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Ministry of Investment

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Economic and Investment Monitor Saudi Arabia

Q1 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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"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



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“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



"We look forward, with ambition and confidence, to a promising future ahead of us, and we resolve to move forward to make every possible effort to enhance the competitiveness of our economy and the nation's position as a global, stimulating and sustainable investment destination."

- His Excellency the Minister of Investment
Eng. Khalid bin Abdulaziz Al-Falih



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Executive Summary

- In the World Economic Outlook report (WEO), April 2022, the International Monetary Fund (IMF) recorded global GDP growth at 6.1% in 2021, while projected a growth of 3.6% in 2022. The Global investment to global GDP recorded 26.8% in 2021 and estimated to reach 27.3% in 2022.
- The IMF, in WEO April 2022, estimated Saudi Arabia to be the second highest real GDP growth among the G20 countries in 2022, and 10th globally with an estimated growth rate of 7.6% in 2022 and 3.6% in 2023. Inflation is estimated to decrease by 2.5% in 2022 and 2.0% in 2023.
- Preliminary estimates in the budget statement for FY 2022 indicate a growth in the real GDP by 7.4% in 2022, driven by oil GDP growth, linked to the OPEC+ agreement by which Saudi Arabia increases oil production gradually during the year that will contribute significantly to the growth of oil GDP for 2022.
- According to General Authority for Statistics (GASTAT), the real GDP for Saudi Arabia grew by 9.9% in Q1 2022, compared to the same quarter last year, driven by the significant growth in oil activities of 20.3%.
- In 2021, real GDP recorded a growth of 3.2% on an annual basis, driven by growth in non-oil activities* by 6.1%. Oil and government activities, also, grew by 0.2% and 1.5% respectively, compared to 2020.
- Point of sale (POS) and SADAD payments increased by 22.2% and 12.3%, respectively, in Q1 2022, compared to the same quarter last year, while cash withdraws decreased by 7.5%.
- Saudi unemployment rate recorded 11.0% in Q4 2021, compared to the previous quarter, the lowest level in 10 years.
- Money supply recorded an increase of 8.4% in Q1 2022, compared to the same quarter last year, driven by growth in other quasi-cash by 31.9% and time and saving deposits by 11.4%.
- Inflation increased to 1.6% in Q1 2022, on an annual basis, due to a rise in transport and education prices by 4.6% and 6.3%, respectively.
- Tadawul All Share Index (TASI) increased by 32.1% in Q1 2022, compared to the same quarter last year. Likewise, the parallel market (NOMU) increased by 3.0% for the same period.

* The term "non-oil activities" is used based on the new classification of the GASTAT, issued on 14 December 2021 (instead of institutional sectors).



Executive Summary

- The current account recorded a surplus of SAR 77.6 billion, or 9.1% of nominal GDP in Q4 2021, compared to a deficit of SAR 0.3 billion for the same quarter in the previous year.
- Merchandise exports and imports increased by 72.7% and 12.5% respectively, in Q1 2022, compared to the same period last year.
- Government revenues increased by 35.7% in Q1 2022, compared to the same period last year. However, the government expenditures grew by 3.9% for the same period. Surplus recorded SAR 57.5 billion (6.1% of GDP), , while public debt reached SAR 958.6 billion.
- Net Foreign Direct Investment (FDI) for Saudi Arabia recorded an increase of 3.3%, reaching SAR 7.3 billion in Q4 2021 compared to the same period last year.
- According to the Ministry of Investment (MISA) data, investment licenses recorded an increase of 153.7% in Q1 2022 (After excluding the efforts to rectify the status of the violators of the anti-concealment law), compared to the same quarter last year. The number of investment deals increased to 101 in Q1 2022, with total investment estimated at SAR 15.2 billion.
- The wholesale & retail trade and construction activities achieved the highest growth rate in the number of investment licenses by 7611.5% and 1325.6%, respectively, in Q1 2022, compared to the same quarter last year.
- The efforts to improve the investment environment, attract foreign investments and enhance local investments during 2021, as part of the National Investment Strategy (NIS), have contributed to achieving 112.4% of the total investment target, and 172.3% of foreign direct investment inflows target.
- Saudi Arabia has achieved advanced positions in a number of Global indicators in 2022, as it ranked first in the Consumer Confidence Index, and fifth in the Edelman Confidence Index.
- In Q1 2022, MISA has organized and participated in 13 events in different areas to promote investment and attract investors, in which 5 of these events has been organized by MISA to promote the investment environment in Saudi Arabia. Also, the e-services provided to investors recorded an increase of 75.0%, or 49,000 services for the same period.
- The financial sector is highlighted in "the Investment Overview of the Key Promising Regions, Sectors and Projects in Saudi Arabia", in which many achievements have been made in 2021 including; financial technology, financial market development, regulations in the financial sector, investments in Small and Medium Enterprises (SMEs) Debt Instruments Market, and financial literacy. The contribution of financial services, insurance and business services to the real non-oil GDP grew by 11.5% in 2021.



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01

Global Economy

First Section: Global Economy

I. Economic Growth

In the World Economic Outlook report (WEO), April 2022, the International Monetary Fund (IMF) projected global economy growth of 6.1% in 2021, and 3.6% in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than in the January update, as the economic damage from the Russia-Ukraine war will contribute to the slowdown in global growth.

Additionally, the IMF's data record a growth of 5.2% in the advanced economies in 2021 and expected to reach 3.3% and 2.4% in 2022 and 2023, respectively. Moreover, emerging market and developing economies grew by 6.8% in 2021 and are expected to grow by 3.8% and 4.4% in 2022 and 2023.

In April update, the advanced economies growth revised down 0.6 and 0.2 percentage points for 2022 and 2023, respectively, and the emerging market and developing economies revised down 1.0% in 2022 and 0.3% in 2023.

The inflation rate is projected to increase to 5.7% in advanced economies and 8.7% in emerging market and developing economies in 2022. However, the IMF estimated global investment to reach 27.3% and 27.5% of global GDP in 2022 and 2023, respectively.

GROWTH RATE REAL GDP, ANNUAL PERCENT (CHANGE)	2019	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	2021	2022*	2023*
	GLOBAL ECONOMY	2.9	-3.1	-	-	-	4.2	-	6.1	3.6
ADVANCED ECONOMIES	1.7	-4.5	-	-	-	4.4	-	5.2	3.3	2.4
EMERGING MARKET AND DEVELOPING ECONOMIES	3.7	-2.0	-	-	-	4.0	-	6.8	3.8	4.4
SAUDI ARABIA	0.3	-4.1	-2.6	1.9	7.0	6.7	9.9	3.2	7.6	3.6
UNITED STATE	2.3	-3.4	6.3	6.7	2.1	5.3	-1.4	5.7	3.7	2.3
CHINA	6.0	2.2	18.3	7.9	4.9	3.5	4.8	8.1	4.4	5.1
JAPAN	-0.2	-4.5	-2.1	2.4	-2.7	0.4	0.2	1.6	2.4	2.3
INDIA	3.7	-6.6	-7.3	8.4	5.4	4.3	-	8.9	8.2	6.9
EURO AREA	1.6	-6.4	-	-	-	4.8	-	5.3	2.8	2.3

INDICATOR (%)	2019	2020	2021	2022*	2023*
Inflation rate					
Advanced Economies	1.4	0.7	3.1	5.7	2.5
Emerging Market and Developing Economies Inflation	5.1	5.2	5.9	8.7	6.5
Investment (as % of GDP)	26.6	26.6	26.8	27.3	27.5

Source: IMF (WEO April 2022 - January 2022), GASTAT, the official statistical offices of countries
*Estimates.

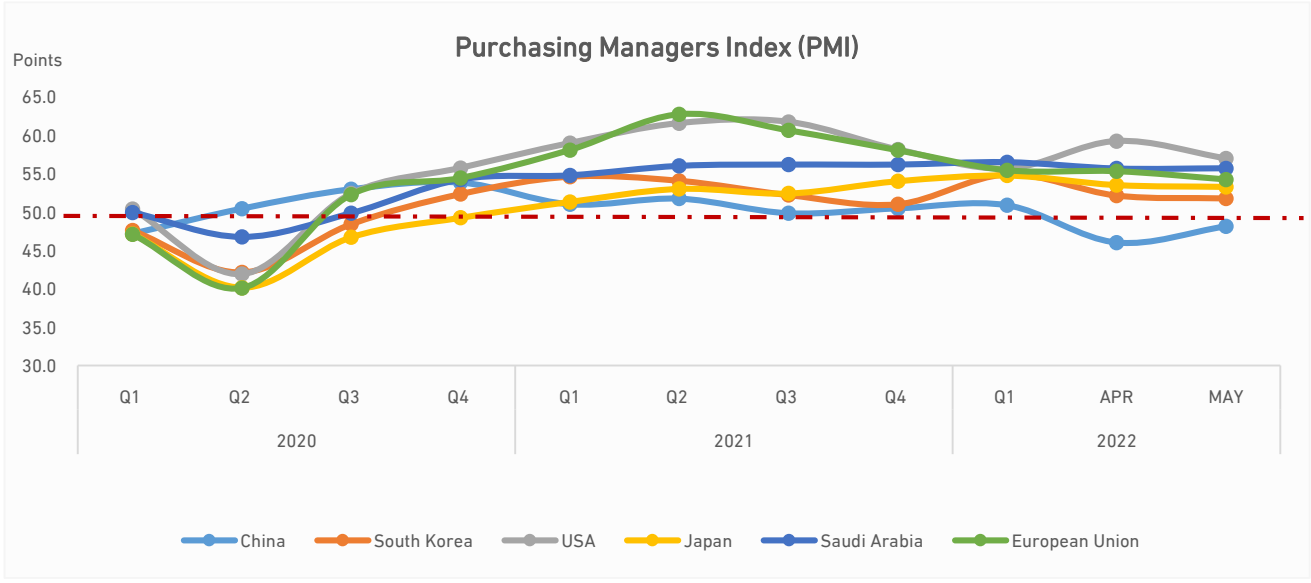


In Q1 2022, the global industrial production decreased by 1.6% to record an average of 53.3 points compared to an average of 54.2 points in the same quarter last year. In May 2022, the Purchasing Managers' Index (PMI) decreased significantly to reach 52.4 points compared to 56.0 points in the same month last year. This was mainly due to the repercussions of the Russia-Ukraine war, which coincided with renewed concerns regarding the Omicron variant in China, which affected global supply chains and business confidence.

The PMI for Saudi Arabia and Japan, on the other hand, has increased by 3.1% and 6.7%, respectively, in the same period.

In May, the PMI for Saudi Arabia has decreased by 1.3%, compared to the same month last year. Likewise, the PMI in China, South Korea, the United States, and European Union has decreased by 7.5%, 3.6%, 8.3%, and 13.5%, respectively, compared to the same month last year, while in Japan, the IPM increased by 0.5% for the same period.

In Q1 2022, the data for China, South Korea, the United States and the European Union showed a decrease in the PMI compared to the same quarter last year.



Source: IHS Markit

*A PMI above 50 represents an expansion when compared with the previous month

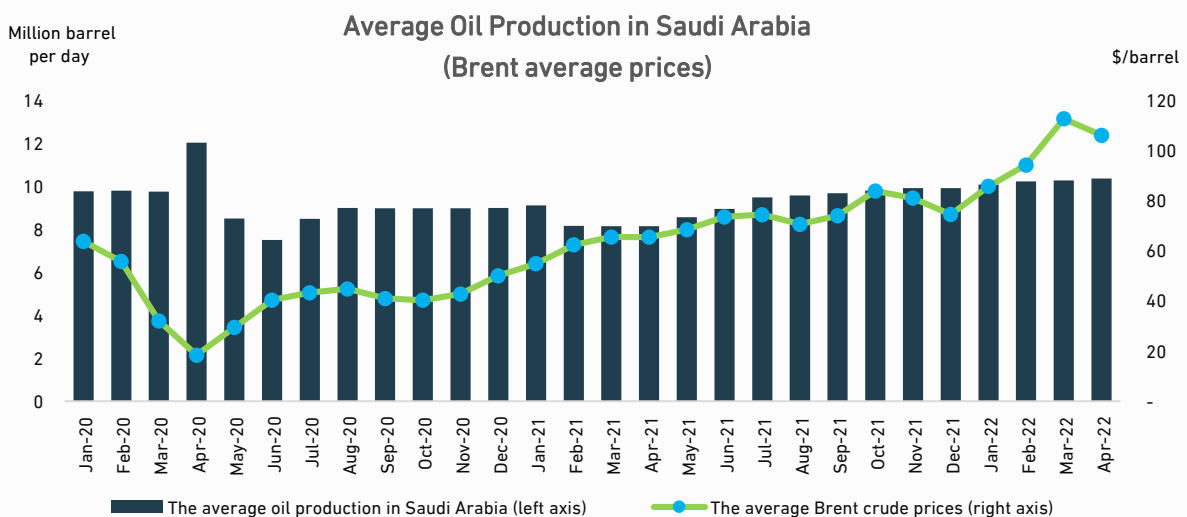
II: Oil Market

Oil market witnessed a remarkable rise starting from January 2022 to reach its highest price in March 2022, since 2014, bringing the price of Brent crude to \$112.5 per barrel. This is due to renewed concerns about “Covid-19” and geopolitical escalations, which raised concerns about global oil supplies in light of the increasing demand for oil and natural gas that led to an increase in prices at relatively high rates.

The Organization of Petroleum Exporting Countries (OPEC) reports in Q1 2022 show an increase in Brent crude average price by 60.1% to record \$97.4 per barrel, compared to the same period last year. In 2021, the average price of Brent crude increased by 69.1% compared to 2020, recording \$70.6 per barrel. In April 2022, the average oil price increased by 62.1% on annual basis, reaching \$105.9 per barrel.

It also shows an increase in the average oil production in Saudi Arabia in Q1 2022 by 20.3%, to record an average total production of 10.2 million barrels per day, compared to the same quarter last year. In March 2022, the average production increased by 26.1% to reach 10.3 million barrels per day compared to the same period last year.

The WEO, April 2022, shows a historical rise in a number of commodity prices, which was attributed to major disruptions in global supply chains following the Russia-Ukraine war. The report expects prices to be much higher in 2022 than they were in 2021, due to the rise in crude oil and natural gas prices. Thus, the Brent price is estimated to average \$100 per barrel, an increase of 42% over the previous year. The report also expects global oil output to rise by 1.7 million barrels during 2022, as OPEC+ has cancelled the gradual increase, in addition to further increase in US oil production.



Source: International Energy Agency (IEA), OPEC



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02

Saudi Economy

Second Section: Saudi Economy

I: Saudi Economy Forecast

In light of the developments that Saudi economy has witnessed during the recent years until the beginning of 2022, such as adopting some legislation and launching a number of national strategies that seek to achieve economic diversification and increase the GDP through the integration of the efforts of government and private sectors. The private sector is projected to grow at a higher rate. Thus, the preliminary estimates, according to the Budget Statement for FY 2022, indicate a real GDP growth of 7.4% in 2022, driven by the rise in oil GDP related to the OPEC+ agreement, as the gradual output increase in crude production will contribute significantly to the growth of the oil GDP during the current year, as well as the current global conditions that directly affect oil prices. In addition to that, improvement expected in non-oil GDP*, through the continued progress in projects and programs implementation that support economic growth, diversification, and the private sector.

The IMF, in WEO April 2022, estimated Saudi Arabia to be the second highest real GDP growth among the G20 countries in 2022, and 10th globally with an estimated growth rate of 7.6% in 2022 and 3.6% in 2023. Inflation is estimated to decrease by 2.5% in 2022 and 2.0% in 2023.

II: Saudi Economy Performance

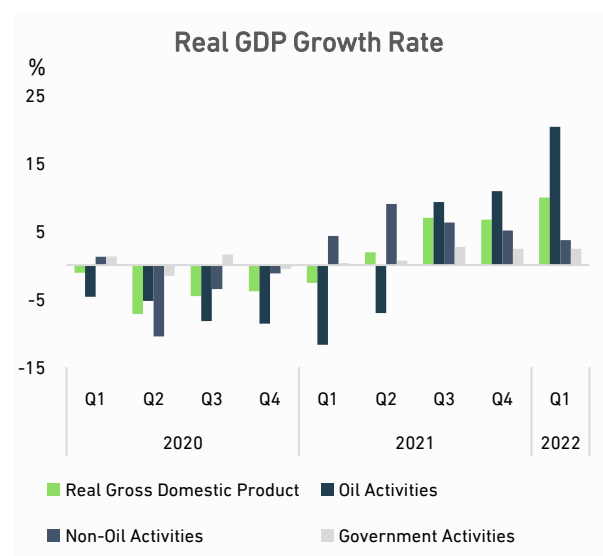
1. Real Sector

According to the national accounts data published by the General Authority for Statistics (GASTAT) for Q1 2022, the real GDP increased by 9.9% compared to the same period last year, supported by the significant growth in oil activities by 20.3%, compared to the same period last year. This was due to the increase in oil production in line with the growing global demand for oil.

Non-oil** activities grew by 3.7% and government activities by 2.4% during the same period.

The growth of oil activities was due to the increase in global oil demand, as crude petroleum & natural gas and petroleum refining activities increased by 20.7% and 17.3%, respectively.

On the other hand, all non-oil activities grew in Q1 2022, due to the increase in wholesale, retail trade, restaurants & hotels by 6.3%, followed by transport, storage & communication by 5.9%, then finance, insurance, real estate & business services and manufacturing excluding petroleum refining by 4.2% and 4.1%, respectively.



Source: GASTAT

According to the Saudi Central Bank (SAMA) data for March 2022, the leading consumption indicators recorded remarkable growth rates in Q1 2022, as the Point of Sale (POS) and SADAD payments increased by 22.2% and 12.3%, respectively, compared to the same quarter last year.

* The term "non-oil GDP" is used in the budget statement for FY 2022, which was issued before the GASTAT changed its classification

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

The cash withdrawals, on the other hand, decreased by 7.5% in the same period due to the shift in consumer purchasing behavior from cash to electronic payments, as the number of POS transactions increased by 53.4%.

In 2021, POS transactions and SADAD payments increased by 32.5% and 26.4%, respectively, compared to the previous year. Cash withdrawals, however, decreased by 7.5% in the same period.

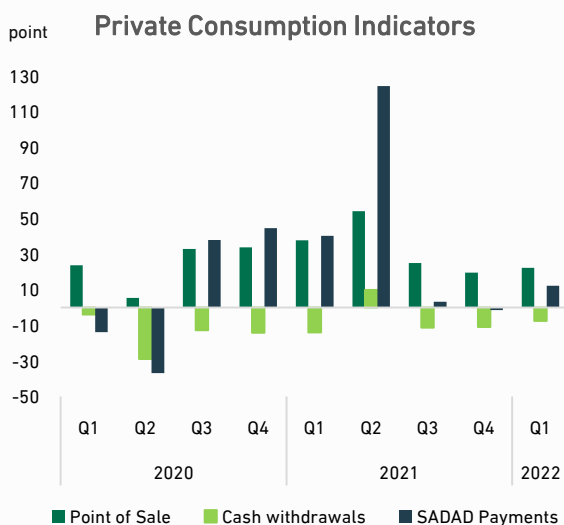
In April 2022, POS transactions and SADAD payments increased by 26.2% and 19.2%, respectively, compared to the same month last year, while cash withdrawals decreased by 7.3%, in the same period.

In 2021, the average PMI grew by 11.1 % compared to 2020, reaching 55.8 points. In April 2022, the PMI recorded a slight increase of 0.9% compared to the same month last year, reaching 55.7 points.

According to GASTAT, the Industrial Production Index (IPI) rose by 19.1% in Q1 2022 compared to the same quarter last year, which was mainly due to the higher production in mining and quarrying activity by 20.8% (74.5% of the index weight). The rise in mining and quarrying activity was attributed to the increase in oil production during the period. Moreover, electricity supply and transformative industries increased by 9.4% and 15.3%, respectively. In 2021, the IPI recorded a slight decline by 0.8% compared to 2020.

Cement sales declined by 10.1% in Q1 2022, compared to the same quarter last year, reaching 14.2 million tons. Likewise, in April 2022, cement sales decreased by 23.5% compared to the same month last year. The total cement sales in 2021 grew by 0.4% to reach 53.4 million tons.

In Q1 2022, the real estate price index increased by 0.4% compared to the same quarter last year, affected by the increase in land plots prices by 1.8%. In 2021, it recorded a rise by 0.5%, compared to 2020, driven by 1.2% increase in land prices.



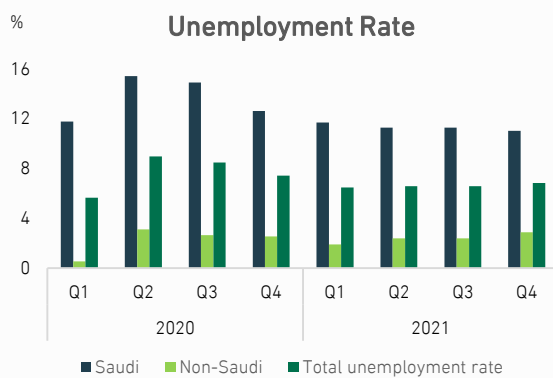
Source: SAMA

Private investment indicators showed recovery in Q1 2022 as the average PMI rose by 1.2% to reach 55.4 points, compared to 54.8 points in Q1 2021, due to the improvement in the performance of the non-oil sector and improvement of business confidence, which in turn led to the expansion of production and purchase operations.

1.1 Labor Market

Based on estimates of GASTAT Labor Force Survey, the total unemployment rate among Saudis decreased to 11.0% in Q4 2021, the lowest level of Saudi unemployment in ten years, while the unemployment rate among non-Saudi recorded 2.9%. The overall unemployment rate recorded 6.9% for the same quarter.

The labor force participation rate for the Saudi and non-Saudi population increased, reaching 61.5% in Q4 2021, compared to 61.2% in the previous quarter. Among Saudi females, the labor force participation increased in Q4, reaching 35.6% compared to 34.1 % in the previous quarter, exceeding the participation rate target that was set for 2030 at 30%. Similarly, the Saudi males participation rate increased to 66.8% in Q4 2021, compared to 65.0% in the previous quarter.



Source: GASTAT

2. Monetary Sector

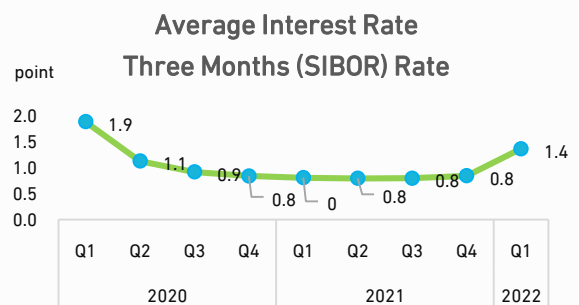
2.1 Money Supply and Reserve Assets

According to SAMA data, the money supply increased by 8.4% in Q1 2022 compared to the same quarter last year, driven by the growth of other quasi-monetary deposits by 31.9% and time and savings deposits by 11.4%. Reserve assets recorded a rise of 0.5% in Q1 2022, compared to the same period last year, while foreign exchange and deposits abroad declined by 4.6%, in the same period. In April 2022, the reserve assets increased by SAR 1.2 billion, compared to March, with growth rate of 0.1%. Whereas, reserve assets from the beginning of the year recorded the highest growth in March by 2.2%, or SAR 36.8 billion, compared to the previous month; due to the increase in oil price and production.

2.2 Interest Rates

The average interbank interest rate SIBOR closed at 1.4 points in Q1 2022, a rise by 0.6 points compared to Q1 2021. As well, the REPO rate recorded 1.25 points, up by 0.25 percentage points, and the Reverse REPO rate recorded 0.75 points.

up by 0.25 percentage points in the same quarter, due to the increase in the US federal interest rate by 0.25 points. In May 2022, the Federal Reserve, also, raised interest rate by half a percentage point, in an effort to tamp down inflation in the US as it reached 8.5%, the highest level in over 40 years. This inflation is primarily pandemic-related due to a surge in consumer demand and lagging supply in addition to the rise in energy prices following the Russian invasion of Ukraine in February 2022. Consequently, SAMA decided to raise the rates of the Reverse REPO by 0.50 percentage points, to maintain monetary and financial stability in light of monetary developments in the local and global markets.



Source: SAMA

2.3 Inflation

According to GASTAT data, the inflation rate (Consumer Price Index (CPI)) increased by 1.6% in Q1 2022 compared to the same quarter last year. This was attributed to a rise in transport prices by 4.6% and education prices by 6.3%, the rise in the transport prices was influenced by increase in the operation of personal transport equipment prices by 12.6%, which in turn was affected by rising gasoline prices by 23.1% as transport depends mainly on gasoline and lubricating oil. In April 2022, the CPI recorded a rise by 2.3% compared to the same month last year, due to increase in the prices of education and transport by 6.2% and 4.6%, respectively. In 2021, the CPI recorded an average increase of 3.1%, driven by 10.3% increase in the transport prices in the same period.

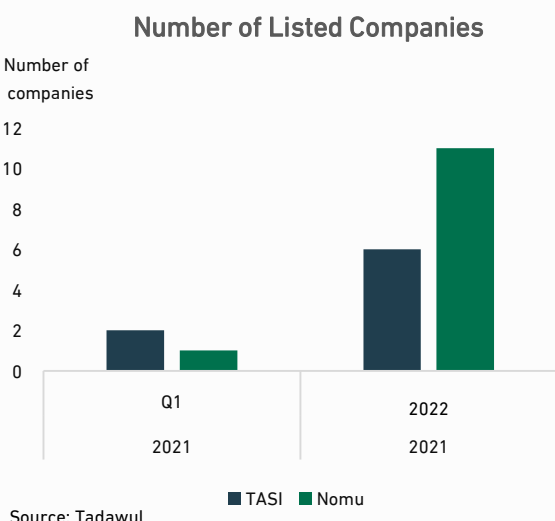
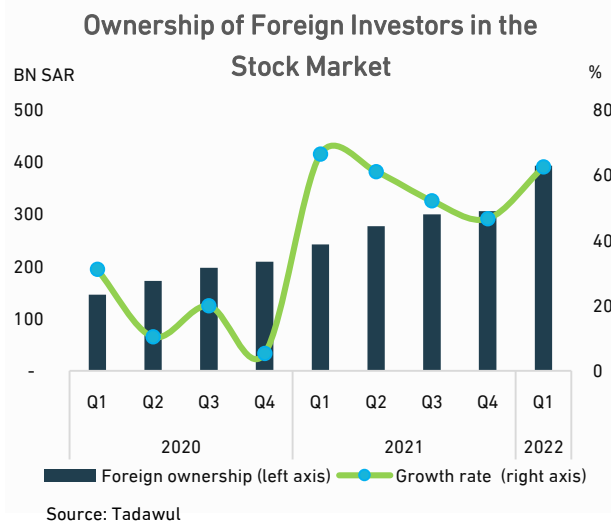
3. Capital Market

The main Saudi market index (TASI) closed at 13,090 points in Q1 2022, recording a rise of 32.1% compared to the same period last year. The total value of the traded shares amounted to SAR 542.8 billion in Q1 2022, a decrease of 22.2% compared to the same quarter last year. In April 2022, TASI closed at 13,734 points, an increase of 31.8% compared to the same month last year, and the total value of the traded shares reached SAR 184.2 billion, down by 2.3% compared to the same period last year.

The Parallel Market Index (NOMU) closed at 25,010 points in Q1 2022, an increase of 3.0% compared to the same quarter last year. The total value of traded shares amounted to SAR 7.1 billion, a rise of 161.9% compared to the same period last year. In April 2022, NOMU closed at 23,910 points, down by 1.2% compared to the same month last year, the total value of traded shares reached SAR 757.5 million, up by 144.9% compared to the same month last year.

The total number of companies whose listing have been approved in Q1 2022 increased by 466.7% compared to the same quarter last year, to record a total of 17 listed companies, of which 6 were listed in the TASI (a growth by 200.0% on an annual basis), and 11 companies were listed in NOMU with a growth rate of 1000.0%, during the same period.

The Saudi Stock Exchange (Tadawul) data shows an increase in the Saudi investor's ownership in the stock market by 23.2% in Q1 2022 compared to the same quarter last year. The GCC investors ownership increased by 21.3% for the same period, while the foreign investors ownership recorded a remarkable increase by 62.3% in Q1 2022, on an annual basis. Until April 2022, the Saudi investor's ownership increased by 28.3% compared to the same period last year. Similarly, the GCC investor's ownership increased by 21.6% and the foreign investor's ownership by 61.1% compared to the same period last year.



4. External Sector (Balance of Payments)

According to SAMA's balance of payments in Q4 2021, the current account recorded a surplus of SAR 77.6 billion, or 9.1% of the nominal GDP, compared to a deficit of SAR 0.3 billion for the same quarter last year. This was due to the recovery of the global economy and the return of supply chains, which improved oil and non-oil exports.

The GASTAT's International Trade report for Q1 2022 shows a recovery in non-oil exports, as the trade balance recorded a surplus of SAR 203 billion compared to a surplus of SAR 69 billion for the same quarter last year.

Merchandise exports rose by 72.7% to record SAR 395 billion in Q1 2022, compared to SAR 208 billion for the same quarter last year. This increase originated mainly from oil exports, despite the Kingdom's compliance with the OPEC+ agreement to increase output gradually, yet the price increase caused the biggest impact in this respect. As a result, oil export registered SAR 281 billion, an increase of SAR 134 billion in Q1 2022, compared to the same period last year.

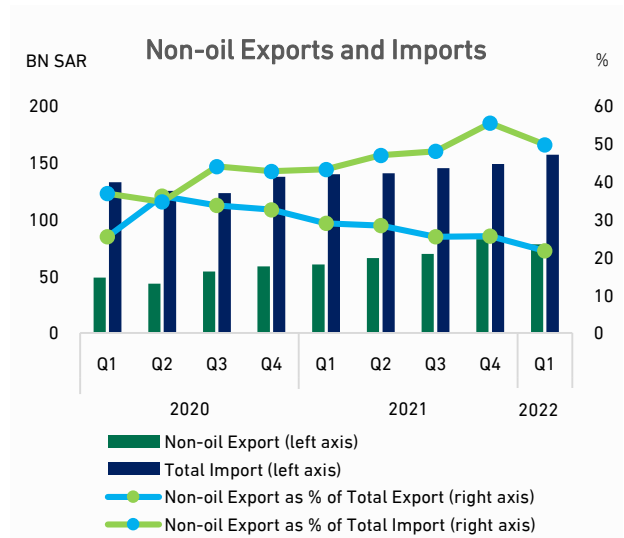
In Q1 2022, non-oil exports also recorded an increase of 34.8%, reaching SAR 66 billion, compared to SAR 49 billion for the same period last year.

Merchandise Imports, on the other hand, recorded SAR 157 billion, a rise by 12.5% in Q1 2022, compared to SAR 139 billion in the same period last year. The share of non-oil export in total imports amounted to 49.6% for the same period.

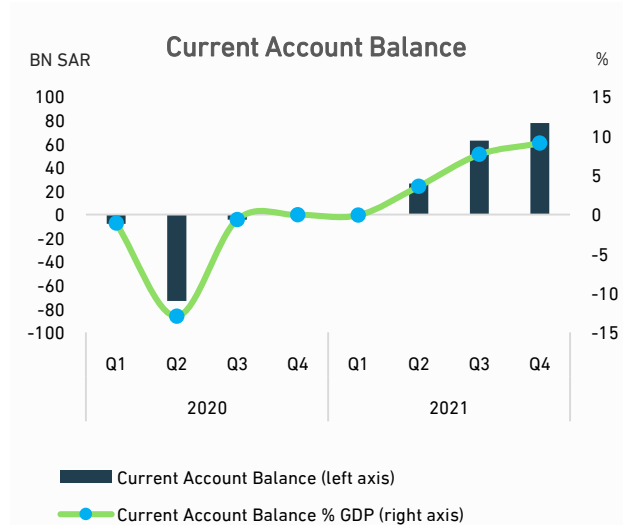
In 2021, the trade balance recorded a surplus of SAR 462 billion compared to SAR 134 billion last year. The merchandise exports recorded an increase by 58.9% to reach SAR 1,036 billion, compared to SAR 652 billion for the same period last year. This rise was due to the increase in oil exports, which recorded SAR 758 billion in the same period, an increase of SAR 311 billion compared to the same period in 2020.

Non-oil exports recorded an increase of 37.0% reaching SAR 231 billion in 2021, compared to SAR 169 billion in the previous year.

Imports, on the other hand, recorded an increase of 10.8%, reaching SAR 573 billion in 2021, compared to SAR 517 billion in 2020. The share of non-oil export to total imports amounted to 48.4% in 2021.



Source: GASTAT



Source: SAMA



Source: GASTAT

5. Fiscal Performance

5.1 Revenues

The total government revenue grew by 35.7% recording SAR 278.0 billion in Q1 2022 compared to the same quarter last year. This growth was attributed to a rise in oil revenue by 57.6%, to reach SAR 183.7 billion. Non-oil revenue, also, increased by 6.9% achieving SAR 94.3 billion during the same period. This increase was mainly due to higher Tax revenue from goods and services by 12.6%, Tax revenue from international trade and transactions by 26.1%, and Tax revenues from income, profits and capital gains by 27.6%.

In 2021, government revenues increased by 23.5% to reach SAR 965.5 billion, compared to SAR 781.8 billion in 2020.

5.2 Expenditures

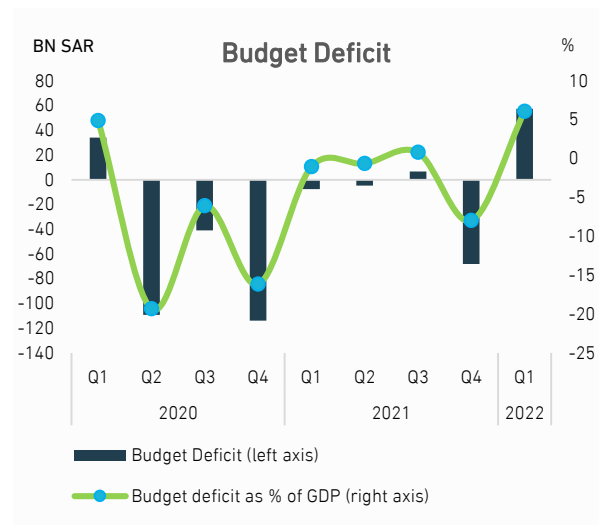
In Q1 2022, government expenditures increased by 3.9% on an annual basis, reaching SAR 220.5 billion, due to higher spending on goods and services by 15.2%, compensation of employees and other expenses by 1.8% and 17.6%, respectively.

In 2021, government expenditures amounted to SAR 1,038 billion, down by 4.3% compared to 2020, due to a decrease in capital expenditure by 24.4% compared to 2020.

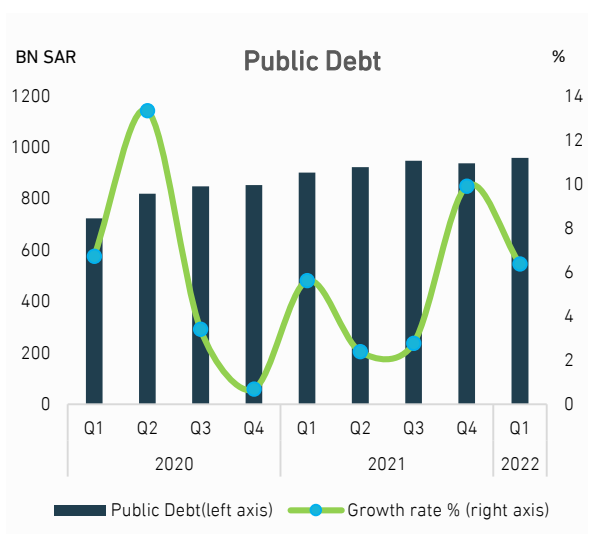
5.3 Surplus/deficit and Debt

In Q1 2022, the budget recorded a surplus of SAR 57.5 billion (6.1% of GDP), compared to a deficit of SAR 7.4 billion (-1.0% of GDP), in Q1 2021. The total deficit for 2021 amounted to SAR 73.4 billion (2.3% of GDP), compared to a deficit of SAR 292.9 billion, or 11.1% of GDP in 2020. This improvement was attributed to the fiscal reforms and the rise in oil prices, which in turn supported the oil revenue.

Public debt amounted to 958.6 billion in Q1 2022, where the domestic borrowing and external borrowing achieved 60.4% and 39.6% of total public debt. In 2021, public debt recorded SAR 938.0 billion, or 30.0% of GDP in 2021, in which the domestic borrowing and external borrowing achieved 59.6% and 40.4% of the total public debt .



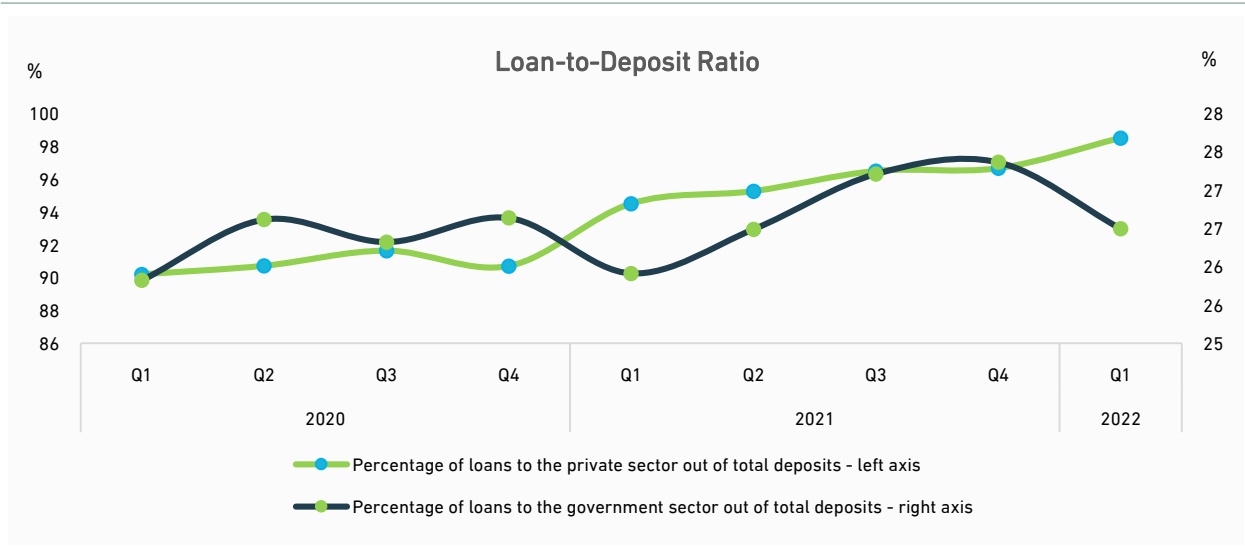
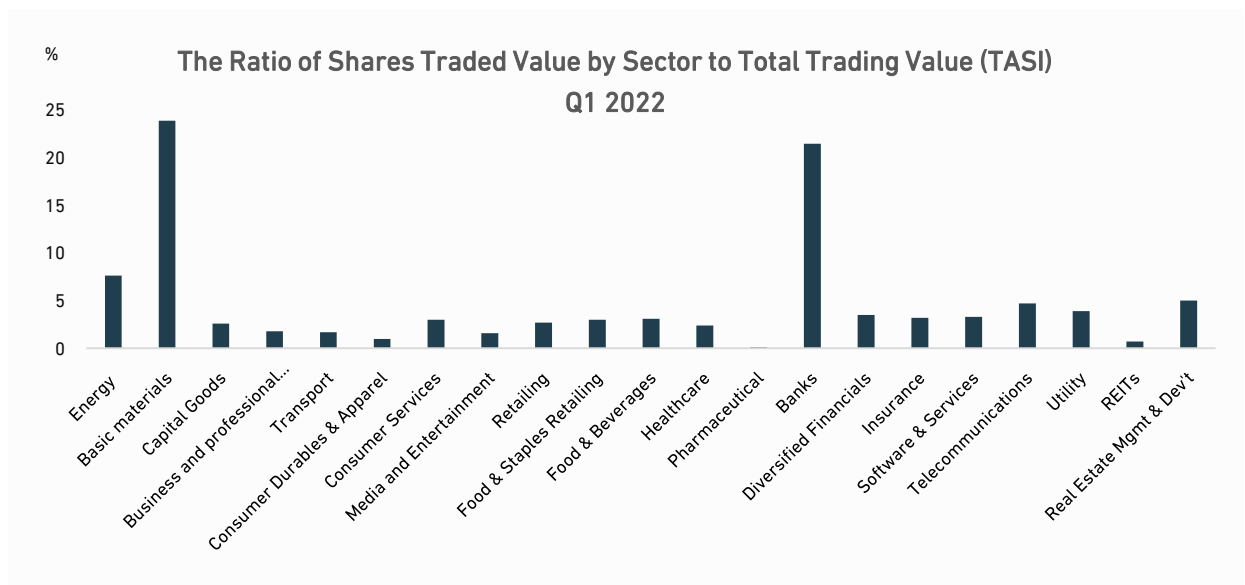
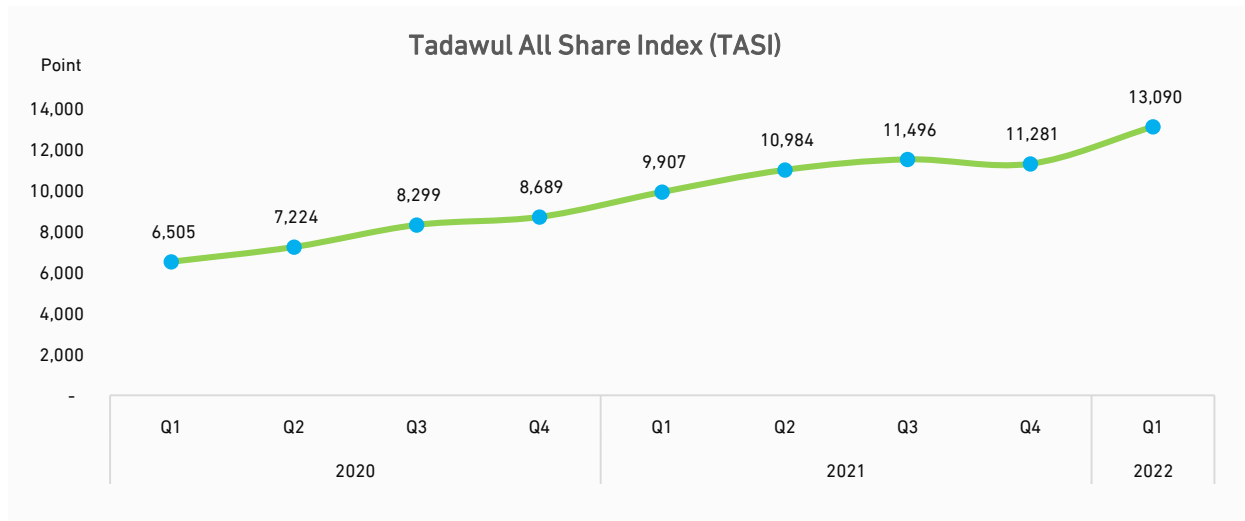
Source: MoF, GASTAT



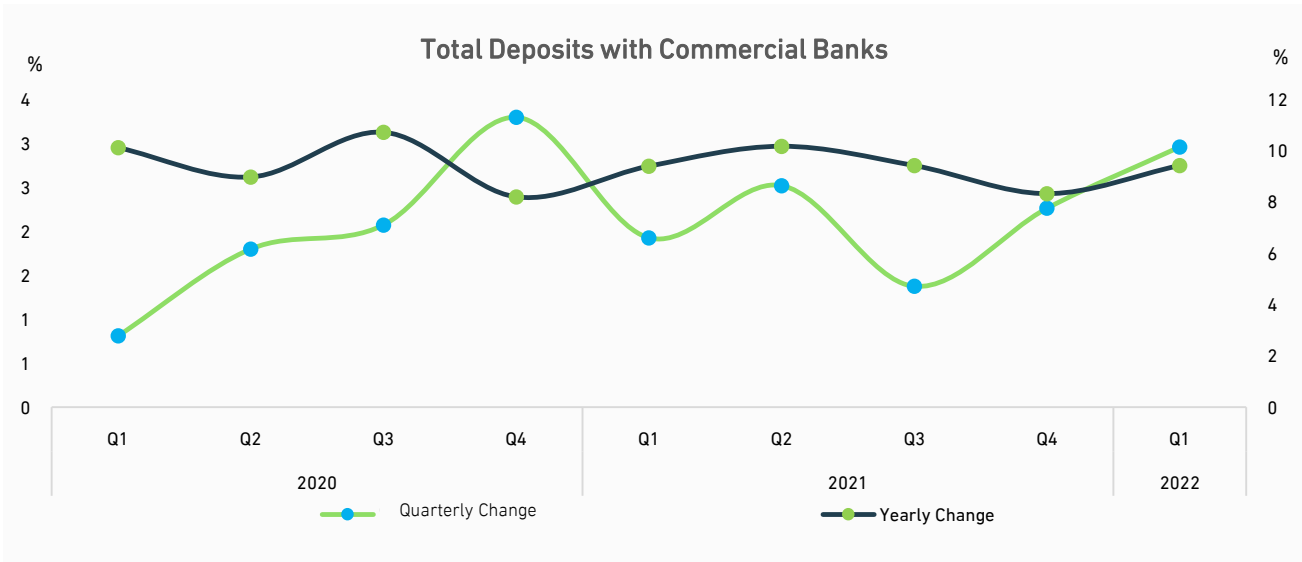
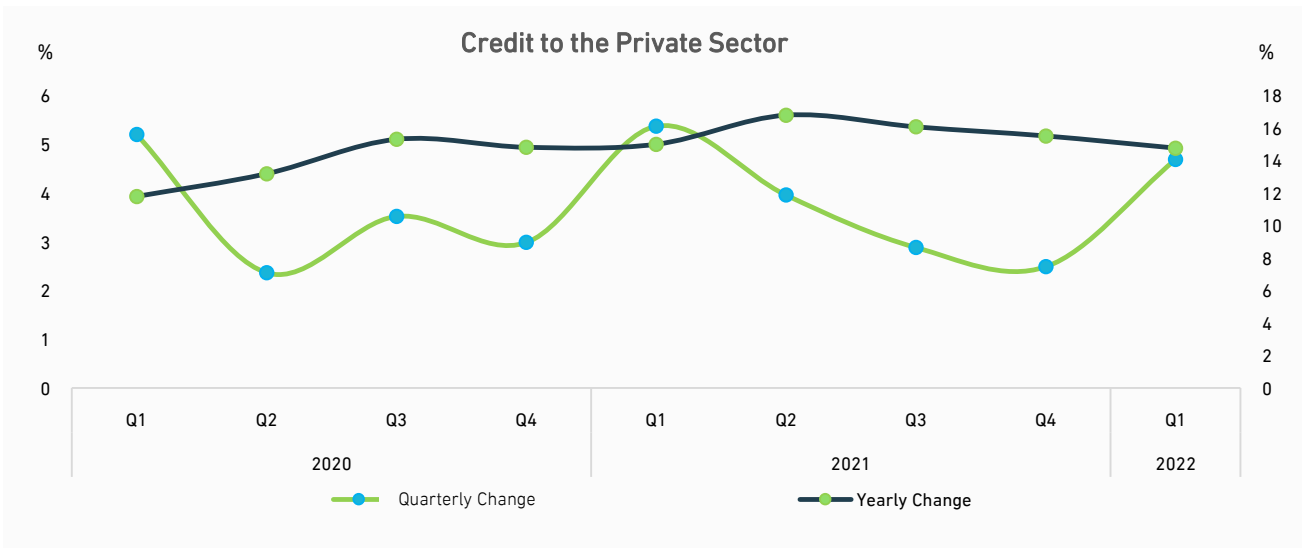
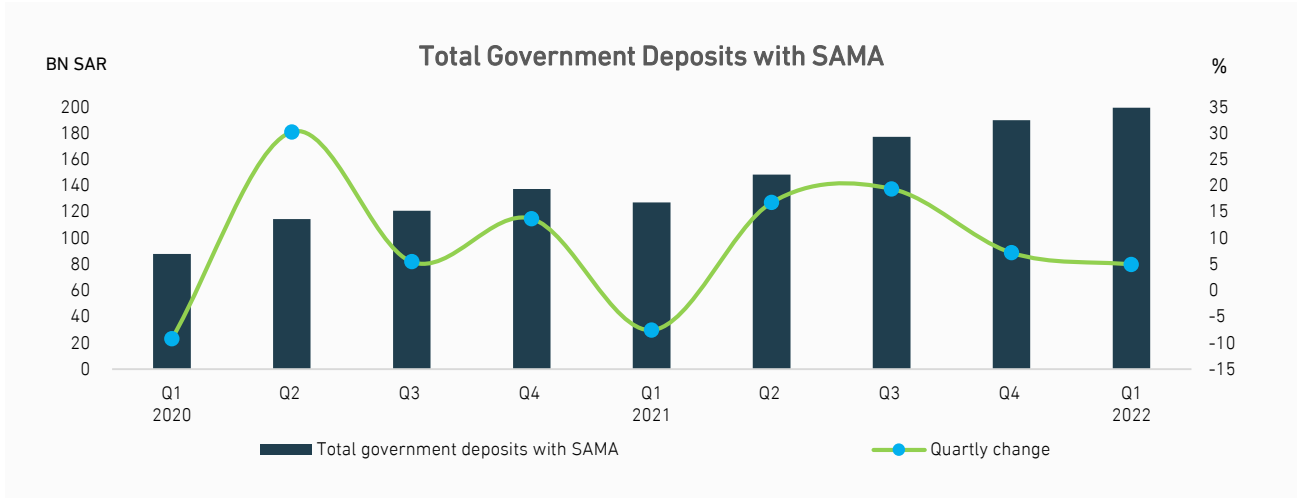
Source: MoF

*Q4 was calculated based on the budget estimates for 2021 (in The Budget Statement for FY 2022)

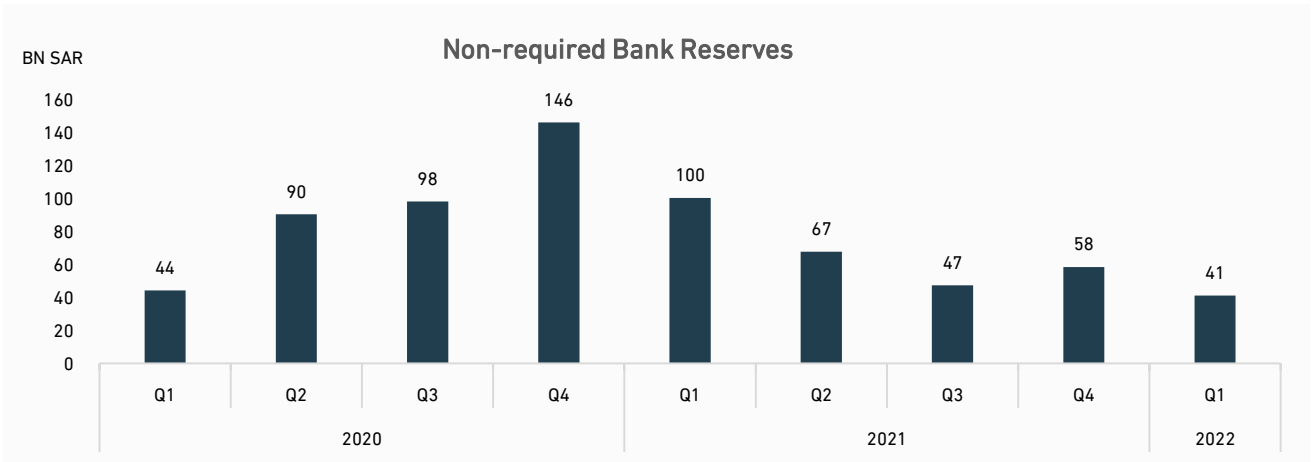
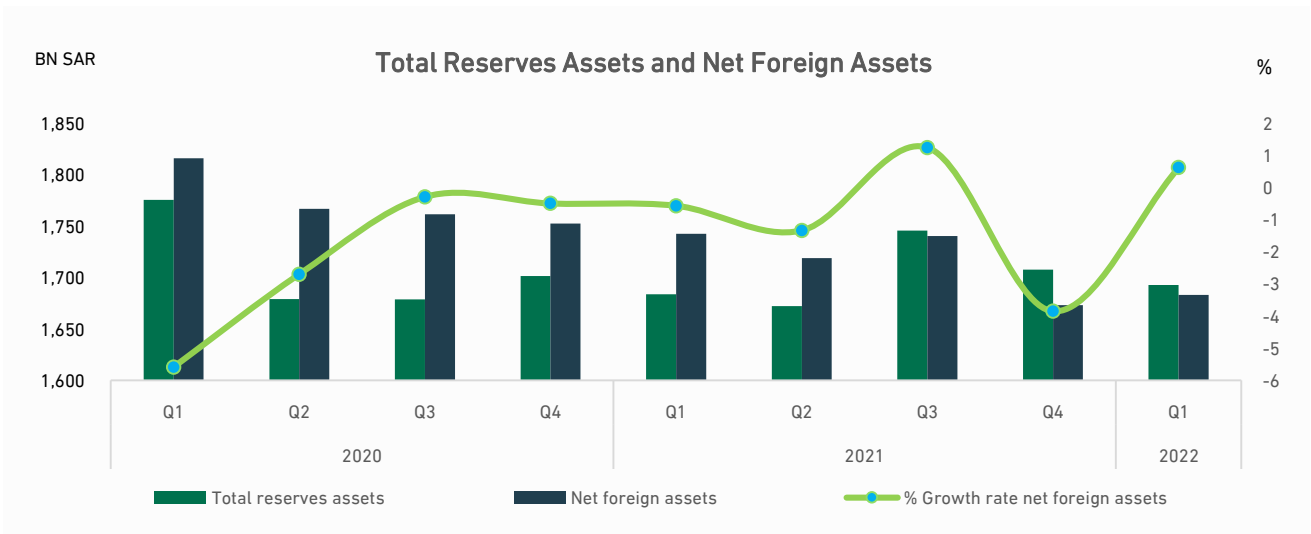
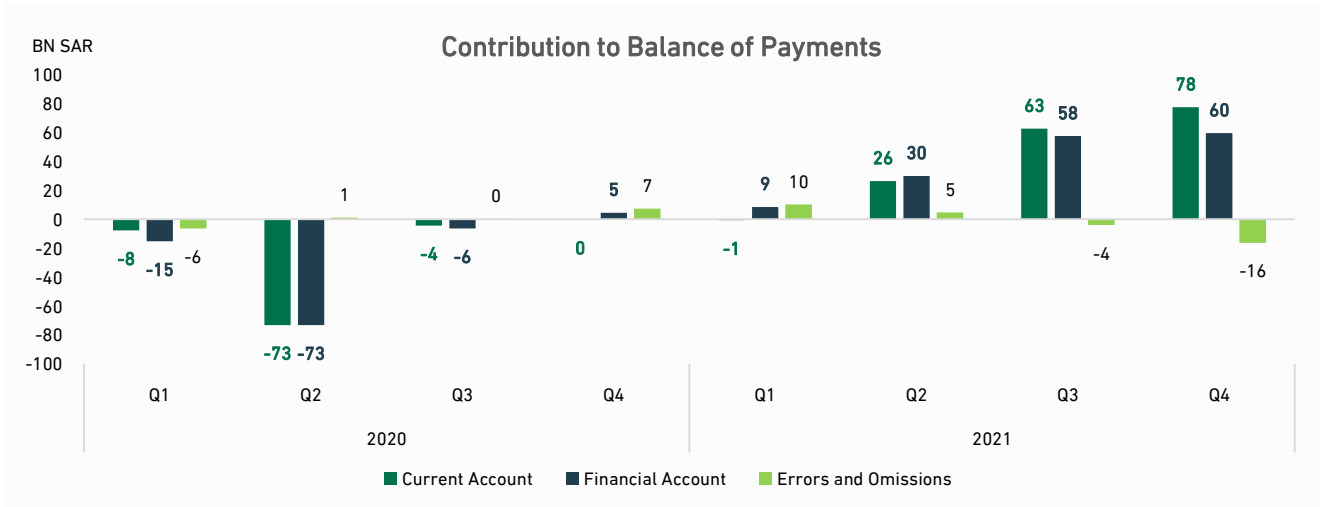
6. Selected Economic Indicators



Source: SAMA, Tadawul.

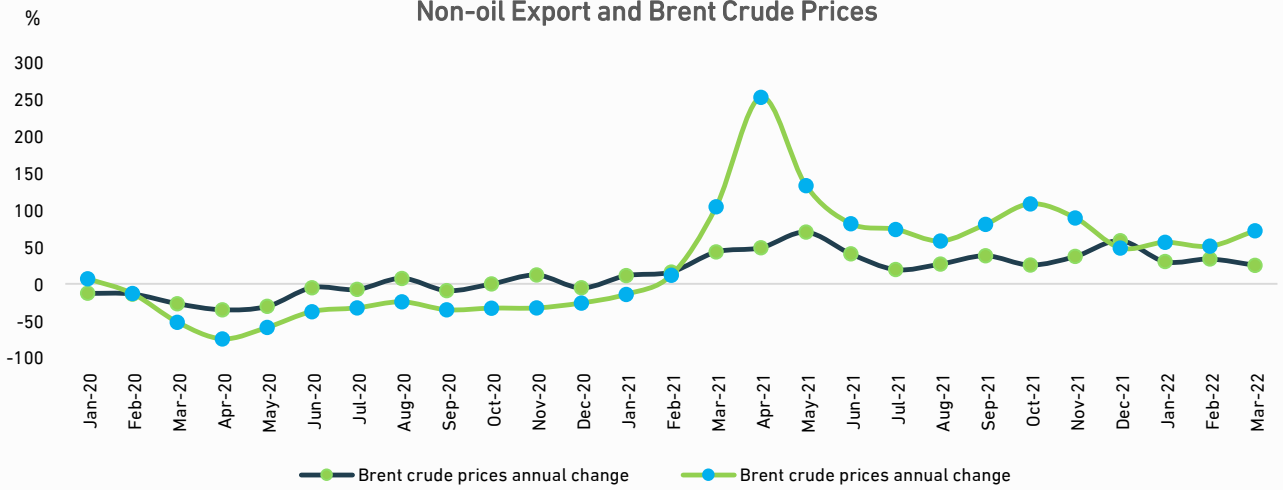


Source: SAMA

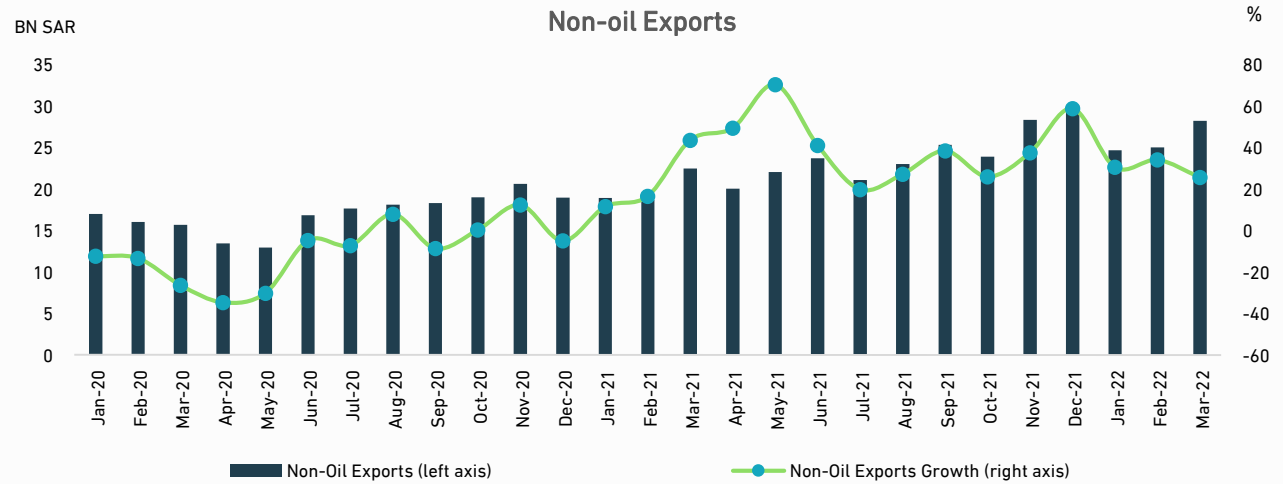
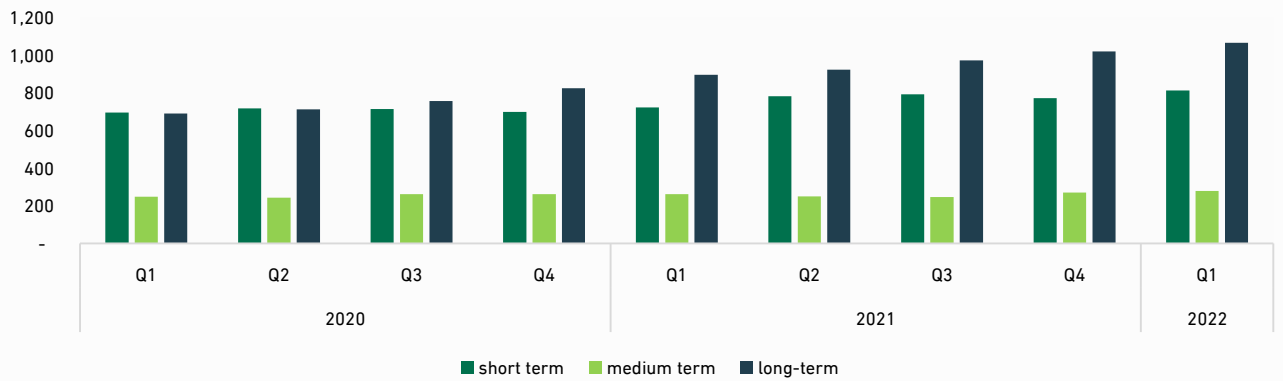


Source: SAMA

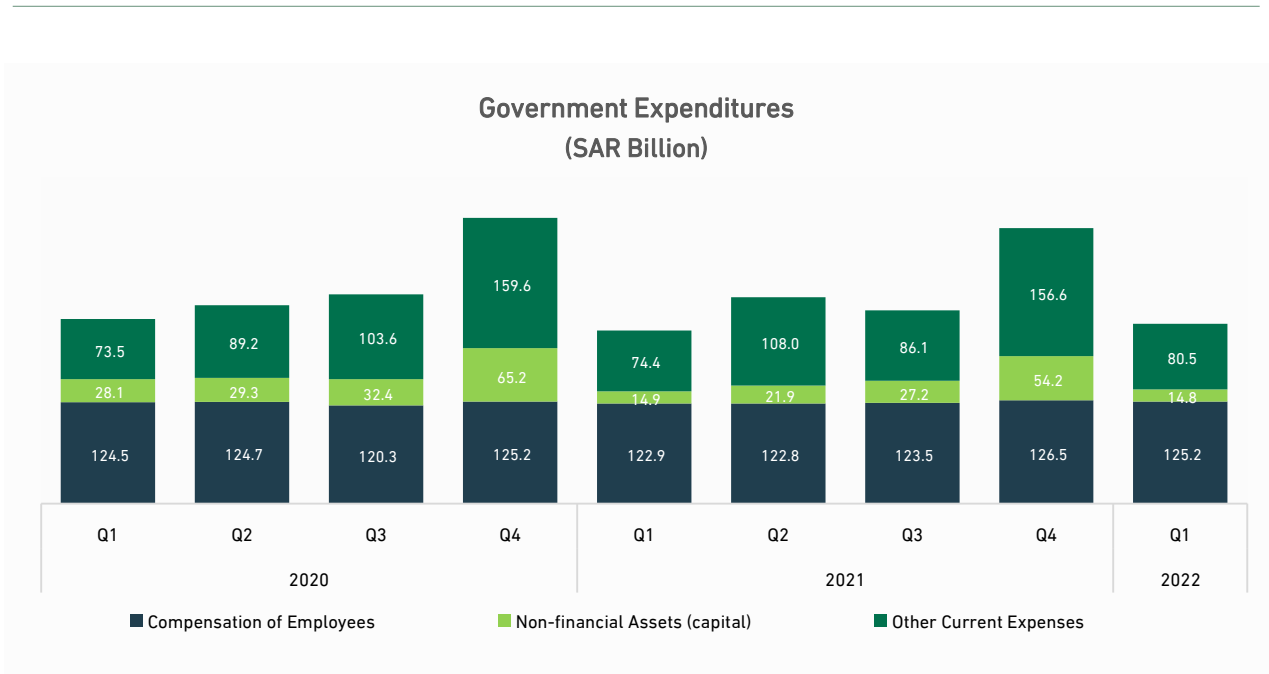
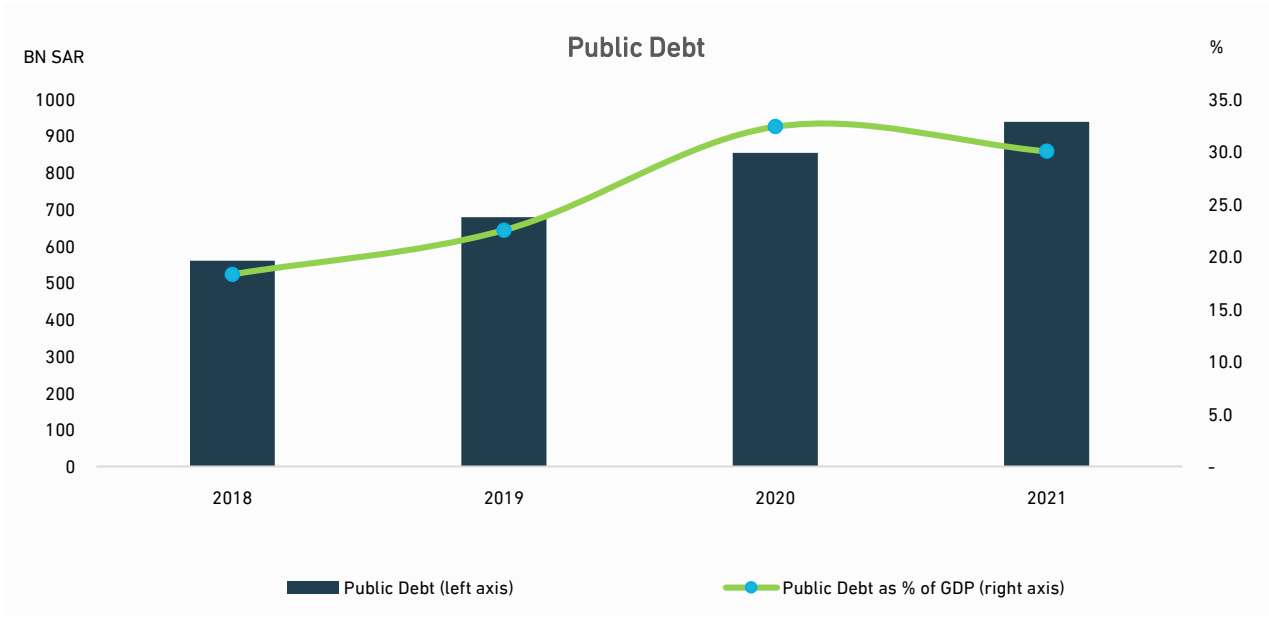
Non-oil Export and Brent Crude Prices



Bank Credit Classified by Maturity



Source: GASTAT, SAMA, and OPEC



Source: MoF



03

Enabling Investment and Improving the Attractiveness of its Environment in Saudi Arabia

Third Section: Enabling Investment and Improving the Attractiveness of its Environment in Saudi Arabia

I: Global and Domestic Investments

1. Global Foreign Direct Investment (UNCTAD)

In the Global Investment Trends Monitor report issued by the United Nations Conference on Trade and Development (UNCTAD), the global FDI showed a strong rebound in 2021, up 77.6% or \$1.65 trillion in 2021, compared to \$929 billion in 2020. Developed economies saw the biggest rise by far, with FDI reaching an estimated \$777 billion in 2021, with a growth rate of 198.9% compared to 2020. Inflows to the United States more than doubled due to the increase accounted for by a surge in cross-border mergers and acquisitions (M&As). FDI flows in developing economies increased by 30.1%, or nearly \$870 billion. Latin America and the Caribbean, and Western Asia witnessed a recovery to near pre-pandemic levels. Inflows to Africa also rose by more than doubled, as a result of financial transaction in South Africa in H2 2021.

2. Global Foreign Direct Investment (OECD)

Global FDI recorded a remarkable growth of nearly 57% in 2021, getting to better levels than previous years as a result of the recovery from COVID-19. Meanwhile, in 2021 the G20 countries recorded the highest growth rate for the previous two years by 66.8%, while the Euro area contracted by 28.9%, which may be due to the economic and geopolitical conditions in the region. The United States, Japan and Saudi Arabia also recorded high growth rates of 132.3%, 140.4%, and 257.2%, respectively.

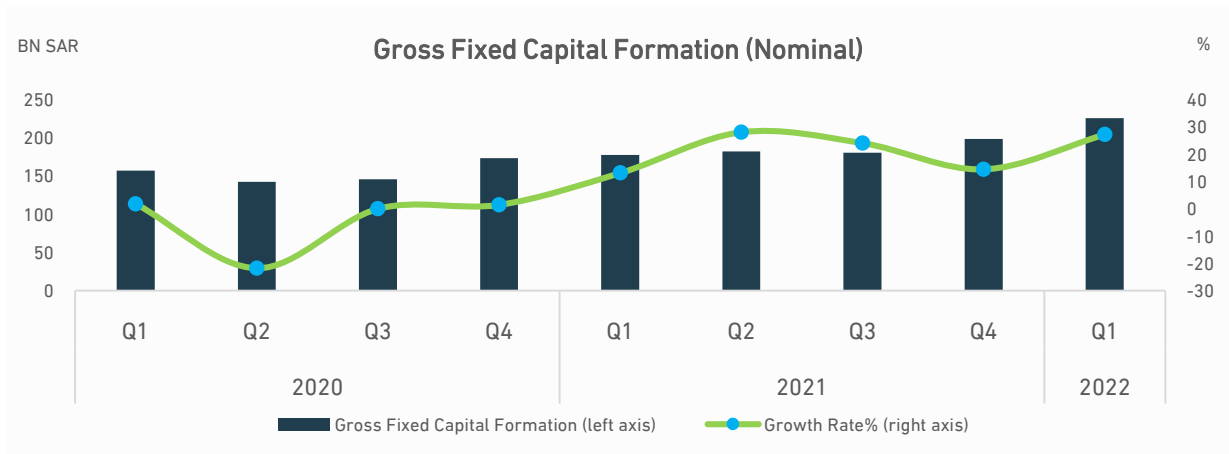
Countries	FDI Growth Rate		
	2019	2020	2021
Global FDI	1.0%	-25.2%	57.0%
G20 countries	-10.4%	-22.2%	66.8%
OECD countries	-0.8%	-39.7%	75.2%
Euro Area	1.4%	-56.9%	-28.9%
US	10.2%	-30.9%	132.3%
China	-20.5%	35.2%	32.0%
Japan	37.8%	-25.3%	140.4%
India	20.2%	27.2%	-30.5%
Saudi Arabia	7.4%	18.3%	257.2%

Source: OECD, SAMA

II: Investment in Saudi Arabia:

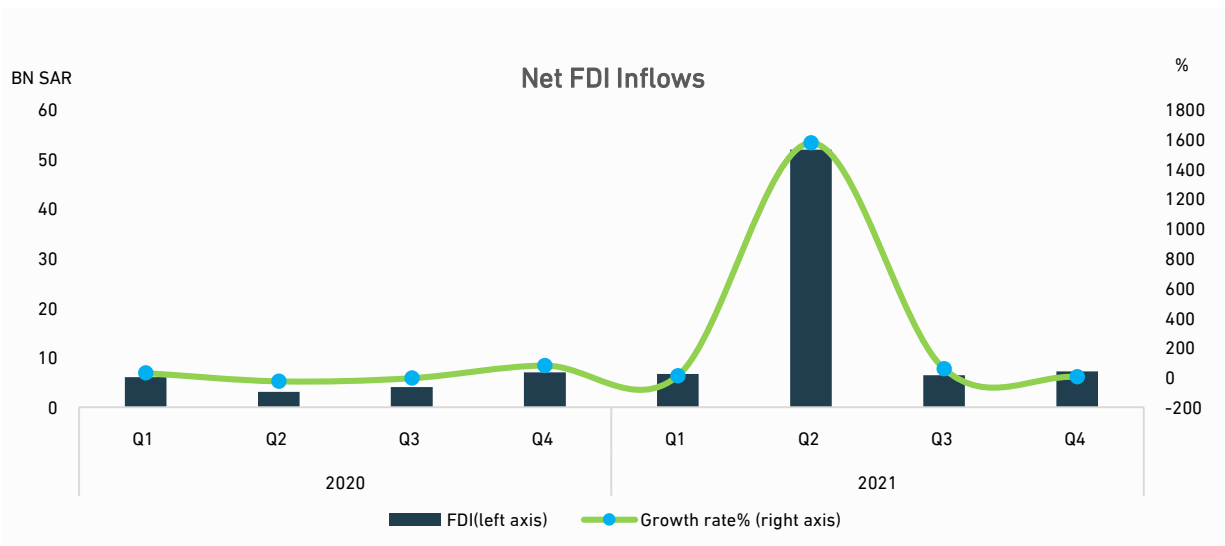
1. Gross Fixed Capital Formation (GFCF)

The total nominal fixed capital formation recorded SAR 225 billion in Q1 2022, an increase of 27.1%, driven by the increase in fixed capital formation of the private and government sectors by 28.6% and 8.9%, respectively.



2. Foreign Direct Investment (FDI)

The net FDI inflows in the Kingdom grew by 3.3%, recording SAR 7.3 billion in Q4 2021, compared to SAR 7.0 billion in the same period last year, which illustrates the growing confidence of foreign investors in the Kingdom's investment environment. In 2021, the net FDI inflows increased by 257.2% to reach SAR 72.3 billion, compared to nearly SAR 20.2 billion in 2020. The increase in 2021 is attributed to the SAR 46.5 billion infrastructure deal closed by Saudi Aramco with a global investor consortium from North America, Asia and the Middle East, to sell a 49.0% stake of Aramco Gas Pipelines Company to investors.



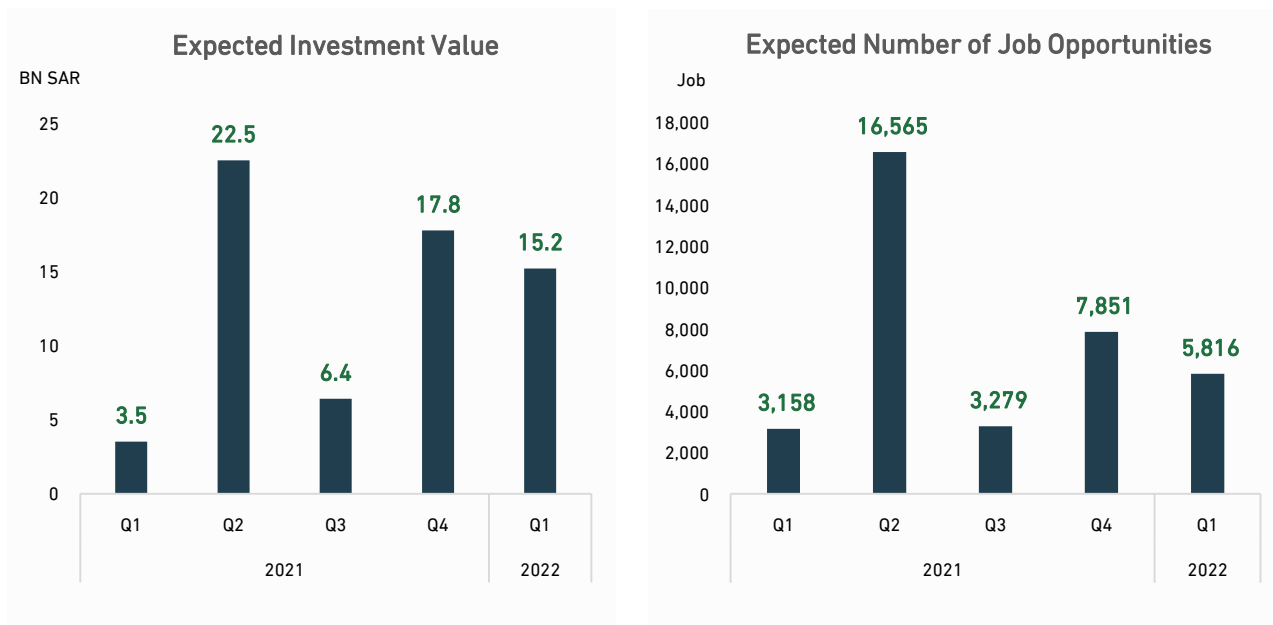
Source: OECD, SAMA, GASTAT

3. Closed Deals in Q1 2022

The investment data released by MISA indicate a closing of 101 deals in Q1 2022, compared to 31 deals in the same period last year, which are expected to make SAR 15.2 billion (as disclosed) and provide nearly 6,000 job opportunities.

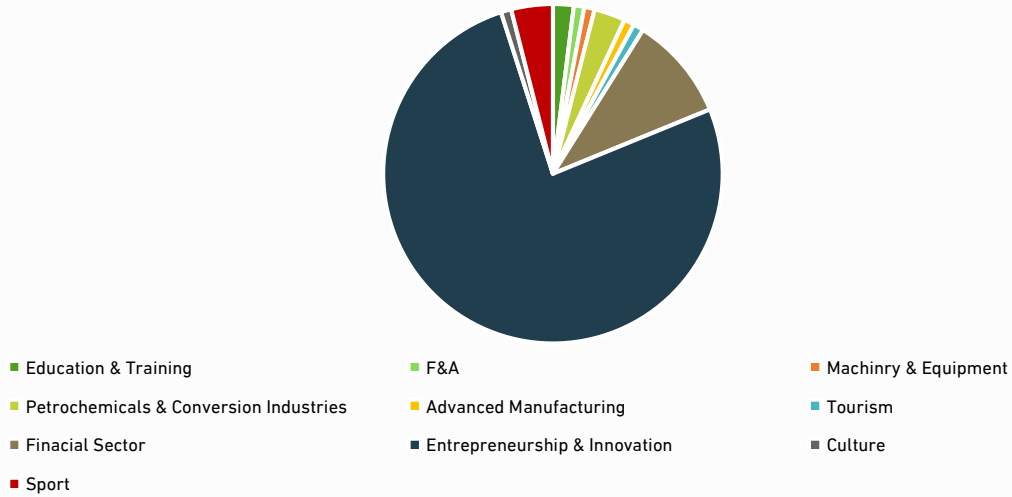
Considering the types of investors, there was a significant increase in the number of new investors in the Kingdom. Looking at sectors, the distribution of deals showed that the entrepreneurship and innovation sector attracted the most attention from investors, with 77 out of 101 deals closed in Q1 2022. Financial services came second with 10 deals, sport and petrochemicals with 4 and 3 deals, respectively. The rest of the deals were distributed almost equally to other sectors.

In Q1 2022, the top investing countries in Saudi Arabia are the UAE with 12 deals, followed by Egypt with 11 deals, the UK with 8 deals, the US with 5 deals, then Tunisia, Jordan and Lebanon with 4 deals during the same quarter with a total of 47 deals, or 47% of the total deals.

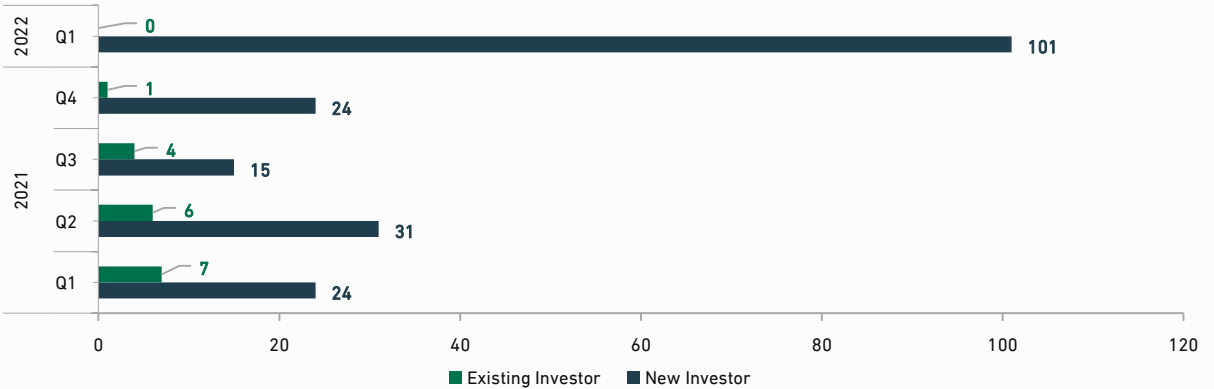


Source: MISA

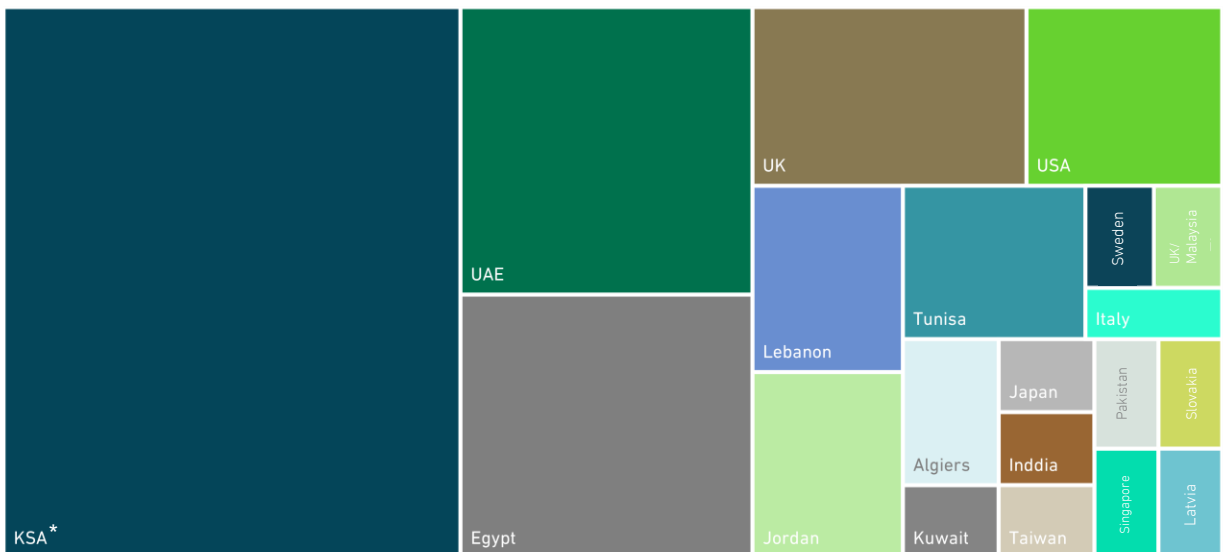
Distribution of Deals by Sector in Q1 2022



Number of Investors by Type



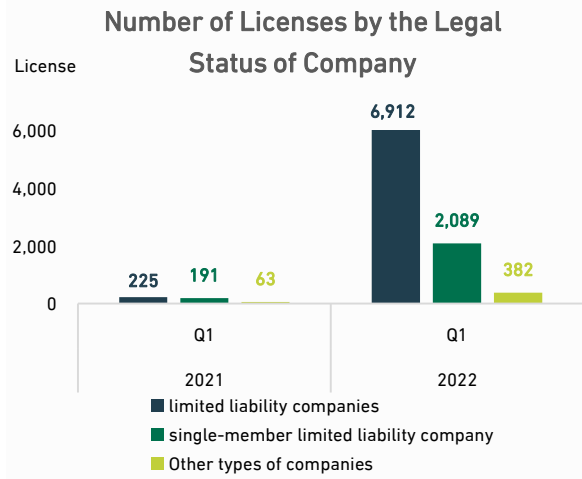
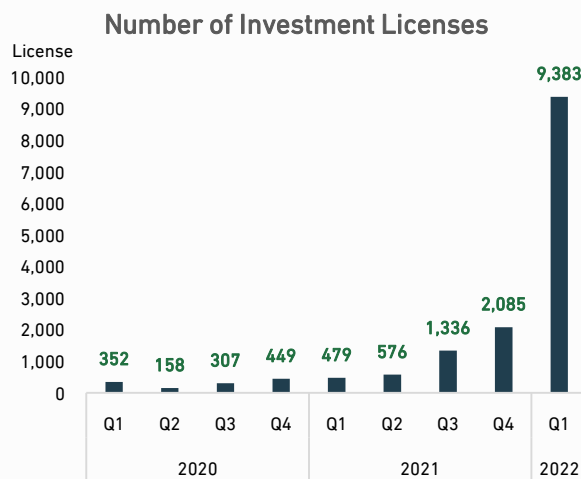
Distribution of Deals by Country in Q1 2022



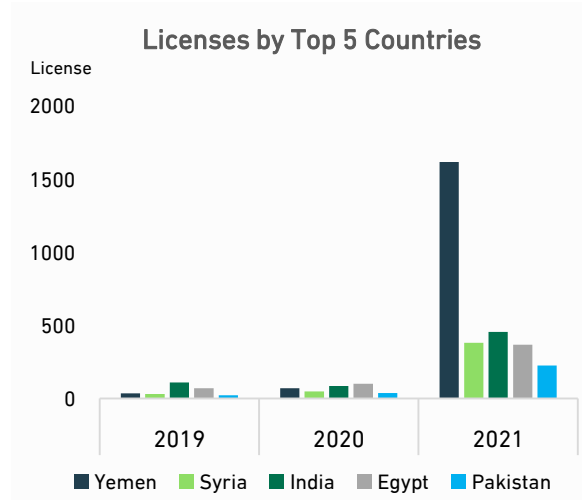
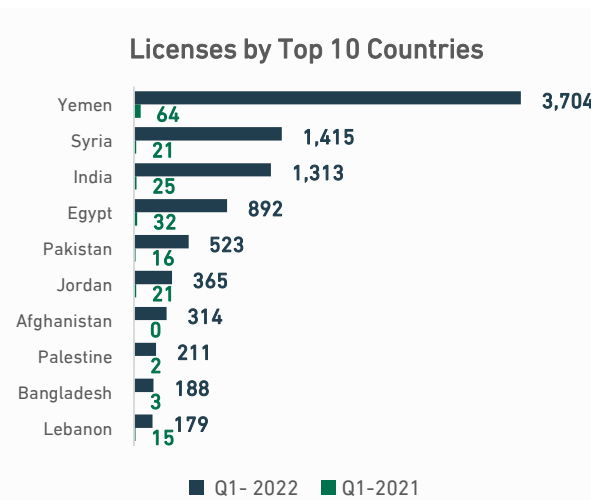
*Saudi investor
Source: MISA

4. Investments Licenses in Q1 2022

According to MISA’s data, the number of investment licenses issued recorded an increase of 1858.9%, or 9,383 licenses in Q1 2022, the highest quarterly growth rate since 2010, compared to 479 licenses in the same period last year, as a result of the efforts to promote FDI in the Kingdom, and rectify the status of the violators of the anti-concealment law, which is part of the National anti-commercial concealment program (Tasattur) launched by Ministry of Commerce, aims to combat commercial concealment with the participation of 10 government entities, including; Ministry of Investment, Ministry of Interior, Ministry of Human Resources and Social Development, Ministry of Municipal and Rural Affairs and Housing, Small & Medium Enterprises General Authority, Zakat, Tax and Customs Authority and Saudi Central Bank. MISA approved to apply the easing of the requirements for beneficiaries of the corrective period, starting from July 18, 2021. After excluding the licenses of the companies that rectified their status, the issued investment licenses amounted to nearly 1,215 recording a growth of 153.7% in Q1 2022 compared to the same period of the previous year.



With regards to the distribution of licenses by country, a share was calculated for each country participating in the ownership of the capital, Yemen had the highest number of investment licenses issued by MISA in Q1 2022, with 3,704 licenses, followed by Syria with 1,415 licenses, India with 1,313 licenses, Egypt with 892 licenses and Pakistan with 523 licenses. In 2021, Yemen had the highest number of investment licenses, with a growth rate of 2207.1%, followed by Syria and India with a growth rate of 677.6% and 434.1%, respectively, compared to 2020.



Source: MISA

Considering the legal status of the company, the percentage of licenses issued for limited liability companies recorded nearly 73.7% of total licenses. The single-member limited liability company recorded 22.3% of total of licenses, and the rest of the licenses were distributed among other types of companies at 4.1% of total licenses issued in Q1 2022.

A high number of licenses were issued for wholesale & retail, construction, manufacturing, accommodation & food, professional, scientific & technical, and transportation & storage activities. The number of new licenses issued for these activities accounted for 92.7% of the total licenses issued in Q1 2022. The wholesale & retail recorded a growth of 7611.5%, or 6,015 licenses (64.1% of the total licenses in Q1 2022).

Sector	Q1 2021	Q1 2022
Wholesale & retail trade; repair of vehicles and motor vehicles	78	6,015
Construction	78	1,112
Manufacturing	111	670
Accommodation and food service activities	32	567
Professional, scientific and technical activities	60	180
Transportation and storage	9	158
Information and communication	41	152
Administrative and support services activities	8	145
Other services	13	97
Health and social activities	13	66
Real estate activities	10	52
Water supply, sewerage activities and waste management	4	40
Education	5	35
Arts, entertainment and recreation	3	30
Agriculture, forestry and fishing	4	28
Electricity, gas, steam and air conditioning	2	16
Mining and quarrying	4	10
Financial and insurance activities	4	9
Public administration and defense	0	1

Source: MISA

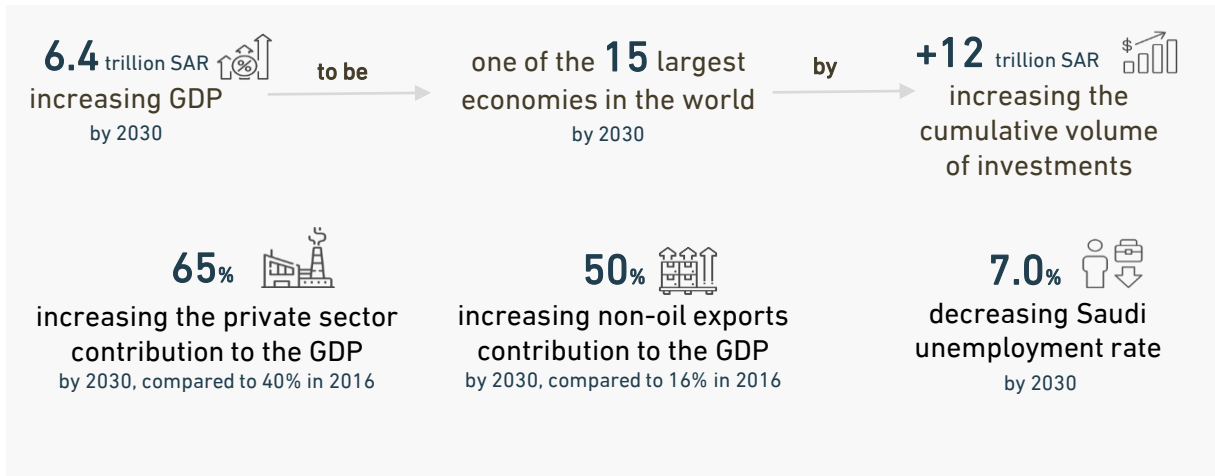


Construction registered 1,112 new licenses, a growth of 1325.6% (11.9% of the total licenses in Q1 2022). Manufacturing recorded 670 new licenses, a growth of 503.6% (7.1% of the total licenses in Q1 2022), compared to the same period last year.

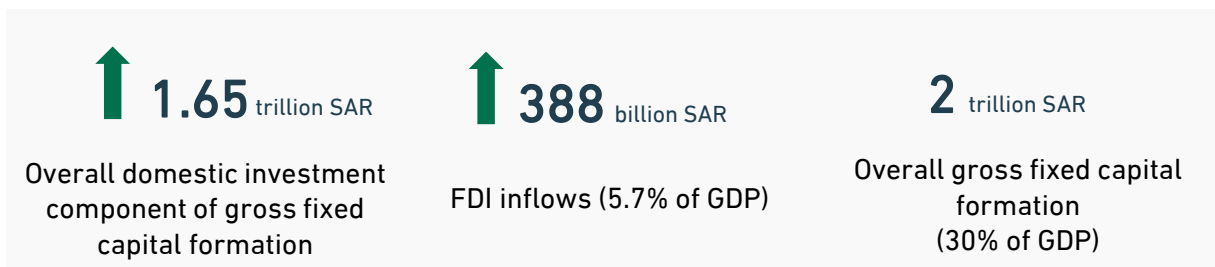
Accommodation and food achieved 567 licenses, a growth of 1671.9% (6.0% of the total licenses in Q1 2022), compared to the same quarter last year. Professional, scientific, and technical activities reached 180 licenses, a rise of 200% (1.9% of the total licenses in Q1 2022), compared to Q1 2021. Transportation and storage recorded an increase of 1655.6%, or 158 new licenses (1.7% of total licenses issued in Q1 2022), compared to the same period last year.

III: Monitoring Investment Indicators for Saudi Arabia:

The NIS enables the goals of Vision 2030, through:



The NIS Investment Goals by 2030



Analysis of the current situation and the actual performance of the NIS investment elements in 2021



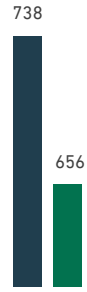
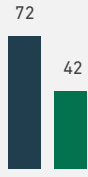
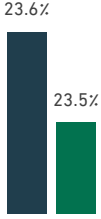
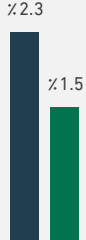
- The NIS Indicators

In 2021, the efforts to improve the investment environment, attract more foreign investments, and promote domestic investments have contributed to achieving the goals of the NIS, as follows:

- First: Achieving 112.4% of the total investment target (gross fixed capital formation) to reach SAR 737.7 billion, or 23.6% of GDP in 2021, compared to SAR 656 billion, or 23.5% of GDP, due to the growth of private sector investments by 47.4% during the same period.
- Second: Achieving 172.3% of the FDI flows target to reach SAR 72.3 billion, or 2.3% of GDP in 2021, compared to SAR 42 billion, or 1.5% of GDP.

Source: SAMA, GASTAT, MISA.

• The NIS Indicators

	Total Investments (GFCF)	FDI Inflows	Total Investments (GFCF) as % of GDP	FDI Inflows (as % of GDP)
 Target of 2021	SAR 656 billion	SAR 42 billion	23.5%	1.5%
 Actual performance of 2021	SAR 738 billion	SAR 72 billion	23.6%	2.3%
	112.4% Achieved 	172.3% Achieved 	Target exceeded 	Target exceeded 

■ Target of 2021

■ Actual performance of 2021

Source: SAMA, GASTAT, MISA

Saudi Arabia's Performance on Global Indicators

A review of Saudi Arabia ranking in a number of global indicators, which reflect the Kingdom's economic and investment performance, the most important of which are:



*IMF Estimates.

IV: The Efforts of MISA to Support Investment Environment in Saudi Arabia

Strategic and Operational Achievements

- Key operational achievements of MISA

The e-services provided to investors recorded an increase of 75.0% in Q1 2022, or 49 thousand services compared to 28 thousand in the same period of the previous year. Meanwhile, the registered complaints to the total services provided decreased by 9.8% in Q1 2022, compared to 12.5% in the same period of the previous year.

- The e-services provided to investors



- The registered complaints to the total of provided services



- Activities conducted by MISA in Q1 2022 – Events

MISA plays an essential role in promoting investment and attracting investors through organizing and participating in various events. In Q1 2022, the Ministry participated in 13 events in various fields, including 5 events organized by the Ministry.



Saudi-Korean Investment Forum

The forum was held in Riyadh on January 18, 2022 to discuss investment opportunities between the two countries.



Invest Saudi Forum

The forum was held in Dubai on February 7, 2022 to introduce investment opportunities in promising sectors, including: education, culture, tourism, sports, entertainment, communications and information technology.



Saudi-Greek Investment Forum

The forum was held in Riyadh from March 12-13, 2022 to explore investment opportunities between both countries.





Saudi-Austrian Investment Forum

The forum was held in Riyadh on March 14, 2022 to discuss investment opportunities between the two countries.



International Real Estate Exhibition (MIPIM)

It was held from March 15-18, 2022 in Cannes, France. It aims to review the strategic goals and projects of the participants, the competitive advantages and the promising opportunities in the real estate sector in the Kingdom, provide information and studies on the sector and the capabilities that the Kingdom owns in the real estate sector.



V: Key Legislation Related to Investment

The efforts of MISA focused on providing a safe and more competitive investment environment, and developing investment laws and procedures with other government entities in order to complement the legislative and regulatory structure.

➤ Key highlights of MISA's journey



▪ Regulations for the Practice of Mediation Activities in Commercial Franchise

It aims to regulate the practice of brokerage activities in the commercial franchise, in accordance with the regulations and rules of the Franchise system.

▪ Competition Law

It seeks to protect and encourage fair competition and combat and prevent monopolistic practices that affect legitimate competition or the interest of the consumer, leading to an improved market environment and economic development.

▪ Professional Companies Law

The law aims to motivate self-employed to establish professional companies and give flexibility and freedom to choose the type of companies and facilitate their financing in order to expand the growth of professional companies.

▪ Amendment of Article 3 of the Foreign Investment Act

Launching a permanent ministerial Committee for Examining Foreign Investments (CEFI) responsible for issuing the excluded activities instead of the Council. The amended Article states: "The Permanent Ministerial Committee for Examining Foreign Investments is responsible for issuing a list of the type of activities excluded from foreign investment."

▪ Executive Regulations for the Classification System for Contractors

The regulations are an interpretation and clarification of the contractors classification system which is concerned with the ease of procedures followed in classifying contractors and raising the level of transparency, which contributes to improving the quality of contractors' performance in implementation of projects owned by the concerned authorities.

▪ National Rules of Origin

The provisions of the rules of origin aim to regulate trade between the Kingdom and its trading partners. The provisions shall determine the origin of commodity imports and their eligibility to enjoy preferential tariffs under the regional and free trade agreements of which the Kingdom is a member. The rules specify in detail the conditions and requirements that must be fulfilled in order to issue the origin certificate.



▪ Draft Investment Law

This Law aims to attract direct investments, enhance the investment environment, preserve investors rights, and increase their confidence in investing in the Kingdom through facilitating entry procedures for direct investments and protecting them, equality of treatment in treatment between domestic investor and foreign investor, defining the investor's rights and obligations, supporting the principle of competitive neutrality and fairness, and ensuring equal opportunities in the treatment investments.

▪ Government Tenders and Procurement Law

aims to regulate government tenders and procurement processes and preventing them from being influenced by personal interests, in protection of public funds, and achieving its projects at fair and competitive prices. It also aims to enhance integrity, equality, competitiveness, and ensuring fair treatment of contractors; to ensure equal opportunity and transparency at every step of the government procurement process.

▪ Establishment of SMEs Bank

The Bank plays a central role in the development of micro-, small and medium enterprises through providing appropriate monetary solutions to support them and raise their contribution to the GDP of the Kingdom.

▪ Privileged Residency Permit Law

The Law aims to clarify the procedures related to privileged residency. It allows non-Saudi nationals to hold residency in the Kingdom either on a renewable one-year basis or a permanent basis with the same benefits.

VI: Saudi Initiatives to Support Investment

▪ Obtaining a Foreign Investment License from Outside the Kingdom

MISA, in cooperation with the Ministry of Foreign Affairs and the Ministry of Commerce, launched a service that allows the foreign investor to establish a business and obtain an investment license from outside the Kingdom.

▪ Establishment of a Logistics Zone with Maersk

Mawani has signed an agreement with Maersk to establish the company's first integrated logistics zone in the Middle East, which will contribute to providing an attractive investment environment in and highlighting the investment opportunities of the ports in the Kingdom.



▪ New MISA's E-Services Portal

MISA launched the redesigned E-Services portal to improve the investor's experience on April 1, 2022. The portal is now linked with "Invest Saudi" to be under one umbrella to benefit from all the services provided, discover investment opportunities and be updated with the latest developments of investment in various sectors in the Kingdom.

▪ Integrated Logistics Bonded Zone (ILBZ)

A memorandum of understanding of ILBZ has been developed between MISA and General Authority of Civil Aviation (GACA). Now MISA is working on finalizing an investment attraction plan for the zone and providing it to GACA.

▪ Investor Visa

The investor visa is now under progress to be issued electronically or upon arrival, which named as (Investor Visitor under the tourist visa) in order to find an appropriate mechanism to facilitate the speedy obtaining of visitor visas for the targeted 49 countries.

▪ Establishing Foreign businesses Online from Outside the Kingdom

MISA, in partnership with the Ministry of Foreign Affairs and Ministry of Commerce, enables foreign businesses to be established outside the Kingdom through relying on documented data exchanged by electronic linkage between 3 entities, obtaining an investment license, documenting the business's founding contract, issuing the commercial registry, and opening government agency files electronically, without requiring the customer to be physically present in the Kingdom.

▪ Opening Bank Accounts for Foreign Businesses Outside the Kingdom

MISA and SAMA are working to enable banks to open bank accounts for foreign businesses online, similar to local facilities, through two tracks: the first track is to open the bank account through the bank's website linked with the Wathiq platform, and the second track is to open the bank account through the application of Ministry of Commerce that is currently available to Saudi businesses, and to be provided to foreign businesses.

▪ Saudi Incubators & Accelerators

A national gathering of business incubators, accelerators, co-working spaces. It aims to be the first destination for local and international audiences who are interested in exploring and participating in the entrepreneurial ecosystem in the Kingdom to build an entrepreneurial community that is impactful, sustainable, and empowering.



▪ Saudi Green Initiative

The initiative will provide huge investment opportunities for the private sector, quality job opportunities for the next generation of leaders in the Kingdom and enhanced international relationships that will have a positive impact on the region and the world.

▪ The Sustainable Tourism Global Center (STGC)

The center is a multi-country, multi-stakeholder coalition established to lead, accelerate, and track the tourism industry's transition to net-zero emissions.

▪ NAFES

Launched by the Ministry of Sport, as part of the 'Quality of Life' program and under the umbrella of Vision 2030. Designed to welcome the private sector into the Saudi Sport, 'NAFES' offers a world class platform to issue licenses for private sport clubs, sport academies and centers. The platform aims to elevate the performance level of the athletes, grow the sport economy, and increase the contribution of sport to the GDP.



04 Investment Overview of the Key Promising Regions, Sectors and Projects in Saudi Arabia

Fourth Section: Investment Overview of the Key Promising Regions, Sectors and Projects in Saudi Arabia

Vision 2030 seeks to develop the Saudi economy, achieve economic diversification, and regional development, invest in promising sectors, and grow the economy through major projects. Since its launch in 2016, the Vision has sought to highlight the main strengths of each region, and direct appropriate investments towards these regions. Hence, this part of the report focuses on one region, project or promising sector at a time, for each quarter, and by exploring the main economic developments during the reporting period, as a means to review the region's key economic indicators. In this quarter, the financial sector was highlighted, due to its rapid development pace and its achievements over the past years.

I: The Financial Sector

In 2017, the Council of Economic and Development Affairs (CEDA) launched programs to realize Vision 2030. The most prominent of these programs is the Financial Sector Development Program (FSDP) that aims to develop the national economy and the remaining VRPs.



Financial Sector Development Program

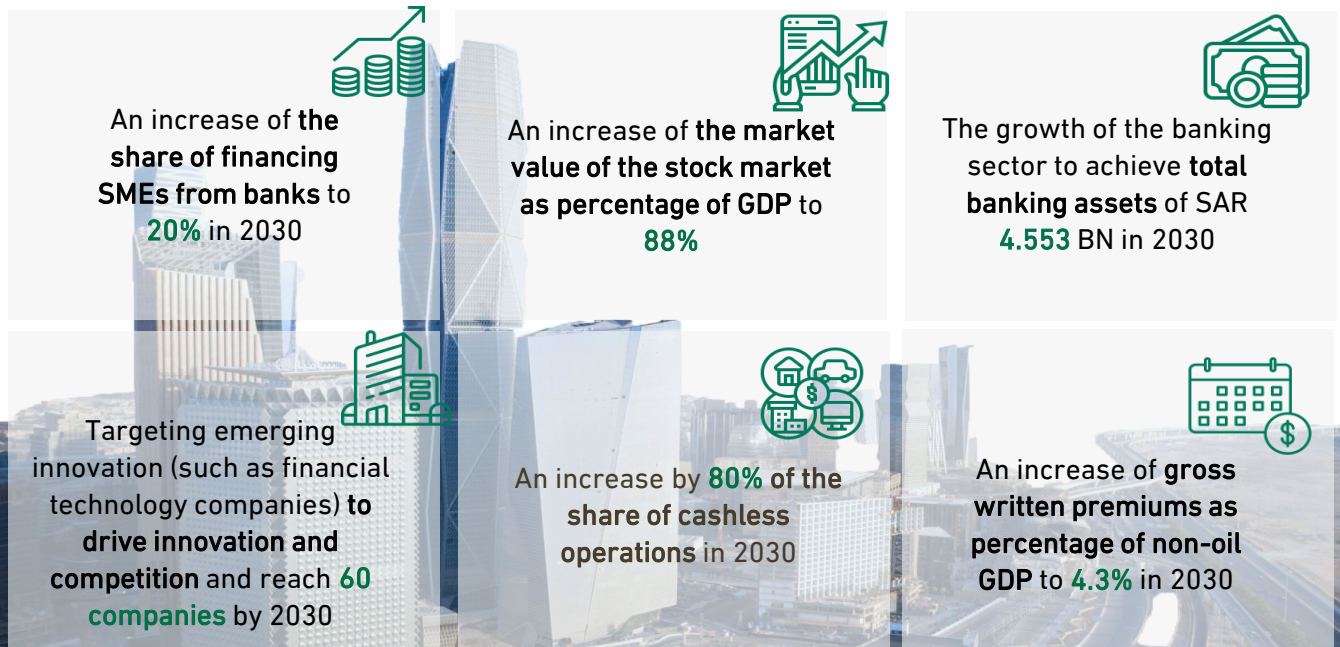
The objective of **FSDP** is to create a diversified and effective financial service to support the development of the national economy diversify its sources of income and stimulate savings, finance and investment by enabling the financial institutions and capital market of the Kingdom. Among the Vision 2030 objectives directly related to FSDP, are:



The FSDP also indirectly contributes to other (21) objectives of 2030 Vision

- Objectives of FSDP**

By 2030, FSDP is expected to grow large enough to fund Vision 2030 objectives, as well as:



Source: Financial Sector Development Program Document (Implementation Plan 2021).

II: Key Achievements of the Financial Sector in Saudi Arabia

The financial sector accomplished many achievements during the period from (2016-2020), the most outstanding achievements of which are:



- **Establishing the Financial Academy**

The Academy provides various development solutions to equip financial sector practitioners with the necessary knowledge and skills.

- **Establishing Saudi Payments Company**

The company was established to operate payments and financial settlement systems and services to enable financial institutions to support private sector growth by opening financial services to nonbanking players.

- **Saudi market joining the most important global indicators (MSCI), (Standard & Poor's) and (FTSE Russell) of emerging markets**

The joining of "Tadawul" contributed to increasing the number of qualified foreign investors registered by 2,334 in 2020 from 453 investors in 2018, which contributed to the growth of Saudi market to be among 10 of the largest markets in the world.

- **Permitting 32 Fintech companies**

SAMA has begun designing a Sandbox regulatory environment to understand and assess the impact of new technologies in the financial services market in the Kingdom to help transform it into an intelligent financial center.

- **Launching a derivative market**

The launch of the derivatives market is an important step in the development of the Saudi capital market, providing investors with a wide range of investment products and services. The index futures contracts has been developed as the first financial derivatives in Saudi capital market.

- **Creating "Fintech" Saudi**

Fintech was established with the aim of opening financial services to new types of actors in financial technology, developing funds, accelerators and incubators, and stimulating the entrepreneurial environment.

The financial sector has accomplished many achievements in 2021, in several aspects, the most prominent of which are:

- 1 Financial Technology (Fintech)
- 2 Financial Market Development
- 3 Debt Capital Market
- 4 Small and Medium Enterprises (SMEs)
- 5 Regulations in the Financial Sector
- 6 Financial Literacy

1. Financial Technology (Fintech)

- Granting licenses to two local digital banks. First, converting (STC Pay) into a local digital bank (STC Bank) to conduct banking business in the Kingdom. Second, a number of companies and investors will establish a local digital bank to conduct banking business.
- Launching the instant payments system "Sarie" to promote the national payments' ecosystem and to enhance its infrastructure, aiming to achieve financial inclusion.
- The share of electronic payments in the retail has exceeded 57% of total transactions conducted in 2021, surpassing the 55% target set out by the FSDP.
- The number of POS terminals in the Kingdom exceeded one million, hence reflecting the increase in both consumers and merchants' trust in relying on digital payment methods for their daily transactions.
- The Kingdom achieves the highest adoption rate of contactless payments through Near-Field Communication (NFC) with 94%, the highest in the Middle East and North Africa, above of the European Union average, and ahead of Hong Kong and Canada.
- Granting licenses to 5 Fintech companies in 2021 by SAMA, raising the number companies licensed to 18. This step stems from promoting the development of the financial technology sector by allowing entry of new activities, to support the sector and attract new segment of investors.
- Permitting 34 Fintech companies to operate in the Regulatory Sandbox of SAMA, to provide innovative solution, such as savings solutions for individuals and buy now pay later service.
- SAMA receives the Global Impact Award for its outstanding efforts in the financial technologies in 2021.

STC Bank

Converting STC Pay into a local digital bank

57%

The growth of electronic payments share in the retail sector in 2021

Global Impact Award

Received by SAMA in 2021

2. Financial Market Development

- Offering and listing of 20 companies in the capital market in 2021, including 8 companies that were directly listed in the parallel market (Nomu),
- The Saudi Tadawul Group signed MoU with Swiss Stock Exchange
- "Edaa", the Securities Depository Center Company announced the activation of the linkage with "Clear stream", the post-trading services provider for the German Stock Exchange, to offer international investors access to the Saudi capital market.
- Launching the "Financial Sector Conference Talks" to discuss financial issues, current and future changes, and challenges.

3. Debt Capital Market

- Listing Government Debt Instruments in Saudi Stock Exchange with a total value of SAR 108 billion in 2021.
- During 2021, the sovereign debt portfolio increased by approximately SAR 85 billion to reach SAR 938 billion
- The completion of the 2021 borrowing plan, with total financing of SAR 125 billion. Total domestic issuances reached to 60.5%, while total international activities reached 39.5%.
- Issuance of sovereign bonds worth 1.5 billion euros at a negative yield.
- The National Debt Management Center (NDMC) completed the second early repurchasing transaction of domestic securities maturing during 2022, with a value exceeded SAR 33.5 billion.
- NDMC was awarded for the second time in a row as the "Most Impressive Emerging Market Issuer" and the "Most Impressive Middle East Sovereign Issuer" rewards at the 2021 Global Capital Bond Awards.
- Moody's revises Saudi Arabia's outlook from Negative to Stable and while affirming credit rating at "A1". "Fitch" also affirmed Saudi credit rating to "A" and revised the outlook to Stable from Negative.
- Saudi Arabian government Sukuk is joining the FTSE Emerging Markets Government Bond Index.

20

Companies

Offered and listed
in the capital
market in 2021

108

BN SAR

Listing Government
Debt Instruments in
Saudi Stock
Exchange in 2021

938

BN SAR

Sovereign debt
portfolio size in
2021

A1

Saudi credit
rating by Moody's

A

Saudi credit
rating by Fitch

4. Small and Medium Enterprises (SMEs)

- The implementation of investments with a value of SAR 2.5 billion in Saudi startups, a growth rate of 270% in 2021 compared to 2020. The number of deals in Saudi startups grew by 54% with a total deals of 139 compared to 2020.
- The Kingdom advanced to the second rank among Middle East and North African countries in terms of the total value of venture capital, accounting for 21% of the total investment value in the region. The number of investors in Saudi startups reached 76, with a growth rate of 52% in 2021 on an annual basis.
- The Kingdom's ranking advanced in the global competitiveness indicators, as the Kingdom ranked 12th in the index of Venture Capital Availability
- 2,164 SMEs benefited from the indirect lending initiative, which contributed to reducing the average funding rates to 8.4% in 2021.
- The "Kafala" program issued guarantees amounting to SAR 10.2 billion, or about 5,546 establishments

5. Regulations in the Financial Sector

- SAMA announces the extension of Deferred Payment Program for another year, to support micro, small and medium enterprises (MSMEs) that are still affected by Covid-19.
- SAMA issued the "Open Banking Policy", which will enable bank customers to manage their bank accounts and share data securely.
- The issuance of the rules for practicing debt crowdfunding activities, which aim to regulate the provisions for licensing such types of companies and to regulate its conduct of activities.
- The approval of Payments Law and its Services. The provisions of the law will enable SAMA to exercise its supervisory oversight of the payments sector in the Kingdom in accordance with the international best practices.
- SAMA has issued the information technology governance framework for a number of financial institutions operating in the Kingdom, which seeks to effectively identify and address potential IT risks and threats.
- Capital Market Authority (CMA) worked to implement a set of projects that are related to the market's regulations and rules. Such as the amendments to the Market Conduct Regulations. In addition to implementing new regulations and rules, such as the Regulation on the reporting of violations of the capital market.
- CMA has allowed the capital market institutions to accept the subscriptions of non-Saudis to invest in real estate funds within the boundaries of Makkah and Madinah.

6. Financial Literacy:

- As part of the financial literacy achievements, SAMA launches "Malee" app to promote awareness and financial empowerment for children.

Source: FSDP Annual Report 2021

2.5
BN SAR

Investments in
Saudi startups in
2021

2nd

in Venture
Capital

Among Middle East
and North African
countries

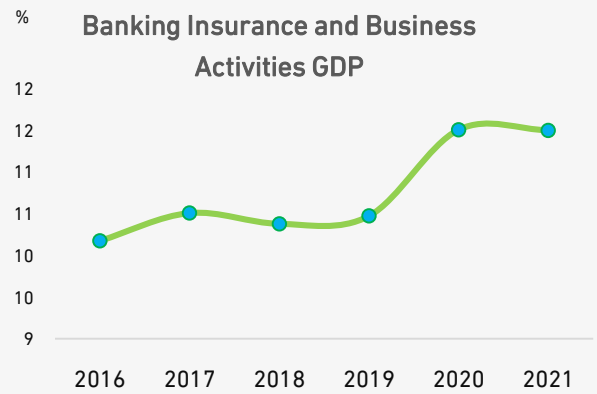
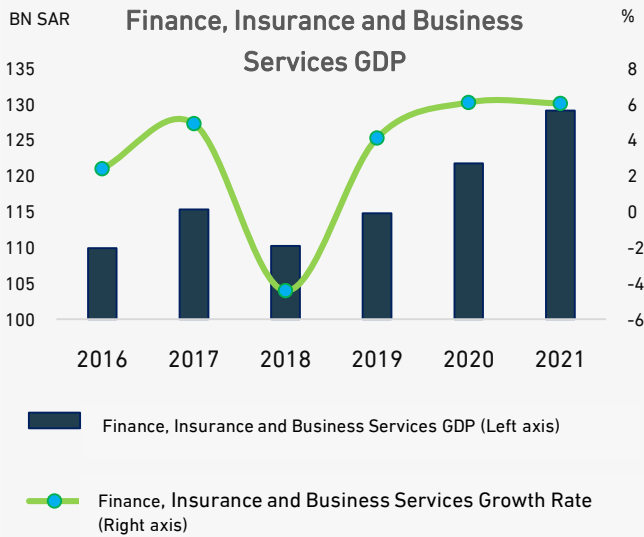
12th in

Venture Capital
Availability Index

The Kingdom's
ranking advanced in
the global
competitiveness
indicators in 2021

III: Finance, Insurance and Business Services GDP

A review of the finance, insurance and business services its contribution to non-oil GDP (2016-2021)



- Since the launch of Vision 2030 in 2016, finance, insurance and business services witnessed a growth due to the high demand for activity products, especially bank financing and credit. However, the rate contracted to 4.4% in 2018 as a result to the drop in oil prices during the period. Hence, since the beginning of 2019, the rate increased to 6.0% in 2021.
- The contribution of finance, insurance, and business services to non-oil GDP recorded a growth of 11.5% in 2021, compared to 10.2% since the launch of Vision 2030 in 2016.

Source: GASTAT



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