

LOGIC

I N S I G H T S

رؤية VISION

2030

المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

IN ACTION

NAVIGATING FISCAL STRATEGY
IN SAUDI ARABIA'S 2024 BUDGET

Issue Date: April 2024



As part of its ambitious pursuit of Vision 2030, Saudi Arabia has revealed its 2024 budget, allocating 1,251 billion SAR for total spending compared to an expected revenue of 1,172 billion SAR. This strategic move aims to reduce the budget deficit to 79 billion SAR, a decrease from the previous year's 82 billion SAR. Aligned with broader economic reforms, the 2024 budget signals a shift towards fiscal responsibility and economic diversification away from oil revenues.

Emphasizing the importance of increasing non-oil revenues, the government demonstrates its dedication to sustainable growth, advancements in specific sectors, and improved public services, all within a positive economic outlook. This marks a significant step in KSA's journey towards achieving its Vision 2030 objectives, showcasing a balanced approach of ambition and fiscal prudence.



INSIGHTS INTO PROGRESS: METRICS, PROGRESS, AND TARGETS FOR VISION 2030 REALIZATION



This table provides an overview of the main themes of Saudi Arabia's Vision 2030, accompanied by specific metrics used to assess the strategy's effectiveness. The analysis aims to clarify the alignment of the 2024 budget allocation with the objectives of Vision 2030.

Theme	Selected Metric	Baseline	Current Progress	Target (2030)
Creating a vibrant society	Number of Saudi cities recognized in the top-ranked 100 cities for quality of life	N/A	As of June 2023, Riyadh improved by three places to 103, and Jeddah advanced four places to 107 compared to 2022	3 cities
	Number of religious pilgrims (Umrah visitors) per year	8 million	13.55 million	30 million
	Average life expectancy, years	74	77.6	80
	Rank in Social Capital Index	26	63	10
Developing a Thriving Economy	Private-sector contribution to GDP, %	40%	43%	65%
	Unemployment rate	11.6%	8%	7%
	Women's Labor Force Participation rate	22%	34.5%	30%
	Public Investment Fund (PIF)	SAR 600 billion	SAR 2.23 trillion	SAR 7 trillion
	Foreign direct investment (FDI) as a share of GDP	1.2%	2.2%	5.7%
	Share of non-oil exports in non-oil GDP	16%	12.9%	50%
Ensuring an Ambitious Nation	Rank in Government Effectiveness Index	80	52	20
	Nonprofit sector contribution to GDP	0.2%	0.87%	5%
	Rank in E-Government Development Survey Index	36	31	Top 5
	Number of volunteers in the Kingdom	34,040	834,300	1 million

■ Target Achieved ■ Progressed ■ Declined

COMPARATIVE REVIEW

2024 BUDGET PLAN AND FORECASTS VS.

2023 BUDGET PLAN AND ACTUALS

2024 BUDGET			VS	2023 BUDGET		
1,251 SAR billion	1,172 SAR billion	79 SAR billion		1,275 SAR billion	1,193 SAR billion	82 SAR billion
Expenditure	Revenue (forecast)	Deficit (forecast)		Expenditure	Revenue	Deficit

The Kingdom of Saudi Arabia has outlined its budget plans for 2024, setting the total expenditure at 1,251 billion SAR. Forecasted revenue for the same period is expected to reach 1,172 billion SAR, indicating a projected budget deficit of 79 billion SAR. In comparison to the 2023 actual budget, which recorded slightly higher expenditure at 1,275 billion SAR and revenues at 1,193 billion SAR, resulting in a deficit of 82 billion SAR. This emphasizes a strategic direction taken by the KSA to achieve a more balanced budget, with a focus on efficiently managing expenditures and bolstering revenue streams.

The projected deficit for 2024 is formulated based on the government's cautious assessments of both oil and non-oil revenues, considering potential economic fluctuations both locally and globally.

In an optimistic scenario, the government could potentially witness a surplus of SAR 234 billion. However, in a less favorable scenario, a deficit of SAR 102 billion could materialize. To address any potential deficit, the government intends to issue various types of debt, for example, The National Debt Management Center has concluded the March 2024 issuance under the Saudi Arabian Government's SAR-denominated Sukuk Program, with a total allocation of SAR 4.441 billion. This issuance was distributed across three tranches, with varying sizes and maturity dates: the first tranche at SAR 203 million maturing in 2029, the second at SAR 3.697 billion maturing in 2034, and the third at SAR 540 million maturing in 2039.

It is anticipated that public debt will rise to 25.9% of GDP in 2024, up from 24.8% of GDP in 2023, remaining comfortably below the 50% debt ceiling.

The fiscal deficit is projected to be 1.9% of GDP in 2024, down from 2% in 2023 and a surplus of 2.5% in 2022.










The real GDP growth for 2023 is 0.8% , a decrease from the 3.1% outlined in the 2023 budget and a significant drop from the 8.7% growth seen in 2022.

Here are a few key metrics highlighting the factors that drove the 0.8% GDP growth in 2023

Selected KPIs (2023)	Target	Actual Value
The percentage of the private sector's contribution from total social expenditure	1.32%	4.05%
FDI Inflows	60.74 billion SAR	122 billion SAR
Economic value of volunteering in the Kingdom per capita	64.5 SAR	92.41 SAR
Percentage of non-profit organizations' contribution to GDP	0.51%	0.87%

ALLOCATION OF 2024 BUDGET TO KEY ECONOMIC SECTORS

Shifts in funding priorities in the allocation of the 2024 budget to key economic sectors underscore the evolving economic landscape and the strategic focus of the fiscal year. Health and Social Development, Education, and Economic Resources emerge as primary recipients within the economic sectors, signaling a strategic emphasis on key areas of national development.

Sector	2022	Est. 2023	Budget 2024	Annual Change (in value)(2024 – Est. 2023)
 Public Administration	3.5%	3.5%	3.4%	-4.8% ↓
 Military *	19.6%	19.5%	21.5%	8.7% ↑
 Security and Regional Administration *	9.9%	8.6%	9%	2.1% ↑
 Municipal Services	6.4%	6.8%	6.5%	-6.9% ↓
 Education	17.4%	15.9%	15.6%	-3.3% ↓
 Health and Social Development	19.5%	19.6%	17%	-14.5% ↓
 Economic Resources	6.6%	6.3%	6.7%	4.1% ↑
 Infrastructure and Transportation	3.5%	2.9%	3%	2.0% ↑
 General Items	13.7%	16.9%	17.3%	-0.4% ↓

The health and social development sectors experienced a reduction of 14.5%, leading to a revised allocation of 17% of the total budget. Education also saw a decrease of 3.3%, adjusting its budget share to 15.6%. In contrast, the economic resources sector had an increase of 4.1%, reaching a total budget share of 6.7%. Municipal services' contribution to the budget decreased by 6.9%, setting its share at 6.5%. Infrastructure and transportation sectors had a modest 2% increase, raising their combined allocation to 3% of the budget.

* These sectors will be eliminated in our analysis, only economic sectors will be considered.

2024 BUDGET ALIGNMENT: CHARTING THE COURSE TOWARDS VISION 2030



I. Health and Social Development

Ratio of sector contribution to the total budget:

17% - [share of budget allocation **decreased** by 14.5% (2024 vs 2023)]

↓17%

The comprehensive plans and projects outlined for FY 2024 closely align with the overarching goals of Vision 2030, particularly within the domains of **Health and Social Development**. Initiatives such as the establishment of advanced response centers and a National Health Emergency Operation Center directly contribute to the objective of enhancing healthcare services. Similarly, the focus on promoting a healthy lifestyle is evident in the expansion of sports facilities and the support for women in sports. These efforts not only aim to improve health outcomes but also foster social inclusivity and empowerment, aligning with the broader aspirations of Vision 2030.

Within the sphere of **culture and media**, the introduction of the SaudiPedia platform and the Media Excellence Award mirrors the objectives of Vision 2030 to promote culture and entertainment, with the aim of ensuring that Saudi visual content achieves global recognition. These initiatives signify a strategic endeavor to elevate Saudi Arabia's cultural influence on the international platform, thereby fostering a vibrant society in alignment with the goals envisioned for 2030.

Furthermore, the focus on **social development** through initiatives like “Aoun” for national volunteering and enhancing cooperative societies underscores a commitment to creating an empowering environment for Saudis. These measures are poised to boost job creation and economic growth, thereby improving livability in Saudi cities and ensuring environmental sustainability through active community involvement.

Key Highlights of the sector for 2024

Constructing hospitals with **1,100** beds.

A **10%** increase in Saudi Pro League match attendance.

Expansion of the number of active sports clubs to **122**.

Introduction of **7** digital platforms for sports interaction.

Development of **76** sports facilities.

An increase in women's sports teams from **25** to **35**.

Development of sports academies for **3,000** children.

Raising governance standards in **74** sports clubs.

Rising the number of cooperative societies in the Kingdom to **467**.



II. Education

Ratio of sector contribution to the total budget:

15.6% - [share **decreased** by 3.3% (2024 vs 2023)]

↓ 15.6%

The FY 2024 plans highlight a comprehensive approach to align Saudi Arabia's educational strategies with the goals of Vision 2030. By enhancing accessibility and integrating technology, these initiatives aim to provide equitable education opportunities that extend beyond traditional classrooms. The emphasis on digitalization, professional development, and aligning educational outputs with labor market demands reflects a forward-thinking strategy intended to enhance both the quality and relevance of education in the country.

However, challenges persist in the capacity to accommodate international students, hindering the attraction of expatriates and potentially creating obstacles for establishing regional headquarters initiatives. Addressing these challenges will be essential to fully realize the strategic objectives, requiring adaptive measures and strategic partnerships to strengthen the educational infrastructure and expand its capacity. This reflection underscores the importance of addressing logistical and operational challenges to ensure the successful implementation of these ambitious plans.

Key Highlights of the sector for 2024

Increase the employability of technical and vocational education graduates to 41% within six months of graduation in 2024.

Expand strategic partnerships for training programs to 46, involving both public and private sectors.



III. Economic Resources

Ratio of sector contribution to the total budget:

6.7% - [share **increased** by 4.1% (2024 vs 2023)]

↑ 6.7%

Analyzing the detailed plans and projects outlined for FY 2024 reveals a precise alignment with the ambitious objectives of Vision 2030, focusing on critical areas such as economic diversification, technological advancement, environmental sustainability, and social welfare. The commitment to generating 20GW of renewable energy and establishing the first nuclear station signifies a decisive move towards **diversifying energy sources, improving efficiency, and mitigating carbon emissions**. Meanwhile, initiatives in the environmental, water, and agriculture sectors are designed to enhance food security, directly aligning with Vision 2030's sustainability ambitions.

The commitment to advancing **tech initiatives to nurture the digital economy** and implementing e-Government projects underscores a dedication to localizing cutting-edge technology and knowledge, with the goal of positioning the Kingdom as a hub for innovation. Additionally, the establishment of a research center to refine university curricula on zakat, tax, and customs, along with initiatives to enhance market activation at ports, improve traveler experiences, and introduce benefits through the Economic Operator Program, all contribute to stimulating the Kingdom's economy. Moreover, planned integration with neighboring countries aims to enhance service development and improve customer experiences, furthering the overall economic growth and development agenda.

A strategic emphasis on **supporting SMEs, empowering talent, and nurturing human capital** to facilitate job access demonstrates a steadfast commitment to entrepreneurship and innovation as pivotal drivers of economic growth. By providing support and resources to SMEs, fostering an environment conducive to talent empowerment, and investing in the development of human capital, the Kingdom aims to cultivate a vibrant ecosystem that encourages creativity, fosters innovation, and generates employment opportunities.

Concurrently, the **investment sector** is prioritizing support for companies' expansion into foreign markets, introducing platforms for investors, and enhancing investment opportunities through strategic programs and online platforms such as "Invest Saudi." This holistic approach ensures that initiatives across sectors are not only conducive to achieving economic growth and diversification but also aligned with the overarching objectives of Vision 2030. By fostering regional development, attracting foreign investment, and providing robust support for both domestic and international businesses, Saudi Arabia aims to build a dynamic and resilient economy capable of thriving in the global marketplace while fulfilling the long-term vision for sustainable development.

Key Highlights of the sector for 2024

Industry and Mineral Resources

- ▼ To support Saudi exporters and importers and enhance non-oil exports, SAR 8.8 billion in credit facilities and SAR 6.8 billion in insurance coverage will be offered.
- ▼ SAR 669M investments in machinery will create 1,900 jobs by 2024. Jubail and Yanbu industrial lands aim to attract SAR 29.6B investments.

Investment

- ▼ Support will be provided to 20 national companies for international expansion.
- ▼ Launch of Meza platform for investor services.
- ▼ Introduction of the Strategic Investor Program with 6 services and 3 activities/benefits.
- ▼ "Invest Saudi" platform aims for 2000 opportunities with an SAR 1.6 trillion investment volume.

Tourism

- ▼ Attracting 88 million visitors will lead to the expansion of airport and road infrastructure, improvements in technical and government services, and the promotion of Saudi culture.
- ▼ With a projected total tourism expenditure of SAR 289 billion, this influx of visitors will have a direct positive impact on the domestic economy.

Economy and Planning

- ▼ Developing an interactive platform to showcase the Kingdom's regional development levels while introducing a database for sustainable development indicators to aid data users.

استثمر في السعودية

**INVEST
SAUDI** 

IV. Municipal Services



Ratio of sector contribution to the total budget:

6.5% - [share **decreased** by 6.9% (2024 vs 2023)]

↓ 6.5%

The plans and projects outlined for the fiscal year 2024 exhibit a strong alignment with the overarching goals of Vision 2030 for the Municipal Services Sector in Saudi Arabia. The initiative to provide 50,000 housing units not only aims at increasing homeownership among Saudi families but also directly supports the objective to improve livability in cities by ensuring high-quality housing solutions. Consequently, this effort synergistically aligns with the vision of having three Saudi cities ranked among the top 100 cities globally by elevating urban living standards and fostering sustainable urban development.

Moreover, the collaborative development of 35 parks throughout the Kingdom with private sector involvement represents a strategic endeavor to enhance the urban landscape and expand green spaces. This initiative is crucial for creating more livable and visually appealing urban environments, aligning with the broader goal of improving quality of life. Additionally, the privatization of municipal services, such as oversight and management services of municipal laboratories, and the qualification of engineering offices for urban design, serve to enhance service quality by leveraging the efficiency and innovation of the private sector. These measures not only aim to improve service delivery but also contribute to the objective of enhancing the overall urban landscape and infrastructure in alignment with Vision 2030 objectives.

These projects inherently contribute to the broader goals of Vision 2030 by developing and diversifying entertainment opportunities and fostering a more engaging cultural, entertainment, and sports environment.

Key Highlights of the sector for 2024

Providing **50,000** housing units in partnership with real estate developers to increase the ownership rate for Saudi families in the second phase of the Housing Program.

Building **35** parks across the Kingdom's regions in partnership with the private sector to achieve the goal of privatizing **70%** of municipal services.

Completing the privatization of oversight and management services of municipal laboratories in all municipalities to reach the objective of privatizing **70%** of municipal services.

V. Infrastructure and transportation



Ratio of sector contribution to the total budget:

3% - [share **increased** by 2.0% (2024 vs 2023)]

↑ 3.0%

Analyzing the planned projects for FY 2024 within the **infrastructure and transportation sector**, it becomes evident that these initiatives are strategically aligned with the overarching goals outlined for Vision 2030. The focus on data, artificial intelligence, and the digitalization of services through projects such as the improvement of disaster recovery for governmental systems and the expansion of Nafath application services, directly support the objective to position the Kingdom as a global logistics hub. These technological advancements are crucial in creating a robust and secure infrastructure that can manage and streamline operations on a grand scale.

Furthermore, the substantial investment in transportation and logistics, as evidenced by the activation of 23 out of the envisioned 59 logistic centers, and significant infrastructure developments like the construction of the 17km road project at Jeddah Islamic Port, represent strides towards enhancing local, regional, and international connectivity of trade and transport networks. Additionally, the introduction of modern technology testing areas and the enhancement of service efficiency with services like the lost parcels service exemplify innovative approaches aimed at improving the sector's efficiency and reliability. These coordinated efforts across different facets of infrastructure and transportation underscore a clear commitment to realizing the objectives outlined in Vision 2030, signaling a cohesive and strategic approach moving forward.

Key Highlights of the sector for 2024

Transportation and Logistics Services

- ▼ During 2024, **23** logistics centers out of 59 targeted to be activated by 2030.
- ▼ Launch of a road project at Jeddah Islamic Port includes a **17km** road with **4** main truck routes.
- ▼ Construction of **15** bridges for truck traffic.



BRIDGING 2024'S BUDGET TO VISION 2030'S HORIZON

BUDGET REALLOCATION: BALANCING SHORT-TERM GAINS WITH LONG-TERM IMPACT

Amidst a strategic realignment of budget allocations, a redirection away from the education and health sectors has emerged, driven by the recognition of the long-term benefits these sectors confer, while concurrently witnessing a heightened focus on sectors such as economic resources that promise swift short-term revenue boosts, essential for catalyzing rapid economic recovery in the immediate horizon

Diversification strategies, including privatization, play a pivotal role in enhancing financial sustainability and reducing dependence on the oil economy.

The government's steadfast commitment to Vision 2030 reforms illustrates a deliberate move towards diversification and a significant boost in non-oil income sources through the budget set for 2024. Through rigorous fiscal restructuring efforts, there is a clear strategy to streamline spending while broadening revenue streams. At the core of these reforms are medium-term objectives focused on advancing sector-specific strategies, implementing incentive programs, and initiating projects to foster sustainable growth and enhance public services. This strategic approach reflects a sense of optimism in Saudi Arabia's overall economic outlook, buoyed by anticipated growth, well-controlled inflation rates, and a robust external position.

Saudi Arabia is embarking on ambitious privatization programs to diversify its economy, pooling international privatization units, renowned experts, and private sector partnerships. This concerted effort propels forward both Saudi Vision 2030 and the national privatization strategy, reaffirming a steadfast commitment to financial sustainability.

Develop 35 parks across the country in partnership with the private sector as part of **plans to privatize 70% of municipal services.**

Privatize the management of municipal laboratories, targeting the same 70% privatization goal.

Host its **first conference on privatization** to promote it as a key investment opportunity driver and support Saudi Vision 2030.

Meeting the population's needs with plans for **the privatization of Abha International Airport.**

Privatizing the aviation sector with the development of Al-Ta'if's new international airport aims to serve 600,000 passengers annually, with plans for expansion to 5 million.



The Vital Role of FDI

Fueling these efforts is a robust campaign to attract foreign direct investments (FDIs), bolstered by the integration of economic diversification initiatives.

Saudi Arabia is thus establishing a strong groundwork to bolster financial sustainability and reduce reliance on the oil economy.

This strategic direction not only signifies a fundamental shift in the Kingdom's economic landscape but also underscores its determination to cultivate an investment-friendly environment conducive to growth.

Saudi Arabia is undergoing a significant transformation, shifting away from its traditional dependence on oil towards a more diversified and sustainable economy. This ambitious transition is encapsulated in Vision 2030 which aims at advancing sectors such as renewable energy, tourism, entertainment, and technology. Through strategic investments in large-scale projects, empowering the private sector, and attracting foreign investments, Saudi Arabia is bolstering infrastructure, government services, and cultural promotion. By laying the groundwork for a more diverse and sustainable future, Saudi Arabia is not only reducing its dependence on oil but also positioning itself as a major global player across a range of non-oil sectors.

Meet the Contributors

Mostafa El Ghorab

Senior Partner at LOGIC Consulting
& KSA Country Manager

Ahmed Sherif

Director at LOGIC Consulting

Cairo Office:

+20 012 7350 5023
SODIC West, Block 1, Zone 4B
Giza, Egypt

Riyadh Office:

+966 53 662 0650
3888 Anas Ibn Malik, Al Malqa
Riyadh, KSA

Jeddah Office:

+966 53 661 8642
1004 Jameel Square Building. Tahlia St.
Jeddah, KSA

Dubai Office:

+971 52 499 2567
Emaar Business Park, Office 509, B1
Dubai, UAE