OVERVIEW

SAUDI ARABIA’S VISION 2030

STATS AND FIGURES

REFORMS AND ACHIEVEMENTS

WHY INVEST IN KSA

INCENTIVES AND SUPPORT
FOREIGN INVESTMENT REGULATION

SUCCESS STORIES

FURTHER INFORMATION
OVERVIEW
Saudi Arabia is one of the most populous and richest nations in the Middle East, the heart of the Islamic and Arab world. Located at the convergence of Europe, Asia and Africa, the Kingdom is a natural bridge connecting people and goods around the world, representing a crucial logistic hub for both global trade routes and for business expansions.

The Saudi economy has experienced an annual average growth rate of 4% over the past 7 years, supported by a pro-business environment that quickly moves the investors to the heart of the Arabic market.

The Kingdom’s commitment to diversifying its economy and expanding the private sector, improving the competitiveness and building a vibrant society, is under the Saudi Vision 2030 which represents the country’s roadmap to a prosperous future.
7 KEY REASONS TO INVEST IN SAUDI ARABIA

SAUDI ARABIA’S DIVERSIFICATION AND REFORM JOURNEY
Strong and serious commitment about reforming the country and bringing the Kingdom into a new era

INTEGRATED INFRASTRUCTURE
Integrated infrastructure enabling well-interconnected transport networks and effective IT digital solutions

YOUNG AND SKILLED WORKFORCE
Young and skilled workforce supported by educational programs granted by the government

LEADING FINANCIAL SECTOR
Supported by a large financial system and new reforms and initiatives

GAME-CHANGING OPPORTUNITIES
Presence of investment opportunities for transformational projects

ATTRACTIVE PROPERTY SOLUTIONS
Stimulating the creation of advanced technology clusters and diversified industries

EXPANDING QUALITY OF LIFE
Ensuring safety and security, advanced health assistance, and even more enjoyable lifestyles

Above all, Saudi Arabia is fully committed to develop the Kingdom’s investment environment: tremendous efforts in advancing the business ecosystem have already been made, and new measures aimed at making it easier to do business are already planned.
STATISTICS AND FIGURES
THE KINGDOM AT A GLANCE

- **32.5 MILLION** Total Population
- **5.7 MILLION** Saudi Labor Force
- **$231 BILLION** FDI Inward Stock
- **$646 BILLION** Nominal GDP
$19,858 GDP PER CAPITA

6.7 MBPS Internet Speed

2.5% Population Growth Rate

50% Percentage of Youth (Under 30)
WHY INVEST IN KSA
7 KEY REASONS TO INVEST IN SAUDI ARABIA

SAUDI ARABIA’S DIVERSIFICATION AND REFORM JOURNEY

- Development of Vision 2030, with clear priorities and alignment amongst stakeholders
- Strong governance
- Clear 3-year planning, through 12 programs
- Undeniable initial success across multiple themes (ease of doing business, entertainment, social, cultural, localization of industries, women participation in the workforce, fiscal balance)

GAME-CHANGING OPPORTUNITIES

- Privatization program to unlock state-owned assets and increase private investors participation
- Localization of value chain cooperating with both local and international investors
- Giga projects to create integrated economic ecosystems
- Large commitment to attract investors by improving overall business environment
INTEGRATED INFRASTRUCTURE

- **Strategic natural location** linking three different continents
- **Largest seaport on Red Sea**, capturing 80% of maritime flows
- Internal **transport network** well-interconnected
- Efforts to **optimize logistics** for turning Saudi Arabia into a leading logistic hub
- **Digital infrastructure** development with private sector

ATTRACTIONAL PROPERTY SOLUTIONS

- >35 **industrial and economic cities**, strategically positioned
- Many of those creating cluster-effects (e.g., chemicals, mining, maritime) leveraging synergies and fostering system productivity
- Presence of **ready-built supporting infrastructure**
- Land at very **competitive prices**
7 KEY REASONS TO INVEST IN SAUDI ARABIA

5 YOUNG AND SKILLED WORKFORCE

- ~50% of Saudi working age population is below 30 years old
- ~400k young Saudis entering the labor market every year, contributing to strengthen the development of workforce capabilities
- Education is the second largest area of government spending
- Leading universities growing scientific research activities

6 EXPANDING QUALITY OF LIFE

- Tax free salaries
  Among the world’s lowest levels of tax
- High safety and security
  One of the safest places in the world
- Advanced healthcare systems and facilities
  Ranking 26th worldwide
- Expanding lifestyle
  Women driving, entertainment, plan for culture, alternative tourism
LEADING FINANCIAL SECTOR

- Large financial system
  192% financial sector total assets to GDP in 2016

- Well-capitalized and resilient banking sector
  15% bank capital to assets in 2016

- Biggest capital market in Middle East, North Africa and Turkey
  $450B market cap

- New reforms and initiatives
  T+2 settlement cycle, qualified foreign investors framework, International Financial Reporting Standards
SAUDI ARABIA’S REFORM JOURNEY

A VIBRANT SOCIETY
Recreation, religious tourism, lifestyle reforms at the heart of societal progress

Since Sept-16, entertainment events attended by 2.3M visitors, generated 20,000 jobs and returned SAR 2.05 on every SAR 1 spent

Up to 85% reduction in wait time for Hajj pilgrims for some nationals

Legal reforms allowing physical education for females in schools and female-only gyms to open across the country

AN AMBITIOUS NATION
Fiscal balance improving, governance efficiency and transparency increasing

Reduced budget deficit by ~50% vs. planned spending in 2017

KSA issues quarterly budgets for the first time to boost transparency

Increased administrative efficiency via e-governance initiatives (e.g., Ministry of Commerce and Investment web portal, customs clearance)

A THRIVING ECONOMY
Private sector growth recovering, more women in the workforce, and the Public Investment Fund diversifying investments

10% increase in women participation in private sector workforce in 2016 vs. 2015

Growth in non-oil revenues by 14.2% in 2017 expected versus 2016

Public Investment Fund co-invests with Softbank to form a $ 93 Bn fund to invest in Saudi technology sector


Source: Saudi Arabia’s Vision 2030
Unlock state-owned assets program aimed at making selected government properties available to the private sector

- Private sector to provide services and government to refocus its legislative and organizational role
- Privatization VRP (Vision Realization Program) to clearly identify targeted assets and to develop related implementation plans
- Program launched with a clear governance Aimed at attracting FDIs and improving Saudi Arabia’s balance of payments

Value chain localization

Localization of technology and know-how through setup of strategic partnerships with global investors

- New government procurement law aimed at introducing local content requirements (e.g., offset agreement)
- Creation of local content development units to promote building of capabilities and to raise awareness on localization
- Public Investment Fund to encourage knowledge transfer (e.g., Saudi Arabian Military Industries partnering with foreign investors)
- Private sector to contribute (e.g., Saudi Aramco and SABIC to procure materials from domestic suppliers)

GIGA PROJECTS PROGRAM

Transformation initiative aimed at developing mega projects, unique in their scope and ambition, into integrated economic ecosystems

- Neom project: the “land of the future”, a hub for manufacturing, renewable energy, biotechnology, media, and entertainment
- Red Sea project: sustainable and luxurious tourist destination consisting of islands, nature and distinctive cultural landmarks
- Qiddiya project: the new iconic entertainment destination, home of activities, discoveries and engagement

BUSINESS ENVIRONMENT IMPROVEMENT

Large government efforts to attract investors by improving the overall Saudi business environment

- Public-private partnerships to facilitate flows of private investments
- Capabilities development program to increase quality and reliability of government service
- Review of current regulations and adoption of international frameworks
- Enablement of banks and other financial institutions to adapt products and services to needs of each sector
- Improvement of licensing procedures and movement of goods and people
DEEP DIVES ON TRANSPORT NETWORK

OVERVIEW

- Saudi Arabia located at the convergence of three different continents
- Large efforts to optimize transport network and logistics for transforming Saudi Arabia into a global logistics hub
- Digital IT infrastructure under development with private sector
  - Collaborating on telecommunications, information technology network, high-speed broadband
  - Establishing a clear governance for digital transformations
>200,000 km of roads

- 66,000 km of roadways connecting major cities and providing access to railways, ports and airports
  - Maintained by the MoT
  - 5,000 km highways
  - 6,000 km bridges
  - 11,000 km double-lane
  - 49,000 km single-lane
- >140,000 km of dirt roads
- 12,000 km of roads connecting Saudi Arabia’s regions to international borders

>1,700 km of rails

- Passenger line: 733 km connecting Riyadh to Dammam
- Cargo line: 556 km starting at King Abdul Aziz Port in Dammam and ending in Riyadh
- Branch lines: 486 km connecting industrial sites and facilities
- >1.3 M passengers travelling annually
- Approx. 700 thousand containers handled every year

10 main harbors

- Largest marine network in the Middle East
  - 6 leading container ports
  - >240 million tons of cargo handled in 2017
- King Abdullah Port at KAEC with 4 million TEU annual capacity
  - Fastest growing port in world
  - Port throughput increased by 14% in first half of 2017
- Main harbors located on Red Sea and Arabian Gulf
  - King Abdulaziz Seaport, Jubail Commercial Port, King Fahad Jubail Industrial Port, Ras Al-Khair Port, Jizan Port, Jeddah Islamic Port, Dhiba Port, Yanbu Commercial Port, King Fahad Yanbu Industrial Port, King Abdullah Port at KAEC

27 airports

- Connecting Saudi Arabia with 81 airports in 45 countries
- >80M passengers hosted every year
- 1.2M tons of cargo crossing the airport facilities in 2015
- King Abdulaziz International Airport in Jeddah is the third largest airport in the Middle East by passenger traffic
  - Undergoing project for capacity expansion
    - From 55 to 100 million passengers potentially handled annually
    - New area to start-up in Q1 2018

1. Ministry of Transport; 2. TEU stands for twenty-foot equivalent unit;

Source: Saudi Arabia’s Vision 2030; SAGIA; Industrial Clusters; Saudi Railways Organization; Ministry of Transport; Saudi Ports Authority; Saudi Arabia’s Vision 2030
ATTRACTION PROPERTIES SOLUTIONS

ECOSYSTEM

- Industrial and economic cities setup to grow local regions and to contribute in diversifying the national economy
  - Many of those to create cluster-effects, leveraging synergies and fostering the overall system productivity
- Integrated supporting infrastructure and tailored shared services
  - Ready-built factories, central business districts, diverse residential options, world-class educational institutions
- Diversified industries hosted including petrochemical, mineral, alternative energy, synthetic material, maritime and shipbuilding
- Land at very competitive prices
  - $0.27 – $4.40 per sqm/year

SAUDI INDUSTRIAL PROPERTY AUTHORITY

- Responsible for development/supervision of 35 industrial cities
  - Area of >180M sqm of which approx. 50% rented
- Land allocated within 20 days from date of application submission
- Current investments supervised <$ 133 Bn
  - >528k workers

ECONOMIC CITIES AUTHORITY

- Sole regulator of King Abdullah Economic City (KAEC)
  - Strategically located on the Red Sea coast
  - Access to >750M consumers
  - Diverse residential options
  - >120 global, regional, and local companies

ROYAL COMMISSION FOR JUBAIL AND YANBU

- Owner of managing 4 world-class industrial cities
  - Jubail & Ras Al-Khair
  - Jazan Economic City
  - Yanbu Industrial City
  - Jubail Industrial City
- Main objectives include expanding the industrial base, attracting new investments, and developing financial sustainability and efficiency

Source: Saudi Arabia's Vision 2030; SAGIA; Saudi Industrial Property Authority; Royal Commission for Jubail and Yanbu; Economic Cities Authority
YOUNG AND SKILLED WORKFORCE

OVERVIEW

- Approx. 50% of the population is under the age of 30, with access to leading universities and education programs
- 7.3 million students in the Saudi education system
  - 50-50 the male-female proportion
  - >70 thousand foreign students
  - Approx. 100 different nationalities
- 27 state universities
  - Of which 4 ranked in the top 500 according to the academic ranking of world universities
  - 9 private institutions
- Saudi youth aged between 20-29 years make up 31% of the total Saudi working-age population
- 400,000 young Saudis enter the labor market every year strengthening the development of workforce skills and capabilities

EDUCATION SECOND LARGEST AREA OF GOVERNMENT SPENDING

- $192 bn budget approved for 2018
- Approximately 5% of Saudi students studying in universities and institutions abroad
  - Compared to global average of 0.6 percent
- The King Abdullah Scholarship Program is the world’s largest government sponsored scholarship
  - >180k Saudi students covered, providing them the opportunity to study/develop research activities at the best universities abroad
  - 23 countries reached with the US as the most popular destination
  - 75% undertaking degrees in social sciences, law, business, engineering and technology
  - Mawhiba provides scholarship programs for talented students to support building capabilities, creativity and innovation

LEADING UNIVERSITIES WITH WORLD-CLASS RESEARCH ACTIVITIES

- Country’s rapid progress in scientific research driven by few institutions
  - The King Abdullah University for Science and Technology (KAUST)
    - One of the fastest growing research and citation records in the world
    - The second largest endowment of any university in the world
  - King Abdulaziz University (KAU)
  - King Abdulaziz City for Science and Technology (KACST)
  - King Fahd University of Petroleum and Minerals (KFUPM)
  - Universities’ approach is to link research to needs and opportunities in the market
    - E.g., through the Innovation and Economic Development Department
    - Between industry collaborations, technology office, research and parks

Source: Saudi Arabia’s Vision 2030; SAGIA; General Authority for Statistics; Ministry of Education; The World Bank; Oxford Business Group; Shanghai University Ranking
EXPANDING QUALITY OF LIFE

TAX FREE SALARIES
Among the world’s lowest levels of tax

SAFE AND SECURE COMMUNITY
One of the safest places in the world
- e.g., few natural disasters, government efforts in terms of security and intelligence

WORLD CLASS HEALTH FACILITIES
Ranking 26th worldwide for healthcare
- e.g., coming before UAE, Finland, US, Canada

EXPANDING LIFESTYLE
Women driving, access to entertainment, sport events and museums, plan for cultural projects and alternative tourism

Source: Saudi Arabia’s Vision 2030; SAGIA; World Health Organization Ranking; The World’s Health Systems
AMONG THE STRONGEST BANKING SYSTEMS WORLDWIDE IN TERMS OF RESILIENCE AND CAPITAL ADEQUACY

BANK CAPITAL-TO-ASSETS RATIO (%) FOR SELECTED G20 COUNTRIES, 2016 VALUES

<table>
<thead>
<tr>
<th>Country</th>
<th>2016 CAGR%</th>
<th>2015-2016 yoy change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>15</td>
<td>+6%</td>
</tr>
<tr>
<td>United States</td>
<td>12</td>
<td>-1%</td>
</tr>
<tr>
<td>Turkey</td>
<td>11</td>
<td>-2%</td>
</tr>
<tr>
<td>Brazil</td>
<td>11</td>
<td>+10%</td>
</tr>
<tr>
<td>China</td>
<td>11</td>
<td>-4%</td>
</tr>
<tr>
<td>India</td>
<td>11</td>
<td>-1%</td>
</tr>
<tr>
<td>Australia</td>
<td>11</td>
<td>+10%</td>
</tr>
<tr>
<td>Germany</td>
<td>11</td>
<td>+1%</td>
</tr>
</tbody>
</table>

LEADING FINANCIAL SECTOR

LARGEST STOCK MARKET IN MENAT REGION, WITH DEEP AND HIGHLY LIQUID DOMESTIC DEBT AND EQUITY SEGMENTS

STOCK MARKET CAPITALIZATION (B$) FOR SELECTED MENAT COUNTRIES, 2017 VALUES

<table>
<thead>
<tr>
<th>Country</th>
<th>2017 Listed Companies</th>
<th>2017 Market Cap (B$)</th>
<th>Equity Capital Market Value to GDP</th>
<th>Value of Shares Traded on Tadawul for 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>186</td>
<td>459</td>
<td>65%</td>
<td>$223B</td>
</tr>
<tr>
<td>UAE</td>
<td>130</td>
<td>219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kuwait</td>
<td>216</td>
<td>96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morocco</td>
<td>75</td>
<td>131</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oman</td>
<td>131</td>
<td>223</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>194</td>
<td>43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jordan</td>
<td>30</td>
<td>81</td>
<td></td>
<td></td>
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<tr>
<td>Bahrain</td>
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<tr>
<td>Lebanon</td>
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<tr>
<td>Tunisia</td>
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</tbody>
</table>

4. Ratio of market capitalization to GDP; 5. 2016 value; 6. Managed by domestic investment funds;

SAUDI ARABIA’S VISION 2030
SAUDI ARABIA’S VISION 2030 HAS BEEN ACHIEVING REMARKABLE INITIAL SUCCESS

SAUDI ARABIA’S VISION 2030

- Introduced in April 2016 by Crown Prince Mohammed Bin Salman Al Saud, with the aim of diversifying and expanding the economy’s competitiveness
- Vision 2030 builds on Saudi Arabia’s pillars of competitive advantage to deliver on three key themes
  - A vibrant society
  - A thriving economy
  - An ambitious nation
- Its narrative sets forth the ambitions of the Kingdom over the next years and highlights a selection of commitments, goals, and aspirations which are being pursued

12 VISION REALIZATION PROGRAMS

- 12 Vision Realization Programs developed to deliver impact against strategic objectives, each with specific mandates, owners, targets
  - Enriching the Hajj and Umrah experience
  - Lifestyle Improvement Program
  - Privatization Program
  - National Transformation Program
  - National Companies Promotion Program
  - Saudi Character Enrichment Program
  - Public Investment Fund Program
  - Strategic Partnerships Program
  - Fiscal Balance Program
  - National Industrial Development and Logistics Program
  - Housing Program
  - Financial Sector Development Program

REMARKABLE INITIAL SUCCESS

- Already achieved remarkable initial success along multiple themes, attesting the seriousness of the country’s transformation into a global and modern nation
  - Increased women’s participation in the workforce, through initiatives and reforms
  - Reduction of budget deficit, from 15% to 8% of GDP between 2015 and 2017 (a reduction of > SAR 160 bn in two years)
  - Enhanced access to entertainment, with 2.3 million visitors between October 2016 and April 2017 from 100+ events in 21 cities
Vision 2030 as an ambitious yet achievable blueprint for a vibrant, thriving, ambitious Saudi Arabia

Saudi Arabia Today

Heart of the Arab and Islamic Worlds

Global Investment Powerhouse

Hub Connecting Three Continents

Vision 2030 builds on Saudi Arabia’s pillars of competitive advantage to deliver on three key themes:

1. A Vibrant Society
2. A Thriving Economy
3. An Ambitious Nation
## VISION 2030: A VIBRANT SOCIETY

### OUR DIRECTION

**...WITH STRONG ROOTS**
- Focusing our efforts to serve Umrah visitors
- Living by Islamic values

**...WITH FULFILLING LIVES**
- Promoting culture and entertainment
- Achieving environmental sustainability

**...WITH STRONG FOUNDATIONS**
- Caring for our families
- Empowering our society

### OUR GOALS

- Serve 30 Million Umrah visitors
- Increase household spending on culture and entertainment to 6%
- Increase the average life expectancy from 74 years to 80 years
- Developing our cities
- Living healthy, being healthy
- Developing our children’s character
- Caring for our health

*Source: Saudi Arabia’s Vision 2030*
## Vision 2030: A Thriving Economy

<table>
<thead>
<tr>
<th>Our Direction</th>
<th>Our Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boosting our small businesses &amp; productive families</td>
<td>Attracting the talents we need</td>
</tr>
<tr>
<td>Learning for working</td>
<td>Providing equal opportunities</td>
</tr>
<tr>
<td>Improving the business environment</td>
<td>Lower the rate of unemployment from 11.6% to 7%</td>
</tr>
<tr>
<td>Establishing special zones</td>
<td>Increase the Public Investment Fund’s assets to over SAR 7 trillion</td>
</tr>
<tr>
<td>Maximizing our investment capabilities</td>
<td>Launching our promising sectors</td>
</tr>
<tr>
<td>Privatizing our government services</td>
<td>Increase the private sector’s contribution to 65% of GDP</td>
</tr>
<tr>
<td>Supporting our national companies</td>
<td>Integrating regionally and internationally</td>
</tr>
<tr>
<td>Building a unique regional logistical hub</td>
<td>Raise the share of non-oil exports in non-oil GDP from to 50%</td>
</tr>
</tbody>
</table>

Source: Saudi Arabia’s Vision 2030
# VISION 2030: AN AMBITIOUS NATION

## OUR DIRECTION

<table>
<thead>
<tr>
<th>...EFFECTIVELY GOVERNED</th>
<th>OUR GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embracing Transparency</td>
<td>Raise our ranking on the E-Government Survey Index from our current position of 36 to be among the top five nations</td>
</tr>
<tr>
<td>Engaging everyone</td>
<td></td>
</tr>
<tr>
<td>Committing to efficient spending and balanced finances</td>
<td>Rally one million volunteers per year</td>
</tr>
</tbody>
</table>

## OUR GOALS

<table>
<thead>
<tr>
<th>...RESPONSIBLY ENABLED</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Being responsible for our lives</td>
<td></td>
</tr>
<tr>
<td>Being responsible in business</td>
<td></td>
</tr>
<tr>
<td>Living healthy, being healthy</td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Saudi Arabia's Vision 2030
VISION REALIZATION PROGRAMS (VRPS) DEVELOPED TO DELIVER IMPACT AGAINST STRATEGIC OBJECTIVES

- Enriching the Hajj and Umrah Experience
- National Transformation Program
- Public Investment Fund Program
- National Industrial Development and Logistics Program
- Lifestyle Improvement Program
- National Companies Promotion Program
- Strategic Partnerships Program
- Housing Program
- Privatization Program
- Saudi Character Enrichment Program
- Fiscal Balance Program
- Financial Sector Development Program
## Three Success Stories to Support Vision Progress

<table>
<thead>
<tr>
<th>Key Achievements</th>
<th>Problem Addressed (And Supporting Evidence)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Increased Women in the Workforce</strong></td>
<td><strong>Low Participation of Women in the Workforce Across All Levels</strong></td>
</tr>
<tr>
<td></td>
<td>- 1.27% women in public sector above grade 11</td>
</tr>
<tr>
<td><strong>2. Reduction of Budget Deficit</strong></td>
<td><strong>Saudi Arabia Facing 4th Consecutive Year of Budget Deficit</strong></td>
</tr>
<tr>
<td></td>
<td>- Deficit of SAR 297B in 2016 driving the need for urgent fiscal balance</td>
</tr>
<tr>
<td><strong>3. Improved Access to Entertainment</strong></td>
<td><strong>Lack of Entertainment Options in Saudi Arabia Driving Saudis to Spend Disposable Income on Tourism Abroad</strong></td>
</tr>
<tr>
<td></td>
<td>- Saudi Arabia ranked in top 20 countries for national expenditure abroad</td>
</tr>
</tbody>
</table>
SUCCESS STORY: INCREASED WOMEN IN THE WORKFORCE

SUMMARY

- Over the past few years KSA has achieved tremendous progress in sending women to colleges and encouraged women to take up private sector jobs.
- But the Kingdom still trails behind globally in a number of women employment indicators.
- Under Vision 2030, there have been landmark legal reforms and initiatives that have begun to show early results and quick wins for Saudi women.

PROBLEM

- The number of unemployed women in Saudi Arabia reached 439,600 by the end of Q3 2016, representing 33% of the total percentage of unemployed people in the country. Total employment stands at 11.6% in Q2 2017.
- Limited participation of women in leadership positions in both the workforce and society: in the case of the civil sector, women at the top positions (in Grade 11 and above) represented only 1.27% of the total in the baseline year (refers to 2020 objectives).

ACTIONS, PROBLEM IMPACT AND ACHIEVEMENTS

- Under the Vision 2030, NTP has planned a number of initiatives to boost female employment at all levels of the workforce.
- In addition, the government is instrumenting workforce-related legal reforms to enable women to enter the workforce.


1. GASTAT includes part-time workforce in employment figures; base includes only men and women looking for a job.
SUCCESS STORY: INCREASED WOMEN IN THE WORKFORCE

- **November**: Women allowed to work in pharmacies, herbal medicine and optical stores.
- **December < - 2016**: Private sector jobs for Saudi women up 145% since 2012.
- **2017 - > February**: Women take three top jobs in Saudi finance.
- **March**: “Telework” aimed at creating 141,000 jobs for women by 2020.
Initiative Legal Reform Achievement

King Salman relaxes guardianship system to travel, study and work

For the first time women employed in Makkah during Hajj season

80% of job seekers in Saudi Arabia are women

Fashion industry plans to create 2,500 jobs for Saudi women

80% of job seekers in Saudi Arabia are women
SUMMARY
- Within a year of kicking off Vision 2030, the Kingdom has succeeded in returning to strict budgetary commitment, saving on projects by SAR 97 bn since the beginning of 2016
- Expenditure decreased by one quarter compared to 2014 levels, and by 16% compared to 2015 to reach SAR 825bn 2016
- This success allowed bonuses and benefits to be returned to public sector employees

PROBLEM
- The kingdom is facing its 4th consecutive year of budget deficit: SAR 297 bn (11.5% of GDP) in 2016 and a projected deficit of SAR 198 bn (7.7% of GDP) in 2017. This has forced the country into austerity measures which were met with public backlash
- Budget deficit was primarily driven by KSA’s dependency on oil revenues and fall in crude oil prices, overspending (10.7% above plan in 2016), various subsidies, and inefficient spending on government projects

ACTIONS, PROBLEM IMPACT AND ACHIEVEMENTS
Under Vision 2030, there has been a number of fiscal reforms to reduce budget deficit to improve government spending:

1. SPENDING RATIONALIZATION
- Creation of the Spending Rationalization Office to increase spending efficiency and reduce overspending by ensuring cost-efficient implementation of government projects

2. ECONOMIC DIVERSIFICATION AND REFORMATION
- Introduce new sources of non-oil revenues and gradually lift subsidies while increasing prices of essential materials

3. FISCAL DISCIPLINE
- Base budget on more realistic oil prices (2010-14 budgets have tended to be based on prices far below market avg.)
- Accrual based accounting by government agencies - recognizing revenues and expenses when they are incurred
The Spending realization office reviewed hundreds of government projects and saved the Kingdom SAR 80 bn in 2016 and SAR 17 bn in the early months of 2017. This has allowed the return of bonuses and allowances of public sector employees in an unexpected speed.

BUDGET DEFICIT ON THE DECLINE SINCE 2015

Saudi budget deficit halves as financial reforms kick in Arab News, August 2017

1. Office of capital and operational expenditure 2. The Council of Economic and Development Affairs (CEDA) has created entities to oversee the vision success (under the National Transformation Program and Vision 2030) like the National Performance Agency (Adaa).

SUCCESS STORY: IMPROVED ACCESS TO ENTERTAINMENT

SUMMARY

- The prevailing entertainment options in Saudi prompt its residents to spend their entertainment dollars outside Saudi (KSA ranked in top 20 countries for national spending abroad)
- To solve this, a royal decree was issued to order the creation of GEA to facilitate and grow the entertainment sector
- In seven months of its creation, GEA-organized events have attracted more than 2 million visitors generating 20,000 jobs and 2.05 SAR return on every 1 SAR spent

PROBLEM

- The current entertainment offerings in Saudi Arabia have traditionally lacked appeal among residents seeking experiences more aligned with global standards, prompting them to spend their entertainment dollars in neighboring countries like Bahrain and UAE
- In addition, there is an untapped potential in the entertainment sector that can generate jobs, FDIs and support SMEs

ACTIONS, PROBLEM IMPACT AND ACHIEVEMENTS

Under Vision 2030, with the aim of promoting and diversifying entertainment opportunities in KSA, a royal decree was issued in Oct 2016 to order the creation of GEA. In its first year, the entity achieved significant progress through its initiatives:

- Generated 2.05 SAR for every 1 SAR spent on entertainment activities

1. YEAR-ROUND ACTIVITIES
- More than 106 events took place in 21 cities since inception including Eid festivities, WWE, Comic Con, Blue Man etc.

2. GEA WORKSHOP
- In order to involve investors in developing future plans and strategy of the entertainment sector, GEA conducted a workshop with 130 stakeholders and investors in 2017

1. April and May 2017 reported as one number, graph displays prorated monthly figures;

Source: General Entertainment Authority
Creation of 20,000 jobs in its first seven months by GEA, surpassing targets set out in 2016 in the Vision plan

2.3 million visitors between Oct 2016 and April 2017 from 100+ events in 21 cities

**Attendance in GEA-organized events, 2016-2017**
(total 2.3 million attendees in Sept 2016 – May 2017)
REFORMS AND ACHIEVEMENTS
SAUDI ARABIA BUSINESS ENVIRONMENT

SAUDI ARABIA EMBARKED ON A SUCCESSFUL REFORM JOURNEY TO ENHANCE ITS BUSINESS ENVIRONMENT

SAUDI ARABIA'S REFORM JOURNEY

- Enhancing the business environment for the private sector is among the top priorities laid down by Vision 2030. The Tayseer's committee was established to pursue four main objectives:
  - Increase efficiency of government services
  - Position Saudi Arabia among the top 20 countries globally for doing business
  - Implement regulations aimed at stimulating the private sector growth
  - Increase private sector engagement with direct involvement in decision-making

- Broad and ambitious reforms, e.g. new regulation for the trading across borders, judicial development policy and procedures aimed at enhancing transparency, have been already completed

- More than one hundred additional reforms are in the pipeline for approval and implementation

RECOGNITION OF BUSINESS ENVIRONMENT ADVANCEMENT

- Saudi Arabia is making tremendous efforts in advancing its business environment

- Ranked 2nd as best reformer among the high income countries in the G20 by the World Bank, thanks to its serious commitment to improve the regulation on crucial areas such as those related to the protection of minority investors, the property registration, and the insolvency resolution

- Among the best 20 countries globally in overall reforming effort

- 30th most competitive economy according to the World Economic Forum's Global Competitiveness ranking
TAYSEER’S COMMITTEE SETUP TO ENHANCE THE BUSINESS ENVIRONMENT THROUGH 4 OBJECTIVES

Increase the efficiency of government services

Position Saudi Arabia among the top 20 countries globally for doing business

Implement regulations aimed at stimulating the private sector growth

Increase the engagement of the private sector with direct involvement in decision-making
COMPLETED REFORMS

Trading Across Borders
TODAY WE CLEAR MOST CARGO IN 24 HOURS

TRADING ACROSS BORDERS

Clearance of containers within 24 hours

Allowed electronic submission of documents 3 days prior to shipment arrival to start clearance procedures

Reduced import documents from 12 to 4 and export documents from 9 to 3

ONE STOP SHOP

Launched the “Meras” platform to facilitate business procedures online

Provided accessibility of unified centers to local and foreign investors

FUNDING

Examined funding schemes for small and medium enterprises including crowdfunding

Highest Impact Reform
JUDICIAL DEVELOPMENT

Set a cap limit of 3 adjournments on sessions

Launched the Saudi Center for Commercial Arbitration (SCCA)

Established specialized directorates for lawsuit preparation prior to submission before jurisdiction

Launched an electronic system to file commercial cases

Established an online channel to submit complaints and concerns on the work of notaries

Established provision to hold the first hearing session within 20 days from filing the case

EDUCATION

Allowed foreign investment in the education sector

Source: Tayseer’s committee
Facilitating Business Procedures

TODAY WE ISSUE BUSINESS LICENSES INSTANTLY

FACILITATING BUSINESS PROCESSES

Issued immediate municipality licenses for more than 200 activities

Issued immediate authorization from the Civil Defense for establishments up to 930 sqm

Unified process and number of procedures required for men and women to start and conduct business

Reduced start-up procedures from 12 to 4

Reduced SFDA registration time from 18 months to 60 days

Introduced an electronic platform to reserve a company name and submit articles of association

Established exemption for new companies from submitting taxes to Zakat during the first year

Highest Impact Reform
TODAY WE SUPPORT SMALL BUSINESSES

FINANCIAL PROTECTION SYSTEMS

- Finalized new insolvency law as per the best international practices
- Issued new corporate governance regulation to protect minority investors
- Reviewed and amended the government procurement law

TRANSPARENCY IN LEGISLATION

- Published all laws and regulations in the national archive center website
- Launched the National Center for Documental and Archives website
- Enforced public consultation for all business-related laws and regulations
- Required translation of engineering and operation contracts to English and French

Source: Tayseer’s committee
**COMPLETED REFORMS**

**Visas**

*TODAY WE ISSUE BUSINESS VISAS IN 24 HOURS*

**AMICABLE SETTLEMENT OF TRADE DISPUTES**

Reduced the time to enforce contracts by commercial courts

**VISAS**

Issuance of business visas in 24 hours

Issued visas for general managers prior to the commercial registration

Established a dedicated lane for businessmen in King Khalid International Airport

**ZAKAT**

Facilitated the filing process by uploading excel files and transferring data of previous years

Eliminated the requirement of conducting audits in case of declaration errors

*Highest Impact Reform*
FURTHER +100 REFORMS IN THE PIPELINE

Expand “Meras” presence in the Kingdom’s regions aimed at facilitating business and investment activities

Issue new laws: Insolvency, commercial pledge, services penalties, and competition

Reduce the time and procedures taken to obtain construction permits

Modify procurement law and automate the procedures

Automate the process of property transfer between companies

Activate electronic authentication and e-certificates

Publish commercial cases verdicts

Expand the container clearance initiative within 24 hours to include all sea and air ports

Enforce an electronic contractor classification mechanism

Highest Impact Reform

Source: Tayseer's committee
SAUDI ARABIA INTRODUCED MEASURES AIMED AT MAKING IT EASIER TO DO BUSINESS

BUSINESS ENVIRONMENT REFORMS

Saudi Arabia made tremendous efforts in advancing business environment reforms over the last 12 months

REFORM COMMITTEES

The government established 10 reform committees, one for each “Doing Business” indicator

Source: World Bank Group
Each committee had a very detailed and a time bound action plan, whose implementation was monitored through the weekly meetings of the committee and monthly meetings of the overall Steering Committee chaired by the Minister of Commerce and Investments.

World Bank experts worked together with the committees to ensure access to the best international practice in the reforming effort.
BUSINESS IN SAUDI ARABIA

WORLD BANK SUPPORT
Doing Business 2018 Report

2nd best reformer among high income countries in G20

Reforms in 6 pillars in one year (the highest in MENA)

Doing Business Overall Ranking
(1 equals highest ranking)

Source: World Bank Group
World Economic Forum’s Global Competitiveness
Overall ranking

Source: World Bank Group
INCENTIVES AND SUPPORT
FINANCIAL SUPPORT

- Export credit financing, guarantee, insurance provided by the Saudi export program
- Energy and utilities subsidies for power, water, natural gas, ethane, diesel, land
- Financial incentives for R&D projects with potential to boost country's economic growth and self-reliance
- Loan programs for public and private industrial investments

FISCAL SUPPORT

- Custom duty drawback and exemption on selected materials, equipment and machinery
- Tax credit and tax exemptions on Saudi national worker’s payroll and training costs

EMPLOYMENT SUPPORT

- Program offered by Human Resources Development Fund (HRDF) and aimed at encouraging training and employment of Saudi nationals
- On-the-job training program for Saudi graduates
- Training in non-profitable institutes
- Rehabilitation for health diploma holders
- Doroob program
AVAILABLE FINANCIAL, FISCAL AND EMPLOYMENT FUNDING MEASURES ACROSS 7 AREAS

1. EXPORT CREDIT FINANCING, GUARANTEE, INSURANCE
2. ENERGY AND UTILITIES SUBSIDIES
3. FINANCIAL INCENTIVES FOR R&D
4. LOAN PROGRAMS
5. CUSTOM DUTY DRAWBACK, EXEMPTION
6. TAX CREDIT, EXEMPTION
7. EMPLOYMENT FUNDING

## INCENTIVES AND SUPPORT

### EXPORT CREDIT FINANCING, GUARANTEE, INSURANCE; ENERGY AND UTILITIES SUBSIDIES; FINANCIAL INCENTIVES FOR R&D

<table>
<thead>
<tr>
<th>NAME</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREDIT FINANCING, GUARANTEE AND INSURANCE</td>
<td>Export credit financing, guarantees and insurance by the Saudi Export Program</td>
</tr>
<tr>
<td></td>
<td>◀ Coverage up to 90% of credit value</td>
</tr>
<tr>
<td>ENERGY AND UTILITIES SUBSIDIES</td>
<td>Subsidized tariffs for power, water, natural gas, ethane, diesel and land</td>
</tr>
<tr>
<td>FINANCIAL INCENTIVES FOR R&amp;D PROJECTS</td>
<td>Investment in selected local and international R&amp;D projects with potential to boost country’s economic growth and self-reliance</td>
</tr>
</tbody>
</table>

Source: Responsible entities reported in the table
### MAIN CONDITIONS

- Exports with Saudi origin
- Min %25 local of value added (crude oil is excluded)
- Min transaction value funded 100k SR
- Operational risk and credit worthiness to be accepted
- Guarantees vary depending on risks associated

### RESPONSIBLE ENTITY

- Saudi Fund for Development

### Power

- Power at **$ 0.048** per kWh for industrial sector
- Water at **$ 0.5 - $ 1.35** per cubic meter (based on volume)
- Natural gas at **$ 1.25** per MMBTU
- Ethane at **$ 1.75** per MMBTU
- Diesel at **$ 14/barrel**
- Land for lease starting from **$ 0.26** per sqm

### Investment

- Investment with following characteristics
  - Enable technology transfer to Saudi Arabia
  - Diversify Saudi Arabia economy
  - Create high skilled jobs

### Financed amount

- Uncapped

### Entities

- Saudi Fund for Development
- Saudi Electricity Company
- National Water Company
- Saudi Aramco
- Saudi Industrial Property Authority
- King Abdulaziz City for Science and Technology
## LOCAL LOAN PROGRAMS

<table>
<thead>
<tr>
<th>NAME</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LOAN PROGRAM FOR INDUSTRIAL PROJECTS</strong></td>
<td>Finance up to 50% of project costs in major cities, and 75% in promising cities</td>
</tr>
<tr>
<td></td>
<td>▶ Repayment periods of up to 15 years</td>
</tr>
<tr>
<td></td>
<td>▶ 2-year grace period</td>
</tr>
<tr>
<td></td>
<td>▶ Additional advice on administration, marketing, technical</td>
</tr>
<tr>
<td><strong>LOAN GUARANTEE PROGRAM (KAFALAH) FOR SMALL &amp; MEDIUM ENTERPRISES</strong></td>
<td>Cover the risk of banks in financing small and medium enterprises</td>
</tr>
<tr>
<td></td>
<td>▶ Guarantee rate up to 75% of loan</td>
</tr>
<tr>
<td><strong>PRODUCTIVE LOANS FOR SMALL PROJECTS AND START-UPS</strong></td>
<td>Interest-free loans provided across a variety of paths to support the Saudi society</td>
</tr>
</tbody>
</table>

**Source:** Responsible entities reported in the table
### MAIN CONDITIONS

- Financeable industrial project with a valid industrial license and to realize considerable value for the economy. Characteristics:
  - Economically viable
  - To provide training and employment opportunities for Saudi
  - To use locally sourced raw materials
  - To integrate with other projects in KSA or GCC countries
  - To replace imports by local products
  - To target export opportunities
  - To bring advanced technology

### RESPONSIBLE ENTITY

- Saudi Industrial Development Fund

### RESPONSIBLE ENTITY

- Saudi National

<table>
<thead>
<tr>
<th>Legal entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual sales (&lt;\text{SAR 30 million}})</td>
</tr>
</tbody>
</table>

- Viable in the economic, financial, technical and administrative terms

<table>
<thead>
<tr>
<th>Contributes positively to the Saudi economy in terms of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiring and training Saudi nationals</td>
</tr>
<tr>
<td>Replacing imported goods by local ones and/or producing high quality innovative goods and services</td>
</tr>
</tbody>
</table>

### Specific conditions for each path

- Saudi National

<table>
<thead>
<tr>
<th>Social Development Bank</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Specific conditions for each path</th>
</tr>
</thead>
</table>

- Saudi National
## INCENTIVES AND SUPPORT

### REGIONAL LOAN PROGRAMS

<table>
<thead>
<tr>
<th>NAME</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOAN PROGRAM FOR PUBLIC/PRIVATE INVESTMENT PROJECTS</td>
<td>Financing for public/private investment projects</td>
</tr>
<tr>
<td></td>
<td>- Reduced interest rate to 2.5% for low-income Arab countries and 3% for other Arab countries</td>
</tr>
<tr>
<td></td>
<td>- 4-6 grace period</td>
</tr>
<tr>
<td></td>
<td>- Long term extended to 22-25 years</td>
</tr>
<tr>
<td>LOAN PROGRAM FOR ECONOMIC DEVELOPMENT AND REFORM IN ARAB COUNTRIES</td>
<td>Loans and facilities offered to help address overall balance of payment deficit of member countries; include 4 types of loans that vary in size, terms and maturity</td>
</tr>
<tr>
<td>POLITICAL &amp; COMMERCIAL RISK INSURANCE FOR INVESTMENTS AND EXPORT CREDIT GUARANTEES</td>
<td>Insurance schemes and guarantees to encourage investments in Arab countries, and enhance inter-Arab trade and Arab exports worldwide</td>
</tr>
<tr>
<td>EQUITY &amp; DEBT FINANCING FOR ENTERPRISES AND PRODUCTIVE PROJECTS IN MEMBER COUNTRIES</td>
<td>Offers different financing schemes to support investment capital of projects, grants loans to enterprises and productive projects, and accepts deposits to mobilize financial resources in accordance with the provisions of Islamic law</td>
</tr>
</tbody>
</table>

**Source:** Responsible entities reported in the table
### Main Conditions Responsible Entity

<table>
<thead>
<tr>
<th>Main Conditions</th>
<th>Responsible Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector: request to be accompanied by a techno-economic feasibility study (to be considered for financing)</td>
<td>The Arab Fund for Economic and Social Development</td>
</tr>
<tr>
<td>Private sector: only for legally independent entity with:</td>
<td>Arab Monetary Fund</td>
</tr>
<tr>
<td>- Sound financial position</td>
<td></td>
</tr>
<tr>
<td>- Good management practices</td>
<td></td>
</tr>
<tr>
<td>- Operating in a purely commercial basis</td>
<td></td>
</tr>
<tr>
<td>- Main objective of developing the economy</td>
<td></td>
</tr>
<tr>
<td>- Not less than 51% of capital owned by citizens of member states of the Arab Fund</td>
<td></td>
</tr>
<tr>
<td>The fund must take into consideration when lending to Arab countries:</td>
<td>The Arab Investment &amp; Export Credit Guarantee Corporation</td>
</tr>
<tr>
<td>- Fairness and equal opportunity of access to fund loans</td>
<td></td>
</tr>
<tr>
<td>- Safeguard of the Fund’s ability to maintain its continuity in growth</td>
<td></td>
</tr>
<tr>
<td>- Ensure that the resources it lends are used safely by borrowing members who must have the ability to meet their obligations</td>
<td></td>
</tr>
<tr>
<td>Investment insurance for investments in an Arab country, the investor shall not be from the same country of the investment</td>
<td>Islamic Development Bank</td>
</tr>
<tr>
<td>Export credit guarantees for exports to/from Arab countries</td>
<td></td>
</tr>
<tr>
<td>Prospective member country should:</td>
<td></td>
</tr>
<tr>
<td>- Be a member of the Organization of Islamic Cooperation (OIC)</td>
<td></td>
</tr>
<tr>
<td>- Pay its contribution to the capital of the Bank</td>
<td></td>
</tr>
<tr>
<td>- Be willing to accept such terms and conditions as may be decided upon by the bank’s Board of Governors</td>
<td></td>
</tr>
</tbody>
</table>
## INCENTIVES AND SUPPORT

### CUSTOM DUTY DRAWBACK, EXEMPTION; TAX CREDITS AND EXEMPTION

<table>
<thead>
<tr>
<th>NAME</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOM DUTY DRAWBACK</td>
<td>Refund to importers/exporters of raw material imports that are processed in Saudi Arabia and re-exported as more finished products</td>
</tr>
<tr>
<td>CUSTOM DUTY EXEMPTION</td>
<td>Exemption on authorized imports for industrial establishments (e.g., materials, equipment, machinery)</td>
</tr>
<tr>
<td>TAX CREDIT ON SAUDI NATIONAL PAYROLL AND TRAINING COST</td>
<td>Up to 50% tax credit on Saudi national worker’s payroll and training cost for 10 years</td>
</tr>
<tr>
<td>TAX CREDIT, EXEMPTION ON EARNINGS FROM EXPORTS</td>
<td>Tax credits on R&amp;D investments and tax exemption on earnings from exports</td>
</tr>
</tbody>
</table>

**Source:** Responsible entities reported in the table
<table>
<thead>
<tr>
<th>MAIN CONDITIONS</th>
<th>RESPONSIBLE ENTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importer to inform Customs at the point of entry on raw materials for manufacturing</td>
<td>Saudi Customs</td>
</tr>
<tr>
<td>Importer to provide the Customs</td>
<td></td>
</tr>
<tr>
<td>- Import Declaration</td>
<td></td>
</tr>
<tr>
<td>- Receipt for payment of duty</td>
<td></td>
</tr>
<tr>
<td>- Certificate of Origin</td>
<td></td>
</tr>
<tr>
<td>- Copy of the invoice to the buyer certified</td>
<td></td>
</tr>
<tr>
<td>Available only if local supply does not exist or the local supply is not up to the specifications of the manufacturers</td>
<td>Ministry of Commerce and Investment</td>
</tr>
<tr>
<td>Available in specific regions</td>
<td></td>
</tr>
<tr>
<td>- Hail, Northern Border, Jazan, Al-Jouf, Najran, Al-Baha</td>
<td></td>
</tr>
<tr>
<td>Capital &gt;1M SR</td>
<td></td>
</tr>
<tr>
<td>Number of employees &gt;5</td>
<td></td>
</tr>
<tr>
<td>- either technical or administrative jobs</td>
<td></td>
</tr>
<tr>
<td>- contract time not less than 1 year</td>
<td></td>
</tr>
<tr>
<td>No specific requirements</td>
<td>General Authority of Zakat and Tax</td>
</tr>
</tbody>
</table>
EMPLOYMENT FUNDING: OVERVIEW

TRAINING AND EMPLOYMENT PROGRAMS FOR SAUDIS

TAMHEER PROGRAM

PROGRAM TO SUPPORT THE GROWTH OF SAUDIZATION OF ENTERPRISES

PROFESSIONAL CERTIFICATION SUPPORT PROGRAM

DOROOB PROGRAM

Source: Responsible entities reported in the table
TAMHEER PROGRAM

On-the-job training program for Saudi graduates
- To provide financial support of SAR 3,000 per month during the 3 to 6 months long period of training, and occupational hazard insurance

- Conditions to apply
  - Saudi national (or foreign national with Saudi mother)
  - With bachelor, master or PhD degree
  - Currently unemployed and not employed for the past 6 months
  - No previous participation in Tamheer program

Source: Human Resources Development Fund (HRDF)

PROGRAM TO SUPPORT THE GROWTH OF SAUDIZATION OF ENTERPRISES

HRDF to provide
- 15% of monthly salary for male citizens
- 20% of monthly salary for female citizens

- Program duration
  1 October 2017 – 30 September 2019

- Conditions to apply
  - Saudi national
  - Age between 18-60
  - Employee’s monthly salary not exceeding SAR 6,000

PROFESSIONAL CERTIFICATION SUPPORT PROGRAM

Aim is to enable the Saudi workforce to obtain professional certificates accredited in several professional fields required by the labor market,
- e.g., CMMP, CIT, PMP, …etc.

- HRDF to provide reimbursement for training costs, and test fees

- Conditions to apply
  - Saudi national
  - Certificate to be accredited by HRDF
  - Certificate to be valid and not expired
  - Maximum reimbursement: 2 certificates for each person

DOROOB PROGRAM

Comprehensive program involving electronic learning courses

- Aim is to obtain certificates approved and recognized by the main companies

Priority in the direct employment for the certificates holders

- Providing also the opportunity of benefiting from the on-the-job training program

- Conditions to apply
  - Saudi National
FOREIGN INVESTMENT REGULATION
FOREIGN INVESTMENT REGULATION

THREE KEY ELEMENTS OF THE FOREIGN INVESTMENT REGULATION

LICENSING REGULATION AND PROCESS FOR FOREIGN INVESTMENT

- Being licensed to operate in Saudi Arabia as a foreign investor is necessary to obtain any permit to start operations.

- The Saudi Arabian General Investment Authority (SAGIA) is the Kingdom’s investment promotion agency, responsible to setup and govern the foreign investment regulation, facilitate the entrance of investors into the country and license investors.

- Different types of investment licenses are available, each with its own requirements, such as minimum acceptable capital and a cap on foreign capital.

- Prospective investors can apply for a license online on SAGIA’s portal.

FISCAL REGIME ELEMENTS RELEVANT FOR FOREIGN INVESTMENT

- Four main fiscal regime elements are particularly relevant for foreign investment:
  - Corporate income tax, applicable on foreign ownership of Saudi Arabia-based company; with statutory corporate rate set at 20%, it is the lowest among the G20.
  - Zakat, applicable on local ownership of Saudi Arabia-based company; set at 2.5% of the Zakat base.
  - Value-Added-Tax.
  - Social Security contribution; only for Saudi personnel.

INTERNATIONAL TRADE AGREEMENTS

- Saudi Arabia is member of WTO with commitment to further liberalize trade regime and accelerate integration in the global economy.

- On a regional dimension, Saudi Arabia is member of the Gulf Cooperation Council and of the Greater Arab Free Trade Area.

- Bilaterally, Saudi Arabia signed treaties for the avoidance of double taxation of income and capital (DTAs) with 29 countries as well as agreements aimed at promoting and protecting the investments of the enterprises of one contracting party in the territory of the other with 23 countries.

1. Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.
2. Algeria, Azerbaijan, Austria, Bangladesh, Belarus, China, Egypt, Ethiopia, Greece, Hungary, India, Italy, Japan, Kazakhstan, Luxembourg, Macedonia, Malaysia, Netherlands, Pakistan, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Turkey, Uzbekistan, Venezuela, Vietnam.
3. Azerbaijan, Austria, Belarus, Belgium, China, Czech Republic, Egypt, France, Germany, India, Indonesia, Italy, Luxembourg, Malaysia, Philippines, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, and Ukraine.
# Investment License Types and Main Requirements

Other Commitments and Requirements May be Applied

## Investment License Types

- Commercial
- Service
- Industrial
- Innovation
- Management of construction projects, detailed engineering design and EPC contracts
- Real Estate Development
- Technical and scientific office
- Insurance
- Reinsurance
- Property Financing
- Property Investment
- Public Transport
- Entrepreneur License
- Foreign company branch

## Min Acceptable Capital

<table>
<thead>
<tr>
<th>Investment License Types</th>
<th>Min Acceptable Capital</th>
<th>Foreign Capital Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>SAR 26Mn²</td>
<td>up to 75%</td>
</tr>
<tr>
<td></td>
<td>SAR 30Mn²</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Service</td>
<td>Not required</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Industrial</td>
<td>Not required</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Innovation</td>
<td>Not required</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Management of construction projects, detailed engineering design and EPC contracts</td>
<td>Not required</td>
<td>up to 75%</td>
</tr>
<tr>
<td>Real Estate Development</td>
<td>SAR 30Mn</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Technical and scientific office</td>
<td>Not required</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Insurance</td>
<td>Not required</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Reinsurance</td>
<td>Not required</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Property Financing</td>
<td>Not required</td>
<td>up to 60%</td>
</tr>
<tr>
<td>Property Investment</td>
<td>Not required</td>
<td>up to 60%</td>
</tr>
<tr>
<td>Public Transport</td>
<td>SAR 30Mn</td>
<td>up to 100%</td>
</tr>
<tr>
<td>Entrepreneur License</td>
<td>SAR 0.5Mn</td>
<td>up to 70-80%</td>
</tr>
<tr>
<td>Foreign company branch</td>
<td>SAR 0.5Mn</td>
<td>up to 100%</td>
</tr>
</tbody>
</table>

1. 100% foreign commercial license to require investment of SAR 200Mn in first five years

Source: SAGIA
OVERVIEW OF REGISTRATION PROCESS AT SAGIA

SIMPLIFIED REGISTRATION PROCESS

- 80% of documents reduced to preparing the commercial registration and the financial statements of the company
  - After being attested by the Saudi embassy

GOVERNMENTAL PROCEDURES TO BE FINALIZED

- After the license is issued
  - Through SAGIA’s business center within 5 working days

INVESTORS ABLE TO APPLY ONLINE

- Response back within 1 working day

Source: SAGIA
FISCAL REGIME: CORPORATE TAX, ZAKAT, VALUE-ADDED-TAX AND SOCIAL SECURITY CONTRIBUTION

CORPORATE INCOME TAX

- Applicable on foreign ownership of Saudi Arabia-based company
  - 20% of earnings before taxes

ZAKAT

- Applicable on local¹ ownership of Saudi Arabia-based company
  - 2.5% of the Zakat base (i.e. the net worth of the entity as calculated for Zakat purposes)

GOVERNMENTAL PROCEDURES TO BE FINALIZED

- Registration compulsory for all companies with annual turnover > SAR 1 Mn from January 2018
  - If turnover between 375K and SAR 1Mn then compulsory registration by Jan 2019

GOVERNMENTAL PROCEDURES TO BE FINALIZED

- Only for Saudi personnel; contribution rate at 18% of the contributory wage
  - 9% paid by the employer
  - 9% paid by the employee

¹. It includes KSA and Gulf Cooperation Council ownership;

Source: SAGIA
SAUDI ARABIA HAS FIVE DIFFERENT TYPES OF TRADE AGREEMENTS IN FORCE

MULTILATERAL

WORLD TRADE ORGANIZATION
- Member of WTO with commitment to further liberalize trade regime and accelerate integration in the World economy

REGIONAL

COOPERATION COUNCIL MEMBERS
- Common customs tariff of 5% on foreign goods imported into the GCC and the principle of “single point entry”

GREATER ARAB FREE TRADE AREA
- Full exemption of customs duties and charges between the 17 members of GAFTA for goods with a local content exceeding 40%

BILATERAL

DOUBLE TAXATION AVOIDANCE
- Treaties for the avoidance of double taxation of income and capital (DTAs) have been signed with 29 countries

BILATERAL INVESTMENT TREATIES
- Agreement aimed at promoting and protecting the investments of the enterprises of one contracting party in the territory of the other have been signed with 23 countries

Source: SAGIA
Saudi Arabia has been a member of the World Trade Organization (WTO) since 2005. Pursuant to its membership, Saudi Arabia agreed to undertake a series of commitments to further liberalize its trade regime and accelerate its integration in the World economy, while offering a transparent and predictable environment for trade and foreign investment in accordance with WTO rules.

The Greater Arab Free Trade Area (GAFTA) is a Trade Facilitation and Development Agreement established by the Social and Economic Council of the Arab League. Under the terms of the agreement, there is a full exemption of customs duties and charges between the 17 members of GAFTA, for goods with a local content exceeding 40%. Member states are: Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.

The six GCC member states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE) represent a single customs zone. The Customs Union implemented a common customs tariff of 5% on all foreign goods imported into the GCC and the principle of “single point entry” adopted for the Customs Union. Furthermore, the Customs Union established the free movement of goods among the GCC States and the treatment of the goods produced in any of the GCC States as national products.

GCC countries have already signed a Free Trade Agreement with Singapore and Euro European Free Trade Association (EFTA) which include Switzerland, Norway, Iceland, and Liechtenstein and is currently negotiating with several other countries like China, South Korea, Australia and New Zealand.

Source: SAGIA
MEASURE

DOUBLE TAXATION AVOIDANCE (DTA)

BILATERAL INVESTMENT TREATIES

DESCRIPTION

Saudi Arabia signed DTA agreements with the following 29 countries: Algeria, Azerbaijan, Austria, Bangladesh, Belarus, China, Egypt (yet to be ratified by Saudi Arabia), Ethiopia, Greece, Hungary, India, Italy, Japan, Kazakhstan, Luxembourg, Macedonia, Malaysia, Netherlands, Pakistan, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Turkey, Uzbekistan, Venezuela, Vietnam.

These agreements aim to promote and protect the investments of the nationals and enterprises of one contracting party in the territory of the other contracting party by providing an appropriate legislative environment to stimulate and increase investment, trade and industrial activity. The agreement also provides adequate guarantees to nationals or enterprises of the other contracting party to transfer their profits, dividends and other current income. The investment will not be subject to expropriation except for a public purpose and against prompt and adequate compensation. Saudi Arabia has signed Investment Promotion & Protection Agreements with the following 23 countries:
- Azerbaijan, Austria, Belarus, Belgium, China, Czech Republic, Egypt, France, Germany, India, Indonesia, Italy, Luxembourg, Malaysia, Philippines, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, and Ukraine.
SUCCESS STORIES
SOME OF THE GREATEST GLOBAL BRANDS ARE INVESTING IN SAUDI ARABIA

Source: General Entertainment Authority
General Electric

75 YEARS OF SUCCESS

Over the last decade we’ve made a tremendous amount of progress in the Kingdom helped by good guidance across the government, we believe that we’ve gotten a good return on our investment for our shareholders too.

John G. Rice
Vice Chairman GE

Dow

40 YEARS OF SUCCESS

“Dow is truly honored to be the first company to receive a trading license and advance our legacy of strategic partnerships and investments in the Kingdom...Dow has been a strategic partner in Saudi Arabia for nearly 40 years and we look forward to playing a key role in helping advance the Saudi’s Vision 2030 plan designed to create a vibrant society and a thriving diversified economy”

Andrew N. Liveris
Dow Chairman and Chief Executive
Office Dow Chemical Company

Source: SAGIA
"As a global leader in developing innovative solutions, our goal is to play an important role in the Kingdom’s effort to diversify its economy through knowledge and technology transfer. We will work closely with the Saudi government to enhance our manufacturing investment plans, invest in specialized research and development centers, and create high-value, technically sophisticated jobs."

H. C. Shin
Executive Vice President for International Operations 3M

"We have found that Saudi presents a tremendous opportunity in terms of its local talent potential. The Saudi youth makes up more than 50 percent of the country’s population and this will provide a sustainable pipeline of talent to drive Saudi’s growth and economic diversification."

Norm Gilsdorf, President
High Growth Regions, Middle East, Russia, Central Asia, Honeywell
Saudi Arabia’s reform plans aim to transform the country’s economy and society and move away from its oil dependency. How can this vision be achieved by 2030?
Investments and privatization of sectors will be key to achieving all of our vision. Two key parts toward that are our young population, who are ready to turn into a workforce to be reckoned with, along with encouraging our women and investing in them as they increasingly join the workforce.

H.E. Khalid Al-Falih
Minister of Energy
Mineral resources and Industry,

Saudi Arabia is committed in writing to be accountable, transparent in all its dealings. There are orders from our leadership to hold each ministry to its goals and cutting down on bureaucracy.

H. E. Mohammed Al Jaadan
Minister of Finance,

I can confirm that Saudi Arabia has full transparency, as much as compared with our experience in the United States. This is especially apparent when we have multi-billion dollar dealings with the country.

Andrew N. Liveris
Dow Chemical’s CEO
FURTHER INFORMATION
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<th>King Abdullah University of Science &amp; Technology</th>
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Saudi General Investment Authority is the Kingdom’s investment promotion agency. Our priorities are to attract and develop foreign investment, enhance the nation’s investment climate, increase the ease of doing business, and eliminate obstacles from investors’ journey.

To discover the countless opportunities, across major economic sectors, that Saudi Arabia has to offer:

CONTACT US NOW

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