

The social dimensions of Saudi Vision 2030: a paradigm shift

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The decline in oil prices from the middle of 2014 until the end of 2016 caused a huge fall in Saudi Arabia's financial resources. The oil revenues in the national budget decreased from USD277 billion in 2014 to USD163 billion in 2015 and USD141 billion in 2016. This precipitous decline required pressing reforms to maintain the government's ability to undertake public economic and social spending, including economic and social transfers, and being the employer of last resort. Since HRH King Salman took office in January 2015, a large number of legislative, regulatory and public policy changes have been launched. In April 2016, Vision 2030¹ was launched, followed by two executive programmes, the National Transformation Programme² (NTP) 2020 and the Fiscal Balance Programme³ (FBP) 2020, which aimed to balance the budget by 2020. The state apparatus was restructured, including the integration of the portfolio of labour and social affairs into a new Ministry of Labour and Social Development. Earlier this year, 10 additional programmes⁴ were announced to achieve the vision by 2030.

Although Saudi Arabia is one of the G20 economies, with a gross domestic product (GDP) of about USD650 billion, the largest Arab economy and one of the largest donors of official development assistance (ODA), which exceeded the target of 0.7 per cent of gross national income (GNI) set by the United Nations, the country is paradoxically struggling to address some internal development problems such as poverty, unemployment, vulnerability and inequality, particularly the challenges of translating economic growth into sustainable development outcomes spread throughout the country. In rich economies such as Saudi Arabia, poverty is usually defined as relative rather than absolute poverty. The distribution of income is measured by the Gini coefficient of inequality, but inequality in income does not pose any more of a problem in Saudi Arabia than in other countries of the world. Rather, the problem lies in the multidimensional poverty and inequality—i.e. in the non-income space, including gender inequality.

Indeed, the challenge of multidimensional poverty is exacerbated by the effects of other consequences—particularly inequality. For example, in many cases, restrictions on women have additional effects on poverty because of women's limited capacity to compensate for income losses. The high unemployment rate among women, which is more than seven times the rate among men, the low participation of women in the labour force, and gender segregation in many markets, with negative consequences for equal opportunities, have been identified among many poor female-headed households as structural factors limiting their ability to cope with poverty.

Saudi Arabia has long had in place generous social safety nets with components of social protection that benefit many social groups but are characterised by a legacy of waste due to exclusion and inclusion errors. However, recent changes introduced by Vision 2030 suggest changes in the thinking and mechanisms towards a new socio-economic philosophy.

To address internal development issues such as poverty, vulnerability and inequality, Vision 2030 and its programmes have, *inter alia*, pointed to a number of specific goals, targets and policy measures to reduce social vulnerability, address labour market issues for women and promote quality in education and training initiatives. In addition to addressing the structural social and economic challenges long faced by the country, there is a high

level of integration of political will and development planning through the adoption of ambitious programmes to implement the vision.

Universal in-kind subsidies and transfers, including for food, water, electricity and fuel, contributed to reducing household vulnerability and maintaining decent per capita consumption and standards of living. Over time, the expansion of subsidies, transfers for social security and the unemployment benefits (*Hafiz*) scheme have helped mitigate the consequences of development disparities between regions and at the local level within each region and have served as disincentives to internal migration. However, in-kind subsidies also benefit 11 million expatriates, who make up 33 per cent of the total population.

As part of the FBP—aligned with Vision 2030, whose goals provide an integrated framework for a vibrant society—the Unified 'Citizen's Account'⁵ was launched, representing a move towards conditional cash transfers (CCTs) with a view to mitigating the impact of the fiscal reforms in a way that goes beyond the temporary and limited objectives of social safety nets. Since its inception in February 2017, the number of households registered so far has reached about 3.5 million, with more than 12 million registered individuals, representing more than half of the Saudi population, who directly entered their data into the online database with web interface which enables participants to register and update their data. Potential beneficiary status must be updated quarterly and is validated based on the self-declared profile and supporting documents. The categories of potential beneficiaries include Saudi heads of household, mobility card holders, Saudi women married to a non-Saudi, independent Saudi individuals, and social security beneficiaries. The amounts of the CCT payments depend on such factors as household size, composition and income.

The Citizen's Account database will help consolidate the fragmented social safety net programmes, and through electronic synchronisation and interoperability among agencies will enable the government to build an appropriate profile of socio-economic indicators related to household well-being and thus devise better evidence-based policymaking.

We conclude that the Saudi experience has benefited considerably from recent literature on social protection, inclusive growth, sustainable development and successful CCT programmes, particularly in Latin America and the Caribbean such as *Solidario* (Chile) and *Bolsa Família* (Brazil), in particular the single registry (*Cadastro Único*). Policy resonance can also be characterised by three shifts: the transition from safety nets to social policy, from universalism to targeting and from in-kind subsidies to CCT programmes. We use the term 'policy resonance' for policy changes that are both massive and decisive towards a new paradigm.

Reference:

Elsayyad, Amina Saeed. 2016 (forthcoming). "Going Beyond Social Safety Nets: The Emerging Landscape of Social Policy in Saudi Arabia."

Notes:

1. See <<http://vision2030.gov.sa/download/file/fid/417>>.
2. See <http://vision2030.gov.sa/sites/default/files/NTP_En.pdf>.
3. See <http://vision2030.gov.sa/sites/default/files/attachments/BB2020_EN.pdf>.
4. See <www.vision2030.gov.sa/download/file/fid/1319>.
5. See <<https://ca.gov.sa/#/home>>.