

**EXECUTIVE
BOARD
MEETING**

SM/21/115
Supplement 1
Correction 1

June 29, 2021

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Saudi Arabia—Staff Report for the 2021 Article IV Consultation—
Informational Annex**

Board Action: The attached corrections to SM/21/115 (6/24/21) have been provided by the staff:

**Factual Errors Not
Affecting the
Presentation of
Staff's Analysis or
Views**

Pages 3 and 5

Questions: Mr. Callen, MCD (ext. 38873)
Mr. Yang, MCD (ext. 38028)
Mr. Lundback, MCD (ext. 36612)
Ms. Benmohamed, MCD (ext. 37039)

Assistance to low-income countries. In May 2012, Saudi Arabia pledged a new grant contribution of SDR 16.7 million in subsidy resources to the PRGT, which will be disbursed at end-December 2021. In October 2012 and October 2013, Saudi Arabia provided subsidy resources to the PRGT through the transfer of its full share in the distributions of the general reserve attributed to windfall gold sale profits, totaling SDR 71.87 million. Regarding loan resources, the Fund as Trustee of the Poverty Reduction and Growth Trust (PRGT) entered into a borrowing agreement of SDR 500 million with the Saudi ~~Arabian Monetary Authority~~Central Bank (SAMA) in May 2011 and the full amount had been drawn by end-May 2021. In February 2018, Saudi Arabia pledged to contribute \$2 million (equivalent to SDR 2.8 million) to the Financial Sector Stability Fund, supporting financial sector stability, inclusion, and deepening, focused on low- and lower-middle income countries.

Exchange Rate Arrangement

Saudi Arabia maintains an exchange rate system free of restrictions on the making of payments and transfers for current international transactions, and multiple currency practices. The Saudi Arabian Riyal was formally pegged to the U.S. dollar, effective January 2003 and the exchange arrangement is classified as a conventional peg. Prior to that, it was officially pegged to the SDR at the rate of SAR 5.2625=SDR 1, with margins of 7.25 percent even though in practice it has been pegged to the U.S. dollar since 1986, with a middle rate of SAR 3.7450=\$1. Saudi Arabia maintains security-related exchange restrictions pursuant to UN Security Council resolutions 1267 and 1373.

Last Article IV Consultation

Saudi Arabia is on the standard 12-month consultation cycle. The last Article IV consultation was held during April 23–May 5, 2019 in Riyadh. The staff report was considered by the Executive Board on July 10, 2019 and published on September 9, 2019 (<http://www.imf.org/external/pubs/cat/longres.aspx?sk=48659>).

Resident Representative

No resident representative is stationed in Saudi Arabia.

STATISTICAL ISSUES

(As of June 16, 2021)

I. Assessment of Data Adequacy for Surveillance
<p>General: Data provision has some shortcomings but is broadly adequate for surveillance. Progress has accelerated on national account and price statistics. Most affected areas are: government finance, labor market, monetary and financial, and external sector statistics.</p>
<p>Real sector statistics:</p> <p>National accounts: The General Authority for Statistics (GASTAT) compiles annual and quarterly production and expenditure-based GDP estimates with 2010 as base year. Current and constant price production-based GDP estimates are available from 2010Q1 to 2020Q4. Expenditure based estimates are available from 2011 to 2020. A new producer price index is being developed, which will allow improved deflation techniques. GASTAT is making progress on development of sectoral accounts. GASTAT also compiles and publishes an industrial price index with improved periodicity (from quarterly in 2016 to monthly since January 2019).</p> <p>Price statistics: The CPI has been rebased to 2018. The weight reference period for the wholesale price index has recently been updated to 2014 though sample coverage is limited to three cities. In March 2019 a detailed work plan for creating a new PPI was developed and agreed with the authorities. The new PPI is under development. A quarterly real estate price index is now published.</p> <p>Labor market statistics: Data providing a breakdown of employment between the private and public sector is only available from 2018Q3. A new classification for economic activity and a new employment series were introduced in 2016Q4. However, data prior to 2016Q4 has not yet been revised to make it consistent with the new series. The statistical agency has stopped publishing employment data from the labor force survey (LFS) since 2018Q3. Instead, it is publishing employment data based on contributors to the private sector pension fund and data from the Ministry of Human Resources and Social Development, which is only available from 2016Q3.</p>
<p>Government finance statistics: The authorities have reclassified the budget in line with <i>GFSM 2014</i>. The <i>GFSM 2014</i> framework is being used to report and publish fiscal data.</p>
<p>Monetary and financial statistics: The quality of monetary data has improved and information is made available in the Saudi Arabian Monetary Authority Central Bank (SAMA) Monthly Statistical Bulletin. Detailed data providing a breakdown of corporate and household deposits is not available. Furthermore, SAMA's published balance sheet has a large and growing "other liabilities" item that hinders analysis. SAMA has submitted the preliminary monetary and financial statistics based on the Standardized Report Forms (SRFs), as recommended in the Monetary and Financial Statistics Manual and Compilation Guide, for review by Statistics Department. SAMA also reports some basic series and indicators of the Financial Access Survey (FAS), including the two indicators adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).</p>
<p>Financial sector surveillance: SAMA reports quarterly financial soundness indicators (FSIs) to the IMF, which are published on the IMF's FSI website (https://data.imf.org/FSI). The reported FSIs comprise all 12 core FSIs and 8 encouraged FSIs for deposit takers.</p>
<p>External sector statistics: Quarterly balance of payments (BOP) and international investment position (IIP) data are published according to the latest international standard (the sixth edition of the <i>Balance of Payments and International Investment Position Manual</i>). However, data in the financial account of BOP and IIP are highly aggregated without breakdown by institutional sectors. The coverage for the private sector needs to be</p>