



The Cambridge Security Initiative

## SAUDI ARABIA'S VISION 2030: PROGRESS AND PROBLEMS

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At the beginning of a new decade, the Kingdom's balance sheet in achieving the stated goals of [Vision 2030](#) leaves much to be desired. This is in keeping with a historic trail of similar development plans to modernise and diversify the Kingdom since the 1970s: ultimately political considerations have trumped economic goals.

The most promising progress has been in social reform. Under Crown Prince Muhammad Bin Salman's (MBS) discourse of a more 'moderate Islam', [women may now drive](#) and travel without the permission of a male guardian. The number of [women in labour exceeded targets](#) for 2020 and appears likely to meet the 30 per cent benchmark of Vision 2030. Attempts to develop a more robust and [liberal entertainment industry](#) have also met with success, boosting the Kingdom's potential as a tourist destination and [winning MBS popularity with Saudi youth](#).

The economic record is considerably more dismal. The much-lauded [Aramco IPO](#) primarily sold to local and regional investors, thereby failing to achieve its fundamental goal of diversifying the economy and attracting foreign investment. Indeed, current [FDI in the Kingdom](#) is a fraction of what it has been over the last decade, with Vision 2030's most impressive mega-projects such as [NEOM](#) ultimately reliant upon government spending rather than the private sector as originally intended. The Public Investment Fund, intended to be the country's diversification engine has achieved one of the stated goals of Vision 2030 to increase its assets, but the result is to leave the [Kingdom in greater debt than ever before](#). The combination of a downturn in oil prices and low investor confidence due to political instability both at home and abroad, has undermined the core economic underpinnings of Vision 2030.

### OUTLOOK

The introduction of more business friendly regulatory reforms such as commercial courts, bankruptcy law and most recently, residency benefits for foreigners, could in the longer term go some way to easing current low levels of investor confidence and boost foreign direct investment. Similarly, the [possibility of a peace settlement in Yemen and easing tensions with Qatar](#), could provide for a more stable political environment, allowing MBS to direct the Kingdom's resources towards the goals articulated in Vision 2030. However, if tensions with Iran remain high, and the human rights record poor, the Kingdom's political risk rating will not inspire the levels of confidence that Vision 2030 requires.