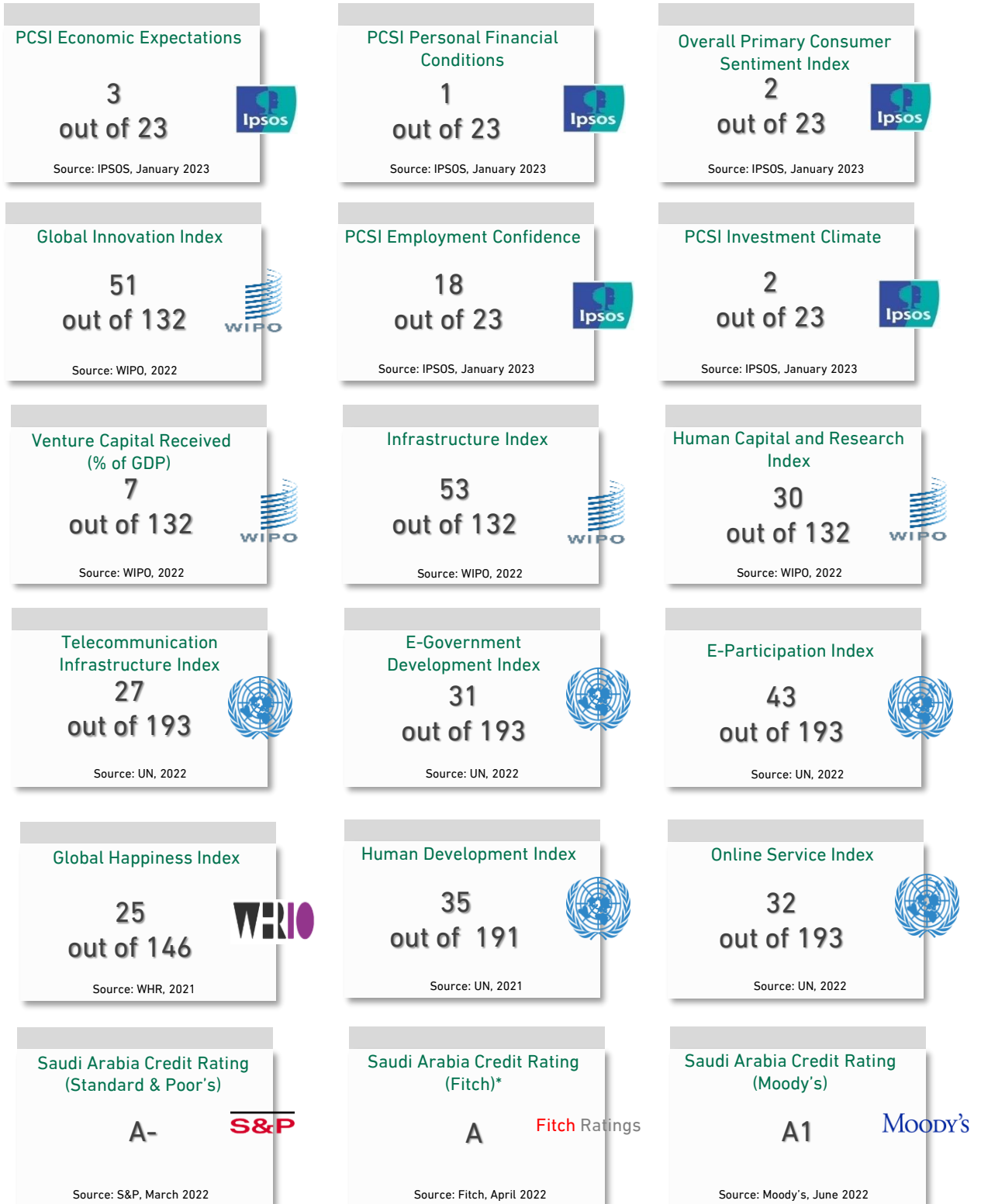


The NIS Investment Targets by 2030

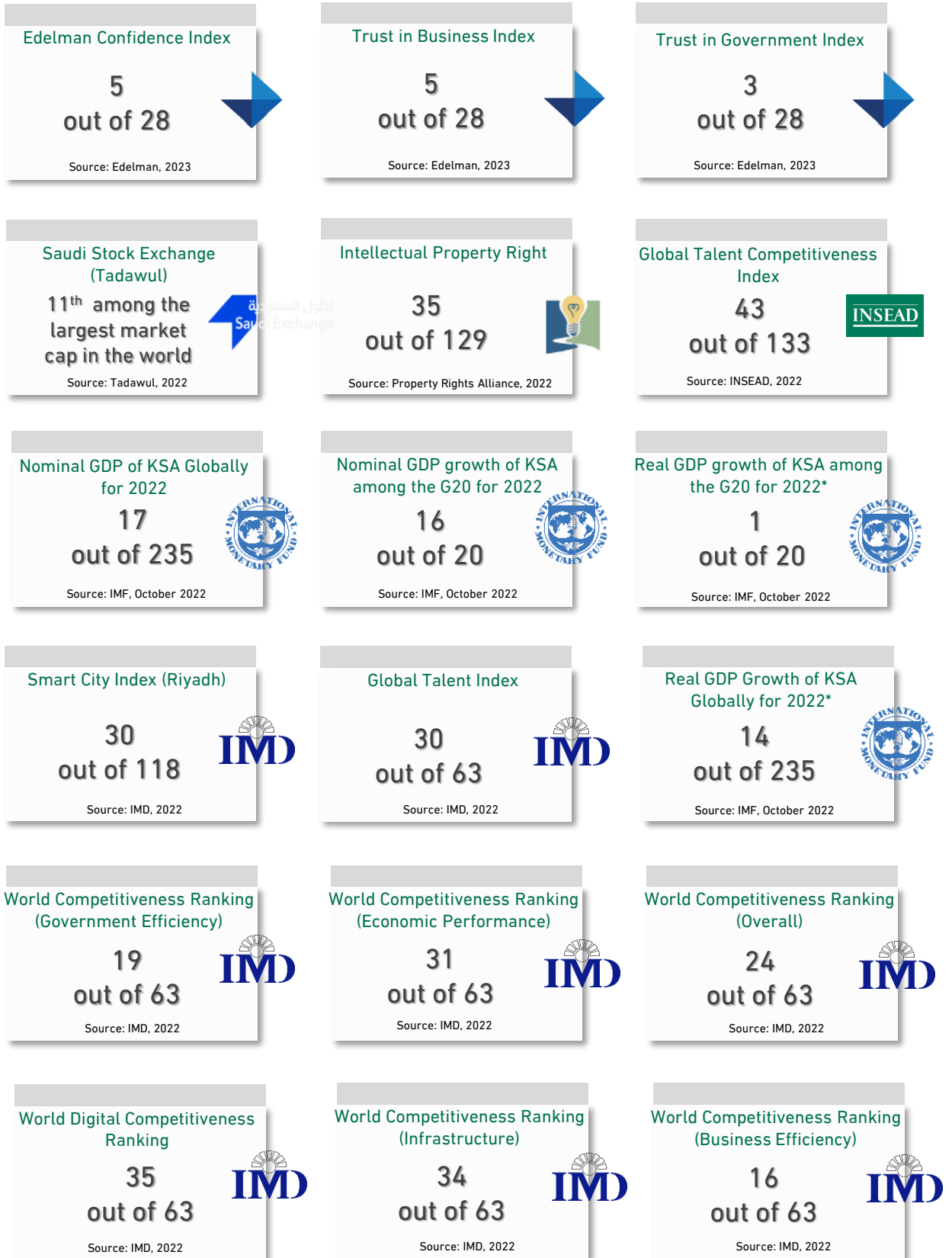


III: Saudi Arabia's Performance on Global Indicators

Below is an overview of Saudi Arabia's ranking in the most important global indicators, which reflect the Kingdom's economic and investment performance.



*Fitch estimates



*IMF estimates

IV: Efforts to Support Investment Environment in Saudi Arabia

Strategic and Operational Achievements

- Key operational achievements of MISA

E-services provided to investors through MISA witnessed an increase of 72.1% in Q4 2022, a total of 30,000 services from 18,000 in Q4 2021. The requests and queries recorded 8,000 requests, a growth of 110% compared to the same period of the previous year.

- E-services provided to investors:



- Requests and queries received via the website:



- MISA Events in Q4 2022

MISA, in cooperation with other government entities, has a pivotal role in promoting investment and attracting investors through organizing and participating in numerous events, **more than 53 events in Q4 2022 in various areas including:** transport & logistics, renewable energy, infrastructure, tourism & hospitality, agriculture, healthcare, manufacturing, and iron & steel, in addition to its participation in several investment forums between Saudi Arabia and several countries.

MISA, also, hosted specialized global events that witnessed an international presence. The Ministry also participated in global events aiming to attract foreign investment into Saudi Arabia, strengthen bilateral relations with major trading partners, and contribute in generating long-term resources for a number of dynamic sectors in this rapidly diversifying global economy.

MISA Events in Q4 2022



Saudi-South African Roundtable Meeting Area of focus: Bilateral trade & investment

October 3, 2022
Jeddah, Saudi Arabia

The Saudi-South African roundtable meeting was held, in the presence of H.E. President of the Republic of South Africa, Cyril Ramaphosa and the Minister of Investment, H.E. Khalid Al-Falih, to further develop economic ties and qualitative investments. that mutually benefit the private sectors of each country. Opportunities in renewable energy, mining, agriculture, food, tourism, logistics, and ICT are expected to significantly expand.



Saudi Japan
VISION 2030
الرؤية السعودية 2030

Saudi-Japan Vision 2030 Investment Workshop Area of focus: Bilateral trade & investment

October 9, 2022
Tokyo, Japan

A delegation from the Ministry of Investment traveled to Tokyo to deliver an investment workshop on the petrochemical sector and introduce a Japanese business audience to a wider array of investment opportunities in the Kingdom. Saudi Arabia's Ambassador to Japan was also in attendance.



Spanish-Saudi Business Forum Area of focus: Bilateral trade & investment

October 20, 2022
Madrid, Spain

The Ministry of Investment organized the Spanish-Saudi Business Forum in Madrid with the aim of strengthening investment cooperation between the two countries and exploring ways to deepen economic collaboration across vital industries in the Kingdom.





Launching GSCRI Initiative

Area of focus: Enabling investment environment in Saudi Arabia

October 23, 2022

Riyadh, Saudi Arabia

H.R.H. the Crown Prince launched the GSCRI Initiative, one of the initiatives of the National Investment Strategy, to attract investments that will enhance international supply chains in industries such as aviation, automotive, medical devices, and others. The GSCRI places the Kingdom in the heart of this dynamic sector. It will bolster the reliable and efficient supply and delivery of critical materials and components to all parts of the world, adding new attraction factor to domestic and foreign investments, as well as creating thousands of job opportunities.



Future Investment Initiative Area of focus: Sustainable investing

October 25-27, 2022

Riyadh, Saudi Arabia

Minister of Investment H.E. Khalid Al-Falih spoke at the 6th edition of the Future Investment Initiative in Riyadh about the steps Saudi Arabia has taken to enable a new global order through Saudi Vision 2030. In addition, the Invest Saudi pavilion welcomed international visitors and introduced them to Saudi initiatives that are transforming the Kingdom's investment ecosystem, while also being innovative and sustainable.



A total of **28** investment deals and agreements worth over **\$9 bn** were signed



30 workshops



4 micro-summits



180 sessions



International Mining and Resources Conference (IMARC) Area of focus: Mining and resources

November 2-4, 2022

Sydney, Australia

The IMARC witnessed a wide participation of the Invest Saudi team and Saudi mining leaders. The Ministry of Investment team showcased the Kingdom's investment attractiveness and promising opportunities in the mining sector in a panel discussion titled "Why Do We Invest in Saudi Arabia?", during the second day of the conference.





Saudi-Korean Investment Forum Area of focus: Bilateral trade & investment

November 17, 2022
Seoul, Korea

The forum reviewed the growing economic relations between Saudi Arabia and Korea, the developments in the investment environment, as well as showcasing investment opportunities and strengthening the economic relationship between the two countries.



The WTTC Global Summit Area of focus: Tourism and travel in Saudi Arabia

November 28 – December 1, 2022
Riyadh, Saudi Arabia

The 22nd edition of the World Travel and Tourism Council (WTTC) Global Summit was held in Riyadh with the goal of empowering the Saudi tourism and travel industry. The Minister of Investment participated in a panel discussion with key industry players to discuss how cooperation in the industry can enable a new era of travel. At the summit, attended by over 8,000 people.



Aseer Investment Forum Area of focus: Regional investment in Aseer

December 3, 2022
Abha, Saudi Arabia

The Ministry of Investment, in partnership with the Asir Development Authority and the Ministry of Tourism, organized the Asir Investment Forum, first investment forum hosted in the region, which revealed the main investment projects in the region. H.R.H Prince Turki bin Talal bin Abdulaziz, Chairman of the Asir Development Authority, H.E. Khaled Al-Falih, Minister of Investment, and H.E. Ahmed Al-Khatib, Minister of Tourism, participated in a panel to discuss the challenges facing investors in the region. The forum featured singing of a number of investment MoUs, which aim to bring about a major transformation in the region. Multiple qualitative workshops were held during the forum covering a group of promising sectors in the Asir region.





Catalyze Saudi

Area of focus: Investment ecosystem in Saudi Arabia

December 9-11, 2022

Riyadh & AIUla, Saudi Arabia

The Ministry of Investment organized the second edition of Catalyze Saudi, a three-day event which accelerates growth in Saudi startups and enables innovation and entrepreneurship as part of Vision 2030. Held in AIUla and Riyadh, the event attracted an audience of international entrepreneurs and investors looking to explore venture capital opportunities in the Kingdom's growing startup ecosystem.



270% VC ecosystem growth year-on-year, as startups raised \$548 million in funding



Multiple roundtable discussions were also held on opportunities in blockchain, entertainment, and tourism



Saudi-French Business Council Meeting

Area of focus: Bilateral trade & investment

December 20-22, 2022

Riyadh, Saudi Arabia

H.E. Khalid Al-Falih opened the meeting of the Saudi-French Business Council with the aim of enhancing joint work and continuous cooperation between Saudi Arabia and France to develop economic and investment partnerships in promising sectors. The roundtable meeting was also held in the presence of H.E. French Minister of Foreign Trade, Attractiveness, and French Nationals Abroad, Olivier Becht, where they both discussed ways to enhance cross-border investment opportunities in light of the strong bilateral relations.



Saudi-Turkish Business Forum

Area of focus: Bilateral trade & investment

December 21, 2022

Istanbul, Turkey

The forum witnessed the drawing of a road map for stronger bilateral relations between two regional powers. During the forum, 12 agreements were signed in the presence of H.E. Khalid Al-Falih, the Minister of Investment, and H.E. Nouredine Nabatai, the Turkish Minister of Treasury and Finance, and representatives of the two countries' public and private sectors, providing opportunities for cooperation and mutual benefit with the aim of accelerating growth and development across vital sectors in both countries.





Saudi-Azerbaijan Investment Forum

Area of focus: Bilateral trade & investment

December 19, 2022

Baku, Azerbaijan

The Saudi Azerbaijani Forum was held in the presence of H.E. Khaled Al -Falih, the Minister of Investment, and H.E. Samir Sharifov, the Minister of Finance of the Republic of Azerbaijan, with the aim of reviewing investment opportunities and enhancing joint cooperation in all areas, within a diplomatic relationship that extends to more than 30 years. The forum witnessed fruitful discussions contributed to the drawing of a road map for sustainable development to support the plans of Saudi Arabia and Azerbaijan in achieving their goals of economic diversification.



Saudi-Tajik Investment Forum

Area of focus: Bilateral trade & investment

December 24, 2022

Dushanbe, Tajikistan

The forum brought together a number of business leaders to discuss investment potentials between Saudi Arabia and Tajikistan, offering unique opportunities to participate in policy-making and shaping the investment environment. On the sidelines of the forum, several agreements and MOUs were signed between the two countries.



Saudi-Japanese Investment Forum

Area of focus: Bilateral trade & investment

December 26, 2022

Riyadh, Saudi Arabia

The Ministry of Investment organized the Saudi-Japanese Investment Forum, which began with opening remarks from Minister of Investment H.E. Khalid Al-Falih welcoming Japan's Minister of Economy, Trade, and Industry, H.E. Yasutoshi Nishimura and his accompanying delegation. The event aimed to strengthen the investment relationship between Japan and Saudi Arabia through a series of agreements that promote increased partnership and cooperation between the Saudi and Japanese private sectors, across Kingdom's many strong sectors.



V: Key Legislation Related to Investment

MISA aims to provide a safe and competitive investment environment, as well as develop investment laws and procedures with its partners from government entities to complement the legislative and regulatory structure.

▪ The highlights of MISA's journey



The Law of Trade Remedies in International Trade

The law aims to protect the domestic industry from damage resulting from dumped and subsidized imports, prevent any increase in imports, and defend the Kingdom's exports that are subject to commercial procedures, which contributes to enhancing the competitiveness of national products, attracting investments, and promoting new industries, to achieve Saudi Vision 2030's goals.

Small and Medium Enterprises Bank System Project

The project aims to support micro, small and medium enterprises, provide them with financing solutions, services and products, enhance the contribution of financial institutions, and support and develop the financing infrastructure, which contributes to Saudi Vision 2030's goals.

Draft Amendments to the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs)

The aim of this amendments is to develop the allocation percentage for individual investors, whether directly, or indirectly through individuals' ownership of units in public funds.

Zakat Collection Rules for Investing in Investment Funds

It included investment funds that are not subject to the collection of zakat in accordance with the rules, which take the form of a special-purpose establishment licensed by the Capital Market Authority, provided that they do not carry out economic or investment activities not stipulated in the basic system, and these rules represent a shift and a catalyst for increasing institutional investment.

Amendment to the VAT Implementing Regulations

The amendments include the calculation of the zero-rate tax with regard to the supply of qualified military goods, in addition to the international transportation of passengers.

▪ **The System of Using Security Surveillance Cameras**

The system includes definitions, licensing, and obligations of those subject to the regulations, in addition to manufacturing or importing surveillance cameras, the places where security cameras are installed, watching broadcasts and recordings of cameras, developing treatment and analysis systems, controlling violations of the provisions of the system, and considering violations and penalties. The system enhances the efforts of the Kingdom in creating a safe and encouraging environment for investors.

▪ **Telecommunication Act Bylaw**

The aim of the update is to develop the ICT sector by creating the legal and regulatory basis for the process of developing the ICT services, in line with the developments of the sector at the local and international levels.

▪ **Amendment to the Executive Regulation of the Income Tax Law**

The amendment clarifies that the international telephone communication services, which are amounts paid to a non-resident for services related to the provision of international telephone communication services from the Kingdom, are not taxable.

▪ **Draft law of the Real Estate Expropriation for Public Benefit of the Provisional Seizure of Property**

The law indicates that the government bears the real estate transactions tax from the purchase of a real estate substitute for the expropriated real estate, provided that what the government bears is within the limits of the amount of tax imposed on the purchase process if it is the full amount of compensation or less, and that this burden is in the event that a purchase of the replacement property is made within a period not exceeding 6 years from the date of receipt of the compensation amount. The regulation indicates that it is not permissible to expropriate property in the event when it is proven that there is a property for the government or one of its agencies, and it also determines the mechanism for compensation for those whose property has been expropriated.

▪ **Restructuring of Visit, Hajj, and Transit Visa System**

It aims to amend the duration of residence in the event of a one-time entry to be up to 3 months, and the transit visa for a visit (by air, sea, or land) is valid for 3 months. This will contribute to attracting more tourists, and have a positive impact on the investment environment.

▪ **Amendment to the Enforcement Law**

amendment clarifies if the debtor does not implement, or does not disclose funds sufficient to pay off the debt within 5 days from the date of being notified of the execution order, or from the date of its publication in a newspaper if it is not possible to notify him; he is considered procrastinating, and the execution judge will order the debtor to be prevented from traveling. The amendment also includes that the issuance of the travel ban order does not prejudice the implementation of the deportation decision issued by the competent authority.

▪ **Amendment to the Executive Regulations of the Government Tenders and Procurement System**

It clarifies that the final invoice which shall not be less than (10%) of the value of the general construction contracts, and (5%) of the value of other contracts, shall be paid upon the initial delivery of the works. The government entity may divide amounts due to the contractors based on the parts completed that fulfill the conditions of the receipt and acceptance. If the contract period in the general construction contracts expires, and the contractor does not deliver the works, the government entity shall form a technical committee to inspect the works and prepare a report in partnership with the contractor. The works in general construction contracts will be initially received after the contractor submits a notice of completion.

VI: Key Saudi Initiatives to Support Investment Environment

1. The Global Supply Chain Resilience Initiative (GSCRI)

H.R.H. Crown Prince Mohammed bin Salman launched the Global Supply Chain Resilience Initiative (GSCRI), on October 23, 2022, to support and align supply chain objectives and key performance indicators of Saudi Vision 2030 programs and national strategies. It aims to develop a unified strategy to attract strategic supply chains to Saudi Arabia and strengthen the Kingdom's position as a major center and vital link in global supply chains, in particular, in the dynamic and promising sectors of the Saudi economy, in which the Kingdom has competitive and strategic advantages that qualify it to be a country incubating such opportunities, such as: renewable energy sources, the automotive industry, chemicals, and medical devices. The initiative also aims to enhance the attractiveness of the Kingdom's investment environment to attract investment in supply chains, through several means including, identifying and developing investment opportunities.

2. Initiative of the Cost Competitiveness of National Building

The initiative aims to study the current status of the cost of establishing new factories, prepare recommendations to enhance the cost competitiveness of building industrial facilities and proposing building standards (building code for industrial facilities).

3. Initiative of Improving the Regulations and Legislative Environment in the Industrial Sector

It contributes to improving the regulations and legislative environment in the Ministry of Industry and Mineral Resources and its ecosystem, as well as the governance of the industrial sector through the development and adoption of the industrial sector governance document, listing the regulations, decisions and legislation related to the industrial sector, and improving the investor's journey in the industrial sector to localize the targeted industries in the National Strategy for Industry.

4. Initiative of Developing of Standards, Mechanisms and Procedures of Customs Exemption for the Industrial Sector

The initiative contributes to encouraging the local industry by developing, improving and automating the current mechanisms, controls and procedures of the exemption within the e-service platform of the industrial sector, including: amendment decision letters to factories, and feedback from the General Authority for Customs for all details of factory requests, which were issued an exemption decision, implemented by them, in addition to identifying the locally manufactured materials and providing quarterly statistics for the exempted raw materials, machinery and spare parts that have been exempted, as well as the total financial value to contribute to encouraging the local industry.

5. Initiative of Establishing and Operating the National Center for Advanced Manufacturing and Production

The initiative aims to develop market transparency and enhance the confidence of investors and decision-makers in the market, through the establishment and operation of a national center for industrial information, based on a strategy to support the transparency and integration of the industrial system, enhance financial self-sustainability, and ensure creativity and human efficiency. Therefore, the center will have a legal and organizational capacity to collect industrial data from the relevant authorities, analyzing their quality and classifying them according to international standards, to build a database for industrial facilities and products to create dashboards and reports to measure industrial and economic indicators and a national guide for products.

6. Initiative of Supporting the Mining Sector Requirements for Infrastructure and Trade Regulations

The initiative will contribute to the increasing the private sector investments in the mining sector through harmonization with the concerned authorities to provide the necessary infrastructure for projects. Increasing the attractiveness of investment in mining projects and value chain by facilitating all logistical matters for the investor in coordination with the relevant authorities. In addition to improving the local, regional and international connectivity of trade networks and transport by linking logistical mining platforms to the current railway and land bridge networks. Increasing the efficiency levels of the Saudi mining sector, supporting value chain growth, protecting local producers, and supporting exports to open new markets.

7. Initiative of Mining Investment Promotion in the Mining Sector

It seeks to improve the attractiveness of investment in the mining sector and increase the volume of mining investment, and technical connection between all the bodies of the mining sector (mining services agency, mining control agency, mining development agency, Saudi Geological Survey, mining services company, mining fund, exploration fund).

8. Initiative of Mining Platform Development

The aim of the initiative is to realizing rapid achievement, raising the reliability of information, reducing time to provide all mining investment services, in addition to ease of procedures, increasing transparency and protecting investor rights. As the abundance of information and easy access to it will attract investors, they will also lead to a growth of investments in the mining sector.

9. Initiative of Discovery Support Fund

The initiative will enhance the volume of spending and investment on exploration, activate and sustain the growth of SMEs in exploration works, attract domestic and foreign investment to the mining sector, as well as sustaining spending on exploration, increasing the contribution of private sector in exploration, and developing the local discovery entity.

10. Tomoh Program

The program targets fast-growing SMEs, which have a multiplier value to the national economy, to enhance their growth and develop their capabilities. The program is working towards enhancing the establishments' access several services within the framework of 9 service topics, including: entering the market, harnessing talents, obtaining professional services, benefiting from facilities and equipment, financing, leadership development, supporting research, development and innovation, supporting information and communication technology, networking and business matching, in addition to providing international growth programs dedicated to fast-growing enterprises to support their capabilities to enhance their contribution to GDP.

11. Nawafth Mobile Application

The application provides guidance and consultancy services, aiming to increase the growth and sustainability of SMEs, enabling them to realize ambition and overcome challenges by connecting them with specialized consultants and mentors with expertise in business fields. It serves entrepreneurs and SMEs across the whole Kingdom, to reduce the rate of failure or exit the market by providing appropriate consultations and solutions. The application targets both entrepreneurs and SMEs.



12. Jadeer Service

It is a free e-service that rehabilitates and empowers SMEs, by facilitating access to existing purchasing opportunities with partners in the public sector and large companies in the private sector. The service contributes to enhancing the role of SMEs in economic growth and diversification in accordance with Saudi Vision 2030, helping SMEs to access the market share of the public and private sectors.

13. SME's Support Centers

SMEs Support Centers provide advisory programs that upskill SMEs and entrepreneurs in the fields of business support, consultancy, investor presentation, training, business development services, and mentorship. In addition, they work to connect SMEs with larger enterprises in their sectors. These free services are provided to people with ideas, entrepreneurs, innovators, and SMEs.

14. Cost Calculator Service

The service allows those who are about to start a business to know the main government fees required during the establishment and operation period, and provides entrepreneurs with accurate project feasibility estimates, calculates government fees, and identifies the break-even point of each project. It facilitates business operations and information access, raises awareness of basic costs associated with operating a commercial establishment, enhances chances for success and increases knowledge of those who are about to start a business.



04

INVESTMENT OVERVIEW OF THE KEY PROMISING REGIONS, SECTORS AND PROJECTS IN SAUDI ARABIA: THE SPORTS SECTOR

Fourth: Investment Overview of the Key Promising Regions, Sector and Project in Saudi Arabia

The Kingdom seeks, through Saudi Vision 2030, to achieve economic diversification, develop the local economy and invest in promising sectors, by launching several programs and strategies to empowering and developing these sectors. Based on the recent economic and investment developments, the report highlights the sports sector in this quarter as one of the promising sectors.

I: The Sports Sector and Saudi Vision 2030

Saudi Vision 2030 aims to build a vibrant society with a healthy lifestyle and a positive and attractive environment, thus, the Quality of Life Program, launched in 2018, is one of the Vision Realization Programs (VRPs), to improve the individual and families' quality of life by creating the necessary environment that encourages individuals to participate in many activities, including **sports activities**.



برنامج جودة الحياة
QUALITY OF LIFE PROGRAM

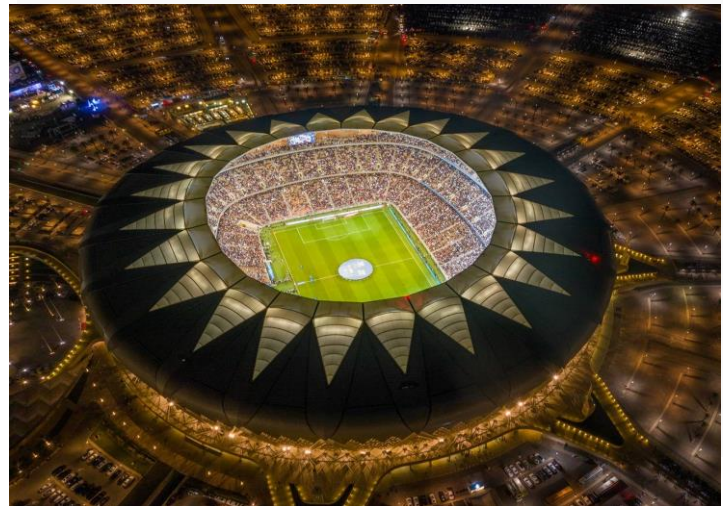


Key objectives related to Sports Sector:



Promoting sports activities in the community

Achieving excellence in several sports regionally and internationally





The sports sector, as part of the Quality of Life Program, has **three main pillars and three enablers**, as follows:



Developing public and elite athletes sports facilities

enhancing their efficiency and improving the stadium environment.



Providing options

such as, empowering women in sport, developing sports training programs for the community, and specialized programs, such as: Paralympics (athletes with disabilities).



Stimulating participation

to raise the percentage of sports practitioners, encouraging the society to attend sporting events, and increasing the representation of Saudi Arabia in international sports events.



Developing regulations and legislation

to ensure the inclusiveness in the sports sector, through a comprehensive strategy for the sports sector and reorganizing government agencies.



Financial sustainability

by attracting domestic and foreign investments in sports sector.



Effective communication

between relevant authorities in the sports sector to ensure easy exchange of information and facilitate the procedures for issuing the necessary licenses.



The Quality of Life Program will continue its efforts in **empowering the sports sector** through:

Motivating community members to exercise for more than 30 minutes per week, preparing athletes for international competitions, hosting and participating in the Olympic Games and international sports competitions, establishing Saudi Arabia as a global sports destination and creating investment opportunities in the sports sector that will contribute to economic diversification.



The Program measures this with the following **key indicators**:

	➡ Baseline	🎯 Target for 2030
The sports sector participation (as % to GDP)	%0.1 In 2017	%1
Percentage of people practicing sports on a weekly basis	%31 In 2017	%40
Number of athletes participating in the Olympics (excluding participants who did not qualify via official competitions and championships)	7 In 2016	50

Source: Saudi Vision 2030, Ministry of Sport

II: The strategies and key initiatives of the Saudi sports sector (2020 - 2022):

Saudi Vision 2030 directed considerable attention at sports sector, with the aim to increase its participation to GDP, and to increase the rate of physical activities as well as promote the culture of sport in society.

1. Strategy to Support Saudi Sports Federations



The Ministry of Sports launched the strategy with a budget of SAR 3 billion as part of the Quality of Life Program. The aim of the strategy is to develop the sports sector and organize the sports federations, as they receive a support according to several criteria such as, competing in regional and international tournaments, promoting sports tourism, and creating various investment opportunities.



2. Club Support Strategy



The aim of the strategy is to achieve the financial and administrative sustainability of sports clubs in the Kingdom, by applying an effective governance and controls for the allocations of various sports, activating digital transformation of sports clubs, developing their facilities, and encouraging stadium attendance.

3. The Saudi Sports for All Federation Initiative



The aim of this initiative is to develop community sports, and comprehensive and sustainable sports programs to increase physical activity levels in Saudi Arabia to **40%** by 2030. Several events have been launched including: Riyadh Marathon 2023, Jeddah Tough Mudder 2023, and Sand Clash 2023.



4. Events Investment Fund



The fund was established to develop a sustainable infrastructure in accordance with the highest global standards to support four promising sectors in the Kingdom including **the sports sector**, as well as building strategic partnerships to maximize the impact on the targeted sectors, and attracting more foreign investments to the Kingdom



5. Elite Athlete Development Program



The program was established to improve the competence of athletes and prepare them, on the long term, to the **Olympic and Asian Games**, through following a healthy lifestyle, in addition to achieving excellence in many sports activities at the international level.

6. Universal Accessibility



The project aim is to serve people with special needs to overcome any obstacle they may face in their daily life or sports activities, through developing 15 sports centers located all around the Kingdom. On the same note, **Fakher** program was launched to rehabilitate talented people with disabilities and develop their athletic abilities.



7. Digital transformation Initiative

It aims to achieve digital transformation in the Ministry of Sport, through developing e-platforms and automating services provided to beneficiaries and internal processes. The main e-platforms are:



Sports Events Platform (Sharek) aims to develop sports activities and encourage sports movement in Saudi Arabia, through organizing sports events, such as tournaments and sports programs designed around the needs of the public.



Nafes platform it provides investment opportunities for local and foreign investors in the private sector to establish and develop their own clubs, academies and centers, as well as issuing licenses for sport clubs, sport academies and sport centers.

■ Federations and Clubs Under the Ministry of Sport:

More than 30 sport federations and committees fall under the Ministry of Sport, including:

Saudi Arabian Football
Federation



Saudi Arabian Karate
Federation



Saudi Arabian Equestrian
Federation



Saudi Basketball
Federation



Saudi Wrestling
Federation



Saudi Arabian Handball
Federation



Saudi Water Sports & Diving
Federation



Saudi Tennis
Federation



Saudi Arabian Fencing
Federation



Saudi Arabian Golf
Federation



III: Key achievements of the Saudi sports sector from 2020 to Feb 2023:



Winning the bid to host the Asian Cup 2027, the World Martial Arts Gala 2023, the Asian Indoor and Martial Arts Games 2025, and Asian Games 2034



Organizing the first Saudi women's football league, with the participation of 16 teams, in 2021



Increasing the number of sports clubs to **170 clubs** in Saudi Arabia



Increasing the number of sports institutions to **97 federations, committees and sports associations**



Launching the **Sports Track project**, one of Riyadh's four major projects



The acquisition of **Newcastle United FC**, one of the most famous football clubs, by PIF-led Investment Group



Launching the **Sports Talent Training and Development Programs** such as, the Mahd Academy and the Saudi Scholarship for Developing Football Talent



The Saudi national team has qualified for the sixth time to the **2022 FIFA World Cup**



The Saudi AlNassr FC's deal with the international player **Cristiano Ronaldo**, which will further promote sports, tourism and investment in Saudi Arabia

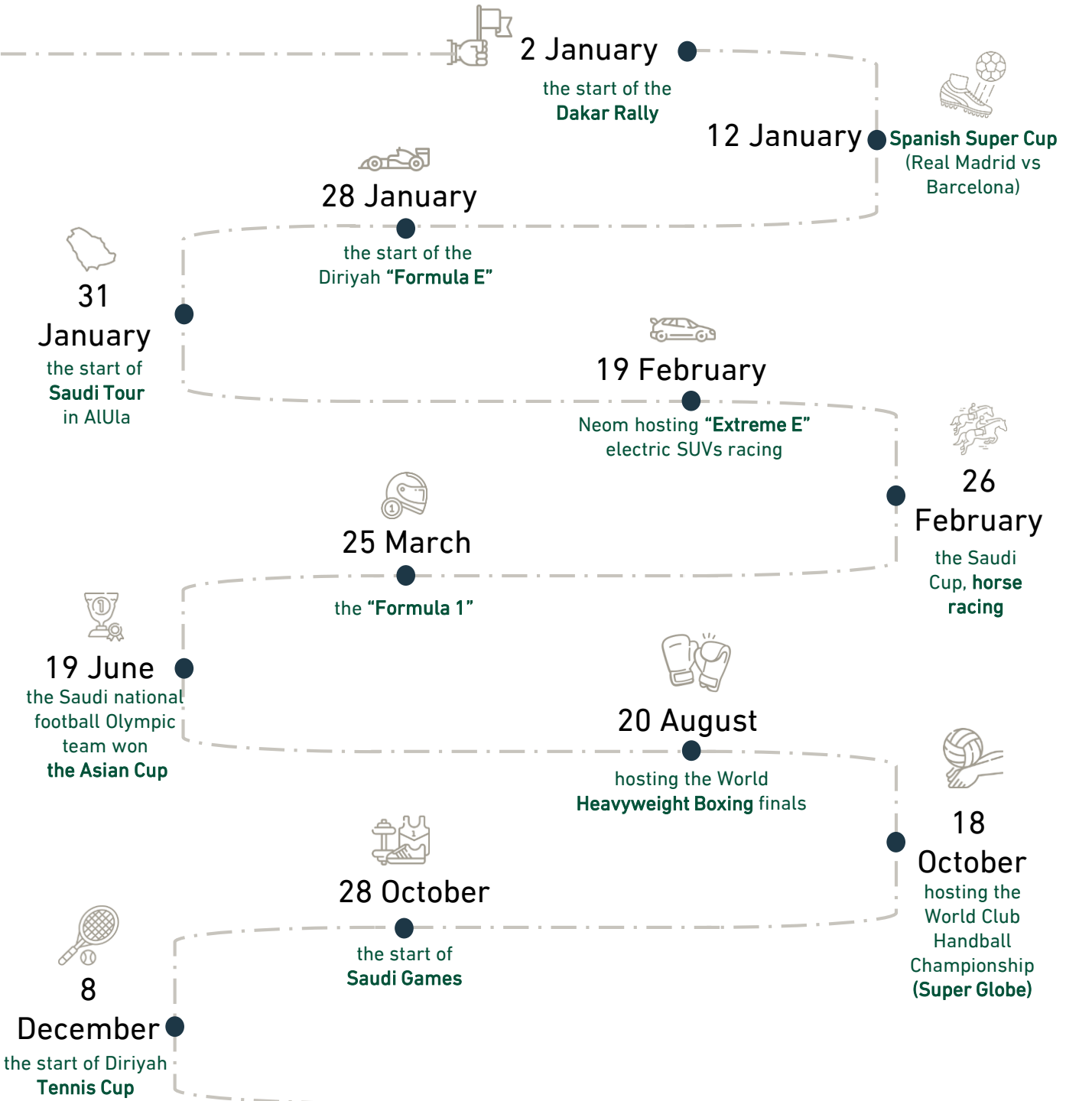


Al-Hilal FC **wins the second place** in FIFA Club World Cup 2023



Source: Vision 2030 achievements in 2020, Vision 2030 achievements in 2021, the Ministry of Sport, Saudi Press Agency.

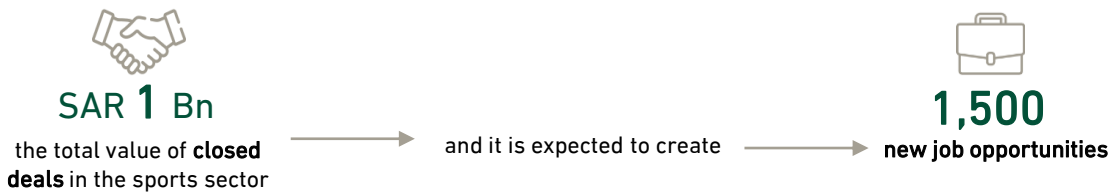
IV: Major Sports Events in Saudi Arabia in 2022



V: Investment in Sports Sector in Saudi Arabia

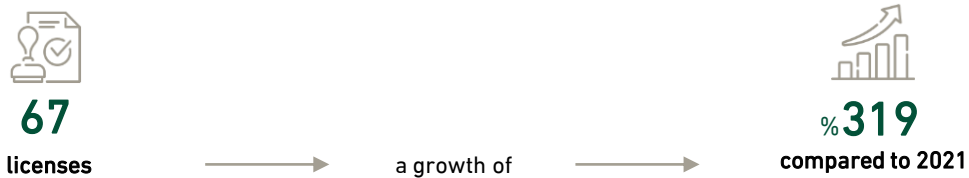
Investment Deals in Sports Sector in 2022

The sports is one of the lucrative sectors to invest into globally. The total value of closed deals in the sports sector, issued by the Ministry of Investment in 2022:



Investment licenses in the sports sector in 2022

According to MISA data, the total number of investment licenses issued for the sports sector in 2022 was:



The **investment opportunities** in the sports sector in Saudi Arabia, include:

Sport Equipment 	Academies 	Gyms
Indoor Sports Facilities 	Medicine and Sports Rehabilitation 	Sports Technology
Event Management 	Talent Management 	Sports Tourism

Source: MISA



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