



POSTGRADUATE STUDIES – SECOND CYCLE



THESIS:
Saudi Vision 2030 – Causes, Implementation and
Effects

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ABSTRACT

Historically, the Kingdom of Saudi Arabia has heavily relied on the Oil Industry, which at the last analysis it compromised 30% - 40% of the real GDP (not including the proportion of the economy that is dependent on the Oil distribution).

Having 30% - 40% of the real GDP from a single economic sector seems like a dream come true, too good to be true. However, that has not proven to be the reality of the Kingdom. How harmful was the dependency on oil for the Kingdom of Saudi Arabia? Was it a bubble waiting to burst?

Due to the huge downfall of Oil prices in 2008, and due to the huge loss in the cash reserves (more than 150 billion USD), in 2016 the Deputy Crown Prince and the Council of Economic and Development Affairs drafted a 96 project plan which would heavily rely on three main themes which would be called the Saudi Vision 2030.

The implementation challenges have arisen due to the depletion of the cash reserves, due to the scale of the projects, some even due to political reasons. Until this point, we can't say that the transformation is a success or failure, mainly because there are 10 more years to go, however until this point undoubtedly the Kingdom is moving into the right direction, a testimony of which serves the increase in the quality of living and the collaboration with the neighboring countries and their transformation programs similar to the Vision 2030. What is certain is that if this transformation is successful, it will make the Kingdom one of the leading countries in the world, on the other hand, if it fails, it will have a tremendous impact on the region and the world (due to the oil industry dominated by the Kingdom).

ABSTRAKTI

Historikisht, Mbretëria e Arabisë Saudite mbështetet shumë në industrinë e naftës, e cila në analizën e fundit komprometoi 30% - 40% të PBB-së reale (duke mos përfshirë proporcionin e ekonomisë që varet nga shpërndarja e Naftës).

Duke pasur 30% - 40% të PBB-së reale nga një sektor i vetëm ekonomik duket si një ëndërr e bërë realitet, diçka shumë e mirë për të qenë e vërtetë. Sidoqoftë, kjo nuk ka vërtetuar të jetë realiteti i Mbretërisë. Sa e demshme ishte varësia nga nafta për Mbretërinë e Arabisë Saudite? A ishte një flluskë që po priste të pëlciste?

Për shkak të rënies së madhe të çmimeve të naftës në vitin 2008, dhe për shkak të humbjes së madhe të rezervave të parave të gatshme (më shumë se 150 miliardë dollarë), në vitin 2016, Princi i Kurorës dhe Këshilli i Zhvillimeve Ekonomike hartuan një plan të përbërë nga 96 projekte i cili do të mbështetet shumë në tre tema kryesore të cilat do të quheshte Vizioni Saudit 2030.

Sfidat e implementimit janë shfaqur për shkak të varfërimit të rezervave të parave të gatshme, për shkak të shkallës së projekteve, disa edhe për arsye politike. Deri në këtë pikë, ne nuk mund të themi se transformimi është një sukses apo dështim, kryesisht sepse ka edhe 10 vite të tjera, megjithatë deri në këtë pikë padyshim që Mbretëria po shkon në drejtimin e duhur, një dëshmi e së cilës shërben rritjen e cilësisë së jetesës dhe bashkëpunimit me vendet fqinje dhe programet e tyre të transformimit të ngjashme me Vizionin 2030. Ajo që është e sigurt është se nëse ky transformim është i suksesshëm, do ta bëjë Mbretërinë një nga vendet kryesore në botë, nga ana tjetër, nëse ajo dështon, do të ketë një ndikim të jashtëzakonshëm në rajon dhe në botë (për shkak të industrisë së naftës të mbizotëruar nga Mbretëria).

АБСТРАКТ

Историски гледано, Кралството на Саудиска Арабија многу се потпираше во нафтената индустрија, која на последната анализа го компромитира 30% - 40% од реалниот БДП (не вклучувајќи го и процентот на економијата што зависи од дистрибуцијата на нафта).

Да се има 30% - 40% од реалниот БДП од еден економски сектор се чини како остварен сон, премногу добро за да биде вистина. Сепак, тоа не се докажа како реалност на Кралството. Колку беше штетна зависноста од нафтата за Кралството Саудиска Арабија? Дали тоа беше меур кој чекаше да пукне?

Поради огромниот пад на цените на нафтата во 2008 година, и како резултат на огромната загуба на резервите на готовина (повеќе од 150 милијарди американски долари), во 2016 година Принцот и Советот за економски и развојни работи изготвија план за 96 проект кој би во голема мерка се потпираат на три главни теми што би се нарекувале Саудиска Визија 2030 година.

Предизвиците за спроведувањето се појавија заради исцрпување на готовинските резерви, како резултат на обемот на проектите, некои дури и заради политички причини. До оваа точка, не можеме да кажеме дека трансформацијата е успех или неуспех, главно затоа што треба да поминат уште 10 години, сепак до овој момент несомнено Кралството се движи во вистинската насока, чие сведоштво служи за зголемување на квалитетот на живеење и соработката со соседните земји и нивните програми за трансформација слични на Визија 2030. Она што е сигурно е дека ако оваа трансформација е успешна, тоа ќе го направи Кралството една од водечките земји во светот, од друга страна, ако не успее, тоа ќе има огромно влијание врз регионот и светот (поради нафтената индустрија во која доминира Кралството).

TABLE OF CONTENTS

| | |
|--|----|
| Abstract | 1 |
| Abstrakti | 2 |
| Абстракт | 3 |
| List of tables..... | 6 |
| List of figures..... | 9 |
| List of Abbreviations | 10 |
| Statement of original authorship..... | 11 |
| <i>Acknowledgments</i> | 12 |
| CHAPTER 1: Introduction | 13 |
| CHAPTER 2: Literature Review | 16 |
| 2.1 An overview of Saudi Vision 2030 | 16 |
| 2.2 Saudi Vision 2030 based on the Scholars opinions | 20 |
| CHAPTER 3: Analysis and Findings..... | 28 |
| 3.1 Kingdom of Saudi Arabia prior to the implementation of the Saudi Vision 2030 30 | |
| 3.2 Analysis of Saudi Vision 2030 and its main themes, projects and programs.... | 33 |
| 3.3 The private sector in the Saudi Vision 2030..... | 44 |
| 3.4 Creation of oil independent economy with Saudi Vision 2030..... | 57 |
| 3.5 Foreign Investments due to Saudi vision 2030 | 65 |
| 3.6 Employment in the GCC Region prior and during the Transformation Process | 67 |

| | | |
|------------|--|----|
| 3.7 | Where is the Saudi Vision 2030 now? Progress Report, Analysis and Evaluation | 71 |
| 3.8 | The GCC Region Joint Vision | 74 |
| 3.9 | Hypothesis Review | 76 |
| CHAPTER 4: | Conclusions and Implications..... | 78 |
| 4.1 | Will there be any Transformations like the Saudi Vision 2030? | 79 |
| 4.2 | The Saudi Vision 2030 Transformation and its impact on the Kingdom of Saudi Arabia | 80 |
| References | | 81 |

LIST OF TABLES

Table 1. Saudi Vision 2030 – 13 Programs. Adapted from the “Saudi Vision 2030 – Kingdom of Saudi Arabia Blueprint” Copyright of the Kingdom of Saudi Arabia (Saudi Vision 2030) 18

Table 2. UAE – United Arab Emirates Vision 2021 – 6 Pillars of focus. Adapted from the “United Arab Emirates 2021 – United Arab Emirates Blueprint ” Copyright of the United Arab Emirates (UAE Vision 2021).....19

Table 3. Qatar – Qatar National Vision 2030 – 3 Pillars of focus. Adapted from the “Qatar National Vision 2030 – Qatar National Vision 2030 Blueprint ” Copyright of Qatar (Qatar Vision 2030).....20

Table 4. Key focal points on analyzing the Saudi Vision 2030.....21

Table 5. Economic Indicators prior to the Saudi Vision 2030. Adapted from the “BTI Project – Kingdom of Saudi Arabia Data” Copyright of the BTI Project (BTI Project)32

Table 6. UAE – United Arab Emirates Vision 2021 – 6 Pillars of focus. Adapted from the “United Arab Emirates 2021 – United Arab Emirates Blueprint ” Copyright of the United Arab Emirates (UAE Vision 2021).....36

Table 7. Qatar – Qatar National Vision 2030 – 3 Pillars of focus. Adapted from the “Qatar National Vision 2030 – Qatar National Vision 2030 Blueprint ”Copyright of Qatar (Qatar Vision 2030).....37

Table 8. Saudi Vision 2030 – 13 Programs. Adapted from the “Saudi Vision 2030 – Kingdom of Saudi Arabia Blueprint” Copyright of the Kingdom of Saudi Arabia (Saudi Vision

| | |
|--|----|
| 2030 Blueprint)..... | 40 |
| Table 9. Kingdom of Saudi Arabia Governmental Entities. Adapted from the “BTI Project – Kingdom of Saudi Arabia Data” Copyright of the BTI Project (BTI Project - Saudi Arabia) | 41 |
| Table 10. Successful Projects Implemented in 2017. Adapted from the “Kingdom of Saudi Arabia Data – Vision 2030 Progress Website” Copyright of the Kingdom of Saudi Arabia Data (Vision 2030 Progress)..... | 43 |
| Table 11. Successful Projects Implemented in 2018. Adapted from the “Kingdom of Saudi Arabia Data – Vision 2030 Progress Website” Copyright of the Kingdom of Saudi Arabia Data (Vision 2030 Progress)..... | 46 |
| Table 12. Key Objectives of the Public Investment Fund. Adapted from the “Public Investment Fund -Kingdom of Saudi Arabia” Copyright of the Kingdom of Saudi Arabia Data (Public Investment Fund)..... | 49 |
| Table 13. The Privatization Program solutions. Adapted from the “Privatization Program - Kingdom of Saudi Arabia” Copyright of the Kingdom of Saudi Arabia Data (Privatization Program)..... | 53 |
| Table 14. Table 14. GNI per capita. Adapted from the “World Bank – Kingdom of Saudi Arabia Data” Copyright of the World Bank (Saudi Arabia - Data - World bank, 2020) | 61 |
| Table 15. Saudi Arabia GDP (Billion SRL) and % contribution from oil & non - oil sectors. Adapted by the “General Authority for Statistics” Copyright of the Bloomberg data and Televisory’s research (Bloomberg, 2018)..... | 62 |
| Table 16. GDP Growth and trend in Oil and Non-Oil Sectors. Adapted by the “General Authority for Statistics” Copyright of the Bloomberg data and Televisory’s research (Bloomberg, 2018)..... | 63 |

Table 17. Government Revenue (Billion SRL) and share from oil & non - oil sectors. Adapted by the “General Authority for Statistics” Copyright of the Bloomberg data and Televisory’s research (Bloomberg, 2018).....64

Table 18. Real GDP by sector and Government revenue by source. Adapted by the “McKinze Report on Saudi Arabia” Copyright of the McKinze Report (McKinze, 2018).....65

Table 19. Energy Price Reforms - Saudi Arabian Airlines example. Adapted by the “Fiscal Balance Program – Televisory’s Research” Copyright of the Kingdom of Saudi Arabia (Fiscal Balance Program, 2019).....67

Table 20. GDP (Billion USD). Adapted from the “World Bank – Kingdom of Saudi Arabia Data” Copyright of the World Bank (Saudi Arabia - Data - World bank, 2020).....78

LIST OF FIGURES

| | |
|--|----|
| Figure 1. Workforce and Government Revenue..... | 14 |
| Figure 2. The linkage between the three themes of the Saudi Vision 2030 | 37 |
| Figure 3. The New Governance Model due to the Vision 2030..... | 41 |
| Figure 4. The Main Projects of the Vision 2030..... | 47 |
| Figure 5. Professional Development of the young Professionals in the Kingdom of Saudi Arabia | 51 |
| Figure 6. Encouraging Private sectors in investment in education | 52 |
| Figure 8. The Private and Public sector in the Kingdom of Saudi Arabia and the Revenue before implementation of the Privatization Policies due to Vision 2030..... | 53 |
| Figure 8. New Governance due to Industrial Development and Logistics Program..... | 55 |
| Figure 9. Focus of Trainings/Education for Professionals during the Saudi Vision 2030.. | 58 |
| Figure 10. Educational Challenges faced by professionals..... | 55 |
| Figure 11. Main Objectives necessary to be reached for a successful Professional Development Culture..... | 60 |
| Figure 12. Percentage of Nationals and Foreigners working in the GCC Region | 73 |
| Figure 13. GDP in percentage in the GCC Region due to AI | 74 |
| Figure 14. Billions of USD expected increase due to AI until 2030..... | 75 |

LIST OF ABBREVIATIONS

| Abbreviation | Meaning |
|---------------------|---------------------------------|
| GCC | Global Cooperation Council |
| GDP | Gross Domestic Product |
| HRDF | Human Resource Development Fund |
| PIF | Public Investment Fund |
| KSA | Kingdom of Saudi Arabia |
| UAE | United Arab Emirates |
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STATEMENT OF ORIGINAL AUTHORSHIP

I hereby certify that the thesis I am submitting is entirely my own original work except where otherwise indicated. I am aware of the University's regulations concerning plagiarism, including those regulations concerning disciplinary actions that may result from plagiarism. Any use of the works of any other author, in any form, is properly acknowledged at their point of use.

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Date of submission: _____

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CHAPTER 1: INTRODUCTION

The Kingdom of Saudi Arabia is a country in the Western Asia, which is one of the largest countries in Middle East. With a land of approximately 2,150,000 km² and it has access to the Red Sea and the Persian Gulf, which provides huge trading opportunities. In addition, it has two of the holy Mosques which offers rich tourism opportunities mainly due to the yearly pilgrimage conducted by the Muslims from around the world. Although, until late 2018, it has been extremely difficult to obtain Visas for Tourism other than pilgrimage, a law was passed for electronic visas for visitors of sport events and concerts. The Kingdom of Saudi Arabia has many economic and growth opportunities since the first discovery of oil reserves in 1938. Nonetheless, the focus of its economy and growth has been in the oil Industry, which compromises 30% - 40% of the real GDP, not including the portion of the economy that is dependent of the Oil distribution. With the many oil industry crisis in the history, there was a need for creation a more oil independent industry, by utilizing the potential for developing other industries that are not dependent on the oil industry, thus, diversifying the risk from price and demand fluctuations of crude oil.

The first “hints” of the Saudi Vision 2030 have been shown since the 1970s. when with the Government help and funding, in 10 years, more than 450,000 Saudi students went to study in the United States while in the same time more than 200,000 Americans lived and worked in the Kingdom of Saudi Arabia.

Due to the huge downfall of Oil prices since 2008 (Jawadi & Ftiti, 2019) and due to the huge depletion in the cash reserves (more than 150 billion USD), in 2016, the Deputy Crown Prince and the Council of Economic and Development Affairs drafted a plan which would heavily rely on three main themes which will help the Kingdom of Saudi Arabia to reduce its

oil dependency. Figure 1 below illustrates the huge crisis the Saudi Government was in due to its dependency on Oil.

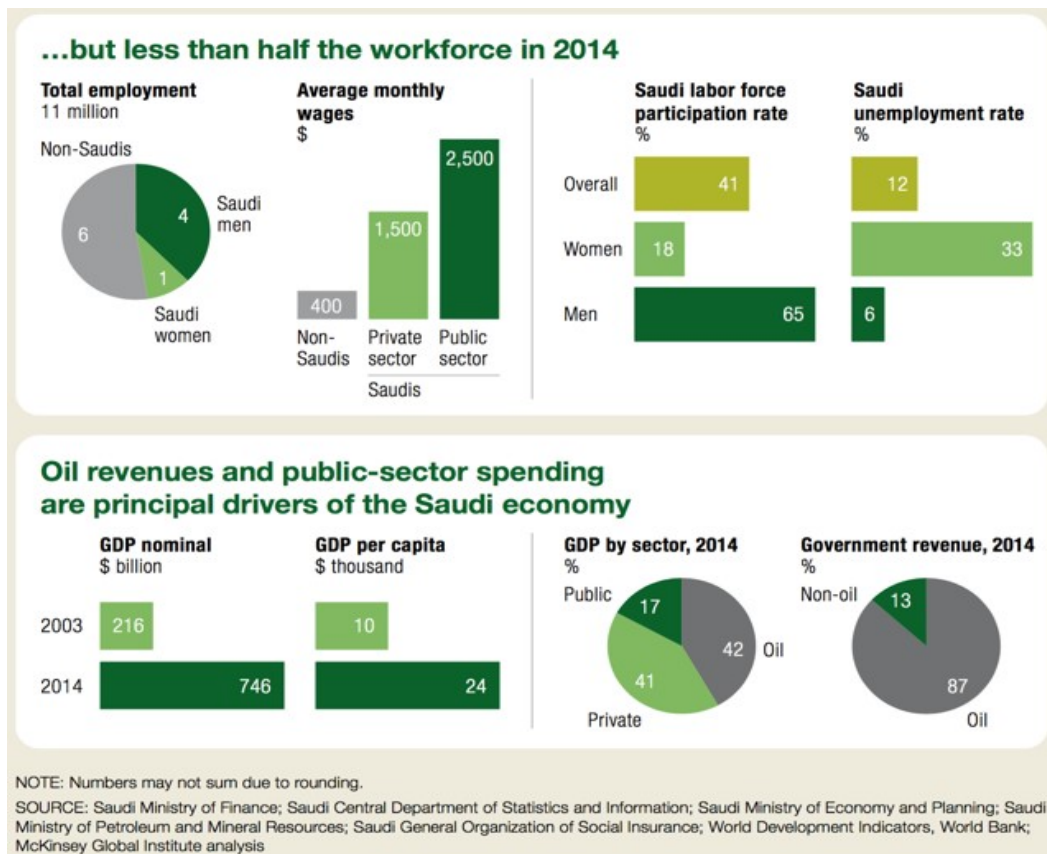


Figure 1. Workforce and Government Revenue. Adapted from Open Square Capital, “Saudi Arabia’s Vision 2030: We Want It... We Need It,” Seeking Alpha, October 28, 2016, Copyright from the Open Square Capital (Capital, 2016)

As it can be seen from Figure 1, there was a need for an intervention. In this line, The Council of Ministers and the King of Saudi Arabia created The Transformation Program focusing on three main pillars: **a thriving economy, an ambitious nation, and a vibrant society.**

Taking in consideration the above three themes of focus for a transformation and the fact that Saudi Arabia has a population of 33 million with an employment rate of 55.90% active professionals who are trained mainly to work on the oil industry, this type of transformation will be one of the biggest transformations since the industrial revolution. For this reason,

there are 96 main Strategic Objectives to be achieved in the Saudi Arabia Vision 2030 in order for this transformation be considered successful.

Considering all the efforts from the governments to pursue their transformation programs with the main aim to create oil independent economies, the aim of this study, is to study the Saudi Vision 2030, as one of the greatest government transformation programs. More specifically this Thesis will focus on the following:

- Review the literature concerning the Saudi Vision 2030,
- Analyze the components of Saudi Vision 2030, and
- Analyze the effects of Saudi Vision 2030.

Thus, the structure of the Thesis will be structured in four chapters: Introduction, Literature Review, Analysis and Findings and Conclusions and Implications. Chapter 1 will provide a general introduction of Saudi Arabia and the need for economic and societal transformation. Chapter 2 will look at the work of other authors studying the impact of Saudi Vision 2030 on economy and society. Chapter 3 will look at the different projects deriving from Saudi Vision 2030, as well as look at the trends, analyzing the impact of the Saudi Vision 2030 programs on creating a bigger economic independence, developing human resources, and attracting foreign direct investments. Chapter 4 will conclude the thesis by drawing conclusions and showing the implications of this thesis.

This thesis will contribute in research for other individuals and institutions because it includes the past – the factors which led to the Saudi Vision 2030, the present – the themes, programs and projects drafted and implemented due to the Saudi Vision 2030 as well as the future – the expected results of one of the transformations for Saudi Arabia. The results of the thesis are important for researchers and policymakers because the analysis of Saudi Vision 2030 can provide insights by giving recommendations.

CHAPTER 2: LITERATURE REVIEW

In Chapter 1, a brief introduction was given regarding the factors that led to Saudi Vision 2030 as well as the structure and the importance of studying this enormous transformation program. Chapter 2 will provide a more detailed description of the Saudi Vision 2030 and will look at the literature in this topic.

2.1 An overview of Saudi Vision 2030

Saudi Vision 2030 started in 2016 when Deputy Crown Prince and the Council of Economic and Development Affairs drafted a plan which would heavily rely on three main themes and will help the Kingdom of Saudi Arabia reduce its oil dependency.

The Transformation Program focusing on three main pillars (Saudi Vision 2030 - Blueprint, 2016): **A thriving economy**: International Competitiveness, Women in the Workforce, Employment (Saudization), Public Investment Fund, Foreign Direct Investment, Private Sector, Non-Oil Exports etc; - **An ambitious nation**: Non-Oil revenues, Government and E – Government Effectiveness, Household income and volunteering; - **A vibrant society**: Urbanism, Tourism, Entertainment, Sports etc;

To achieve the 96 Strategic Objectives, the Council of Economic and Development Affairs established 13 Vision Realization Programs (Saudi Vision 2030 - The Blue Print, 2016):

| |
|---|
| <p>Strategic Partnership Program – The aim of the Strategic Partnership Program is to strengthen the position of the Kingdom of Saudi Arabia on a global scale by launching a series of partnerships in various fields;</p> |
| <p>Hajj and Omrah Program – The aim of the Hajj and Omrah Program is to enrich and deepen the experience of the pilgrims through the development of the tourism sites, preparation of the two holy mosques and providing the best possible services;</p> |
| <p>Human Capital Development Program – The aim of the Human Capital Development Program is to improve the education and training at all the stages of education, starting from the early education and until the continuous education (trainings);</p> |
| <p>National Character Enrichment Program – The aim of the National Character Enrichment Program is to bring back to life the Saudi national character by fostering a set of values which are rooted in the Kingdom’s legacy and Islamic heritage;</p> |
| <p>Quality of Life Program – The aim of the Quality of Life Program is to improve the lifestyle of individuals by developing an ecosystem which supports various activities starting from cultural to sporting;</p> |
| <p>Financial Sector Development Program – The aim of the Financial Sector Development Program is to develop a diversified and effective financial sector which is supporting the development of the economy and the diversification of its sources of income and stimulation of savings;</p> |
| <p>Housing Program – The aim of the Housing Program is to provide housing solutions that enable Saudi Families to own and benefit from owning suitable houses based on their requirements and financial capabilities;</p> |
| <p>Fiscal Balance Program – The aim of the Fiscal Balance Program is a program which is focused on supervision and foresight of fiscal performance with the aim of maximizing government revenues as well as improving spending efficiency and risk management;</p> |
| <p>National Transformation Program – The aim of the National Transformation Program is to achieve governmental operational excellence, improving of economic enablers and enhancement of the living standards;</p> |

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| <p>Public Investment Fund Program – The aim of the Public Investment Fund Program is to develop high focus strategic sectors by growing and maximizing the impact of the fund’s investments;</p> |
| <p>Privatization Program – The aim of the Privatization Program is to enhance the role of the private sector in the provision of services and the availability of government assets;</p> |
| <p>National Companies Promotion Program – The aim of the National Companies Promotion Program is to enable and empower more than 100 companies with the opportunity to transform from a local company to a leading regional company and to a global company;</p> |
| <p>Industrial Development and Logistics Program – The aim of the Industrial Development and Logistics Program is to renew and fully modernize the industrial power of the Kingdom by implementing international logistics platforms as well as globally leading technologies;</p> |

Table 1. Saudi Vision 2030 – 13 Programs. Adapted from the “Saudi Vision 2030 – Kingdom of Saudi Arabia Blueprint” Copyright of the Kingdom of Saudi Arabia (Saudi Vision 2030, 2019)

Saudi Vision 2030 is one of the most important Transformation Programs of the 21st century. Scholars such as the team from Brandeis University have even gone that far that far that they have started to compare the Saudi Vision 2030 with its impact on the GCC Region and the Kingdom of Saudi Arabia, to the Industrial Revolution and its impact on the global scale (Mitchell & Alfuraih, 2018) – with clear conclusions that the Saudi Vision 2030, if implemented correctly will have a long lasting impact on the region and the Saudi Arabia’s partners.

While Saudi Vision 2030 is taking place in the Kingdom of Saudi Arabia, there are also other countries that are working on their national transformation programs such as United Arab Emirates’ Vision 2021, Kuwait 2035 Strategic Plan, and Qatar National Vision 2030.

Since 2010 in UAE the United Arab Emirates Vision 2021 is taking place which has six main pillars of focus (UAE Vision 2021 - The Blue Print, 2010):

| |
|--|
| <p>World Class Healthcare – Focusing on collaborating with all the local and many of the worldwide top healthcare institutions in order to improve the healthcare of the UAE. The National Agenda of UAE is focusing on lowering the number of cancer patients and increasing the number of patients cured from cancer. It also focuses on changing the lifestyle of the residents through different workshops which are intended to raise awareness and make the residents physically active;</p> |
| <p>Competitive Knowledge Economy – As its neighboring countries, the UAE has started to face the same economic difficulties which are a direct result of its dependency on Oil. Therefore, the National Agenda of UAE is focusing on becoming the economic, touristic and commercial capital for more than two billion people by transiting to knowledge – based economy, which is going to focus on promoting innovation and encouragement of RnD on its key economic drivers besides the Oil Industry. Through encouragement in other sectors, the National Agenda of UAE has a plan drafted to base its economics on Tourism, Export of Goods, Production, Green Energy etc;</p> |
| <p>Safe Public and Fair Judiciary – In order to attract foreign investments and realize one of the pillars of the National Agenda which is focusing on boosting Tourism through foreign investments, significant changes are being conducted on the Judiciary system, in which the employees are undergoing through intensive trainings and the UAE Government guarantees fair and active legal system which it means a very efficient judicial system;</p> |
| <p>Cohesive Society and Preserved Identity – The National Agenda of UAE is focusing on the residents also. There is a specially drafted agenda which as a focal point has the preservation of identities of the numerous nationalities living in UAE. This is done through different joint activities;</p> |
| <p>First Rate Education System – There cannot be a successful society and country without first class education. That is why the National Agenda of UAE encompasses plans for boosting the education system. The main plans for boosting the education system are: Re-training of employees who are involved in the education sector, investment in technology for studying, investing in building better facilities for studying and multiple scholarships for studying in the top 20 Universities in the world;</p> |
| <p>Sustainable Environment and Infrastructure – Part of the National Agenda of the UAE is the shift towards a Sustainable Environment and Infrastructure. This step is crucial for the economy of the UAE since this shift encompasses the shift from dependency on Oil also. This is the reason why in the past three years, the United Arab Emirates are heavily investing in renewable energy harnessed through solar and wind power.</p> |

Table 2. UAE – United Arab Emirates Vision 2021 – 6 Pillars of focus. Adapted from the “United Arab Emirates 2021 – United Arab Emirates Blueprint ”Source: (UAE Vision 2021, 2010)

Kuwait 2035 Strategic Plan (Vassiliadis, 2018.) – At the moment, in the GCC region, Kuwait is the country which has the biggest economic and social issues, the reason for this is that the economy of Kuwait is 80%+ dependent in the Oil Industry, which it means that, even the slightest sudden shifts in oil prices can be disastrous for the Kuwaiti government. That is why, the Kuwaiti government has drafted a plan which is mainly focusing on shifting on renewable power and shifting towards other sources of income, such as production and tourism, while backed up by strong educational system improvements.

Since 2008 in Qatar the Qatar National Vision 2030(Qatar Vision 2030 - The Blue Print, 2008) is taking place which has three pillars of focus:

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| <p>Economic Development – Like all the countries in the GCC Region Qatar is no exception. They are facing the same issues in its economy, because they are too dependent on oil, therefore the Qatari government has drafted a plan in which they are working towards shifting to Tourism, Production and Export of Goods;</p> |
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| <p>Social Development – Social development is a huge and important part of the Transformation Programs, that is why the Qatari government is no exception. They are heavy focusing on re-training the educational staff and scholarships for the best universities worldwide.</p> |
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| <p>Environmental Development – Environmental development plays a huge role in the GCC region and Qatar is no exception. As like in the other countries, we can easily identify the same steps, in which they are heavily investing on renewable energy and harnessing the sun and wind power;</p> |
|--|

Table 3. Qatar – Qatar National Vision 2030 – 3 Pillars of focus. Adapted from the “Qatar National Vision 2030 – Qatar National Vision 2030 Blueprint ” Copyright of Qatar (Qatar Vision 2030, 2008)

2.2 Saudi Vision 2030 based on the Scholars opinions

The Saudi Vision 2030 is a Transformation Program which intends to solve the numerous problems that the Kingdom of Saudi Arabia and the GCC region (Gulf Cooperation Council) is facing at the moment.

Saudi Vision 2030 has had wide coverage by media and the scholars as well. Examples include Brendan Mitchel (Journal of Education and Development, 2018) which focus on an analysis of the Saudi Arabian National Transformation Program 2020 and Saudi Vision 2030. The investigation has involved a thorough research of the Vision 2030 documents with the purpose of identifying the associated curriculum within the documents which in return will determine what the Kingdom of Saudi Arabia is looking to achieve and how it envisions achieving these aspirations through education development (Mitchell & Alfuraih, 2018); Research papers in the London School of Business and Economics and Brandeis Business School (Habibi, 2019) which are focusing on assessing the progress that the Kingdom has achieved in implementing Vision 2030 in the three years since it was announced, amounting to more than a fifth of the plan’s fourteen-year timespan; Which has led to concluding that the main factors that have led the Kingdom of Saudi Arabia for such drastic measures are linked to its huge dependency on oil and the outdated economical system, its outdated

political system and its private sector which until 2016 when the Transformation began was at all time low in a global context.

This transformation is significant in laying the foundation for many other countries to follow in its transformation. This transformation has 13 main programs and 96 individual projects which have a span from National Transformation, to Education, to Quality of Life improvement and to the increase of its presence in the regional and the global economic and political stage.

The 3 pillars of the Saudi Vision 2030, which are divided into 13 main programs which consist on 96 individual projects have a focus on: Identification and Correction of the factors that led to the financial crisis and the burst of the financial bubble, which paved the way for radical changes in the Kingdom of Saudi Arabia (Financial Development Program, 2019); Identification of the political crisis which has been created due to the outdated political system and implementation of different measures for transforming the Governmental Entities(Governance Development Program, 2019); Improving the Political and Economic presence of the Kingdom of Saudi Arabia in the region and the world; Helping the Private Sector grow and escaping from the all-time low Private sector which they had prior to the Saudi Vision 2030; Implementation of the changes which will be focused on the three main themes drafted for the Saudi Vision 2030; Identification and Correction of the many issues which professionals in the Kingdom are facing at the moment and the increase of problems due to the transformation, which is going to be done through different Governmental Entities and Professional Development Institutes and Programs(Education Development Program, 2019); In depth analysis regarding the theme which is focused on the Quality of Living in the Kingdom of Saudi Arabia, how it was, how it is, and how it is planned to be;

The ambitious Saudi Vision 2030 has been analyzed and discussed from many authors from different perspectives including Nurunnabi (2017) – Which is focusing on exploring the issues related to the core transformation from the world wide known oil-reliant economy to a more flexible knowledge economy in Saudi Arabia. This research is providing insights and forecasts on how the country's economy looks and how it could evolve if the Vision 2030 is implemented properly; Alomi, Yousef Ahmed, et al. (2018) – Which focuses on exploring the

outcomes of the implementation of the strategic plans in the time frame 2013 - 2016 and how they are updated in the Vision 2030; Jurgenson, Stephen – Which focuses on the foreign investments in the Kingdom of Saudi Arabia and how they have a steep incline since the Vision 2030 has started; Alzahrani (2017) – Which focuses on the financial aspect of the Saudi Vision 2030 and how this spending could lead to an increase in the revenue in the long run through economic diversification; Khashan (2017) – Which focuses on analyzing the 3 themes, 13 programs and 96 projects of the Transformation and how this Transformation can be fundamentally flawed; Yusuf, Nadia (2017) – With the focal point in the analysis and the evaluation of the necessary steps and changes in the Saudi Arabia Universities curriculums with the purpose of meeting the demands of the Vision 2030; Gelil, I., Nicholas Howarth, and Alessandro Lanza (2017) – Which focus on the Pre, During and Post Transformation of the Kingdom of Saudi Arabia and its investments and transition to “green” sustainable low emission/low carbon future; Mitchell, Brendan, and Abdulrahman Alfuraih (2018) – Which focus on which an analysis of the Saudi Arabian National Transformation Program 2020 and Saudi Vision 2030. The analysis and research has been composed of a thorough document analysis with the purpose of identifying the associated curriculum with the purpose of understanding the core of what the Kingdom of Saudi Arabia is seeking to achieve and how it envisages achieving its aspirations through education development; Moshashai, Daniel, Andrew M. Leber, and James D. Savage (2018) – Which are focusing on the topics in: Healthcare, Economy, Judiciary System, Preserved Identity, Sustainable Environment, Education and how they are transferred to the Saudi Vision 2030 with slight changes, in order to fully suit the needs of the Kingdom of Saudi Arabia. For proceeding with a strong focus on main topics the reason is pretty simple, until now, the countries in the GCC Region (Gulf Cooperation Council) like (Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Kuwait) have been heavily focused on the Oil industry (production, education etc); Alshuaibi, Abdulaziz (2017), Foley, Sean (2017) – Which represents a far greater issue regarding the dependency on oil of the Kingdom of Saudi Arabia; Al-Dosari, H. (2017) – Which she adds that due to the Saudi Vision 2030, the Kingdom of Saudi Arabia can look into a bright future which is backed up by a flourishing 21st century economy and quality of life;

Dr. Sean Foley in his research named *When Oil is not Enough* (Foley, 2017) represents a far greater issue regarding the dependency on oil of the Kingdom of Saudi Arabia. He represents a new picture of the Kingdom of Saudi Arabia and how their economy is fragile and heavily depends on Oil trades with China, while leaving behind all other collaborations (trade, cultural etc) which show how isolated the Kingdom of Saudi Arabia has become and how much they are in need of the Saudi Vision 2030, in order to implement different changes which will ultimately open the Kingdom to the world. As per the research of Dr. Sean, this transformation will open the Kingdom to new Arts, new non-oil-based economies and better quality of life. Furthermore, the research of Dr. Sean is being backed up by Ms. Hala Al – Dosari in her research (*Al-Dosari - Saudi Arabia's post oil future*, 2017) in which she adds that due to the Saudi Vision 2030, the Kingdom of Saudi Arabia can look into a bright future which is backed up by a flourishing 21st century economy and quality of life. Ms. Hala states that the successful implementation of the Saudi Vision 2030 will bring a positive impact in “unlocking” the potential of the Kingdom of Saudi Arabia and the GCC Region, however, she states that the risk of the Saudi Vision 2030 being a failure is real due to the delay in some projects, delays in governmental reforms (specifically those including women and minorities) which might face back lash from the religious conservatives and the depletion of cash reserves due to the scale of the projects and the unstable oil prices.

Scholars such as Dr. Zakir Hussain in his research *Saudi Arabia’s Red Sea Project: Harnessing Tourism for Diversification* (Hussain, 2019) and Khan Mehmood Ul – Hassan in his researches in the Saudi Vision 2030 (Khan, 2017) are also backing up the research of Dr. Sean Foley, in which they are stating that through Tourism and Diversification the Kingdom of Saudi Arabia will start to get closer to the goal of the Saudi Vision 2030.

As a summary of the researches by Dr. Zakir Hussain, Khan Mehmood Ul – Hassan, Dr. Sean Foley and Ms. Hala Al – Dosari we have the research paper of the Ms. Karen E. Young which is named *Can the Saudi Economy be Reformed?* (Young, 2018) in which Ms. Young researches in the current success of the Saudi Vision 2030 and based on the current challenges which are faced she states the question which all the researchers have in common : Will the Saudi Vision 2030 be a success or a failure with a huge backlash in the Kingdom of Saudi Arabia and the GCC region?

Before further analyzing the opinions of scholars and professional development / consultancy institutions we should ask the questions:

What is truly the Saudi Vision 2030? The Saudi Vision 2030 in essence can be classified as a transformation program which is so big that it is destined to have a tremendous impact in the country, in the region and in the world. It is a program which is destined to try to change the roots and the essence of the region, to change the inhabitants view on economics, education, tradition, knowledge which in translation means to change the way of living for the inhabitants of the GCC region.

However, there is no transformation without the question, what if it fails? It could have a domino effect for the global economy (as per the research conducted by world known scholars such as Fredj Jawadi and Zied Ftiti in their publication named “Oil Price Collapse and Challenges to Economic Transformation of Saudi Arabia: A Time-Series Analysis “(Jawadi & Ftiti, 2019), on the other side, what if it succeeds? It will be a blueprint for generations to come in countries/nations around the world (as per the research by McKinsey & Company, 2018).

What are the main reasons behind the Saudi Vision 2030? There are numerous factors which we can pinpoint and state that these might be the reasons for the Transformation Program, however as per a unanimous conclusion from the scholars at Brandise University, Fredj Jawadi and Zied Ftiti in their publication named “Oil Price Collapse and Challenges to Economic Transformation of Saudi Arabia: A Time-Series Analysis “(Jawadi & Ftiti, 2019), the McKinsey & Company Report, Daniel Moshashai named “National Visions as Instruments of Soft-Power in the Gulf Region: The Case of the UAE and Its ‘Vision 2021” (Moshashai, Leber & Savage, 2018) it is clear that the reasons for the Saudi Vision 2030 can be grouped into three categories:

Economic factors such as: The dependency of the country on Oil trades, the vulnerability of the economy due to the price shifts, the private and public sector disbalance, the lack of foreign investments issue (Nurunnabi, 2017).

Political factors such as: The outdated political system, the outdated policies which in many ways impact even the judiciary system of the Kingdom, the outdated education system(Gazzeh & Abubakar, 2018).

Quality of Life and Tourism: The issues with the lack of opportunities for the youth in the Kingdom of Saudi Arabia, the Visa Issuing for foreign tourists, which is extremely strict and more than often it even has proved problematic for pilgrims during the Holy Month of Hajj, and the issues with lack of investments on different tourist attractions in the Kingdom of Saudi Arabia.

What is the real spark which started the Saudi Vision 2030? The Saudi Vision 2030, the so called “biggest transformation in the History of the GCC” by McKinsey & Partners, has its main inspiration from another Transformation Program. Its roots are from the UAE Vision 2021 which as per most experts and professional development institutes such as Leoron Professional Development Institute, it is a pure example of how a successful transformation program should look. Of course, when conducting an in depth analysis, we can identify the main topics/concerns which are addressed in the UAE Vision, are addressed also on the Saudi Vision, the main difference is the scale of the projects which arises due to the number of population and territory (Moshashai, 2018).

Taking in consideration the three above factors and the fact that the Saudi Vision 2030 Started being implemented since 2015, it is clear that the Saudi Vision 2030 has its roots mainly in the economic collapse of the first decade in the 21st century, in which the oil prices had a sharp downfall along with the Economy of the Kingdom, which was a clear indication on the fragileness of their economy(Jawadi & Ftiti, 2019).

Fredj Jawadi and Zied Ftiti in their publication named “Oil Price Collapse and Challenges to Economic Transformation of Saudi Arabia: A Time-Series Analysis “(Jawadi & Ftiti, 2019), we can find some very interesting data that is backing up the statement regarding the depletion of the monetary reserves in the Kingdom of Saudi Arabia, a statement which is even included in the official Saudi Vision 2030 Document (Saudi Vision 2030 - The Blue Print, 2016) which contains the reasons and the progress of the Transformation.

Like in every other change which is initiated, we can find traces of other transformations, the same goes with the Vision 2030, which if compared to the Vision 2021, a number of similarities will arise, a topic which is discussed in the Master Thesis of Daniel Moshashai named "National Visions as Instruments of Soft-Power in the Gulf Region: The Case of the UAE and Its 'Vision 2021'" (Moshashai, Leber & Savage, 2018). In the Thesis of Mr. Moshashai, we can clearly understand that the topics in: Healthcare, Economy, Judiciary System, Preserved Identity, Sustainable Environment, Education are transferred to the Saudi Vision 2030 with slight changes, in order to fully suit the needs of the Kingdom of Saudi Arabia. For proceeding with a strong focus on main topics the reason is pretty simple, until now, the countries in the GCC Region (Gulf Cooperation Council) like (Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Kuwait) have been heavily focused on the Oil industry (production, education etc), which in other terms is the main catalyst for the problems that have arisen in many different fields (McKinsey - Moving Saudi Arabia's Economy beyond Oil, 2018).

However, the questions arises: Is the Saudi Vision 2030 really a successful plan of Transformation, or is it just another "parade" which will only be applicable for a small percentage of sectors?

This is best analyzed by Khalil Hanware in his paper named "Vision 2030 May Lead to Saudi Ratings Boost" (Hanware, 2016) in which all the main phases, projects and topics of the Vision 2030 are analyzed, and, based on the analyses and the importance of the issues resolved due to the projects and topics covered, it is concluded that the position of the Kingdom of Saudi Arabia will shift, and it will become one of the leading countries in many areas as well, besides the obvious, the Oil Industry. However, a renowned scholar Hilal Khashan in his paper named "Saudi Arabia's Flawed 'Vision 2030'" (Khashan, 2017) has conclusions which are in contradiction with the paper of Khalil Hanware, this is due to the fact that Hilal is listing all the over ambitious projects with their deadlines of implementation, also it is listing the 96 projects and how they need to be completed in sync with each other in order to have a successful transformation, as a final part of his research is the progress of the Saudi Vision 2030 and how far behind some projects are falling due to

different factors (mainly lack of funds and experienced/trained workforce), which is a clear indicator on the many issues this Transformation is facing.

Most certainly we have one “beacon of light” which is discussed in the research papers of Mohammad Khorsheed named “Saudi Arabia: From Oil Kingdom to Knowledge-Based Economy” (Khorsheed, 2015) and Mohammad Nurunnabi named “Transformation from an Oil-Based Economy to a Knowledge-Based Economy in Saudi Arabia: The Direction of Saudi Vision 2030” (Nurunnabi, 2017) which clearly backup and emphasize the importance of focusing on education for the younger generations, which the education will need to shift to other aspects besides the Oil Industry. Both authors are stating that if there is one area which can and will most definitely aid and most probably save the Kingdom of Saudi Arabia, is the investment on the shift from the dependency on Oil (education, economics, production etc) in many sectors which have to do with Environmentalism and new upcoming trends.

Although scholars and professional development institutions have different views regarding the Saudi Vision 2030 and its impact in the region and the world, this transformation program is important toward transformation of the country’s economy and society. Through its projects and scale of implementation, it will serve as a lesson for all the countries which are planning to go through a transformation. Is it going to be a sweet or bitter transformation, that is left to be seen in the end of 2030.

In conclusion of Chapter 2, in this chapter, two types of sources were reviewed. First, an analysis of the components of the Saudi Vision 2030 was performed. The aim was to look at what constitutes the Saudi Vision 2030 and what other similar undertakings are there in the region. This section shows that Saudi Vision is a very complex transformation program that aims to transform the whole society with more than 96 programs. Second, a review of literature was performed to understand the opinions of different authors regarding the success of the authors. Review of literature and government sources in Chapter 2 indicates that the effects of Saudi Vision 2030 are mixed. According to the government, the Saudi Vision has already started to show great impact, especially in diversifying the economy. On

the other hand, the scholar's conclusions are mixed. While some authors see the positive effects of the transformation program, others do not see clear results.

CHAPTER 3: ANALYSIS AND FINDINGS

While in Chapter 2, the aim was to analyze the factors that led to Saudi Vision 2030 from other scholars' perspective, as well as the constituents of this transformation program, the focus in Chapter 3 is to see the causes and effects of the program. The objective of this chapter is to analyze the main themes of the transformation program, the private sector, labor market and foreign investments.

To analyze the impact of the Saudi Vision 2030, three hypotheses were created:

H1: Saudi Vision 2030 will have a positive impact on making the Saudi economy less oil dependent;

H2: Policy reforms with Saudi Vision 2030 will have a positive impact on attracting Foreign Direct Investments;

H3: Policy reforms with Saudi Vision 2030 will have a positive impact on labor market

The above hypotheses were constructed to test the impact of the Saudi Vision on oil dependency, attracting FDI and developing human capital in the Kingdom of Saudi Arabia.

As per my analysis conducted on the Saudi Vision 2030 and the different research papers, books, case studies and analysis by authors, scholars, institutions and news agencies such as: Brendan Mitchel (Journal of Education and Development, 2018), Emily Neil (The Washington Post, 2019), research papers in the London School of Business and Economics and Brandeis Business School are suggesting that the main factors that have led the

Kingdom of Saudi Arabia for such drastic measures are linked to its huge dependency on oil and the outdated economical system, its outdated political system and its private sector which until 2016 when the Transformation began was at all time low in a global context.

Saudi Vision 2030 has 13 main programs and 96 individual projects which span from National Transformation, to Education, to Quality of Life improvement and to the increase of its presence in the regional and the global economic and political stage.

Taking into consideration the different programs and projects that the Kingdom of Saudi Arabia is implementing at the moment, this chapter is going to be an analysis of the factors that led to the Saudi Vision 2030, the measures/programs they are implementing and the aftermath of the programs and projects in correlation with its neighboring countries.

The main aim of the analysis is to provide an insight in the challenges faced by an outdated government which has based all its economy on a single income stream. More specifically, the objectives of this thesis will be to identify challenges in achieving the critical success factors of “Vision 2030”. The focus of this thesis will be on identification of the factors that led to the financial crisis and the burst of the financial bubble, which paved the way for radical changes in the Kingdom of Saudi Arabia;

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| Identification of the measures undertaken for undergoing through the biggest transformation process of modern history; |
| Identification of the governmental transformation / creation of new entities and transforming the existing entities; |
| Identification of the vital projects that are necessary to be implemented in every sector on order for the Vision 2030 to be considered as successful; |
| Identification of the different challenges faced by professionals during the transformation process and the governmental policies which aim to assist them; |
| Identification in the difference between the past quality of life, the quality of life during the transformation, and the quality of life planned after the transformation has finished. |

Table 4. Key focal points on analyzing the Saudi Vision 2030

Besides having an aim to gain an insight on the challenges faced by the government, the aim of the analysis also is to gain an understanding into what it is necessary to be done for the

biggest transformation of the country to be successful and the planned outcome of this transformation process.

3.1 Kingdom of Saudi Arabia prior to the implementation of the Saudi Vision 2030

Before analyzing and understanding the Saudi Vision 2030, its content and goals, it is of utmost importance to understand the economic state in which the Kingdom of Saudi Arabia was before the initialization of the Saudi Vision 2030 Transformation Program. For this part of the thesis the economic data available for the Kingdom of Saudi Arabia by the World Bank, the World Development Indicator and the International Monetary Fund (IMF)(World Bank Data, 2020) are used.

Level of Socioeconomic Development – The Kingdom of Saudi Arabia is the world's 15th largest country (Silver, 2020) due to its economy and its purchasing power parity, during my study I found relevant information regarding the Gini Index of the kingdom of Saudi Arabia (income inequality) which is around 45.9(Gini Index by Country, 2020), besides the world wide used and reliable sources I have decided to also use the data which is provided from the Kingdom of Saudi Arabia through its Ministry of Housing and Ministry of Labor and Social Development(Vision 2030 Data, 2018).

According to available data, in the Kingdom there are no poor families, however in the Kingdom of Saudi Arabia the citizens with low income are provided with a variety of social benefits similar to the beneficial plans in Europe and the United States which provide monthly payments for utilities and for food to the lower class of income. Based on the numbers which I have extracted regarding the governmental spending from two reliable sources such as the BTI Project (BTI Saudi Arabia Report, 2018) and the World Bank Data (Government expenditure on education, total (% of GDP) - Saudi Arabia | Data, 2020) I have come to a conclusion that due to the free Education with a spending of 5.1% of the total GDP and free Healthcare that it is provided yearly with a spending of 5.836% of the total GDP to its citizens by the Kingdom of Saudi Arabia we can pinpoint that this can be considered as one of the biggest expenses that the Kingdom had.

Therefore prior to the global economic collapse in 2008 which caused the oil prices to drastically fall with an aftermath of 150 billion USD budget deficit (Jawadi & Ftiti, 2019), the initiative which was started for augmented focus on rural development in subsequent budgets and increased social security expenditure which would lead to a greater assistance was put to a hold. The project started to be implemented again in 2011 and it was until 2014 which at that period it had more than 1,5 million Saudi Citizens employed (Back to work in a new Economy: Background Paper on the Saudi Labor Market, 2015), however if we analyze the data further we can clearly understand that this was a mistake mainly due to the fact that more than half of the newly opened job positions were with a minimum wage. Therefor after this change which was made in the employment sector the Human Development Index score for Saudi Arabia was 0.8377 in 2014 which makes them the 39th country in the world (BTI Project, 2018).

However, there has been an improvement, still a key issue and a concern for the Saudi Government and the countries worldwide was the Gender Related Development. In 2014 there have been some changes implemented for Gender Related Development, but that still was far from enough which only had made the Kingdom with 0.773 female human development index.(BTI Project - Saudi Arabia Report, 2018) This index number means that the women in the Kingdom had the basic rights like usage of the public health and education, but they were excluded totally from the large portions of the job market and public life.

| Economic Indicators prior to the Saudi Vision 2030 | | 2013 | 2014 | 2015 | 2016 |
|--|----------|----------|----------|----------|----------|
| GDP | \$ M | 746647.1 | 756350.3 | 654269.9 | 646438.4 |
| GDP worth | % | 2.7 | 3.7 | 4.1 | 1.7 |
| Inflation (CPI) | % | 3.5 | 2.7 | 2.2 | 3.5 |
| Unemployment | % | 5.6 | 5.7 | 5.6 | 5.5 |
| Foreign Direct Investment | % of GDP | 1.2 | 1.1 | 1.2 | 1.2 |
| Export Growth | % | 0.2 | -1.9 | 0.7 | 1.4 |
| Import Growth | % | 3.7 | 6.6 | 1.5 | -22.9 |
| Current Account Balance | \$M | 135442.4 | 73758.2 | -56723.8 | -27551.3 |
| Public Debt | %of GDP | 2.1 | 1.6 | 5.8 | 13.1 |
| Government Consumption | %of GDP | 22.4 | 26.1 | 30.1 | 25.8 |
| Public Health Spending | %of GDP | 3.1 | 3.5 | 5.998 | 5.836 |
| R&D Expenditure | %of GDP | 0.8 | | | |

| | | | | | |
|-----------------------|---------|-------|------|------|-----|
| Military Expenditure | %of GDP | 9.0 | 10.7 | 13.3 | 9.8 |
| Education Expenditure | %of GDP | 5.138 | / | / | / |

Table 5. Economic Indicators prior to the Saudi Vision 2030. Adapted from the “BTI Project – Kingdom of Saudi Arabia Data” Copyright of the BTI Project(BTI Project, 2018)

Based on the table above regarding the last years prior to the Saudi Vision 2030 and by analyzing the decline of its GDP, the increase in inflation, low export and huge decline in import as well as increase in debt, we can come to a swift conclusion that the Kingdom of Saudi Arabia was running into a “bumpy road”. However, the above table is not the full picture to the extent of the changes necessary in the Kingdom of Saudi Arabia.

Organization of the Saudi Market and Competition – Based on the numbers from the World Bank I have reached to a conclusion that the Kingdom of Saudi Arabia is one of the rare countries in world which have largely unregulated prices which in collaboration with the different governmental barriers of entry for foreign investments, the Kingdom has fallen from rank 22 to rank 49 in 2015, due to the bad policies in 2016 the Kingdom fell to the worst rank in the recent history, it fell to the number 81(Saudi Arabia - Data - World bank, 2020), which mainly is due to the poor government reforms that were necessary to be undertaken as a response to the falling oil prices.

As a response to the emerging crisis and decline numerous initiatives were undertaken prior to the Saudi Vision 2030, like the state agencies and the chamber of commerce which tried to develop small and medium enterprises, but, this all has not been effective, also, another barrier of entry which has proven extremely difficult for the government and investors are the few large companies which have been for a long time aided by the government.

Currency and Price Stability – One of the issues from the financial sector which lead to the Saudi Vision 2030 there was also the issue of the Currency and Price Stability, which in 2008 the Kingdom had a spike of inflation by 10% which automatically the annual price growth has dropped by 5%, which again in 2016 it dropped by 3.5% (Saudi Arabia Inflation Rate | 2000-2020 Data | 2021-2022 Forecast | Calendar, 2020), due to this reason one of the main focuses in from the PIF – Public Investment Fund and the Ministry of Economy is to stabilize the economy through different key investments.

Thus, before the Saudi Vision 2030, the Kingdom had some very serious issues which only kept getting worse.

Nonetheless, due to the Transformation programs that began to take place in the neighboring countries, the Kingdom of Saudi Arabia started to face many issues in finding foreign investors, which meant a steep decline in the economy, in new job positions, and the standard of living. Therefore in 2016 the PIF – Public investment Fund in collaboration with the National Transformation Program and the other Programs came into power(Overview of the Saudi Vision 2030, 2018).

As per the above analysis of the economy of the Kingdom of Saudi Arabia, it is clear that the Saudi Vision 2030 is focused on improving the quality of life, hence my three hypotheses (**Saudi Vision 2030 will have a positive impact on making the Saudi economy less oil dependent; Policy reforms with Saudi Vision 2030 will have a positive impact on attracting Foreign Direct Investments; Policy reforms with Saudi Vision 2030 will have a positive impact on labor market;**) can be used as a benchmark for analyzing the direction of the Saudi Vision 2030 and its impact.

3.2 Analysis of Saudi Vision 2030 and its main themes, projects and programs

Saudi Vision 2030 is one of the 21st century's hugest Transformation Programs which is often compared to the Industrial Revolution in both scale and in importance. We can easily compare the Saudi Vision 2030 to the Industrial Revolution, because like the Industrial Revolution which changed the way of living, created new jobs, opened the world to each individual and was the main skipping stone for the benefits in the way of living, doing business, inventions and globalization, the same applies to the Saudi Vision 2030, but with the focal point the Kingdom of Saudi Arabia, its citizens, its neighbors and its business partners.

Due to the different problems that the Kingdom of Saudi Arabia has faced in numerous sectors, in trading, in economy, in quality of life and due to the huge uncertainty of the oil

prices (in which the Kingdom of Saudi Arabia relies for its economic growth) the Government of Saudi Arabia in charge with Deputy Crown Prince and the Council of Economic and Development Affairs in 2016 drafted the Saudi Vision 2030, which is a plan focused on reducing Saudi Arabia's dependency on oil;

This Transformation program most certainly is not the first one to be implemented by a country, because in the same region the 3 other neighbors of the Kingdom of Saudi Arabia

World Class Healthcare – Focusing on collaborating with all the local and many of the worldwide top healthcare institutions in order to improve the healthcare of the UAE. The National Agenda of UAE is focusing on lowering the number of cancer patients and increasing the number of patients cured from cancer. It also focuses on changing the lifestyle of the residents through different workshops which are intended to raise awareness and make the residents physically active;

have already passed the first and second stages of Transformation Program implementation therefore the Saudi Arabian Government can easily identify what is working and what are the challenges faced through these Transformation programs.

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| <p>Competitive Knowledge Economy – As its neighboring countries, the UAE has started to face the same economic difficulties which are a direct result of its dependency on Oil. Therefore, the National Agenda of UAE is focusing on becoming the economic, touristic and commercial capital for more than two billion people by transiting to knowledge – based economy, which is going to focus on promoting innovation and encouragement of RnD on its key economic drivers besides the Oil Industry. Through encouragement in other sectors, the National Agenda of UAE has a plan drafted to base its economics on Tourism, Export of Goods, Production, Green Energy etc;</p> |
| <p>Safe Public and Fair Judiciary – In order to attract foreign investments and realize one of the pillars of the National Agenda which is focusing on boosting Tourism through foreign investments, significant changes are being conducted on the Judiciary system, in which the employees are undergoing through intensive trainings and the UAE Government guarantees fair and active legal system which it means a very efficient judicial system;</p> |
| <p>Cohesive Society and Preserved Identity – The National Agenda of UAE is focusing on the residents also. There is a specially drafted agenda which as a focal point has the preservation of identities of the numerous nationalities living in UAE. This is done through different joint activities;</p> |
| <p>First Rate Education System – There cannot be a successful society and country without first class education. That is why the National Agenda of UAE encompasses plans for boosting the education system. The main plans for boosting the education system are: Re-training of employees who are involved in the education sector, investment in technology for studying, investing in building better facilities for studying and multiple scholarships for studying in the top 20 Universities in the world;</p> |
| <p>Sustainable Environment and Infrastructure – Part of the National Agenda of the UAE is the shift towards a Sustainable Environment and Infrastructure. This step is crucial for the economy of the UAE since this shift encompasses the shift from dependency on Oil also. This is the reason why in the past three years, the United Arab Emirates are heavily investing in renewable energy harnessed through solar and wind power.</p> |

The other countries which are going through a Transformation Program are:

Table 6. UAE – United Arab Emirates Vision 2021 – 6 Pillars of focus. Adapted from the “United Arab Emirates 2021 – United Arab Emirates Blueprint ” Copyright of the United Arab Emirates (UAE Vision 2021, 2010)

Kuwait with its Vision 2035 – The country which has the biggest economic and social issues, the reason for this is that the economy of Kuwait is 80%+ dependent in the Oil Industry, which it means that, even the slightest sudden shifts in oil prices can be disastrous for the Kuwaiti government. For this reason, the Kuwaiti government has drafted a plan which is mainly focusing on shifting on renewable power and shifting towards other sources of income, such as production and tourism, while backed up by strong educational system improvements (Vassiliadis, 2018.).

Qatar with its National Vision 2030 with three main pillars

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| <p>Economic Development – Like all the countries in the GCC Region Qatar is no exception. They are facing the same issues in its economy, because they are too dependent on oil, therefore the Qatari government has drafted a plan in which they are working towards shifting to Tourism, Production and Export of Goods;</p> |
| <p>Social Development – Social development is a huge and important part of the Transformation Programs, that is why the Qatari government is no exception. They are heavy focusing on re-training the educational staff and scholarships for the best universities worldwide.</p> |
| <p>Environmental Development – Environmental development plays a huge role in the GCC region and Qatar is no exception. As like in the other countries, we can easily identify the same steps, in which they are heavily investing on renewable energy and harnessing the sun and wind power;</p> |

Table 7. Qatar – Qatar National Vision 2030 – 3 Pillars of focus. Adapted from the “Qatar National Vision 2030 – Qatar National Vision 2030 Blueprint ” Copyright of Qatar (Qatar Vision 2030, 2008)

Based on the analysis (tables above) of the Transformation programs from the three countries (UAE, Kuwait, Qatar) we can clearly understand that the same problematics are stated in the Saudi Vision 2030, which leads us to believe that these types of problems are common between these four Gulf Region countries due to their huge dependency on Oil in the past few decades and how fragile that is if we take in consideration the different price changes of Oil and the different Financial Crisis like the 2008 Financial Crisis which depleted the Saudi Governments budget for 150 Billion USD(Jawadi & Ftiti, 2019);

Since Saudi Arabia is considerably larger in territory, resources and population their Transformation program is larger than the three other transformation programs combined, therefor the Saudi Vision 2030 has three main themes which it is focused on: **A thriving economy:** International Competitiveness, Women in the Workforce, Employment (Saudization), Public Investment Fund, Foreign Direct Investment, Private Sector, Non-Oil Exports etc; **An ambitious nation:** Non-Oil revenues, Government and E – Government Effectiveness, Household income and volunteering; **A vibrant society:** Urbanism, Tourism, Entertainment, Sports etc (Overview of the Saudi Vision 2030, 2018);

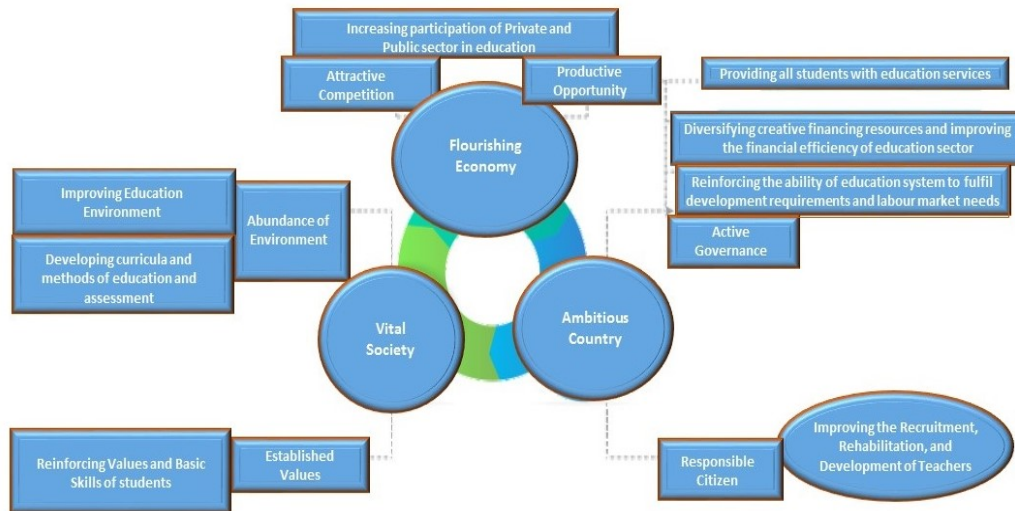


Figure 3. The linkage between the three themes of the Saudi Vision 2030. Adapted from the “Governance Model for Achieving Saudi Arabia’s Vision 2030” Copyright of Alekhbariya (Alekhbariya, 2020)

The three themes that the Saudi Vision is focusing on, are aiming to not only put the Saudi Government in the 21st century, but, also they are intended to create a new environment which will most definitely set a benchmark for other countries to follow, also it will create the foundations for a futuristic country with improved ways of living and professionalism in the education sector, which by default will create new professionals which will continue to improve the Kingdom of Saudi Arabia.

Therefore the Saudi Government after drafting the Saudi Vision 2030 and the main themes they initiated the second step which was about identifying the different projects which are necessary to be implemented and they have created over 96 large scale projects with 13 vision realization programs to implement and control the projects:

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| Strategic Partnership Program – Launching different Strategic Partnerships with countries in the Gulf Region and in the World; |
| Hajj and Umrah Program – Developing the Tourism to maximize the number of pilgrims that visit the Two Holy Mosques; |
| Human Capital Development Program – Improving the Training and Education of Professionals; |
| National Character Enrichment Program – Initiatives to strengthen the sense of belonging, Islam and tradition to the youth; |
| Quality of Life Program – Creating Cultural, Environmental and Sporting activities; |

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| Financial Sector Development Program - Developing a diversified and effective financial sector for supporting the development of the national economy / Diversity the sources of income; |
| Housing Program - Providing housing solutions that enable Saudi Families to own, and benefit from owning, suitable houses based on their personal requirements and financial capabilities, and improve housing conditions for current and future generations through the provision of suitable and guaranteed financing solutions; |
| Fiscal Balance Program – Supervision and foresight of fiscal performance with the aim to maximize oil and non-oil government revenues in conjunction with improving government spending efficiency and managing risks associated with these processes.; |
| National Transformation Program – Developing the Government and transforming the governmental institutions; |
| Public Investment Fund Program – Growing and maximizing the impact of the fund’s investments; |
| Privatization Program – Improving in general the quality of services provided and contributing to the reduction of costs; |
| National Companies Promotion Program – Helping more than 100 companies transforming from local to regional level companies; |
| Industrial Development and Logistics Program – Investing in logistics and telecommunication in order to generate employment and trade; |

Table 8. Saudi Vision 2030 – 13 Programs. Adapted from the “Saudi Vision 2030 – Kingdom of Saudi Arabia Blueprint” Copyright of the Kingdom of Saudi Arabia (Saudi Vision 2030 Blueprint, 2016)

Besides the mentioned Programs in the Vision 2030 Blueprint that are created due to the Saudi Vision 2030 there are also main changes into the political system of the Kingdom of Saudi Arabia, in which there are new Governmental entities created and the old entities are transformed.

Based on my analysis the changes were made after an in depth analysis of the political system and the outdated policies and decision making in the Government, by which it was even stated in some international articles that the decision making and policy implementation were so slow that the need for those policies passes until they are implemented. With the transformation of the old governmental entities and the creation of the new ones, it is hoped that the burden of decisions and policies will be spread equally in more organizations, which by default it will mean that there will be swift responses to any action necessary to be undertaken.

My analysis suggests that the transformation of the governmental entities was also in the employees, by which the more senior employees who were in the leading positions (Ministers, Vice Ministers, Directors) are shifted to consultancy roles and the newer employees were put in those positions with the main purpose of renewing the Government and bringing fresh and futuristic ideas and approaches.

The table and picture show all the changes made in the Governmental entities in the Kingdom of Saudi Arabia.

| New Entity | Reconstructed or Merged Entity | Previous Entity |
|---|--------------------------------|--|
| Council of Economic and Development Affairs | No | |
| Delivery Unit | No | |
| National Center for Performance Management | No | |
| Ministry of Commerce and Industry | Yes | Ministry of Commerce and Investment |
| Ministry of Hajj | Yes | Ministry of Hajj and Umrah |
| Ministry of Labor and Social Development | Yes | Ministry of Social Affairs |
| Public Education Commission | Yes | Education Evaluation Commission |
| Ministry of: Petroleum, Water, Mineral Resources, Electricity and Agriculture | Yes | Ministry of: Energy, Environment, Water, Agriculture and Mineral Resources |
| Strategic Management Office and Committee | No | |
| General Authority for Entertainment | No | |
| Corporate Communication Unit | No | |
| General Authority for Culture | No | |

Table 9. Kingdom of Saudi Arabia Governmental Entities. Adapted from the “BTI Project – Kingdom of Saudi Arabia Data” Copyright of the BTI Project(BTI Project - Saudi Arabia, 2018)

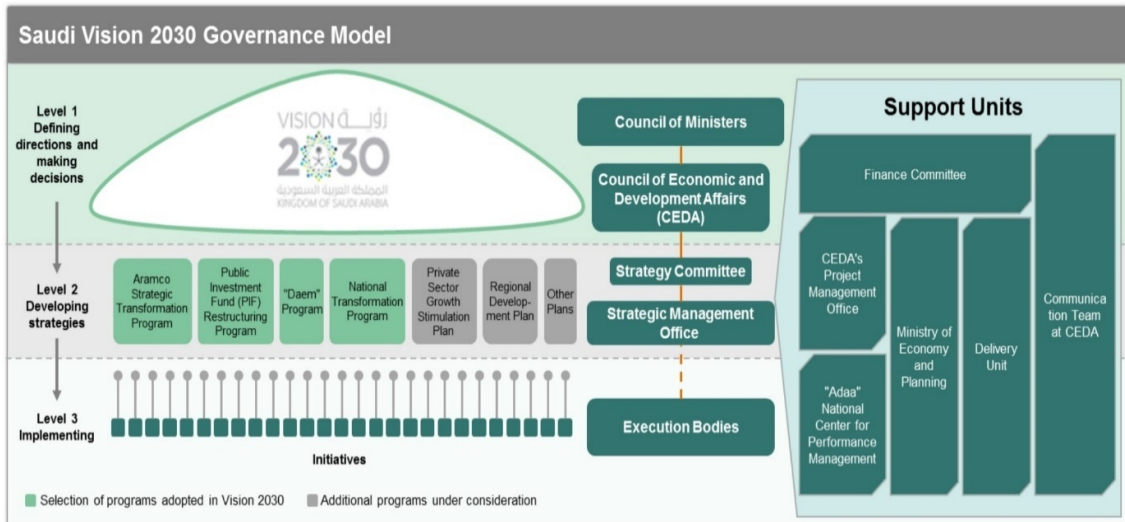


Figure 3. The New Governance Model due to the Vision 2030. Adapted from the “Governance Model for Achieving Saudi Arabia’s Vision 2030” (Alekhbariya, 2020)

Taking in consideration the themes, projects and programs we can clearly understand the huge amount of work, alignment and specialization that has been done in just two years, which is still a fraction of the total amount necessary in order to at least have hope that this Transformation Program will reach a successful percentage of implementation.

After my analysis of the TNA (Training Needs Analysis) of some of the biggest companies in the Kingdom of Saudi Arabia and in the projects that they are involved at the moment, companies like (Education Transformation Program, 2019): SABIC (Energy – Fossil Fuels); Aramco (Energy – Fossil Fuels); STC – Saudi Telecom Company (Telecommunication Services); SEC – Saudi Electric Company (Utilities); Al Rajhi Banking & Investment Corporation (Banking & Investment Services); Almarai CO (Food & Beverages); Samba Financial Group (Banking & Investment Services); Saudi Arabian Mining CO (Mineral Resources); - Face many difficulties in aligning with the Vision 2030. As per my understanding and chronological analysis of their needs and projects, this is mainly due to the fact that until 2016, many of the professionals and companies that are operating in the Kingdom of Saudi Arabia spent all their time and efforts in specializing in the area of Energy and Fossil Fuels (trading, producing, equipment maintenance, production), but, now with the new direction by which the Kingdom is heading, they are left in a bad position in which everything that has been specialized and invested is becoming obsolete.

My analysis has led to a very interesting discovery in which most of the companies that are operating in the Kingdom of Saudi Arabia are directly or indirectly involved in the projects planned by the government, that is why, the TNA (Training Needs Analysis) is in majority different from the years before the 2016 Transformation initialization. The picture becomes even more clearer when we analyze even the policies of the Saudi Government and came to a conclusion that even the HRDF – Human Resource Development Fund which is part of the Ministry of Labor and Social Development (Human Capital Development Program, 2019) is involved in this program, and at the moment is implementing a program which crosslinks the Saudization (A policy regarding the employment of Saudi Nationals in the companies / the majority employees need to be Saudi) and the training needs of the Saudi Nationals, by which the HRDF gives a full or partial refund on any of the main areas necessary for training such as:

1. Project Management;
2. Human Resources;
3. Financial Services;
4. Information Technologies;

During my analysis in the Vision Realization Office data, I stumbled upon some very interesting data for the projects in 2017 and 2018, which can be served as a measure for the success of the Transformation Program.

In 2017 there were a total of 7 Projects launched and finalized successfully:

- GE & KSA \$15B deal – Technology in Healthcare, Energy and Mining; / National Industrial Development Program;
- Digitizing the Healthcare project – The Mawid Application which connects doctors to their patients (2.5 million users in the first year); / National Transformation Program;
- Supporting the SME Growth Project – A project for the growth and success of SMEs worth 764.5 Million USD; / National Industrial Development Program;
- One stop shop for investors Project – The Miras Application which connects investors to the government; / National Transformation Program;
- Neom Giga Project – 500 Billion USD worth industrial zone with an area of 26,500km²; / Public Investment Fund Program;

- Sami Boots Defense Industry – Saudi Arabian Military Industries Company with a purpose to be in the top 25 companies by 2030; / Public Investment Fund Program;
- Citizens Account Program – A national scheme created to protect Saudi households from the impact of economic reforms; / Fiscal Balance Program;

For 2018 there were a total of 30 Projects launched and finalized successfully:

| |
|--|
| 5000+ Events in 2018 – Music Festivals, Family Shows and Stand-up Comedy; / Quality of Life Program; |
| Saudis Exercising Program – The number of Saudis Exercising has risen 10% in one year; / Quality of Life Program; |
| Fintech Saudi Program – A program for developing the Kingdom of Saudi Arabia as a hub for financial technology and digital transactions; / Financial Sector Development Program; |
| KSA Joins MSCI – Saudi Stock Exchange joining the MSCI Market index; / Financial Sector Development Program; |
| Saudi Government Efficiency – Became the seventh worldwide by the World Economic Forum in the efficiency of government spending index; / Fiscal Balance Program; |
| Deficit Falls 84% in Q2 in 2018 – The budget deficit fell by 84% in Q2 and non-oil revenue increased by 42%; / Fiscal Balance Program; |
| Digitized Judiciary Program – Establishing E-Agencies for enhanced services; / National Transformation Program; |
| Connecting Patients to Doctors – Face to Face and through Text Messages communication with the doctors; / National Transformation Program; |
| Desalination Program – Guinness book of records for the largest desalinated water complex – 5 million cubic meters daily; / National Transformation Program; |
| Road Safety Program – Increased safety by 33%; / National Transformation Program; |
| Connecting Homes Program – More than 700,000 homes connected to fibre optic networks; / National Transformation Program; |
| 3D House Program – Building houses from 3D printers; / National Industrial Development and Logistics Program; |
| Streamlining Port & Customs Processes Program – Increasing the automation of the processes which lead to 54% reduction in import dwell times and 60% reduction in clearance time; / National Industrial Development and Logistics Program; |
| Tamouh Elite Program – An Application for promoting the growth of promising companies in Saudi Arabia; / National Industrial Development and Logistics Program; |
| SIDF Capital Program – Increase of SIDF capital by 1.6 billion USD; / National Industrial Development and Logistics Program; |
| National Renewable Energy Program – Chosen Best Public Procurement Project at the Chartered Institute of Procurement & Supply awards in June 2018; / National Industrial Development and |

| |
|---|
| Logistics Program; |
| Integrated Logistic Bonded Zone - New intelligent logistic solutions for attracting international companies to provide their services from this zone, such as light maintenance, assemble lines, light manufacturing, and quality assurance tests. / National Industrial Development and Logistics Program; |
| Solar Power for private Houses Program - / National Industrial Development and Logistics Program; |
| Jeddah Airport – Opened of the King Abdul Aziz Airport; / National Industrial Development and Logistics Program; |
| Saudi Aramco 5 billion USD deal – 5 billion USD petrochemical complex near Jubail (8000 jobs); / National Industrial Development and Logistics Program; |
| King Salman Energy Park (SPARK) – A world-class industrial park developed and operated by Saudi Aramco is targeting the localization of the energy manufacturing and services supply chain – 100,000 jobs by 2035; / National Industrial Development and Logistics Program; |
| Solar Project – The first solar power project to produce 300 MW of power in Al Jouf was awarded to ACWA Power; / National Industrial Development and Logistics Program; |
| Center – National Industrial Development and Logistics Program; |
| SIDF Upgrades – Streamlining and enhancing the loan application and evaluation process, introducing and adopting various e-solutions for core business processes and support services, launching the SME Scale-up debt program; / National Industrial Development and Logistics Program; |
| Car Manufacturing City Program – National Industrial Development and Logistics Program; |
| New Tariffs for Renewable Projects – The Electricity and Cogeneration Regulatory Authority (ECRA) announced a threefold increase in the electricity tariff designed to solidify the business case for renewable energy projects; / National Industrial Development and Logistics Program; |
| Database to spur Renewable Investment – A public database of more than 100 local companies operating in the renewable energy sector was established, designed to encourage private sector investment in the renewable energy sector; / National Industrial Development and Logistics Program; |
| 5K Mineral Deposits – More than 5,300 sites discovered which are rich in minerals and will be fully utilized with 90,000 jobs; / National Industrial Development and Logistics Program; |
| 130% Increase in QFI Licenses – Foreign Investment licenses increased by 130%; / Strategic Partnership Program; |
| KSRELIEF Program – King Salman Humanitarian Aid and Relief Centre established with the focus on humanitarian and philanthropic aid; / Strategic Partnership Program; |

Table 11. Successful Projects Implemented in 2018. Adapted from the “Kingdom of Saudi Arabia Data – Vision 2030 Progress Website” Copyright of the Kingdom of Saudi Arabia Data (Vision 2030 Progress,2018)

With the successful programs (Saudi Vision 2030 Progress, 2018) in just two years due to the Vision Realization Offices and their programs we can clearly understand that until now 37 of the 92 projects are successfully implemented which if we decide to analyze in percentage it

is 40.217% completed of the total Saudi Vision 2030, which if we continue at this rate the Vision 2030 will be completed around 2026 – 2027 which if done like the Transformation program itself will post a new record.

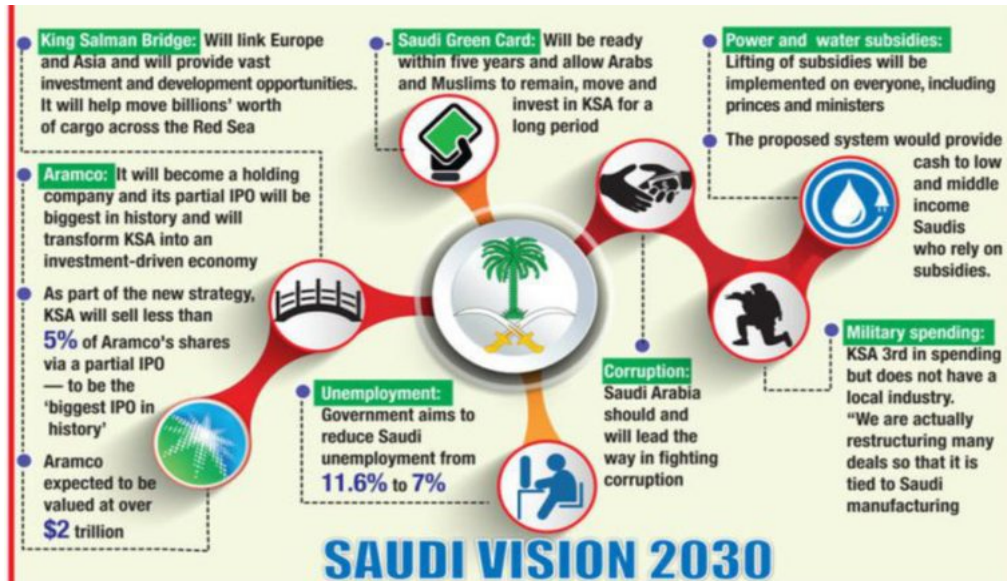


Figure 4. The Main Projects of the Vision 2030. Adapted by the “Saudi Vision 2030 Challenges & Opportunities” Copyright by Ahsan Nawaz Khan(Khan, 2017)

3.3 The private sector in the Saudi Vision 2030

Even though the Kingdom of Saudi Arabia is working hard in every sector with different policies and changes to make the Transformation successful, my analysis on the 13 programs that are established has led me to a very interesting finding regarding seven Governmental Entities / Transformation Programs which are directly focused on including the Private sector into the transformation, due to the data that is provided by the Kingdom of Saudi Arabia, we can clearly understand that even though Saudi Aramco as the leading Company in the region and in the world (Energy and Fossil Fuels) is struggling with keeping up with the Transformation program and the needs that arise in project management, project implementation and alignment with the Vision 2030.

To better analyze how the Vision 2030 Programs and Governmental entities are crossed and are helping the public companies, the private companies and governmental entities are

moving towards a more open policy for foreign investments, I conducted an analysis on the 7 Entities that are completely focused on this sector, the entities are: The Public Investment Fund Program; The National Transformation Program; Quality of Life Program; Ministry of Labor and Social Development with the Human Capital Development Program; Privatization Program; National Companies Promotion Program; Industrial Development and Logistics Program

The Public Investment Fund – The Public Investment fund which is one of the 7 pillars in the focus towards privatization and private sector help has brought to the table some very interesting objectives which most are going to help the companies financially. Some of the key objectives of the PIF are:

| |
|--|
| Growth of the assets of the Public Investment Fund up to 1.5 Trillion Saudi Reals – 400 Billion USD; |
| Unlocking of new sectors such as: entertainment, waste management, renewable energy etc; |
| Global Strategic Investment Partnerships; |
| Investing into new technology for the Kingdom; |

Table 12. Key Objectives of the Public Investment Fund. Adapted from the “Public Investment Fund - Kingdom of Saudi Arabia” Copyright of the Kingdom of Saudi Arabia Data (Public Investment Fund, 2019)

Based on the four key objectives of PIF, we can easily come to a conclusion that the Private companies in the Kingdom of Saudi Arabia are helped not only by the funding for their re-alignment to other new business sectors, they are also are pushed towards partnerships with foreign countries which the PIF and its budget are assisting with any project that is necessary with the main purpose of globalization and modernization of their small and medium domestic companies.

The National Transformation Program – If we analyze and match the objectives of the Saudi Vision 2030 with the 13 programs, we can easily come to a conclusion that the National Transformation Program is the Backbone of the Saudi Vision 2030. This program has 8 main themes with a focus on every aspect starting from healthcare, moving to safety, sustainability, tourism etc. However, there is a special part in the National Transformation

Program which is named Contributing in Enabling the Private Sector, and this is our main focal point.

After a thorough analysis of the National Transformation Program and its objectives and themes, I have found data which clearly identifies 16 Governmental Entities which are directly involved through this program into helping private companies. The entities which are involved are: Ministry of Commerce and investment; Small and Medium Enterprises General Authorities; General Investment Authority; Small Authority for Accredited Valuers; Saudi Standards Methodology and Quality Organization; Saudi Authority for Intellectual Property; Ministry of Economy and Planning; Ministry of Justice; Ministry of Labor and Social Development; Ministry of Communication and Information Technology; Real Estate General Authority; Social Development Bank; National Development Fund; Communication and Information Technology Commission; National Digital Transformation Unit; Saudi Organization for Certified Public Accountants;

All of the Governmental Entities have seven objectives to achieve in order to help the Private sector into entering into the 21st century and becoming competitive. The main objectives are: Attracting Foreign Direct Investments; Developing a Digital Economy; Developing the Retail Sector; Developing the SME's in order for them to contribute to the economy (Saudi Vision 2030 Blueprint, 2016);

Based on the above data regarding the National Transformation program and it's help into the Private companies we can easily conclude that this program is looking to help the small companies into getting investments by providing the foreign companies with different reforms and high-tech solutions;

Quality of Life Program – Based on the analysis that I have conducted on the projects of the Quality of Life Program and other Programs, this program is not so much included in the privatization, but it indirectly aids the life in Saudi Arabia by organizing different events such as concerts, programs to be engaged in sports etc;

Ministry of Labor and Social Development with the Human Capital Development Program
– It is certain that the private sector would have not been the same if it were not for the

Human Capital Development Program. The main goal of this program is to aid in the re-training of employees and preparing them for the new alignment of the companies and the growth they will experience due to the Transformation.

As per the analysis of the Vision 2030 Blueprint (Vision 2030, 2016), the main entity that was formed from this Program, is the HRDF the Human Resource Development fund, which serves as an institution that assesses the needs for training of professionals and assists individuals through partial and full subsidization for the training programs that are approved by HRDF. The main programs that are approved by HRDF are focused on Project Management, Information Technology, Human Resource and Financial Services.

It is important to note that I found that until now due to the new policies over 500,000 professionals are trained in the governmental entities and for the self-sponsored training there is no exact number, but it reaches more than 250,000 Saudi Professionals.

Undoubtedly the HRDF and the Human Capital Development Program are having a huge impact in the professionals and the companies in the Kingdom of Saudi Arabia, because, even-though the small and medium companies have relatively small budget for professional development, with their aid they can be prepared to overcome any obstacle in the Transformation Program and will be able to compete with regional and global organizations.

Note: Below you find two pictures highlighting the plan for professional development of younger professionals in the Kingdom of Saudi Arabia and how private sectors are encouraged to invest in education, all of this process is conducted between the Ministry of Labor and Social Development in collaboration with its programs, the Ministry of Economy and the Ministry of Education with its Professional Development Programs(Nurunnabi, 2017).

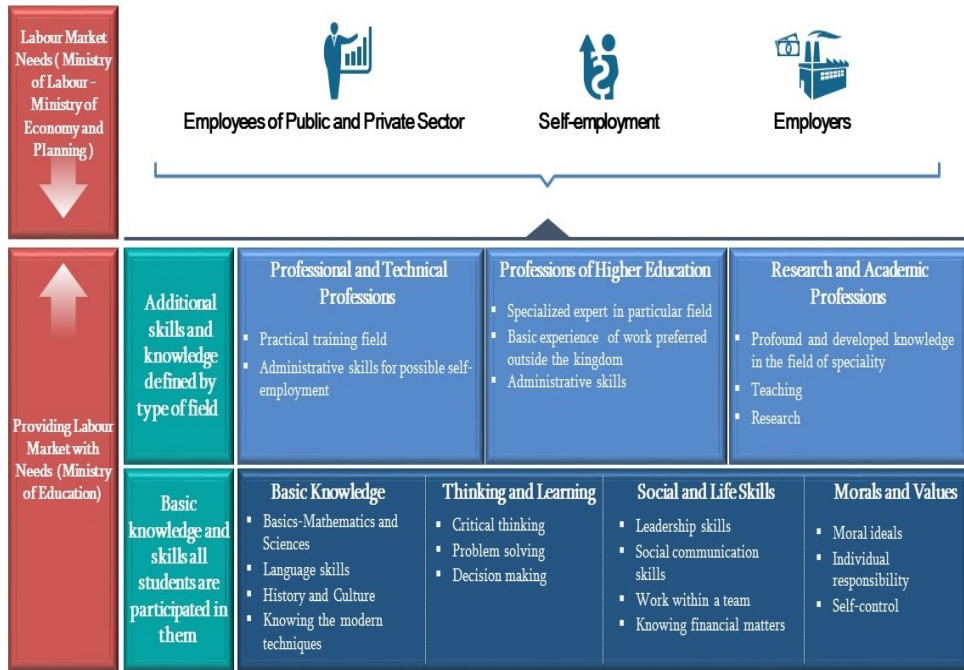


Figure 5. Professional Development of the young Professionals in the Kingdom of Saudi Arabia. Adapted by the “Education and the Vision 2030”. Copyright by the Ministry of Education Saudi Arabia(Education and Vision 2030, 2019)

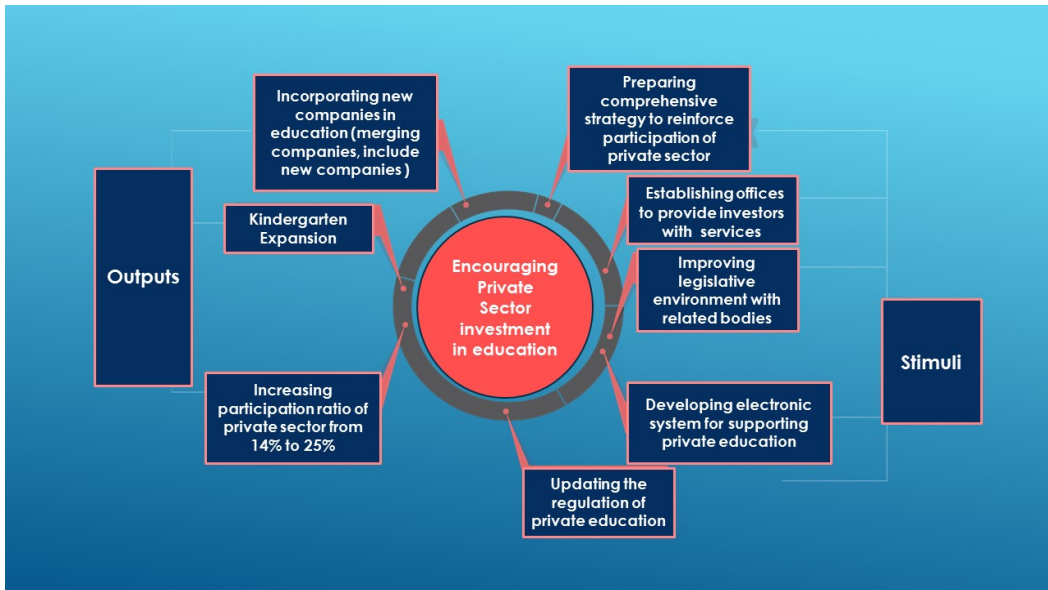


Figure 6. Encouraging Private sectors in investment in education. Adapted by the “Saudi Vision 2030 Blueprint” Copyright by the Ministry of Economy Saudi Arabia(Habibi, 2019)

The Privatization Program – One of the backbones of the Private sector in the Kingdom of Saudi Arabia is the Privatization program. During the transformation process in the Kingdom of Saudi Arabia, the Privatization Program brings to the table numerous solutions to long lasting problems for the private sector in the kingdom, especially for the small and medium companies.

The main solutions are proposed and currently are implemented can be summarized in two big groups such as:

- a) Unlocking of the State-owned assets for the private companies;
- b) Privatization of selected Government owned services;

This new direction from the Privatization Program and the Saudi Government means:

| |
|---|
| 10,000 to 12,000 new jobs in the private sector; |
| 3.7 billion USD increase in the GDP; |
| Total Governmental Revenue Increase by 9.2 billion USD; |

Table 13. The Privatization Program solutions. Adapted from the “Privatization Program -Kingdom of Saudi Arabia” Copyright of the Kingdom of Saudi Arabia Data (Privatization Program, 2019)

Based on the data on the table above, we have a clear conclusion that this privatization will boost even the smallest companies and will give them a chance in the regional markets to enter with their products or services, or at least to serve as sub-companies for the medium and larger companies that will get a portion of the Private assets of the Government of the Kingdom of Saudi Arabia;

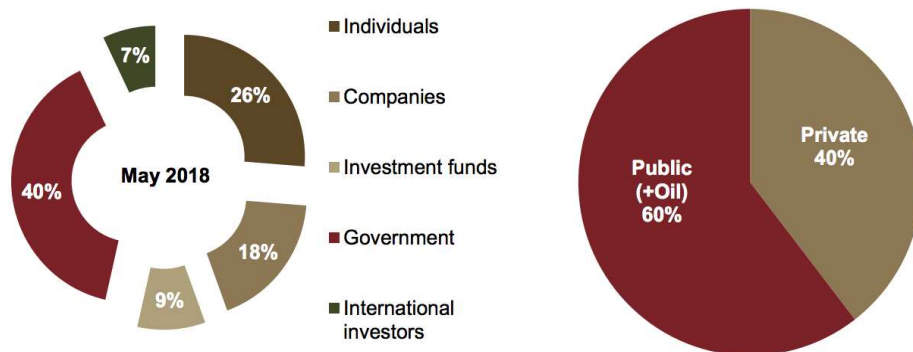


Figure 7. The Private and Public sector in the Kingdom of Saudi Arabia and the Revenue before implementation of the Privatization Policies due to Vision 2030 Adapted by the “Saudi Vision 2030 Challenges & Opportunities” Copyright by Ahsan Nawaz Khan(Khan, 2017)

National Companies Promotion Program – The core focus of the National Companies Promotion Program is to help small and medium companies, which is even the focus of study on this chapter of the thesis. This program has a close collaboration with the PIF (Public Investment Fund, 2019) by which through an investment from the Kingdom of Saudi Arabia that goes directly to the National Companies Promotion program, the companies of the Kingdom are able to compete in the regional and the global market.

Industrial Development and Logistics Program – By far the most interesting program which has to do with the Private sector in the Kingdom of Saudi Arabia, is the Industrial Development and Logistics Program. The key link between this program and the private sector is the fact that this program aims to implement many changes in basically all the business sectors of the Kingdom.

Some of the changes which are planned to be implemented and are crucial for the Private sector are: 4G and 5G networks; Reforms in Mining; Reforms in Energy – Fossil Fuels; Reforms in Logistics; Export Support; Policies, Regulations, Measures and Governance;

Taking the above changes in consideration, they will have huge impact like first of all lowering the costs of production for the products by which this is going to be done due to the reforms in logistics and investments in logistics (better roads for transport and a new shipping port), also a huge impact will be on the automation of the companies and the

promotion of them which will be done due to the new network coverage of the 4G and 5G networks which is being handled by STC – Saudi Telecommunication Company.

As for the reforms in Mining, Energy, and in the Governmental sector, my analysis has led me to interesting conclusions which are not only applicable in the Kingdom of Saudi Arabia, but are also applicable in all the world. – The main thing that brings outside cash outside investors outside job opportunities and economic growth is Logistics and good Governance, which this Program is excelling at the moment!

Note: Below is the full Governance changes that are done through the Industrial Development and Logistics Program and what is the main purpose of the Industrial Development and Logistics Program;



Figure 8. New Governance due to Industrial Development and Logistics Program. Adapted by the “Education and Vision 2030,” Copyright by The Kingdom of Saudi Arabia(Industrial Development Program, 2019)

Based on the analysis of the governmental entities which are focused on including the private sector in the Economy of the Kingdom of Saudi Arabia, I have come to a conclusion that this type of transformation process which is undergoing with this type of support from

the Vision 2030 Programs is crucial for the existence of the Private Sector in the Kingdom of Saudi Arabia.

The reasons for my conclusion are as follow:

Shift from the Oil dependency to other forms of Energy – This is one of the first and most important factors which can lead the company to a “make or break” situation and, taking in consideration that for implementing this type of change the amount of funds is high, the middle and lower ranked companies by revenue will automatically face existential problems that can start from the price of production for a certain good and continue to a problem in market placement due to the price of production for that certain product by which the end result will be shut down of the company with the aftermath of risen unemployment in the Kingdom of Saudi Arabia (Nurunnabi, 2017);

The reforms which are undergoing in Policies, Regulations and Governance – Based on the different examples that are happening daily all over the world, it is more than certain that the reforms in Policies and Governance are extremely useful for the private sector, mostly due to the fact that they provide a certain guarantee for the foreign investors which in other words means more cash and investments which leads to new job positions.

Another highlighted benefit of the reforms undergoing in the Policies and Governance is that, not only the foreign investors will find this type of reforms useful, also the private companies will find it very useful which is mainly due to the fact that they will have to spend less time waiting for different approvals which will grant them access to until now unused resources. Based on the above reasons and conclusion for the Policies and Governance changes implemented, I am most definitely convinced that these changes will be “golden” for the private sector in the Kingdom of Saudi Arabia, in one side they will have foreign funding, on the other they will have access to their vast Governmental owned resources (Gazze & Abubakar, 2018).

The collaboration between the Public Investment Fund, the National Companies Promotion program and the Industrial Development and Logistics Program – By a large margin this collaboration outweighs all the other programs which are implemented in the

Kingdom of Saudi Arabia with the goal of assisting private companies. As per my analysis on the programs of the three sides of this collaboration, I have reached a conclusion that this type of collaboration can be considered as the backbone of the full Saudi Arabia Vision 2030. Through this collaboration, the private sector in the Kingdom of Saudi Arabia has benefits in the form of additional investments which after the changes of shifting from the dependence on Oil, by these additional investments the private companies will be able to implement the new high tech methodologies in the companies, another benefit which is considered crucial from this collaboration is the promotion of the national companies in the regional and global level, if there is no funding then the purpose of promotion is useless, therefore this collaboration which helps the companies with funding / investing into other countries, not only aids the economy of the Kingdom of Saudi Arabia by growing its companies, also it spreads the influence of the Kingdom as well (Industrial Development Program, 2019) (Public Investment Fund, 2019). The backbone and as per my analysis the most important aspect of this collaboration is the improvement of the Logistics and the building of the new shipping port, by which it aids the companies not only in production cost by lowering their transport costs, it also helps the company's expanding their reach, by which they will be able to access/send products and services in the areas which they couldn't until now, in the Kingdom and outside of the Kingdom, this translates only in one thing, bigger revenue, bigger profit, economic growth and increased employment.

Until now, the main analyses conducted by all the experts on the Saudi Vision 2030 have been focused on the economic aspect, the transformation of entities and on the infrastructure, no one has focused on the professionals involved in the Transformation process and the challenges they are facing.

That is why I decided to conduct a thorough analysis based on some of the Top 10 Companies in the Kingdom of Saudi Arabia, and on some mid-level and lower level companies, my analysis includes companies such as: SABIC (Energy – Fossil Fuels); Aramco (Energy – Fossil Fuels); STC – Saudi Telecom Company (Telecommunication Services); SEC – Saudi Electric Company (Utilities); Al Rajhi Banking & Investment Corporation (Banking & Investment Services); Almarai CO (Food & Beverages); Samba Financial Group (Banking & Investment Services); Saudi Arabian Mining CO (Mineral Resources); Devoteam (IT);

Tahakom (Telecommunication Services); Saudi Diesel (Heavy Machinery); El Seif Engineering (Construction); Wood Engineering Group (Construction); Arabian International Company (Engineering); Parsons (Engineering);

Based on the analysis conducted on their TNA – Training Needs Analyses in collaboration with the data provided by their Human Resources Department and the public data by the Ministry of Education I have come to some findings which are amazing but at the same time disturb for the companies that do not have budget for trainings.

Since 2016 the focus of trainings has drastically changed by which we have a substantial growth in the training needs for the Project Management departments in combination with Leadership skills for seniors, therefor the below graph shows which types of Trainings are required to be in the “spotlight” for professionals to be able to implement the Saudi Vision 2030:

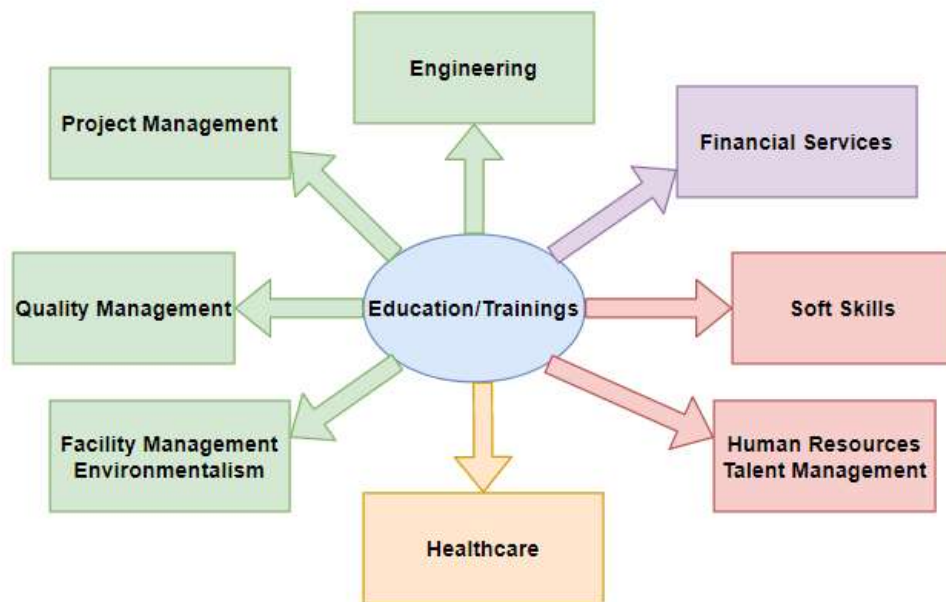


Figure 9. Focus of Trainings/Education for Professionals during the Saudi Vision 2030. Adapted by the “Education and Vision 2030” Copyright by the Ministry of Education Saudi Arabia(Education and Vision 2030, 2019)

What about the education challenges that are faced by the professionals?



**Figure 10. Educational Challenges faced by professionals. Adapted by the “Education and Vision 2030”
Copyright by the Ministry of Education Saudi Arabia(Education and Vision 2030, 2019)**

Taking in consideration the analysis conducted which is presented by Figure 11 and Figure 12, also the policies of the Ministry of Labor and Social Development, the Ministry of Education and the HRDF – the Human Resource Development Fund, my personal opinion is that there need to be achieved at least 8 objectives which will be able to serve as a foundation of a better and more professional education culture in the Kingdom of Saudi Arabia.



Figure 11. Main Objectives necessary to be reached for a successful Professional Development Culture. Adapted by the “Education and Vision 2030” Copyright by the Ministry of Education Saudi Arabia(Education and Vision 2030, 2019)

In order to summarize my analysis into the training/educational needs of professionals during and after the Saudi Vision 2030, it is important to add that due to the HRDF policies of full or partial refund for every Saudi National many of the certificates like the:

- PMP – Project Management Professional;
- CFMP – Certified Facility Management Professional;
- CRE – Certified Reliability Engineer;

There is a new benchmark for hiring which by default, every Saudi National must obtain the certificates in his respective field in order to get a job position and that means automatically the percentage of professionalism and the number of professionals to “sky rocket”;

Another clear indicator of the Saudi Vision 2030 and how it has started to have a positive impact after the issues the Kingdom of Saudi Arabia had is the table below, in which we can clearly understand that after a sharp fall in the GNI per capita in 2017 (19,990), we can observe a slight increase in 2018 (21,600).

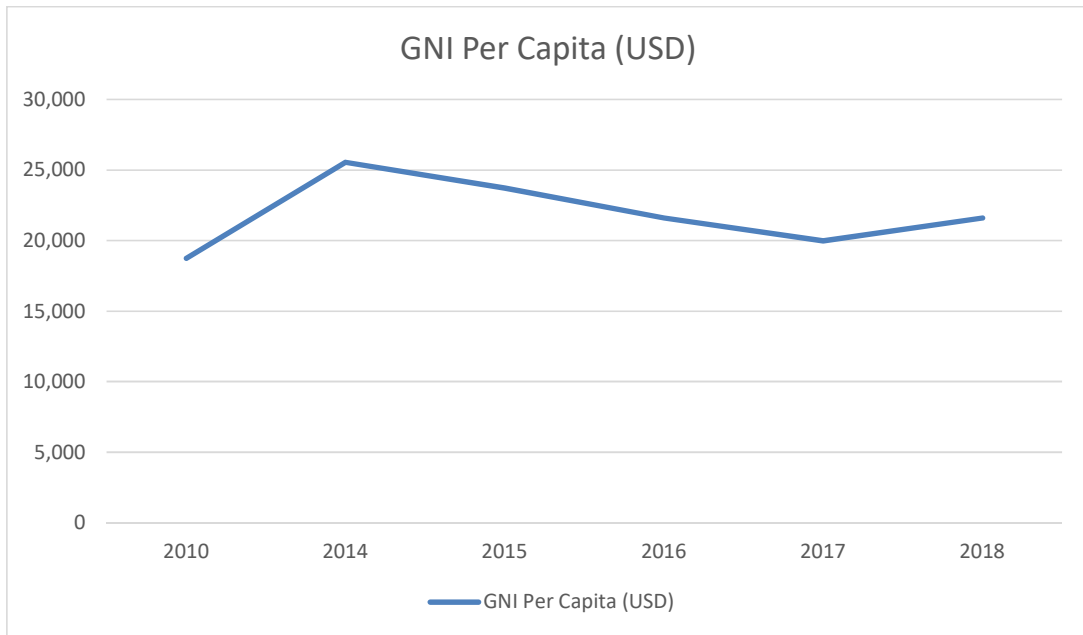


Table 14. GNI per capita. Adapted from the “World Bank – Kingdom of Saudi Arabia Data” Copyright of the World Bank (Saudi Arabia - Data - World bank, 2020)

Based on my analysis on the projects and changes which have been conducted with the purpose of improving the privates sector, I can conclude that my first and second hypothesis are being confirmed in which the Saudi Vision 2030 has a positive impact on making the Kingdom of Saudi Arabia less dependent on Oil and the Vision 2030 has a positive impact on the labor market by which we have more Saudi specialized professionals who can contribute in creating better companies and more diverse economy.

3.4 Creation of oil independent economy with Saudi Vision 2030

Historically the Kingdom of Saudi Arabia has suffered from the Dutch disease (Back to Basics -- Dutch Disease, Finance & Development, March 2003, Volume 40, Number 1). Dutch disease as an economic phenomenon where the economic development of one specific sector is manifested with a decline in other sectors. As revenues increase in the growing sector, the nation's currency appreciates compared to currencies of other countries. As a result, the nation's other goods and services become more expensive for other countries to buy, and imports become cheaper. This makes other sectors less competitive. This most often refers to natural resource discovery, as it is the case with Saudi Arabia. Its

overdependence on the oil has negatively impacted its economy, especially during periods of weaker oil prices since the it has been the largest source of revenue for the government. In addition, during the 1980s and up to 2000s, fluctuation in the oil prices pressured the country to increase its focus on other sources of income.

The answer to Dutch disease was the Saudi Vision 2030. The economic diversification efforts had been underway for decades. The government invested in infrastructure, education, health and social services, reduction of gender inequality, and other areas to depart from oil dependency, but the results were limited.

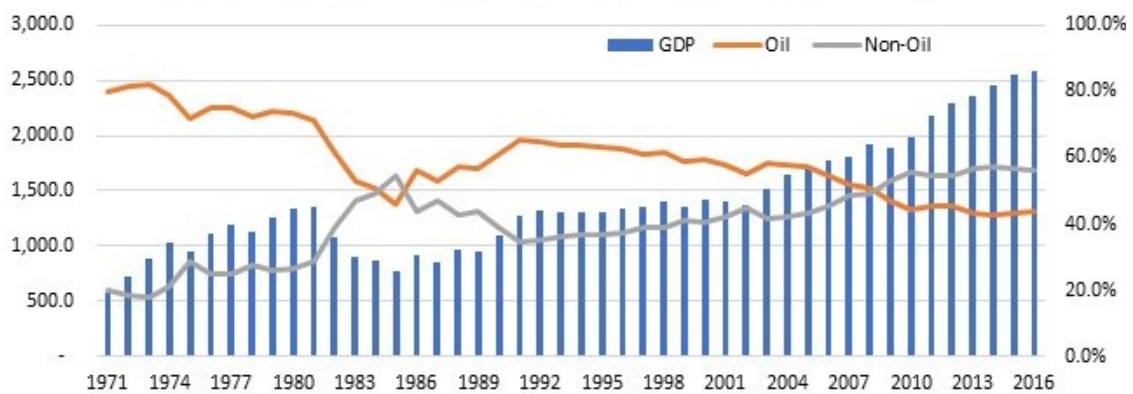


Table 15. Saudi Arabia GDP (Billion SRL) and % contribution from oil & non - oil sectors. Adapted by the “General Authority for Statistics” Copyright of the Bloomberg data and Televisory’s research (Bloomberg, 2018)

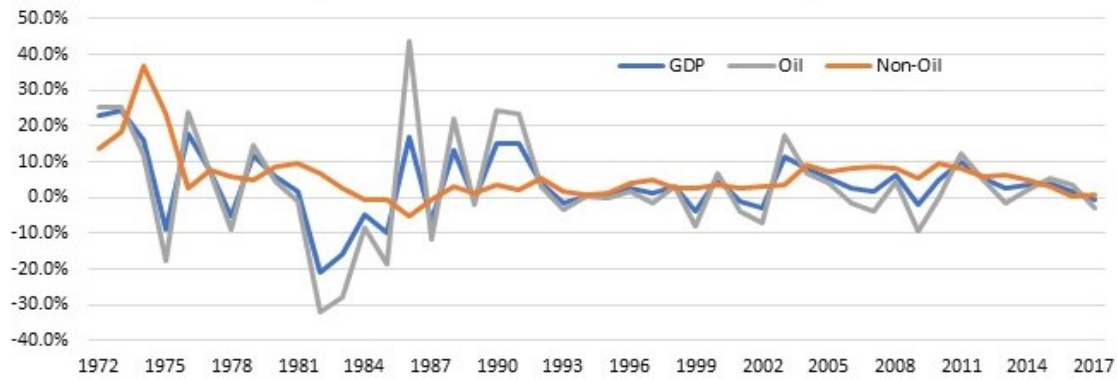


Table 16. GDP Growth and trend in Oil and Non-Oil Sectors. Adapted by the “General Authority for Statistics” Copyright of the Bloomberg data and Televisory’s research (Bloomberg, 2018)

While looking at plain numbers, the government’s efforts have borne fruits as it was successful in reducing the share of the oil sector in the overall GDP from over 80% (1971-75) to the latest reading around 40%. Nonetheless, there is still a long way to go before one can conclusively say that Saudi Arabia could exist without the support from oil. The government’s revenue continues to be oil-driven with an average revenue contribution standing at ~90% for the period 2005-13. However, amidst the huge decline of oil prices in the international markets for the past few years, the overall share of revenue from oil has reduced drastically. This has negatively impacted the budget balances as government’s expenses have been growing at a moderate pace. The revenues fell by 7.5%, 9.8%, 41.1% and 15.2% during 2013-16 due to falling oil prices globally. These numbers were in line with the trend in the GDP numbers of Saudi Arabia (as shown in the above chart) and clearly reflects the reliance of its economy on the oil sector both locally and globally. It is interesting to note that the GDP growth numbers stood highly correlated to the movement or growth in the oil sector as compared to the non-oil sector, notwithstanding the fact that composite share of oil in the GDP came down during the past 3-4 decades. The correlation of growth in the GDP with the oil sector and non-oil sectors for the period of 1972 to 2017 stands at 0.95 and 0.25 respectively, further cementing the base case.

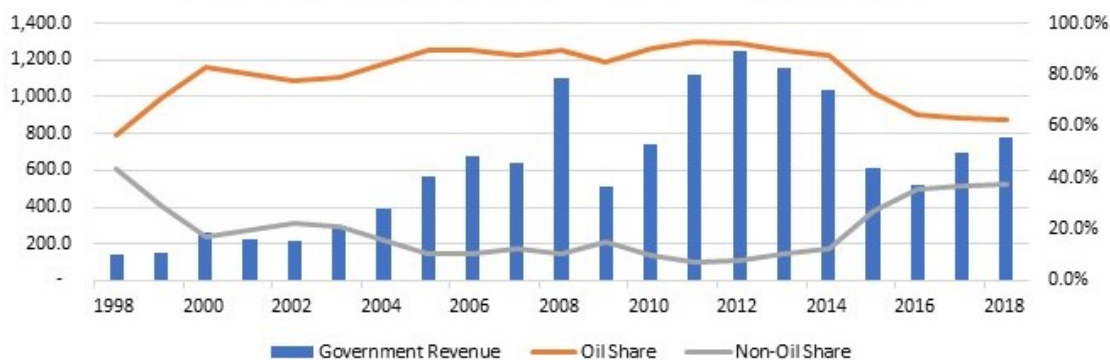


Table 17. Government Revenue (Billion SRL) and share from oil & non - oil sectors. Adapted by the “General Authority for Statistics” Copyright of the Bloomberg data and Televisory’s research (Bloomberg, 2018)

The answer to the Dutch disease was ‘Vision 2030’ to diversify and globalize the Saudi economy by expanding non-oil sectors. The Saudi Vision 2030 is listing goals which are classified as economic, societal and political in which goals they have included the lowering of the unemployment rate and the increased emphasis on the private sector which in return would be the driver of the non – oil revenue for the government. There are many key points which are part of this strategic plan, however a few of the key points stand out as the most vital ones, such as: the changes in the education as well as the professional development system, the infrastructure and the financial sector reforms(Economic diversification in the Kingdom of Saudi Arabia, 2018). Furthermore under the new Vision 2030 Plan, the regulations and the strategy itself are planned to be improved which in return it is supposed to aid the growth of the private sector as well as attract foreign investments, which in return is linked to one of the main pillars of the Vision 2030 which is strengthening the trade between Europe, Asia and Africa.

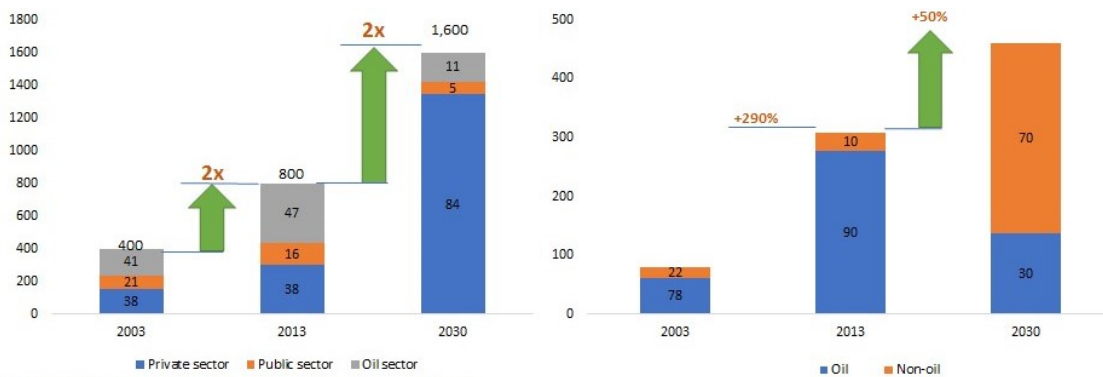


Table 18. Real GDP by sector and Government revenue by source. Adapted by the “McKinsey Report on Saudi Arabia” Copyright of the McKinsey Report (McKinsey, 2018)

Implementation of the drafted Saudi Vision 2030 Transformation Program at the initial stages had success which could be seen based on the number of successful initiatives and it showed that the leadership of the crown prince Mohammad bin Salman could provide a “fresh new breath” to the Kingdom of Saudi Arabia and its growth. A good example of this is the infrastructure of the Kingdom, its undeniable importance and how it is treated by the government, through the different projects which have started to take place especially in urbanism. Back in 2017 the budget which has been divided for the infrastructure (the urbanization) and the transportation (the logistics) were allocated SAR 52 billion, which has been 39% higher than in 2016, the same trend continues to be also in 2018 which it was allocated a budget of SAR 55 billion (KSA Budget Report, 2018), all of this with a goal of exceeding 90% housing cover in densely populated cities and 66% in other urban zones. Furthermore, in the Saudi Vision 2030 blue print we can see that there are plans for digital transformation in which the government is planning to move to the 21st century tech with the help of the private and public organizations.

What can be certain is that all of this transformation comes at a high cost, hence extra financing is a must. Therefore the Kingdom of Saudi Arabia based on their privatization projects as well as necessity for funding, has decided to have a sale of 5% of ARAMCO (the national oil company of the Kingdom) which will bring around 100\$ billion which can be considered as the biggest public offering on the history. The initial plans were that the public offering would take place late in Q4, however from then it is postponed and now due

to Covid-19 we are not sure when it is going to take place, what is worth to be noted is that it still remains to be a high priority.

Non the less, the problem of the Kingdom is not only on how and at what pace should the projects/programs/plans should be implemented by the government. What is worth mentioning and focusing on is the broad aspect which also encompasses the changes of the psychology of the inhabitants and the country as a whole.

As we are aware, historically the Kingdom has favored all revenues from its major sources which have been going to the royal family, through which the government has managed to generate a substantial amount of money (billions of USD), this can be noted especially during the major changes in 2012-2014 in which the global prices of Oil have increased and the Kingdom enhanced its forex reserves to 750 billion USD which is around 15times from its normal reserves. However what is worth noting and mentioning is that traditionally the government revenue and saving have been utilized in investments across the nation for infrastructure, defense and for the needs of the society (both direct and indirect investments), also they were used for foreign investments in the likes of bonds – equities (Economic diversification in Saudi Arabia, connecting the dots - Blogs, 2018).

A good chunk of the revenue has always been divided for expenditure on the society which they have built free infrastructure or distribution of subsidies which range from water to electricity as well as the free education, free healthcare and unemployment benefits, however all of the above freebies have not been kind to the economy of the Kingdom as well as the psychological aspect of its inhabitants, in which they have started to lack seriousness towards education and a competitive spirit in their workplace. A good example of this is the change in the population diversification in the period from 1998 until 2017, in which we see that it has moved from 73% citizens and 27% non-citizens to 63% citizens and 37% non-citizens. (Economic diversification in Saudi Arabia, connecting the dots - Blogs, 2018), which has led to a dependency of specialized foreigners for difficult jobs such as high intensity jobs of technological expertise jobs. What is worth mentioning is that non-Saudi's account for more than 75% of the total employed labor (Labor Market Fourth Quarter 2017 Report, General Authority for Statistics, Saudi Arabia).

However, backed up by Saudi Vision 2030 Transformation plan, the government in collaboration with all of the institution and the aid of the projects are working to have a positive impact on the mindset of the inhabitants of the Kingdom of Saudi Arabia, which is why the education is a crucial part and can be defined as critical.

Based on the data and reports from the International Monetary Fund, the government of the Kingdom has increased its fuel prices (from 10% up to 134%) across the majority of energy and water businesses as well as households, and further price increases are planned in the next 5-10 years.

Table 19. which is located below takes as an example the Saudi Arabian Airlines in order to show in more details the types of reforms which are planned to be implemented on fuel based and electricity tariffs which the purpose of increasing the share of renewable energy sources, especially solar power which has been little to non-existing (Blazquez, C Hunt & Manzano, 2017). The goals is to generate around 10% of its energy through solar power by 2023.

| Product | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|------|------|------|------|------|------|
| Gasoline (Benzene) | Targeted and gradual transition to the linked reference price | | | | | | | | |
| Diesel | Targeted and gradual transition to the linked reference price | | | | | | | | |
| Aviation fuel | Linking to the reference price* | | | | | | | | |
| Natural Gas and Ethane | | | Targeted and gradual transition to the linked reference price with an applied price ceiling | | | | | | |
| LPG and Kerosene (retail sector) | | Linking to the reference price | | | | | | | |
| Asphalt | | Targeted and gradual transition to the linked reference price | | | | | | | |
| Natural Gas Liquids (incl. Propane, Butane and Natural Gasoline) | | | Targeted and gradual transition to the | | | | | | |
| Other liquid fuel products (HFO 180, HFO 380, Arabian Light Crude Oil, Arabian Heavy Crude Oil) | | Targeted and gradual transition to the linked reference price | | | | | | | |
| Electricity tariff | Reflects production cost based on the price of fuels, assuming ideal efficiency | | | | | | | | |

Table 19. Energy Price Reforms - Saudi Arabian Airlines example. Adapted by the “Fiscal Balance Program – Telesurvey’s Research” Copyright of the Kingdom of Saudi Arabia (Fiscal Balance Program, 2019)

As a conclusion, it can be stated that the Kingdom of Saudi Arabia is trying really hard to implement reforms around all of its sectors with a special focus in its economy, education, professional development, and renewable energy.

However, all of these reforms to be implemented can be considered as a huge challenge not only for the government of the Kingdom but for the private and public sectors as well. It can be classified as a huge and near to impossible task to have a total transformation of the nation, institutions and companies, while analyzing this we should also note that the Saudis are a conservative nation which most definitely brings a set of difficulties. In addition to the above problems, attention is also required at the fact that there is a mismatch between the skills of the Saudi Workforce and the “new” jobs which are currently open, hence the professional development “push” as well as the Saudization policies by the government of the Kingdom. Taking this in consideration, the privatization as well as the implementation of the Saudi Vision 2030 might be better if it continues to be in the hands of the foreign labor until the Saudi Nationals are well trained to proceed with working in the new working environment. All of this should happen in a structured and a phased manner because if not controlled well and all of this burden falls directly on the hands of the private and public companies it could mean a total disaster for the companies as well as for the economy of the Kingdom, taking in consideration that even small changes like the permission of allowing women to drive are not well accepted by the conservative groups (Economic diversification in Saudi Arabia, connecting the dots - Blogs).

When talking about conservative groups what is necessary to be stated is that in order for this Vision 2030 to be successful, the government must also check and undertone the conservative clerics which undoubtedly hold a lot of power in this full Islamic nation. This can be considered as a double-edged sword, but in order to have a successful Saudi Vision 2030 there must be harmony between all programs, starting from the economic, to the infrastructure, energetic and the social programs.

What remains as a big question is, weather the government would be able to align all the plans, expectations, projects and outcomes to its Saudi Vision 2030, but what is worth mentioning is that at the moment the Kingdom is walking in the right direction

3.5 Foreign Investments due to Saudi vision 2030

One of the many issues which is shared by all the GCC Countries is the issue that they are historically being “left out” from foreign investments and foreign brands. While taking in consideration the tremendous amount of wealth these countries have, it is a huge dilemma which every researcher is focusing on and is asking the same question, Why the GCC region repels investments from other countries(Dudley, 2018)?

Looking at different statements from government officials and from research papers, the number one concern which is even “a red flag” in the agendas of the countries are:

- The barriers to enter;
- Huge focus of the workforce in the public sector;
- Focus of the economy on Oil and side products of Oil;

Taking in consideration the analysis of the Saudi Vision 2030 Transformation Blueprint (Saudi Vision 2030, 2016), we can see that this undergoing transformation has different modules which translate into projects with the purpose of change into many different sectors of the Kingdom of Saudi Arabia, with the main reason into bringing the Kingdom into the 21st century and to start to attract foreign investments.

Some of the different modules and projects of the Saudi Vision 2030 which are focused on this matter are: Shifting the economic dependency from oil to other economic areas; Shifting the workforce from the Public to the Private sector by the policies of privatization; Changes in the governmental policies which include fiscal reforms and reforms which will lower the barriers to entry; The Saudization project which is a “guarantee” that each foreign company which will be established in the Kingdom of Saudi Arabia will have at least 70% Saudi workforce;

However, the questions which arise for every foreign company are: Where is the Saudi Vision 2030 today? Is investing in the Kingdom of Saudi Arabia worth the Risk?

The biggest transformation program in the history of the GCC Region is in motion for four years now, and until now, even-though there are many issues arising with each new project which is started as per the Vision 2030 blueprint, there can be seen light in the end of the tunnel, there can be seen a completing of the Saudi Vision 2030 with marks above the necessary to cross the line of being named a successful Transformation, however, the biggest issue and concern remain the volatile prices of Oil which, taking in consideration how much the Kingdom of Saudi Arabia with its economy is dependent on Oil, we can imagine the depletion of their funds and the “headache” which will be cause if prices were to fall again like in the Economic Crash of 2008(Is investing in Saudi Arabia worth the risk?, 2019).

When taking in consideration the goal of attracting new foreign investments, the Kingdom of Saudi Arabia is moving in the right directions because as per the statements of analysts in the Kingdom of Saudi Arabia ,the Kingdom has attracted 43\$ billion USD in the first four years since the Transformation has started(Saudi Arabia Takes Steps to Assure Foreign Investors), and all of the investments and many more to come are down to its projects in some of the core programs intended to change the Kingdom: National Industrial Development and Logistics Program; Human Capital Development Program; Privatization Program; Public Investment Fund Program; National Transformation Program; Fiscal Balance Program; Financial Sector Development Program;

However, as stated, not all experts are thinking the same thing, and their opinion ranges towards the risks of investing in the Kingdom of Saudi Arabia, which pave the way towards the question: Is investing in the Kingdom of Saudi Arabia worth the risk(Investing in Saudi Arabia, 2019)?

Based on the opinion of international scholars on the neo-liberal reform agenda of the Kingdom of Saudi Arabia, the government has many issues to resolve before the Kingdom if deemed as “safe to invest”.

First, it needs to improve the Human Rights policies and to work on the labor laws. Moreover, it needs to invest in standardizing the salaries of the workforce in order to attract workers to the private sector. As stated in this paper and in the Transformation Blueprint, the Saudi Workforce is shying away from working in the private sector due to much higher salaries in the public sector. In addition, another issue which makes investors shy away from investing is also the politics of the Kingdom and its relations with other countries (neighboring and worldwide). Indeed, Egyptian billionaire Naguib Sawiris, who froze all the planned investments until he and his advisors will see real progress on the policies of the Kingdom (Sawiris, 2019).

However, it is more than certain that, if the Kingdom of Saudi Arabia does not attract FDI, it will face extreme financial crisis (drainage of the reserve funds due to the transformation program). Therefore, all the programs which are intended to lure investors must be set into high priority and must be dealt first (Dudley, 2018).

Based on my analysis on the Foreign investments of the Kingdom of Saudi Arabia after the initialization of the Vision 2030 I can clearly state that my hypothesis the increase of Foreign Investments due to policy changes is proved correct until end of Q3 – 2018. However, one factor which still proves to be is of a high concern is the political situation in the region, by which after various political crisis, it diminished the positive impact of the Vision 2030. As a summary, the Vision 2030 has started to attract foreign investments, but in order that to be permanent, work needs to be put in the political climate in the GCC region.

3.6 Employment in the GCC Region prior and during the Transformation Process

Employment – As stated at the Table 5. Economic Indicators prior to the Saudi Vision 2030. Adapted from the “BTI Project – Kingdom of Saudi Arabia Data” Copyright of the BTI Project(BTI Project) the unemployment rates that have risen in Saudi Arabia, we can clearly see the same trend of unemployment rising in Oman, in which with percentage is around 3.1% (Oman Unemployment Rate | 1991-2019 Data | 2020-2022 Forecast | Historical | Chart, 2020).

As it has been observed in this thesis, the citizens of the GCC region more generally prefer working in the public sector as public sector employment incentives render employment unattractive. As per the data that is World Economic Forum and in the data provided by the World Bank it is very clear why the public sector is the desired employer, it simply pays 30% more for the same job responsibilities as workers in the private sector, another reason is that the job stability in the public sector is many times higher than that on the private sector.

Another issue is the kafala system, a system which is developed in the 1950s. The main idea behind this system is that the labor needs are determined on an individual sponsorship basis, in other words recruiters would hire workers to serve their specific needs. Thus, foreign companies would avoid investments since they would face many difficulties from day one. Wages are out of their reach and not they would lack trained professionals willing to work in the private sector (Trading Economics - Saudi Arabia Employment, 2020).

Development of Human Capital – Another issue at the moment, not only in the Kingdom of Saudi Arabia, but also in the wider GCC region, is the underdeveloped human capital/trained professional workers. This Transformation that is taking place in the GCC region, in the earliest of its stages instead of lowering the unemployment it had a negative impact, mainly due to the fact that a huge pool of trained professionals was required, but sadly it could never be delivered, therefor institutions like the HRDF – Human Resource Development Funds were created which collaborate with the biggest companies to get to know the trends of employment and based on those trends they draft a plan of trainings which is then shared with the Ministry of Education and different private Professional Development Institutes.

Through incentives like the full or partial refund for different trainings the things have started to get back to normal in which many Saudi citizens are getting specialized and are returning to their job positions.

Localization – For the first time in the modern History we have such a strong collaboration from the Governments in the GCC region in order to localize the companies and job

positions to be filled with experts from within the countries, therefore in the same time the countries came with their plans for localization such as: Saudization; Emiratization; Qatarization; Bahrainization; Kuwaitization;

These plans are a set of actions and incentives such as lower taxes and governmental benefits which are provided to the companies which have a certain number of local employees, as per my analysis in the Kingdom of Saudi Arabia the percentage required is 70%(Human Capital Development Program | Saudi Vision 2030, 2019).

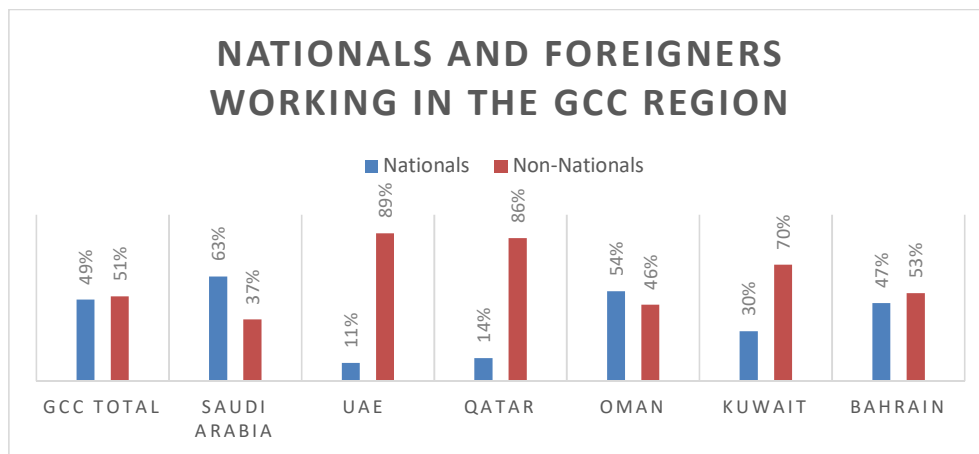


Figure 12. Percentage of Nationals and Foreigners working in the GCC Region. Adapted from the “BTI Project – Kingdom of Saudi Arabia Data” Copyright of the BTI Project(BTI Project, 2019)

Future Trends of Employment in the GCC Countries – Over the past decade, the GCC Economies have made great efforts to diversify and to switch from the traditional economy which was only focused on Oil production. They are constantly trying to diversify into futuristic industries, like renewable energies, IT, production of high-tech materials and even they are starting some space programs. Therefore taking this in consideration, at the moment even due to the many changes which are being implemented in the GCC region, there is the Kafala system which is frankly outdated and at the moment is becoming a huge burden for the whole GCC countries and their economies.

The removal of Kafala at the moment seems like the golden solution which it is a must to be implemented in the GCC region if the countries wish their transformation to be successful.

Based on the studies that I have conducted, my personal opinion is that the governments in the GCC region need to focus on the Human Resource Management and Recruitment, by which through this approach they will increase the competitiveness of national workers in order to make them more appealing to private firms through a higher level of education and skill specialization which is demanded in the private sector. Furthermore my personal opinion is that AI – Artificial Intelligence will aid the global economy and will most definitely have a huge impact on the employment in the GCC Region – as per the latest predictions the AI will contribute around 320 billion USD of the total GCC Economy which is 11% of the total GDP, as per the increase in the Kingdom of Saudi Arabia, it is predicted to be around 12.4% with a main focus in retail, healthcare, financial sector, construction, transport and education(Thompson, 2018).

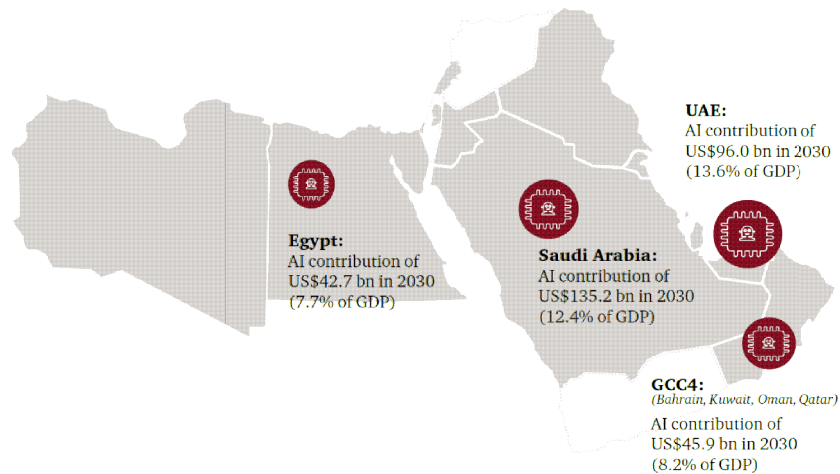


Figure 13. GDP in percentage in the GCC Region due to AI. Adapted by the “Saudi Vision 2030 Challenges & Opportunities” Copyright by Ahsan Nawaz Khan(Khan, 2017)

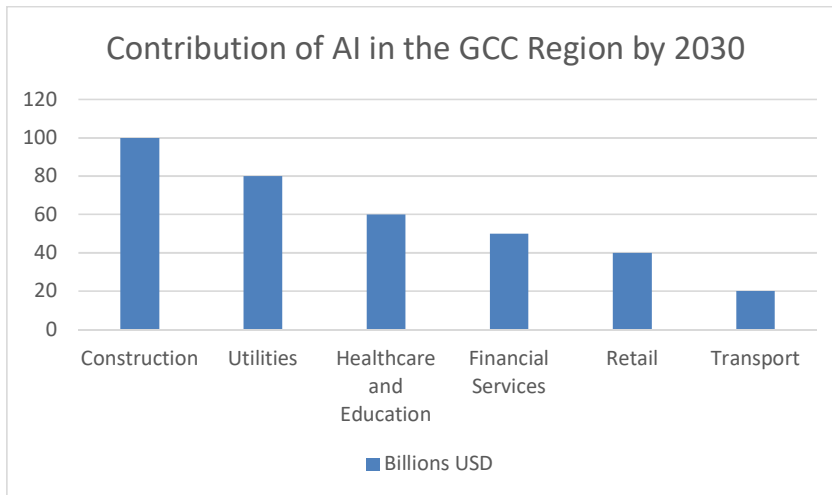


Figure 14. Billions of USD expected increase due to AI until 2030. Adapted from the “BTI Project – Kingdom of Saudi Arabia Data” Copyright of the BTI Project(BTI Project, 2018)

As per my analysis in the employment in the GCC Region prior and during the transformation process and the progress which is made in the employment, in the policies for having the job positions filled with nationals and the women empowerment in the job positions, my hypothesis which is based on the positive impact of the Vision 2030 on the labor market, we can clearly conclude that it is confirmed.

3.7 Where is the Saudi Vision 2030 now? Progress Report, Analysis and Evaluation

Since the first days of planning for the Saudi Vision 2030, the prince of the Kingdom of Saudi Arabia Mohammed bin Salman, has been asking from his teams of professionals to implement the programs that were drafted in the Saudi Vision 2030. Since his current position is director of the Council of Economic and Development Affairs with full control over all the economic reforms which by default means all the plans regarding the Saudi Vision 2030, he yet couldn't get his team of experts to implement fully the programs necessary, as per the analysis of the Vision 2030 Progress (Vision 2030 Progress, 2018),

some programs are already finished by which 36 of 96 programs are finished in two years. However, what is happening with the other projects?

Delays for some projects have started to appear with different reasons that can span from shortage of financial resources and investment funds, to shortage in manpower or in some cases shortage of materials.

Since the main issue appeared to be the shortage of financial resources and investments, through my analysis I discovered that this shortage appears due to the high cost of war in Yemen and the weak prices of Oil (Which as it was discussed in this thesis the economy of Saudi Arabia Heavily Relies on the Oil prices)(Dudley, 2018).

Investments in International Markets – As stated in my analysis, one of the main pillars of the Saudi Vision 2030 is spreading the Saudi influence through different investments. A great example of the investments which were conducted is the investment of the PIF which invested in one year more than 45 billion USD in the Vision One Fund which is part of Softbank Corporation – A Japanese holding which has to do with investments in High Tech and online industries mainly in the Silicon Valley.

However, due to the political crises in the recent period I found data which shows that Softbank's stock prices have suffered a huge decline, by which they declined the PIF investment for another 45 billion USD (Public Investment Fund, 2019);

Social and Cultural Reforms – Another key theme in the Saudi Vision 2030 are the Social and Cultural reforms which had massive success from the beginning by permitting women to drive, which is one huge step towards the human rights, another reform is the removal of the ban which stated that women can't travel without the consent of a male guardian which in default allows women to participate in mixed gender events which in my opinion is an important step in the history of Saudi Arabia and also it shows the seriousness of the Kingdom in implementing the drafted Saudi Vision 2030 Transformation Plan(Saudi Vision 2030 Blueprint, 2016)

Attractiveness to Foreign Investment – The Public Investment Fund which is in charge of investing in international markets is also in charge of attracting investors is failing in every program they have at the moment. As stated by some analysts and backed up even by my data and analysis, the main reason is due to the political crisis, in which since 2017 there is a sharp decline of investments. Many international companies that have begun to show interest in investing in the Kingdom of Saudi Arabia due to the Vision 2030 have started backing up or postponing their plans, this could be better understood at the Future Investment Initiative that was held in Riyadh in October in which many foreign companies that attended the 2017 event didn't show up. Based on one of the reports of Financial Times and the data of the funds from the PIF it is clear that even the Project City of NEOM is at risk of not being able to be completed / at best it will be postponed for several years. Due to this issue another big project that is behind the proposed schedule is the King Abdullah Economic City (KAEC) which is planned to be located in the Red Sea coast near Jeddah (Public Investment Fund, 2019).

Governance and Fiscal Reforms – One place where the Saudi Vision 2030 excels at the moment is the reforms which were conducted and are being conducted in the governmental agencies which are significantly faster. The progress is not only due to the reforms, but it is also due to the huge concentration and consolidation of power in the hands of Mohammed bin Salman which replaced many governmental officials with his loyal supporters and a generation of younger managers. Since the Launch of the Saudi Vision 2030 Transformation program different surveys and studies conducted by international agencies show that there is a sharp increase in accountability and discipline in the Saudi Government – Like the report from The World Economic Forum which shows improvement on all indicators. Since this Transformation is one of the biggest in the world, there have been numerous setbacks, which in order to reduce the fiscal deficit, a series of cutbacks were introduced in the public sector in wages and benefits. Taking in consideration that 2/3 of Saudis work in the Governmental entities this is a huge step forward in reaching the desired outcome, however in April 2017 this initiative was scrapped because there were many political risks that lead to unhappiness in the professionals affected. Another part of this reform is the introduction of 5% Value added tax which is effective from January 2018 which was also accompanied with a monthly rate of 81USD tax on expatriate worker in the Kingdom which

encourages employers to hire more Saudi Nationals and help in making the Saudization program successful.

Another indicator of the positive impact of the Saudi Vision 2030 is the below table which shows the changes in the GDP prior the economic crisis, during the economic crisis and after the Vision 2030 has started to be implemented (Saudi Vision 2030 Blueprint, 2016).

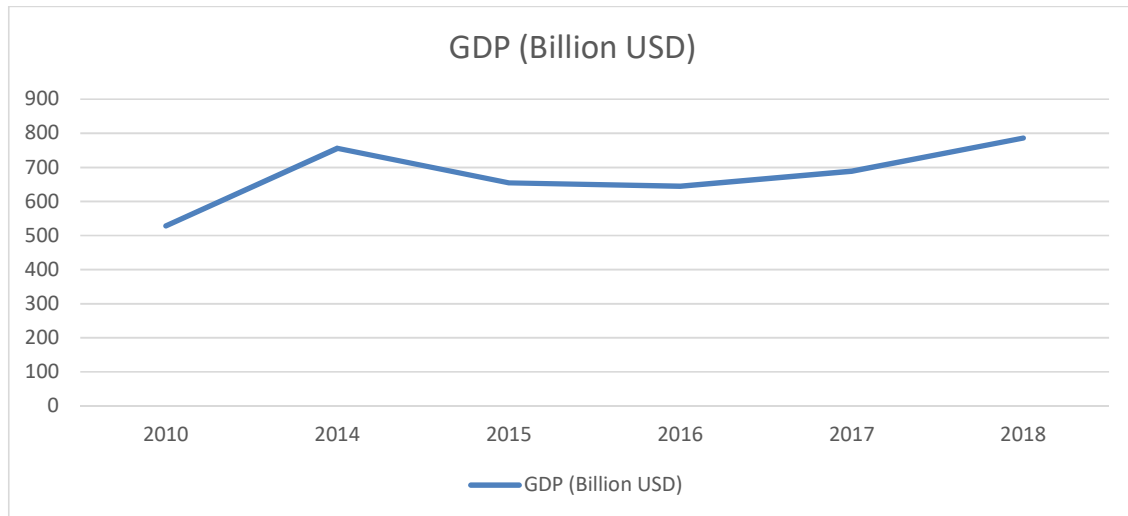


Table 20. GDP (Billion USD). Adapted from the “World Bank – Kingdom of Saudi Arabia Data” Copyright of the World Bank (Saudi Arabia - Data - World bank, 2020)

3.8 The GCC Region Joint Vision

Undoubtedly when we are discussing about Transformation Programs, the 21st century belongs to the countries in the GCC Region. Ranging from different projects in different sectors, to total revival of the country, the GCC Region Countries are paving the way for a future in which the countries in the region will be one of the leaders in economics, quality of life, education and of course in the group of the most influential countries in the world. Of course, if the transformation programs are implemented correctly and they reach the majority of their goals. That is why, the Kingdom of Saudi Arabia and the United Arab Emirates have started to join forces, to create a joint Vision.

After numerous delays in different projects which have led to a tremendous backlash in the form of treasury depletion which in translation means a domino effect on all the Transformation, the Executive Committee of the United Arab Emirates and the Saudi Coordination Council have announced the launch of seven joint committees in order to help in the implementation of the Visions in the GCC Region (Bridge, 2019).

The main focus of the joint committees is integration of: The financial markets and investments; The Industry and Energy; The Environment and Housing; The Tourism and Media; Human Development; Politics, Military and Security;

For the topics there are drafted 26 joint collaboration programs with multiple projects in each field. This plan and joint vision also includes a plan of establishing an agricultural investment company which will have an initial capital of 1.37 Billion USD, besides this huge investment they are also planning to build a unified industrial database which will be linked with supporting the breakbulk sector which is the backbone of the economy after the Oil Industry.

The Break Bulk Sector – This sector is consisted of the biggest ports in the United Arab Emirates and Kingdom of Saudi Arabia and is the major catalyst for the development of additional infrastructure. Besides the obvious, the Break Bulk sector can be considered the Backbone of the Transformation programs, because through this sector which has in control all the ports the biggest source of income after oil is acquired, which in return it means more funds for implementing other programs and projects(Human Capital Development Program | Saudi Vision 2030, 2019).

Besides filling the funds reserve, the Break Bulk sector is of a huge importance because it links the United Arab Emirates and the Kingdom of Saudi Arabia to the world, which in return it means, better logistics for foreign companies and more foreign investments, which is the ultimate goal of the transformation programs.

Taking in consideration the above analyzed joint Vision (Break Bulk Sector Analysis, 2019) , I have come to a conclusion that the Transformation Programs which the countries in the GCC region are undergoing are crucial and at this point it is a matter of failing and having a

tremendous backlash in every aspect (economic, quality of life, financial, educational etc), or having a successful implementation which in return will lead to improvement in the countries quality of life, financial status, foreign investments and overall better political presence in the world(Bridge, 2019).

3.9 Hypothesis Review

The research and analysis conducted on the Transformation Program of Saudi Arabia – Saudi Vision 2030 and its impact in regional and global aspect has been focused on three Hypothesis:

H1. Saudi Vision 2030 will have a positive impact on making the Saudi economy less oil

dependent – One of the main issues which the Kingdom of Saudi Arabia has faced since the discovery of oil has been that its economy has been totally dependent on Oil(Khorsheed, 2015). From the 70s, the Kingdom of Saudi Arabia has been built around the Oil Industry (Oil Industry Focused Economy, Oil Industry Focused Education, Oil Industry Focused Development), however the economic collapse of 2008 has served as a “wake up situation”(Jawadi & Ftiti, 2019) in which the first sings of the Saudi Vision 2030 have started to appear, along with transformation programs in other countries in the GCC Region. As one of the main objectives of the Saudi Vision 2030 is to make the Saudi Economy less oil dependent, based on the evidence, the projects and the improvements which measured and shared by world known sources, undoubtedly we can prove the Hypothesis as correct. – Saudi Vision 2030 is making the Saudi Economy less dependent on oil through the projects in Tourism, Green Energy and other sectors(Vision 2030 Progress, 2018).

H2. Policy reforms with Saudi Vision 2030 will have a positive impact on labor market –

The Kingdom of Saudi Arabia started facing numerous issues in its labor market(Vision 2030 Progress, 2018), even though there were numerous projects which made it possible for students to go and study abroad, still, the majority of students and professionals who started working didn’t have the proper education, neither they did have the opportunities to pursue better education(Naseem & Dhruva, 2017), hence, in the Saudi Vision 2030 Transformation Program it was decided to be included a special program which will be directly involved in changing policy reforms and in improving the knowledge of professionals(Mitchell & Alfuraih, 2018), which in return means better and more efficient labor market. The HRDF – Human Resource Development Fund was created in order to solve the stated issues(Human Capital Development, 2019). The first steps of the HRDF are with subsidization of professional development trainings/certifications, in which

once a professional completes a certain training in: Human Resources, Financial Services, Project Management, Quality Management, Engineering etc, that professional will receive a refund on his investments. This policy in combination with the policy of Saudization (70% of workers to have Saudi Citizenship) (Education and Training - Saudi Vision 2030, 2019) and the policies for easier barriers to entry for foreign companies, without any doubt have had a positive impact on the labor market, and we can say that the Hypothesis for the positive impact of the Saudi Vision 2030 is confirmed as true.

H3. Policy reforms with Saudi Vision 2030 will have a positive impact on attracting

Foreign Direct Investments – Investments are of a huge importance for the economy of a country, because through foreign investments the economy of the country diversifies, and new job opportunities arise (Foreign Direct Investments - Saudi Vision 2030, 2019). In other words, foreign investments are equal to growth in qualified manpower, business development and quality of life improvement. Due to its outdated political system, the Kingdom of Saudi Arabia started facing multiple issues, in which foreign investors were not interested in the Kingdom of Saudi Arabia, because they faced multiple barriers to enter, something which was resolved in the United Arab Emirates, and in return we saw an incline in investments, especially in Dubai (tourism sector). Taking in consideration the success of UAE, the Kingdom of Saudi Arabia through its National Transformation Program and the Public Investment Fund has started to transfer the companies from public to private owned (Gelil, Howarth & Lanza, 2017), and they also have implemented numerous changes in the Governance sector, which at first it started to show promising results. The situation started to improve even more when the changes in tourism (Hussain, 2017) and E-Visa were introduced. However, due to other political factors outside of KSA but including KSA, the foreign investors are still proving to be hesitant in investing in KSA (Dudley, 2018). After analyzing the progress of the Kingdom of Saudi Arabia in Policy reforms, undoubtedly we can say that they are becoming an attractive destination for foreign investments.

CHAPTER 4: CONCLUSIONS AND IMPLICATIONS

It is always extremely difficult to implement standalone projects and to control different changes. None the less, it is basically never seen the type of transformation undergoing in the Kingdom of Saudi Arabia which bring changes so big that the whole region will go through crucial transformations (like the UAE Vision 2021, the Qatar Vision 2030 and the Kuwait Vision 2035).

The Transformation Program – Saudi Vision 2030 which is looking to change every aspect of the Kingdom of Saudi Arabia: Shift from dependency on Oil as the single income stream, to multiple incomes like: Tourism, Logistics, IT, Construction, Port Operations etc. Expansion of the biggest domestic companies and growing their PMO departments to enterprise levels which help the companies become global (Sabic, Aramco, Arasco, Marafiq, Sadaf etc); Implementation of IT in business and in day to day life (STC Solutions); Modernizations and change in governmental institutions (VRO offices and different new entities which control different parts of the projects implemented); Building / improving the infrastructure (Saudi Railways Company and Saudia Airlines); Quality of Life programs;

Therefor this thesis with this research topic is crucial for any upcoming research papers of transformations, because it has research conducted to fully understand the Transformation Program of the Kingdom of Saudi Arabia, to understand the issues that have led to the Transformation program and to identify the measure undertaken in order for this transformation to be successful (the three main themes, the 13 programs and the 96 projects).

Taking in consideration the amount of research that spans from the Governmental entities, to the Public and Private Sector and also to the Economic state of the Kingdom of Saudi Arabia through World Bank data, this research paper will also serve as a point of reference regarding the data of growth and quality of living in the Kingdom of Saudi Arabia due to the Transformation, but, most importantly it will show the different difficulties and measures undertaken in order for this Transformation to be successful.

4.1 Will there be any Transformations like the Saudi Vision 2030?

As stated in this Thesis, the Saudi Vision 2030 is one of the most important transformation programs of the 21st century, and if we analyze it thoroughly it will have the same impact on the Kingdom of Saudi Arabia like the Industrial Revolution had to the world. The reasons for this bold statement are numerous, but what really guarantees that the Saudi Vision 2030 will leave its mark in History is the magnitude of it and the issues it is designed to tackle.

The Saudi Vision 2030 with its 13 programs with 96 Sub – Projects is destined to change the Kingdom of Saudi Arabia in a good or bad way, that will totally depend on the success rate of project implementation. If done well, the economy of the Kingdom will grow, foreign investments will increase, quality of life will improve, tourism will increase and its overall political “weight” in the world will improve, which in return will also mean good news for its neighboring countries, however, with high risk we have high reward, if the implementation of the projects could be unsatisfactory, we are looking at a huge backlash which will send the Kingdom of Saudi Arabia back to the 19th century with numerous financial crisis in the way, and this in return will mean huge issues in the GCC Region.

Will there be any other transformations like the Saudi Vision 2030? – One thing is certain, the Saudi Vision 2030 with its magnitude of projects and transformation is the biggest ever seen, and its challenges are the biggest ever seen, therefore it is a transformation which will be debated and analyzed by scholars for years to come, even after its finish. Taking this in consideration, I am more than certain that there will be plenty transformations of this kind but with less magnitude, and, based on the data which is provided by different organizations, the African Nations are the first to undergo these types of transformations.

There are similar transformations as we speak: Kenya Vision 2030, United Arab Emirates Vision 2021, Kuwaiti Vision, Qatar Vision.

4.2 The Saudi Vision 2030 Transformation and its impact on the Kingdom of Saudi Arabia

To analyze the Saudi Vision 2030 and to state its impact only on the Kingdom of Saudi Arabia is an understatement. The biggest transformation of the 21st century, which is destined to change every aspect of one of the richest countries in the world is destined to have a deep and profound impact on the country, region and the world.

If its 13 programs with 96 Sub – Projects are implemented correctly not only that it will improve all the aspects of the Kingdom (financial, economic, quality of life, education, healthcare, tourism), also its impact will spread in the GCC Region and its neighboring countries will benefit the same, however, if the program and project implementation fails, then we are looking at a huge catastrophe one a global context, not only it will ruin the Kingdom's Economy and growth, it will also heavily impact its neighboring countries, which, taking in consideration the fact that they are the world's leaders in Oil production, that means the impact will spread around the world like a domino effect and we will have on our hands a much bigger financial crisis than the 2008 crisis, we are looking at a crisis which hit the world and the United States of America in particular in the 20th century.

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