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Abdullah Al-Basri & Co.
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Saudi Arabia’s 2026 Budget:

Accelerating Saudi Arabia’s Transition to a Diversified, High-Growth Economy

Saudi Arabia's 2026 budget is more than a fiscal document; it is a strategic declaration of intent. As the Kingdom progresses into the second half of Vision 2030, its economic posture is shifting decisively from infrastructure build-out to capability building, private-sector scale-up, and long-term revenue diversification.

The budget reflects this confidence: higher non-oil revenues, disciplined fiscal consolidation, and sustained investment in key economic and social priorities.

For businesses already operating in the Kingdom, the Budget provides clarity and forward visibility. For international investors, it signals that Saudi Arabia is entering a phase of maturity; few emerging markets achieve high growth, low public debt, deepening capital markets, and a decade-long strategic roadmap anchored in political and economic stability.

At Aldar Audit Bureau, Grant Thornton Saudi Arabia (GTKSA), our mission is to help organisations, domestic and international, translate this national ambition into measurable, sustainable growth. This report offers our interpretation of what the 2026 budget means for the market, where the opportunities lie, and how companies should position themselves to win in the next phase of Saudi Arabia's transformation journey.

Abdulmajid Al-Basri, CEO
Aldar Audit Bureau
Grant Thornton, Saudi Arabia

Macroeconomic Direction and Fiscal Strategy

The 2026 Budget sets the tone for a more mature economic cycle. Saudi Arabia forecasts revenue of SAR 1.147 trillion, up 5.1% from 2025, and expenditure of SAR 1.313 trillion, reflecting the Kingdom's ongoing commitment to structural transformation supported by deliberate fiscal consolidation.

A fiscal deficit of 3.3% of GDP is expected for 2026, notably lower than the 5.3% deficit estimated for 2025, affirming the government's commitment to sustainability while still investing in major strategic initiatives (Budget 2026, p. 11).

The Kingdom's public debt remains modest at 32.7% of GDP (Budget 2026, p. 14). When combined with strong reserves and government deposits of around SAR 390 billion, Saudi Arabia retains one of the strongest fiscal positions globally. This strategic balance of continued spending with disciplined debt management positions the Kingdom to maintain credit strength and investor confidence.

Beneath the aggregate numbers lies a critical structural trend: the continued decoupling of economic growth from oil revenue. As oil markets stabilise and the global energy landscape shifts, the Kingdom is accelerating efforts to build a diversified and resilient economic base.

Real GDP growth is projected to reach 4.6% in 2026, driven overwhelmingly by non-oil sectors (Budget 2026, p. 6). This reflects both government-led investments and a private sector that is expanding in productivity, sophistication, and sectoral breadth.

Four factors now define Saudi Arabia's fiscal posture:

1. Moderate but strategic deficits aligned with long-term development plans.
2. Stable oil prices underpin fiscal planning.
3. Consistent growth in non-oil revenues through tax and regulatory efficiency.
4. Measured increases in public debt, well below international thresholds.

The budget signals that Saudi Arabia has entered a stage where its economic strategy deliberately balances growth and consolidation, rather than choosing one at the expense of the other.

Our Perspective

The macroeconomic reading is clear: Saudi Arabia is entering a period of predictable, stable, and high-confidence growth. Businesses can plan multi-year investments with greater certainty. Global investors can rely on a fiscal environment characterised by discipline and ambition, a rare combination.

The Kingdom's fiscal position reduces risk and widens the opening for large- scale investment, partnerships, and long-term capital deployment.

The Expanding Non-Oil Economy

The defining feature of the 2026 Budget is the scale and momentum of non-oil activity. Growing non-oil revenues, deeper private-sector participation, and surging consumer spending all point to a new economic reality in the Kingdom.

Non-oil GDP remains the primary driver of economic expansion, supported by tourism, manufacturing, logistics, real estate, entertainment, retail, and advanced services. The private sector Purchasing Managers' Index (PMI) continues to exceed 60, one of the strongest readings globally, indicating rapid business expansion, higher new orders, and robust employment (Budget 2026, p. 18).

The Kingdom's non-oil revenue trajectory is equally telling. Taxes on goods and services, Zakat enhancements, customs improvements, and expanded economic participation all contribute to consistently rising non-oil fiscal inflows (Budget 2026, p. 22). This reinforces the long-term fiscal narrative: diversification is not aspirational; it is already unfolding.

Consumer demand is supported by:

- Expanding employment opportunities.
- High female workforce participation.
- Strong wage growth in private-sector roles.
- Expanding retail and service-sector ecosystems.

Meanwhile, the surge in SMEs, entrepreneurship, and venture-backed innovation deepens the Kingdom's economic fabric and broadens its non-oil base.

Our Perspective

The non-oil transformation opens pathways for virtually every sector we serve. The next five years will reward those who scale capabilities aligned with national priorities: tourism experience, manufacturing localisation, logistics connectivity, digital transformation, and consumer services.

For foreign investors, the non-oil narrative is the strongest indicator of long-term economic stability and one of the most compelling reasons to enter the Saudi market now.

Budget Spending Priorities

The budget's expenditure allocation reflects three strategic priorities: Human capital, infrastructure, and economic diversification.

Social Development and Human Capital
Spending on social development remains high, with allocations to health estimated at SAR 259 billion and education around SAR 202 billion (Budget 2026, p. 27). These investments support long-term productivity and improve living standards, making the Kingdom more attractive for global talent and investors.

Infrastructure and Urban Development
Investment in transport, municipal services, and infrastructure remains substantial, though tapering as early land acquisition-heavy phases of significant projects conclude (Budget 2026, p. 31). Giga-projects such as Qiddiya, Diriyah, and the Holy Mosque expansions transition from foundational development to operational and commercial phases.

Economic Development and Sectoral Priorities
Approximately SAR92 billion is allocated to economic resource development, supporting housing programmes, tourism expansion, agriculture, manufacturing, and national industrial strategies (Budget 2026, p. 29).

The 2026 Budget explicitly emphasises alignment with long-term transformations requiring long-horizon capital: energy transition, AI infrastructure, logistics, urban regeneration, and industrial self-sufficiency.

Our Perspective

The Kingdom's investment mix reinforces a long-term playbook: build the foundations, accelerate economic diversification, and unlock private-sector-led growth. The private sector should anticipate increased competition and rising standards across sectors.

International investors will find opportunities in project finance, PPP models, O&M, digital infrastructure, and sector partnerships, especially as major projects shift into operational phases.

Labour Market, Skills, and Productivity: A New Human Capital Era

Saudi Arabia continues to reshape its labour market to support Vision 2030 through both Saudisation policies and significant investments in skills. The budget shows continued declines in unemployment among nationals, supported by labour-market reforms, training programmes, and new career pathways in emerging industries.

Female labour participation remains one of the Kingdom's most remarkable success stories, reaching historic levels and becoming a structural driver of household income, consumption, and private-sector talent pools (Budget 2026, p. 36).

Businesses will face:

- Strong competition for skilled labour.
- Higher expectations for workplace culture, training, and capability development.
- Increased scrutiny on compliance with Saudisation requirements.
- Rising importance of productivity-enhancing technologies.

These dynamics will shape recruitment, retention, and talent strategies for years to come.

Our Perspective

The talent agenda is no longer an HR issue; it is a strategic imperative. Firms that invest in capability building, digital tools, and talent retention will outperform competitors.

Foreign investors should recognise that the Kingdom's labour-market reforms are strengthening the long-term commercial environment, improving productivity, and deepening the available talent pool.

Implications for Domestic Businesses: Compliance, Capital, and Competitiveness

The budget signals that enforcement, data-driven regulation, and governance will intensify. As non-oil revenues rise, compliance with Zakat, tax, VAT, transfer pricing, and labour regulations becomes increasingly important.

Domestic businesses will need to elevate:

- Governance and financial reporting.
- Strategic pricing and cost management.
- Internal controls and risk frameworks.
- Transparency and documentation standards.

Access to capital is also expanding. With banking assets nearing SAR 4.9 trillion (Budget 2026, p. 40) and strong growth in sukuk and bond markets, financing options are diversifying. Firms with strong governance practices will secure more favourable terms.

Our Perspective

Compliance and financial maturity are now competitive advantages. Companies that embrace stronger controls, digital finance systems, and robust audit practices will attract better partnerships, capital, and talent.

We are already seeing rising demand for assurance, governance transformation, and tax optimisation as companies position themselves for growth.

Implications for International Investors: A New Frontier for Global Capital

The Kingdom's macroeconomic stability, modernising regulatory environment, and multi-sector transformation create one of the most compelling investment landscapes globally.

Opportunities span:

- Advanced Manufacturing & Industrial Localisation, supported by incentives under the National Industrial Strategy.
- Digital & AI Ecosystems, accelerated by public investment in platforms like HUMAIN and Elm.
- Infrastructure & Giga-Projects, offering PPP, O&M, financing, and development partnerships.
- Tourism, Culture & Sports is one of the fastest-growing sectors.
- Capital Markets, deepening sukuk markets and increasing foreign participation.

These opportunities are amplified by strong regulatory clarity, predictable fiscal policy, and a high-growth consumer market.

Our Perspective

International investors should act decisively. The window between 2026 and 2030 will define market share, long-term positioning, and strategic partnerships. Early movers will secure the most valuable opportunities in manufacturing, tourism, digital infrastructure, and giga-project operations. Our firm supports investors across due diligence, entry strategy, corridor structuring, M&A, tax structuring, and ongoing compliance.

Risks and Execution Realities: Managing the Path Forward

The budget outlines several risks, including oil-market volatility, global economic slowdown, and the execution complexity of giga-projects. Domestically, rising demand for skilled labour, supply-chain constraints, and cost escalation may affect project timelines.

Yet Saudi Arabia's strong reserves, prudent debt strategy, and diversified revenue base significantly mitigate macroeconomic risks. Execution risks will increasingly depend on project governance, partner capability, and market maturity.

Our Perspective

Risk in Saudi Arabia is shifting from macroeconomic to operational. Companies that invest in execution discipline, transparent financial reporting, and robust governance frameworks will outperform. Investors must conduct rigorous due diligence, select the right partners, and build scalable operating models from day one.

The Next Phase Belongs to Those Who Act Now

Saudi Arabia's 2026 budget is a statement of confidence in its own economic future but also a signal to businesses and global investors. The Kingdom is accelerating towards a diversified, high-growth, globally competitive economy.

Opportunity is expanding across sectors, capital is deepening, and national ambition is matched with a disciplined fiscal strategy. For companies already in the Kingdom, now is the moment to scale capabilities, invest in people, strengthen compliance, and align with national priorities.For international players, this isa rare opportunity: a large, stable, underpenetrated market with decades of growth ahead.

Our firm is positioned to support organisations navigating this next phase with insights, advisory capabilities, assurance excellence, and a deep understanding of the Saudi market. The next decade of Saudi Arabia's transformation will reward vision, speed, and execution.

Riyadh

U Walk, C4
2nd Floor
Prince Turki Ibn Abdulaziz
Al Awal Road
Riyadh

+966 (11) 463 0680

Jeddah

Crystal Tower, 2nd
Floor, King Fahad
Rd, Al Bawadi
District, Jeddah
23443

Saudi Arabia

+966 (12) 691 6883

Dammam

7th Floor
Ababtain Tower
Custodian of the Two
Holy Mosques Road Al-
Khobar Kingdom of
Saudi Arabia

+966 (13) 896 0592

Aldar Audit Bureau
Abdullah Al-Basri & Co.
Member firm of Grant Thornton International Ltd.
Grant Thornton

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