



# ASSET MANAGEMENT

## **Shareek investment program**

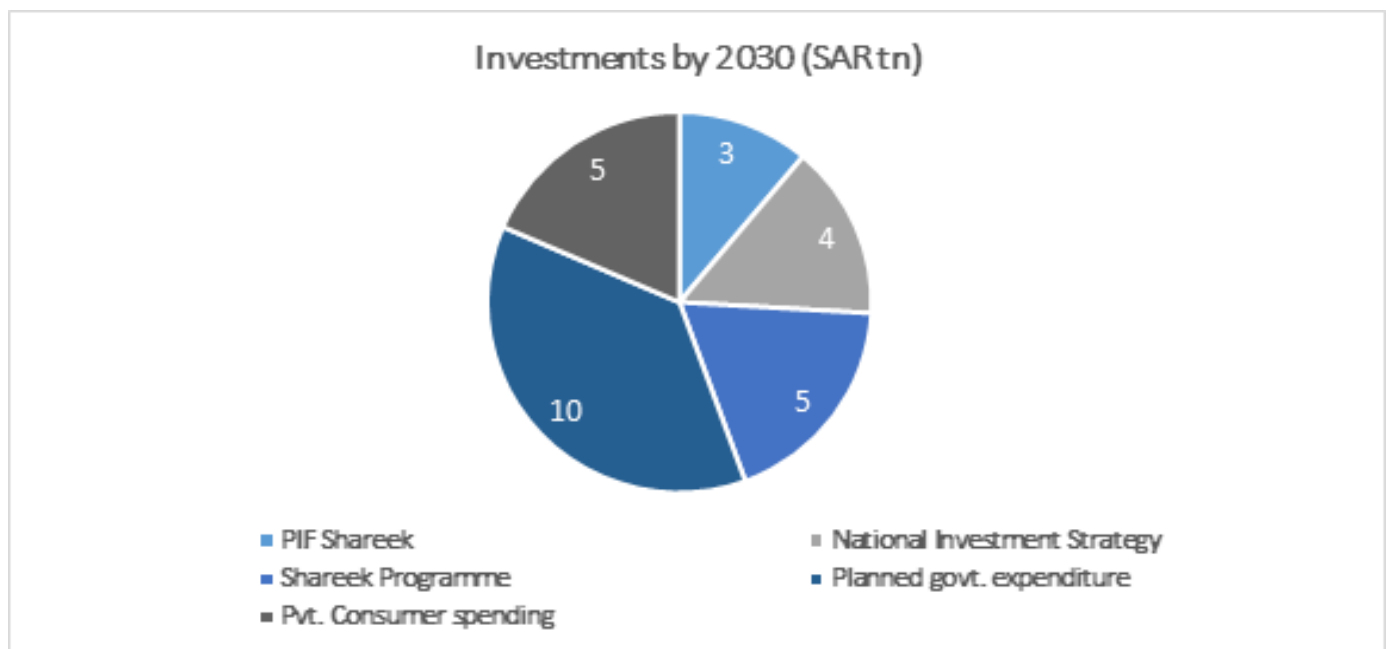
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## Saudi Crown Prince launches new program to strengthen private sector partnership as total investments will stand at SAR 12 trillion until 2030

Crown Prince Mohammed Bin Salman launched a program ‘Shareek’ to strengthen partnership with the private sector announced during a virtual meeting with business leaders, heads of major companies in Saudi Arabia and ministers.

The launch of program comes at a very important juncture for Saudi Arabia as the economy is in a positive transition. The program aims to enhance the competitiveness, resilience and capacities of the private sector companies both regionally and globally. It will also act as a stimulus for companies who are set to receive support to recover from the impact of the pandemic. This massive and visionary investment program will help the public and private sector to work in cohesion towards achieving the objectives of Vision 2030.



### About Shareek (‘Partner’) Program:

Shareek is a collaborative program designed to strengthen the partnership with the private sector. The private sector Shareek program is part of the investment program totalling SAR 12 trillion into the Saudi economy by 2030. This includes SAR 3 trillion investment from Public Investment Fund (PIF), and SAR 4 trillion under the national investment strategy. The above investment plan is independent of the Saudi government expenditure that is slated to reach SAR 10 trillion and the private consumer spending that is expected to stand at SAR 5 trillion by 2030. Therefore, of the SAR 27 trillion riyals spending and investment program over the next ten years, 90% will be provided by the Saudi government, funds and companies.

Twenty-four listed companies have agreed to reduce their dividends and redirect the money into the local economy including Saudi Aramco, SABIC, Almarai, Saudi Telecom, and National Shipping, contributing a total of SAR 5 trillion of domestic capital spending over the next ten years. The companies will be offered incentives from the government in exchange for participating, including subsidies and the ability to lobby for beneficial regulatory, financial and operational changes. However, the crown prince noted that the dividend for the minority shareholders of Aramco (98% of the company is government owned) is going to be stable. The government is still negotiating with other companies to join the program, but around 60% of the 5 trillion riyals will come from Aramco and Sabic alone.

In order to support new investments, Prince Mohammed said that the Public Investment Fund, would look to sell off some of its local holdings. Last year the PIF completed the sale of its 70% stake in Sabic to Aramco that raised around \$70 billion. The PIF holds large stakes in many Saudi companies, such as Madeen, Saudi Telecom, Southern Province Cement and National Commercial Bank. The prince didn't comment on any plans to sell assets directly.

#### **Shareek Program objectives:**

- Support Saudi companies and enable them to access local investments worth SAR 5 trillion by the end of 2030
- Provide thousands of new job opportunities
- Raise the private sector contribution to the Kingdom's GDP
- Create opportunities for interaction with small and medium enterprises
- Offer practical support to accelerate the completion of major companies' projects in the Kingdom
- Contribute to the continued progress of the Saudi economy's ranking among the largest global economies, with the goal of rising to 15th
- Enhancing confidence in the Kingdom's investment ecosystem
- Maximize the resilience and competitiveness of large Saudi companies, both regionally and globally
- Provide stimulus and support to the companies to recover from the impact of the COVID-19 pandemic

#### **The management of the Program:**

Shareek will operate under the relevant approved guidelines from the World Trade Organization (WTO), and in accordance with other relevant domestic and international regulations and policies. The Government of the Kingdom of Saudi Arabia will manage the Program under the direction of the Crown Prince, while the Large Companies Investment Board will oversee the implementation of the program, and the members of the board include the Ministers of Investment, Tourism, Finance, Communications, Information Technology, Human Resources and Social Development, the Governor of the Public Investment Fund, the Secretary of the Council of Economic Affairs Committee and the Deputy Minister Economics and planning. The program is supervised by a council that includes various stakeholders from the investment industry. There are also plans to communicate with 50 major companies listed on the stock market and private sector companies.

It is expected that the first memorandums of understanding (MoU) will be signed between large companies and Shareek in June.

**Participation in the program:**

Large companies will work to develop specialized investment plans with the relevant ministry that will provide the required support. To benefit from the program, large companies must prove their ability to invest a minimum of SAR 20 billion over the next decade, and the ability to invest SAR 400 million in each additional project, to possess the necessary qualifications to obtain program support.

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