



وزارة الاستثمار  
Ministry of Investment

استثمر في السعودية  
INVEST  
SAUDI



# ECONOMIC AND INVESTMENT MONITOR, SAUDI ARABIA

Q2 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



"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 (1/2)

- In the World Economic Outlook (WEO), July 2022, the International Monetary Fund (IMF) recorded global growth of 6.1% in 2021, and projected global investment as percent of global GDP to reach 27.3% and 27.6% in 2022 and 2023, respectively, an increase compared to 26.8% in 2021.
- The IMF also projected Saudi Arabia to record the highest GDP growth among the G20 countries, and 10th in the world in 2022, with an average growth rate of 7.6% in 2022 and 3.7% in 2023, whereas the inflation rate would decrease in advanced economies to 6.6% in 2022 and 2.5% in 2023.
- According to the flash estimates by the General Authority for Statistics (GASTAT), real GDP increased at a growth rate of 11.8% in Q2 2022 compared to the same quarter last year, driven by the significant increase in oil activities by 23.1%, the non-oil activities increased by 5.4%.
- Points of sale (PoS) transactions and SADAD payments increased by 16.6% and 17.1%, respectively, in Q2 2022 compared to the same quarter last year, while cash withdraws decreased by 7.5%, due to the shift in consumer behavior from cash towards digital payments.
- Saudi unemployment rate decreased to 10.1% in Q1 2022, compared to 11.0% in the previous quarter, the lowest level in ten years.
- Money supply recorded an increase of 8.9% in Q2 2022, compared to the same quarter last year, driven by growth in time and savings deposits by 22.2% and other quasi-monetary deposits by 18.6%.
- Inflation rate recorded 2.3% in Q2 2022, on an annual basis, due to increase in education prices by 6.2%, followed by food & beverages prices by 4.3%, influenced by the increase of food prices by 4.7%.
- Tadawul All Share Index (TASI) increased by 4.9% in Q2 2022, compared to the same quarter last year. The parallel market (NOMU), on the other hand, decreased by 5.9% for the same period.
- The current account on the balance of payments recorded a surplus of SAR 140.3 billion or 14.8% of nominal GDP in Q1 2022, compared to deficit of SAR 0.6 billion for the same period last year.
- In Q1 2022, merchandise exports increased by 72.7% compared to the same quarter last year, due to the rise in oil exports achieving SAR 133.6 billion. Imports, also, increased by 12.5% compared to the same quarter last year.

## Executive Summary (2/2)

- In Q2 2022, government revenues increased by 49.3%, compared to the same period last year, driven by oil revenue. The government expenditures, on the other hand, increased by 15.7% in the same period. Surplus recorded SAR 77.9 billion, while public debt reached SAR 966.5 billion.
- The FDI net inflows into Saudi Arabia recorded SAR 7.4 billion in Q1 2022, an increase of 9.5% compared to the same quarter last year.
- According to MISA data, issued investment licenses recorded an increase of 673.4% in Q2 2022, compared to the same quarter last year.
- The number of closed investment deals increased to 49 deals in Q2 2022, with total investment estimated at SAR 3.5 billion.
- The efforts to improve the investment environment, attract foreign investments and enhance local investments have contributed to achieving the objectives of the NIS in 2021, by reaching 112.4% of the total investment target, and 172.3% of the FDI inflows target in 2021.
- Saudi Arabia has achieved advanced positions in several global indicators in 2022, as it ranked first in the Consumer Confidence Index, fifth in the Edelman Confidence Index and twenty four in the Global Competitiveness ranking.
- In Q2 2022, MISA has organized and participated, in cooperation with other government entities, in more than 15 events in different areas to promote investment and attract investors. E-services provided to investors recorded an increase by 50.2%, or 42,000 services for the same period.
- The environmental 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 towards achieving environmental sustainability as it is at the heart of Saudi Vision 2030. In 2021, there has been many key achievements in this sector, one of which was establishing a Net-Zero Producers Forum between Saudi Arabia and four other countries representing together 40% of the world's oil and gas production. The section also reviewed the major projects and initiatives since the launch of Vision 2030, including: the Green Saudi Initiative, the Green Riyadh, and the Middle East Green Initiative.



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# 01

## GLOBAL ECONOMY



## First: Global Economy

### I: Economic Growth

In the World Economic Outlook report (WEO), July 2022, the International Monetary Fund (IMF) recorded global growth of 6.1% in 2021, and projected a growth of 3.2% in 2022 and 2.9% in 2023. Additionally, the IMF's data record a growth of 5.2% in the advanced economies in 2021 and expected to reach 2.5% and 1.4% in 2022 and 2023, respectively. Moreover, emerging market and developing economies grew by 6.8% in 2021 and are expected to grow by 3.6% and 3.9% in 2022 and 2023 respectively.

In the July update, the global growth forecast revised down by 0.4 percentage point for 2022 and 0.7 percentage point for 2023 than in the April update due to global conditions and developments. The Russia-Ukraine war, which contributed to the rise in inflation rates, particularly food and energy prices, and the Federal Reserve's tight monetary policy are the main reasons for the downward revision of the IMF's global growth forecast.

The forecast for the advanced economies, in the July 2022 update, are 0.8 percentage point lower for 2022 than in the January 2022 WEO, and 1.0 percentage point lower for 2023. Similarly, emerging market and developing economies growth forecast revised down by 0.2 and 0.5 percentage point for 2022 and 2023, respectively, compared to the January 2022 update.

The inflation rate is projected to increase to 6.6% in advanced economies and 9.5% in emerging market and developing economies in 2022. However, the IMF estimated global investment as percent of GDP to reach 27.3% and 27.6% of global GDP in 2022 and 2023, respectively.

GROWTH RATE (REAL GDP, ANNUAL PERCENT CHANGE)	Full Year 2020	2021 Q1	2021 Q2	2021 Q3	2021 Q4	Full Year 2021	2022 Q1	2022 Q2	2022*	2023*
Global Economy	-3.1	-	-	-	4.4	6.1	-	-	3.2	2.9
Advanced Economies	-4.5	-	-	-	4.7	5.2	-	-	2.5	1.4
Emerging market and Developing Economies	-2.0	-	-	-	4.0	6.8	-	-	3.6	3.9
Saudi Arabia	-4.1	-2.6	1.9	7.0	6.7	3.2	9.9	11.8**	7.6	3.7
United State	-3.4	0.5	12.2	4.9	5.5	5.7	3.5	-0.9	2.3	1.0
China	2.2	18.3	7.9	4.9	3.5	8.1	4.8	0.4	3.3	4.6
Japan	-4.5	-2.1	2.4	-2.7	0.4	1.7	0.2	3.2	1.7	1.7
India	-6.6	-7.3	8.4	5.4	4.1	8.7	-	-	7.4	6.1
Euro area	-6.3	-0.1	2.1	2.3	0.4	5.4	0.5	-	2.6	1.2

Source: IMF (WEO January 2022 - July 2022), GASTAT, official statistical offices of countries

\*Estimates

\*\*The flash estimate for Q2

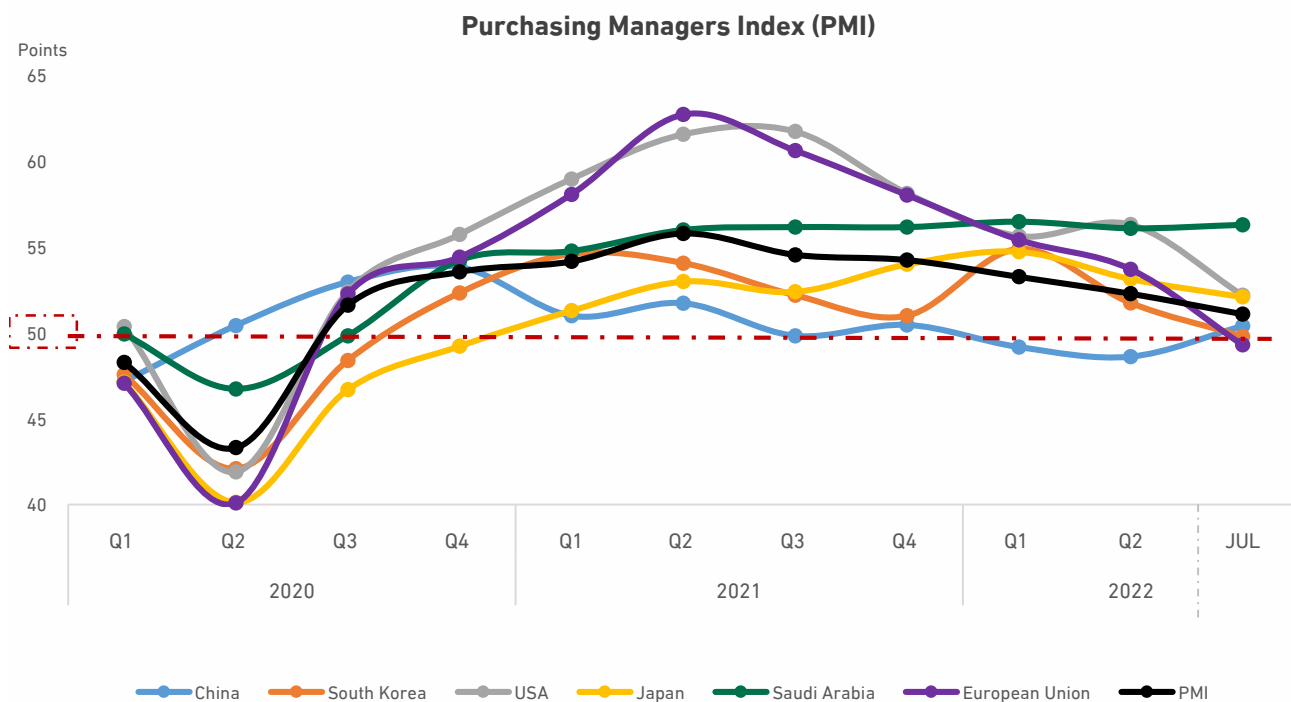
INDICATOR (%)	Full Year 2020	Full Year 2021	2022*	2023*
<b>Inflation rate</b>				
Advanced Economies	0.7	3.1	6.6	2.5
Emerging Market and Developing Economies	5.2	5.9	9.5	6.5
<b>Investment (as % of GDP)</b>	26.4	26.7	27.3	27.6

Source: IMF (WEO January 2022 - July 2022), GASTAT, official statistical offices of countries  
\*Estimates

The global industrial production for Q2 2022 recorded an average of 52.3 points compared to an average of 55.8 points in the same quarter last year. In July 2022, the Purchasing Managers' Index (PMI) decreased significantly by 7.8%, on an annual basis, to reach 51.1 points compared to 55.4 points in the same month last year.

In July 2022, the PMI for Saudi Arabia and China has increased by 0.9% and 0.2%, respectively, compared to the same month last year, while in European Union, the United States, South Korea, and Japan has decreased by 21.2%, 17.7%, 6.0% and 1.7%, respectively, compared to the same month last year.

In Q2 2022, the data for China, South Korea, the United States and the European Union show a decrease in the PMI, compared to the same quarter last year, while the PMI for Saudi Arabia, and Japan, on the other hand, has increased in the same period.



Source: IHS Markit  
- - - >50 = improvements since previous month

## II: Oil Market

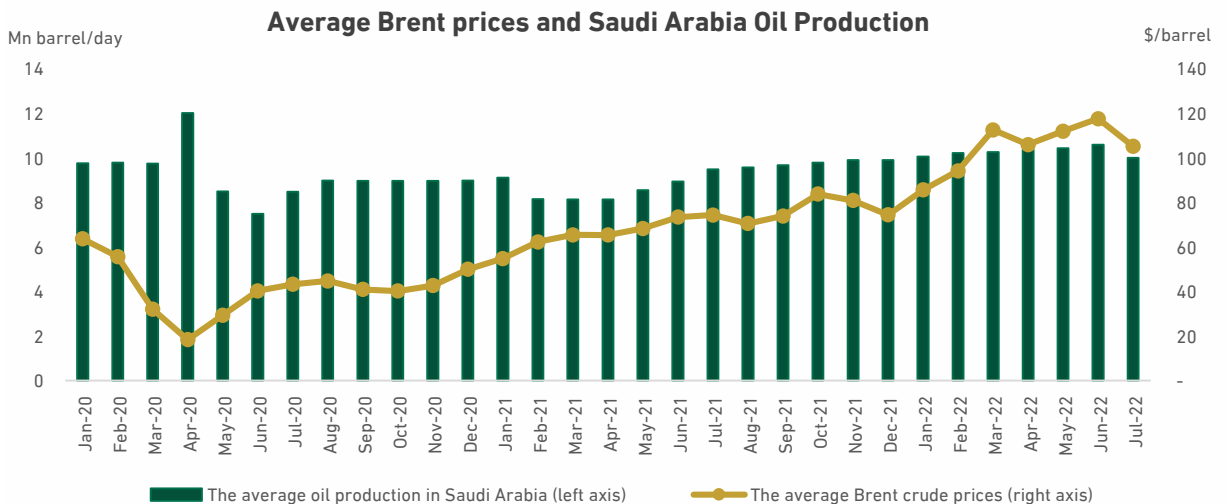
Since January 2022, oil market witnessed continuous fluctuations and noticeable increase in prices, amid growing global fears of economic recession and shortage in global supplies. In June 2022, the price of Brent crude recorded the highest price in nine years, reaching \$117.5 per barrel. This is mainly due to the increasing global demand for oil and natural gas and the geopolitical situation of the Russia-Ukraine war, which raised concerns about global supply tightness.

The Organization of Petroleum Exporting Countries (OPEC) report shows an increase by 22.5% in the average oil production for Saudi Arabia in Q2 2022, to record an average total production of 10.5 million barrels per day. The Brent crude average price recorded an increase of 62.0% to reach \$111.8 per barrel for the same period.

In the first half of 2022, Saudi Arabia average oil production increased by 21.4%.

compared to the same period last year, while Brent crude average price recorded an increase of 61.1%, compared to the same period last year. In June 2022, the average production increased by 18.6% to reach 10.6 million barrels per day compared to the same month last year. The Brent crude average price increased by 60.1% to reach \$117.5 per barrel for the same period.

The WEO, June 2022, shows a historical rise in a number of commodity prices, which was attributed to major disruptions in global supply chains following the impact of 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 energy prices to rise by 52% in 2022, on an annual basis.



Source: International Energy Agency (IEA), OPEC



# 02

## SAUDI ECONOMY



## Second: Saudi Economy

### I: Saudi Economy Forecast

In the past two years, the kingdom has taken several preventive and precautionary measures to control and limit the spread of “Covid-19”. Economic activity in Saudi Arabia is picking up strongly, supported by higher oil prices and improved performance of non-oil sectors, despite the challenges the world is facing, including monkeypox and the Russian-Ukrainian war which produces cascading effects in the global economy, such as reductions in gas supply to Europe countries, sanctions imposed on Russia. In addition to the rising inflation and commodities price of wheat, corn etc.

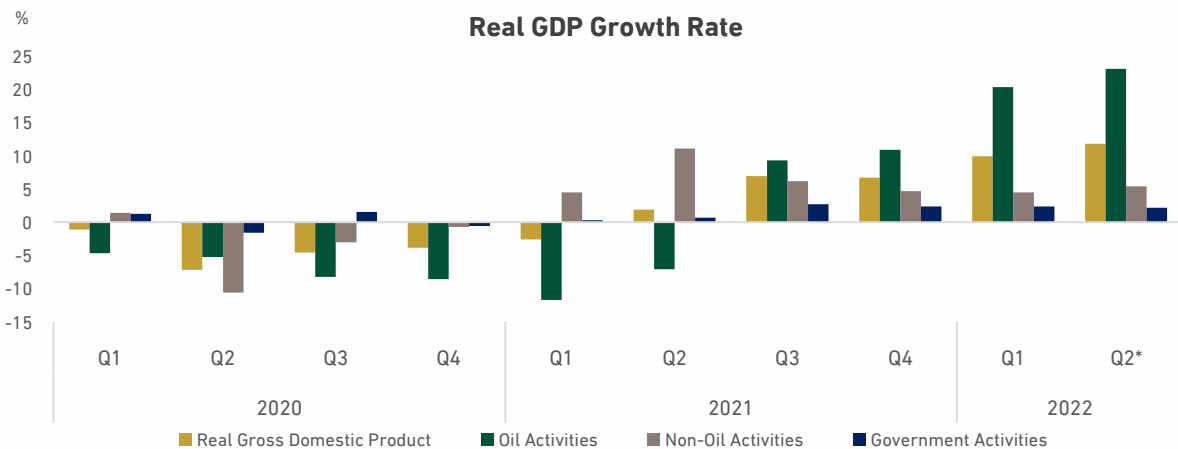
According to the Budget Statement for FY 2022, the private sector is expected to grow rapidly, due to the domestic economic developments. Accordingly, preliminary estimates of 2022 indicate a growth of 7.4% in the real GDP driven by the rise in oil GDP, which is tied to the OPEC+ agreement. In addition, the non-oil GDP is expected to improve through the implementation of projects and ambitious programs to diversify the economy and support the private sector.

The IMF estimated Saudi real GDP growth to reach 7.6% in 2022 and 3.7% in 2023. While estimated an increase in inflation rate to reach 2.5% in 2022 and 2.0% in 2023.

### II: Saudi Economy Performance

#### 1. Real Sector

According to the flash estimates of General Authority for Statistics (GASTAT) for Q2 2022, the real GDP increased by 11.8% compared to the same period last year, achieving the highest growth rate since 2011, as a result of the significant increase in oil and non-oil activities\*\* by 23.1% and 5.4%, respectively, compared to the same period last year. The increase in oil activities is due to the gradual increase in oil production related to the OPEC+ agreement in line with the growing global demand for oil.



Source: GASTAT  
\* Flash estimates

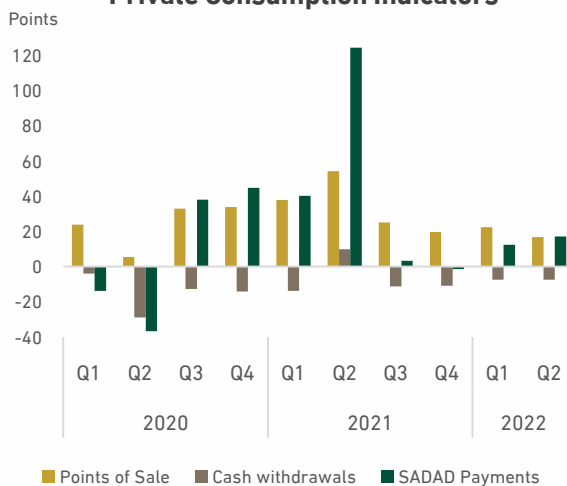
\*\*The terms “oil activities, non-oil activities and government activities” are used based on the new classification of the GASTAT, issued on 14 December 2021 (instead of institutional sectors)

According to the Saudi Central Bank (SAMA) data for June 2022, the leading consumption indicators recorded remarkable growth rates in Q2 2022, as the Points of Sale (PoS) and SADAD payments increased by 16.6% and 17.1%, respectively, compared to the same quarter last year. The cash withdrawals, on the other hand, decreased by 7.5% in the same period; due to the shift in consumer behavior from cash transactions to electronic payments methods, as the number of (PoS) transactions increased by 41.7%.

In H1 2022, (PoS) transactions and SADAD payments increased by 19.3% and 14.8%, respectively, compared to H1 2021. Whilst Cash withdrawals, decreased by 7.5% during the same period.

In June 2022, (PoS) transactions and SADAD payments increased by 18.8% and 16.8%, respectively, compared to the same month last year. Cash withdrawals also increased by 1.0% in the same period.

### Private Consumption Indicators



Source: SAMA

Private investment indicators showed recovery in Q2 2022, as the average PMI registered a slight increase of 0.2% to reach 56.1 points, compared to 56.0 points in Q2 2021.

In H1 2022, the average PMI grew by 0.7% to reach 55.8 points compared to H1 2021. In July 2022, the PMI recorded increased by 0.9% reaching 56.3 points, compared to the same month last year.

According to GASTAT, the Industrial Production Index (IPI) rose by 23.8% in Q2 2022 compared to the same quarter last year, which was mainly attributed to the higher production in mining and quarrying activity by 23.3% (74.5% of the index weight), the rise in mining and quarrying activity was attributed to the increase in oil production during the period.

Similarly, manufacturing increased by 27.7% and electricity supply by 9.0% during the same period which affected the growth of the IPI.

In H1 2022, the IPI increased by 21.5% compared to the same period of the previous year. In June 2022, the IPI also increased by 20.8%, due to the higher production in mining and quarrying activity and manufacturing by 19.2% and 29.3%, respectively, on an annual basis.

Cement sales decreased by 6.4% in Q2 2022, compared to the same quarter last year, reaching 11 million tons, due to the decrease in construction activities, as a result of the increase in the building materials prices and also in conjunction with the beginning of the holy month of Ramadan in Q2 2022, as the cement sales increased by 2.9% in June 2022 compared to the same month last year. The total cement sales in H1 2022 decreased by 8.5% to reach 25.2 million tons.

In Q2 2022, the real estate price index (RPI) increased by 0.7% compared to the same quarter last year, affected by the increase in land plots prices by 2.0%. Furthermore, In H1 2022, the (RPI) increased by 0.6%, compared to H1 2021, driven by an increase of 1.9% in land plots prices

### 1.1 Labor Market

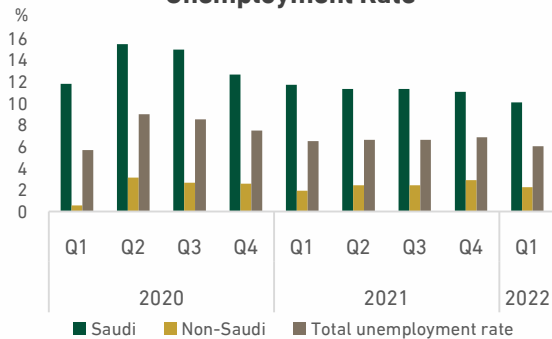
Based on GASTAT Labor Force Survey, the total unemployment rate decreased to 6.0% in Q1 2022 compared to 6.9% in Q4 2021.

Unemployment rate among Saudis decreased to 10.1% compared to 11.0% in Q4 2021. Likewise, unemployment rate among non-Saudis decreased to 2.2% in Q1 2022 compared to 2.9% in Q4 2021.

The labor force participation rate for Saudi and non-Saudi population decreased, reaching 60.4% in Q1 2022, compared to 61.5% in Q4 2021. Among Saudi females, the labor force participation decreased in Q1 2022, reaching 33.6% compared to 35.6% in Q4 2021.

Similarly, the Saudi males participation rate decreased to 66.0% in Q1 2022, compared to 66.8% in Q4 2021.

**Unemployment Rate**



Source: GASTAT

## 2. Monetary Sector

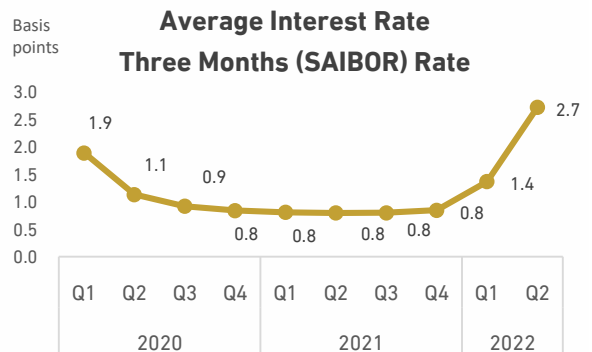
### 2.1 Money Supply and reserve assets

According to SAMA data, money supply increased by 8.9% in Q2 2022 compared to the same quarter last year, driven by the increase of time and savings deposits by 22.0% as a result of the growth of time and savings deposits for companies and individuals by 20.3%, and government authorities by 23.7%. Other quasi-monetary deposits also grew by 18.6% as a result of the growth of other quasi-monetary deposits for companies and individuals by 39.6%. Reserve assets recorded also increased by 4.2% in Q2 2022, due to the increase in foreign exchange and deposits abroad by 6.1% .

### 2.2 Interest Rates

The average interbank interest rate SAIBOR in Q2 2022 closed at 2.71 basis points, increased by 1.9 basis points compared to Q2 2021. Moreover, REPO rate rose by 2.25 basis points, and the Reverse REPO rate by 1.75 basis points during the same period, due to the raise in interest rate to 1.75 basis points by the U.S. Federal Reserve during the same period.

However, the lending rate in the Kingdom is still increasing, as the government credit increased by 10.6% in Q2 2022 compared to the same period last year. Credit to the private sector also increased by 14.8%. Likewise, commercial real estate loans increased by 27.6% in Q1 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)) increased by 2.3% in Q2 2022 compared to the same quarter last year. This was attributed to a rise in food & beverages prices by 4.3%, influenced by the increase of food prices by 4.7%. This, in turn was affected by the increasing prices of dairy products and eggs by 12.4%. Followed by transportation prices by 3.7%. In June 2022, the CPI grew by 2.3% compared to the same month last year, due to increase in the prices of food & beverages and transport by 4.4% and 2.5%, respectively. In H1 2022, the Average CPI grew by 1.9%, driven by an increase of 3.4% in the food and beverages prices in the same period.

### 3. Capital Market

Tadawul All Share Index (TASI) closed at 11,523.2 points in the end of Q2 2022, recording a rise of 4.9% compared to the same period last year. The total value of the traded shares amounted to SAR 495 billion in the end of Q2 2022, a decrease of 22.9% compared to the same quarter last year.

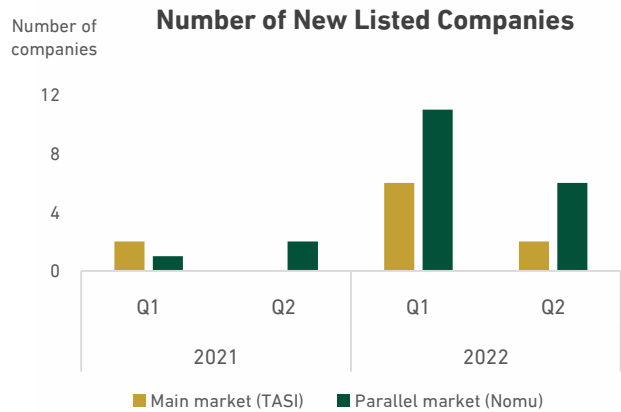
Moreover, the main Saudi market index, closed at 12,199.1 points in the end of July 2022, recording a rise of 10.8% compared to the same period last year. The total value of the traded shares amounted to SAR 95 billion in the end of July, a decrease of 34.0% compared to the same period last year.

The Parallel Market Index (NOMU) closed at 21,585.1 points in the end of Q2 2022, decreased by 5.9% compared to the same quarter last year. The total value of traded shares amounted to SAR 2.0 billion, recording a decrease of 4.0% compared to the same quarter last year.

In the end of July 2022, the Parallel Market Index (NOMU) closed at 21,391.6 points decreased by 13.3% compared to the same month last year. The total value of traded shares amounted to SAR 425 million, recording a decrease of 4.0% compared to the same month last year.

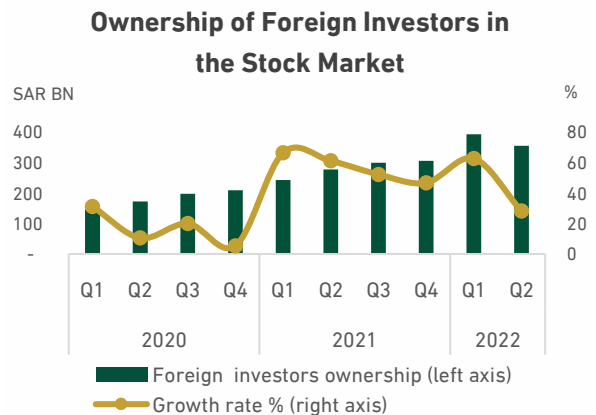
The total number of companies whose listing have been approved in Q2 2022 increased to 8 companies from two companies in Q2 2021. In the main market (TASI), two companies were listed in Q2 2022 against zero listing approvals in the same period of the previous year. In the parallel market (NOMU), however, the companies listed amounted to 6 companies in Q2 2022 compared to 2 companies in Q2 2021.

Saudi Exchange (Tadawul) data shows an increase in the Saudi investor's ownership in the stock market by 17.4% in the end of Q2 2022 compared to the same quarter last year.



Source: Tadawul

Similarly, the foreign investors ownership increased by 28.1% for the same period, while the GCC investors ownership recorded a slight increase of 0.3% in Q2 2022, on an annual basis.



Source: Tadawul

### 4. External Sector (Balance of Payments)

According to SAMA balance of payments in Q1 2022, the current account recorded a surplus of SAR 140.3 billion, or 14.8% of the nominal GDP, compared to a deficit of SAR 0.6 billion for the same quarter last year, attributed to the improvement in oil and non-oil exports.

The GASTAT's international trade data for Q1 2022 shows a recovery in non-oil exports, as the trade balance recorded a surplus of SAR 202.5 billion in Q1 2022 compared to a surplus of SAR 68.6 billion for the same quarter last year.



Merchandise exports rose by 72.7% to record SAR 359 billion in Q1 2022, compared to SAR 208 billion for the same quarter last year. This increase originated mainly from oil exports, due to the Kingdom's compliance with the OPEC+ agreement to increase output gradually, yet the prices increase due to the Russia-Ukraine war which caused the biggest impact in this respect. As a result, oil export registered SAR 281 billion, an increase of SAR 133.6 billion in Q1 2022, compared to the same period last year.

Furthermore, In Q1 2022, non-oil exports also recorded an increase of 29.4%, reaching around SAR 78 billion, compared to SAR 60 billion in the same period.

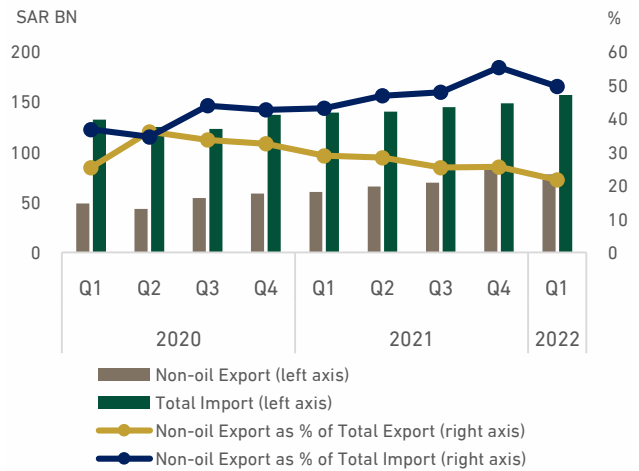
Imports, similarly, recorded SAR 156.7 billion, an increase of 12.5% in Q1 2022, compared to SAR 139.4 billion in the same period last year. The share of non-oil export to total imports was 49.6% during the same period.

In May 2022, the trade balance recorded a surplus of SAR 90.3 billion compared to SAR 34.4 billion in the same period last year. This rise is attributed to the significant increase in exports due to the improved oil demand and its increased prices, and the growth of oil and non-oil exports.

The merchandise exports also recorded an increase of 83.4% to reach SAR 144.1 billion in May 2022, compared to SAR 53.9 billion for the same period last year; this rise is due to the increase in oil exports by 105.5%, reaching SAR 116.2 achieving an increase of SAR 59.7 billion over the previous year. Moreover, non-oil exports increased by 26.7%, reaching SAR 27.9 billion compared to SAR 22.0 billion in the same period previous year.

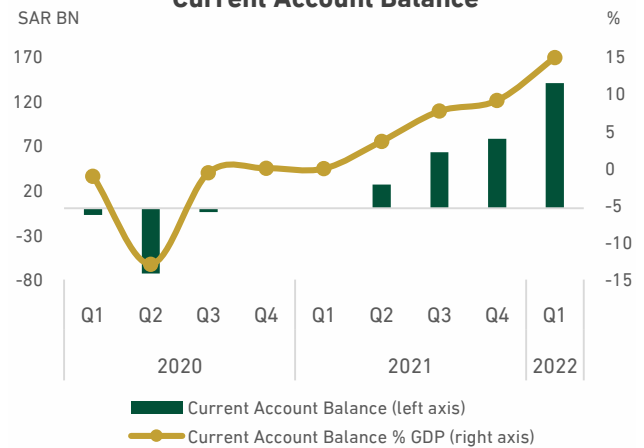
Imports, similarly, recorded an increase of 21.8%, reaching SAR 53.9 billion in May 2022, compared to SAR 44.2 billion in May 2021. Whilst, the share of non-oil export to total imports was 51.8% during the same period.

### Non-oil Exports and Imports

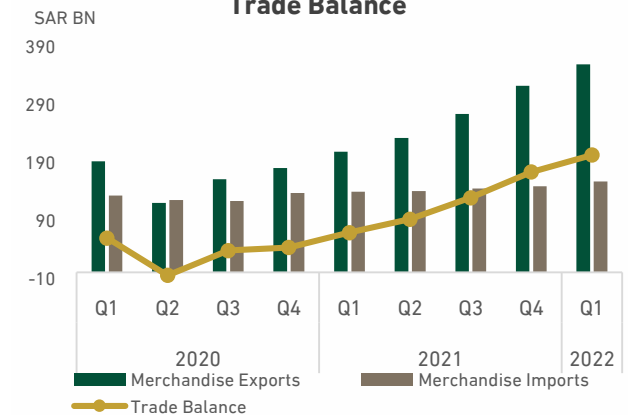


Source: GASTAT

### Current Account Balance



### Trade Balance



Source: GASTAT

## 5. Fiscal Performance

### 5.1 Revenues

According to the Quarterly Budget Performance report issued by Ministry of Finance (MoF), the total government revenues grew by 49.3% recording SAR 370.4 billion in Q2 2022 compared to the same quarter last year. This growth was attributed to a rise in oil revenues by 89.5%, to reach SAR 250.4 billion. Non-oil revenues, also, increased by 3.5% to reach SAR 120 billion during the same period. This increase was due to higher tax revenues from income, profits and capital by 42.5%, tax revenues from international trade and transactions by 25.5%, and other revenues by 20.2%. In H1 2022, actual revenues also increased by 43.0% compared to the same period of the previous year, due to the increase in oil revenues by 75.0% and non-oil revenues by 5.0%. Furthermore, the increase in total revenues contributed to achieving 62.0% of the estimated revenues for 2022.

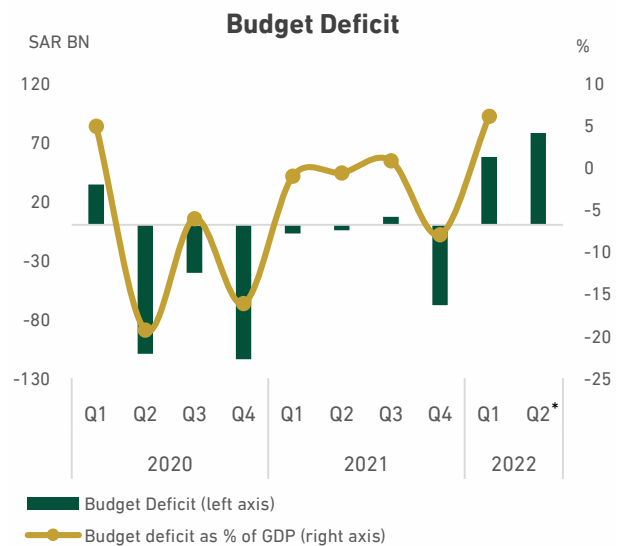
### 5.2 Expenditures

In Q2 2022, government expenditures increased by 15.7% on an annual basis, reaching SAR 292.5 billion, due to higher spending on non-financial assets (capex) by 64.3%, subsidies and use of goods and services by 58.3% and 43.5%, respectively. In H1 2022, government expenditures increased by 10.3% on an annual basis, reaching SAR 512.9 billion due to higher spending on non-financial assets (capex) by 38.0%, the use of goods and services and subsidies by 32.8% and 19.9%, respectively.

### 5.3 Surplus/deficit and Debt

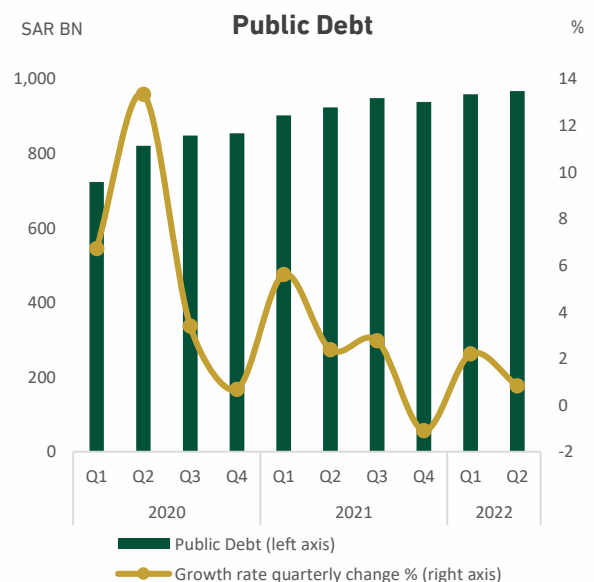
In Q2 2022, the budget recorded a surplus of SAR 77.9 billion, compared to a deficit of SAR 4.6 billion in Q2 2021. Public debt amounted to SAR 966.5 billion in Q2 2022, as the domestic debt and external debt reached 62.6% and 37.4% of total public debt.

The achieved surplus in H1 2022 amounted to SAR 135.4 billion surpassing the estimated surplus for 2022 which was estimated at SAR 90.1 billion.



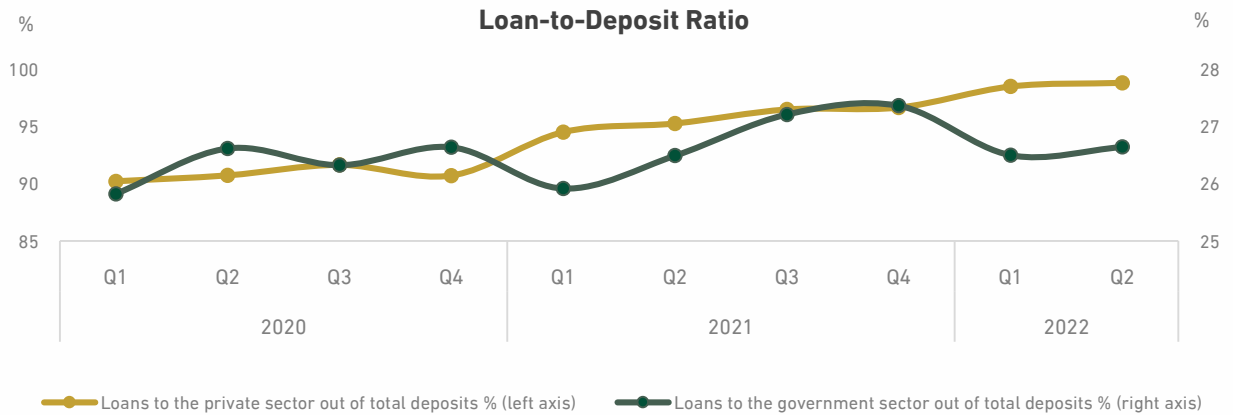
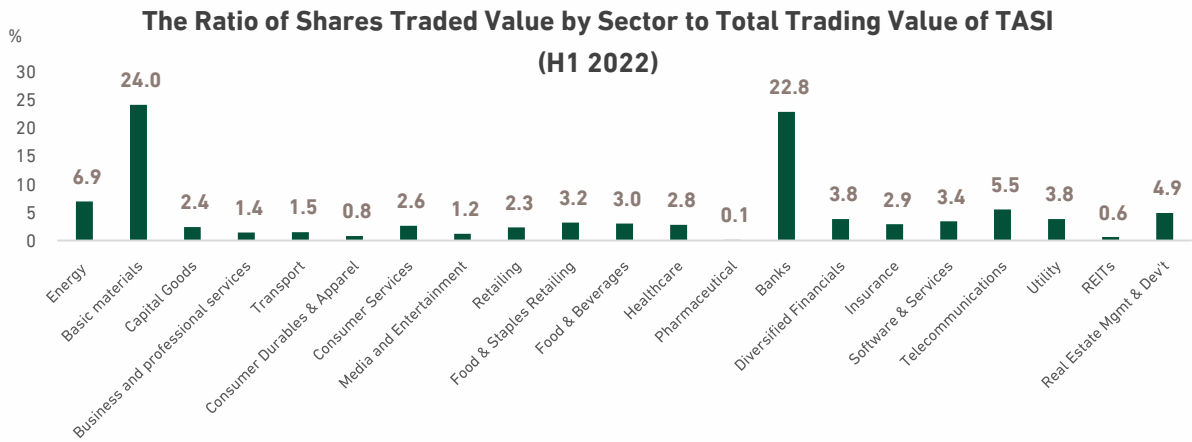
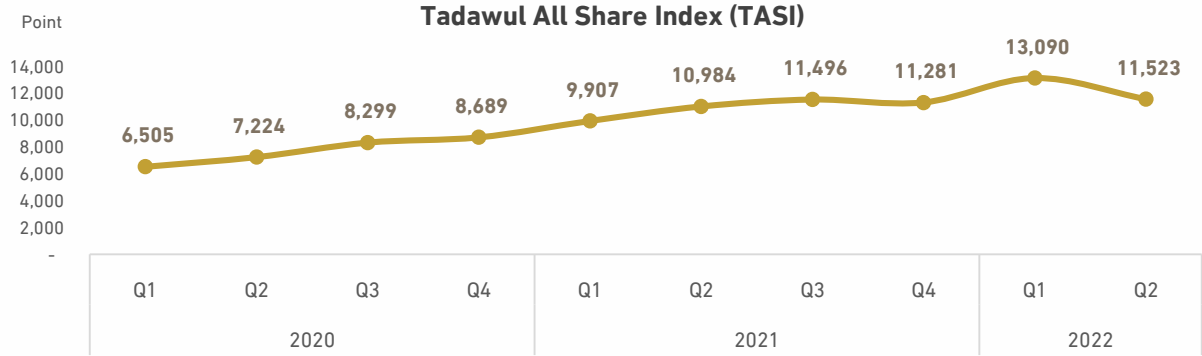
Source: MoF, GASTAT

\*Data of budget deficit as a percentage of GDP is not included, due to the unavailability of GDP data for Q2



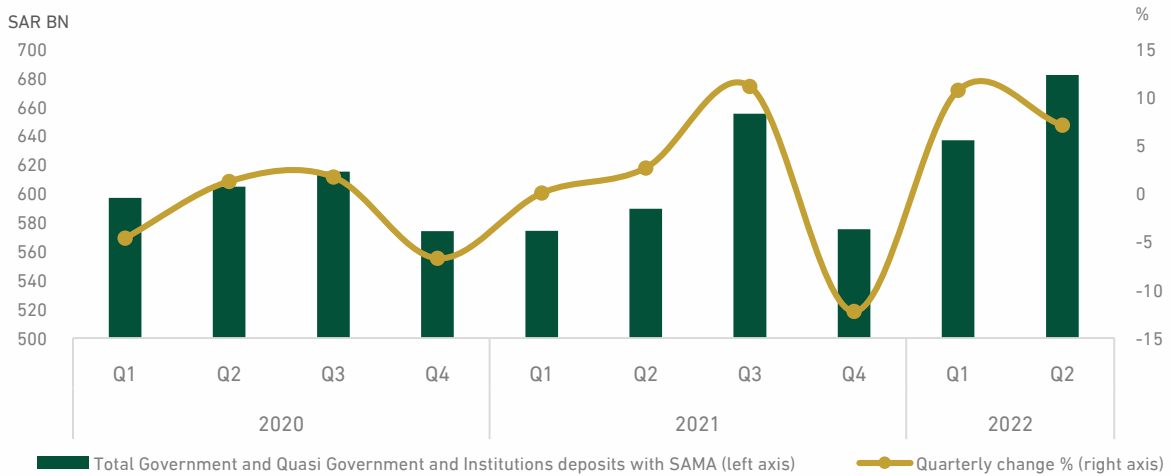
Source: MoF

## 6. Selected Economic Indicators

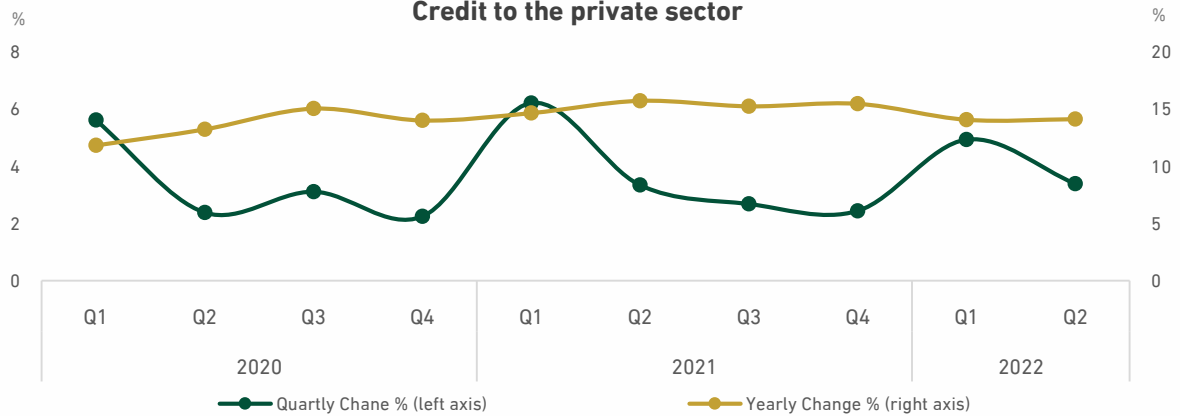


Source: Tadawul, SAMA

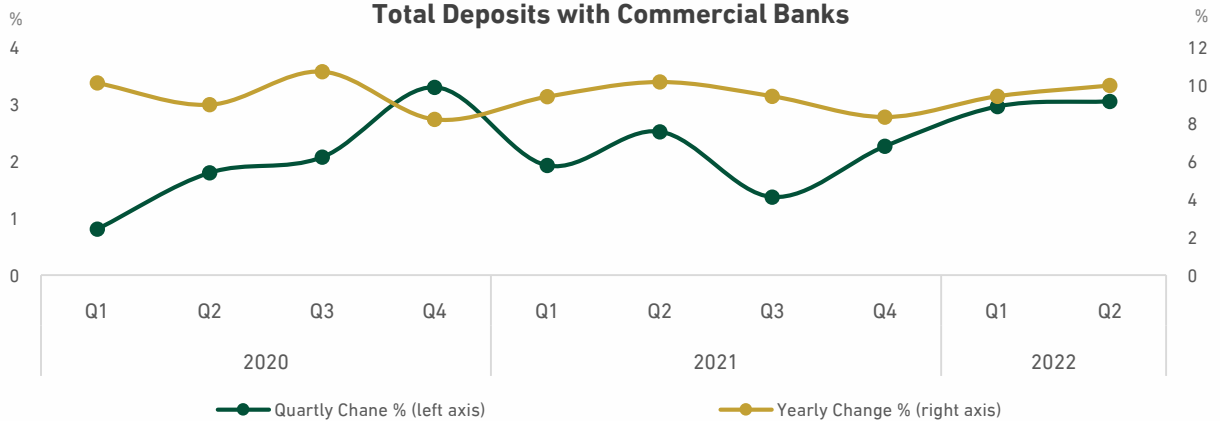
### Total Government and Semi-Government Deposits with SAMA



### Credit to the private sector

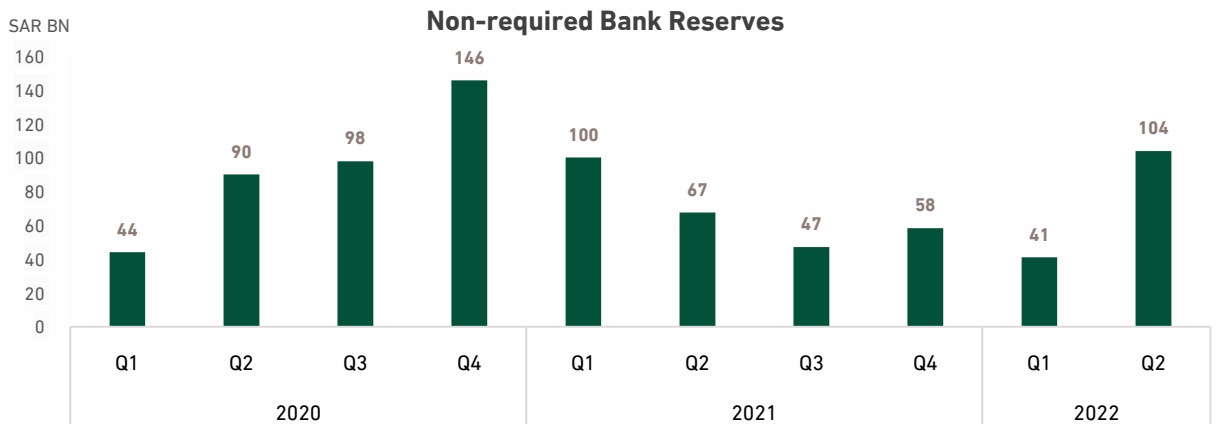
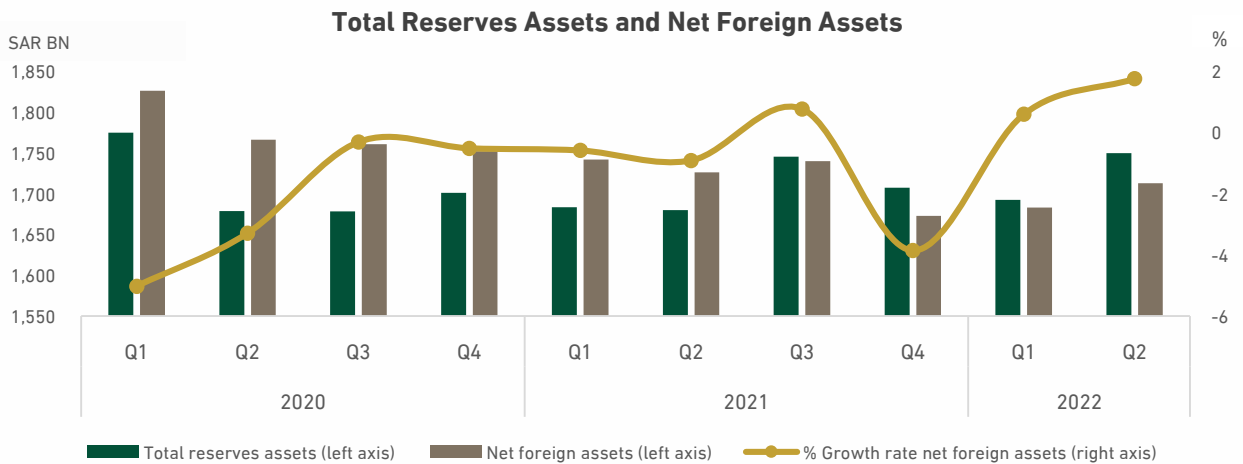
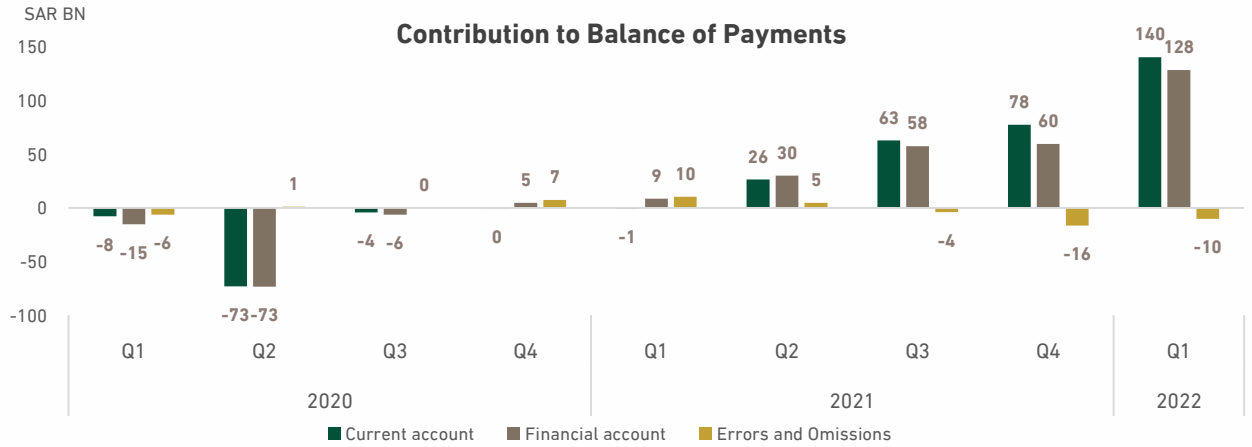


### Total Deposits with Commercial Banks

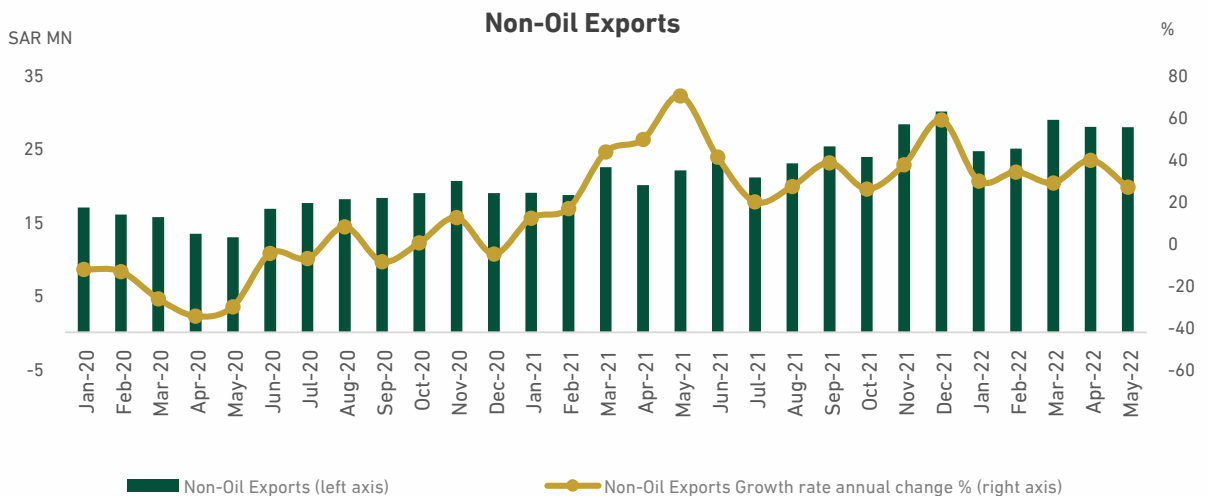
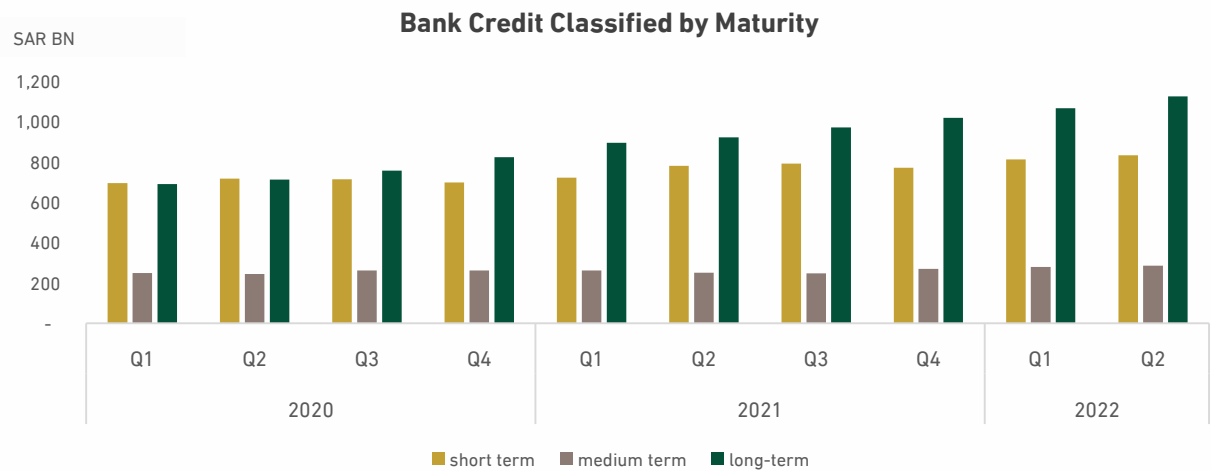
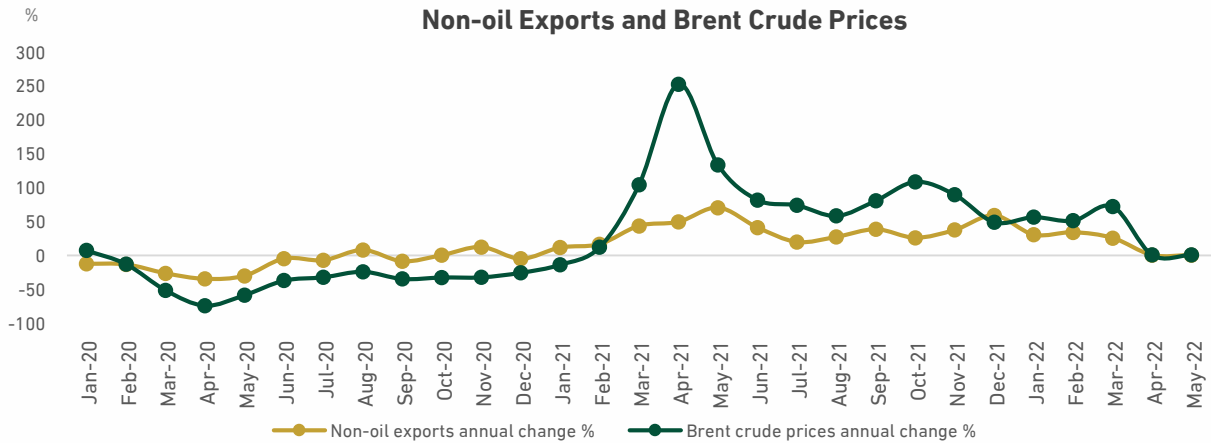


Source: SAMA

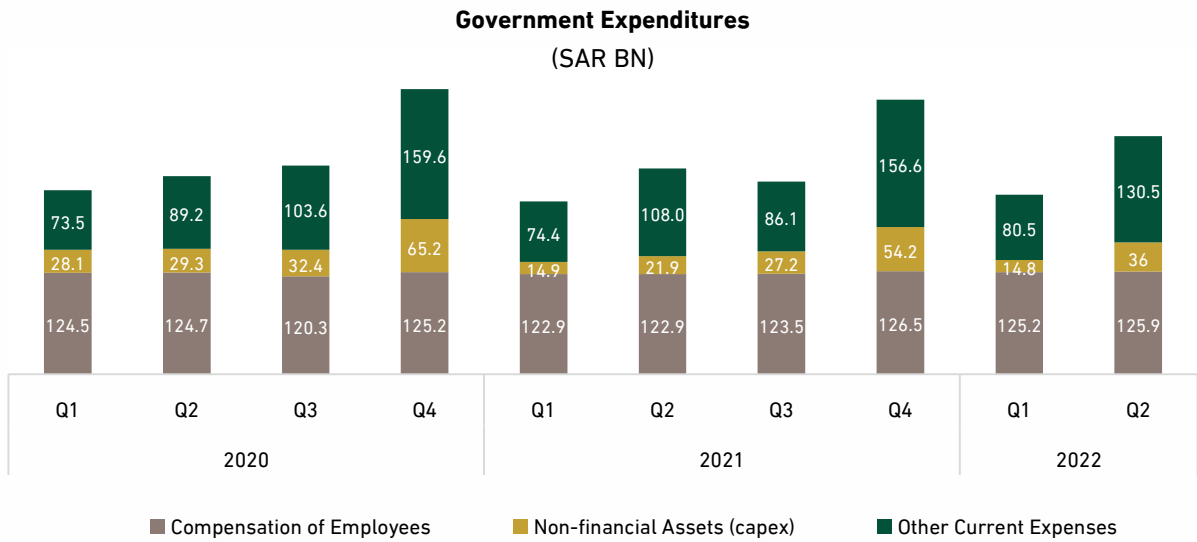
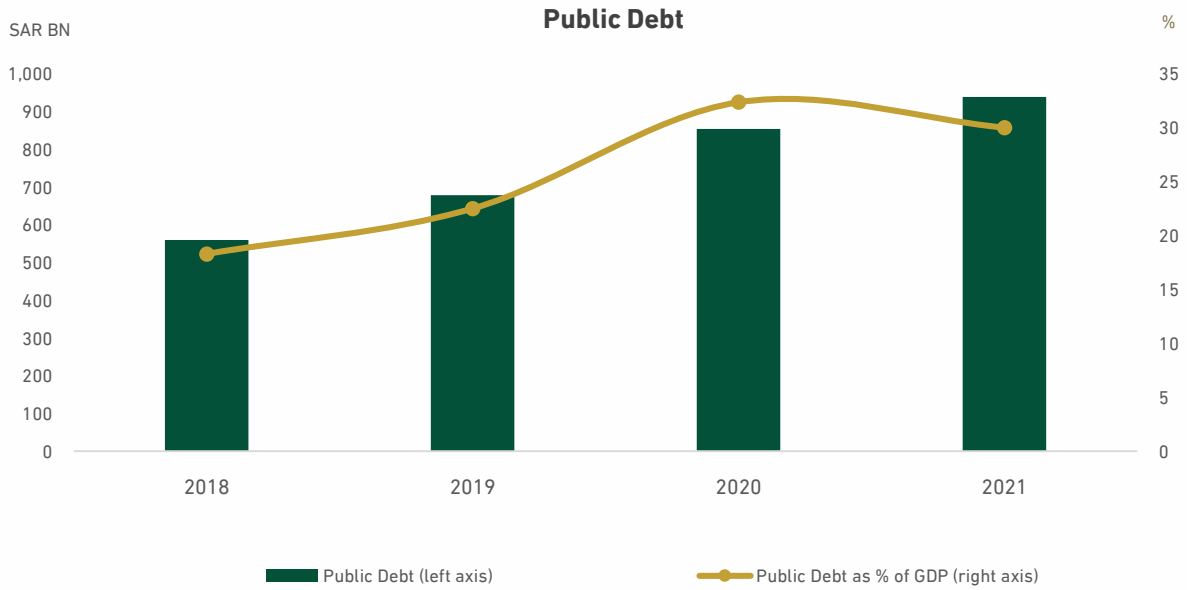




Source: SAMA



Source: GASTAT, SAMA, OPEC



Source: MoF



# 03

## 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. Global and Domestic Investments

#### Global Foreign Direct Investment (OECD)

Preliminary estimates of global FDI inflows recorded a remarkable growth of 28.5% in Q1 2022, compared to Q4 2021, the highest growth rate in the past five years. On an annual basis, global FDI inflows increased by 14.9%, compared to Q1 2021.

The growth rates of FDI inflows increased in OECD countries, the Euro area, China and India, while the growth rates of foreign investment inflows to Japan and the United States decreased by 57.2% and 13.7%, respectively, in Q1 2022.

Countries	FDI Inflows Growth Rate		
	2020 Q1	2021 Q1	2022 Q1
Global FDI	-24.1%	68.0%	11.3%
OECD countries	-21.4%	88.4%	20.6%
Euro area	-11.1%	0.3%	33.5%
Saudi Arabia	29.2%	11.3%	9.5%
US	-70.4%	287.2%	-13.7%
China	-17.1%	113.8%	6.7%
Japan	44.4%	242.0%	-57.2%
India	55.1%	-62.1%	200.1%

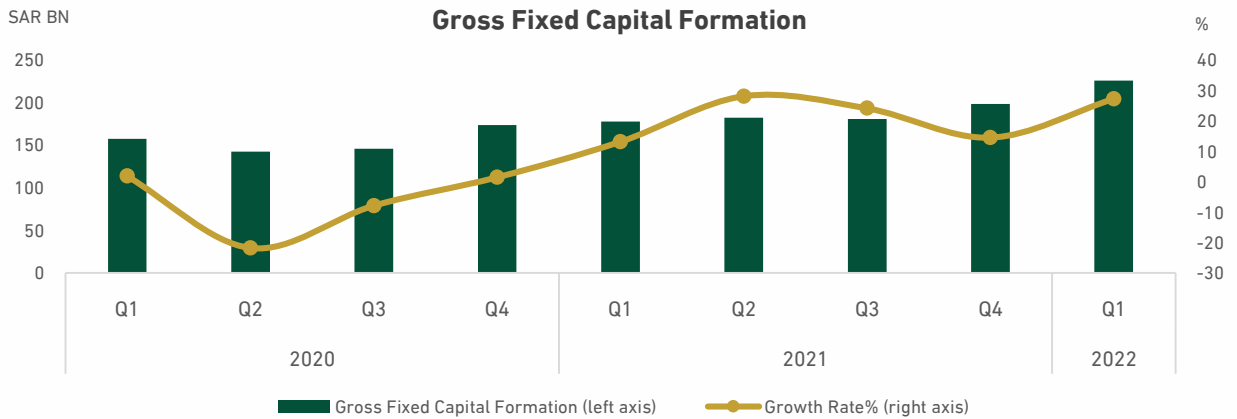
Source: OECD, SAMA



## II. Investment in Saudi Arabia

### 1. Gross Fixed Capital Formation (GFCF)

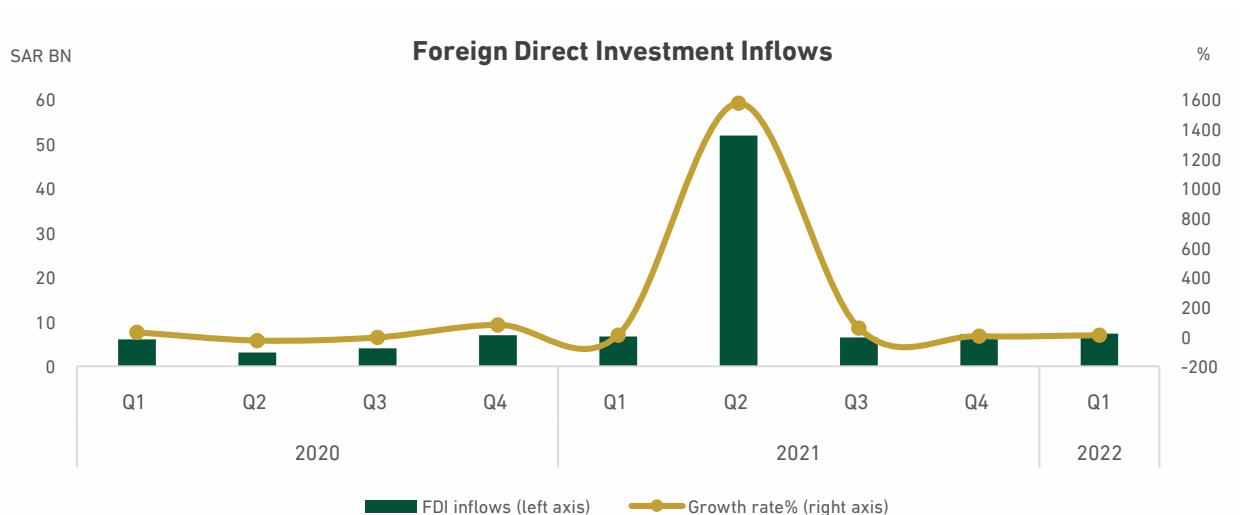
The total nominal fixed capital formation recorded SAR 225 billion in Q1 2022, an increase of 27.1%, driven by the increase in fixed capital formation of the private and government sectors by 28.6% and 8.9%, respectively.



Source: GASTAT

### 2. Foreign Direct Investment (FDI)

The net FDI inflows into Saudi Arabia increased by 9.5%, recording SAR 7.4 billion in Q1 2022, compared to the same quarter last year, which indicates the growing confidence of foreign investor in the Kingdom's investment environment. The FDI achieved 0.8% of GDP in Q1 2022.



Source: SAMA

### 3. Closed Deals in Q2 2022

The investment data released by MISA indicate a closing of 49 deals in Q2 2022, compared to 37 deals in the same quarter last year, with expected investments at SAR 3.5 billion (as disclosed) and create nearly 2,000 new job opportunities.

Looking at the type of investor the number of new investors has increased. The distribution of deals in Q2 2022 showed that the entrepreneurship and innovation sector attracted the most attention from investors, with 34 out of 49 deals, followed by education and training with 6 deals, then real estate with 4 deals. The rest of the sectors had the same relative number of deals.

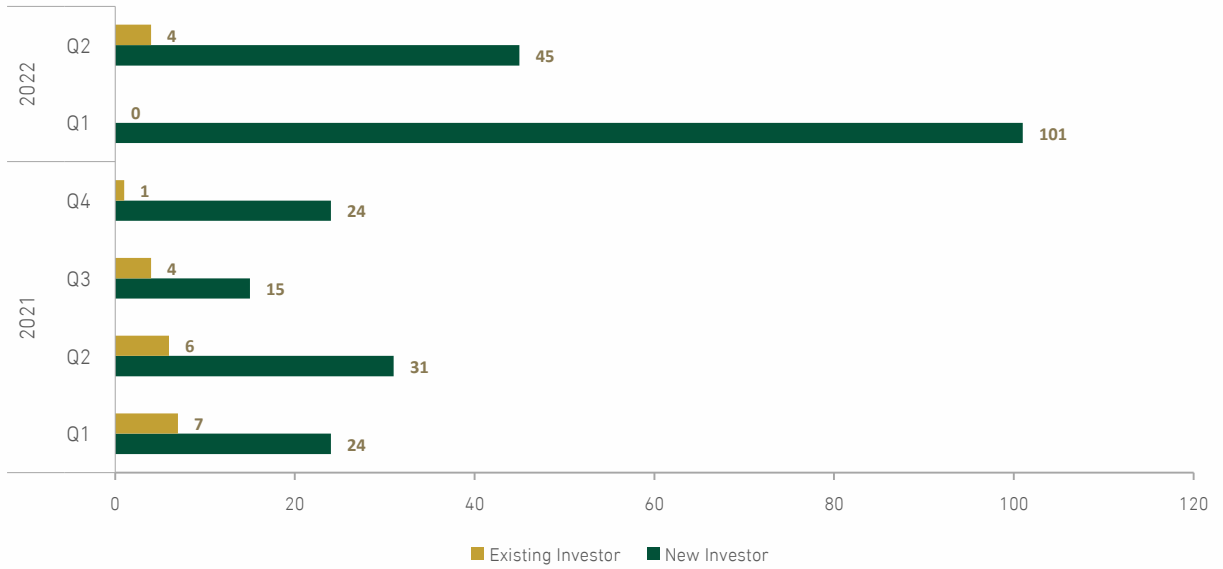
In Q2 2022, the top investing countries in Saudi Arabia are the UK with 7 deals, then the UAE, Jordan and the US with 3 deals each.

**Distribution of Deals by Sector in Q2 2022**

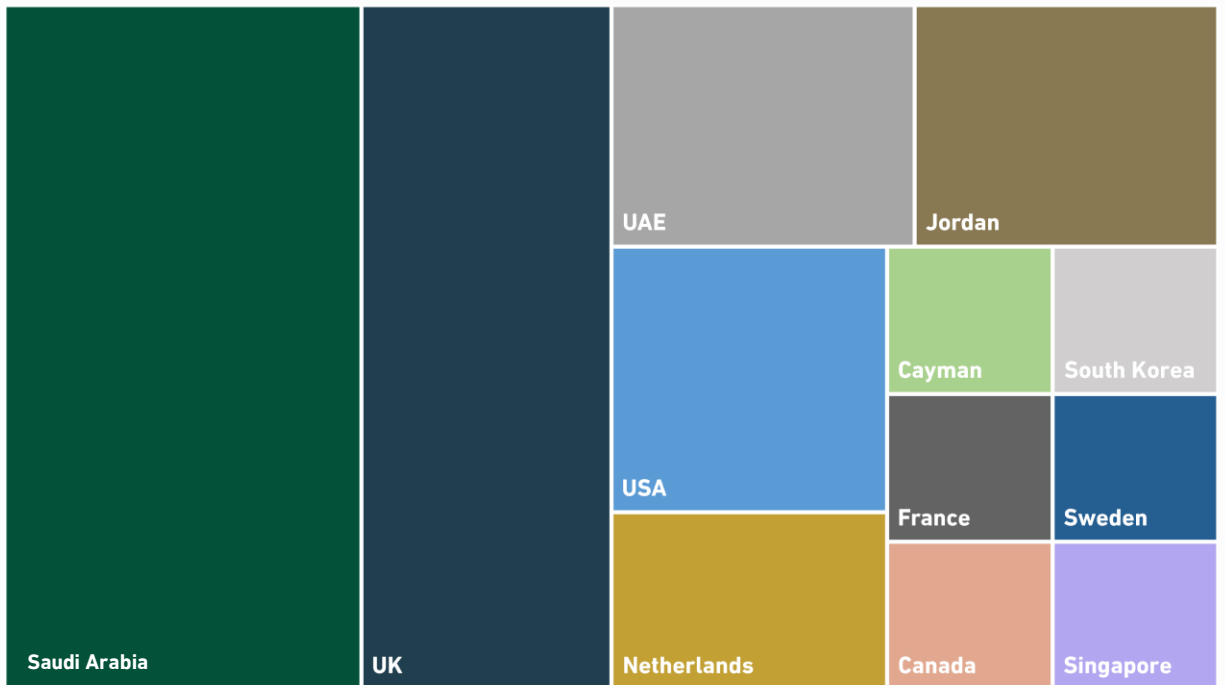


Source: MISA

### Number of Investors in Deals by Type of Investor



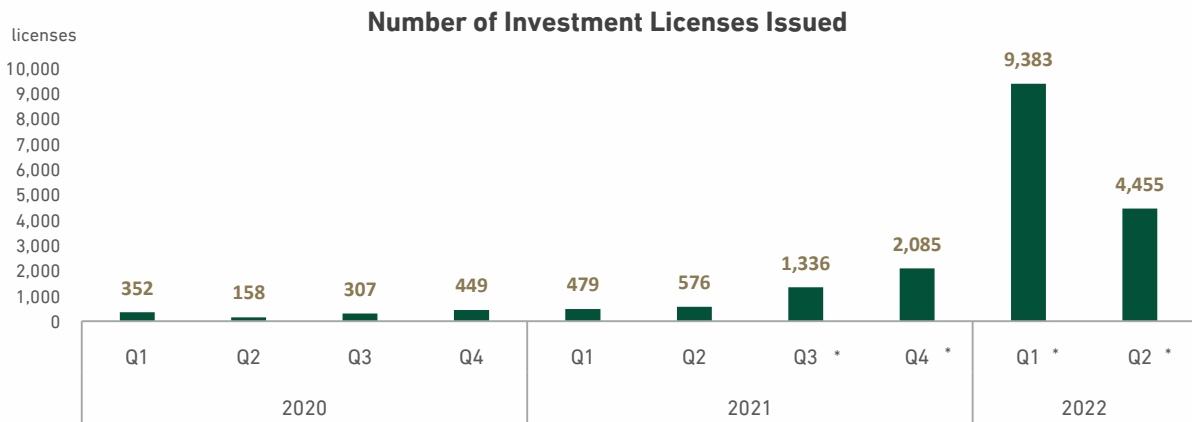
### Distribution of Deals by Country in Q2 2022



Source: MISA

#### 4. Investment Licenses in Q2 2022

The number of investment licenses issued by MISA recorded an increase of 673.4% compared to the same period last year, a total of 4,455 issued licenses in Q2 2022, compared to 576 licenses in the same quarter last year, due to the efforts to promote FDI and enhance investment environment in Saudi Arabia, in addition to correcting the status of violators of the anti-concealment law, a program launched by Ministry of Commerce as part of the National Transformation Program, to combat commercial concealment and commercial fraud in cooperation with of 10 government entities including MISA. Additionally, MISA has approved the implementation of the easing of the requirements for beneficiaries of the corrective period, starting on 18 July 2021.



Source: MISA

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

A high number of licenses were issued for wholesale & retail, construction, manufacturing, accommodation & food services, professional, scientific & technical services, and ICT activities. The number of new licenses issued for these activities accounted for 92.1% of the total licenses issued in Q2 2022. The licenses for wholesale & retail recorded an increase of 1450.3%, or 2,713 licenses (60.9% of the total licenses in Q2 2022), compared to the same quarter last year.

Construction achieved 528 licenses, an increase of 514.0% (11.9% of the total licenses issued in Q2 2022). Manufacturing recorded an increase of 232.4%, or 349 licenses (7.8% of the total licenses issued in Q2 2022), compared to the same quarter last year.

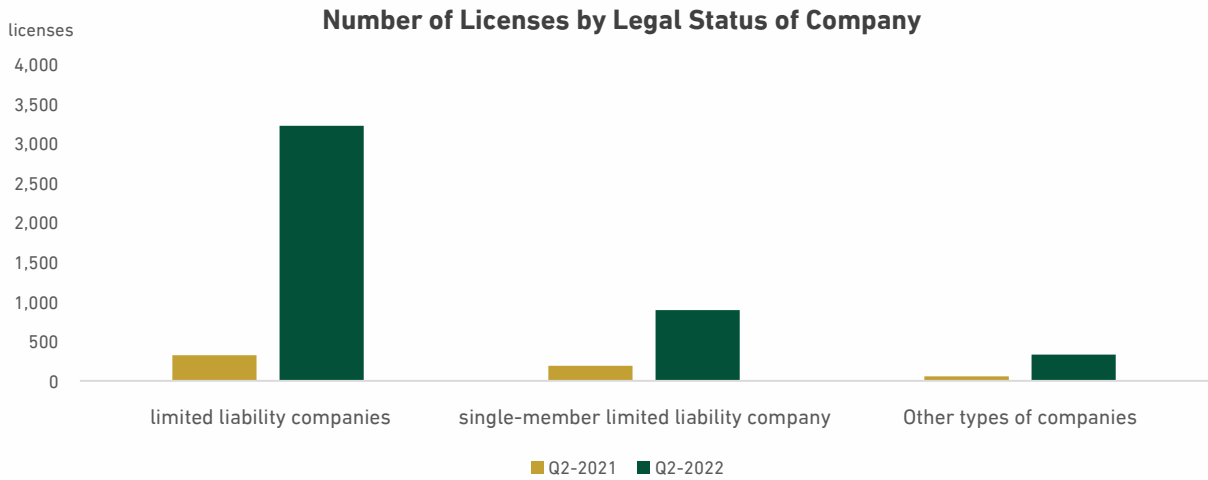
Accommodation & food services achieved 276 licenses, a growth of 790.3% (6.2% of the total licenses issued in Q2 2022), compared to the same quarter last year. Professional, scientific, & technical activities reached 153 licenses, a rise of 206.0% (3.4% of the total licenses issued in Q2 2022), compared to Q2 2021. ICT recorded an increase of 63.5%, or 85 licenses (1.9% of the total licenses issued in Q2 2022).

Sector	2021	2022
	Q2	Q2
Wholesale & retail trade	175	2,713
Construction	86	528
Manufacturing	105	349
Accommodation & food service	31	276
Professional, scientific & technical activities	50	153
Information and communication	52	85
Administrative and support services	12	84
Transportation and storage	16	79
Health and social activities	7	37
Real estate activities	6	34
Water supply, sewerage activities and waste management	7	24
Arts, entertainment and recreation	3	21
Agriculture, forestry and fishing	4	15
Other services	9	15
Financial and insurance activities	8	13
Education	2	13
Mining and quarrying	3	9
Electricity, gas, steam and air conditioning	0	7

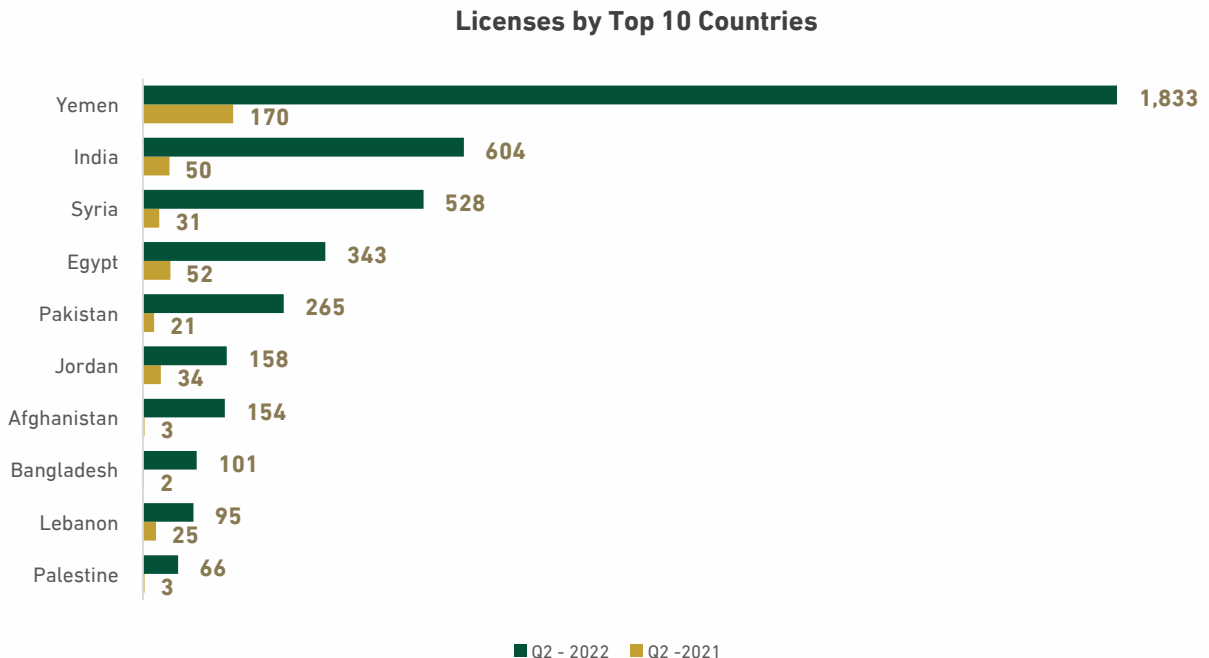
Source: MISA



Considering the legal status of the company, the licenses issued for limited liability companies recorded 72.4% of the total issued licenses. The single-member limited liability company (LLC) recorded 20.1% of total of issued licenses, and the rest of the licenses were distributed between other types of companies by 7.5% of total issued licenses in Q2 2022.



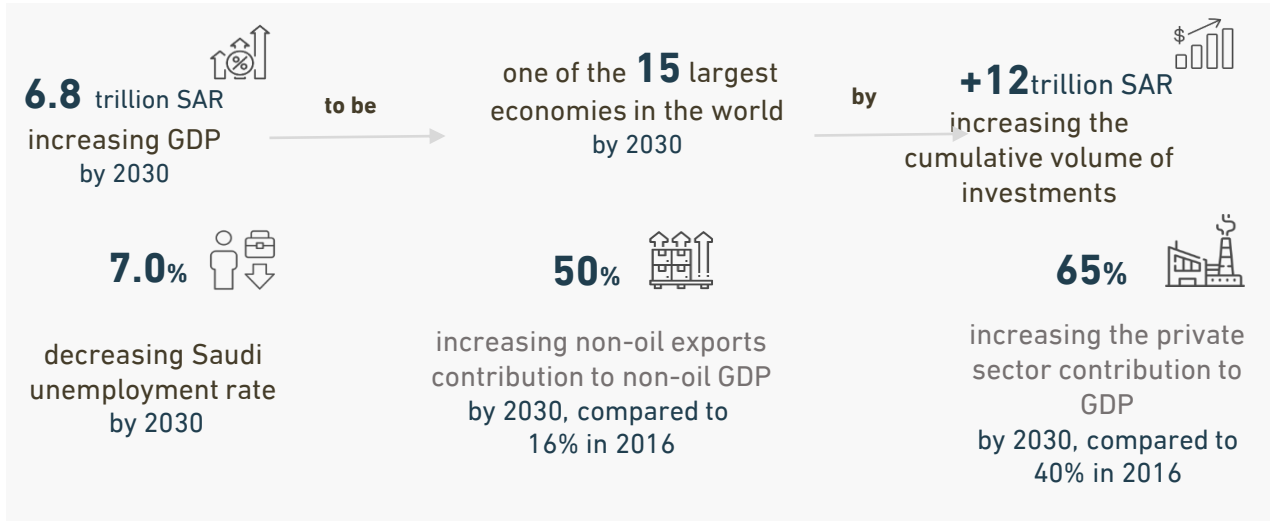
With regards to the distribution of licenses by country, “a share was calculated for each country participating in the ownership of the capital”, Yemen had the highest number of investment licenses issued by MISA in Q2 2022, with 1,833 licenses, followed by India with 604 licenses, Syria with 528 licenses, Egypt with 343 licenses and Pakistan with 265 licenses.



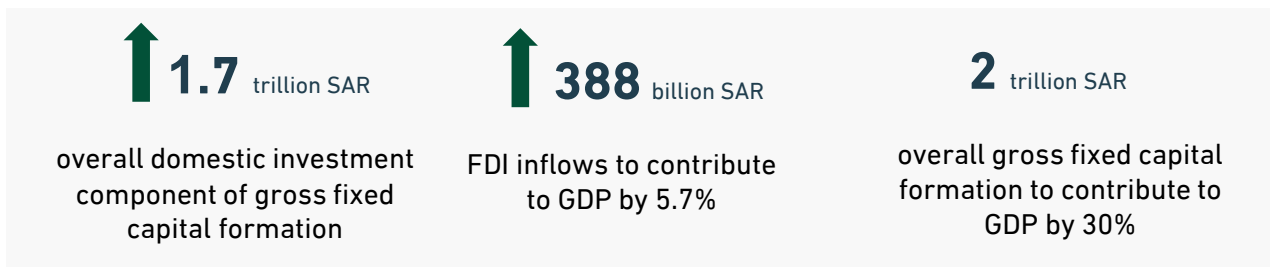
Source: MISA

### III: Investment Indicators Developments for Saudi Arabia

National Investment Strategy (NIS) enables the goals of Vision 2030, through:

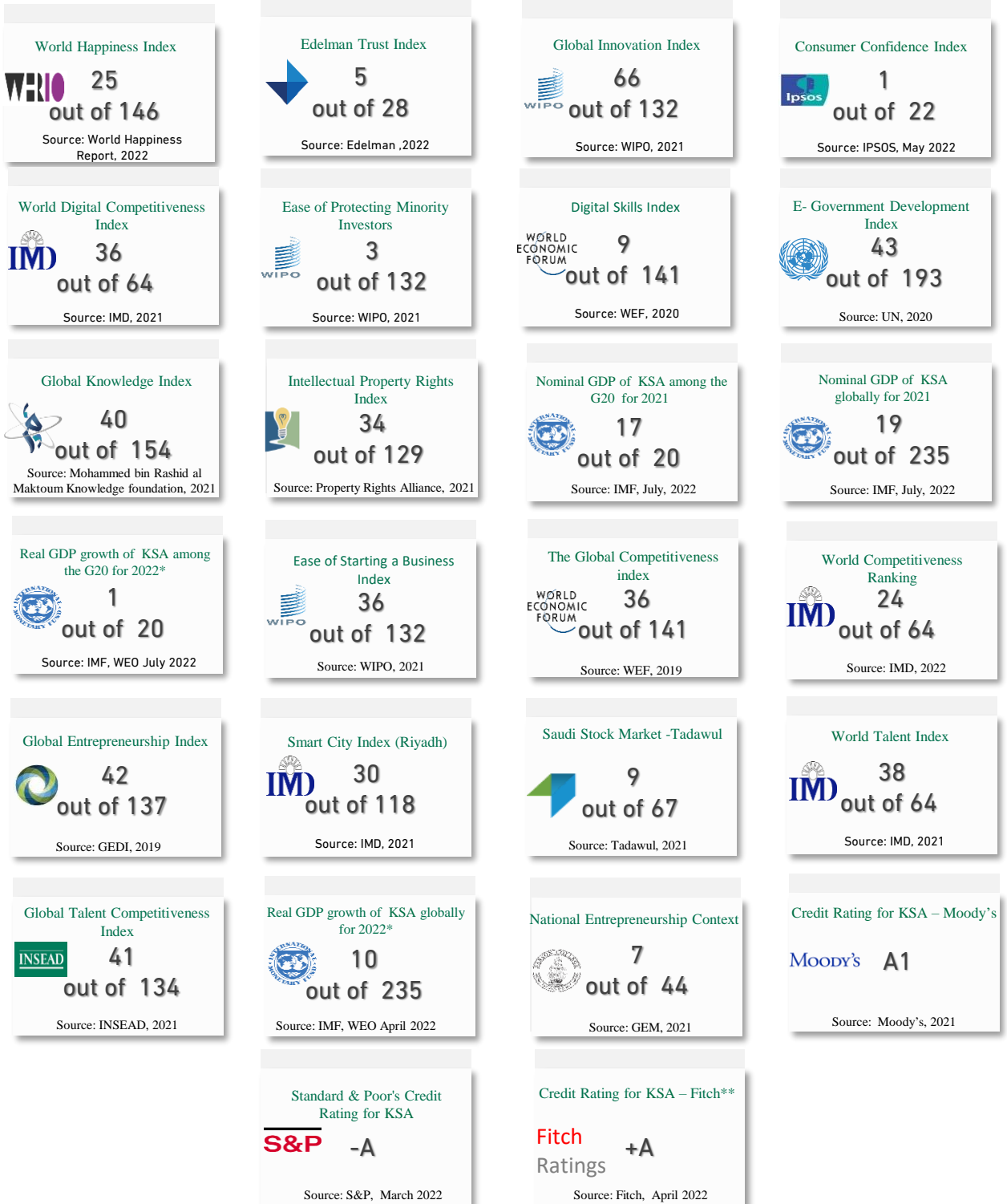


### National Investment Strategy (NIS) Investment Goals by 2030



## The Kingdom in Global Indicators

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



\*IMF estimates

\*\*Fitch estimates

## IV: The Efforts to Support Investment Environment in Saudi Arabia

### Strategic and Operational Achievements

- **Key operational achievements of MISA**

E-services provided to investors witnessed an increase of 50.2% in Q2 2022, a total of 42 thousand services compared to 28 thousand in the same quarter last year.

- **The e-services provided to investors**



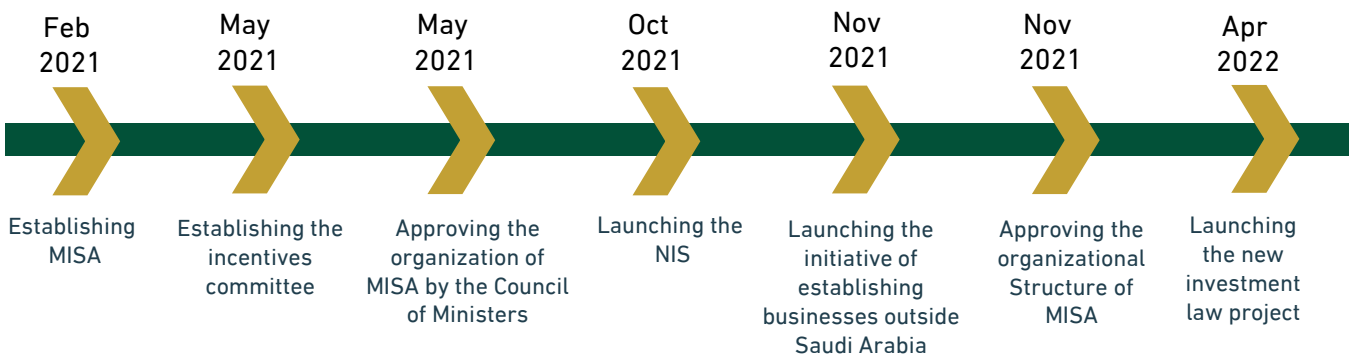
- **MISA Events in Q2 2022**

MISA plays , in cooperation with other government entities, a pivotal role in promoting investment and attracting investors through organizing and participating in several events, with more than 15 event in Q2 2022 in various areas including: mining, transport and logistics, financial services, as well as investment forums between Saudi Arabia and several countries.

## V: Key Legislation Related to Investment

MISA concentrates its efforts on providing a safe and competitive investment environment, and developing investment laws and procedures with its partners from government entities, to complement the legislative and regulatory structure.

- **The highlights of MISA's journey**



### ▪ **New investment law**

The law aims to improve the investment environment in Saudi Arabia, enhance its competitiveness, keep pace with international best practices, promote equal treatment of local and foreign investors, increase investor confidence, establish a regulatory framework that balances investors' rights and obligations in accordance with international best practices, and enhance protection for all direct investments, as required by the relevant regulations in the Kingdom and the international conventions that it is party to.

### ▪ **Implementing regulations for the judicial costs system**

The aim of this system is to reduce malicious and fictitious lawsuits, promote alternative means of dispute resolution and enable preventive justice and notarial contracts, as well as contributing to raising the efficiency of the justice ecosystem.

### ▪ **Real estate registration law**

The law aims to increase the reliability of ownership, promote the information accuracy of the real estate, and preserve the rights of dealers in the sector, to achieve the goals of Vision 2030 programs in digital transformation, the real estate wealth development, and the attractiveness of investment in the real estate sector.

### ▪ **Organizing the premium residency center (PRC)**

The aim of the center is to contribute to empowering the Kingdom's national economy by developing competitive products, services and businesses for premium residency, attracting distinguished persons, talents and capital, in line with national priorities and enhancing the image of Saudi Arabia as leading global destination.

### ▪ **Approving the communications and information technology law**

The law seeks to achieve the concept of comprehensive development, which expresses the importance of community involvement in the digital revolution, and enabling individuals, governments and companies to benefit fully from using information and communication technology.

### ▪ **Companies' law**

The aim of the law is to provide a regulatory environment that incubates and stimulates investment, enhances the value of companies, develops their activities and contributes to serving the national economy. It also facilitates procedures and regulatory requirements to stimulate business environment and support investment, especially in small and medium enterprises.

### ▪ **The amendments on the executive regulations of the health institutions law**

the project aims to regulate the licensing provisions for health and private institutions, the provisions for the management of hospitals, dispensaries, private and group clinics, the management of medical laboratories, the management of auxiliary medical service centers, as well as the provisions of penalties and final provisions.



- **Adopting the platform of the Ministry of Foreign Affairs as a unified platform for visas**

The platform aims to unify efforts and govern the distribution of roles. The Ministry of Human Resources and Social Development will be responsible — through its platforms — for all work visa applications submitted by natural or legal persons and send them for approval to the Unified National Platform for Visas at Ministry of Foreign Affairs.

- **The rules governing accounting services**

The project aims to regulate, license and control the profession of accounting services, as it is one of the branches of the accounting and auditing profession.

- **Approving the amendments to the rules on the offer of securities and continuing obligations and the amendment to the glossary of defined terms used in the regulations and rules of the capital market authority**

This amendment aims at regulating capital increase through share issuance with the suspension of preemptive rights in accordance with Article (140) of the Companies Law, including determining the categories of investors that may be targeted in the associated shares offering and setting the maximum increase in capital through share issuance with the suspension of preemptive rights at 15% of the issuer's capital for each capital increase, as an additional option for companies listed on the Exchange.

## VI: Saudi Initiatives to Support Investment

- **MIZA initiative**

A key initiative of Saudi Arabia's National Investment Strategy, MIZA will provide investors with a suite of financial advisory and business services that helps them navigate the Kingdom's opportunities throughout every step of the investment journey. Designed for both domestic and international investors, MIZA will guide entrepreneurial newcomers, both institutional and individual, across a swathe of new sectors. In addition to helping firms that wish to set up regional headquarters in the Kingdom, it will also soon launch a package of distinguished services that ease and enrich the investor experience.

- **The National Industrial Development and Logistics Program (NIDL)**

The program aims to transform the Kingdom into a leading industrial powerhouse and a global logistics hub, by maximizing the value of its mining and energy sectors while unlocking the full potential of local content and the 4th Industrial Revolution. NIDL largely contributes to driving the Kingdom's economic diversification towards sustainable growth by fostering a globally attractive investment environment.

### ▪ **Attracting regional headquarters of international companies program**

The program is a joint initiative between MISA and the Royal Commission for Riyadh City to attract international companies to encourage the relocation of their regional headquarters into Saudi Arabia, through several incentives, including: Saudization exemption and facilitating issuance of visa. MISA also provides additional incentives such as, relocation and facilitation services, supporting travel and accommodation costs, etc. The education sector, in cooperation with the program, has also helped in attracting top class international educational institutions, some of which have already been inaugurated in Saudi and others are in the process of doing so during 2022.

### ▪ **Thousand mile program**

NIDLP launched the Thousand Mile program to support and empower entrepreneurs in the industrial and logistics sectors, in order to achieve the goals of Vision 2030, through a package of enablers and incentives to support promising investment opportunities.

### ▪ **Investor voice initiative**

The aim of the initiative is to reach the investors and address their queries and proposals quickly.

### ▪ **Jadeer platform**

Monshaat launched the Jadeer e-service platform that rehabilitates and empowers small and medium enterprises, by linking them to purchasing opportunities in the public and private sectors, and facilitates their access to the purchasing opportunities to ensure growth and open markets.

### ▪ **Horizon program**

The Social Development Bank launched the Horizon program to finance small enterprises in order to increase their contribution to the local economy and create job opportunities for citizens through providing support programs that enable entrepreneurs to continue their commercial projects.

### ▪ **Saudi export stimulus program**

The Saudi Export Development Authority launched the Saudi Exports Stimulus Program that aims to encourage Saudi companies to enter and expand in the export markets. The program offers nine incentives compatible with the requirements of the World Trade Organization, covering the costs incurred by Saudi companies in the different stages of their export activities.

### ▪ **National geological database web portal**

The Saudi Geological Survey has launched a national geological database portal, for beneficiaries in the mining sector to access geological data and records that goes back over 80 years, in an easily accessible electronic way. The platform aims to enhance the attractiveness of investment in the mining sector in Saudi Arabia and raise the level of its transparency.

#### ▪ **Fintech Accelerator program**

An initiative launched by the Central Bank of Saudi Arabia in cooperation with the Capital Market Authority under the umbrella of the Financial Sector Development Program to support the process of developing the financial technology sector (Fintech) in the Saudi Arabia. The aim of the program is to support the development of the infrastructure necessary for the growth of the fintech sector, build the capabilities and talents required by fintech companies, and support fintech entrepreneurs at every stage of their development.

#### ▪ **Venture capital initiative**

Monshaat launched this initiative to stimulate the private sector, which in turn will stimulate the venture capital ecosystem in the Kingdom, and support and incentivize the capitalization of investment funds, with the aim to bridge the current funding gap and stimulate investment in enterprises during their early stages of growth.

#### ▪ **Tourism trailblazers**

The Ministry of Tourism has launched this program to equip 100,000 young Saudis with the key hospitality skills needed to pursue careers in the Kingdom's flourishing tourism industry .

#### ▪ **Launching the Hawi platform**

The Ministry of Culture, the Ministry of Sports, the General Authority for Entertainment and the Ministry of Education launched the Hawi platform as part of the Quality of Life Program. It aims to develop an ecosystem for amateur clubs by providing operational and financial support and facilities in order to build a vibrant community.

#### ▪ **Launching the initiative of establishing and doing business abroad**

MISA, in partnership with the Ministry of Foreign Affairs and Ministry of Commerce, launched a new service to establish and do business abroad, to enable companies and investors to issue investment licenses quickly and easily in accordance with international best practices.

#### ▪ **Establishing TROJENA, a Global Destination for Mountain Tourism in NEOM**

His Royal Highness, Crown Prince Mohammed bin Salman, announced a new project that will redefine global mountain tourism by creating a place based on the principles of ecotourism and enhancing the community's quality of life, which is aligned with the goals of the Saudi Vision 2030.



# 04

## INVESTMENT OVERVIEW OF PROMISING REGIONS, SECTORS AND PROJECTS IN THE KINGDOM "ENVIRONMENTAL SECTOR"



## Fourth: Investment Overview of promising regions, sectors and projects in the kingdom

Saudi Vision 2030 aims to develop and diversify the economy and encourage to invest in promising sectors. Since the launch in 2016, Vision 2030 has been developing promising sectors by implementing many programs and strategies with the aim to empower promising sectors. This section is dedicated to shed light on promising sectors, a selected region or project, based on the economic developments to showcase the key economic, investment and related indicators. In this quarter, we highlight the environmental sector since it's witnessing a significant focus from the government authorities as part of Vision 2030 towards achieving environmental sustainability.

### I: Overview of the Environmental Sector

The importance of the this sector stems from its role towards achieving the objectives of Saudi Vision 2030. The programs and objectives of Vision 2030 are founded on environmental sustainability, which is a key pillar of Vision 2030. This, in turn, will contribute to make the Kingdom as a leading model in dealing with the environment, preserving the planet and the unique factors of the Kingdom, and combating climate change. The Kingdom has tremendous potential in harnessing solar and wind energy, and the availability of rare wildlife. Moreover, the Kingdom has impressive biodiversity among its various regions. In this context, the Crown Prince Mohammed bin Salman announced the designs of "THE LINE", which represented a pioneering global model that achieves sustainability and the ideal of living in harmony with nature. No roads, cars or emissions, it will run on 100% renewable energy. In addition to the Kingdom's efforts to invest in green hydrogen, "NEOM" launched a green hydrogen project to create a zero-carbon community as a source of clean energy.





## II: Achievements of Environmental Sustainability, a pillar of 2030 vision since its launch

Given the Kingdom's role and responsibility in reducing the negative impacts and carbon emissions on the climate, protecting the planet, and adopting sustainability in all the Kingdom's development plans, below are the achievements of environmental sustainability,



\*The National Center for Meteorology, the National Center for Vegetation Cover and Combating Desertification, the National Center for Environmental Compliance, and the National Center for Wildlife.

Source: Saudi Vision 2030 Document , a Sustainable Saudi Vision

### III: Mega projects and initiatives in the Environmental Sector

As part of the Kingdom's efforts to combat climate change and its negative effects on the global economy, the Kingdom has launched, within Vision 2030, a wide range of mega projects and initiatives that contribute to achieving environmental sustainability, and providing attractive investment opportunities for local and international investors.



#### Saudi Green Initiative

**278**

mtpa

The amount of reduced carbon emissions by 2030 to achieve **Net Zero** by 2060

**421**

SAR BN

Total value of investments, in green hydrogen plant SAR **19** bn, Riyadh Sustainability Strategy SAR **346** bn and the AlUla plan to establish the world's largest oasis project SAR **56** bn

**+450**

Million trees

by 2030, and conduct a study to plant **10** billion trees

**50%**

Percentage of increasing domestic generation capacity from renewable energy resources by 2030

**+30%**

Raise the percentage of protected areas of total land area and achieve **20%** protected terrestrial, coastal and marine environments

**30%**

Contribute to cutting global methane emissions globally by 2030

**94%**

Target for waste diversion from landfills

**10k**

Created jobs in the Special Forces for Environmental Security over the next four years



## Green Riyadh Project

**28 m<sup>2</sup>**

The green space per capita and increase the percentage of total green coverage to **9%**

**+7.5**

Million trees

With more than **87** species and an area of **541 km<sup>2</sup>**

**650**

GWh

Reduced energy consumption

**328 km**

Main treated water networks and **316 km** of auxiliary treated water

**1.7**

Million m<sup>3</sup>

Treated water for irrigation use



## Middle East Green Initiative

**+10%**

Reduced carbon of current global level by reducing carbon emissions from hydrocarbon productions by more than **60%**

**39**

SAR BN

Invested in the initiative for clean fuel solutions and the regional CCE technology solutions fund. The kingdom contributes to **15%** of this investment

**50**

BN trees

Across the Middle East, including **10** billion in the kingdom, equivalent to **5%** of the global target



مدينة الملك عبدالعزيز  
للعلوم والتقنية KACST

## Water Desalination Project using Solar Power

**90k**

m<sup>3</sup> /day

Increased desalination capacity, and 7 million m<sup>2</sup> of water desalinated using solar energy until now

**14k**

tons

Reduced harmful CO<sub>2</sub> emissions, and providing **1.1 million** of crude oil barrels

**+40%**

Reduced water desalination cost per m<sup>3</sup>

وزارة الطاقة  
MINISTRY OF ENERGY



## Sakaka Solar Power Plant

**44k**

Powered houses

**300MW**

Production capacity of the project

**606k**

tons

Reduced carbon emissions per year



مدينة الملك عبدالعزيز  
للعلوم والتقنية KACST

## Solar PV Cell & Module Manufacturing Plant and PV Reliability Laboratory

**1<sup>st</sup>**

Factory to produce solar panels and cells in the kingdom

**1<sup>st</sup>**

Internationally accredited Saudi laboratory for testing solar panels in the Kingdom

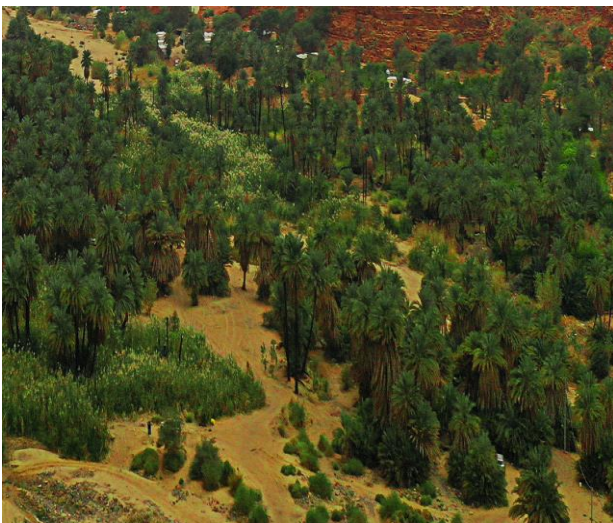
**35k**

Solar panels produced locally, and up to date is still the largest facility to powered by locally manufactured solar panels

#### IV. Key Investment Opportunities in the Environmental Sector

To achieve the objectives of Saudi Vision 2030, Ministry of Environment Water & Agriculture has launched investment opportunities in the environmental sector for domestic and foreign investors

- Investment in developing, improving and sustainably managing national parks and nature reserve.
- Investment in achieving sustainable development of national forests in southern KSA, and investment in combating desertification, protecting pastures and organizing grazing.
- Projects for building, operating and managing waste management plants for the protection of public health and ensuring a clean environment, as well as making use of the treated water in agriculture and other appropriate fields.
- Investment in waste recycling projects, and waste treatment through the extraction of the material that can be reused.



Source: Ministry of Environment Water and Agriculture



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