

**EXECUTIVE  
BOARD  
MEETING**

SM/22/188  
Supplement 1

July 14, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **Saudi Arabia—Staff Report for the 2022 Article IV Consultation—  
Informational Annex**

Board Action:	Executive Directors' <b>consideration</b> (Formal)
Tentative Board Date:	<b>Wednesday, July 27, 2022</b>
Publication:	Not yet decided*
Questions:	Mr. Mati, MCD (ext. 37797) Mr. Vacher, MCD (ext. 39697)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—Arab Monetary Fund, Asian Infrastructure Investment Bank, Food and Agriculture Organization, United Nations Development Programme, World Food Programme, World Trade Organization

**\*The Secretary's Department has been notified by the authorities that their explicit consent is required prior to the publication of Board documents. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities indicating that they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper.**





# SAUDI ARABIA

## STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

July 14, 2022

Prepared By

Middle East and Central Asia Department  
(In consultation with other departments)

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## FUND RELATIONS

(As of May 31, 2022)

**Membership Status:** Joined August 26, 1957; Article VIII.

<b>General Resources Account:</b>	<b>SDR Million</b>	<b>Percent Quota</b>
Quota	9,992.60	100.00
Fund holdings of currency	7,194.05	71.99
Reserve tranche position	2,798.56	28.01
Lending to the Fund		
New Arrangement to Borrow	75.37	

<b>SDR Department</b>	<b>SDR Million</b>	<b>Percent Allocation</b>
Net cumulative allocation	16,259.95	100.00
Holdings	15,423.02	94.85

**Outstanding Purchases and Loans:** None

**Latest Financial Arrangements:** None

### Projected Payments to the Fund

(SDR Million; based on existing use of resources and present holdings of SDRs)

	2022	2023	2024	2025	2026
Principal	0.00	0.00	0.00	0.00	0.00
Charges/interest	2.59	5.46	5.47	5.46	5.46
<b>Total</b>	2.59	5.46	5.47	5.46	5.46

### Lending to the Fund and Grants:

Saudi Arabia is a participant of the New Arrangements to Borrow (NAB), whose credit arrangement under the NAB amounts to about SDR 11.31 billion. The outstanding amount under the credit arrangement as of May 31, 2022 is about SDR 75.37 million. In October 2012, Saudi Arabia entered into a note purchase agreement with the Fund under the 2012 Borrowing Agreements in the amount of SDR 9.71 billion, to provide a third line of defense after quota and NAB resources. In December 2016, this agreement was renewed under the 2016 Borrowing Agreements, this time with an amount of \$15 billion. In January 2021, the agreement was again renewed under the 2020 Borrowing Agreements in the amount of about \$6.46 billion.

In March 2001, Saudi Arabia agreed to support the PRG-HIPC Trust with deposit contributions totaling SDR 94.4 million, of which SDR 16.71 million was contributed by the Kingdom of Saudi Arabia ("Saudi Arabia") and SDR 77.67 million by Saudi Fund for Development ("SFD"). In April 2006, these deposits were extended to end-December 2021 with an additional deposit of SDR 38.2 million from SFD, to provide SDR 40 million (end-2005 NPV terms) in subsidy resources to support the

Exogenous Shocks Facility. Saudi Arabia's deposit of SDR 16.71 million that matured on December 31, 2021, was transferred as grant contribution to the PRGT General Subsidy Account. SFD's aggregate deposit amount of SDR 115.87 million was most recently extended to mature on September 30, 2022 (effective on June 30, 2022, and after completion of internal formalities).

Additionally, in April 2005, Saudi Arabia agreed to provide a grant contribution of \$4 million (equivalent to SDR 2.6 million) to subsidize Emergency Natural Disaster 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 was received on December 31, 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 Central Bank (SAMA) in May 2011 and the full amount had been drawn in May 2020. 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 virtually during April 4- April 22, 2021. The staff report was considered by the Executive Board on June 30, 2021 and published on July 8, 2021.

<https://www.imf.org/en/Publications/CR/Issues/2021/07/07/Saudi-Arabia-2021-Article-IV-Consultation-Press-Release-and-Staff-Report-461736>).

### **Resident Representative**

No resident representative is stationed in Saudi Arabia.

# RELATIONS WITH THE WORLD BANK GROUP

(As of July 1, 2022)

**World Bank Country Page:**

<https://www.worldbank.org/en/country/saudi Arabia>

# STATISTICAL ISSUES

(As of July 1, 2022)

<b>I. Assessment of Data Adequacy for Surveillance</b>
<p><b>General:</b> Data provision to the Fund has some shortcomings but is broadly adequate for surveillance. Progress has accelerated on national accounts and monetary statistics but there are areas for improvements in price statistics and external sector statistics.</p>
<p><b>Real sector statistics:</b></p> <p><b>National accounts:</b> The General Authority for Statistics (GASTAT) compiles annual and quarterly production and expenditure-based GDP estimates with 2010 as base year. The classification of national accounts was updated in 2021 to reflect a more accurate representation of oil and non-oil activities. GASTAT also compiles annual supply and use tables, and recently published tables for 2018–2020 on the new classification; however, these are constrained to published GDP levels rather than being used to determine them. A new producer price index is being developed, which will allow improved deflation techniques. GASTAT also compiles and publishes an industrial production index with improved periodicity (from quarterly in 2016 to monthly since January 2019).</p> <p><b>Price statistics:</b> CPI data is published monthly using a fixed basket of goods and services consisting of 490 items based on the 2018 expenditure and income survey. The completion of the ongoing census in 2022 will allow for the production of a new household survey, which will help update socioeconomic indicators and rebase the CPI basket using more updated weights. There are plans from GASTAT to introduce scanner data and administered data for rents to improve the quality of the CPI. The weight reference period for the wholesale price index was updated to 2014 though sample coverage remains limited to three cities. A quarterly real estate price index is also published. A new PPI was planned with IMF TA in 2019 and is still under construction.</p> <p><b>Labor market statistics:</b> Data providing a breakdown of employment between the private and public sector is available from 2018Q3. The statistical agency has stopped publishing absolute employment numbers from the labor force survey (LFS) but continues to provide rates. Absolute employment numbers are published based on administrative data from private sector social insurance records (GOSI) and data from the Ministry of Human Resources and Social Development, which is available from 2016Q3. The switch from in-person to phone interviews for the Labor Force Survey (LFS) during COVID-19 may have impacted the respondent coverage, resulting in a higher number of female respondents. There are currently ongoing efforts to further improve the Labor Force Survey, with the aim to improve its quality and align it with best practices. In addition, the extent of the informal economy is currently being assessed.</p>
<p><b>Government finance statistics:</b> 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. Work on accrual data statistics is ongoing.</p>
<p><b>Monetary and financial statistics:</b> The quality of monetary data has improved and information is made available in the Saudi 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 to STA the preliminary monetary and financial statistics based on the IMF's Standardized Report Forms (SRFs). STA reviewed the data and found that some data issues should be addressed to conform with the methodology prescribed in the IMF's Monetary and Financial Statistics Manual and Compilation Guide. SAMA also reports some basic series and indicators of</p>

the Financial Access Survey (FAS), including the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).

**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 comprising all 12 core FSIs and 8 encouraged FSIs for deposit takers.

**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 *Balance of Payments and International Investment Position Manual*). SAMA compiles external debt statistics quarterly and the Reserves Data Template monthly. However, data in the financial account of BOP and IIP are highly aggregated without breakdown by institutional sectors. At the same time the sectoral breakdown is available for the external debt. The coverage for the private sector needs to be improved. SAMA participates in the IMF's Coordinated Portfolio Investment Survey (CPIS), although not in the IMF's Coordinated Direct investment Survey (CDIS). Direct investment data in BOP and IIP need improvements, which will also enable SAMA to participate in the CDIS. Moreover, there are ongoing efforts to conduct surveys (and use of financial statements) to collect FDI data by GASTAT, which would allow to participate in the IMF's Coordinated Direct Investment Survey.

## II. Data Standards and Quality

Saudi Arabia subscribed to the Special Data Dissemination Standard (SDDS) on September 18, 2019.

No data ROSC is available.

**Table of Common Indicators Required for Surveillance**  
(As of July 01, 2022)

	Date of latest observation	Date received	Frequency of Data <sup>6</sup>	Frequency of Reporting <sup>6</sup>	Frequency of publication <sup>6</sup>
Exchange rates	6/30/2022	6/30/2022	D	D	D
International reserve assets and reserve liabilities of the monetary authorities <sup>1</sup>	5/2022	6/28/2022	M	M	M
Reserve/base money	5/2022	6/28/2022	M	M	M
Broad Money	5/2022	6/28/2022	M	M	M
Central Bank balance sheet	5/2022	6/28/2022	M	M	M
Consolidated balance sheet of the banking system	5/2022	6/28/2022	M	M	M
Interest rates <sup>2</sup>	6/30/2022	6/30/2022	D	D	D
Consumer price index	5/2022	6/15/2022	M	M	M
Revenue, expenditure, balance and composition of financing <sup>3</sup> — Central Government	Q1 2022	5/15/2022	Q	Q	Q
Revenue, expenditure, balance and composition of financing <sup>3</sup> — General Government	NA	NA	NA	NA	NA
Stocks of central government and central government-guaranteed debt <sup>4</sup>	Q1 2022	5/15/2022	Q	Q	Q
External current account balance	Q1 2022	6/28/2022	Q	Q	Q
Exports and imports of goods	3/2022	6/28/2022	M	M	M
GDP/GNP	Q1 2022	5/26/2022	Q	Q	Q
Gross external debt	Q1 2022	6/28/2022	Q	Q	Q
International investment position <sup>5</sup>	Q1 2022	6/28/2022	Q	Q	Q
<p><sup>1</sup> Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by means as well as the notional values of derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.</p> <p><sup>2</sup> Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.</p> <p><sup>3</sup> Foreign, domestic bank and domestic nonbank financing.</p> <p><sup>4</sup> Including currency composition.</p> <p><sup>5</sup> Includes external gross financial asset and liability positions vis-à-vis nonresidents.</p> <p><sup>6</sup> Daily (D), Monthly (M), Quarterly (Q), Annually (A), Irregular (I); Not Available (NA).</p>					