

# Pre-Budget Statement

## FY 2026

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# Abbreviations

MoF	Ministry of Finance
ADF	Agricultural Development Fund
AIIB	Asian Infrastructure Investment Bank
ALUPCO	Aluminium Products Company
Bn	Billion
BPD	Barrels Per Day
CDF	Cultural Development Fund
CPI	Consumer Price Index
EIF	Events Investment Fund
FDI	Foreign Direct Investment
FY	Fiscal Year
GASTAT	General Authority for Statistics
GDP	Gross Domestic Product
GFCF	Government Final Consumption Expenditure
GOSI	General Organization for Social Insurance
HRDF	Human Resources Development Fund
IMF	International Monetary Fund
Infra	National Infrastructure Fund
KAFD	King Abdullah Financial District
MENA	Middle East and North Africa
MEWA	Ministry of Environment, Water and Agriculture
MoC	Ministry of Culture
MoS	Ministry of Sport

<b>NDF</b>	National Development Fund
<b>NDMC</b>	National Debt Management Center
<b>NTDP</b>	National Technology Development Program
<b>PFCE</b>	Private Final Consumption Expenditure
<b>PIF</b>	Public Investment Fund
<b>Q1</b>	First Quarter of the Year
<b>Q2</b>	Second Quarter of the Year
<b>Q4</b>	Fourth Quarter of the Year
<b>H1</b>	First-Half of the Year
<b>QIC</b>	Qiddiya Investment Company
<b>RCRC</b>	Royal Commission for Riyadh City
<b>REDF</b>	Real Estate Development Fund
<b>RSG</b>	Red Sea Global
<b>SAMA</b>	Saudi Central Bank
<b>﷼</b>	Saudi Arabian Riyal
<b>SDB</b>	Social Development Bank
<b>SFD</b>	Saudi Fund for Development
<b>SIDF</b>	Saudi Industrial Development Fund
<b>SME Bank</b>	Small and Medium Enterprises Bank
<b>SMEs</b>	Small- and Medium-sized Enterprises
<b>TDF</b>	Tourism Development Fund
<b>Tn</b>	Trillion
<b>U.S.</b>	United States of America
<b>USD</b>	United States Dollar
<b>WEO</b>	World Economic Outlook

## Introduction

The Ministry of Finance (MoF) publishes the Pre-Budget Statement for Fiscal Year (FY) 2026 as part of its ongoing efforts to strengthen transparency and disclosure; foster communication with citizens, residents, and stakeholders in economic and financial affairs; and promote sustainable fiscal planning. The FY2026 budget is set within a comprehensive fiscal and economic framework over the medium term.

The Pre-Budget Statement aims to provide citizens, residents, analysts, and other concerned parties with insights into significant domestic and international economic developments that affect next year's budget, along with key projected economic and fiscal indicators for FY2026 and over the medium term. It also provides a review of the major economic and fiscal risks, as well as economic enablers and projects over the medium term.

It should be noted that the budget is approved in the fourth quarter (Q4) of every year, and it may vary from the content of this document in light of new economic and fiscal developments.

## Executive Summary

The government of the Kingdom of Saudi Arabia continues to promote economic growth and enhance fiscal sustainability through comprehensive reforms. These reforms have strengthened the national economy's ability to withstand global challenges and positively influenced key economic indicators, including the structural transformation observed since the launch of Saudi Vision 2030, improvements in the growth rate of non-oil activities, continued reduction in unemployment rates, and containment of inflation at levels lower than global inflation rates.

Within this vision, the government continues to promote economic growth by expanding development projects and implementing national strategies. This is achieved through sustained targeted spending that supports priorities with economic and social returns, while encouraging the private sector to serve as an active partner in development. At the same time, the government maintains spending efficiency over the medium- and long-term, which ensures a balance between development needs and fiscal sustainability parameters, including public debt levels.

- In light of the sustained positive performance of various economic activities in H1 of the current year, **real Gross Domestic Product (GDP)** is expected to grow by 4.4% in FY2025. This is driven by an estimated 5.0% increase in non-oil activities, supported by increased domestic demands and improved employment rates, which contribute to increases in both private consumption and investment, while reinforcing the resilience of economic growth.

- The positive performance of the domestic economy has driven improvements in **labor market** indicators. Notably, **Saudi unemployment rate** fell to 6.8% in Q2 of FY2025, thereby achieving the Saudi Vision 2030 objective.
- The preliminary estimates indicate a relatively stable average **Consumer Price Index (CPI) (inflation rate)** of approximately 2.3% for FY2025. Inflation is expected to remain at acceptable levels over the medium term, due to the government's proactive measures and policies.
- Since the launch of Saudi Vision 2030, the Saudi economy has witnessed structural reforms in economic, financial, and legislative aspects. These reforms have significantly enhanced the business environment, strengthened the role of the private sector, and advanced the achievement of sustainable development goals.
- Preliminary estimates for FY2026 indicate **real GDP** growth of 4.6%, supported by the expected growth in the GDP of non-oil activities.
- The positive performance of non-oil activities in the Kingdom, along with the continued implementation of supportive initiatives, is expected to drive positive revenue developments over the medium term, amid the ongoing expansion of economic diversification. **Total revenues** are projected to reach around **ﷲ** 1,147 bn in FY2026, with expectations to reach about **ﷲ** 1,294 bn in FY2028.
- **Expenditures** are projected to reach around **ﷲ** 1,313 bn in FY2026, and expected to reach around **ﷲ** 1,419 bn in FY2028. The accelerated implementation of several programs and projects has contributed to delivering tangible benefits in recent years, while maintaining fiscal flexibility that allows the government to respond effectively to developments and implement a countercyclical fiscal policy.

- In FY2026 and over the medium term, the government will continue to enhance fiscal flexibility to address economic changes and potential challenges. At the same time, it remains committed to implementing structural reforms that promote efficiency, sustainability, and sustained economic growth, while maintaining priorities in development and social spending.
- The FY2026 budget is projected to record a **deficit** of approximately 3.3% of GDP. The deficit is expected to continue at lower levels over the medium term, due to the government's ongoing adoption of strategic expansionary spending policies aimed at continuing the implementation of projects, programs, and initiatives with economic and social returns, while maintaining fiscal sustainability. It is worth noting that FY2026 marks the beginning of the third phase of Saudi Vision 2030, which focuses on intensifying implementation efforts, expanding growth opportunities, and accelerating the pace of achievement to ensure a sustainable impact beyond 2030.
- The government intends to continue its domestic and external financing activities through private and public channels by issuing bonds, Sukuk, and loans at a fair cost. It also plans to expand alternative government financing, including the financing of projects, infrastructure, export credit agencies in FY2026 and over the medium term.
- The FY2026 budget aims to preserve the Kingdom's strong fiscal position, and to maintain sustainable levels of public debt and considerable levels of government reserves. This contributes to achieving sustainable economic growth, while maintaining flexibility to respond to shocks, crises, or urgent needs.



# 01

## Projections of Economic and Fiscal Indicators

for FY2026

and over the Medium Term

## **First: Projections of Economic and Fiscal Indicators for FY2026 and over the Medium Term**

### **A) Economic Indicators Projections for FY2026 and over the Medium Term:**

#### **1. Global Economic Developments**

##### **Global Economic Growth**

The global economy is experiencing a continued slowdown in growth, with growth rates below historical levels. This comes amid escalating geopolitical tensions and tightening protectionist trade policies, which increase uncertainty about the global economic outlook. However, inflation may decline due to tight monetary policies adopted by central banks, including interest rate hikes, the pace of which has recently slowed. Meanwhile, global debt levels continue to increase, which has led to rising financing costs and limited governments' ability to stimulate economic growth.

According to the World Economic Outlook (WEO) for July FY2025, the International Monetary Fund (IMF) projects that global economic growth will slow to approximately 3.0% and 3.1% in FY2025 and FY2026, respectively, compared to 3.3% in FY2024. Furthermore, the IMF expects that advanced economies will achieve a growth rate of 1.5% in FY2025, with a slight improvement to 1.6% in FY2026. In addition, economic growth in the euro area is expected to improve, reaching 1.0% in FY2025 and 1.2% in FY2026, compared to 0.9% in FY2024. At the same time, emerging markets and developing economies are anticipated to experience higher growth than advanced economies at 4.1% in FY2025 and 4.0% in FY2026, compared to the 4.3% growth recorded in FY2024.

Growth Rates	2023 Actual	2024 Actual	2025 Projections	2026 Projections
<b>Global Economy</b>	<b>3.5%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>3.1%</b>
Advanced Economies	1.8%	1.8%	1.5%	1.6%
Emerging Markets & Developing Economies	4.7%	4.3%	4.1%	4.0%
USA	2.9%	2.8%	1.9%	2.0%
China	5.4%	5.0%	4.8%	4.2%
Japan	1.4%	0.2%	0.7%	0.5%
India	9.2%	6.5%	6.4%	6.4%
Euro Area	0.5%	0.9%	1.0%	1.2%
Saudi Arabia	0.5%	2.0%	3.6%	3.9%
<b>Global Inflation</b>	<b>6.6%</b>	<b>5.6%</b>	<b>4.2%</b>	<b>3.6%</b>
Inflation in Advanced Economies	4.6%	2.6%	2.5%	2.1%
Inflation in Emerging Markets & Developing Economies	8.0%	7.7%	5.4%	4.5%

Source: IMF (World Economic Outlook) for July 2025.

Based on the World Bank's estimates in its June 2025 report, global economic growth is expected to slow from 2.8% in FY2024 to 2.3% and 2.4% in FY2025 and FY2026, respectively. This is driven by slower growth in advanced economies, emerging markets, and developing economies. Advanced economies are projected to grow by approximately 1.2% and 1.4% in FY2025 and FY2026, respectively, compared to 1.7% in FY2024. Growth in emerging markets and developing economies is anticipated to decelerate to 3.8% in FY2025 and FY2026, compared to 4.2% in FY2024. This global slowdown is mainly attributed to tighter protectionist policies, including trade restrictions and higher tariffs, along with escalating geopolitical tensions which lead to continued uncertainty in the global economy.

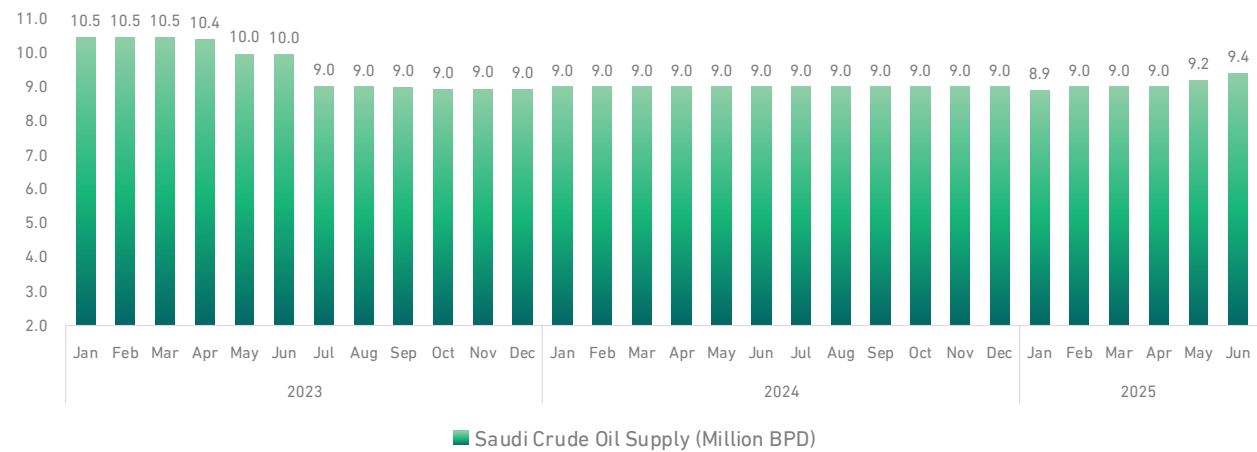
## Inflation Rates

According to IMF projections, global inflation rates are expected to continue declining over the medium term, while interest rates are likely to remain relatively high across central banks to curb inflation. It is projected that global inflation will decrease from 5.6% in FY2024, reaching 4.2% in FY2025 and 3.6% in FY2026. The IMF also expects a slight decline in inflation rates in advanced economies, reaching 2.5% in FY2025, compared to 2.6% in FY2024. Meanwhile, inflation rates in emerging markets and developing economies are anticipated to record a sharper decline in FY2025, reaching 5.4%, compared to 7.7% in FY2024.

## Oil Markets

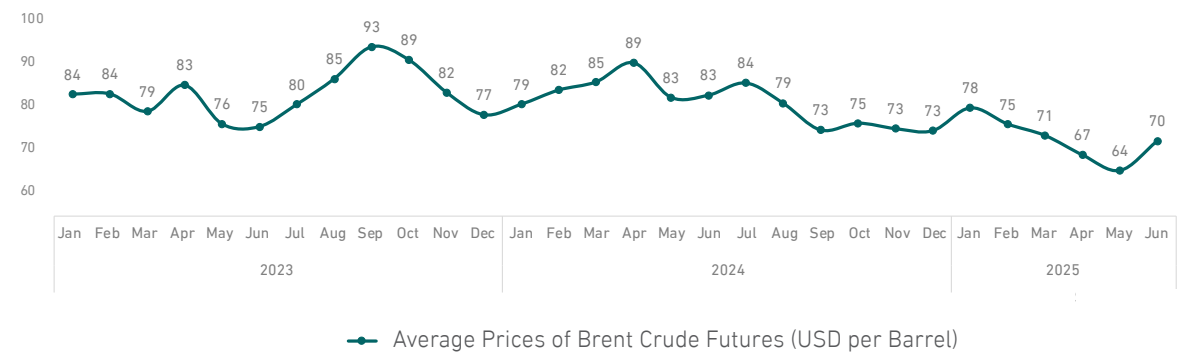
Global oil markets experienced growth in demand, which positively affected the Kingdom's crude oil supply levels. This growth is reinforced by the decision of the eight OPEC+ member countries, which participated in voluntary production cuts, to initiate a gradual and flexible plan to phase out the additional voluntary cut of 2.2 million barrels per day (bpd) implemented in November 2023, effective from April through the end of September 2025.

In this context, the Kingdom's crude oil supply in June 2025 recorded an annual increase of 381 thousand bpd, representing a 4% growth rate, bringing total production to around 9.4 million bpd. According to the announcement made at the most recent meeting of the eight OPEC+ member countries participating in the voluntary cuts, held on August 3, 2025, the Kingdom's supply is expected to increase to 10 million bpd by the end of September, compared to approximately 9 million bpd in March 2025, an increase of 1 million bpd.



Source: JUDI

In terms of prices, Brent Crude averaged approximately USD 70.8 per barrel, between January and June FY2025, a decrease of 15.1% compared to the average for the same period in FY2024. This decline is mainly attributed to global trade and geopolitical tensions, which significantly increased price fluctuations in oil markets.



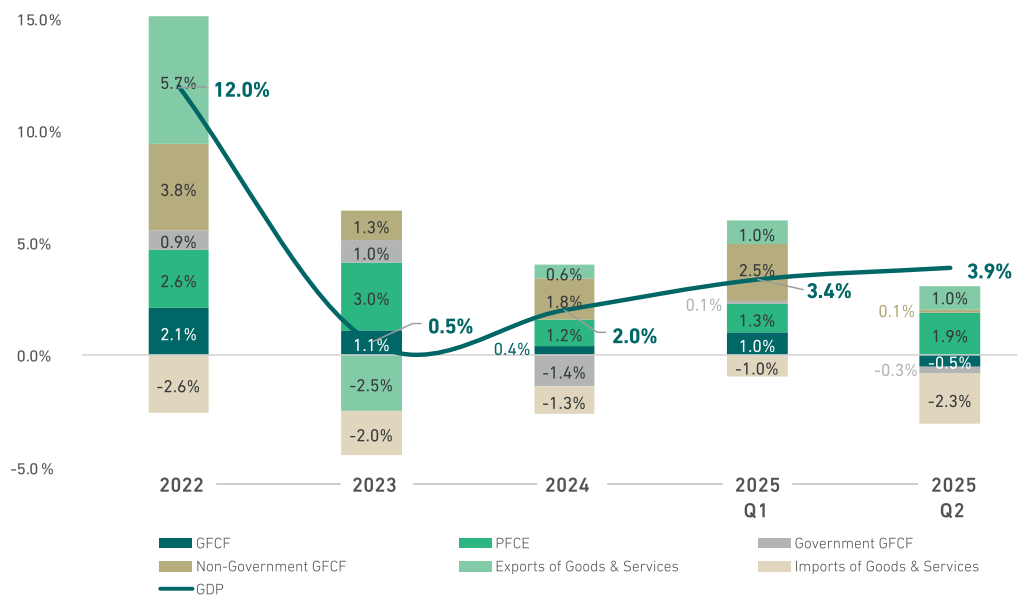
Source: Reuters

## 2. Domestic Economic Developments

Despite the slowdown in global economic growth and the ongoing uncertainty, as well as the escalating geopolitical tensions, the tightening of protectionist policies, growing supply chain complexities, and related challenges, **the Saudi economy demonstrated strong performance in FY2025**. This reflects the resilience of the Kingdom's economic structure, the flexibility and efficiency of the domestic economy, and the progress in implementing development projects and national strategies.

In H1 of FY2025, **real GDP** grew by 3.6% compared to the same period last year, driven primarily by **non-oil activities**, which continued to play a pivotal role in economic growth. Recording a growth rate of 4.8%, with their contribution to GDP reaching historic levels of 55.6% during the same period. This strong performance of non-oil activities was reflected in the employment rates and subsequent declines in unemployment rates, thereby enhancing private consumption and investment. In FY2024, the **real GDP of non-oil activities** reached the highest historical level of **ﷲ 2.6 tn**, with annual growth of 5.2%. This sector of the economy had the largest influence on real GDP growth, contributing 2.8 percentage points.

**Contribution to Real GDP Growth by Expenditure Components**



Source: GASTAT

By **expenditure components**, the primary contributor of real GDP growth in Q1 of FY2025 was non-government Gross Fixed Capital Formation (GFCF), contributing 2.5%, followed by Private Final Consumption Expenditure (PFCE) at 1.3%. In Q2 of FY2025, the primary contributor of real GDP growth was PFCE, contributing 1.9%, followed by exports of goods and services at 1.0%.

The Saudi economy is expected to maintain positive growth rates in FY2025 and over the medium term, with the domestic economy—driven by private consumption and investment flows—serving as a key engine of growth at present. Increasing employment rates, stable inflation rates, and enhanced social support programs, together with a surge in tourism, have reinforced the private consumption base. In addition, Saudi Vision 2030 initiatives and programs have attracted both domestic and foreign capital into giga-projects and special economic zones.

Based on FY2025 developments, **real GDP** is expected to increase by 4.4% in FY2025. This growth is driven by **non-oil activities**, which are projected to grow by approximately 5.0%, reflecting the sustained positive performance of economic indicators in H1 of the current year.

**PFCE at constant prices** grew by 3.5% in H1 of FY2025 compared to last year. This growth was mainly driven by the recovery in wholesale and retail trade, and restaurants and hotels activities. It is also closely tied to labor market developments, including Saudization plans, economic growth, and diversification.

**The average CPI (inflation rate)** increased by 2.2% from the beginning of FY2025 until July FY2025 compared to the same period last year. Preliminary estimates indicate that the inflation rate will reach about 2.3% in FY2025,

remaining relatively low compared to global inflation estimates. This is an important indicator of the effectiveness of the government's proactive measures and policies to control rising prices.

**Real GFCF in the non-government sector** recorded an annual growth of 4.6% in H1 of FY2025. This increase was primarily driven by a 5.2% increase in real GFCF in the non-oil sector. This growth is attributed to the accelerated execution of national strategies and development projects, including giga-projects, as well as sustained growth in foreign direct investment (FDI). Net FDI inflows amounted to ~~٢٢~~ 22.2 bn in Q1 of FY2025, representing 43.7% growth compared to the same period last year. This reflects the sustained appeal of the Kingdom's business environment to both domestic and international investors. Moreover, private investment is expected to maintain positive growth rates in FY2025 and over the medium-term.

The positive performance of the domestic economy is evident in **Labor Market** indicators. The Labor Force Survey issued by GASTAT showed that the total unemployment rate declined to 3.2% at the end of Q2 of FY2025, compared to 3.3% in Q2 of FY2024, a decrease of 0.1 percentage points. Additionally, the Saudi unemployment rate dropped to 6.8% in Q2 of FY2025, compared to 7.1% in Q2 of FY2024, a decrease of 0.3 percentage points. These improvements are attributed to government policies aimed at promoting employment opportunities, along with program packages and enablers introduced by relevant authorities to encourage private sector expansion, thereby creating wider opportunities for citizens. Moreover, **Saudi Women's participation in the labor market** has steadily grown, reaching 34.5% in Q2 of FY2025. This growth is driven by policies and initiatives designed to enhance women's role in the workforce and foster a more inclusive work environment.



Data from the labor market statistics of administrative records revealed that the **number of Saudi employees in the private sector** increased by about 144.1 thousand employees by the end of Q2 of FY2025 compared to the same period last year. This brought the total to around 2.5 million employees, an annual growth of 6.2%. Such growth is the result of continued economic reforms, which encouraged employment in various sectors, including tourism, entertainment, and technology. Additionally, the government has promoted entrepreneurship and supported small- and medium-sized enterprises (SMEs).

Reforms have significantly improved the service balance, driven by the growth of the tourism sector and Saudi Arabia's growing appeal as a destination for international visitors. In Q1 of FY2025, the Kingdom recorded substantial growth in the **number of international tourists**, reaching about 9.6 million international tourists, thereby ranking third worldwide in the growth of international tourist arrivals and second in the Middle East, according to the World Tourism Barometer published by the UN Tourism in May FY2025. In addition, total spending by visitors to the Kingdom reached approximately ~~؋~~ 49.4 bn, an annual growth of 9.7%. This led to a surplus of around ~~؋~~ 26.8 bn in the travel item in the balance of payments in Q1 of FY2025, an increase of 11.7% compared to the same period last year, which highlights the Kingdom's prominent standing in the tourism sector. At the same time, due to the Kingdom's sustained ambition to enhance the tourism sector, the target of the tourism sector has been updated to hosting 150 million tourists in 2030.

The Kingdom's merchandise **trade balance** recorded a surplus of ~~؋~~ 98.9 bn in H1 of FY2025, supported by the strength of non-oil exports which recorded an annual growth of 16.5%. This reflects the enhanced competitiveness of domestic products. These indicators continue to reinforce the trade surplus and strengthen the Kingdom's position in global trade.

In light of these domestic developments, the Kingdom’s economic growth estimates for FY2025 and over the medium-term have been revised. In FY2026, the positive performance of the Kingdom’s economy is expected to continue, with preliminary estimates indicating that real GDP will grow by 4.6%, mainly driven by the expansion of non-oil activities.

These optimistic projections reflect the Kingdom’s success in diversifying the economy, reducing dependance on oil, advancing the implementation of its strategies, and achieving sustainable development across various sectors. As a result, this enhances investor confidence and strengthens the position of the Saudi economy.

Projections of Key Economic Indicators for the Medium-term

(Percentage, unless stated otherwise)

Economic Indicators	Actual*	Estimates**	Projections**		
	2024	2025	2026	2027	2028
Real GDP Growth	2.0%	4.4%	4.6%	3.7%	4.5%
Nominal GDP (ﷲ bn)	4,649	4,600	4,965	5,258	5,643
Inflation	1.7%	2.3%	2.0%	1.8%	1.9%

\*Source: GASTAT  
\*\*Preliminary Estimates

### 3. The Saudi Economy since the Launch of Saudi Vision 2030

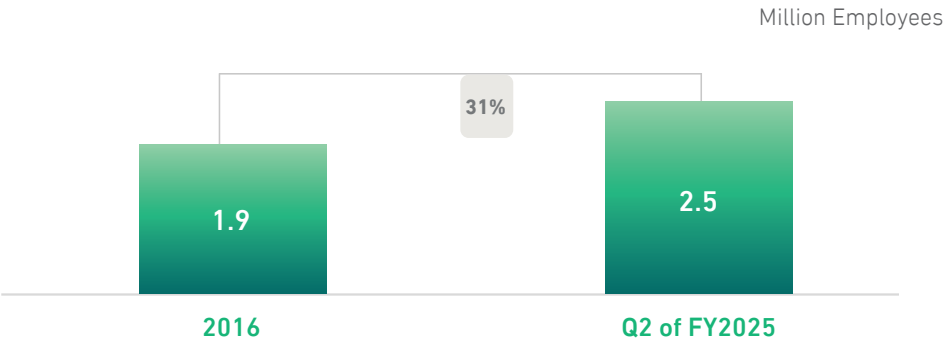
Since the Launch of Saudi Vision 2030 in 2016, the Saudi economy has undergone a wide-ranging structural transformation, supported by fiscal policies, priority-based spending, and the implementation of Saudi Vision 2030 programs and initiatives. This has directly influenced the performance of several key economic indicators, and it has focused on enhancing economic diversification, expanding the production base, and improving labor market efficiency and the investment environment. Moreover, this shows that the Kingdom is steadily advancing toward a more diversified and sustainable development model through structural changes in its economy.

#### Key Indicators of Structural Changes

- **The number of Saudi employees in the private sector** grew from 1.9 million in 2016 to 2.5 million in Q2 of 2025, marking a 31% increase, according to the data published by GASTAT.

This growth reflects improvements in the business environment and the expanding contribution of the private sector to creating job opportunities for citizens. It also highlights the success of policies aimed at empowering national talents and making private sector jobs more attractive. Overall, this marks a significant step toward reducing reliance on public sector jobs and achieving Saudi Vision 2030 objectives.

Development of the Number of Saudi Employees in the Private Sector



Source: GASTAT-GOSI

• **The Saudi unemployment rate** declined from 12.3% in FY2016 to 6.8% in Q2 of FY2025, marking its lowest-recorded level, exceeding the Saudi Vision 2030 objective. This improvement is attributed to improved employment in the private sector, sustained labor market reforms, the expansion of job-creating economic sectors, the women empowerment, and the promotion of employment in promising sectors.

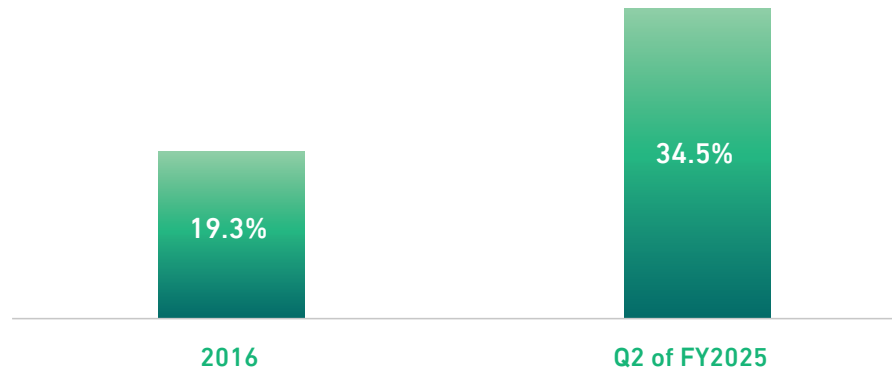
Saudi Unemployment Rates



Source: GASTAT

• **Women participation in the labor market** increased from 19.3% in FY2016 to 34.5% in Q2 of FY2025, reflecting the success of policies and programs designed to empower women. This achievement demonstrates the enhanced role of women in economic development and marks a significant social and economic transformation.

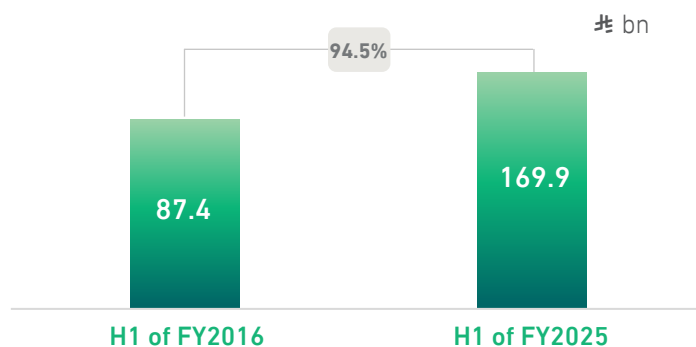
### Women Participation in the Labor Market



Source: GASTAT

- **Non-oil merchandise exports** (including re-exports) grew from  $\text{SAR}$  87.4 bn in H1 of FY2016 to  $\text{SAR}$  169.9 bn in H1 of FY2025, reflecting a 94.5% increase. This increase reflects the development of manufacturing industries and the growing competitiveness of national products. It also highlights the notable progress in diversifying the economy, reducing reliance on oil revenues, while reinforcing the Kingdom's position as regional hub for value-added industries.

### Non-Oil Exports, Including Re-Exports



Source: GASTAT

- The share of **capital and intermediate** imports increased to 68% of total imports in H1 of FY2025, compared to around 60% in FY2016.

This highlights a shift in demand structure toward production inputs (capital and intermediate) rather than final consumer goods. It also reflects the expansion of industrial activity and increased private sector investment in equipment and

infrastructure, indicating the development of the domestic production base and an enhanced shift toward a manufacturing-based economy.

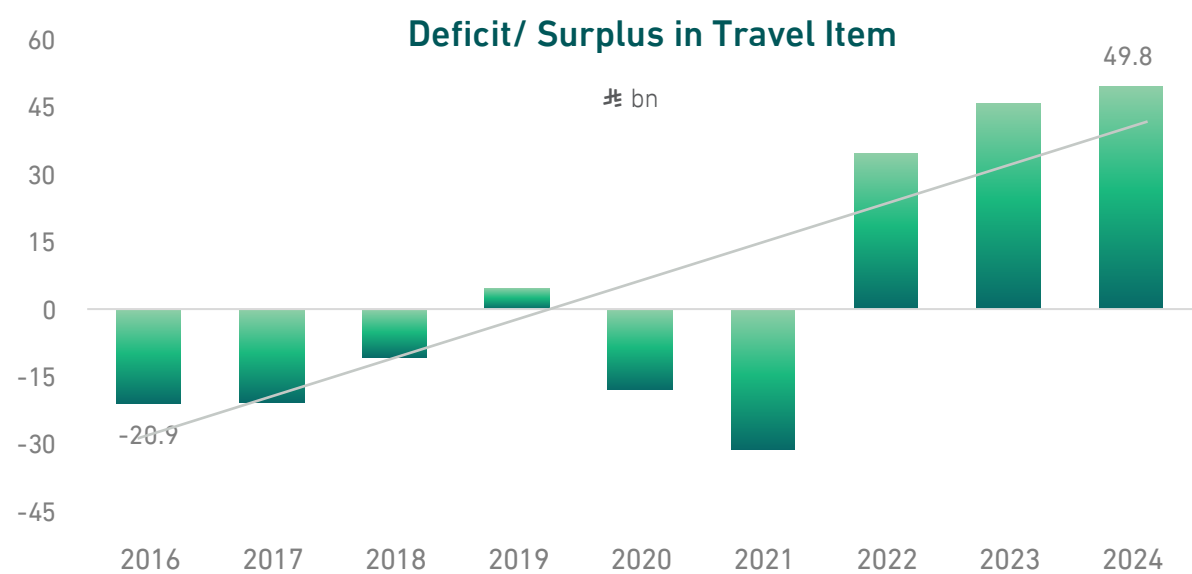
Capital and Intermediate Good Imports as Percent of Total Imports



Source: GASTAT

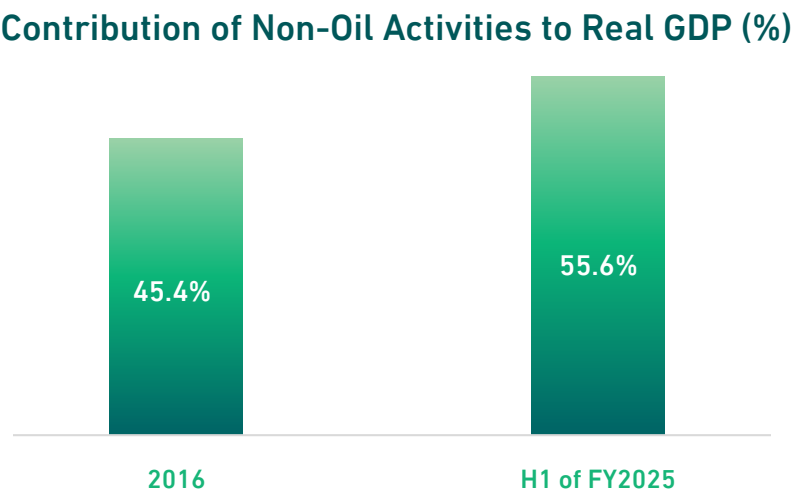
• In recent years, **the tourism sector** in the Kingdom experienced notable growth, driven by strategic initiatives to enhance the Kingdom's position as a global tourist destination and diversify income sources. In FY2024, the total number of tourists reached around 116 million tourists, reflecting strong tourism appeal and the wide range of activities and events held throughout the year.

The **travel item** is a key economic indicator that can be used, in the case of Saudi economy, to measure changes in the structure of the economy and its growth pattern. It reflects progress in diversifying the economic base and transforming productive activities. According to data from the Saudi Central Bank (SAMA), the **travel item** shifted positively from a deficit of **ﷲ** 20.9 bn in FY2016 to a surplus of about **ﷲ** 49.8 bn in FY2024. This positive change is evident in the increased number of international visitors and the improved performance of the tourism and hospitality sector, highlighting the success of strategic initiatives aimed at developing tourism and enhancing its contribution to economic growth. Moreover, the surplus helps reduce pressure on the current account and supports external sector stability.



Source: SAMA

• This structural reform, reflected in the rise of non-oil activities’ contribution to more than half of GDP, highlights the success of the policies implemented under Saudi Vision 2030 in diversifying the economy and developing non-oil activities. This has been a major driver of real GDP growth, as the contribution of non-oil activities to GDP reached 55.6% in H1 of FY2025 compared to 45.4% in FY2016.



Source: GASTAT

- The **contribution of private consumption to GDP** increased to about 43.7% in H1 of FY2025, compared to 40.5% in FY2016. This structural reform highlights the growth in the purchasing power of Saudi households. It is also attributed to several key economic factors, most notably the success of Saudization programs that enhanced citizen participation in the labor market, and the significant increase in women participation, which boosted household income. Furthermore, improvements in the business environment and support for the private sector have encouraged consumption by expanding the availability of national goods and services and offering more choices to Saudi consumers. Collectively, these factors have reinforced private consumption as a key engine of economic growth in the Kingdom.

**Contribution of Private Consumption to Real GDP**



Source: GASTAT

- **The contribution of real GFCF in the non-government sector** to the real GDP increased to approximately 27.0% in H1 of FY2025, compared to 17.5% in FY2016, reflecting a strategic transformation in the national economic structure. Time and savings deposits also grew significantly, increasing from around 68.3% of GDP in FY2016 to about 92.5% in Q2 of FY2025, indicating higher savings rates and domestic capital accumulation. This increase enhances the banking sector's capacity to fund giga-projects, and provides the liquidity necessary for investment,



thereby supporting the objectives of economic development and diversifying income sources. In addition, this notable growth is driven by the accelerated execution of the national strategies and development projects, including mega-projects under Saudi Vision 2030 objectives.

Furthermore, regulatory reforms and improvements in the investment environment have enhanced the confidence of both domestic and foreign investors, fostering business expansion and sustained growth in FDI, which have shown qualitative development.

Moreover, government policies have encouraged the private sector to drive economic growth, enhancing its role and increasing its contribution to GDP. Together, these factors have reinforced the role of private investment as a key pillar in achieving sustained growth and economic diversification.

### Contribution of real GFCF in the non-government sector to Real GDP



Source: GASTAT

**As a result of all the structural changes witnessed in non-oil activities** in the Kingdom since the launch of Saudi Vision 2030 and the positive developments observed in the Saudi economy in the past few years, non-oil **GDP achieved remarkable progress** between FY2016-FY2024, growing by 51%, despite a 9.7% decrease in oil activities over the same period. Real GDP grew at an average of

15.3% between FY2016-FY2024, reflecting the success of efforts to diversify the Saudi economic base and reduce reliance on oil as the main driver of economic growth. Meanwhile, non-oil activities have led to economic growth and helped mitigate the impact of oil market fluctuations on the domestic economy.

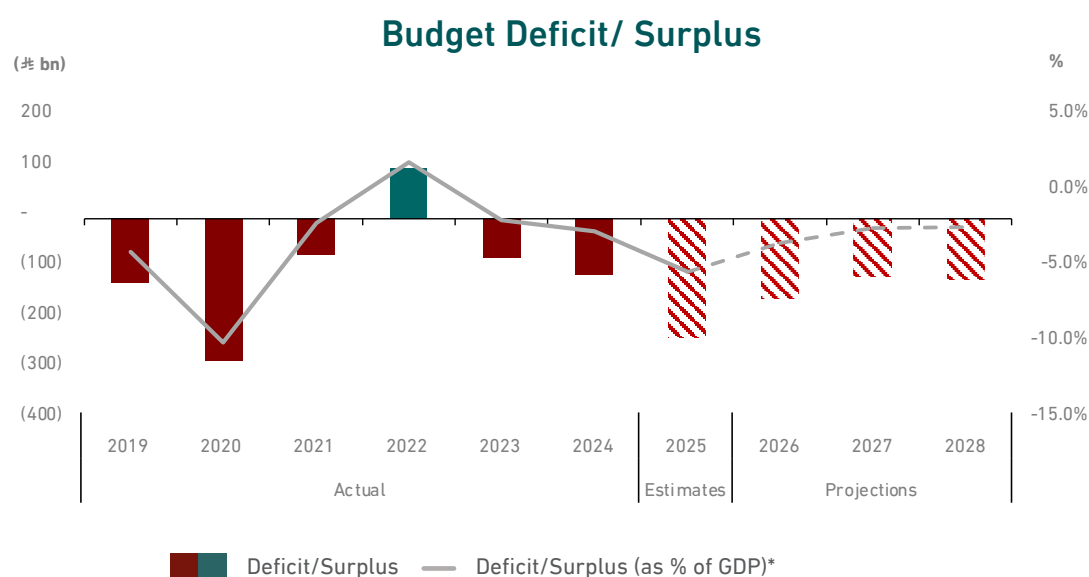
## **B) Fiscal Projections for FY2026 and over the Medium-Term**

The government continues to implement its strategies for transforming the economy and enhancing fiscal sustainability, aiming to achieve the comprehensive development goals, and to enhance economic flexibility and resilience. The fiscal policies focus on diversifying income sources, developing non-oil revenues, and leveraging the Kingdom's strong fiscal position, with its considerable levels of government reserves and low public debt compared to several other economies. This contributes to achieving sustainable economic growth, and allows the government to respond effectively to crises or urgent needs.

Moreover, fiscal policy seeks to balance development needs with fiscal sustainability. This is achieved through flexible and countercyclical spending directed toward sectors and projects with the highest economic and social returns, enhancing the quality of services provided to citizens, and developing the social support and protection system. Additionally, this fiscal flexibility allows the government to adjust the pace of the implementation of projects and programs, either accelerating or slowing down, based on domestic and global economic developments.

Accordingly, the FY2026 budget is projected to record a deficit of approximately 3.3% of GDP. Deficits are expected to continue at lower levels over the medium term, due to the ongoing implementation of the countercyclical expansionary spending policy and targeted spending on various programs and initiatives aimed at diversifying the economic base, stimulating investment, and accelerating the economic transformation in line with Saudi Vision 2030 objectives. The FY2026 budget focuses on strengthening the Kingdom's fiscal position, maintaining sustainable levels of public debt, and ensuring considerable levels of government reserves, thereby enhancing the government's ability to respond to crises and emergencies, while supporting sustainable economic growth.

It is worth noting that FY2026 marks the beginning of the third phase of Saudi Vision 2030, which focuses on intensifying implementation efforts, expanding growth opportunities, and accelerating the pace of achievement to ensure a sustainable impact beyond 2030.



Source: MoF

\*The updated actual GDP numbers are based on data published by GASTAT

### Medium-term Fiscal Projections

(bn, unless stated otherwise)

Projections	Actual 2024	Budget 2025	Estimates 2025	Projections		
				2026	2027	2028
<b>Total Revenues</b>	1,259	1,184	1,091	1,147	1,230	1,294
<b>Total Expenditures</b>	1,375	1,285	1,336	1,313	1,350	1,419
<b>Budget Balance</b>	-116	-101	-245	-165	-120	-125
<b>As % of GDP*</b>	-2.5%	-2.3%	-5.3%	-3.3%	-2.3%	-2.2%

Source: MoF

\*GDP of FY2024 is according to the updated actual data published by GASTAT, and GDP of FY2025-FY2028 are based on the updated estimates.

Figures are rounded to the nearest decimal point

## 1. Revenues

To preserve the economic and financial gains achieved over the past years under Saudi Vision 2030, the government will continue the implementation of structural reforms and initiatives to diversify the economy. This approach contributes to enhancing the performance of economic activities, and has a positive impact on non-oil revenues. These initiatives have transformed the structure of revenues, achieving a notable increase in the share of non-oil revenues to total revenues, reaching 40% in FY2024, compared to 27% in FY2015. This ensures a stable and sustainable source of revenues over the medium- and long-term, independent of oil market volatility. Furthermore, the structural and sustained diversification of non-oil revenues have established them as a key and reliable source for financing budget expenditures. The contribution of non-oil revenues in covering total expenditures increased from 17% in FY2015 to about 37% in FY2024. At the same time, these initiatives have increased the ratio of non-oil revenues to nominal non-oil GDP, reaching around 15% in FY2024, compared to 9% in FY2015. In addition, the government aims to continue advancing its economic transformation plans by supporting economic growth that enhances non-oil revenues, ensuring stable and sustainable revenues over the medium- and long-term.

Preliminary estimates indicate that **total revenues** will amount to around ~~١١~~ 1,147 bn in FY2026, an increase of 5.2% compared to what was expected by the end of FY2025. This is attributed to the positive outlook for economic activities in the FY2026. Total revenues are anticipated to further grow to approximately ~~١١~~ 1,294 bn in FY2028, supported by expectations of economic growth.

## 2. Expenditures

As part of the government's commitment to a flexible and balanced fiscal policy that ensures an effective response to both domestic and global economic and financial developments through adjusting the pace of spending in line with evolving needs and national priorities, and building on economic and social gains achieved in past years, driven by the accelerated implementation of programs and projects, and leveraging the fiscal flexibility that allows adaptation to changes, the government aims to sustain progress toward achieving its objectives and enhance economic performance. At the same time, it seeks to maintain a strong fiscal position that promotes fiscal stability and sustainability, with **expenditures** projected to reach about ~~ﷲ~~ 1,313 bn, and increasing to around ~~ﷲ~~ 1,419 bn in FY2028. It should also be noted that the spending level in FY2026 is expected to exceed the projected level for FY2025, once non-recurring expenditures for FY2025 are excluded.

In the upcoming fiscal year and over the medium term, the government aims to further enhance the fiscal capacity to adapt to economic challenges and shocks, while sustaining the implementation of structural reforms that support the fiscal efficiency and sustainability without compromising the development spending priorities. The government also continues to develop the social support and protection system to ensure reaching intended beneficiaries and improve the quality and operational efficiency of public services to positively impact the beneficiary experience and meet their expectations. Moreover, the government will continue supporting and empowering the private sector and attracting high-quality investments, in order to support sustainable economic growth and achieve comprehensive and sustainable development in the Kingdom level.

### 3. Public Debt and Financing

The Kingdom has a strong fiscal position, supported by substantial fiscal space, including considerable levels of government reserves, and sustainable levels of public debt which contributes to achieving sustainable economic growth. This strong fiscal base enables the government to respond effectively to crises or urgent needs, securing its financing needs from various domestic and international markets at a fair cost. As a result, this gives the Kingdom additional fiscal space that can be used whenever needed.

MoF, through the National Debt Management Center (NDMC), is preparing an annual borrowing plan based on the medium-term debt strategy which will focus on covering the financing needs in FY2026 from public and private markets. This plan seeks to ensure debt sustainability, diversify financing sources, and access global debt markets to enhance the Kingdom's position in international markets. This approach is conducted within well-studied frameworks and foundations for risk management. Further, the strategy aligns with the objectives of Saudi Vision 2030, which aims to enhance the growth of the financial sector, sufficiently deepen the domestic debt market to accommodate debt issuances, and stabilize liquidity conditions. It should be noted the borrowing plan for FY2026 will be disclosed in detail by the end of this year.

It is also worth noting that fiscal and economic developments have positively impacted the Kingdom's sovereign credit rating. In FY2025, Fitch Ratings reaffirmed the Kingdom's A+ rating with a stable outlook, while Moody's confirmed its rating at Aa3 with a stable outlook. In addition, S&P Global Ratings has upgraded the Kingdom's credit rating to A+ with a stable outlook. This reflects the ongoing efforts to adopt effective fiscal policies that support sustainable economic growth through long-term planning and structural reforms aimed at enhancing the fiscal

capacity to withstand external shocks, while leveraging the available fiscal space resulting from the government's strong fiscal position.

In FY2025, the annual borrowing plan for FY2025 was executed. The government has also proactively undertaken additional financing activities, through domestic markets and private channels, to support the prioritization of spending, meet financing needs, and leverage available opportunities in the markets. In addition, the government intends to continue its domestic and external financing activities through private and public channels by issuing bonds, sukuk, and loans at fair costs. It also plans to expand alternative government financing including financing of projects, infrastructure, export credit agencies in FY2026 and over the medium term. The Kingdom's public debt is showing a clear trend toward fiscal sustainability and flexibility, under a disciplined fiscal policy efficiently managed by the government in line with Vision 2030 objectives. By the end of FY2026, the debt portfolio is projected to increase in a controlled manner, while ensuring its sustainability. Borrowing aims to maintain economic growth through a countercyclical fiscal policy, preserve fiscal sustainability, and leverage the available market opportunities, which ultimately benefit the economy over the medium- and long-term.



## C) Key Fiscal Risks for FY2026, and over the Medium Term

Monitoring and analyzing fiscal risks are key elements to boost the efficiency of fiscal planning and proactively directing policies to address potential obstacles and reduce their negative impacts to ensure fiscal flexibility and sustainability.

In this context, the global economy is expected to experience a state of uncertainty during FY2026 and over the medium term. This is due to a number of risks, most notably the potential escalation of geopolitical tensions, and tightening of protectionist policies through the imposition of trade restrictions and higher tariffs, which may decelerate global trade growth, weaken demand for oil, and increase market volatility. These developments could also lead to supply chain disruptions and higher commodity prices globally, as well as uncertainties regarding the trajectory of US monetary policy, and the potential slowdown in the pace of interest rate cuts than expected, which may increase financing costs and increase pressure on global debt levels.

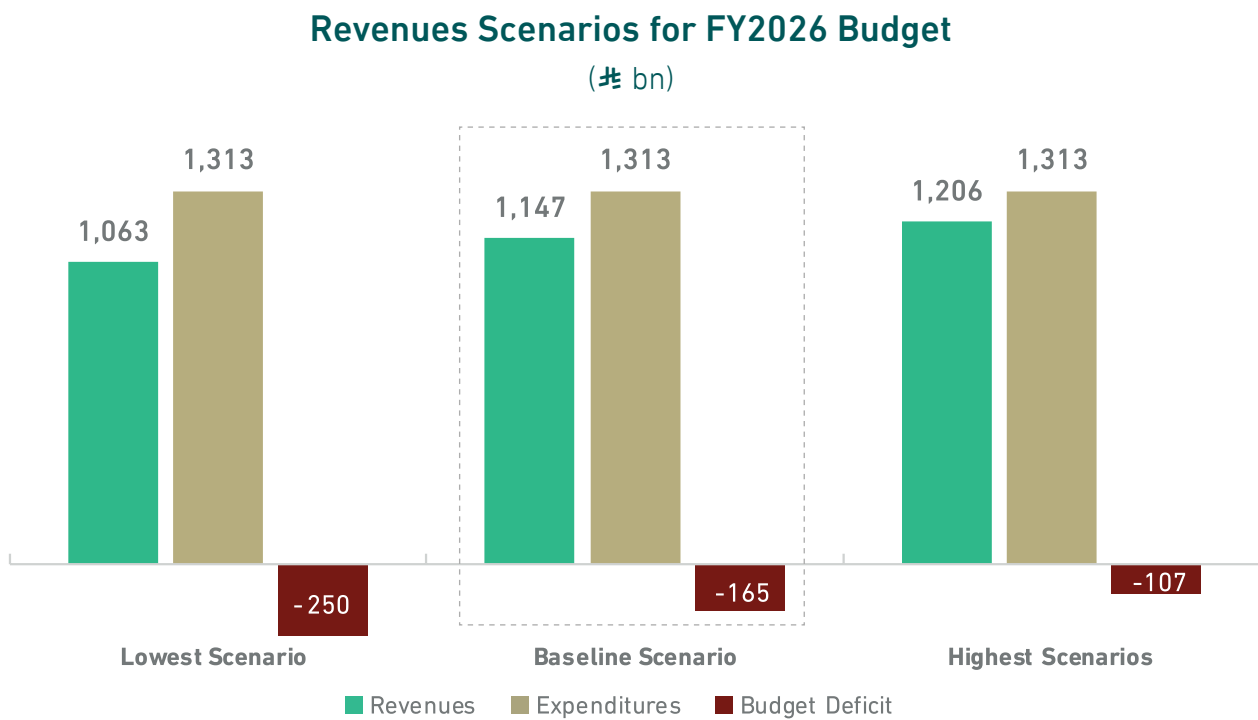
Since the local economy is an integral part of the global economic system, it remains exposed to the impacts of the challenges in the global economy. At the forefront of these potential impacts is the expected slowdown in global economic growth, the intensification of geopolitical tensions, which decrease global demand for oil, and the increase shipping and transportation costs. The escalation of protectionist policies and increased trade tensions also pose challenges that may lead to higher commodity prices and rising production costs. It may also affect foreign trade flows and increase the volatility of exports and imports, and may contribute to slowdown in private investment, as well as deceleration in the growth for non-oil activities. Additionally, the persistence of uncertainty regarding the direction of global monetary policy, the remaining high interest rates, and their impact on the increasing cost of financing, may affect capital flows and slowdown private investment, which is a key driver of non-oil activities growth.

Despite the risks and challenges facing the local economy, the economic and financial reforms supporting economic diversification have contributed to enhancing the strength and resilience of the domestic economy and enabling it to overcome challenges. Under Saudi Vision 2030, the government has adopted a series of qualitative strategic initiatives to stimulate local and foreign investment, including the launch of the “Invest Saudi” initiative, the establishment of special economic zones that provide incentives to investors, the issuance of the updated foreign investment law, as well as the issuance of the new commercial registration system. These initiatives contribute to boosting investor confidence, providing a flexible and stable business environment, and supporting the continuity of long-term investments, which reflect positively on the stability of the economy, diversifying the economic base, in addition to strengthening the role of the private sector and improving employment and localization rates. The government has also maintained the stability of inflation rates at relatively acceptable levels compared to other countries of the world through the implementation of a number of initiatives and policies that have been implemented to contain the rise in prices.

The government continues to adopt deliberate and flexible fiscal policies based on long-term financial planning, through the sustained execution of high-priority projects to achieve of Saudi Vision 2030 objectives, without being linked to the fluctuations of the economic cycle. In addition, borrowing has been carefully expanded within the framework of the medium-term debt strategy, by balancing the cost of financing and the economic return to support investment in transformative projects. At the same time, a conservative approach has been adopted in medium-term estimates in anticipation of any risks that may occur to the domestic and global economy. This approach is supported by periodic review plans that ensure adaptation to changes without compromising performance or social commitments. Given these factors, public finances remain capable of facing

global and domestic risks due to the strength of the financial position and the structural reforms implemented, which enable the continuation of strategic spending to support the economic transformation and achieve Saudi Vision 2030 objectives.

In light of the aforementioned global and domestic obstacles, several revenue scenarios were developed, taking into consideration the challenges facing the global economy and the risks of escalating geopolitical tensions. The estimates used aim to enhance the government’s ability to deal with any of these scenarios and build a flexible fiscal space.



# 02

## Key Economic Enablers and Projects over the Medium Term

## Second: Key Economic Enablers and Projects over the Medium Term

### Transformational Spending and Economic Enablers for FY2026 and over the Medium Term

The Kingdom of Saudi Arabia is moving at an accelerated pace towards economic diversification and the development of promising sectors, driven by an ambitious vision based on long-term financial and strategic planning, which aims to achieve comprehensive and sustainable economic development and build a diversified economic base. The budget for FY2026 and over the medium term confirm that the government continues to direct its resources towards transformational spending that ensures the development of various sectors, considering their role in the economic system. The Kingdom of Saudi Arabia continues to maximize the benefit of sectors that are a major driver of the economy, such as energy and mining, as well as raise its position globally. Simultaneously, the government has redoubled efforts to enhance the contribution of sectors that were not exploited before the launch of Saudi Vision 2030 such as tourism, entertainment, culture, and sports. These have become today one of the most important tributaries of the non-oil economy and contributed to enhancing the quality of life for citizens and residents. In addition, investing in foundational sectors such as industry, technology, and transport and logistics, which are pillars of sustainable growth and supportive of other sectors.

As a reflection of these ambitious orientations, the Kingdom of Saudi Arabia proceeds to develop and continue the structural improvement of **the national industry and logistics services** to increase its contribution to the economy, transforming the Kingdom into a leading industrial power, and a global logistics platform. It achieves this by maximizing the value achieved from the energy,

mining, industrial, and logistics sectors, as well as developing the regulatory and basic environment that attracts investments in this sector. In **the tourism sector**, the Kingdom of Saudi Arabia continues its transformation process to become a leading global tourist destination, by highlighting the Kingdom's heritage in the field of archaeology, culture, and arts, facilitating the entry of visitors, and organizing prominent international events and exhibitions, which boost the contribution of the tourism sector to economic growth. The number of tourists in the Kingdom of Saudi Arabia has achieved growth over recent years, reflecting the success of the efforts made in developing the tourism sector and expanding the scope of events and activities offered. In **the gaming and esports sector**, the Kingdom seeks to strengthen its position as a leading regional and global destination in this promising sector, as well as to develop an attractive environment for local and international developers and companies. This contributes to providing quality opportunities for youth, supporting the growth of creative and technical content, and increasing the contribution of the sector to Saudi GDP. The Kingdom also continues its efforts to improve the quality of life for citizens and residents, by promoting cultural, entertainment and sports activities, while intensifying efforts in developing public facilities and improving sports infrastructure.

Efforts also continue to enable Saudi families to **own homes** by providing various housing and financing solutions and increasing the supply of real estate in the market. In order to increase the efficiency of service delivery and enhance the role of the private sector to support economic growth and diversification, efforts continue to privatize some government assets, services, and resources, through the National Privatization Strategy, which aims to expand the role of the private sector in vital sectors. Regarding **the labor market**, the Kingdom of Saudi Arabia continues to implement quality programs to develop national skills, localize professions, and stimulate self-employment, in order to provide competitive

opportunities for citizens, increase the rate of economic participation, raise productive skills, and improve market efficiency. These initiatives contributed to reducing the overall unemployment rate to 3.2% and the Saudi unemployment rate to 6.8% by the end of Q2 of FY2025. This reflects the effectiveness of Saudization programs and the empowerment of national competencies.

The government also continues its efforts to improve the **investment environment** to enhance the Kingdom's attractiveness to regional and international companies, while enabling national companies to expand locally and globally, providing financing solutions for quality projects and encouraging partnerships between the public and private sectors. Foreign investment flows reached ~~SR~~ 22.2 bn in Q1 of FY2025, achieving a growth rate of 43.7% compared to the same period last year, which confirms the continued attractiveness of the business environment in the Kingdom to local and international investors. To maintain the stability and strength of the **financial sector**, the initiatives of the Financial Sector Development Program (FSDP) have developed financial markets and transform them into a global market by providing innovative products that promote savings and investment. Digitization has also contributed to the growth of the FinTech sector, facilitating access to services and accelerating payments and transfers, which enhance financial inclusion and increase the efficiency of the sector.

**The health sector** continues the implementation of comprehensive structural reforms aimed at raising the quality and efficiency of health services and increasing health coverage to include all groups. These efforts are based on the health transformation programs within Saudi Vision 2030, which has devoted substantial attention to health as a key pillar of development, by improving the quality of services, facilitating access to them, and enhancing the efficiency of the health system. As for **the Pilgrim Experience** efforts continue to improve the experience of Hajj and Umrah performers through the development of

infrastructure and advanced digital services. The total number of Umrah pilgrims during Q1 of FY2025 reached more than 15 million, an increase of 32% compared to Q1 of the previous year, and the number of Umrah pilgrims from outside the Kingdom increased from the beginning of the year until the end of August 2025 to 10.5 million, an increase of 1% compared to the same period of last year. This is due to the efforts made to improve the quality of services for the pilgrims, which reflects the results of the initiatives and projects of Saudi Vision 2030, and with the support of the wise leadership in order to enhance the service dimension and the religious and humanistic message of the Kingdom of Saudi Arabia.

The government continues its efforts to improve the quality of government services, develop the business environment, enhance the role of the non-profit sector, and transform it into an active sector in the national economy and community development, as well as supporting cultural, recreational, and sports activities. These orientations reflect the Kingdom's commitment in the next year's budget for FY2026 and over the medium term to continue pursuing economic diversification, diversify sources of income, empower the private sector, and enhance global competitiveness, while ensuring that all sectors are moving towards achieving the objectives of Saudi Vision 2030. The vision is adopted in all its development strategies and plans to upgrade the sectors through important measures to ensure sustainable growth, namely employing innovation and technology, consolidating sustainability, and developing human capabilities. The government also continues to direct resources towards sectors with higher returns in GDP growth, diversifying the economy, creating jobs, and strengthening the balance of payments, in a way that supports fiscal sustainability and improves the quality of life for citizens and residents.



## Public Investment Fund

The Public Investment Fund (PIF), as the investment arm in Saudi Arabia, continues to support the achievement of the objectives of Saudi Vision 2030, the development of strategic sectors, and the building of strategic economic partnerships that complement the efforts to diversify the local economy. This contributes to enhancing its long-term financial strength and sustainability. In pursuit of these objectives, PIF continued to grow its assets and investments, with assets under management amounting to ~~SR~~ 3.5 tn until July FY2025, with a total return to shareholders of 7.2% year-on-year since the launch of the Vision Realization Program in FY2017 until the end of FY2024.

In this context, PIF continued to create investment opportunities and open new horizons for the private sector. The total expenditure on local content through PIF and its portfolio companies reached about ~~SR~~ 400 bn from FY2020 to FY2023, and the percentage of local content in PIF and its companies increased from 47% to 53% during the same period. PIF has also launched many programs and initiatives that support the private sector. In 2025, the third edition of “PIF Private Sector Forum” was held, in which more than 140 agreements and memorandums of understanding worth ~~SR~~ 15 bn were signed.

PIF also launched the Contractors Financing Program by the end of 2024, which created the first product of its kind in the Kingdom and the region for insurance guarantee bonds, in cooperation with the Insurance Authority and the Saudi insurance sector. The aim of this program is to enable contractors participating in the projects of PIF’s real estate companies to fulfill their contractual obligations by providing project guarantees through the insurance sector. In addition, 480 local contractors have participated, and the number of contractors participating in the projects of PIF’s companies grew by about 140% by the end

of FY2024, and the percentage of contracts granted to local contractors with PIF's companies increased to 67% of the total contracts awarded by the end of FY2024, with clear growth compared to FY2021, when it reached about 37%.

Within the framework of targeting the development of strategic sectors, His Royal Highness the Crown Prince announced in 2025 the launch of HUMAIN, a global leader in the field of artificial intelligence (AI), with the aim of developing and managing AI solutions and technologies and investing in the sector. PIF also launched "AlWaha Company", the first Saudi-owned operator specialized in retail sales in duty-free. In addition, PIF has launched "Expo 2030 Riyadh Company", which will build and operate "Expo 2030 Riyadh", the first of its kind in the Kingdom, and invest in its facilities over the long term.

Moreover, PIF announced the acquisition of 30% of "Masdar" for building and construction materials, a local leader in the trading and distribution of building and construction materials, through an increase in the company's capital and PIF subscription to new shares. PIF and "Elm", a leading digital solutions company, signed a sale and purchase of shares agreement under which Elm will acquire "Thiqah Business Services", a company specialized in smart technology solutions for business services, in a deal worth 3.4 bn. PIF announced the completion of its investment in the Saudi Reinsurance Company (Saudi Re), with the aim of enabling the company to develop its local capabilities to keep pace with the accelerated demand in the Kingdom and to strengthen the Saudi insurance sector.

In this manner, PIF gains the trust of international rating agencies, as Moody's Ratings upgraded PIF's rating from A1 to Aa3 in November 2024, while Fitch Ratings affirmed its rating at A+ with a stable outlook. In early 2025, PIF completed pricing of its bond offering in the amount of 22.5 bn (two issuances), and 4.7 bn sukuk. The coverage ratio exceeded 4 times its value, while the coverage ratio

of Sukuk offering exceeded 6.5 times its value, supported by strong demand from a wide range of international investors, reflecting PIF's financial strength. In addition, PIF completed the inaugural murabaha with ﷲ 26.2 bn, with the support of 20 international and regional financial institutions, as part of its financing strategy to diversify its sources of funding.

## Mega Projects

As part of national efforts to achieve the objectives of Saudi Vision 2030, the Kingdom of Saudi Arabia continues to implement major projects, which are the main drivers of economic diversification and enhancement in the quality of life. These projects have accomplished significant achievements during FY2025, represented by strategic partnerships, investments, and agreements that contributed to supporting the growth of local content, stimulating investments, and enhancing the role of the private sector in the Kingdom's economy, in addition to contributing to the growth of the tourism sector through the opening of a number of luxury hotels.

In terms of major projects affiliated with PIF projects, such as Roshn, Qiddiya, Red Sea Global (RSG), and Diriyah, these have delivered several achievements in FY2025, including strategic partnerships, investments, and agreements that contributed to supporting the growth of local content and investment in the Kingdom's economy.

For instance, **Roshn Group** and Aluminium Products Company (ALUPCO) have announced a partnership for the construction of an automated aluminium factory worth ﷲ 1 bn in Riyadh, where the new facility will focus on localizing the manufacturing of door and window systems, increasing manufacturing capacity, integrating advanced technologies, creating jobs, and strengthening supply chains

for the Kingdom's economy. Roshn also signed deals worth **SR** 1.5 bn to support local content at the PIF and the Private Sector Forum, where new agreements with many companies will boost local procurement for SEDRA and other leading residential communities. Since the launch of Roshan Group, many projects have been launched in many sectors, including retail, hospitality, commercial and sports facilities, as well as integrated residential communities, where more than 15 thousand residential units have been added, including two thousand units during H1 of FY2025, in Sedra community in Riyadh, Almanar community in Makkah, and Aldanah community in Dhahran. Roshan Group is developing vibrant and sustainable destinations and communities that enhance the interconnectedness of people and places through ten mixed-use projects and a real estate portfolio of 200 million square meters, including more than 2 million square meters of leasable retail space and 2 million square meters of commercial investment space.

**Qiddiya Investment Company (QIC)** and Six Flags have signed a management agreement to manage and operate the 320 thousand-square-meter Six Flags Theme Park in Qiddiya, ensuring world-class standards as it approaches its opening date. A strategic partnership with Mercedes AMG and the Mercedes-AMG Petronas F1 Team was also announced, with the aim of creating the first-of-its-kind Mercedes AMG World, on an area of 45 thousand square meters and consisting of 9 floors. It will include more than 20 landmarks and a unique experience in the world of cars and motorsport offered to the visitors of the city of Qiddiya.

**RSG**, in partnership with Oracle, has launched a program to train 5 thousand Saudis in the latest cloud computing and hospitality technologies, through 19 training courses for six months starting from March to September 2025. The company launched the second group of homes for sale in Red Sea Residences after strong demand, and launched Laheq Island, the first private residential island within the Red Sea destination, which will be fully opened and operated

by renewable energy by 2028. As part of its hotel partnership, the company will open Nammos Resort AMAALA in 2025 that includes 110 bedrooms, and 20 residences, completing the eighth and final resort of AMAALA's first phase. The company also introduced sustainable aviation fuel to the Kingdom of Saudi Arabia for the first time at the Red Sea International Airport, which contributed to reducing flight emissions.

As for **Diriyah Company**, in H1 of FY2025, the volume of investments resulting from signed contracts and projects reached **ﷲ** 18.7 bn. The company continues to implement the rest of its projects according to the planned schedule, announcing new construction contracts worth **ﷲ** 5.1 bn, including the construction of the Royal Opera House, which is the first and largest opera house in the Kingdom, as well as other projects under implementation during the year. It also allocated **ﷲ** 5.7 bn for the construction of the Diriyah Arena, and three mixed-use office buildings and parking. Additionally, in early 2025, Diriyah has undergone the opening of the Bab Samhan Hotel, in parallel with the start of construction work for a number of other international hotels, in addition to the opening of a number of shops, restaurants and offices in Zallal, which is a mixed-use project that includes office and commercial spaces and hospitality facilities. PIF is currently developing PIF's strategy (2026-2030), which will include the PIF's objectives until the end of 2030.

Along with the major projects under the umbrella of PIF, there are other complementary projects and programs, most notably **Saudi Calendar**, which aims to support the tourism and cultural sectors, in addition to improving the quality of life in Saudi Arabia, by unifying efforts and coordinating work between government and private entities. The number of events in cities increased from 181 mega events in 2024 to 250 events in 2025, recording a growth of 38% in Riyadh, Jeddah, and AlUla, without additional costs to the budget.

As part of the objectives of Saudi Vision 2030 to improve the quality of life and enhance environmental sustainability, several afforestation and rehabilitation projects are being implemented as part of the largest afforestation initiative. The **Saudi Green Initiative** Initiative, since its launch in 2021, represents a paradigm shift in the Kingdom of Saudi Arabia's journey in environmental protection. It helps restore natural balance and has achieved tangible achievements that reflect its firm commitment to this path, and embodies the comprehensive national efforts to combat desertification, improve air quality, and enhance the urban landscape in clear achievements. By mid-2025, more than 151 million trees have been planted across the Kingdom, and more than 500 thousand hectares of degraded land have been rehabilitated.

The capital Riyadh was a living example of this major environmental transformation, as the **Riyadh Green Initiative** was established as one of the main pillars that effectively contributed to improving the quality of life, by planting more than 3.3 million trees within the city's urban area. In addition, Riyadh has experienced many initiatives in support of afforestation goals, such as King Salman Park, which includes more than 70 thousand trees, Diriyah Company, which has implemented the planting of more than 300 thousand trees, and the Sport Boulevard Foundation, which has contributed to the planting of more than 5 thousand trees. Collectively, these achievements highlight the Kingdom's pivotal role in promoting environmental sustainability and building a greener future for next generations.

In this vein, **King Salman Park** project is moving at a steady pace to become one of the most prominent urban landmarks in the world, as well as a key pillar in improving the quality of life, by providing a sustainable green environment. The project has demonstrated significant progress in practice, as the implementation of the visitor center and the infrastructure of the first phase have

been completed, while the cultural components continue to develop, with the Royal Arts Complex and the Arts Park nearing completion. The development of investment destinations that will provide new commercial and recreational spaces has also begun, as the first investment zone on an area of 290 thousand square meter has been completed, and two additional batches with areas of 110 thousand and 160 thousand square meter have been launched. As for the afforestation and agricultural production, more than two million seeds were produced in the production nursery. All of these achievements are complemented by ambitious national initiatives such as urban transformation, sustainability, biodiversity enhancement, and the development of investment destinations, which have contributed to creating a tangible environmental and economic impact by attracting investors and enhancing vegetation cover.

As the project continues to progress, efforts are focused towards achieving the objectives of FY2026 and over the medium term, as the project aims to complete the works of the Royal Arts Complex and operate several facilities in the park, such as the park's congregational mosque and the three investment zones. Work is also underway to develop the 2034 World Cup Fan Festival Sites, as well as a community museum and integrated visitor global experiences. During this phase, the project aims to raise the qualitative and quantitative impact, by aligning efforts with initiatives such as Saudi Green Initiative, women's empowerment, attracting international events, and investment expansion.

This phase is expected to contribute to achieving multiple returns, including increasing revenues from investments, stimulating tourism, raising local employment, in addition to consolidating cultural identity and enhancing environmental awareness. This will be done in a time frame that extends from 2026 to 2030, in partnership with government and private entities, most notably

the Ministry of Culture (MoC), the Ministry of Environment, Water and Agriculture (MEWA), the Riyadh Region Municipality, King Salman Foundation, and the private sector.

**Riyadh Art**, an interactive art program, is one of the most ambitious initiatives to enhance the city's cultural identity and enable the creative economy. It is one of the most important cultural projects in the capital, as it aims to transform Riyadh into an open art gallery that blends originality and contemporaneity, enriching the cultural life in society, and stimulating the creative economy by publishing artwork in public spaces, residential neighborhoods, and urban locations. The program seeks to enhance the visual experience of Riyadh's residents and visitors by consolidating Riyadh's position as a vibrant art gallery and enriching public spaces with creative works that reflect the Kingdom's cultural and artistic diversity.

Since the launch of the program, 404 artworks have been created and displayed until June 2025, which is equivalent to about 61% of the total targeted works. The program includes annual events such as Noor Riyadh, which presented 366 artworks, which contributes to consolidating the Kingdom's presence in the global art scene by supporting contemporary creative arts. Tuwaiq Sculpture Symposium also contributed to enrich the local art scene by empowering international and Saudi sculptors and developing their skills. To date, the forum has produced 130 sculptures, in addition to leaving a lasting visual impact that enhances the city's aesthetic identity.

The Riyadh Art Program also includes about 704 sculptures under implementation or installation, including four new works in public squares, in addition to installations and exhibitions by international artists in prominent locations such as Riyadh metro stations and King Abdulaziz Historical Center.



The program also strengthened community outreach by organizing more than 6,240 activities and workshops, holding 25 panel discussions with leading artists, and setting 16 Guinness World Records, reflecting its significant cultural, social, and economic impact.

The **Sports Boulevard project** represents one of the major qualitative and transformative projects in line with the objectives of Saudi Vision 2030. It is the largest longitudinal park in the world with a length of more than 135 kilometers, aiming to enhance the quality of life in Riyadh by providing a sustainable and stimulating sports and healthy environment in a vicinity full of sports, entertainment, and cultural events and activities.

The vision of the project lies in the creation of an innovative and sustainable urban renaissance to be the environmental hub that connects the city of Riyadh, that enables individuals to practice various sports activities and enjoy a distinguished community experience. The project's strategy is based on five main pillars: excellence in the implementation of construction works; financial sustainability; enabling a healthy and active lifestyle; leadership in environmental, community and institutional governance; and providing an exceptional community experience.

Among the most important achievements of the project is opening the first part of the 83 km track, which includes several vital destinations that contribute to enhancing a healthier quality of life for the Riyadh residents. The most notable destinations are Wadi Hanifa, the Promenade, Arts Tower, and the first phase of Sands Sports Park. In addition to attracting around two million visitors, and implementing more than 8 various health, social and sports events, one of the main achievements of the project is the establishment of real estate investment funds worth 5.5 bn to develop towers and vital areas and build a variety of

residential, office, commercial and recreational facilities. Also, the sports track master planner has been awarded the Active Score Community certification, ranking the world's number one project to promote sustainable mobility with the highest level of accreditation. The total completion rate of the project is 44.2% and the completion rates for the project areas are as follows: Arts Area 96.8%, Sands Sports Park 100%, King Abdulaziz Road Tunnel 25.4%, Abu Bakr Road Tunnel 11.6%, and the completion of excavation operations in the Urban Wadi area with a total completion rate of 15.2%.

The Sports Boulevard project seeks to achieve ambitious objectives by providing integrated sports facilities accessible to all and promoting its presence as a fundamental catalyst for adopting an active and healthy lifestyle. The sports boulevard aims to be an integral part of the visitors' daily lives, and an inspiring destination that improves the quality of life in Riyadh. This comes within an integrated system of strategic partners, with the participation of a number of government and private entities, supporting the achievement of the project's comprehensive goals.

As part of the efforts to develop Riyadh, **Riyadh Main and Ring Road Axes Development Program** was launched, which aims to develop the main road network in the capital through the construction of new roads, raising the efficiency of existing roads and connecting them in an integrated manner, in a way that enhances the flow of traffic and meets the needs of current and future mobility. The program seeks to keep pace with rapid population growth and major qualitative projects, guide urban development, improve the quality of life, and enhance Riyadh's position as a global destination for tourism and investment. The program also aims to implement and develop more than 500 kilometers of road network, which contributes to reducing travel time, raising the average speed of traffic, and enhancing the connectivity between the city's various neighborhoods.

The implementation of 12 projects, worth more than ~~SR~~ 20 bn, has also begun, and these projects are expected to achieve economic returns that drive development and achieve the objectives of Saudi Vision 2030. These include projects such as the 56-kilometer Southern Ring Road project, the construction of two parallel bridges to the suspension bridge, the development of the western part of the Al-Thumamah Road axis, the extension of Taif Road in the Laban neighborhood to the Qiddiya project, and the development of the 9-kilometer Dirab Road. Among the program's medium-term objectives are the implementation of the Second Eastern Ring Road, the completion of the development of the central part of Prince Turki bin Abdulaziz I Road, and the expansion of Jeddah Road and Al-Urubah Road. These projects are integrated to enhance infrastructure and facilitate access to areas that are witnessing the implementation of major projects, including Expo 2030, King Salman International Airport, Qiddiya Project, Roshan Projects, and the 2034 World Cup.

## National Development Fund and Affiliated Funds

Complementing the role of the budget in stimulating economic growth and diversifying sources of income, **the National Development Fund (NDF) and its affiliated entities** play a pivotal role in financing development projects and supporting priority productive and service sectors, by raising the efficiency of financing and maximizing its impact on the economy, in a way that enhances the sustainability of growth and contributes to achieving the objectives of Saudi Vision 2030. Since its establishment in 2017 as an umbrella for more than 12 funds and development banks, NDF has worked to unify efforts, improve spending efficiency, and strengthen partnerships with the private sector to invest in promising opportunities in vital sectors.

As part of supporting and developing the agricultural sector in the Kingdom of Saudi Arabia, the **Agricultural Development Fund (ADF)** has contributed to enabling the agricultural system to achieve qualitative leaps since the launch of Saudi Vision 2030, by providing integrated financing solutions and qualitative initiatives aimed at enhancing food security, developing rural communities, and sustaining natural resources. From FY2016 to mid-FY2025, ADF approved financing loans worth more than ﷲ 35.4 bn, while the total loans disbursed during this period amounted to more than ﷲ 23.9 bn. In light of its strategic directions for FY2025 and FY2026, ADF seeks to ensure the achievement of developmental and food security and rural development by contributing to raising the rate of self-sufficiency in a number of productive sectors that contribute to achieving food security, supporting the financing of modern technologies that contribute to rationalizing water consumption, improving agricultural production, and raising ADF's contribution to both GDP and job creation.

In regard to supporting new projects in the industrial, energy, mining, and logistics sectors, the **Saudi Industrial Development Fund (SIDF)** continued to provide support, thus achieving its financially feasible role to transform the Kingdom of Saudi Arabia into a leading industrial power and a global logistics hub. The value of approved loans exceeded ﷲ 88 bn from FY2016 through the end of H1 of FY2025, and the volume of investments of these projects during this period amounted to more than ﷲ 352 bn. SIDF has contributed to the establishment and development of quality programs at SIDF Academy, which has trained about 12 thousand trainees through more than 280 training programs since its establishment in 2019. SIDF's directions in FY2026 focus on enhancing national industrial growth by raising the percentage of local content, enabling access to markets, supporting financing solutions for industrial technologies, increasing capacity, in addition to creating quality channels to mobilize capital from the private sector to stimulate investment in the industrial sector.

In contributing to Saudi Arabia's financing of development cooperation, the **Saudi Fund for Development (SFD)** plays an important role in strengthening the Kingdom's international relations by providing development loans and grants managed on behalf of the Kingdom's government to a number of brotherly and friendly countries and international organizations. SFD provided six development loans in H1 of FY2025 with a total value exceeding **ﷲ** 773 million, and the total amount disbursed during the same period on existing development projects amounted to more than **ﷲ** 2.5 bn. The SFD's strategy works to increase the contribution of local content by providing opportunities for the private sector to participate in the implementation of external projects that it finances. The value of contracts signed during H1 of FY2025 with Saudi private sector companies for the implementation of these projects exceeded **ﷲ** 2.7 bn, representing 81% of the total amount of contracts signed by SFD in the same period.

The **Real Estate Development Fund (REDF)** plays a leading role in supporting and empowering its beneficiaries in the Financial Advisory service. REDF recorded from June FY2017 to the end of H1 of FY2025 about 841 thousand beneficiaries from Financial Advisory services, with a funding volume exceeding **ﷲ** 590 bn. In addition, about **ﷲ** 6.2 bn was deposited in the accounts of the beneficiaries of the Financial Advisory service in order to support and improve their ability to own property. REDF continues its efforts to support eligible families under the Rent-to-Own program, as the total beneficiaries of the program exceeded 38,530 from its launch in July 2022 through the end of H1 of 2025. REDF seeks to increase the real estate supply in various regions of the Kingdom of Saudi Arabia through the Tatweer program, which is considered an enabler and supporter of the real estate development sector, as it provided support to about forty companies working in the real estate development and financing sectors, to establish more than four thousand housing units within sixty housing projects, with the aim of

enhancing and achieving balance in the market, enabling the beneficiaries of the housing support program to own with high quality and fair prices.

In order to empower and support national cadres in the labor market, the **Human Resources Development Fund (HRDF)**, from FY2016 to H1 FY2025, is experiencing a qualitative leap and radical and strategic transformations at the level of HRDF's directions and the programs and products it provides to citizens in the fields of training, empowerment and guidance. A number of new programs and products have been launched to keep pace with the transformation of the Saudi labor market, in line with the objectives of Saudi Vision 2030. These developments have served more than 19.9 million beneficiaries in the HRDF's various programs. The total expenses of financial support for HRDF's specific programs during this period amounted to about ~~78~~ 78.7 bn. In FY2026, HRDF aims to continue to achieve its objectives and fulfill its duties and responsibilities to the fullest, by supporting the development of human capital in line with the strategic objectives of Saudi Vision 2030.

In order to improve the events industry in the Kingdom of Saudi Arabia, the **Events Investment Fund (EIF)** works to develop specialized facilities that support the sports, culture, tourism, and entertainment sectors, including sports centers, multi-use halls, and indoor stadiums. Since 2025, EIF has started to complete the executive plans, designs, and allocation of the necessary lands, in preparation for the delivery and opening of the first of these facilities in the near future. EIF has also concluded contracts with major international companies specialized in operating event facilities, which contributes to ensuring the Kingdom's readiness to host major events and attract local and international tourists.

In the same context, the **Tourism Development Fund (TDF)** highlights its vital role as a national enabler for the tourism sector, as TDF has financed more than

2,400 projects since its establishment in FY2020 through H1 of FY2025, with a value exceeding ﷲ 33.6 bn. In FY2026, TDF aims to strengthen its commitment to support all destinations in the Kingdom of Saudi Arabia by activating tourism empowerment programs in partnership with commercial banks, finance companies, and fintech companies, in addition to TDF's various products that meet the needs of investors and entrepreneurs. The Tourism Growth Centre (TDF Grow) offers several programs and accelerators that have benefited more than nine thousand entrepreneurs to date to enhance their capabilities and open up new doors for growth.

In the field of culture and creativity, as well as raising the economic value of the cultural sector in the Kingdom, the **Cultural Development Fund (CDF)** has contributed to stimulating the growth of the cultural sector by supporting more than 137 cultural projects since its establishment in FY2021 through mid-FY2025, with total funding of more than ﷲ 461 million, which is expected to contribute to adding more than ﷲ 1.4 bn to GDP and creating more than 4,900 jobs. CDF aims to continue supporting cultural projects and providing innovative financing solutions that enhance the sustainability of the economic and social impact of the cultural sector. This makes CDF the center of excellence and financial empowerment in the national cultural sector, and demonstrates an active role in achieving the objectives of the National Strategy for Culture and Saudi Vision 2030.

As for infrastructure, the value of direct commitments concluded by the **National Infrastructure Fund (Infra)** since its establishment in FY2022 through H1 of FY2025 amounted to ﷲ 8.6 bn, of which ﷲ 6.3 bn was disbursed for several vital projects. These deals have contributed to providing innovative financing solutions for a number of vital projects in promising sectors, with a total value of ﷲ 46.4 bn.

As part of strengthening strategic partnerships, (Infra) has concluded several agreements to attract local and foreign investments, most notably the commitment agreement with the Asian Infrastructure Investment Bank (AIIB) to develop two of the most important desalination facilities in the Kingdom of Saudi Arabia in the amount of ﷲ 2.4 bn. As part of its future directions, (Infra) intends to launch a program to finance social infrastructure projects, with the aim of increasing the participation of the private sector in the provision of health and education services and improving the level of services provided.

Within the framework of enabling Saudi non-oil exports and enhancing global competitiveness, the **Saudi Export-Import Bank (Saudi EXIM)** played a pivotal role in supporting local exporters, as the value of the credit facilities (financing and insurance) provided since its inception in FY2020 through H1 of FY2025 reached about ﷲ 91.5 bn. The value of operations executed during H1 of FY2025 reached about ﷲ 23.6 bn, enabling Saudi exports to access more than 150 global markets. Saudi EXIM continued to expand its business with an A+ credit rating from Fitch Agency, with a stable outlook. In FY2026, Saudi EXIM also intends to expand its financing facilities and insurance coverage beyond ﷲ 31 bn, supported by various financial instruments and qualitative strategic partnerships that meet the aspirations of Saudi exporters.

To enhance the participation of SMEs in the national economy, the **Small and Medium Enterprises Bank (SME Bank)** has contributed more than ﷲ 1.9 bn in financing since its establishment in FY2021 through H1 of FY2025, through Agency Model, Co-financing Model, and Low-Cost Loan Model. In addition, SME Bank's subsidiary, Saudi Venture Capital Company, contributed to the Kingdom's acquisition of the largest share of the total value of venture capital in the Middle East and North Africa (MENA) region, which reached 56% in H1 of FY2025. SME



bank's Kafalah program, which aims to support SMEs in obtaining the necessary financing to develop and expand their activities, was launched for seven products in partnership with the government initiatives of Saudi Vision 2030 for the sectors of export, culture, endowments, entertainment, technology, dentistry, and the consulting sector. The total beneficiaries of the products by the end of H1 of FY2025 reached 734 establishments with total financing of ﷲ 4.1 bn and total guarantees of ﷲ 3 bn for all products launched with partners. SME Bank also aims to achieve these initiatives using a business model based on financial sustainability.

**The Social Development Bank (SDB)**, under the umbrella of NDF, continues to play its vital role in achieving the objectives of Saudi Vision 2030, by expanding the umbrella of financing and development services and achieving a tangible economic and social impact. Since the launch of Saudi Vision 2030 through the end of H1 of FY2025, SDB has contributed to raising the contribution of SMEs to the economy, within the objectives of the National Transformation Program, by financing more than 51 thousand establishments with more than ﷲ 15 bn, and the total number of employees in the establishments supported by SDB has reached 140 thousand employees. In addition to contributing to enabling citizens to benefit from social financing programs by financing more than 625 thousand citizens with more than ﷲ 34 bn. As part of its objectives for FY2026, SDB intends to continue to enhance its development impact by providing social loans exceeding ﷲ 2.8 bn, financing self-employment projects exceeding ﷲ 4.0 bn, and supporting small and startup enterprises with financing exceeding ﷲ 3.7 bn, which contributes to supporting financial sustainability, while strengthening the local economy and community participation.