



2017 Budget

Kingdom of Saudi Arabia



**The Summarized
Version**

**In the Name of God the Most Gracious
the Most Merciful**

We are focused on delivering growth, value, and accountability as we are working towards a sustainable economic future.



A letter from the Minister of Finance:

Despite the current difficult economic climate, we are committed to diversifying our economy and tackling economic issues in our country. With transition comes change - change to end our dependency on oil and grow our economy, coupled with the aim to balance and monitor our spending closely. With the launch of Vision 2030, the government intends to ensure full transparency and accountability with the public. We strive to create an environment, where we hold ourselves accountable and responsible for the happiness of our people and the development of our country.

Sincerely,
Mohammed Al Ajadaan

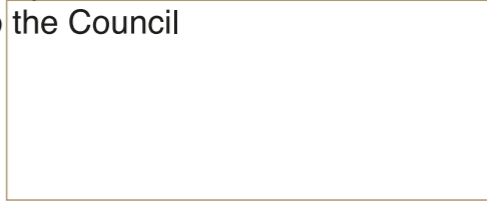


Chapter 1

Our Budget



The budget is issued by a royal decree and it includes expense and revenue estimates of the year. It is published on January 2nd before the beginning of each fiscal year. The Ministry of Finance then prepares the final Budget to be submitted to the Council of Ministers.



The Budget consists of two main components:

- 1- End year results
- 2- Next year's budget "projections"



What is the Summarized Version?

The Summarized Version simplifies and explains the essential information in the Budget. Its aim is to describe the Budget to non-financial specialists.

Why is the Summarized Version important?

Along with having The Summarized Version available and accessible to the public, the Ministry of Finance will commit to annually producing this document based on the global transparency standard requirement of the Open Budget Index.

The Summarized Version enables a better understanding of the Budget.



Chapter 2

Our Economy

2016



SAR 1.7 trillion was spent to improve the country's infrastructure, healthcare, and education sectors, over the last ten years.

According to the General Authority of Statistics, 2016 GDP in fixed prices (100 = 2010) is estimated at SAR (2,581) million, a rise of 1.40%.

Revenue 2016

2016 revenue reached SAR 528 billion,
which was 2.7% higher than expected.

The estimated revenue announced
in the beginning of the fiscal year:

SAR **514** billion

This year's revenue:

SAR **528** billion

In 2016, our non-oil revenue reached SAR 199 billion. This is 10% higher than our initial estimate, 20% higher than 2015 and almost double that of 2016 (which was at SAR 101 billion)

This year's non-oil revenue:

SAR 199 billion

The estimated non-oil revenue announced at the beginning of the fiscal year:

SAR 181 billion

Expenses 2016

Government spending was SAR 825 billion this year, less than the SAR 840 billion initially predicted.

The government settled all outstanding payments to the private sector, including previous years, in an effort to maintain economic confidence.

The government commits to settling all outstanding payments within 60 days of finalizing job completion procedures.

Deficit 2016

**Disciplined
management of the
nation's finances
over the past year
has led to a lower
budget deficit,
despite low
oil-prices.**



**As a result of efficient spending
measures, this year's budget deficit
reached SAR 297 billion, which 9%
lower than initially predicted.**

Government spending was SAR 825 billion this year, less than the SAR 840 billion initially predicted. The total national debt for 2016 is projected to reach SAR 316.5 billion, which is 12.3% of the estimated 2016 GDP in fixed prices.

The 2016 deficit is:

SAR 297 billion

11.5% of the GDP in fixed prices.

Reducing the deficit is an indication of a more financially disciplined year.

The predicted deficit for 2016:

SAR 326 billion

13% of the GDP in fixed prices.

Chapter 3

Our Priorities

2017



The 2017 Budget was prepared in light of domestic and global economic trends and predicted oil prices.

In 2017, SAR 42 billion will be allocated from the budget to support The National Transformation's initiatives; with the intention to create a vibrant society, thriving economy, and ambitious nation.

The expected total revenue for
2017 is SAR **692** billion, a
31% increase when compared
to 2016.

Our oil revenues are estimated at
SAR **480** billion in 2017, an
increase of **46%** from 2016.

Non-oil revenues are estimated at
SAR **212** billion in 2017, a 6.5%
increase when compared to 2016.

The government expects non-oil
revenue to form **50%** of the
total revenues by 2020.

Expenses 2017

In 2017, government spending is expected to amount to SAR 890 billion, which is an 8% increase when compared to the 2016 Budget.

Spending will increase, due to previous committed projects as well as actively spending will increase to stimulate the economy and fund The National Transformation Program.

Breakdown of expenses on the most important sectors:

Education Sector

SAR 200 billion

Military Sector

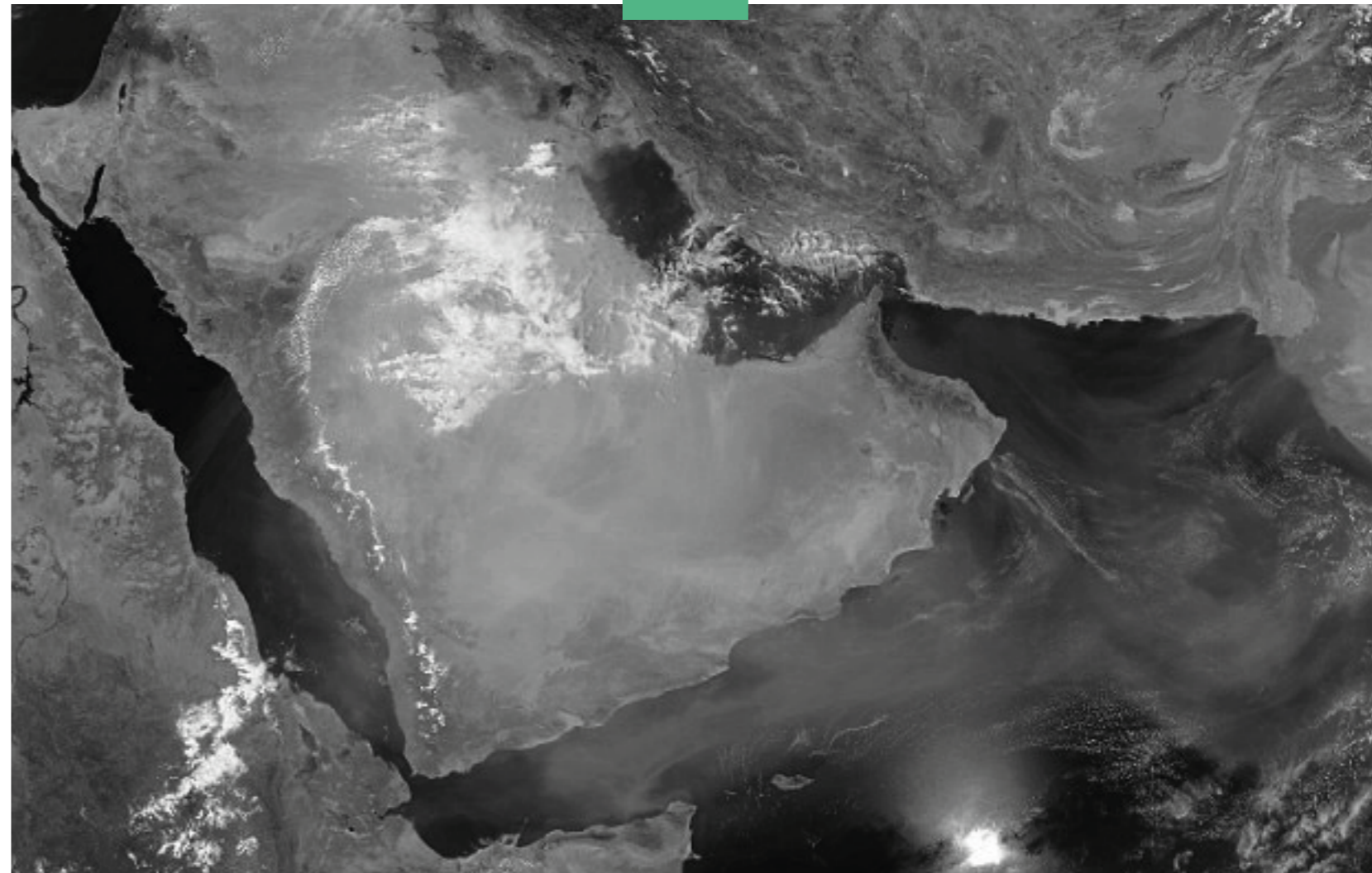
SAR 191 billion

**Healthcare and
Social Development Sector**

SAR 120 billion

Security and Regional Administration

SAR 97 billion



Deficit 2017

Deficit is Expected to reach
SAR 198 billion, **7.7%** of
the 2017 GDP in fixed prices.

The government will be able to finance the deficit by using surpluses, issuing Debt Instruments and drawing from reserves when needed.

Our predicted deficit for 2017 is lower than 2016, despite the increase in spending to finance the growth of The National Transformation Program's initiatives.

Chapter 4 Achievements and Growth Plans



Vision 2030

“We are determined to reinforce and diversify the capabilities of our economy, turning our key strengths into enabling tools for a fully diversified future.”

**Deputy Crown Prince
Mohammad bin Salman Al-Saud**



We are aware of the challenges ahead and we intend to overcome these challenges through actively implementing Vision 2030 programs. The Vision's 14-year strategy strives to reduce our oil dependency by increasing non-oil revenues as well as building a more sustainable economy.



We aim to strengthen our position as an economic powerhouse within the Middle East.

We strive to continuously be a hub for innovation and investments for decades to come.

The National Transformation Program

We are committed to providing world-class government services that meet the needs and expectations of our citizens.



As part of the Vision 2030, The National Transformation Program will have a significant impact on planning efficiency and effectiveness with regards to future government actions. The program intends to increase the readiness of participating government entities to undertake their responsibilities through setting up clear phased objectives and 2020 targets leveled in accordance with the Vision's objectives and targets.

**24 government entities.
543 initiatives.**

Transparency is crucial to the success of The National Transformation Program. The program will set targets and measure results of 24 government entities. Their progress will be tracked by Adaa, a public performance indicator dashboard that will continually be updated and subjected to intense analysis.



Issuing Debt Instruments

The first international bond that the Kingdom issued has been met with great success in financial communities around the world. This was part of various medium and long term plans to stimulate and diversify our economy. By next year, we seek to increase public debt through issuing more debt instruments in local and international markets, including Islamic Sharia-compliant bonds. This step will contribute towards diversifying revenues and supporting efforts to implement the Kingdom's 2030 Vision and The National Transformation Program.



Chapter 5

Important

Links



Please see below for additional information on government entities and initiatives that matter to you.

Vision 2030

www.vision2030.gov.sa

National Transformation Program

www.vision2030.gov.sa/ar/ntp

Ministry of Finance

www.mof.gov.sa

Ministry of Economy and Planning

www.mep.gov.sa

Public Investment Fund of Saudi Arabia

www.pif.gov.sa

Saudi Arabian General Investment

www.sagia.gov.sa

The Bureau of Experts at the Council of Ministers

www.boe.gov.sa

General Authority for Statistics

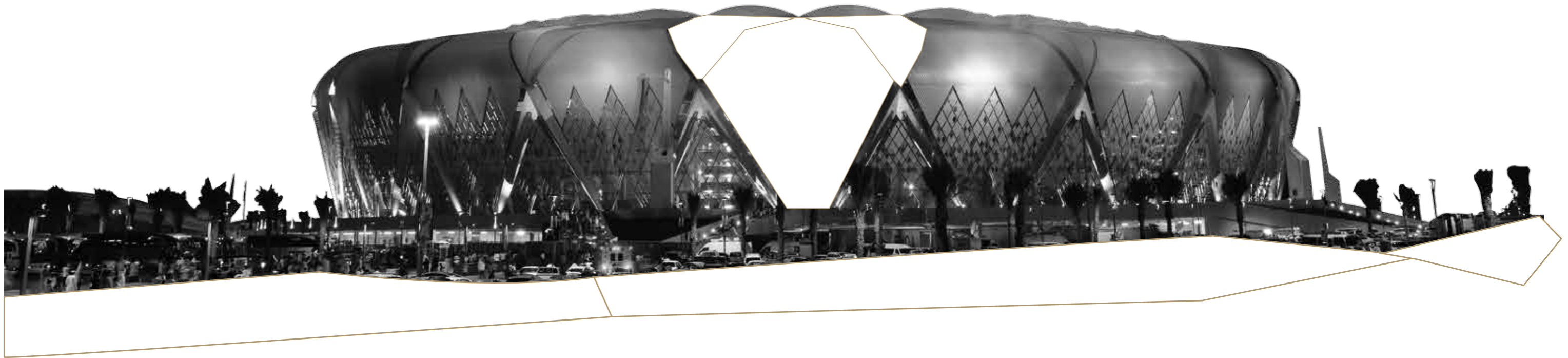
www.stats.gov.sa/ar

Ministry of Commerce and Investment

www.mci.gov.sa

Chapter 6

The Glossary



Government Budget

A document prepared by the Ministry of Finance. It contains information on how much the government spent and generated in revenues for the current year. It also outlines predictions for the next fiscal year.

Gross Domestic Product

The total value of all goods and services produced in a given country during a specific period of time.

Cost of Living Index

The change in prices of a number of essential goods, including food, clothes and transportation. It is the main indicator to assess the level of inflation (if and how fast prices increase)

Custom fees

Taxes imposed on imported goods. One of the key objectives of imposing these taxes is to protect the local industry against foreign competition

Revenues

Total funds generated by selling goods or services, e.g. sale of oil to international customers

Oil profit

The balance after deduction of costs associated with production and sale of oil

Fines and penalties

Compulsory payments imposed by the court of law or relevant authorities for violation of laws or regulations

Government Finance Statistics Manual

A financial guide issued by the International Monetary Fund (IMF) with the aim of increasing the effectiveness of the government's financial policy

Expenditures

Total funds spent by the government on public services and development programs

Government expenditure

Refers to the total funds spent by the government on services and commodities, including building hospitals and schools, transportation and infrastructure

Current expenditure

Refers to the funds spent by the government on salaries, wages, pensions, social security programs, and other forms of government subsidies

Capital expenditure

Refers to the funds spent by the government on key sectors, such as infrastructure, education, healthcare, accommodation, transportation and communication.

Saudi Vision 2030

A methodology developed by the government to diversify the Saudi economy and develop all economic sectors with a view to improving the lives of Saudis

National Transformation Program

NTP is a stepping stone to achieving the objectives of Saudi Vision 2030. It aims to increase efficiency of government entities and reduce unnecessary spending

Privatization

Partial or full transfer of ownership and operations of a government entity to the private sector.

Financial reform

A defined set of procedures and processes that aim to enhance systems, laws, and regulations to benefit the national economy.

Strategic plan

A plan adopted by a government entity in order to realize its objectives in the long-term.

Strategic objectives

The desired results in the medium- and long-term, which could be achieved by following the procedures defined in the strategic plan.

Executive programs

Programs that enhance the efficiency and effectiveness of the strategic plan.

Economic development

Procedures adopted to improve general economic conditions and develop vital sectors, such as agriculture or transportation, etc.

Governance

A set of laws and regulations that promotes transparency and accountability and enhances performance to reflect positively on workflow and achieve objectives.

Risk management

Procedures and processes used to define and assess risks the economy might face in order to control and mitigate them.

Fiscal policy

The means adopted by the government to ensure economic stability, including allocation of government spending and taxes.

Expenditure efficiency

Spending within defined allocations by utilizing available resources and avoiding waste.

Rationalizing expenditure

Monitoring and controlling how the government spends money, in line with defined priorities.

Budget deficit

Occurs when the government spends more than it earns in a given fiscal year

Budget surplus

Occurs when the government earns more than it needs to spend in a given fiscal year

Financing

Financial resources required to cover spending needs and achieve economic stability

Deficit financing

Funds needed to account for higher spending or/and lower income. It can be secured by drawing from reserves or issuing debt instruments (such as bonds, sukuk).

Government debt

Funds the government owes to borrowers, e.g. international investors.

Debt instruments

Financial tools used by the government to support its spending program, e.g. sovereign bonds and Treasury bills

Reserves

Funds collected by the government during years of budget surpluses. To be used in case of budget shortages.

Local debt

Government borrowing from local financial institutions, e.g. banks, through loans and issuance of debt instruments (in Riyals) on local capital markets

International debt

Government borrowing from foreign financial institutions through international loans or issuance of debt instruments (bonds and sukuk) on international capital markets

