

المركز الوطني للتنافسية

NATIONAL COMPETITIVENESS CENTER

تيسير | TAYSEER



Saudi Arabia's Performance in International Benchmarks

A 2019 Synthesis Report





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01

About The NCC

1. About NCC

The National Competitiveness Center (NCC)

Is the institutional arm of the government of Saudi Arabia at the forefront of the government's reform efforts to create a favorable business environment to strengthen the global competitiveness of the Saudi economy.

Established in 2019 under the Council of Economic and Development Affairs (CEDA), the NCC forms an integral component of the arsenal of reforms that the Kingdom has put in place to support Vision 2030, the Kingdom's flagship national development strategy.

Our core activities focus on developing investment and business-friendly laws and regulations that enable a competitive economy driven less by oil and more by the creativity, ingenuity and skills of private investors, innovators, and entrepreneurs.

Improving national competitiveness is a broad policy goal that encompasses a diverse range of factors and policy inputs including education and training, research and development, entrepreneurship and innovation, digital and hard infrastructure, and enabling macro-economic environment. Through cross-sectoral collaboration, we are committed to enabling a pro-investment and pro-business environment that is conducive to growth and competitiveness.

1. About NCC

Our Vision

By 2030 the Kingdom of Saudi Arabia will be one of the world's 10 most competitive economies driven by our focus on investment, entrepreneurship, innovation and productivity.

Our Mission

To strengthen the global competitiveness of the Saudi economy through the promotion of an investment and business - friendly regulatory environment and the alignment of all government sectoral strategies around a unified vision of competitiveness.



1. About NCC

Our Objectives

The National Competitiveness Center has six main objectives:

1. Identify the bottlenecks and challenges facing the public and private sectors, and propose reforms to address them.
2. Support government entities' implementation of the reforms.
3. Track and analyze Saudi Arabia's performance on global reports and indices and develop cross- sectoral actions to address root causes underlying underperformance.
4. Solicit the views of investors, businesses, and professional organizations on the different dimensions of competitiveness.
5. Carry out data-driven research on the different dimensions of competitiveness to inform government policy and investors' decisions.
6. Raise awareness among all the stakeholders, including government entities, businesses, entrepreneurs, professional organizations, the media, and the public about the critical importance of competitiveness for the prosperity of the country.





02

Executive Summary

2. Executive Summary

Building a Competitive Economy, a Key Aspiration of Vision 2030: The launch of Vision 2030 in 2016 heralded a new development era for the Kingdom of Saudi Arabia.

At the heart of Vision 2030 is a set of structural policies and programs that aim to: diversify the economy, promote investments, expand the role of the private sector, strengthen human capital, and leapfrog development through the promotion of research and development. The end goal of the national development strategy is the development of a competitive and productive economy capable of generating quality jobs, raising standards of living for the population, and ensuring inclusive growth.

Raising the global competitiveness of the Saudi economy is an explicit target of Vision 2030. In fact, the national strategy aspires for the Saudi economy to be among the top 10 most competitive economies in the world by 2030. To meet this target, the government has launched major competitiveness-enhancing policies and programs. The National Competitiveness Center, an institution reporting directly to the Council of Economic and Development Affairs (CEDA), has been entrusted to track the Kingdom's progress to meet this target.

Government's Approach to Competitiveness: The government's approach to raising national competitiveness is multi-dimensional in nature. It involves creating a business- friendly regulatory environment; strengthening the macro-economic environment; attracting foreign direct investments (FDI); investing in 5G and other productivity-enhancing infrastructure, such as roads, airports and ports; reforming the education and training system; lifting barriers for the participation of women and youth in the economy; addressing dysfunctionalities in the labor market; opening new sectors of the economy to private enterprises, among other measures.

In combination, these measures will create the enabling institutions, build productivity-enhancing assets, and enable firms to access resources and capabilities to be more competitive globally.

This report provides a synthesis of the performance of the Kingdom on five leading global competitiveness benchmarks that the National Competitiveness Center (NCC) tracks as part of its mandate:

1. **Global Competitiveness Report Published by the World Economic Forum (WEF)**
2. **World Competitiveness Yearbook Published by the International Institute for Management Development (IMD)**
3. **Doing Business Report Published by the World Bank Group**
4. **Women, Business and the Law Report Published by the World Bank Group**
5. **Human Capital Index Published by the World Bank Group**

Despite some similarities among the global benchmarks, there are also differences among them with respect to what they measure and the methodology they use. Together they offer enriching perspectives for understanding the Kingdom's competitiveness standing.

2. Executive Summary

The Kingdom on an Upward Trajectory of Improvement: Overall, this report paints a picture of Saudi Arabia as a country that is on a year-on-year march of improvement in ranking compared to 2018:

Benchmarks	Previous Rank	Current Rank	Change
WEF Global Competitiveness Report covering 141 economies	39	36	+3
IMD World Competitiveness Yearbook covering 63 economies	39	26	+13
World Bank's Doing Business Report covering 190 economies	92	62	+30
World Bank's Women, Business, and the Law Report covering 190 economies	31.8 (score)	70.6 (score)	+38.8 (score)
World Bank's Human Capital Index covering 157 economies	N/A	73	-

Table 1: The Kingdom's performance across Benchmarks

The report provides an in-depth analysis of the performance of the Kingdom on each benchmark followed by recommendations for further improvement.

Insights from the Analysis: Five major insights emerge from the analysis across the benchmarks:

1.A Country on the Move: The global benchmarks show that the Kingdom is on an upward trajectory of improvement, compared to the previous year. A clear indication that Vision 2030 reforms have begun to bear fruit.

2. Top Reformer: On three benchmarks, the IMD World Competitiveness Yearbook and the World Bank's Doing Business and Women, Business and the Law reports, the kingdom is coronated as the top reformer among participating economies, testimony to the remarkable efforts that it has made on multiple fronts to improve its global standing.

3. Improvement is Broad: Momentum for change is not restricted to a single area of reform but broad, covering many areas and pointing to a synchronized whole-government-approach to strengthening national competitiveness. Such an approach, orchestrated by the NCC, is a model for pursuing similar reforms in the future.

2. Executive Summary

4. Remarkable Speed of Implementation: The year-on-year remarkable achievements on some benchmarks point to an unprecedented speed in the implementation of reforms. In some areas of reform, the kingdom was able to achieve in one year what other countries have taken years to realize.

5. A Global Benchmark in some Areas: Although the Kingdom may not have achieved all Vision 2030 aspirations yet, in many areas of competitiveness, such as macroeconomic stability, it is already a global leader. Sustaining this global leadership status is as important as moving forward.

The insights above offer a solid basis for designing the next generation of reforms to catapult the Kingdom into an even higher global competitiveness standing in 2020. Improving the Kingdom's performance on global benchmarks is not the objective of the reforms. Rather, the objective is to trigger transformations in the real economy that increase the prosperity of the nation. The conclusions gleaned from the performance of the Kingdom are used for guide to frame development priorities and design policy responses, in combination with other more policy marking instruments.



03

Introduction

3. Introduction

This report is the first annual report produced by the National Competitiveness Center (NCC) synthesizing the global competitiveness standing of the Kingdom across major global benchmarks.

Its purpose is to provide decision-makers with a comprehensive picture of the competitiveness status of the Kingdom as evaluated by objective third-party international organizations.

Different organizations use different indicators and methodologies to assess national competitiveness. In combination, however, they overall tend to provide complementary perspectives that enrich decision-makers' understanding of the Kingdom's competitiveness standing.

Since the launch of Vision 2030 in 2016, the government has implemented many structural reforms affecting the different dimensions of the economy and society. At the heart of these structural reforms is an integrated set of policies and actions to diversify the economy, promote investment and productivity, expand the role of the private sector, strengthen human capital, and leapfrog development through promotion of research and development. The end goal is a competitive economy capable of generating quality jobs for the citizens, raising standards of living for the population, and ensuring inclusive growth.

This report provides a synthesis of the progress that the Kingdom has made in a year towards achieving that goal. The report combines an analysis of the Kingdom's performance for the year and tracks it year-on-year.

The combination of the synchronic and diachronic perspectives yields important insights not only into current achievement, but more importantly into rates of change, learning, and improvement over time.

Improving the Kingdom's performance on global benchmarks is not the objective of the reforms. Rather, the objective is to trigger transformations in the real economy that increase the prosperity of the nation. The conclusions gleaned from the performance of the Kingdom on international benchmarks are used for guidance purposes in combination with other more objective policy marking instruments to frame development priorities and design policy responses.

In the long run, what matters most for sustainable growth and prosperity is for the Kingdom to continue reforming, innovating, learning and improving, even when it has reached favorable positions in the global rankings.

Sustaining a solid competitiveness standing in a globalized economy where other countries are pursuing similar policy goals is an ever-lasting endeavor.

A large industrial refinery or petrochemical plant is shown at sunset. The sky is filled with orange and yellow clouds. In the foreground, there are large white storage tanks with red railings. In the background, there are tall distillation columns and a complex network of pipes and structural steel. The scene is illuminated by the warm light of the setting sun.

04

Perspectives on Competitiveness

4. Perspectives on Competitiveness

There is no one single broadly-agreed upon definition of national competitiveness. Different organizations, academics and thought leaders seem to have slightly different perspectives on competitiveness, hence, the differences in the variables/indicators that they chose to focus on to measure it.

Broadly speaking, there are at least two broad perspectives on competitiveness:

Competitiveness as productivity: This perspective views national competitiveness in terms of productivity, or the ability of industries in a country to combine factors of production (natural resources, labor, capital, entrepreneurship) and technology creatively under enabling government institutions and policies to produce goods and services at quality and price levels that outmatch similar products and services from other nations.

Under this perspective, popularized mostly by Harvard Professor, Michael Porter, a nation is competitive in an industry because its firms are more productive compared to other nations. Economic history shows that productivity is fundamental to raising wages, improving standards of living, and ensuring the prosperity of a nation.

The key to raising national competitiveness under this view is to increase productivity. Productivity growth entails either that more output is created for the same level of inputs, or that fewer inputs are used to produce the same level of output. National competitiveness depends less on the inputs as on the creative ability of firms to creatively use them.

Putting in place the appropriate institutions and policies and investing in productivity-enhancing actions are the drivers of national competitiveness and is an everlasting policy goal.

Competitiveness as comparative advantage: This second perspective is a variant of the first and focuses on competitiveness as a feature of specific institutions, policies and factors of production in a specific economy. Hence, the common reference to “competitive taxes”, “competitive interest rates”, “competitive human capital”, “competitive infrastructure”, etc. While the first perspective is holistic in nature, the second is narrower in focus.

The NCC uses both perspectives to enrich its understanding of the competitiveness of the Saudi economy. The first perspective defines a long-term outcome, expected to be achieved and sustained, after all the structural economic reforms spearheaded by Vision 2030 are successfully implemented to enable the Saudi firms to be productive, ergo, competitive in the global marketplace.

The second perspective is more focused and provides decision-makers with in-depth understanding of the Kingdom’s global standing with respect to specific inputs and is more pertinent as Vision 2030 reforms are rolled out.



05

Competitiveness and Vision 2030

5. Competitiveness and Vision 2030

Vision 2030 is a bold and ambitious national development strategy that seeks to wean the Kingdom off its dependence on oil, by structurally transforming the national economy through investment, diversification, productivity, entrepreneurship, and strengthened role of the private sector. Underpinning Vision 2030 is a pro-business, pro-investment and pro-export approach that orients its reform program.

Strengthening national competitiveness is a central focus of Vision 2030 as it strives for the nation's welfare. The national strategy has dedicated a stand-alone target for this policy area:

▲ **Moving from the 25th to a top 10 position on the global competitiveness report.**

But over and above its foregrounding in a stand-alone target, competitiveness is implicitly present in many other targets, including:

- ▲ **Increasing international GDP ranking from the 19th to the top 15 positions.**
- ▲ **Increasing private sector share in GDP from 40 to 65 percent.**
- ▲ **Increasing non-oil exports from 16 to 50 percent of non-oil GDP.**
- ▲ **Increasing women participation in the labor market from 22 to 30 percent.**
- ▲ **Increasing contribution of small and medium enterprises (SMEs) in GDP from 20 to 35 percent.**

Through its focus on competitiveness, Vision 2030 seeks to unlock the Kingdom's economic potential and unleash the enterprising spirits of private investors and entrepreneurs in the global markets. Only through globally competitive businesses can the Kingdom generate wealth and prosperity for shareholders, employees, and citizens at large.

Achieving Vision 2030 competitiveness target requires the collaboration of all relevant government entities, since competitiveness is not the ownership nor the responsibility of any one single government entity. Increasing competitiveness is a policy priority that cuts across many government entities and requires the engagement of the private sector. Each entity may be responsible for a specific input to competitiveness, say human capital or infrastructure, but the long-term outcome of creating a competitive economy requires the collaboration and synchronization of reform efforts across multiple entities.

Although the NCC is the government entity mandated with promoting and tracking national competitiveness, it has, since its establishment, adopted a "Whole-of-Government Approach" that ensures all the stakeholders are engaged.



06

Benchmarks Covered in this Report

6. Benchmarks Covered in this Report

This synthesis report covers five main global benchmarks:

- 1. WEF Global Competitiveness Report**
- 2. IMD World Competitiveness Yearbook**
- 3. World Bank's Doing Business Report**
- 4. World Bank's Women, Business and the Law Report**
- 5. World Bank's Human Capital Index**

The five benchmarks are recognized by most countries as sound measurements of all, or specific dimensions, of competitiveness.

The first two are composite benchmarks, measuring all the variables that their authors believe to be inputs to national competitiveness. In theory, these comprehensive measurements are closest, but not a perfect match, to competitiveness-as-productivity perspective.

Ultimately, using efficiently all the benchmarks' underlying inputs may lead to higher productivity, ergo, higher competitiveness in the global marketplace.

The third, fourth and fifth benchmarks are also composite in nature, but are narrower in scope than the first two. They provide insights into the Kingdom's standing with respect to specific inputs to national competitiveness.

The Doing Business report—the third benchmark—focuses on regulations, policies and procedures that govern the establishment of new businesses and the expansion of existing ones. Its results offer robust insights into the competitiveness of the Kingdom's business climate, a critical factor that investors take into account in making decisions about favorable destinations for their investments.

The Women, Business and the Law report—the fourth benchmark—is even narrower in scope through its focus on assessing the extent to which countries' laws and regulations support women economic participation. The underlying implicit theory is that nations with laws and regulations that empower women to participate productively in business and the economy possess a competitive advantage over more restrictive nations.

The Human Capital Index—the fifth benchmark—measures a country's human capital, and more specifically education and health. What is critical to point out, however, is that the Human Capital Index differs from the other benchmarks incorporated in this report by being predictive of productivity, and by implication, competitiveness.

In other words, while the other benchmarks describe a country's standing as is in the present, the Human Capital Index makes predictions about gains and losses of productivity based on trends in human capital accumulation (see below).



07

Rationale for the Selection of Benchmarks

7 . Rationale for the Selection of Benchmarks

The NCC has made the deliberate decision to focus on these five benchmarks for this first report for four main reasons:

1.Reputation: The five benchmarks are widely tracked by governments globally and are widely quoted in international business media, testimony to their reputation among investors.

2. Objectivity: They are comparatively more objective than many other benchmarks. Some other benchmarks incorporate variables for which no data is available for the Kingdom, penalizing its standing. As data collection improves, the NCC will incorporate these benchmarks in its annual scorecard.

3. Methodological Diversity: the five benchmarks use different measurement methodologies. One important methodological difference relates to whether the report/index is descriptive or predictive in nature. WEF Global Competitiveness Report, IMD World Competitiveness Yearbook, Doing Business Report, and Women, Business and the Law Report mostly evaluate the situation as is, while the Human Capital Index is inherently predictive in nature. It predicts the future loss or gain in productivity (the long-term driver of competitiveness) based on scenarios and trends related to current human capital accumulation.

4. Comprehensiveness: Finally, in combination, the five benchmarks offer a comprehensive picture of the Kingdom's competitiveness standing. While individual government entities focus mostly on benchmarks measuring the technical areas under their mandates, there is a need for all government entities to focus on the big picture and their contributions to it.



08

Global Benchmarks' Constructs and Methodologies

8. Global Benchmarks' Constructs and Methodologies

Differences in Methodology: The global benchmarks included in this report vary in the variables they cover, their definition, and in the methodologies that they use to measure them:

Global Benchmark	Indicators and Methodology
<p>WEF Global Competitiveness Report</p>	<p>The report collects data on 103 indicators covering 12 pillars of national competitiveness:</p> <ul style="list-style-type: none"> ▲ Institutions. ▲ Infrastructure. ▲ ICT Adoption. ▲ Macro-Economic Stability. ▲ Health. ▲ Skills. ▲ Product Market. ▲ Labor Market. ▲ Financial System. ▲ Market Size. ▲ Business Dynamism. ▲ Innovation Capability. <p>The report uses two data sources:</p> <ul style="list-style-type: none"> ▲ An executive opinion survey that provides data for 30 percent of the indicators. ▲ Publicly available data, especially data from United Nations-affiliated organizations, contributing 70 percent of the indicators.
<p>IMD World Competitiveness Yearbook</p>	<p>The index underlying the IMD World Competitiveness Yearbook collects data on 4 main factors of competitiveness:</p> <ul style="list-style-type: none"> ▲ Economic Performance. ▲ Government Efficiency. ▲ Business Efficiency. ▲ Infrastructure. <ul style="list-style-type: none"> ▲ These factors are further disaggregated in 20 sub-factors with a total of 235 indicators. ▲ Data for 61 percent of the indicators comes from hard statistics, and 39 percent from a survey of the private sector.

8. Global Benchmarks' Constructs and Methodologies

Global Benchmark	Indicators and Methodology
World Bank's Doing Business Report	<p>The Report focuses on the following 10 indicators:</p> <ul style="list-style-type: none"> ▲ Starting a business. ▲ Dealing with construction permits. ▲ Getting electricity. ▲ Registering property. ▲ Getting credit. ▲ Protecting minority investors. ▲ Paying taxes. ▲ Trading across borders. ▲ Enforcing contracts. ▲ Resolving insolvency. <p>The report's methodology combines:</p> <ul style="list-style-type: none"> ▲ A detailed study of national regulations and procedures. ▲ Surveying of business professionals (lawyers, judges, notaries, accountants, architects, engineers and other specialists) on the extent of application of such regulations in practice.
World Bank's Women, Business and the Law Report (WBL)	<p>WBL Indicators are structured around women's interactions with the law as they begin, progress through and end their careers, and align with the economic decisions that women make at various stages of their lives.</p> <p>WBL is focused on 8 key indicators:</p> <ul style="list-style-type: none"> ▲ Mobility . ▲ Workplace. ▲ Pay. ▲ Marriage. ▲ Parenthood. ▲ Entrepreneurship. ▲ Assets. ▲ Pension. <p>WBL's methodology combines:</p> <ul style="list-style-type: none"> ▲ Analysis of the laws, procedures and regulations for each country around the key 8 indicators above. ▲ Polling survey of legal experts, the community and the World Bank country teams.

8. Global Benchmarks' Constructs and Methodologies

Global Benchmark	Indicators and Methodology
World Bank's Human Capital Index (HCI)	<p>HCI collects hard data on five key indicators:</p> <ul style="list-style-type: none"> ▲ Probability of survival to age five. ▲ A child's expected years of schooling. ▲ Test scores. ▲ Adult survival rate. ▲ Stunting rate among children. <p>▲ Based on the data related to the indicators above, HCI measures the human capital that a child born today can expect to accumulate by the age of 18 in their country, compared to their potential if they had access to quality health and complete quality education for 14 years.</p> <p>▲ Losses or gains in future economic productivity is measured based on the scenario above.</p>

Table 2: Methodological differences among global Benchmarks

Differences in scope of variables: Global benchmarks may also differ with respect to their definitions/scope of the variables they cover. Two benchmarks may incorporate the same variables, but their focus, scope and coverage may be different. For example, education/skills is an area measured in both the WEF Global Competitiveness Report and the Human Capital Index. However, their focus in each is different. Under the former, the definition of skills is broader, and is measured mostly through executives' subjective perceptions of quality. Under the Human Capital Index, the focus is on the skills of K-12 (publicly-supported school grades prior to college) students and is measured mostly through objective learning outcomes that are mapped to years of schooling.

Extrapolating from the results of one benchmark to the other is difficult. However, in combination, different benchmarks may offer decision-makers with richness of perspectives on the different dimensions of competitiveness.



09

National Competitiveness Scorecard 2019

9. National Competitiveness Report Card 2019

The Kingdom on the Forward March of Progress: Overall, this reports shows that Saudi Arabia has improved this year compared to 2018:

Benchmarks	Previous Rank	Current Rank	Change
WEF Global Competitiveness Report covering 141 economies	39	36	+3
IMD World Competitiveness Yearbook covering 63 economies	39	26	+13
World Bank's Doing Business Report covering 190 economies	92	62	+30
World Bank's Women, Business and the Law Report covering 190 economies	31.8 (score)	70.6 (score)	+38.8 (score)
World Bank's Human Capital Index covering 157 economies	N/A	73	-

Table 3: The Kingdom's performance across benchmarks

Broad Improvement: Across all the indicators (the Human Capital Index is not included because its first edition was inaugurated in 2018), the Kingdom has improved its standing. The reforms that the Kingdom has put in place seem to bear fruit.

A Top Performer: The jump in the World Bank's Doing Business 2020 ranking and the Women, Business and Law 2020 score are historic by all indicators, coronating the Kingdom as a top performer as judged by a reputable international development organization, using some of the most objective measurement methods.

A Top Improver: Similarly, the Kingdom's 13-spot jump in the IMD World Competitiveness Yearbook marks the Kingdom as a top improver, further corroborating the positive results in other reports and indices.

A positive year for the Kingdom: Although that it has not yet achieved the Vision 2030 target of making Saudi Arabia among the top 10 competitive economies in the world, the government is implementing reforms pushing the Kingdom into that direction.

WORLD ECONOMIC FORUM

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OF THE WORLD

10

WEF Global Competitiveness Report 2019

10. WEF Global Competitiveness Report 2019

1. About the Report

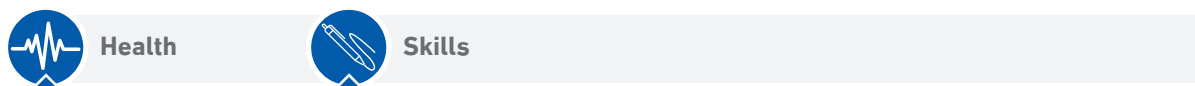
The Global Competitiveness Report is a yearly report published by the World Economic Forum. The report is based on individual countries' performance in the Global Competitiveness Report, a measure that integrates the macro and the micro dimensions of competitiveness into a single integrated benchmark.

Underlying the report is a theory of competitiveness as the outcome of the interaction of positive institutions, policy actions and factors pertaining to four dimensions of a national economy: **(1) Enabling Environment, (2) Human Capital, (3) Markets, and (4) Innovation Ecosystem.** To concretely measure countries' performance along these dimensions, the report uses a total of 103 indicators, bundled into **12 pillars**:

1. Enabling Environment



2. Human Capital



3. Markets



4. Innovation Ecosystem

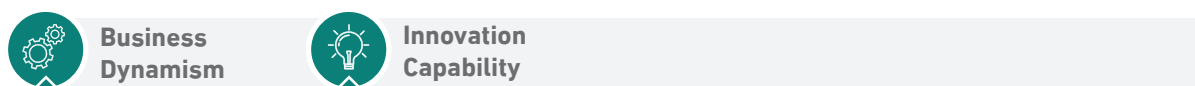


Figure 1: Dimensions and Pillars of the Global Competitiveness Report

10. WEF Global Competitiveness Report 2019

2. Saudi Arabia's Aggregate Performance

Globally, Singapore is coronated as the most competitive economy in the world, outperforming the United States, which held that position in 2018:



Rank	Country	Change 2018 - 2019	Score
1	 Singapore	+1 ▲	84.8
2	 United States	-1 ▼	83.7
3	 Hong Kong	+4 ▲	83.1
4	 Netherlands	+2 ▲	82.4
5	 Switzerland	-1 ▼	82.3
6	 Japan	-1 ▼	82.3
7	 Germany	-4 ▼	81.8
8	 Sweden	+1 ▲	81.2
9	 United Kingdom	-1 ▼	81.2
10	 Denmark	0 —	81.2

Table 4: Top 10 Competitive economies in the Global Competitiveness Report

Saudi Arabia Outperforming 105 Economies: With a score of 70, Saudi Arabia moved to 36th position among 141 participating economies, three spots above its 2018 standing. In this position Saudi Arabia has outperformed 105 economies.

6th Most Improving Economy in the World: The Kingdom is the sixth most improving economy with 2.5 points improvement in score compared to 2018, outperforming 135 participating economies.

10. WEF Global Competitiveness Report 2019







Country	2018 Score	2019 Score	Change
 Vietnam	58.1	61.5	+3.5 ▲
 Kuwait	62.1	65.1	+3.0 ▲
 Guinea	43.2	46.1	+2.9 ▲
 Azerbaijan	60.0	62.7	+2.7 ▲
 Burundi	37.5	40.3	+2.7 ▲
 Saudi Arabia	67.5	70.0	+2.5 ▲

Table 5: Top 6 improving economies in the Global Competitiveness Report

3rd Most Competitive Economy in the Arab World: When compared to the 12 Arab countries participating in the report, the Kingdom is among the top 3 most competitive economies in the Arab world with the United Arab Emirates.

16th G20 Economy by GDP Size but 11th in Competitiveness: The Kingdom is the 16th largest G20 economy in terms of GDP size, however it ranks as the 11th most competitive economy among the G20 countries. This performance indicates that the Kingdom is punching above its weight when compared to five G20 countries with larger economies: India, Brazil, Russia, Mexico, and Indonesia. This is a very positive standing that the Kingdom needs to maintain.

10. WEF Global Competitiveness Report 2019

G20 Rank	Country	2018 Global Rank	2019 Global Rank	Change
1	 United States	1	2	-1 ▼
2	 Japan	5	6	-1 ▼
3	 Germany	3	7	-4 ▼
4	 United Kingdom	8	9	-1 ▼
5	 South Korea	15	13	+2 ▲
6	 Canada	12	14	-2 ▼
7	 France	17	15	+2 ▲
8	 Australia	14	16	-2 ▼
9	 China	28	28	0 —
10	 Italy	31	30	+1 ▲
11	 Saudi Arabia	39	36	+3 ▲
12	 Russia	43	43	0 —
13	 Mexico	46	48	-2 ▼
14	 Indonesia	45	50	-5 ▼
15	 South Africa	67	60	+7 ▲
16	 Turkey	61	61	0 —
17	 India	58	68	-10 ▼
18	 Brazil	72	71	+1 ▲
19	 Argentina	81	83	-2 ▼

Table 6: G20 countries ranking in the Global Competitiveness Report

10. WEF Global Competitiveness Report 2019

3. Kingdom's Progress Across all Pillars

The average general scores and overall ranking hide some remarkable differences in the Kingdom's performance in different pillars, pointing to both remarkable areas of strength and areas for improvement. A deep dive into the analysis of the Kingdom's standing by individual pillars provides a much more nuanced snapshot of the Kingdom's competitiveness standing in 2019, compared to the participating countries. Across all the pillars, the Kingdom has made improvements or maintained its global positions compared to 2018:



Figure 2: The Kingdom's performance by Pillar

10. WEF Global Competitiveness Report 2019

Remarkable Double-Digit Improvement in 3 Pillars: ICT Adoption, Product Market, and Labor Market are the three pillars where the Kingdom has most progress, enabling the Kingdom to jump in overall score. This performance is an indication of the success of the reforms that Kingdom has put in place, although a lot still needs to be done to improve the overall ranking (see below).

4. Competitiveness Map with Varying Areas of Strength and Weakness

With the ongoing implementation of different Vision 2030 structural and programmatic reforms, the Kingdom is continuously reshaping its competitiveness standing globally:

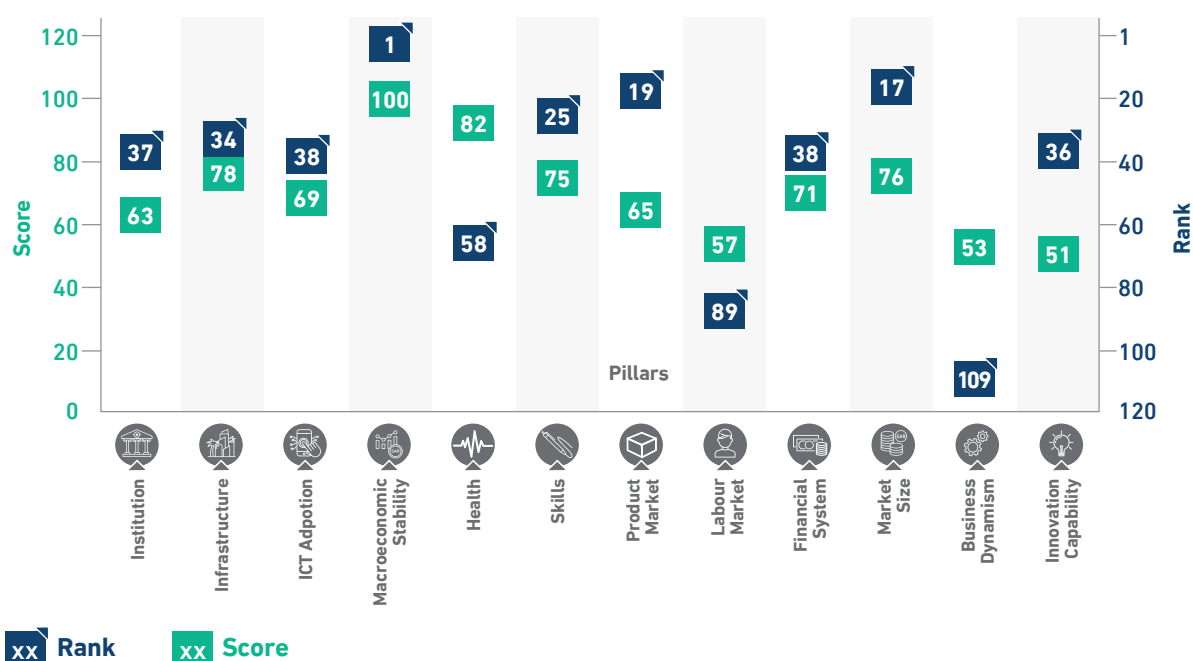


Figure 3: The Kingdom's Competitiveness Map

Global Leader in Macro-Economic Stability: Macro-Economic stability is a key strength of the competitiveness of the Kingdom. With a perfect score of 100, the Kingdom is a top economy in the world far above its overall ranking of 36. The Kingdom's combination of low inflation and positively perceived debt dynamics are comparable to the best economies in the world. This is a laudable achievement for the Kingdom, especially given the importance that foreign investors tend to pay attention to the macro-economic environment in their decisions to allocate capital across potential emerging market destinations.

Among Top 20 Economies in 3 Pillars: Three pillars rank the Kingdom among the top 20 economies in the world: macro-economic stability (rank: 1), market size (rank: 17), and product market (rank: 19), far above its overall rank of 36.

10. WEF Global Competitiveness Report 2019

Among 40 Economies in 6 Pillars: Six more pillars put the Kingdom among the top 40 economies in the world: skills (25), infrastructure (34), innovation capability (36), institutions (37), financial system (38), and ICT adoption (38).

Among Bottom 50 Economies in 3 Pillars: Three pillars have dragged down the overall performance of the Kingdom below its average rank: business dynamism (109), labor market (89), and health (58). With respect to business dynamism, it is expected that the ranking of the Kingdom will improve significantly in the future, given its stellar performance on the World Bank's Doing Business Report 2020.

Overall, 9 pillars put the Kingdom among the top 40 most competitive economies in the world, while 3 seem to have dragged the overall performance of the Kingdom lower.

5. Deep Dive Analysis

Individual indicators are where government policy and programmatic actions have most effect in improving the performance of the Kingdom. Positive action at the indicator level is what drive the performance of the Kingdom at the pillar and entire report levels.

Top 10 Year-on-Year Improving Indicators: The reforms that the Kingdom has implemented over the past year have yielded some important improvement on many indicators, cutting across many pillars. Reforms in the financial sector and availability of data have enabled the Kingdom to jump 123 spots, making the highest jump for the Kingdom across all the 103 indicators that are covered by the report:

10. WEF Global Competitiveness Report 2019

Pillar	Indicator	2018 Rank	2019 Rank	Change
Financial System	Credit Gap	124	1	+123
Institutions	Budget Transparency	127	96	+31
ICT Adoption	Internet Users	44	13	+31
Skills	Ease of Finding Employees	45	14	+31
Infrastructure	Efficiency of Train Services	50	26	+24
Infrastructure	Exposure to Unsafe Drinking Water	79	56	+23
Labor Market	Hiring and Firing Practices	37	14	+23
Skills	Quality of Vocational Training	53	35	+18
Skills	Skills of Graduates	50	32	+18
Financial System	Financing of SMEs	36	19	+17

Table 7: Top 10 Year-on-Year Improving Indicators for the Kingdom

Top 10 Year-on-Year Regressing Indicators: Following are the top ten indicators where the performance of the Kingdom has been regressed. However, it is important to note that the time lag between the issuance of the WEF Global Competitiveness Report 2019 and the issuance of timely data by international organizations, including the World Bank, may have affected the results.

10. WEF Global Competitiveness Report 2019

Pillar	Indicator	2018 Rank	2019 Rank	Change
ICT Adoption	Fixed-broadband Internet Subscriptions	81	89	-8
Market Size	Imports of Goods and Services	114	120	-6
Infrastructure	Railroad Density	97	102	-5
Financial System	Non-Performing Loans	17	21	-4
Labor Market	Redundancy Costs	104	108	-4
Financial System	Market Capitalization	29	32	-3
Innovation Capability	Research Institutions Prominence	37	40	-3
Business Dynamism	Time to Start a Business	97	100	-3
Labor Market	Flexibility in Wage Determination	18	20	-2
Institutions	Incidence of Corruption	50	52	-2

Table 8: Top 10 Year-on-Year Regressing Indicators for the Kingdom

Kingdom's Progress Outweighs Regression: If we use average change in ranking for the top 10 improving indicators and the 10 regressing indicators as a proxy for measuring overall direction of change, it is clear that progress far outweighs regression, testimony to the positive impact of reforms. The top 10 improving indicators have an average jump of 40 positions; while the regressing indicators have an average slide of only 4 positions.

Top 10 Indicators in 2019: While the Kingdom is ranked 36 globally, 10 indicators enlist the Kingdom among the 10 top economies in the world. In fact, on 4 of these indicators, the Kingdom is a global leader. Many reforms that the Kingdom has implemented under Vision 2030 are showing in the remarkable performance on these indicators:

10. WEF Global Competitiveness Report 2019

Pillar	Indicator	Rank	Top Countries
Macro-economic Stability	Inflation	1	88 Countries
Macro-economic Stability	Debt Dynamics	1	34 Countries
Infrastructure	Road Connectivity	1	3 Countries
Financial System	Credit Gap	1	98 Countries
Institutions	Government Responsiveness to Change	2	Singapore
Institutions	Government Long Term Vision	2	Singapore
Institutions	Shareholder Governance	2	Kazakhstan
Product Market	Distortive Effect of Taxes and Subsidies in Competition	7	Singapore
Business Dynamism	Growth of Innovative Companies	7	USA/Sweden
Institutions	Reliability of Police Services	8	Finland
Innovation Capability	Diversity of Workforce	8	Singapore
Institutions	Burden of Government Regulations	10	Singapore

Table 9: Top 10 Indicators for the Kingdom

Second Most Competitive Economy on Two New Indicators: “Government Responsiveness to Change” and “Government Long Term Vision” are two new indicators in the WEF Global Competitiveness Report 2019. On both of these indicators, the Kingdom is ranked as the second most competitive economy. The Kingdom’s performance on both indicators reflects the underlying story of this report: Vision 2030 and government commitment and enactment of change have unleashed improvement in many areas measured by the WEF report.

10. WEF Global Competitiveness Report 2019

Bottom 10 Indicators in 2019: In the same way that 10 indicators have pushed the Kingdom among the top 10 most competitive economies, 10 indicators have dragged down the performance of the Kingdom to being among the bottom 10 economies:

Pillar	Indicator	Rank	Top Countries
Institutions	Freedom of The Press	138	Norway
Business Dynamism	Insolvency Regulatory Framework	135	6 countries
Business Dynamism	Insolvency Recovery Rate	133	Japan
Labor Market	Ratio of Wage and Salaried Female Workers to Male Workers	132	4 countries
Market size	Imports of Goods and Services	120	Hong Kong
Labor Market	Workers' Rights	116	Slovak Republic/ Sweden
Financial System	Insurance Premiums	111	17 countries
Labor Market	Redundancy Costs	108	8 countries
Institutions	Environment-related Treaties in Force	107	6 countries
Business Dynamism	Time to Start a Business	100	New Zealand

Table 10: Bottom 10 Indicators for the Kingdom

Reforms Not Fully Captured: Many of the reforms that the Kingdom has made in the areas of women empowerment, and in the business environment, captured in the World Bank's WBL 2020 and DB 2020, seem not to have been reflected in some of the indicators above, such as Time to Start a Business, due to the time lag between the publication of World Bank data and the issuance of the WEF Competitiveness report.

10. WEF Global Competitiveness Report 2019

6. Recommendations

Vision 2030 continues steadfastly to guide structural reforms, which touch all the dimensions of the Saudi economy, many of which are captured in the indicators covered by the WEF Global Competitiveness Report 2019. As the different reforms are rolled out, it is expected that they will have a positive impact on the competitiveness of the Kingdom.

It is important to reiterate that the results of the Kingdom on any benchmark are used for guidance purposes only, and by no means substitute for other more rigid analytic policy-making instruments. Some of the short and mid-term actions that maybe considered to raise national competitiveness include:

1. Focus on Labor Market and Business Dynamism reforms: These two pillars drag down the overall competitiveness of the Kingdom. In fact, they are areas where the Kingdom seems least competitive (see competitiveness map above). By focusing on reforms covered by the different indicators under these two pillars, the Kingdom may bring them at least to the same competitiveness standing as the next ranked pillars.

2. Sustain Leadership Position in Macro-Economic Stability: Global competition for top standing in competitiveness is an ever-lasting endeavor. Countries continue to innovate in their implementation of reforms to outmatch competitors. Maintaining lead positions in the Macro-Economic Stability pillar and in the top 10 indicators identified in this report is as critical as improving the standing of the Kingdom on lower-ranked areas of reform. Maintaining the healthy fiscal and monetary position that the Kingdom enjoys and continuing the reforms even in areas of strength is the best strategy for strengthening competitiveness.

3. Keep Strong the Momentum for Reform: The top 10 most improving indicators identified in this report offer vivid examples of the power of government reforms to transform the competitiveness of the Kingdom in a single year. Establishing institutional mechanism for sharing lessons learnt across government entities may help diffuse good practices from policy areas where the Kingdom has been most successful to areas where it has not been as successful, including areas reflected in the regressing indicators.

4. Address the Weaknesses Captured by the Bottom 10 Indicators: The bottom 10 indicators capture variables where the Kingdom is least competitive. They are areas of reforms that the Kingdom needs to prioritize for action, due to the downward pressure they exercise on the Kingdom's overall competitiveness standing.

5. Deepening the Reforms in Policy Areas Captured by Pillars in the Middle of the Competitiveness Map: The WEF Global Competitiveness Report 2019 identified 6 pillars in the band between the 20th and 40th ranks, namely skills (25), infrastructure (34), innovation Capability (36), institutions (37), financial system (38), and ICT adoption (38). Focusing on reforming areas of weakness under these pillars may offer another strategy for strengthening the competitiveness of the Saudi economy.



► SUSTAINING A SOLID COMPETITIVENESS STANDING IN A GLOBALIZED ECONOMY

11



IMD World Competitiveness Yearbook 2019

11. IMD World Competitiveness Yearbook 2019

1. About the Report

The World Competitiveness Yearbook (WCY) is an annual report produced by the IMD World Competitiveness Center based in Switzerland. The index underlying the report analyzes national competitiveness in 63 economies in terms of the «ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people» (IMD World Competitiveness Center, 2014). In this regard, WCY's end goal is the same as WEF's: measuring factors and conditions that enable firms' productivity, hence, competitive in the global marketplace.

WCY focuses on **4 main factors**, further disaggregated in **20 sub-factors** that are in turn submitted into 235 indicators. The table below provides the distribution of each set of sub-factors into the encompassing factors:






Economic Performance	Government Efficiency	Business Efficiency	Infrastructure
 Domestic Economy	 Public Finance	 Productivity	 Basic Infrastructure
 International Trade	 Tax Policy	 Labor Market	 Technological Infrastructure
 International Investment	 Institutional Framework	 Finance	 Scientific Infrastructure
 Employment	 Business Legislation	 Management Practices	 Health & Environment
 Prices	 Societal Framework	 Attitudes & Values	 Education

Figure 4: WCY Factors and Sub-Factors of Competitiveness

Data for 61 percent of the indicators comes from hard statistics, and 39 percent from a survey of the private sector.

Since WCY shares many indicators with the WEF Global Competitiveness Report, the focus in the report is on the high-level achievements of the Kingdom for the sake of brevity.

2. Aggregate Performance of the Kingdom

The Kingdom Boasts the Highest Improvement Realized by any Country: The Kingdom is ranked 26th among the 63 participating economies, a 13-slot jump from its 2018 rank of 39th. This is in line with the performance of the Kingdom in other indicators and congruent with the main conclusion of this report that Vision 2030 reforms have begun to bear fruit.

11. IMD World Competitiveness Yearbook 2019

7th most Competitive Economy among G20 Countries: The Kingdom punches much higher than its ranking by GDP size among the G20 countries: It is ranked 16th by GDP size but ranked 7th in terms of competitiveness. The Kingdom outperforms leading countries in the group, such as South Korea, Japan, France, among others.

G20 Rank	Country	2018 Global Rank	2019 Global Rank	Change
1	 United States	1	3	-2 ▼
2	 Canada	10	13	-3 ▼
3	 China	13	14	-1 ▼
4	 Germany	15	17	-2 ▼
5	 Australia	19	18	+1 ▲
6	 United Kingdom	20	23	-3 ▼
7	 Saudi Arabia	39	26	+13 ▲
8	 South Korea	27	28	-1 ▼
9	 Japan	25	30	-5 ▼
10	 France	28	31	-3 ▼
11	 Indonesia	43	32	+11 ▲
12	 India	44	43	+1 ▲
13	 Italy	42	44	-2 ▼
14	 Russia	45	45	0 —
15	 Mexico	51	50	+1 ▲
16	 Turkey	46	51	-5 ▼
17	 South Africa	53	56	-3 ▼
18	 Brazil	60	59	+1 ▲
19	 Argentina	56	61	-5 ▼

Table 11: KSA standing among G20 peers in the WCY

11. IMD World Competitiveness Yearbook 2019

3. Deep Dive Analysis

Improved Ranking in Three Factors: The Kingdom has realized significant positive improvement in ranking in three main factors of competitiveness, testimony to the fact that the gains have been broad and not limited to specific factors. It is also testimony to the synchronized rate of Vision 2030 reforms implemented under multiple government entities. The economic performance factor is the only area where the Kingdom has regressed.

Factor	2018 Rank	2019 Rank	Change
Government Efficiency	30	18	+12
Business Efficiency	45	25	+20
Infrastructure	44	38	+6

Table 12: The Kingdom's improvements across 3 competitiveness factors

The Improvements Touched a Number of Sub-factors: The improvements have touched a number of sub-factors, driving the Kingdom's overall performance upward.

Public Finance is an Area of Reform with Highest Improvement under Government Efficiency: With a 36-slot jump compared to 2018, public finance is the area of reform under the government efficiency factor that has witnessed the highest improvement. This conclusion is in line with the Kingdom's performance under the WEF Global Competitiveness Report 2019 too. The reforms that the government continues to undertake to maintain the overall fiscal health of its budget seem to be the driver of such improvement.

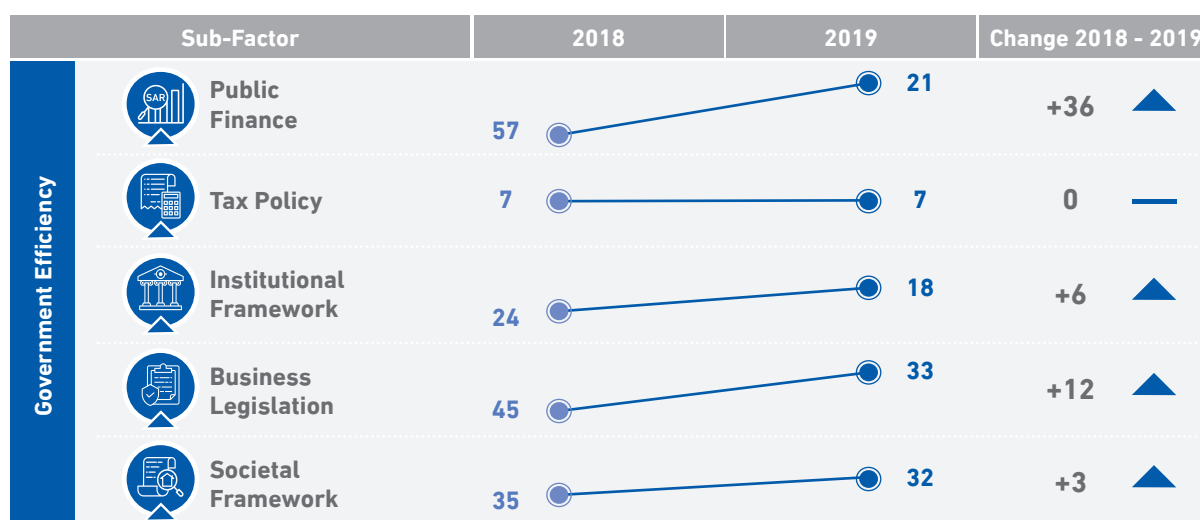


Figure 5: The Kingdom's performance on Government Efficiency Sub-Factors

11. IMD World Competitiveness Yearbook 2019

Labor Market Reforms Area with Most Improvement under the Business Efficiency

Factor: The Kingdom's early reforms to address the dysfunctionalities into its labor market has begun to bear fruit, although more is being implemented.

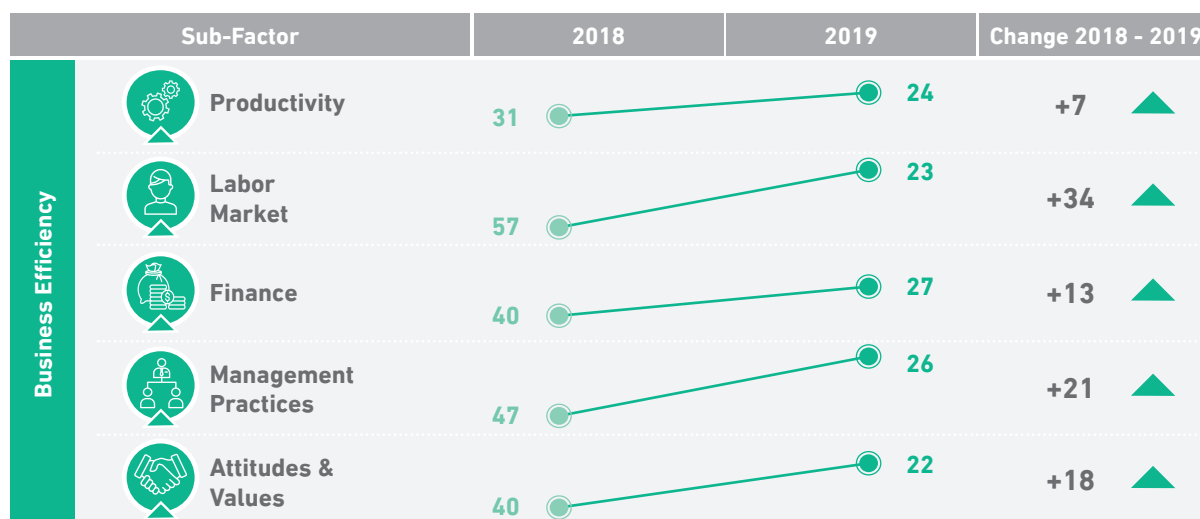


Figure 6: The Kingdom's performance on Business Efficiency Sub-Factors

Basic Infrastructure Most Improver under the Infrastructure Factor: Important investments in improving access to electricity and airport quality, among others, have enabled the Kingdom to jump 15 slots on the basic infrastructure sub-factor, the highest jump among the sub-factors under infrastructure.

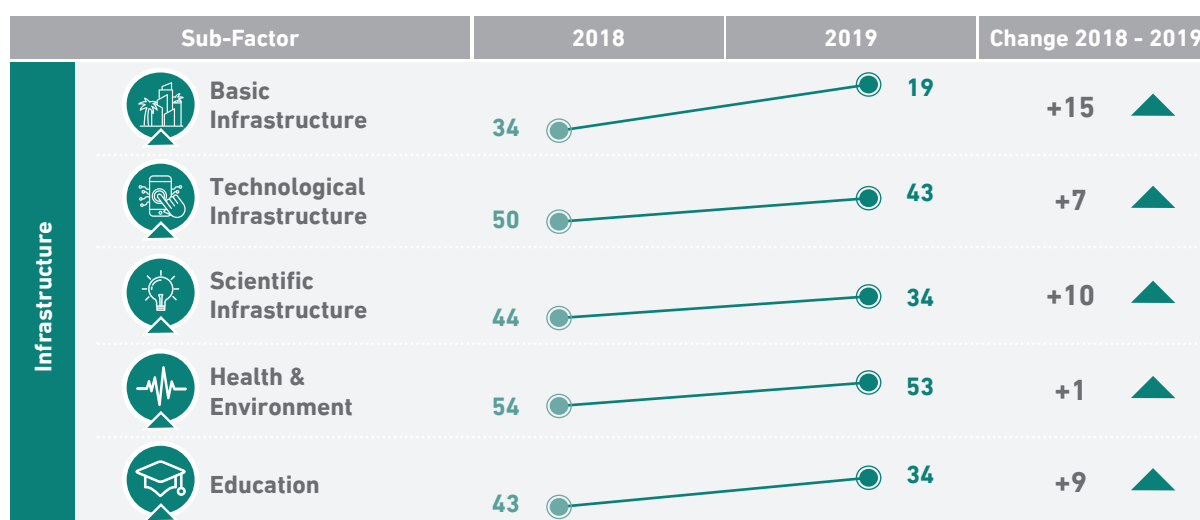


Figure 7: The Kingdom's performance on the Infrastructure Sub-Factor

11. IMD World Competitiveness Yearbook 2019

10 Most Improving Indicators: The Kingdom realized major improvement across many reform areas, the 10 most improving ones include:

Indicators	2018 Value	2019 Value	Change
Real GDP growth	-0.7%	2.2%	2.27
High-tech exports	0.77%	2.93%	2.16
Current account balance	2.67%	9.24%	6.57
Gross capital formation	-10.81%	-0.03%	10.78
Real GDP growth per capital	-3.21%	-0.24%	2.97
Electricity cost for industrial clients (\$/kW)	0.100	0.050	0.05
Government budget surplus/deficit%	-8.97%	-4.63%	4.34
Number of patents in force	18	26.6	8.60
Exports of goods (\$bn)	218.17	299.10	80.93
Government subsidies as a share of GDP	1.72%	1.09%	0.63

Table 13: WCY 10 Most improving indicators for the Kingdom

11. IMD World Competitiveness Yearbook 2019

Some Areas of Strength: On some indicators, the Kingdom is ranked among the top 10 economies in the world:

Factor	Indicator	2019 Rank	Top Countries
Business Efficiency	Labor force growth	1	-
Economic Performance	Exports of goods - growth	2	Cyprus
Infrastructure	Electricity costs for industrial clients	4	Iceland
Government Efficiency	Social cohesion	5	Denmark
Economic performance	Current account balance	7	United Arab Emirates
Infrastructure	Cyber security in businesses	7	United Arab Emirates
Government Efficiency	Public Finances	9	Singapore
Infrastructure	Investment in Telecommunication	10	India

Table 14: WCY areas of strength for the Kingdom

Some Areas of Weakness: Some areas of weakness driving the overall performance of the Kingdom down, include:

Factor	Indicator	2019 Rank	Top Countries
Infrastructure	ICT service exports	61	Ireland
Economic performance	Export concentration by product	60	Croatia
Economic performance	Youth unemployment	57	Japan
Infrastructure	Mobile broadband subscribers	56	3 Countries
Government efficiency	Foreign investors	52	Austria
Government efficiency	Redundancy cost	47	17 Countries
Business efficiency	Small and medium size enterprises	43	Germany
Government efficiency	Labor regulations	38	Denmark
Business efficiency	Workforce productivity	35	Switzerland

Table 15: WCY areas of weakness for the Kingdom

11. IMD World Competitiveness Yearbook 2019

4 . Recommendations:

- 1. Sustain Momentum for Change:** The Kingdom's remarkable achievement in 1 year is the result of a strong momentum for reform triggered through the implementation of Vision 2030 policies and programs. Keeping the same momentum for change will provide the headwinds to improve the competitiveness of the Kingdom across all factors and indicators.
- 2. Focus on Infrastructure and Economic Performance Factors:** Compared to other factors, these two factors, especially economic performance, have not moved on a par with the improvements in other factors. Focusing on the indicators under these factors will boost the Kingdom's competitiveness.
- 3. Address Areas of Weakness from Low Performing Indicators:** The Kingdom of Saudi Arabia is currently dedicating attention on the next generation of reforms that will enhance its global competitive position.

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12



World Bank's Doing Business Report 2020

12. World Bank's Doing Business Report 2020

1. About the Report

The Doing Business Report is a study published annually by the World Bank Group that captures changes in the business environment in 190 economies around the world. It focuses on the reforms that countries undertake to ease regulatory and procedural burdens that limit the creation of new businesses or hinder the expansion of existing ones.

The report is based on the principle that the right reforms of the regulatory environment expand the freedom of entrepreneurs to take risks and enable more efficient allocation of capital. At the macro-economic level, such measures facilitate economic growth, job creation, and strengthened competition in the market, among other outcomes.

Various empirical studies show relationships between the dimension of the business environment measured by the study and many development outcomes at the national level. One such study shows a causal relationship between property rights and licensing systems and GDP growth, with the former leading to the latter (Source: Doing Business 2020, p.2).

Reform of the regulatory environment is, therefore, not an end in itself, but an effective strategy for economic development. The report focuses on 12 indicators capturing various dimensions of the business environment (the last two indicators were not included in this year's country ranking):



Figure 8: The 12 indicators of the Doing Business report

12. World Bank's Doing Business Report 2020

The report uses a methodology that combines a detailed study of national regulations and procedures as well as surveying of business professionals (lawyers, judges, notaries, accountants, architects, engineers and other specialists) on the extent of application of such regulations in practice.

Based on this methodology, countries are given a score ranging from 0 to 100, capturing the number of reforms that they have undertaken, and how closer such reforms have taken them to the best performing economies. A higher score for a country is an indication of increased freedom in the business environment and better protection of rights and investments. Based on their total score, countries are then ranked against each other.

2. Saudi Arabia's Aggregate Performance

Top Reformer in the World: With 9 powerful reforms that it implemented, the Kingdom is one of the leading reformers in the world, scoring 71.6 this year compared to 36.8 last year.

Highest Gap Reduction with Frontier Economies in 1 Year: Through its stellar performance, the Kingdom has reduced the gap with the best performing economies by 7.7 points — the highest in the world.

Highest Jump in Global Ranking: Thanks to its new score, the Kingdom jumped 30 positions—the highest in the world, moving up the global ranking from 92 last year to 62 this year, which earned the Kingdom the status of a Top Improver.

Whether judged by the number of reforms, the gap reduction it has achieved with frontier economies, or by its remarkable ascent in global ranking, Saudi Arabia emerges as a top performer, a clear indication of the success of its reforms.

12. World Bank's Doing Business Report 2020

14th Position among G20 Economies: The Kingdom ranked 14 among G20 economies, slightly higher than its 16th position by GDP size, surpassing larger economies, such as India, Indonesia, South Africa and Brazil.

G20 Rank	Country	2019 Global Rank	2020 Global Rank	Change
1	 South Korea	5	5	0 —
2	 United States	8	6	+2 ▲
3	 United Kingdom	9	8	+1 ▲
4	 Australia	18	14	+4 ▲
5	 Germany	24	22	+2 ▲
6	 Canada	22	23	-1 ▼
7	 Russia	31	28	+3 ▲
8	 Japan	39	29	+10 ▲
9	 China	46	31	+15 ▲
10	 France	32	32	0 —
11	 Turkey	43	33	+10 ▲
12	 Italy	51	58	-7 ▼
13	 Mexico	54	60	-6 ▼
14	 Saudi Arabia	92	62	+30 ▲
15	 India	77	63	+14 ▲
16	 Indonesia	73	73	0 —
17	 South Africa	82	84	-2 ▼
18	 Brazil	109	124	-15 ▼
19	 Argentina	119	126	-7 ▼

Table 16: G20 countries DB Ranking

12. World Bank's Doing Business Report 2020

In its description of the Kingdom's performance, the report notes:

“ Saudi Arabia is the most improved economy in Doing Business 2020, with a total of eight reforms. With a reformist mindset, the crown prince has implemented and promoted a policy of featuring the Kingdom as an open world-class investment destination. The Kingdom's “Vision 2030” plan for long-term development encompasses a variety of legal and structural reforms. ”

(source: Doing Business 2020)

3. Deep Dive Analysis

1. Starting a business			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
New Zealand / Singapore	141	38	+103

Starting a Business Area of Reform with Most Improvement: In one year, the Kingdom has jumped 103 spots in global ranking, the highest across all the indicators. By historical terms, it has never been as easy to open a new business in the Kingdom as it is today.

It Costs Around One Third MENA Average: Opening a business in the Kingdom costs only 5.4% of income per capita for an entrepreneur, compared to 16.7% average in the Middle East and North Africa.

Zero Minimum Capital Requirements: The Kingdom has also made significant reductions over time to minimum capital requirements for opening a business: cutting them from a cost of over 1,000% of income per capita in 2004 to zero. The average for the MENA region is 8.9%, while it is 7.6 % for OECD high income countries.

2. Dealing with Construction Permits			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
Hong Kong / Malaysia	36	28	+8

Cost of Construction Permits Less than Half MENA Average: Obtaining required permit to build a warehouse requires 1.9% its value, compared to MENA average of 4.4% and 1.5% for OECD high income countries.

Quality Control Higher than Benchmarks: On a score from 0 to 15, the Kingdom had a score of 12, higher than an average of 11.6 for OECD high income countries.

12. World Bank's Doing Business Report 2020

3. Getting Electricity			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
United Arab Emirates / South Korea	64	18	+46

Getting Electricity is the Indicator with the Third Highest Jump for the Kingdom: The Kingdom has moved up 46 places, landing in the 18th place this year compared to 64th last year. The jump on this indicator is the third-highest for the Kingdom after its jump in the starting business indicator and cross-border trade indicators.

Time to Get Electricity Shorter than Benchmarks: It takes 35 days on average in the Kingdom to get connected, less than 50% the time It takes in OECD high income countries.

4. Registering Property			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
New Zealand	24	19	+5

Among Top 20 Economies with Only Two Steps to Register Property: Registering property in Saudi Arabia now requires only two steps that can be completed in one and a half days, compared to 26.6 in MENA and 23.6 in OECD high income countries, a fraction of the time. With this improvement, the Kingdom's performance is now closer to New Zealand's, the global benchmark with only one day required for such activity.

Free Registration of Property: The Kingdom, however, is the global benchmark for the cost of property registration, which is free.

5. Getting Credit			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
New Zealand / USA	112	80	+32

Among the Top 53 Economies in the World in Depth of Credit The Kingdom is one of the 53 best performing economies in the world in the depth of credit information index (a measure of the availability information on debtors), with a score of 8 out of 8, enabling banks and credit institutions to extend credit to individuals and companies.

12. World Bank's Doing Business Report 2020

6. Protecting Minority Investors			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
Malaysia / New Zealand	7	3	+4

Third Economy in the World with Respect to Minority Investor Protections: The Kingdom is the 3rd economy in the world with the best protections for minority investors, performing as well as New Zealand and Malaysia, the two easiest places to do business in the world.

7. Paying Taxes			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
Hong Kong / Ireland	78	57	+21

Significant Efficiency Gains: Paying business taxes is another area where the Kingdom has made significant progress both in terms of reduction in time, administrative steps and in overall efficiency.

Significant Reduction in Time: It takes an average 104 hours to fill taxes in the Kingdom, less than 50 percent it takes in the MENA region with an average of 202.6 hours.

8. Trading Across Borders			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
Denmark / Austria	158	86	+72

Second Highest Area of Improvement: The Kingdom has moved 72 places in global ranking- the second highest after starting a business, moving from the 158th place last year to the 86th this year.

Significant Reduction in Documentary Compliance: The Kingdom has reduced the documentary compliance time for imports and exports in a significant way: from 60 hours last year to 11 hours this year for exports; and from 90 to 32 hours for imports.

Significant Reduction in Border Compliance Time: The Kingdom has also reduced border compliance time: from 228 hours to 72 hours for imports; and from 50 to 37 hours for exports.

Reduction in Border Compliance Cost: The cost of border compliance was also reduced from \$ 363 to \$ 319 for exports; and from \$ 779 to \$ 464 for imports.

12. World Bank's Doing Business Report 2020

9. Enforcing Contracts			
Benchmark Economy	KSA Rank 2019	KSA Rank 2020	Change
Singapore / South Korea	59	51	+8

Modest Jump in Ranking: The Kingdom moved up 8 spots, landing in the 51st position globally. The number of days to resolve a dispute in the Kingdom is 575 days, which is lower than both the MENA average of 622 days, and the OECD high income countries average of 589.6 days.

4. Recommendations:

1. Sustain the Momentum for Reforms: The Kingdom's performance on DB 2020 is remarkable by all measures. The result of effective cross-government collaboration. Keeping the momentum of the reforms across all the indicators is a priority that will yield further dividends in the future.

2. Share Lessons Learnt: The institutional mechanism of cross-sectoral collaboration that has been put in place offers enriching lessons learnt to adopt in implementing other government reform programs.

13



World Bank's Women, Business and the Law Report 2020

13. World Bank's Women, Business and the Law Report 2020

1. About the Report

Women, Business and the Law (WBL) 2020 is a World Bank report that analyzes laws and regulations affecting women's economic participation in 190 economies. Based on this analysis, the report scores individual countries' progress towards expanding economic opportunities to women.

Under WBL is a robust research base that indicates that expanding women's access to equal economic opportunities is not only a moral obligation, but also an economic imperative. Women's participation in the economy is an important driver of economic growth, hence, competitiveness.

Well-educated and enjoying better health than in many parts of the world, Saudi women represent a huge development asset for the Kingdom. Their skills and capabilities offer an invaluable human capital that the Kingdom is leveraging to strengthen its national competitiveness.

WBL focuses on eight areas of reform, structured around women's interactions with the law as they begin, progress through and end their careers, and how such interactions align with the economic decisions that women make at various stages of their lives:



Figure 9: The 8 indicators of the WBL report

WBL data is based on 35 data points across 8 indicators made up of four to five binary questions. Each indicator represents a different phase in a woman's career.

Indicator-level scores are obtained by calculating the unweighted average of the questions within each indicator and scaling the result to 100. Overall scores are then calculated by taking the average of each indicator, with 100 representing the highest possible score.

13. World Bank's Women, Business and the Law Report 2020

2. Saudi Arabia's Aggregate Performance

With a 45-point jump in Score, Saudi Arabia is a Top Reformer in the World: The Kingdom jumped from a low score-31.8 points- to a score of 70.6 in WBL 2020, the highest jump any country has realized among the 190 participating economies. This is also the biggest improvement since the launch of the report in 2017.











Country	2020 Score	Change
 Saudi Arabia	70.6	+38.8 ▲
 UAE	56.3	+29.4 ▲
 Nepal	73.8	+18.1 ▲
 South Sudan	70.0	+18.1 ▲
 Sao Tome and Principe	86.3	+11.9 ▲
 Bahrain	46.3	+8.8 ▲
 DR Congo	78.8	+8.8 ▲
 Djibouti	68.1	+8.8 ▲
 Jordan	40.6	+8.8 ▲
 Tunisia	70.0	+8.8 ▲

Table 17: 10 most improving countries in WBL 2020

A 20-point Lead from the Second Most Improving Economy: The Kingdom's performance was so remarkable in WBL2020 that its lead difference from the second-best improving economies (the UAE and Nepal) is almost 10 and 20 points respectively.

First in GCC and Second in the Arab World: In a very short period, and thanks to its bold women economic empowerment reforms, the Kingdom is coronated at the top in the GCC and second in the Arab world after Morocco (75.6 points).

13. World Bank's Women, Business and the Law Report 2020










Country	2020 Score	Change
 Morocco	75.6	+2.5 ▲
 Saudi Arabia	70.6	+38.8 ▲
 Tunisia	70.0	+8.8 ▲
 Djibouti	68.1	+8.8 ▲
 Algeria	57.5	0 —
 UAE	56.3	+29.4 ▲
 Lebanon	52.5	-6.2 ▼
 Libya	50.0	-6.2 ▼
 Bahrain	46.3	+8.8 ▲

Table 18: Arab Countries Ranking in WBL 2020

3. Deep Dive Analysis

Improvement is Broad: The Kingdom's reforms of laws and regulations related to women's economic participation have been broad and have touched seven out of eight areas of reforms tracked by WBL2020; an indication of the momentum that Vision 2030 has created to lift barriers for women's economic participation in a holistic manner.

A Perfect Standing in Four Indicators: The reforms that the Kingdom has implemented catapulted the Kingdom to a perfect standing from a low score in four areas of reforms: Mobility, Workplace, Entrepreneurship, and Pension. The highest jump was in the area of mobility where the Kingdom moved from full restrictions on mobility to expanded opportunities. With these scores, the Kingdom is on a par with leading countries with a very long history of reforms in this area.

In recognition of these bold achievements, WBL2020 highlighted the role of Vision 2030 in driving the reforms, including through its ambitious targets of raising women's participation in the labor market from 22% to 30% by 2030.

13. World Bank's Women, Business and the Law Report 2020

Indicator	2019 Score	2020 Score	Change
Mobility The Kingdom made mobility easier for women by removing restrictions to obtaining a passport and traveling abroad.	0	100	+100
Pension Saudi Arabia equalized the age (60 years) at which men and women can retire with full pension benefits. It also mandated a retirement age of 60 years for both women and men.	50	100	+50
Marriage Saudi law recognizes women to be heads of households.	20	60	+40
Entrepreneurship Saudi Arabia made access to credit easier for women by prohibiting gender-based discrimination in financial services.	75	100	+25
Workplace Saudi Arabia enacted legislation and criminal penalties for sexual harassment in employment. It also prohibits gender discrimination in employment.	75	100	+25
Parenthood Saudi Arabia prohibits the dismissal of pregnant workers.	20	40	+20
Pay	25	25	0
Assets	40	40	0

Table 19: KSA's performance across the WBL indicators

13. World Bank's Women, Business and the Law Report 2020

4. Recommendations

Focus on Slow-Improving Areas of Reform: Although the Kingdom's improvements have been broad, they have been pronounced in some areas more than in others. Deepening the reforms across all the indicators would enable the Kingdom to tap more effectively into its rich female human capital.

Incorporate Lessons Learnt into New Generation of Reforms: The stellar performance of the Kingdom in many areas of reform offer lessons learnt to be incorporated in the design and implementation of the next package of reforms. One such lesson is the need to synchronize government actions through cross-sectoral institutional mechanisms to ensure that all entities move at the same pace with reform. This is a powerful lesson learnt whose potential impact may affect many areas of government actions beyond women empowerment.



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World Bank's Human Capital Index 2018

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1. About the Index

The Human Capital Index (HCI) is a World Bank benchmarking measure of the amount of skills, knowledge, capabilities and health –the human capital--that a country possesses and its impact on future productivity.

First released in 2018, the index covers 157 countries, and differs from other benchmarks in that it links directly a country's level of human capital accumulation in the present to its future levels of productivity, ergo, its national competitiveness. HCI is based on five indicators:



Figure 10: The 5 indicators of HCI

On the basis of the performance of individual countries on the indicators above, HCI calculates the amount of human capital that a child born today can expect to accumulate by the age of 18 in their country, compared to their potential if they had access to quality health and complete quality education for 14 years.

A full 14-years of quality education and health is the global benchmark through which HCI measures gains and losses in future national productivity for individual countries.

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2. Importance of Human Capital

Human capital, another key factor of national competitiveness refers to the stock of knowledge, skills, capabilities and health that citizens accumulate over their lives. Lessons learnt from the upward development trajectory of many resource-poor Asian countries shows the critical importance of human capital accumulation in the prosperity of nations.

Firms in human-capital rich nations are able to compete not only domestically but also globally because of the productivity gains that they realize through the efficient combination of human and physical capital (i.e., technologies, tools, etc.). A skillful and creative workforce is able to use modern technologies to convert ideas and materials into competitive products and services that firms sell to the world.

Human capital is gaining more importance as the fourth industrial revolution begins to take shape. Fueled through artificial intelligence, robotics, big data and machine learning, the revolution is drastically reshaping the world of work and promising to raise productivity economy-wide.

Automation is affecting not only routine and repetitive tasks, but also some cognitively demanding ones, such as translation. Through a process of creative destructions, some old jobs are being destroyed, while new ones are being created.

Building the skills and capacity of youth to succeed in this rapidly changing world is critical. Quality human capital is key to attracting FDI, expanding the number of tech and knowledge-intensive startups, increasing productivity, raising wages, increasing exports, and strengthening competitiveness of the economy.

3. Saudi Arabia's Aggregate Standing

Saudi Arabia Slightly Above Global Average: The Kingdom scored 0.58 on a scale from 0 to 1, slightly above the global average of 0.57, placing the Kingdom 73 among 157 economies.

Asian Countries Best Performing on HCI: Four Asian countries, headed by Singapore, are coronated as top performing countries on the index:

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Rank	Country		Score
1		Singapore	0.88
2		South Korea	0.84
3		Japan	0.84
4		Hong Kong	0.82
5		Finland	0.81
6		Ireland	0.81
7		Australia	0.80
8		Sweden	0.80
9		Netherlands	0.80
10		Canada	0.80

Table 20: Top Performing Countries in the HCI

The Kingdom Scored Slightly Above its GDP Ranking among G20 Economies: The Kingdom is ranked in the 15th position in HCI, slightly above its 16th position by GDP size among G20 economies. The Kingdom outperformed some larger economies, such as Brazil, Indonesia, and India.

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G20 Rank	Country	Global Rank	Score
1	 South Korea	2	0.84
2	 Japan	3	0.84
3	 Australia	7	0.80
4	 Canada	10	0.80
5	 Germany	11	0.79
6	 United Kingdom	15	0.78
7	 Italy	19	0.77
8	 France	22	0.76
9	 United States	24	0.76
10	 Russia	34	0.73
11	 China	46	0.67
12	 Turkey	53	0.63
13	 Argentina	63	0.61
14	 Mexico	64	0.61
15	 Saudi Arabia	73	0.58
16	 Brazil	81	0.56
17	 Indonesia	87	0.53
18	 India	115	0.44
19	 South Africa	126	0.41

Table 21: G20 countries HCI performance

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4. Deep Dive Analysis

As with other benchmarks, averages hide important nuances about areas of strength and weakness. The following table presents detailed information about the performance of the Kingdom on the different indicators of HCI, together with data on a sample of benchmark countries for illustration purposes:






	 Saudi Arabia	 Singapore	 Germany	 Malaysia	 Indonesia
Human Capital Index	0.58	0.88	0.79	0.62	0.53
Ranking (out of 157 countries)	73	1	11	55	87
Expected Years of School	12.4	13.9	13.9	12.2	12.3
Harmonized Test Scores	407	581	528	468	403
Learning-Adjusted Years of School	8.1	12.9	11.7	9.1	7.9
Probability of Survival to Age 5	0.99	1.00	1.00	0.99	0.97
Adult Survival Rate	0.91	0.95	0.93	0.88	0.83

Table 22: The Kingdom's profile against benchmark countries in the HCI

Saudi Arabia Predicted to Realize 58 percent Productivity: With a 0.58 score on HCI, a Saudi child born will realize 58 percent of their productivity potential when they turn 18 if no reforms are engaged, compared to a benchmark scenario where they receive quality health and complete education of 14 years. In other words, the Saudi child will forgo 42 percent productivity potential with serious implications for their own well-being and for the entire economy.

Health Indicators are on a Par with Advanced Economies: Disaggregating the HCI score separately by health and education shows some very interesting results. Saudi Arabia has health indicators on a par with those of developed industrial nations, such as Singapore, Germany, France, Sweden, and others included in the ranking. A Saudi child born today has a 99 percent chance that they will survive to age 5, and a 91% survival as an adult. These achievements reflect the quality of health services that the Kingdom provides to its citizens.

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Skills Need Improvement: The performance of the Kingdom on the skills component of the index shows a different picture. A Saudi child born today is expected to spend 12.4 years in school, reflecting the huge investments that the Kingdom made in expanding access to education. However, in terms of quality, the average normalized score for Saudi students' performance is 407, higher than the minimal score of 300 registered among participating countries, but lower than 625, the threshold for advanced proficiency.

A Saudi Child Loses Some Years of Quality Schooling: Taking into account the expected years of schooling and the normalized test score, the Saudi students learn the equivalent of 8.1 years only, compared to the benchmark of a complete education of 14 years.

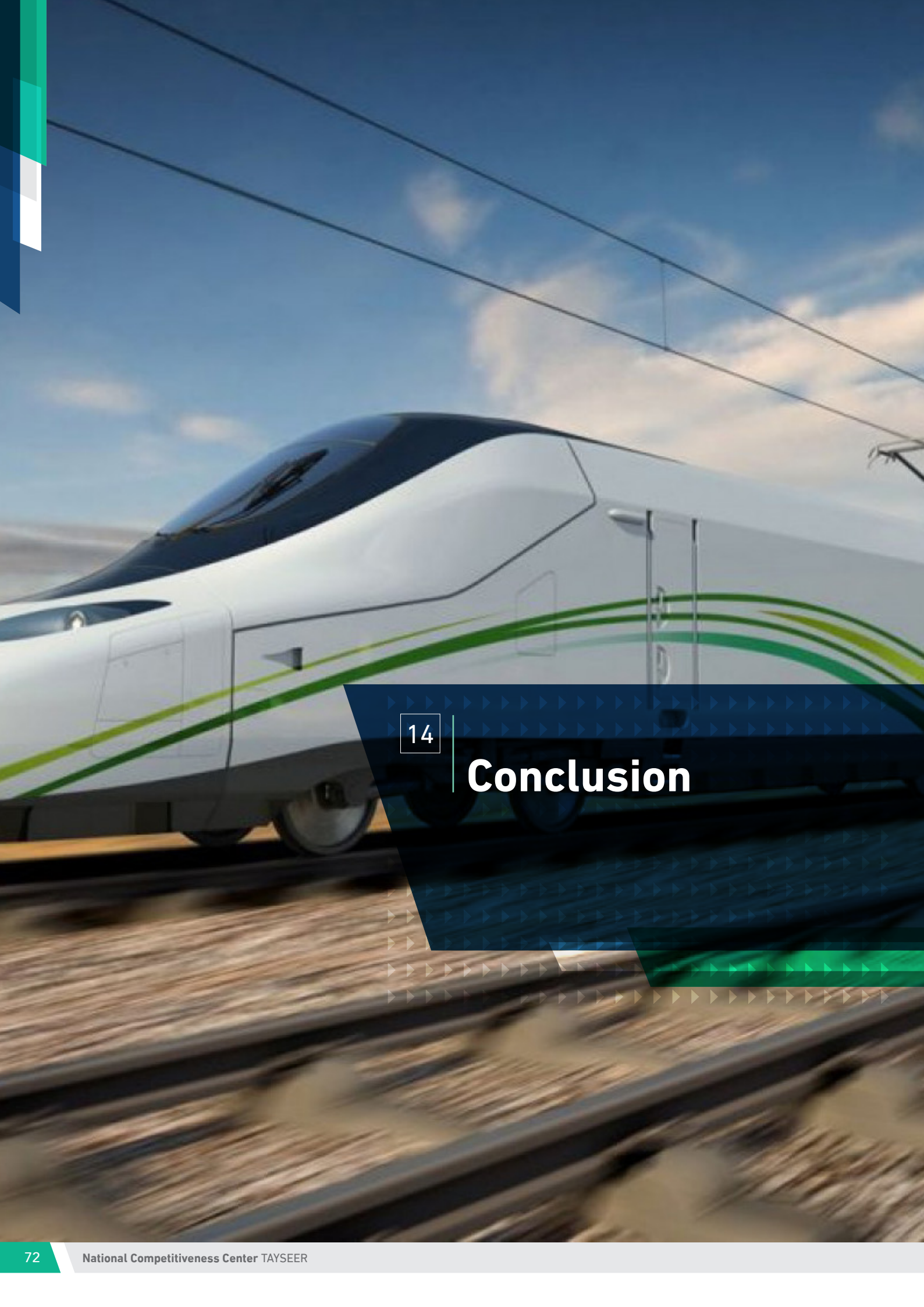
The Skill Gap Predicted to Affect Productivity: Converting the lost years into productivity loss, HCI predicts that the Saudi youth will lose 47.2 percent potential productivity (HCI assumes 8 percent return on each additional year of school) because of the lost years of quality learning, compared to their potential if they had access to complete quality education for 14 years.

5. Recommendations

Skills Development: Focus on developing skills that raise the future productivity of Saudi youth and enable them to enter and succeed in the labor market.

Incorporation of Global Lessons Learnt: Incorporate lessons learnt from successful countries in the design and implementation of the reforms with specific attention to reforming curricula, and attracting, training and deploying quality teachers.





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Conclusion

14. Conclusion

This report has provided an analysis of the global competitiveness standing of the Kingdom through the lenses of international benchmarks. The results of the analysis offer decision-makers some important insights into the Kingdom's strengths and areas for improvement.

Despite some similarities among the global benchmarks, there are also differences among them with respect to what they measure and the methodology they use. In combination, however, the benchmarks offer enriching perspectives on understanding the Kingdom's competitiveness standing.

Five major insights emerged from the Kingdom's performance in 2019:

- 1. A Country on the Move:** The global benchmarks show the Kingdom is on an upward trajectory of improvement, compared to the previous year. A clear indication that Vision 2030 reforms have begun to bear fruit.
- 2. Top Reformer:** On three benchmarks, the IMD World Competitiveness Yearbook and the World Bank's Doing Business and Women, Business and the Law reports, the Kingdom is coronated as the top reformer among participating economies, testimony to the remarkable efforts that it has made on multiple fronts to improve its global standing.
- 3. Improvement is Broad:** Momentum for change is not restricted to a single area of reform but broad, covering many areas and pointing to a synchronized whole-government-approach to strengthening national competitiveness. Such an approach, orchestrated by the NCC, is a model for pursuing similar reforms in the future.
- 4. Remarkable Speed of Implementation:** The year-on-year remarkable achievements on some benchmarks point to an unprecedented speed in the implementation of reforms. In some areas of reform, the kingdom was able to achieve in one year what other countries have taken years to realize.
- 5. A Global Benchmark in some Areas:** Although the Kingdom may not have achieved Vision 2030 aspirations yet, in many areas of competitiveness, such as macroeconomic stability, it is already a global benchmark. Sustaining this global leadership status is as important as moving forward.

The insights above offer a solid basis for designing the next generation of reforms to catapult the Kingdom into an even higher global competitiveness standing in 2020.



► **By 2030
the Kingdom will be
one of the world's
10 most competitive
economies**



