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USSABC Economic Brief:
Saudi Arabia's 2020 Budget Review

Overview

The release of Saudi Arabia's 2020 budget highlights a methodical continuation of efficient spending, while diversifying revenues through the implementation of non-oil sector plans, that were introduced in Vision 2030 and its supporting Vision Realization Programs (VRP). Key themes that will enable the Kingdom to focus on growing the private sector while providing quality public services to enhance the citizen's standards of living are reoccurring hallmarks of the 2020 budget. The government aims to maintain fiscal sustainability and financial stability as it pushes for stronger economic improvement after decreased oil revenues contributed to lower GDP growth in 2019.

The Kingdom has been instituting strategies that will help it achieve a balanced budget by 2023. The consistent monitoring of VRPs have led to increased spending efficiencies especially through stringent oversight by the Center of Spending Efficiency (CSE). The reforms have led to enhancements in the Kingdom's public financial management system that will enable improved social and economic returns. Furthermore, the private sector received a boost in 2019 as it was an active participant in the development and financing of a growing number of capital expenditures, especially mega-projects. These encouraging developments will allow the private sector to achieve sustainable growth in the medium and long-term.

The Kingdom's GDP is expected to slide to approximately 0.4 percent for 2019 as oil revenues decreased on the back of lower oil prices and OPEC+ production cuts. Crude oil production is expected to average 9.8 mbpd in 2019, marking a drop-off from 10.3 mbpd during 2018. While oil GDP weighed down growth in 2019, the non-oil sector grew by 2.5 percent though the first half of the year. This was supported by non -oil private sector GDP, which grew by 2.9 percent through the first half of 2019. The government expects the non-oil sector to continue to lead GDP growth over the medium-term. Preliminary estimates indicate real GDP growth of 2.3 percent in 2020, 2.2 percent in 2021, and 2.3 percent in 2023. The government expects inflation at –1 percent in 2019 followed by growth of 2 percent in each of 2020 and 2021, followed by 1.8 percent in 2022.

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Table 1 - Economic Medium-Term Growth Rates (2018-2022)

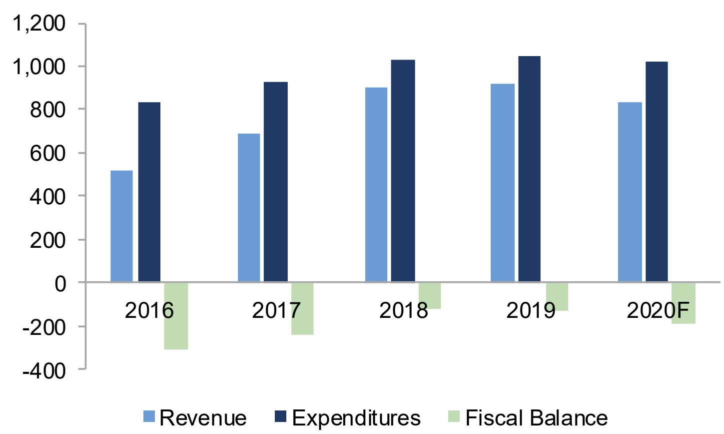
	Estimates		Projections		
	2018	2019	2020	2021	2022
Real GDP Growth	2.3%	0.4%	2.3%	2.2%	2.3%
Nominal GDP Growth (SAR billion)	2,938	2,811	2,902	3,027	3,143
Nominal GDP Growth	14.1%	-4.7%	3.2%	4.3%	3.8%
Inflation	2.6%	-1.0%	2.0%	2.0%	1.8%

Source: MoF, USSABC

Fiscal Performance in 2019

The Kingdom's estimated deficit of SAR131 billion ($34.9 billion) for 2019 matches the budgeted figure and is 24.5 percent less than the 2018 deficit, which reached SAR174 billion ($46.4 billion). The decrease in oil revenues was partly overshadowed by improved non-oil income and enhanced efficiencies in expenditures, which led to the decreased deficit. Total revenues in 2019 are expected to rise by a marginal 1.2 percent to reach SAR917 billion ($244.5 billion). Alternatively, total expenditures are anticipated to decrease by 2.9 percent in 2019, amounting to SAR1,048 billion ($297.5 billion).

Chart 1 - Fiscal Balance (SAR billions)



Source: GAStat, USSABC

Revenues

Revenues generated in 2019 were driven by a number of initiatives that aimed at developing and diversifying non-oil revenues. These initiatives included decreasing the mandatory VAT registration threshold, the gradual increase of the expat levy, and the improvement in revenue collection protocols. Non-oil revenues, which are expected to grow by 6.9 percent, were largely supported by improved tax income of SAR203 billion ($54.1 billion) or 20.5 percent compared to 2018. Oil revenues on the other hand decreased by 1.5 percent compared to 2018.

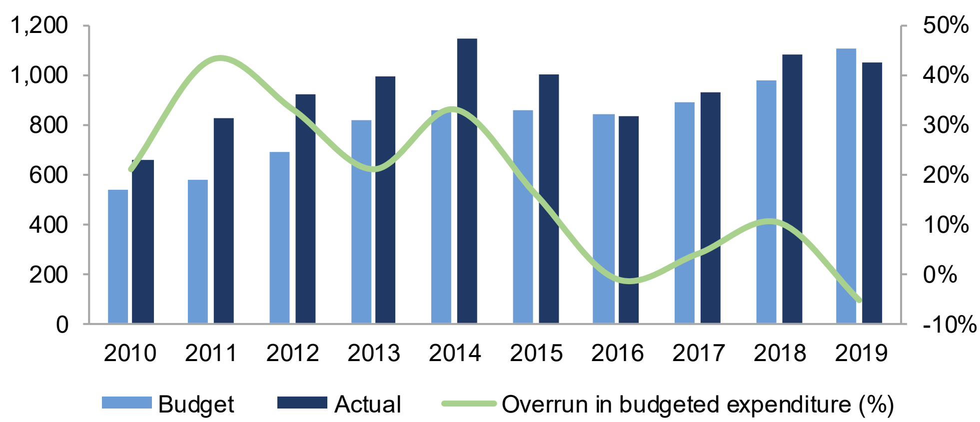
Taxes on goods and services garnered the highest tax revenues, accounting for SAR141 billion ($37.6 billion) or a 22.2 percent increase over 2018. With the implementation of VAT, the Kingdom has secured a growing, stable income generator. The growth of this category in 2019 is owed to improved economic activity such as private consumption, which grew 4.4 percent on an annual basis through the first half of 2019. The two main consumption indicators, SADAD payments and point of sales terminals, grew by 26 percent and 22 percent through October 2019, respectively. Additional tax revenue categories that grew compared to 2018 include taxes on international trade and transactions (custom duties) by SAR17 billion ($4.5 billion) or 5.2 percent and other taxes (Zakat payments) by SAR29 billion ($7.7 billion) or 41.8 percent. The taxes on income, profits, and capital gains is estimated to decrease in 2019 compared to 2018, representing a drop from SAR17 billion ($4.5 billion) to SAR16 billion ($4.3 billion) or 2.9 percent. This is mainly due to the collection of non-recurrent amounts in 2018.

The category of other revenues is estimated to amount to SAR714 billion ($190.4 billion) in 2019, a decline of 3.2 percent compared to 2018. The reduction is attributed to the reduction in oil revenues, which are expected to reach SAR602 billion ($160.5 billion) in 2019, a decrease of 1.5 percent compared to last year, and 9 percent less that the budgeted figure. The reason for the decline was twofold: a drop in oil prices coupled with production cuts as part of the OPEC+ agreement. The YTD until October 2019 average price of Brent crude was $64.2 compared to $73.1 per barrel a year earlier. Production stood at 9.8 mbpd which declined compared to the 10.3 mbpd in 2018.

Expenditures

Total government expenditures in 2019 is expected to reach SAR1,048 billion ($279.5 billion) or 37.3 percent of GDP, which is lower than the approved budget for 2019 by 5.2 percent and 2.9 percent below 2018. Total spending was contained in 2019 as spending programs were reprioritized in light of economic changes during the year, necessitating the need for ensuring spending effectiveness and efficiency. The Kingdom has done well to maintain its spending within budgeted forecasts since 2015. As previously mentioned, this is largely due to developing spending efficiency programs that limit budgetary overruns as was the case in years prior when double digit overruns were frequent.

Chart 2 - Budget Overruns (SAR billions)



Source: MoF, USSABC

Current expenditures are expected to account for approximately 84 percent of total expenditures, which the remaining 16 percent is attributed to capital expenditures. The employee compensations category occupies the largest share of any category as it is anticipated to reach SAR504 billion ($134.4 billion) in 2019, which is a 4.2 percent increase over 2018. Employee compensations will account for approximately

57 percent of current expenditures and nearly 48 percent of total expenditures. The increase in this category resulted from annual raises and higher contributions to the state pension fund for public employees.

Expenditures on goods and services are expected to decline by 2.8 percent in 2019 compared to 2018 as reprioritization schemes aided in the efficiency of spending across a number of areas. Subsidies are expected to jump by 71.8 percent to SAR22 billion ($5.9 billion) as the introduction of the collective bill that was approved during the first quarter of 2019 took hold. The collective bill, which amounted to SAR10.8 billion ($2.88 billion), was created as a one-off expense that supported establishments that were compliant with the national Saudization scheme. This bill is not expected to reappear in the 2020 budget.

Capital expenditures notably decreased from the budgeted SAR246 billion ($65.6 billion) to an expected SAR172 billion ($45.9 billion) for 2019, marking a 30 percent drop. Compared to 2018, capital expenditures also decreased, signifying an 8.9 percent slip. The government opted for a more targeted approach with its capital expenditures as it focused on developmental needs while improving its efficiency and effectiveness. Furthermore, the private sector took on a bigger role by participating in the financing of establishments. The role of Public Investment Fund (PIF) is also noteworthy, as its investments in the domestic economy have grown and is expected to gradually pickup over the medium to long-term.

Debt and Financing

Since 2014, the government has embarked on a two-prong strategy of covering the funding gap via debt issuances and drawing down its reserves. However, in 2019 the focus has been more on debt issuances by way of bonds and sukuks rather than drawdowns of reserves. The Debt Management Office (DMO) within the Ministry of Finance has diversified its domestic and international financing by issuing bonds and sukuks worth SAR113.5 billion ($30.3 billion) through October 2019. This is on par with the budgeted SAR120 billion ($32 billion) set for 2019. Total public debt is expected to reach SAR678 billion ($180.8 billion), or 24 percent of GDP by the end of 2019 compared to SAR560 billion ($149.3 billion) or 19 percent of GDP in 2018.

Alternatively, total withdrawals of government reserves to cover financing needs, including loans granted to the private sector stimulus plan, are expected to reach SAR22 billion ($5.9 billion) by the end of 2019. The balance of reserves is expected to level at SAR467 billion ($124.5 billion) by the end of 2019.

Fiscal Budget 2020

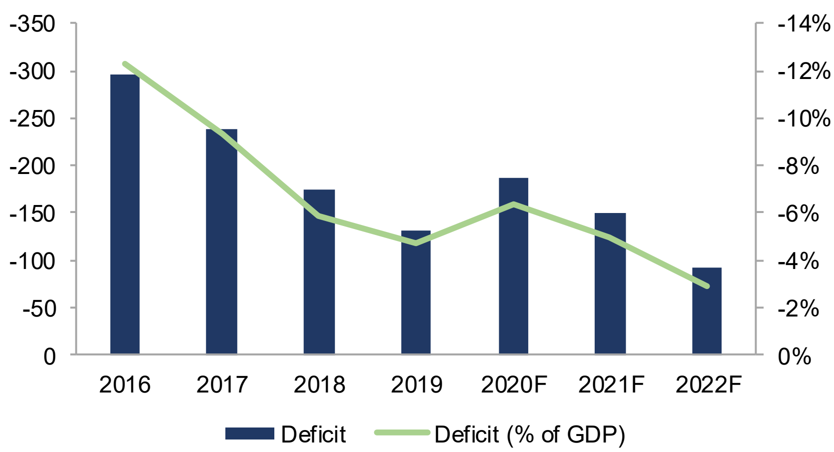
The 2020 budget emphasizes three key strategies the government wishes to tackle in 2020 and during the medium-term. Building off rigorous policy reprioritizations in 2018 and 2019, the Kingdom aims to:

1. Continue supporting households through targeted social protection programs such as the Citizen Account.
2. Stimulating the private sector as a growing contributor to the economy.
3. Minimize the impact of ongoing fiscal reforms as the Kingdom embarks on numerous projects to boost the private sector.

The adoption of prudent policies with the goal of balancing the state budget by 2023 are in place as downside risks are factored in. These risks include changes to the global economic landscape such as the ongoing trade war between the United States and China, which has impacted demand for the Kingdom's trade partners. By creating buffers to external shocks, the Kingdom has forged ahead with domestic policies that will better insulate the economy if broader global economic uncertainties emerge.

The budget deficit in 2020 is expected to reach SAR187 billion ($49.9 billion), equivalent to 6.4 percent of GDP, growing by 1.7 percent of GDP compared to the estimated deficit for 2019. Compared to 2018, the debt to GDP marginally climbs by 0.5 percent in 2020, and is expected to decrease as the projections for 2021 and 2022 are 5 percent and 2.9 percent, respectively. The deficit is attributed to a 9 percent reduction in total revenues in 2020 as the government forecasts SAR833 billion ($222.1 billion) in revenues versus SAR917 billion ($244.5 billion) for 2019. The reduction is largely due to reduced oil revenues resulting from lower expected oil prices in 2020 along with lower crude production. Total expenditures are expected to decrease by 2.7 percent in 2020 compared to 2019. Total expenditures fell from SAR1,048 billion ($279.5 billion) in 2019 to SAR1,020 billion ($272 billion) in 2020.

Chart 3 - Budget Deficits (SAR billions)



Source: MoF, USSABC

Revenues

Budgeted revenues are projected to reach SAR833 billion ($222.1 billion), of which 62 percent or SAR513 billion ($136.8 billion) will derive from oil revenues. Brent oil has averaged approximately $63.93 in 2019 after bottoming out to $53.80 in January before climbing as high as $74.57 in April. Brent prices are forecasted to decrease in 2020 to around $60 and crude oil production will remain at the 9.8 mbpd level. Additionally, the expected Aramco dividend payment of $75 billion, of which $73.7 billion will be remitted to the government, indicates budgeted oil revenues are in line with a moderate estimate. With expected lower oil prices, oil revenues are expected to decrease from SAR602 billion ($160.5 billion) in 2019 to SAR513 billion ($136.8 billion) in 2020, a 14.8 percent drop.

Non-oil revenues are budgeted to reach SAR320 billion ($85.3 billion) in 2020 accounting for 38 percent of total revenues. It also marks a decline of 9.1 percent compared to 2019. Taxes are expected to generate the bulk of non-oil revenues, as they will account for SAR200 billion ($53.3 billion) or 63 percent of non-oil revenues. Compared to 2019, tax revenues will decrease by 1.2 percent in 2020. The main reason for the decline in 2020 is due to the collection of non-recurrent amounts in 2019.

The main driver of tax revenues is the category of taxes on good and services which will account for 71 percent of all tax revenues. This category is budgeted to marginally increase by SAR1 billion ($266.7 million) compared to 2019. As previously mentioned in 2019 revenue breakdown, income from VAT is expected to increase as indicated by growing POS and SADAD transactions. Additional revenues will come from the excise tax on sugar-sweetened beverages.

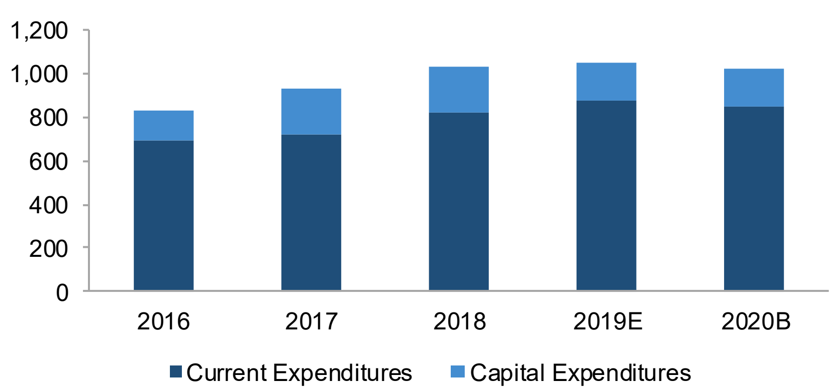
The tax categories of taxes on income, profits, and capital gains and taxes on international trade and transactions (customs) are budgeted to remain similar relative to 2019, totaling SAR16 billion ($4.3 billion) each. Other taxes (zakat) are expected to see a reduction from SAR29 billion ($7.7 billion) in 2019 to SAR26 billion ($6.9 billion) in 2020. The reduction is mainly due to the collection of non-recurrent zakat settlements from banks in 2019. Non-oil, non-tax revenues are budgeted to reach SAR120 billion ($32 billion) in 2020, marking a SAR9 billion ($2.4 billion) reduction compared to 2019.

Expenditures

Total expenditures in 2020 are budgeted to reach SAR1,020 billion ($272 billion), marking a 2.7 percent reduction compared to 2019 estimates. The role of the Center of Spending Efficiency (CSE) in ensuring public expenditures adhere to sustainable financial reforms has played a prominent factor in the effectiveness of state spending. Specifically, VRPs and mega projects have been under constant review to ensure their returns match their expected outcomes. The government is keen on fostering the role of the private sector in establishing, financing, and operating numerous projects. In tandem with the CSE, the government has raised the overall effectiveness of economic and social spending.

Current expenditures are budgeted to reach SAR847 billion ($225.9 billion) or 83 percent of total expenditures, representing a 3.4 percent decline compared to 2019. Current expenditures represent the more stringent part of expenditures, owing mostly to the compensation of employees category. Compensation of employees is budgeted to remain at SAR504 billion ($134.4 billion) for 2020 and will account for 49 percent of total expenditures. Although this category is budgeted to remain flat in 2020, it accounts for 1 percent higher as a proportion of total expenditures compared to 2019. The SAR1,000 ($267) extension per public employee as compensation for rising cost of living is accounted for in the compensation of employees category.

Chart 4 - Current and Capital Expenditures (SAR billions)



Source: MoF, USSABC

Expenditure on goods and services is budgeted to reach SAR140 billion ($37.3 billion), a 15 percent decline compared to 2019's figure of SAR164 billion ($43.7 billion). Spending in this category is expected to gradually decrease due to the expected improvement in the efficiency of spending stemming from the implementation of the new government tenders and procurement system. Expenditures on social benefits are budgeted to decrease by 10.3 percent to reach SAR69 billion ($18.4 billion) in 2020 compared to SAR77 billion ($20.5 billion) in 2019. This category supports the financing of the Citizen Account Program in addition to other programs focused on social protection.

Capital expenditures are budgeted to reach SAR173 billion ($46.1 billion) in 2020, representing 17 percent of total expenditures compared to 2019's budget of SAR246 billion ($65.6 billion), which represented 22 percent of total expenditures. Although capital expenditures in 2020 are a smaller portion of total expenditures compared to the 2019 budget statement, it is still higher than actual spending in 2019, where it represented only 16.4 percent. The reduction in capital expenditures is owed to an improving participation rate of the private sector in financing the establishment and operations of several projects as well as the prolongation of key VRPs. The capital expenditures will focus on projects in municipal services, health, education, infrastructure, transportation, among others.

Another noteworthy development is the role the PIF is expected to play in the development of establishing and financing mega projects in the Kingdom. Among the many mandates the PIF is responsible for, its 2020 commitments include (1) contributing SAR185 billion ($49.3 billion) to GDP, (2) generating 20,000 jobs, (3) contributing to the local content in the amount of SAR50 billion ($13.3 billion) or 2.3 percent of the total local content, (4) the value of assets under management reaching SAR1,500 billion ($400 billion), and (5) total shareholder returns reaching 4-5 percent. The sale of PIF's stake in Sabic to Aramco will provide additional inflows of SAR259 billion ($69.1 billion) which will then, in part, further contribute to the Kingdom's capital expenditures. The PIF's recent launch of the Funds of Funds Company "Jada" to support and empower SME's is another avenue that will support the private sector. "Jada," with its SAR4 billion ($1.1 billion) in capital will invest in venture capital and private equity funds.

As highlighted in our most recent USSABC Contract Awards Index (CAI) Report, the value of awarded contracts has witnessed significant growth in 2019 compared to the last four years. Through the first three quarters of 2019, the value of awarded contracts reached SAR161.8 billion ($43.1 billion), which surged by 117 percent compared to the same period in 2018. The growth in contract awards during 2019 is likely to reach approximately SAR billion ($53.3 billion), a level not seen since 2015. This development coincides with the government's drive to continue mega projects in 2020 with further support from the private sector and the aforementioned PIF. The growth of the construction sector will provide a boost to the private sector in terms of its contribution to GDP and growing employment opportunities.

In terms of the 2020 budgetary allocations by sector, there is a notable decline across all sectors reflecting the reduction in total expenditures for 2020. However, general items are expected to increase from SAR121 billion ($32.3 billion) in 2019 to SAR141 billion ($37.6 billion) in 2020, a 16 percent increase. General items include spending on government pensions, social insurances, financing cost, budget support provisions, contributions to international organizations, government programs and facilities, subsidies, and emergency expenses. The following table breaks down the projected expenditures in 2019 and 2020.

Table 2 - Expenditures by Sector (SAR billions)

Sector	2018 Actual	2019 Estimate	2020 Budget	% Growth (2019-20)
Public Administration	31	29	28	-3%
Military	242	198	182	-8%
Security and Regional Administration	113	104	102	-2%
Municipal Services	46	59	54	-8%
Education	209	202	193	-4%
Health & Social Development	175	174	167	-4%
Economic Resources	105	99	98	-1%
Infrastructure and Transportation	49	62	56	-10%
General Items	108	121	141	17%
Total	**1,079**	**1,048**	**1,020**	**-3%**

Source: MoF, USSABC

Debt and Financing

In order to fund the budgeted SAR187 billion ($49.9 billion) deficit in 2020, the government will continue its strategy of going to domestic and international debt markets in addition to drawing down its reserves. As stated in the budget statement, the size of debt issuances is dependent on the balance between debt issuance options and withdrawals from government deposits and reserves. Total public debt is expected to reach SAR754 billion ($201.1 billion), or 26 percent of GDP. Moreover, government reserves are expected to reach SAR346 billion ($92.3 billion) by the end of 2020. This indicates that approximately 65 percent of the deficit will be financed through drawdowns of government reserves.

2020 Outlook

The government's role in supporting and building the private sector has been evident since the introduction of Vision 2030. The volatile gyration of oil prices in 2019 has tested the resilience of the Saudi economy as the Kingdom has weathered the decrease in its oil revenues. The forecasted drop in oil prices of $60 per barrel in 2020 will provide further challenges to the Kingdom as it combats ways to diversify its revenues. However, prudent oversight though strict adherence to spending programs that minimize inefficiencies and capitalizes on the cohesive inclusion of the private sector is the medium to long-term plan that the government envisaged with Vision 2030 and its VRPs. The implementation of these strategies that focus on the social well being of citizens and growing the pipeline of mega projects, which in turn provide numerous employment opportunities, have already taken shape in 2019 and are expected to expand in 2020.

There are several downside risks the Kingdom may face that will challenge the 2020 budget. Most noteworthy is the continued fluctuations of oil prices that will curtail revenues and hamper capital expenditures. The OPEC+ agreements to limit crude oil production into 2020 has yielded brief improvements in oil prices, however global demand has waned and puts added downward pressure on revenues. Furthermore, the supply side dynamic will be impacted by policies adopted by OPEC+, the development of alternative sources of energy, and potential geopolitical disruptions.

The availability of employment opportunities is another risk the Kingdom faces. As the private sector contributes more to the growth of the economy, employment rates are expected to drop, as has recently occurred going from 12.3 percent to 12 percent in the third quarter of 2019. Supporting the private sector through 'private sector stimulus packages' (PSSP) is expected to further boost employment levels.

An upside risk that will support the private sector is the introduction on the eVisa Program. As highlighted in our most recent Economic Brief covering the tourism sector, the new visa has stimulated business interest with at least SAR27 billion ($7.2 billion) worth of tourism investments signed since its launch. This includes a SAR10 billion ($2.7 billion) deal with U.S.-based Triple 5 for a series of mixed-use tourism, hospitality, and entertainment destinations across the Kingdom, a SAR5 billion ($1.3 billion deal) with UAE -based Majid Al Futtaim for a mixed-use shopping and entertainment destination including what will be the region's largest indoor ski slope, and a SAR1.5 billion ($400 million) deal with Turkey's FTG Development for hotel, waterpark, and retail development in Qiddiya.

Annex 1: Budgetary Allocations 2018-2020

Fiscal Performance (2019-2020), (SAR billions)

	2019 Budget	2019 Estimate	2020 Budget
Revenues			
Total Revenues	**975**	**917**	**833**
Tax	**183**	**203**	**200**
Taxes on Income, Profits, and Capital Gains	16	16	16
Taxes on Goods and Services	132	141	142
Taxes on International Trade and Transactions	17	17	16
Other Taxes	19	29	26
Other Revenues	**791**	**714**	**633**
Expenditures			
Total Expenditures	**1106**	**1048**	**1020**
Expenses (OPEX)	**860**	**877**	**847**
Compensation of Employees	456	504	504
Goods and Services	175	164	140
Financing Expenses	21	21	31
Subsidies	32	22	17
Grants	3	1	1
Social Benefits	73	77	69
Other Expenses	100	87	85
Non-Financial Assets (CAPEX)	**246**	**172**	**173**
Budget Deficit/Surplus			
Budget Deficit/Surplus	**-131**	**-131**	**-187**
Ratio of GDP	-4.2%	-4.7%	-6.4%
Debt and Assets			
Debt	**678**	**678**	**754**
Ratio of GDP	22.0%	24.0%	26.0%
Government Reserves	**496**	**467**	**346**
Ratio of GDP	16.9%	15.9%	11.8%

Annex 2: Detailed 2020 Budgetary Allocations by Sector

The 2020 budget estimates total revenues at SAR833 billion ($222.1 billion) and total expenditures at SAR1,020 billion ($272 billion), resulting in a deficit of SAR173 billion. Out of the SAR1,020 billion ($272 billion) in budgeted expenditures, total capital expenditures represent approximately 17 percent, inclusive of new and ongoing projects from previous years. The Ministry of Finance did not provide a breakdown between capital and current expenditures for the designated sectors. The table below summarizes the key budgetary allocations as presented in the official budget release.

Sector	Allocation
Public Administration	Expenditures for public administration are projected at SAR28 billion ($7.5 billion), representing 2.75 percent of the total budget and a 3 percent decline from last year's budget. Spending will cover civil service, foreign affairs, judiciary, Islamic affairs, care of the two Holy Mosques, and other costs associated with administrative and legislative bodies.
Military	Military expenditures are projected at SAR182 billion ($48.5 billion), representing 17.84 percent of the total budget and an 8 percent decline from last year's budget. Spending will cover national defense, Royal Guards, nationalization of military industries, and other costs associated with military capabilities. Key projects include the construction of King Salman airbase, the national defense university, King Faisal aviation college, and King Fahad naval college.
Security and Regional Administration	Security and regional administration expenditures are projected at SAR102 billion ($27.2 billion), representing 10 percent of the total budget and a 2 percent decline from last year. Spending will cover border protection, drug control, counter-terrorism, civil defense, prison administration, passport administration, cybersecurity capabilities, and the security of vital facilities. Key projects include the development of centralized databases on tourism information and the establishment of a national cybersecurity center.
Municipal Services	Expenditures for municipal services are projected at SAR54 billion ($14.4 billion), representing 5.29 percent of the overall budget and an 8 percent decline from last year. Key projects include the King Abdulaziz Project for Riyadh Public Transport and the King Abdullah Parks Project in Riyadh. Spending will cover city infrastructure, organization of entertainment activities such as festivals and events, and associated projects stemming from the mandate to increase urban quality of life.
Education	Education expenditures are projected to reach SAR193 billion ($51.5 billion), representing 18.92 percent of the total budget and a 4 percent decline from last year's budget. Spending will cover the construction of new school buildings, laboratories, research centers, and university hospitals totaling some 653 projects in addition to providing IT services to universities, restoration of 184 schools, and the continued implementation of overseas scholarships to more than 90,000 students.
Health and Social Development	Expenditures for health and social development are projected at SAR167 billion ($44.5 billion), representing 16.37 percent of the overall budget and a 4 percent decline from last year. Projects planned for 2020 include construction of 35 hospitals and medical centers with an overall capacity of 10,750 beds as well as the construction of 4 sports centers and one sports city. Spending will cover health development including ambulatory care and research services, social development including security and protection services, and the Quality of Life program.
Economic Resources	Economic resource expenditures are projected at SAR98 billion ($26.1 billion), representing 9.61 percent of the budget and a 1 percent decline from last year. Spending will cover environmental infrastructure, water, agriculture, desalinated water, sewage networks, energy sources, and mineral wealth as well as the development of tourism, industrial exports, support for SMEs, and the enhancement of local content. Key projects include the launch of a SAR84 billion ($22.4 billion) national program to reduce environmental degradation and a second and third-round projects of the National Renewable Energy Program.
Infrastructure and Transportation	Infrastructure and transportation expenditures are projected to reach SAR56 billion ($14.9 billion), representing 5.49 percent of the total budget and a 10 percent decline from last year. Key projects planned for 2020 include the completion of expansion renovations to local airports, the construction of 2,000 kilometers of road representing a 3 percent increase in the total road network in the Kingdom, and to construction housing projects for the subsidy-eligible population
General Items	Expenditures on general items are projected at SAR141 billion ($37.6 billion), representing 13.82 percent of the overall budget and a 17 percent increase from last year's budget. Allocations to general items includes spending on government pensions, social insurance, financing costs, subsidies, and various government programs and emergency expenses.