



وزارة الاستثمار
Ministry of Investment

**NATIONAL
INVESTMENT
STRATEGY**

**An Economic Overview
of the National Investment Strategy
of the Kingdom of Saudi Arabia**

October 2021



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“Today, we are proud of the remarkable achievements made in the ‘Kingdom of Opportunities’ during the first phase of Vision 2030, under the leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud. We will continue our work to pave the way towards a bright future, enriched by a diversified and sustainable economy. This strategy is one means to achieve this goal, and we are confident in our abilities to reach our ambitious targets and meet the aspirations of our great people.”

His Royal Highness Mohammed bin Salman



The National Investment Strategy (NIS)

The National Investment Strategy is one of the main enablers to achieve the goals of Saudi Vision 2030, a comprehensive package of reforms to the national investment system to bridge the investment gaps and to allow economic growth and diversify its production base. The strategy, in general, aims to increase the quality and volume of investments in the Kingdom by making it a stimulating and sustainable investment destination. It also aims to provide better partnerships with the private sector and develop the business environment, which will lead to creating quality job opportunities for citizens and achieving long-term prosperity for all. To ensure the achievement of the objectives of the strategy's pillars, **40 executive initiatives** were adopted.

What is the National Investment Strategy?

An ambitious plan to:

Support the goals of Vision 2030

Achieve economic diversification

Accelerate the pace of investment

What is the main entity responsible for its implementation?

The Ministry of Investment is the entity responsible for implementing the NIS. It is the result of coordinated efforts among various government institutions that work to achieve alignment between the various stakeholders and relevant entities, for the Kingdom to be a competitive investment destination.

The NIS and Vision 2030

The strategy is integrated with the Vision Realization Programs in addition to other national strategies, where investment is a major part, such as:



Quality of Life Program



Financial Sector Development Program



Privatization Program



The National Industrial Development and Logistics Program



The Public Investment Fund Program

The NIS's Key Sectors

The NIS has detailed investment plans for the development of sectors, such as:



Transport and Logistics



Renewable Energy



Industry



Healthcare



Digital Infrastructure



Tourism

Saudi Arabia has a strong foundation, which makes it able to achieve Vision 2030 and attract investment, include:



Large local market and increasing integration with the wider regional market



Competencies of human resources



Geographical location



Strong national investment institutions



Solid physical and digital infrastructure



Resilience and well-regulated capital markets

The NIS enables the goals of Vision 2030, through:



6.4 trillion SAR
Increasing GDP by 2030

to be

One of the **15** largest economies in the world by 2030

by



12+ trillion SAR
Increasing the cumulative volume of investments



7.0%

Unemployment rate by 2030



50%

Increasing non-oil exports contribution to the GDP by 2030, compared to **16%** in 2016.



65%

Increasing the private sector contribution to the GDP by 2030, compared to **40%** in 2016.

The NIS Investment Goals by 2030



1.65 trillion SAR

Overall domestic investment component of gross fixed capital formation



388 billion SAR

FDI flows (5.7% of GDP)



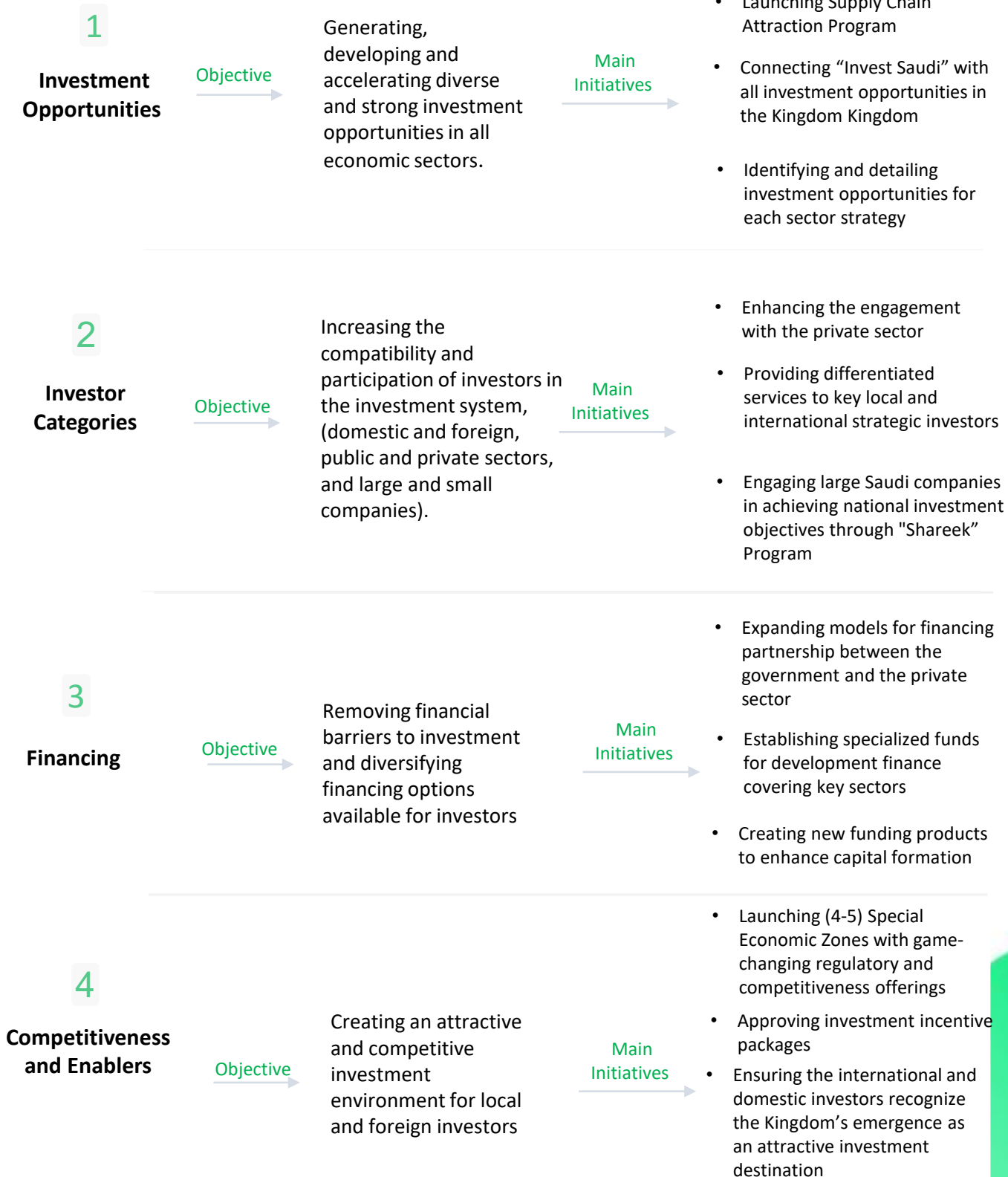
2 trillion SAR

Overall gross fixed capital formation (30% of GDP)

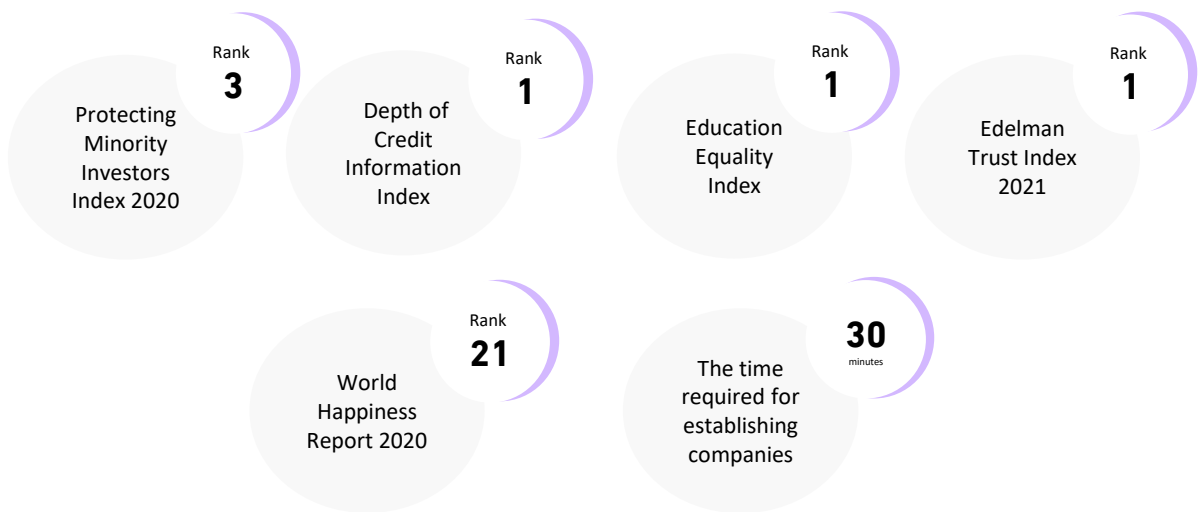


The NIS Pillars

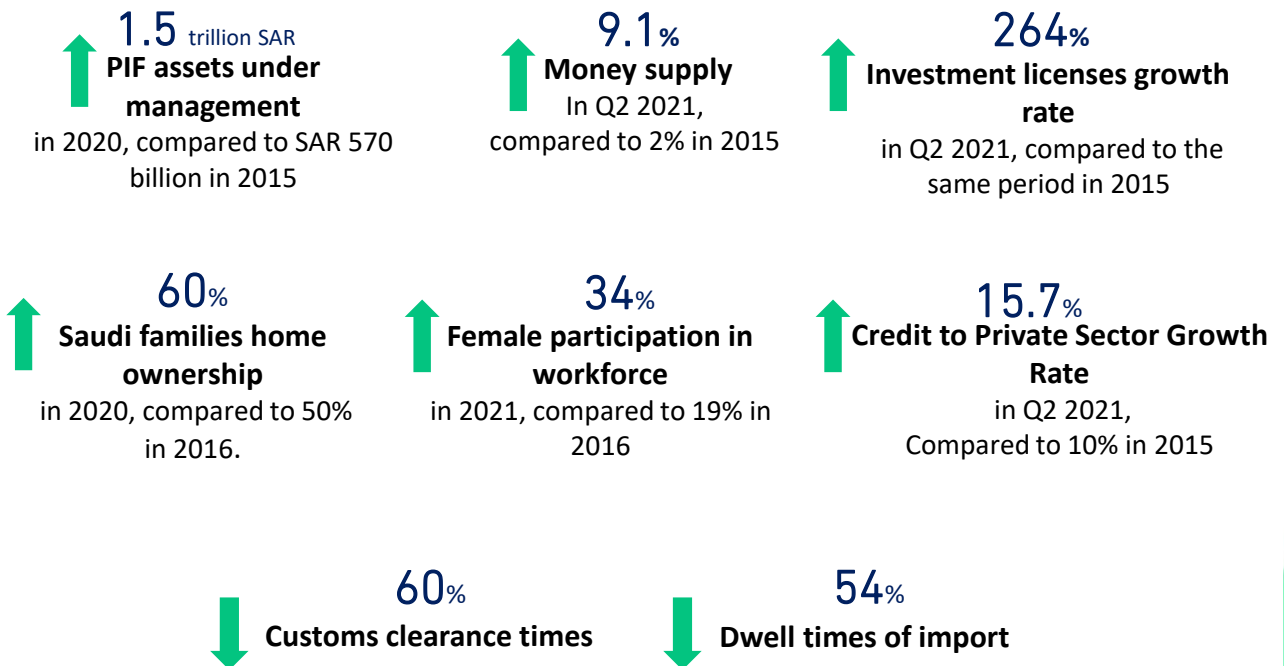
The NIS is based on four pillars, each one has a goal under which many programmes and initiatives. Due to the difference between investment opportunities and required reforms, the strategy is implemented through two tracks: the first track includes short to medium-term initiatives and the second track includes sustainable and long-term initiatives



Saudi Arabia on Main Global Indicators



The Kingdom's performance in some indicators has improved after the launch of Vision 2030, which includes:



Key Economic Indicators

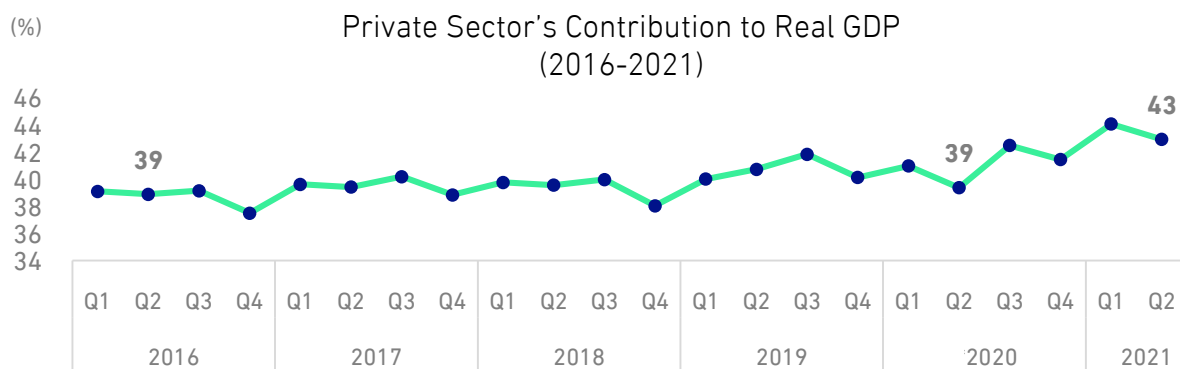
The implementation of the NIS initiatives is monitored through key performance indicators which focus on foreign direct investment (FDI) and gross fixed capital formation in absolute numbers or as a percentage of GDP. The following is an analysis of the most prominent indicators from the beginning of launching Vision until 2021.

Real GDP in Saudi Arabia



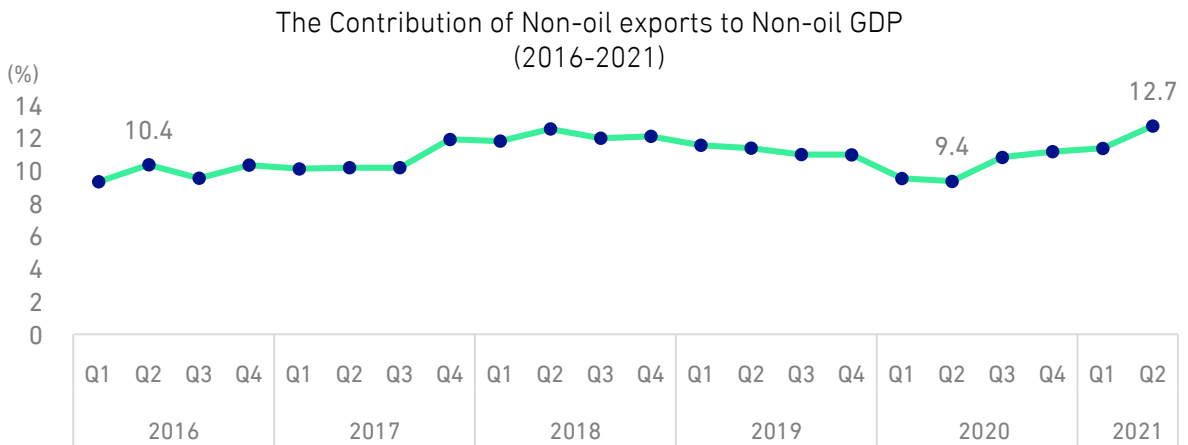
The graph shows a growth in **the real GDP by 1.8%** in Q2 2021 compared to the same quarter of the previous year. The NIS is a key enabler to achieve the goals of Vision 2030, which include increasing **the real GDP** to reach SAR 6.4 trillion and increasing the total annual investment (gross fixed capital formation) to reach triple the current investment volume (equivalent to cumulative investments of SAR **12.4** trillion between 2021 and 2030), which will make the Kingdom one of the world's top 15 economies

The Private Sector's Contribution to Real GDP in Saudi Arabia



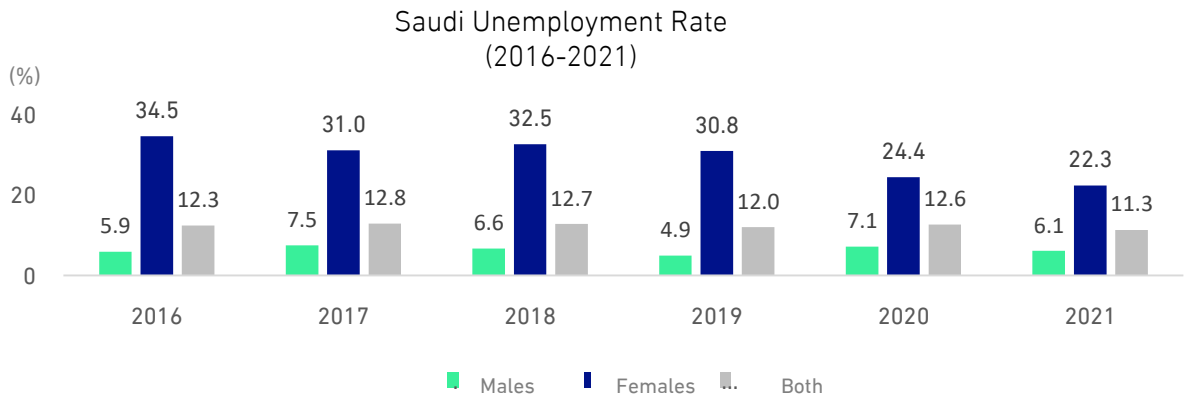
The graph shows an increase in **the contribution of the private sector to real GDP by 43%** in Q2 2021, compared to **39%** in the same quarter of 2016. This is due to the incentives provided by the government to the private sector as one of the Vision initiatives to increase the contribution of the private sector to 65% by 2030. Despite the impacts of COVID-19 pandemic, the **contribution of the private sector to real GDP** has maintained the same levels of growth during the last period.

The Contribution of Non-oil Exports to Non-oil GDP



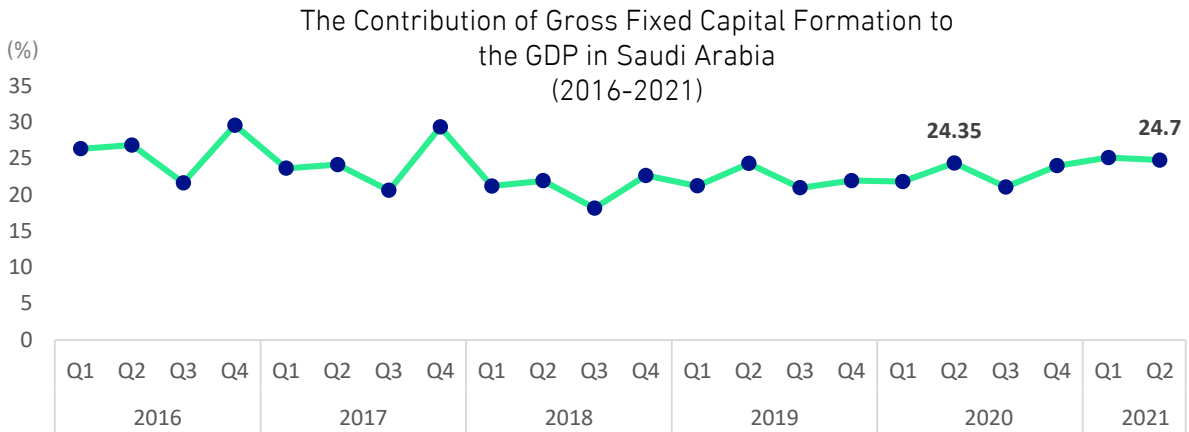
Before the launch of Vision 2030, the Saudi economy relied heavily on oil as an engine of growth for GDP. The Vision came with a set of goals, one of which is to diversify the economy and increase **the contribution of non-oil exports to non-oil GDP to 50% by 2030, up from 16% in 2016**, which estimated at 7.8% in 2020. In the progress towards achieving this goal, the contribution of non-oil exports increased by **12.7%** in Q2 2021, compared to 10.4% in Q2 2016, and by 9.4% in Q2 2020. This reflects a marked improvement after the challenges of exporting during the pandemic.

Saudi Unemployment Rate



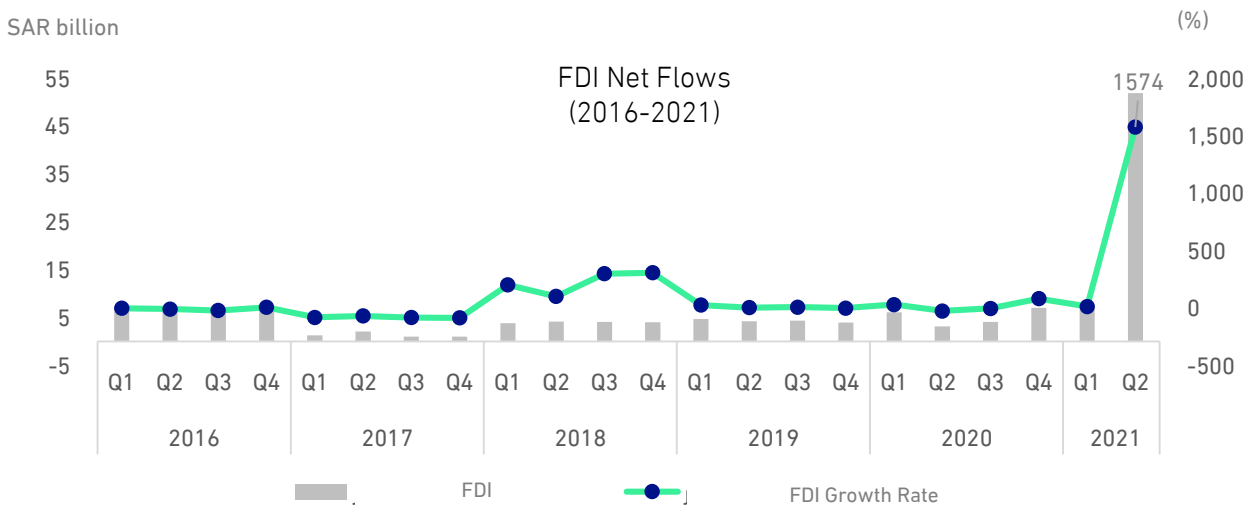
The investment objectives of the NIS have indirect effects on several economic and social indicators of Saudi Vision 2030, including its contribution to decreasing the **Saudi unemployment rate to 7% by 2030**. According to estimates of the General Authority for Statistics (GASTAT), the unemployment rate of total Saudis decreased to 11.3% in Q2 2021, compared to 11.7% in Q1 2021, due to the efforts made in saudazing several economic activities and in improving systems and supportive means.

The Contribution of Gross Fixed Capital Formation to the GDP in Saudi Arabia



The graph shows the stability of the **Gross fixed capital formation by 24% of GDP** in Q2 2021, compared to Q2 2020, due to the beginning of economic recovery in the Kingdom from the impacts of the pandemic. Through the strategy, the Kingdom aims to increase the fixed capital formation to **30% of GDP**, to reach **SAR 2 trillion** by 2030.

FDI Net Flows in Saudi Arabia



Despite the decline in **global flows of FDI by 35%** in 2020, due to the impact of the pandemic, **FDI flows in Saudi Arabia** recorded a growth of **18.3% in 2020, compared to the previous year**. In light of further improvement in Saudi, **FDI flows** increased by **1574%** in Q2 2021, compared to Q2 2020. This is a stepping stone to achieve one of the Kingdom targets, that is to increase **the contribution of FDI to 5.7% of GDP** by 2030. The NIS aims to reach an approximately twentyfold increase in FDI flows by 2030, which is equivalent to an annual growth of **33%**.

The Conclusion

The Kingdom has set itself a goal for growing international and domestic investment in Saudi Arabia, a goal that is unprecedented in purpose and scale, as increasing investment is essential to the achievement of the economic and social goals of Vision 2030. Despite the challenges, the Kingdom is fully committed to making the necessary changes and reforms to achieve this ambitious endeavor.



NATIONAL INVESTMENT STRATEGY



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