



Strategic Gears
Management Consultancy

SAUDI ARABIA'S

PREMIUM RESIDENCY PROGRAM

Ambitions, realities, and challenges



SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Ambitions, realities, and challenges

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SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Executive Summary

The plan to introduce the Saudi Premium Residency program was announced by the Crown Prince HRH Mohammed Bin Salman Al-Saud in 2016, and the program was launched in May 2019. The program offers several benefits to current and potential expats in the Kingdom and can achieve many other benefits for the Saudi economy, contributing to several Vision 2030 goals.

There are around 9.8 million expats working in Saudi Arabia which represent about 76% of the labor force. These expats have been facing a range of residency-related challenges that have limited the potential benefits they could offer to the Kingdom, and alienated top talents from moving to it. Some of the challenges that expats face include the inability to own businesses or real estate, and the restrictions on job mobility. The economy also faces several key challenges including high amounts of remittances, presence of 'Tasattur'¹, and failing to attract and retain highly skilled labor.

In this report, we compare the business visa and immigration programs in select OECD countries to the Kingdom's current Iqama program in terms of the benefits offered. Noticeably, most of the benefits offered by prominent economies' immigration programs were lacking in the Kingdom's Iqama program. Therefore, it became clear that in order to realize the goals of Vision 2030, there was a need for either an improvement/reform of the Iqama system or an introduction of a robust program, such as the new Premium Residency program.

Permanent residency programs have been used by various countries across the globe as a policy mechanism to elevate the standards of their labor markets and enhance economic activities. Other terminologies are used to refer to programs similar to the Premium Residency program, including the American "Green Card" and the British "Indefinite Leave to Remain". We analyzed relevant data of several countries that offer such programs, and found that they impart several socio-economic benefits such as increasing GDP, growing labor force participation, enhancing skill levels, and creating new businesses.

The Saudi Premium Residency program comes in two forms: unlimited duration and limited duration. The unlimited duration version grants permanent residency for a one-time fee of SR 800,000, while the limited duration version grants a renewable permanent residency status for an annual fee of SR 100,000.

Despite such relatively expensive fees, the Premium Residency program has the potential to develop into one of the key drivers for achieving the Vision 2030 targets. It can maximize the Kingdom's regional and international competitiveness, uplifting the labor market environment by increasing labor mobility and improving the standard of living for expats in order to attract and retain skilled workers, promoting foreign investment to support the growth of the local economy, increasing non-oil governmental revenues, and reducing remittances.

1. The illegal practice of expats running businesses under the names of Saudi owners.

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Introduction

The Saudi Premium Residency (PR) program was launched in May 2019, and was initially announced by the Crown Prince HRH Mohammed Bin Salman Al-Saud in 2016 in an interview with Alarabiya TV channel. The program gives foreigners the right to reside in the Kingdom for an indefinite period of time and grants them many benefits they did not previously have access to. The Premium Residency program stemmed from the mandate of the Vision 2030, which aspires to accomplish strategic goals across the three pillars of it: **A Vibrant Society, A Thriving Economy and An Ambitious Nation**. Some of the strategic goals that the program connects to include:

- ▶ Boosting foreign direct investment to support the growth of the local economy by granting foreigners access to investment opportunities.
- ▶ Increasing the private sector's, especially SME's², labor productivity and contribution to the GDP by attracting highly skilled foreigners from around the world.
- ▶ Increasing non-oil revenues by diversifying industries in the Kingdom, and by various related governmental fees and taxes.
- ▶ Improving labor market conditions for Saudis and expats alike, while elevating the quality of talent in the country, promoting a more flexible labor market, and boosting knowledge transfer.

The Premium Residency program offers several benefits for expats, which were never granted by the Iqama system, including:

- ▶ Full ownership of businesses
- ▶ Freedom to exit and re-enter the Kingdom without approval of a Saudi sponsor
- ▶ Provision for switching jobs without the sponsor's permission in the private sector
- ▶ Real estate ownership
- ▶ Visiting visa for relatives
- ▶ Recruitment of domestic workers and use of airport lanes of Saudis
- ▶ Exemption of the expat dependents levy

In this report, we will explore the impact of such a program by understanding the experiences of other countries and discussing how the Premium Residency program in the Kingdom stands in comparison.

“The Premium Residency program stemmed from the mandate of the Vision 2030 and it offers several benefits to expats, which were never granted by the Iqama system”

2. SME: Small-Medium Enterprises are enterprises with an independent commercial registration that have less than 249 employees, and less than SR 200 million as revenue.

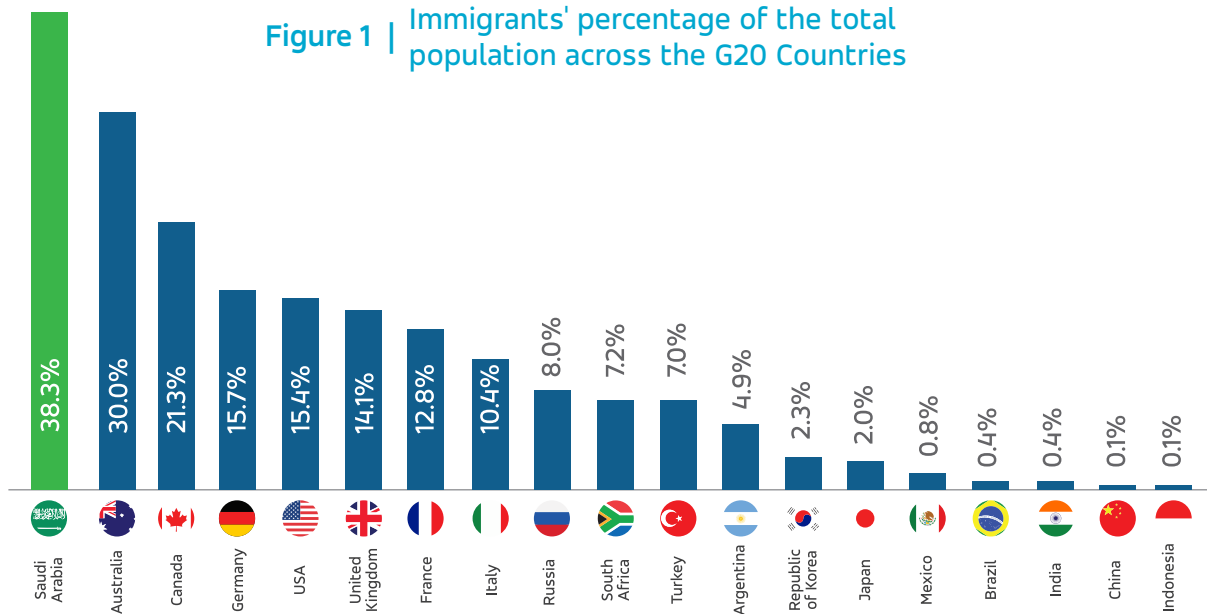
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Expats In the Kingdom

Expats Are Key Labor Force Drivers

Saudi Arabia has the third highest inflow of immigrants³ globally⁴, and they account for about 38% (12.6 Million) of the population in the Kingdom. As shown in Figure 1, Saudi Arabia is also ranked first among the G20 countries in terms of immigrants' percentage of the total population.

Figure 1 | Immigrants' percentage of the total population across the G20 Countries

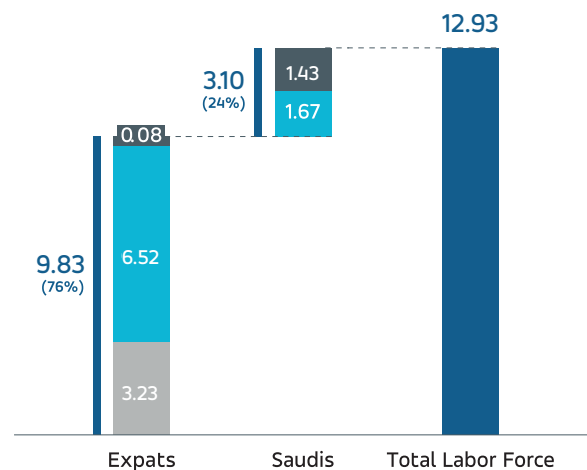


Source: United Nations, 2019

Moreover, expats constitute a large portion of the labor market in Saudi Arabia (9.8 Million, which represents 76% of the total labor force)⁵. The expat labor force in Saudi Arabia can be broken down into three categories based on the sector: 6.5 Million expats in the private sector (67%), 80,000 expats in the public sector (1%), and 3.2 Million expats are domestic workers (32%).

Public Sector Private Sector Domestic Workers

Figure 2 | Split of the total labor force in Saudi Arabia (Millions), 2019



Source: GASTAT 2019

“Saudi Arabia is ranked first among the G20 countries in terms of immigrants' percentage of total population. Expats constitute 76% of the labor market in Saudi Arabia”

3. Immigrants are defined as people who migrate to a country in order to live permanently, whereas expats move abroad for a limited period or have not yet decided their length of stay.

4. United Nations, 2019.

5. GASTAT, 2019.

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Expats In the Kingdom

Expats Have Historically Been Lacking Essential Benefits

In a quantitative research conducted by Strategic Gears in 2017, we found that 63% of the expat population in the Kingdom are long term stayers (expats, mostly Iqama holders, who intend to stay in the Kingdom for more than 10 years).

We studied work visa (Iqama-like) programs in select OECD countries, and compared them with Saudi Arabia's Iqama system. We discovered that many of the essential benefits are lacking in the latter.

Table 1 | Comparison of benefits offered to expats through their work visa programs in the top five G20 countries (in order of largest share of immigrants' percentage of total population)

						
		Saudi Arabia	Australia	Canada	Germany	USA
	Free mobility between jobs	●	●	●	●	●
	Self-processed exit and re-entry	●	●	●	●	●
	Business ownership	●	●	●	●	●
	Real estate ownership	●	●	●	●	●
	Visit visa for relatives	●	●	●	●	●
	Special vehicle ownership ⁶	●	●	●	●	●

Source: Official governmental resources

Note: Restrictions and/or special conditions apply

The lack of these benefits along with the dominant intentions of staying long-term aided in the creation of many socio-economic challenges that include, but are not limited to, alienation of highly skilled labor, high amount of remittances, and the presence of commercial 'Tasattur'.

“Comparing work visa (Iqama-like) programs in select OECD countries to Saudi Arabia's Iqama system, we discovered that many of the essential benefits are lacking in the Iqama system”

6. Currently, expats in Saudi Arabia are not allowed to own special types of vehicles (7 seaters and similar vehicles) if they do not have a family of five individuals or more.

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Expats have historically been lacking essential benefits

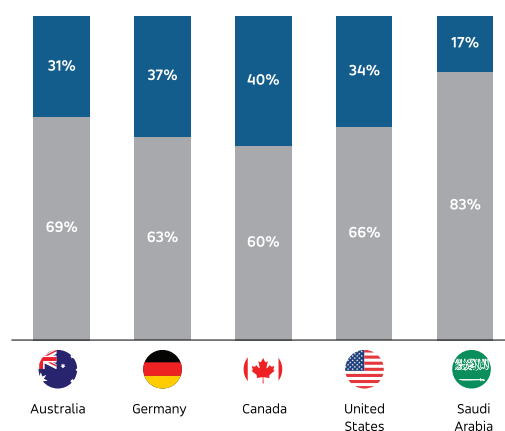
Alienation Of Highly Skilled Labor

Although expats are key labor force drivers in Saudi Arabia, only a small portion are skilled workers. When compared to expats in other economies, expats in Saudi Arabia are among the least educated (only 17% of expats hold a bachelor's degree or above⁷). This indicates that the current Iqama program does not attract skilled workforce into the Kingdom but rather an unskilled labor force, limiting the Kingdom from building a knowledge-based economy.

- Immigrants holding a bachelor's degree or above
- Immigrants not holding a bachelor's degree

Sources: Official governmental resources

Figure 3 | Percentage of highly educated expats of the total population of expats in Saudi Arabia and other key OECD countries

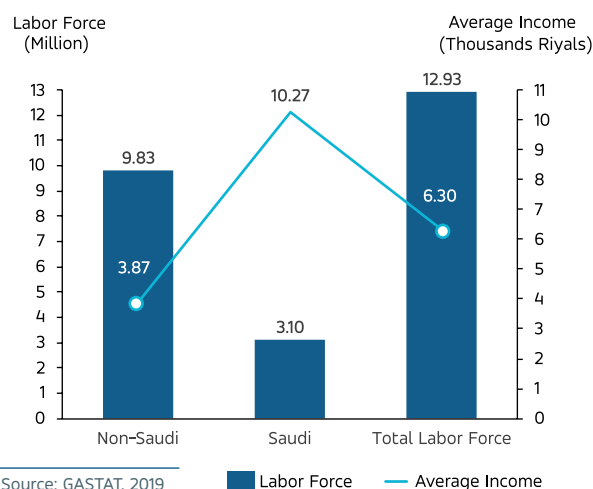


Reflecting low skill and education level of expats in Saudi Arabia, average wages of expats are also significantly lower than the average wages of Saudi workers. As shown in Figure 4, the average wage for an expat is approximately SR 3,870, while the average wage of a Saudi citizen is approximately SR 10,270.

Such a gap in salary level, of course, pulls the overall average wage down to SR 6,300, especially given the significant number of expats in the labor force.

“The current Iqama program does not attract skilled workforce into Saudi Arabia, but rather unskilled labor force”

Figure 4 | Average income for Saudis and non-Saudis & total number of Saudis and non-Saudis in the labor force, 2019



Source: GASTAT, 2019

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Expats have historically been lacking essential benefits

Alienation Of Highly Skilled Labor

Labor productivity is measured in the Global Competitive Index (GCI) 2019, through its eighth pillar (labor market efficiency). The pillar measures two major components; namely flexibility, and meritocracy and incentivization.

Saudi Arabia was ranked 89th in the GCI index for that pillar. Labor productivity is quite low for the Kingdom when comparing with the top four G20 countries with the largest share of immigrants.

In terms of flexibility, Saudi Arabia had a rank of 78, which implies that the labor market possesses less flexibility in shifting workers from an economic activity to another at a low cost, neither does it allow for wage fluctuations without much social disruption.

Figure 5 | Labor efficiency ranking of the top five G20 countries with the largest number of immigrants' percentage of total population



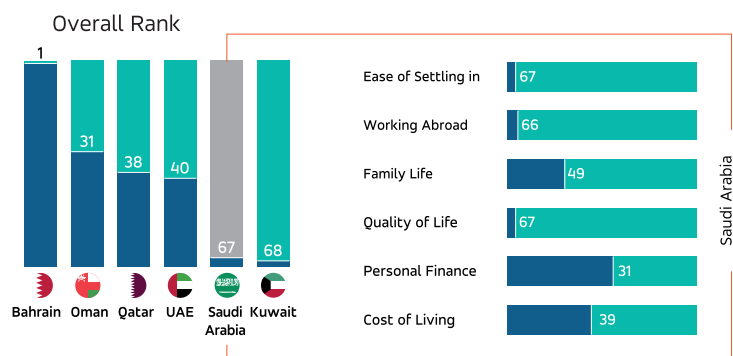
Source: Global Competitiveness Index 2019

Furthermore, in terms of meritocracy and incentivization, the Kingdom had a rank of 98, which indicates lower meritocracy at the work place as well as lower equality in the business environment between women and men. Such conditions alienate highly skilled workers for both genders and induce a low-skill and low productivity base for the economy.

In addition, expats in Saudi Arabia have low quality of life according to the Expat Insider 2018 survey, which places Saudi Arabia in the second lowest (67) position out of 68 countries.

The survey measures six indices, with Saudi Arabia ranking 67 in Quality of Life, 67 in Ease of Settling In, 66 in Working Abroad, 49 in Family Life, 31 in Personal Finance and 39 in Cost of Living. Such conditions and realities promote negative behavior of existing expats (i.e. high remittances) and discourage more capable foreigners from coming and/or staying in the country.

Figure 6 | Ranking of GCC Countries according to the six indices in the Expat Insider 2018 survey



Source: Internations Expat Insider 2018 Survey

“Saudi Arabia was ranked 89th in the GCI 2019 index for labor market efficiency. Saudi Arabia was ranked 67th in terms of quality of life according to Expat Insider 2018 survey”

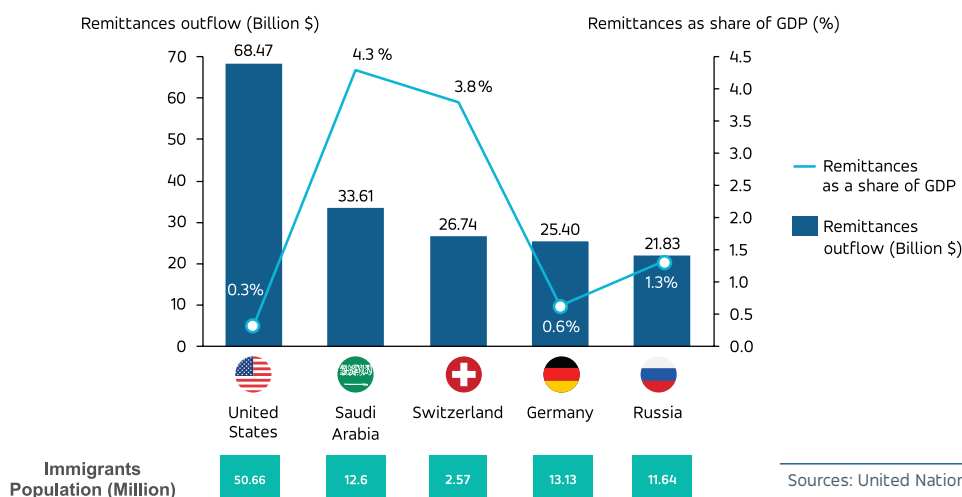
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Expats have historically been lacking essential benefits

High Amount Of Remittances

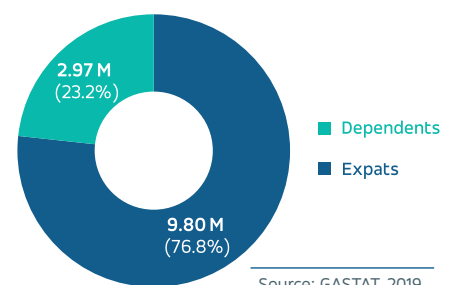
Saudi Arabia ranks second in the amount of remittance outflows in the world. Moreover, remittance as a share of GDP in Saudi Arabia is at 5%, which is higher than the USA (0.3%), Switzerland (3.8%), Germany (0.6%), and Russia (1.3%). This negatively affects the economic growth as expats tend to remit money abroad as soon as they earn it rather than spending on local consumption and investment opportunities within the country.

Figure 7 | Top 5 countries in remittance outflows (Billion \$) and Remittances as share of GDP (%) and Number of Immigrants (Millions), 2018



Since expats whose immediate families are abroad tend to send more money to their families, high remittances could be driven by the Iqama's restrictions on relatives visas. As shown in Figure 8, there are about 77% working expats and 23% foreign dependents, which may indicate that there is a large percentage of dependents not present in Saudi Arabia. The proportion of dependents might have been further reduced with the introduction of the dependents levy in 2017, imposing extra financial burden on expats with dependents.

Figure 8 | Percentage of expats and foreign dependents in Saudi Arabia



“Saudi Arabia ranks second in the amount of remittance outflows in the world. High remittances could be driven by the Iqama's restrictions on relative and family visas”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Expats have historically been lacking essential benefits

Lack Of Investment Streams Causing The Growth of Commercial 'Tasattur'

Under the current Iqama system, expats have limited investment options in the Kingdom with no avenues to start businesses, invest in real-estate or invest in other financial vehicles. In addition, since expats have contractual work visas, most of the expats lack certainty of residence, operating under the impression that they are obliged to leave the country at some point, regardless of their preferences. This has resulted in an opportunity cost for Saudi Arabia to attract investments from expats, especially the average expat long term stayer.

Assuming that expats did have the option to start new businesses, our preliminary estimates⁸ indicate that expats can contribute to the non-oil GDP by a range of 0.5% to 1.7% in the medium term.

One of the major side-effects of the lack of investment streams for expats in Saudi Arabia is the development and growth of commercial 'Tasattur', i.e. the illegal practice of expats running businesses utilizing the names of Saudi owners. 'Tasattur' is considered one of the major components of the 'Informal Economy' in the Kingdom apart from other illegal activities such as money laundering, tax evasion, and other criminal activities.

According to the Saudi Ministry of Commerce and investment (MCI), the value of 'Tasattur' operations is estimated to range from SR 300 billion to SR 400 billion across all sectors. Furthermore, some sectors are heavily reliant on 'Tasattur' practices, given the demand for goods and services, and the lack of native service providers.

Based on this numerical range, our preliminary estimations⁹ indicated that approximately 37% to 50% of the small and medium establishments in Saudi Arabia perform 'Tasattur' operations.

“ If expats had the option to start businesses, they can contribute to the non-oil GDP by 0.5%-1.7% in the medium term. Approximately 37% to 50% of the small and medium establishments in Saudi Arabia perform 'Tasattur' operations ”

8. These estimates do not include possible investments from foreigners who are not currently residents in Saudi Arabia.
9. We calculated the scenarios in the range of 10% to 30% to extrapolate the new SME businesses started by expats.
The new expat SME businesses growth is calculated in addition to the historic SME growth rate of 2.4%.



SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

The Need For A New Residency Program In The Kingdom

Saudi Arabia stands in a unique position of high potential for a permanent residency program. Such potential exists both internally (maximizing economic benefits from current expats) and externally (attracting more capable foreigners and entrepreneurs). After going through the unique challenges and opportunities of the current Iqama system in the previous section, we now look into learnings and observations captured from permanent residency programs in other economies.

Global Direction

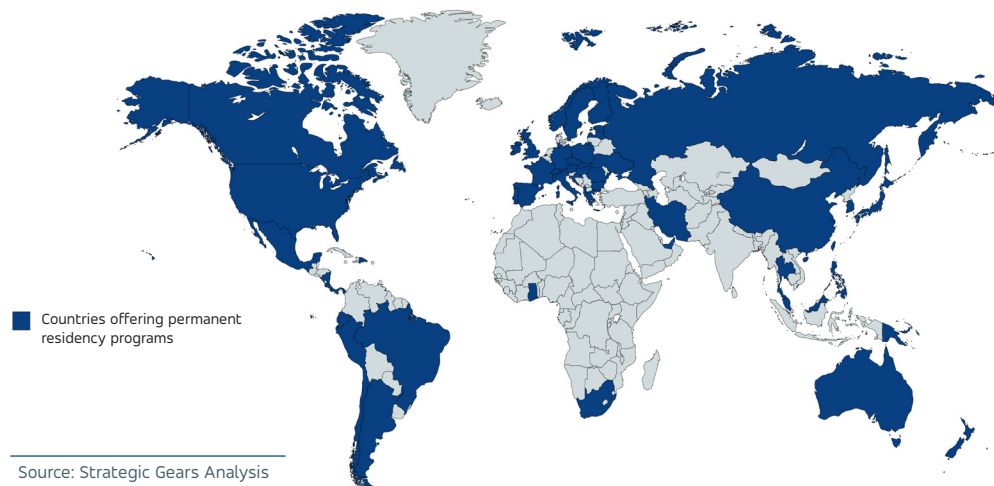
Immigration growth is a continuously evolving phenomenon in most developed economies, such as the United States of America, Canada, Germany and Australia. If planned and managed properly, immigrants can strengthen the country economically through their talent, diversity and contribution to the labor force, while also enriching the culture through their diverse backgrounds. Most of the developed nations in the world possess a permanent residency system that aims to attract and integrate targeted foreigners into the society.

“Most of the developed nations in the world possess a permanent residency system that aims to attract and integrate targeted immigrants into the society”

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The need for a new residency program in the Kingdom Global Direction

Figure 9 | Countries that offer permanent residency programs



Often countries develop Permanent Residency programs as a measure to mitigate the socio-economic challenges they face. Usually, these programs can be categorized into three brackets: kinship-based, employment-based, and investment-based.

Socio-economic Challenges	Permanent Residency Solution	Types Of Permanent Residency Programs & Target Audience
<ul style="list-style-type: none"> Increasing older age population Decreasing youth Increasing short term immigrants Decreasing long-term commitment to country's socio-economic causes 	Improve social integration of immigrant work force in the country	Kinship-Based Parents of citizens and residents, spouses, dependent children and related
<ul style="list-style-type: none"> Labor shortages Low productivity Low retention of human capital Limited internal demand for goods and services 	Attract and retain high-skilled and high wage workers into the country	Employment-Based Skilled foreign workers who can develop the economy
<ul style="list-style-type: none"> Slow economic growth Limited industries Lack of new job creation Low foreign direct investments Minimal international trade activities 	Attract and retain high potential entrepreneurs as well as investors	Investment-Based Entrepreneurs and investors who may develop the economy

“Countries develop permanent residency programs as a measure to mitigate the socioeconomic challenges they face. Permanent residency programs can be categorized into three brackets: kinship based, employment based, and investment based”

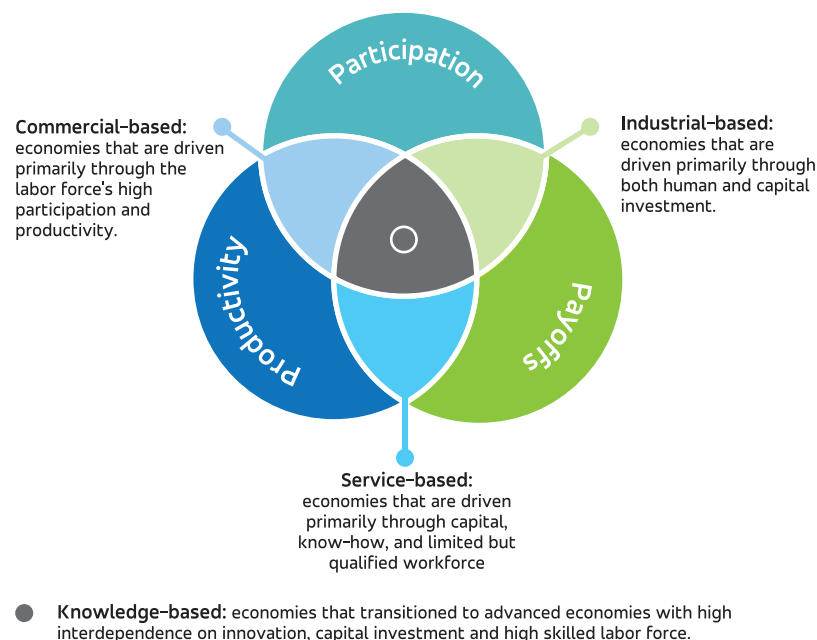
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The need for a new residency program in the Kingdom Global Direction

Economies can be essentially classified into four types: commercial-based, industrial-based, service-based and knowledge-based. The countries with the highest incomes are all knowledge based economies: they are very much driven by innovation, which is in turn driven by a high input of high skilled human capital and capital investments.

Immigrants play a crucial role in transforming economies to evolve from pre-industrial to knowledge-based economies. The transformation includes the restructuring of economies at different development levels, and poses different challenges for economic policymaking. With the right immigration policy mix between innovation through productivity boost, economic payoff due to capital investment, and participation through human capital, which we refer to as three P's: productivity, payoff and participation, policy makers can lead the transition smoothly.

Figure 10 | Strategic Gears 3P Framework: Economic Growth Analysis Due To Immigrants



“ The major elements of economic growth can be referred to as the three P's: Productivity (innovation driven through productivity boost), Payoffs (economic payoff due to capital investment), and Participation (participation in the labor force) ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

The need for a new residency program in the Kingdom Global Direction

The three P's of economic growth can be briefly summarized as follows:

Productivity: Growth in productivity is substantial at the economic level since it allows the industries and businesses to compete with other sectors of the economy and generate revenue. Several researchers have found evidence that education supports innovation, drives productivity and supports local and regional growth and jobs.

We will compare the education level of immigrants with respect to that of the native-born population to understand the former's contribution to productivity.

Payoffs: A core element that drives economic growth is capital spending from businesses. As companies invest in their businesses to expand their products and services, they hire more employees and increase wages. All of these activities ultimately payoff as an increase in GDP.

We will compare the business ownership rate by immigrants with respect to that of the native-born population to understand the former's payoff to the economy.

Participation: Immigrants generally contribute to labor market flexibility i.e. their geographic mobility helps local economies respond to labor shortages, power the workforce and boost working-age population, fill important niches both in fast-growing and declining sectors. Moreover, immigrants help support the aging native-born population by increasing the ratio of workers to retirees.

We will compare the labor force participation of immigrants with respect to that of the native-born population to understand the former's contribution to the labor force.

All in all, through comparative analysis of various countries' permanent residency programs, we have concluded that there are no two programs that are alike. Each country customizes its respective residency program to achieve certain policy objectives according to its unique context.

We will examine the dynamics of the permanent residency programs in four countries, which make the top five G20 countries in the list of immigrants' percentage of the total population, namely Australia, Canada, Germany and the USA.

“ There are no two programs which are alike, each country customizes its respective residency program to achieve certain policy objectives according to its unique context ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Global Direction

Case In Point: Australia

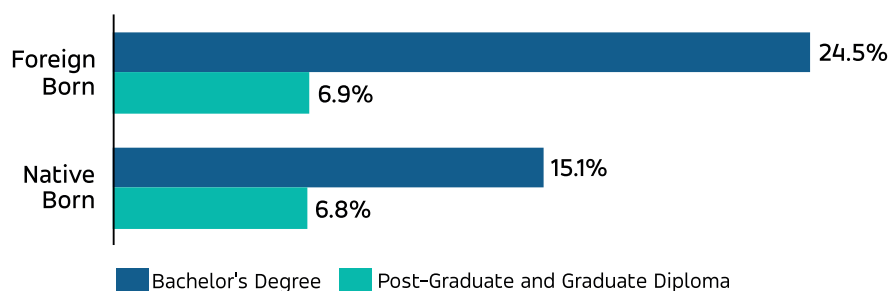
In the late 1990s, there was a major reform in Australia, with selective immigration policies being adopted. The immigrants who entered Australia after this change had higher labor market participation rates and lower unemployment rates than immigrants who arrived before the reform.

Australia's approach for permanent residency programs has evolved into being highly utilitarian; emphasizing specific skill sets that can be used by domestic employers, and contributing productively to the local economy. Their program has two main streams: family and skill. Since the turn of the century, Australia has consistently granted more permanent visas based on skill than on family status. For instance, in 2017, there were around 60% more skill-based visas than family-based visas.¹⁰ Furthermore, Australia adjusts the cap of the annual intake of immigrants and streams prospective immigrants through pre-assessment of their skills and work experience.

Productivity

Education Level: Australia's migrants are generally more educated than the native-born population in the labor force. As shown in Figure 11, about 25% of the foreign-born have bachelor's degrees compared to 15% of the native-born in the labor force.

Figure 11 | Percentage of the total labor force aged 15-74 with selected degrees, 2017



Source: Australian Bureau of Statistics, 2018

“ Productivity: Australia's migrants are generally more educated than the native-born population in the labor force ”

10. Australian Bureau of Statistics, 2018.

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Global Direction

Case In Point: Australia

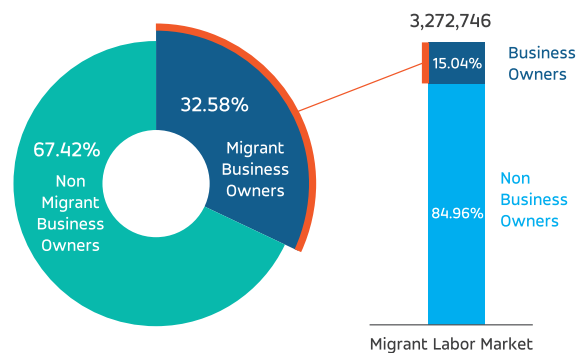
Payoffs

Business Ownerships: As shown in Figure 12, around 15% of all migrants in Australia were identified as business owners and they constitute, approximately, 33% of the business owners in the country.

Participation

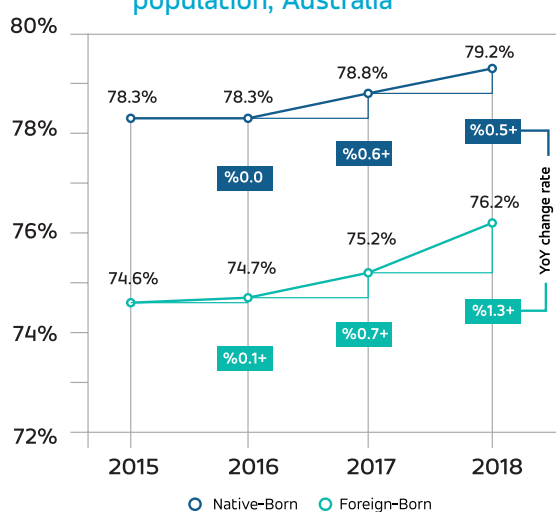
Labor Force Participation: Australia also experiences consistent employment growth due to immigration. As shown in Figure 13, the labor force participation rate for foreign-born is increasing at a higher rate than native-born participation.

Figure 12 | Percentage of business ownership between migrants and non-migrants & split of business owners and non-business owners between migrants



Source: Australian Bureau Of Statistics, 2016

Figure 13 | Labor force participation rate for native-born and foreign-born population, Australia



Source: OECD International Migration Statistics, 2018

GDP Per Capita Contribution: A study conducted by the Migration Council in Australia indicated that the Australian migration program will boost the GDP per capita by 5.9% by 2050, as a result of higher employment. Comparing the GDP gain of 40.7% with the population gain of 37.0%, it follows that migrants offer a premium of 10.1% in their GDP per capita compared to existing residents.¹¹

Reported Negative Implications Due To The Program: In 2005, a research¹² in Australia indicated that the immigration and population growth caused a relative increase in the scarcity of resources and natural assets. Furthermore, the report also indicated that infrastructure, such as roads, schools and hospitals, telecom networks, electricity, and water supply streams will be overburdened.

“Payoffs: Migrants in Australia constitute approximately 33% of the business owners in the country. Participation: Foreign-born labor force participation is increasing at a higher rate than native-born participation”

11. "The Economic Impacts of Migration", Migration Council Australia, 2015.
12. Report by Tomas Nilsson, President of the Tasmanian branch of Sustainable Population Australia

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Global Direction

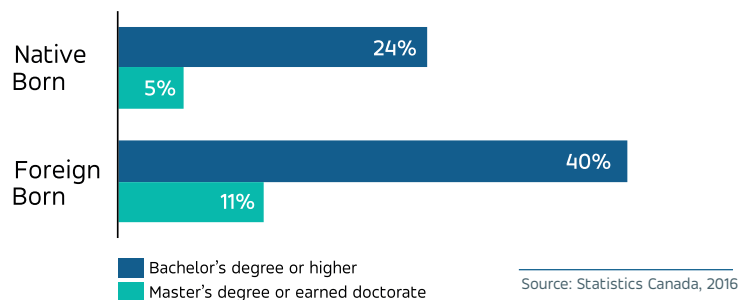
Case In Point: Canada

In the 1960s, Canada began to allocate visas to immigrants on the basis of the applicants' socioeconomic characteristics. Immigrants were screened through a point system, which awarded points according to the immigrant's education, age and occupational demand. In the 1970s, there was a revision of this application screening method, which made family reunification easier. Canada introduced the Immigration, Refugees and Citizenship Canada (IRCC) in 1994, which allowed foreign nationals to become permanent residents. Canada's migration policy framework consists of social, humanitarian and economic components, and the allocation of places to each of the streams within this framework shapes the number and type of migrants Canada attracts and receives.

Productivity

Education Level: As shown in Figure 14, about 40% of immigrants aged 25 to 64 had a bachelor's degree or higher compared to less than 25% of the Canadian-born population¹³. Furthermore, recent immigrants who landed in the five years prior to the 2016 Census were especially well-educated, with over half of them having a bachelor's degree or higher¹⁴.

Figure 14 | Percentage of the total population aged 25-64 with selected degrees, 2016

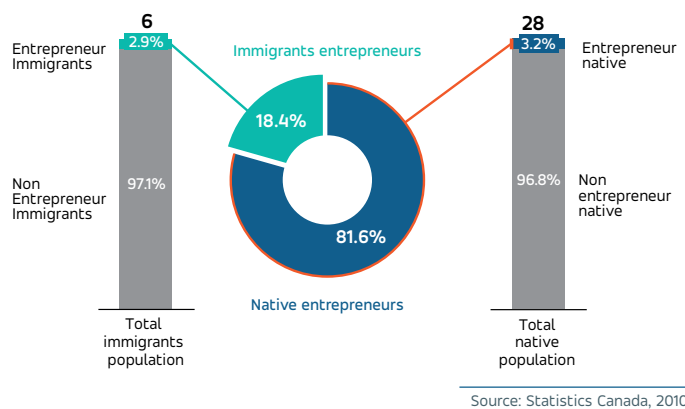


Payoffs

Business Ownerships:

As shown in Figure 15, around 3% of all immigrants in Canada were identified as entrepreneurs and they constituted, approximately 18% of all the entrepreneurs in Canada¹⁵.

Figure 15 | Percentage of entrepreneurs between migrants and natives & split of entrepreneurship between migrants and natives



“Productivity: 40% of the foreign-born population had bachelor's degrees compared to 24% of the native-born. Payoffs: Immigrants account for significant ownership of SMEs in Canada”

13. Statistics Canada, Census of Population, 2016

14. Education in Canada: key results from the 2016 Census. November 29, 2017.

15. Statistics Canada, 2010

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Global Direction

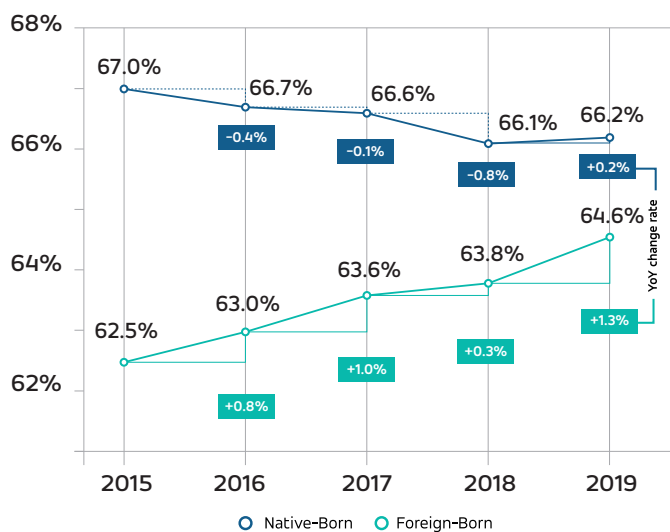
Case In Point: Canada

Participation

Labor Force Participation : Immigration will be vital for sustaining positive growth in the Canadian working-age population from 2011 and the coming decades, facing population ageing. The old-age dependency ratio¹⁶ is projected to rise from 0.26 in 2011 to 0.48 by 2036¹⁷.

As shown in Figure 16, the labor force participation rates of the foreign-born population have been increasing over the past five years in contrast with their native counterparts' rates, which have been recently decreasing.

Figure 16 | Labor force participation rate for native-born and foreign-born population, Canada



Source: Statistics Canada, 2019

GDP Per Capita Contribution: In Canada, immigrants tend to have positive outcomes to the economy. GDP per capita, productivity and labor force have also increased over the past two decades by 1.25% per year due to the inflow of immigrants into Canada.¹⁸

Reported Negative Implications Due To The Program: A research¹⁹ concluded that certain recent social challenges were reported due to mass immigration, such as population growth, causing a relative increase in the scarcity of resources and natural assets. Similar researches have also drawn focus to threats to national identity, culture, unity and security due to mass immigration.

“Participation: Foreign-born labor force participation rates have been increasing over the past five years in contrast with their native counterparts' rates, which have been decreasing recently”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Global Direction Case In Point: Germany

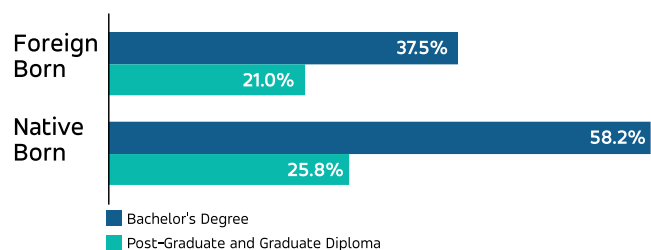
The German government has been keen to encourage immigration over the past 50 years, mainly to address the low birth rate in the country.

Currently, Germany has the second largest immigrant inflow around the world and the top reasons for immigration were for family (48%), employment (19%) and education (5%). It is important to note that, among 15% of migrants, half of whom are from the Middle East, came as refugees seeking asylum.

Productivity

Education Level: Germans are considered some of the highest educated individuals across the G20 countries. As shown in Figure 17, although less in percentage compared to their native counterparts, immigrants' education levels in Germany are still high, with 37.5% holding a bachelor's degree and 21% holding a post-graduate and graduate diplomas. The gap between the immigrants' and the natives' levels of education can be attributed to the country's immigration policy, which doesn't focus only on skill-based migrants, but also welcomes other refugees such as asylum seekers.

Figure 17 | Percentage of the population of 25 years and older by education, 2018

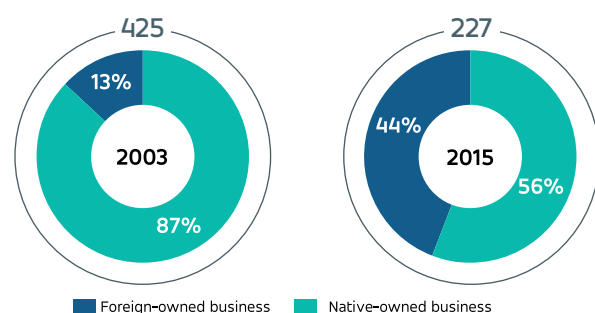


Source: Eurostat, 2018

Payoffs

Business Ownerships: The country's recent wave of immigration appears to be giving its startup rate a boost. As shown in Figure 18, in 2015, 44% of newly registered businesses in Germany were founded by people with foreign passports, up from just 13% in 2003. About one-fifth of those engaged in entrepreneurial activity were born abroad.

Figure 18 | New business ownership by immigrants and natives (2003 vs. 2015)



Source: German Economic Affairs Ministry, 2016

“ Productivity: Immigrants' education levels in Germany are high, but not higher than their German counterparts. Payoffs: 44% of the newly registered businesses in Germany in 2015 were founded by individuals with foreign passports ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

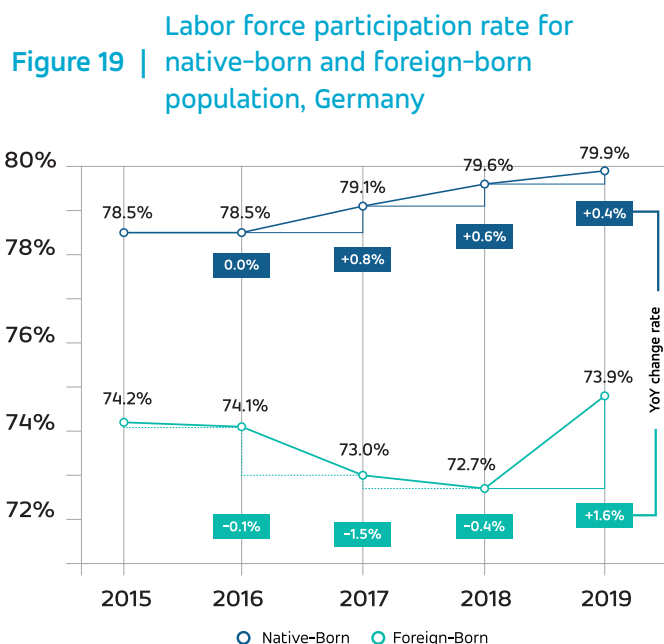
Global Direction

Case In Point: Germany

Participation

Labor Force Participation: According to economist Herbert Brücker, without immigration, the potential number of workers in Germany would decline by 40% by 2060. With net immigration of about 400,000 people each year, the figure can be kept about stable. But by 2060, many more people will have entered retirement and their welfare benefits will have to be financed by the same number of workers as today²⁰.

As shown in Figure 19, foreigners' participation in the labor force is noticeably high although it started to decrease in 2015 due to a wave of refugees and asylum seekers. However, it began to increase again in 2018.



Source: OECD International Migration Statistics, 2018

GDP Per Capita Contribution: German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, or DIW) released a research finding that immigration had boosted Germany's GDP growth by an average of 0.2% per year between 2011 and 2016. In 2015, Germany's GDP increased by 1.5%, out of which 0.3 percentage points were attributed to immigrants.

Reported Negative Implications Due To The Program: Institute for the Global Economy (IfW) in Kiel projects the annual cost of refugees to Germany's economy in the coming years to range between €25 million and €55 million - a burden difficult to disregard, even if the economy does well²¹. Other researches also indicate that welcoming immigrants, mostly asylum seekers, to Germany from other countries brings in lower levels, on average, of educational qualifications and may affect the labor market negatively.

“Participation: Foreigners' participation in the labor force is noticeably high. However, welcoming immigrants, mostly asylum seekers, to Germany from other countries brings in lower levels of educational qualifications and may affect the labor market negatively”

20. Herbert Brücker Report by IAB, Germany.

21. Martin Greive, "Flüchtlingskrise kostet bis zu 55 Milliarden Euro im Jahr," Die Welt, 11 December 2015.

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Global Direction

Case In Point: United States of America

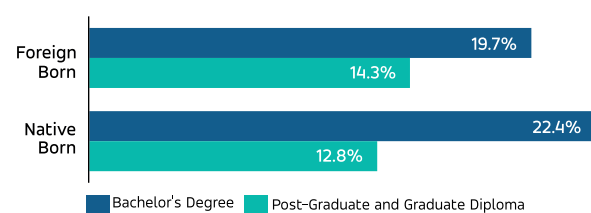
Immigrants represent about 13.7% of the total population of the USA. The permanent residency program in the country is popularly referred to as the 'Green Card' program. Of the 35 million American immigrants in the United States, an estimated two-thirds (approximately 23 million) are permanent residents.

US Citizen and Immigration Services (USCIS) recently announced a new policy restricting less fortunate immigrants from obtaining the Green Card status by investigating the health, income, wealth, education, and family of applicants. The primary reason for the policy is to attract more skilled immigrants and to help transition to a more knowledge-based economy in the long term.

Productivity

Education Level: Immigrants in USA are more educated than the native-born labor force population in terms of advanced degrees. About 14% of the foreign-born have master's degrees compared to 13% of the native-born labor force. However, the native-born are higher in proportion in terms of bachelor's degrees. This can be attributed to USA's immigration policy, which, unlike Canada or Australia, is predominantly weighted towards kinship-based immigration.

Figure 20 | Percentage of the population (25 years and older) by education, 2018



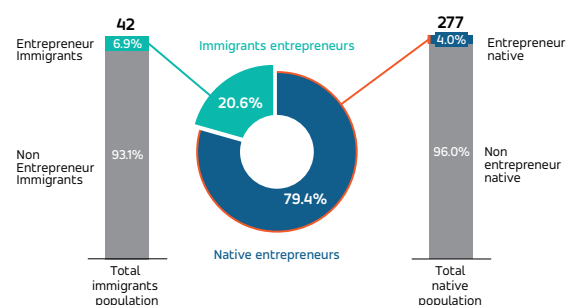
Source: US Census Bureau, 2018

Payoffs

Business Ownerships: A strong culture of entrepreneurship is highly dominant among US immigrants, with immigrant entrepreneurs creating about 25% of the new businesses in the United States²².

As shown in Figure 21, around 7% of all migrants in USA were identified as entrepreneurs and they constituted, approximately 21% of the entrepreneurs in the country.²³

Figure 21 | Percentage of entrepreneurs between migrants and natives & split of entrepreneurship between migrants and natives



Source: New American Economy Report, 2016.

“ Productivity: About 14% of the foreign-born have master's degrees compared to 13% of the US labor force. Payoffs: Immigrant entrepreneurs created 25% of the new businesses in the United States ”

22. Dinah Wisenburg Brin. "Immigrants Form 25% of New U.S. Businesses, Driving Entrepreneurship In 'Gateway' States." July 2018.

23. New American Economy, 2016.

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Global Direction

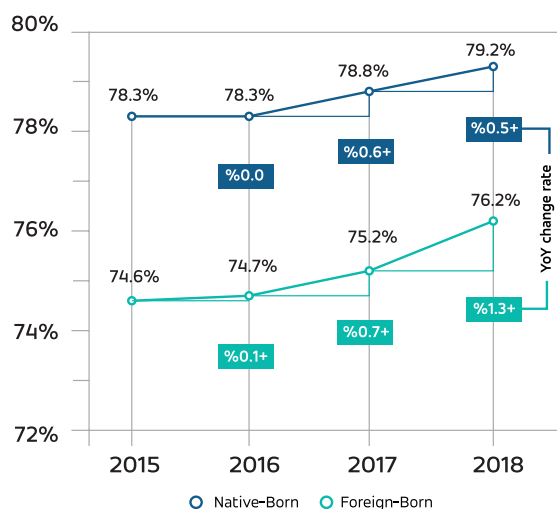
Case In Point: United States of America

Participation

Labor Force Participation: The United States is the world's top destination for migrants. Immigrants supply skills that are in relatively short supply in the labor market, and they are a growing part of the labor force, making up to 17% of the total in 2018. As the foreign-born population has grown as a share of the total population, they have grown disproportionately as a share of the labor force. In 1980, immigrants made up approximately 6% of the population and 7% of the labor force.

As shown in Figure 22, foreign-born labor force participation is higher than the native-born, and is increasing at a higher rate.

Figure 22 | Labor force participation rate for native-born and foreign-born population, USA



Source: OECD International Migration Statistics, 2018

GDP Contribution: Immigrants increase the size of the total labor force in the USA and complement the native-born workforce, as well as stimulate capital investment by adding workers to the available labor pool. Immigration has also increased the U.S. Gross Domestic Product (GDP) by roughly \$37 billion every year²⁴.

Reported Negative Implications Due To The Program: In 2017, a research²⁵ analyzed the Reforming American Immigration for Strong Employment (RAISE) Act, which would limit the number of visas given to low-skilled workers. It suggested that immigrants without a high school degree receive \$4 in government benefits for every \$1 they contribute in taxes. The research concluded that the 4.7 million low-skilled immigrants estimated to enter the United States in the next decade would be a net drag of \$1.9 trillion on the treasury.

“Participation: Foreign-born labor force participation is higher than the native-born and is increasing at a higher rate”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

The need for a new residency program in the Kingdom Key Insights

Globally, immigration programs have received special attention from prominent economies with considerably high immigrant inflow, due to their ability to positively affect the economy and the labor market. When studying different cases from OECD countries, it was found that well-managed immigration has a profound positive impact on education levels (Productivity), business ownership (Payoffs), and labor force participation (Participation).

To become competitive in the global race for talent, countries such as Canada, Australia, USA and, recently, European Union countries, are developing different residency programs that can attract foreign investors, skilled labor, and highly qualified foreigners to contribute towards boosting the country's economy. This essentially indicates that the Premium Residency program in Saudi Arabia can also mitigate essential challenges, such as low-skilled workforce, low living standards and the high wage gap between Saudis and non-Saudis.

Premium residency policies also promote entrepreneurship and attract foreign investors, stimulating economic growth. Moreover, business support schemes in these countries are intended for all entrepreneurs, regardless of their origin (with no distinction between citizens and immigrants). This tends to be aspects not of the permanent residency or immigration program, but of the general economic policy of the nation.

Therefore, a Premium Residency program which infuses entrepreneurs into the local economy by providing them the ability to build networks and expanding their access to finance entrepreneurial projects can aid in reducing commercial Tasattur and foster more investments into the country.

Premium residency programs can also be a policy tool to reduce outward remittances from Saudi Arabia, since migrants who choose to stay permanently may remit a lower overall amount. A study conducted in 2010 have also reported that the amount remitted is on average reduced by around 30% if a migrant decides to stay abroad permanently.²⁶

The matter still needs continuous monitoring and dynamic management as economies evolve and their needs shift, especially in developing economies. Poor controls, less emphasis on positive impact, or over reliance on social selection criteria may result in a less valuable immigration to a country. For instance, education levels of immigrants in the United States have historically been lower than natives. This preference would differ from one country to another, or from one time period to another, i.e. a country with a highly educated population might actually need to attract less educated farmers or workers to fill some vacancies. Hence, dynamic monitoring and management is needed in order to ensure the success of the program and complement the economy.

“When studying different cases from OECD countries, it was found that well-managed immigration programs have a profound positive impact on education levels (Productivity), business ownership (Payoffs), and labor force participation (Participation)”

26. Pia Pinger, Come Back or Stay? Spend Here or There? Return and Remittances: The Case of Moldova. 2010

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Premium Residency Program In Saudi Arabia

The Premium Residency Center was established by a royal decree on May 14, 2019, with the approval of the Premium Residency System by the Council of Ministers. The center coordinates with all governmental agencies to handle and manage all Premium Residency program operations.

Certain key socio-economic challenges in the Kingdom, associated with the current status of the expat population, which include, but are not limited to, remittances, commercial 'Tasattur', and lack of skilled labor, can be reduced to a large extent through the Premium Residency program whilst contributing to objectives of the Vision 2030.



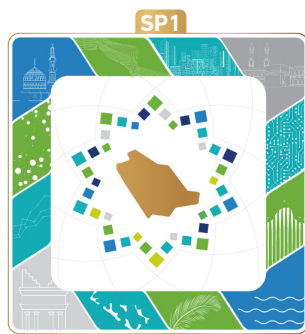
“ Certain key socio-economic challenges in the Kingdom, associated with the current status of the expat population, can be reduced to a large extent through the Premium Residency program whilst contributing to objectives of the Vision 2030 ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM



Premium Residency Program In Saudi Arabia

The Premium Residency program has two versions:



بطاقة الإقامة المميزة
PREMIUM RESIDENCY CARD



بطاقة الإقامة المميزة
PREMIUM RESIDENCY CARD

1. Unlimited Duration Premium Residency Program (SP1):

Qualifies the applicant for permanent residency in Saudi Arabia in accordance with the Premium Residency Saudi Law, after satisfying the required conditions and paying a one-time fee of SR 800,000.

2. Limited Duration Premium Residency Program (SP2):

Qualifies the applicant for a renewable one-year residency in Saudi Arabia in accordance with the Premium Residency Saudi Law, after satisfying the required conditions and paying an annual fee of SR 100,000.

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Premium Residency Program In Saudi Arabia

The SP1 and SP2 programs provide ten essential benefits to foreigners and expats in the Kingdom. The benefits are also extended to the family of the Premium Residency holder (spouses and children younger than 21 years old):



Economic Benefits

1. **Real estate ownership:** Within the current Iqama system, non-Saudi individuals (of certain professions) legally residing in the kingdom are allowed to own real estate for their private residences only with permission from the Ministry of Interior, and within a highly restricted framework. The new premium residency program allows such accessibility to its holders unconditionally.
2. **Real estate utilization in Mecca and Madinah:** Premium Residency holders will be allowed to rent a home in Makkah and Madinah for a period of 99 years (leasehold), which was not possible before.
3. **Freedom to move between companies:** Premium Residency holders will have the right to move between jobs without requiring the permission of their Saudi sponsors. Iqama holders, on the other hand, do not have the freedom to switch between jobs in the private sector. Instead, they are required to have the permission of their employer to transfer their work visa.
4. **Freedom to exit and return to the country without visa:** Premium Residency holders will have the right to enter and exit the country without a visa, while Iqama holders will continue to need their employers to issue exit and re-entry visas, allowing them to leave and return to the Kingdom.
5. **Establishing or owning businesses in the Kingdom:** Premium Residency holders will have the right to own and operate businesses in the Kingdom under the provisions of the foreign investment law.
6. **Expatriate dependent levy exemption:** Premium Residency holders will be exempted from paying the fees of the dependent levy, while the iqama holders will continue to pay such fees. Furthermore, the companies that hire the premium residency holders are not required to pay the workers' levy either.



Social Benefits

7. **Visit visa for relatives:** Currently, Iqama holders cannot bring their immediate family into the Kingdom without special permission, and there are stringent laws to apply for the visa. With this benefit, the premium residency holders can bring their parents, spouses, grandfathers, grandmothers, children, grandchildren and their descendants; full brothers and sisters and their children into the country easily.
8. **Domestic worker visa:** While iqama holders are allowed to hire a domestic worker only if they have business occupations, premium residency holders will be allowed to issue domestic workers visa unconditionally.
9. **Ownership of private means of transportation:** Premium Residency holders will have the right to own any type of vehicle, whereas the iqama holders are not allowed to special types of vehicle (seven seater SUVs and similar vehicles), if they do have a family of five individuals or more.
10. **Use of airport lanes for Saudis:** There are two distinct immigration lanes in Saudi airports, one for Saudis & GCC nationals and the other for remaining nationalities. Expats who are Premium Residency holders will have the right to use the lane reserved for Saudi & GCC nationals.

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Premium Residency Program In Saudi Arabia

Saudi Arabian Premium Residency Program Limitations

Despite the benefits the program offers, its applicants and beneficiaries will still face some limitations. We will examine some of the obvious limitations, such as the high cost of the program (from three dimensions: comparing it to comparable programs in other countries, considering expats' dependents levy and considering the average income of expats in Saudi Arabia) and the fact that the program does not lead to citizenship.

Saudi Arabian Premium Residency program limitations Program Cost

Fees comparison to other countries' program costs:

In Table 2, we compare Saudi Arabia's Premium Residency (PR) program's one-time fee of SR 800,000 and annual fee of SR 100,000 options to other countries' permanent residency program fees. Saudi Arabia's PR options can be seen to be the most expensive in terms of both annual and one-time fees. Such fee amounts are more comparable to other countries investment-based options, where foreigners invest a significant sum in order to acquire permanent residency, an option that is currently not available in the Kingdom. But while investment-based permanent residency programs might have comparable costs to beneficiaries when compared to Saudi Arabia's Premium Residency program fees, investment-based options have a time frame for holding such investments, and possible returns on investment. In the case of Saudi Arabia, the fees are non-refundable.






“ Saudi Arabia's fees are the most expensive in terms of both annual and one-time fees. Such fee amounts are more comparable to other countries' investment-based options ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Saudi Arabian Premium Residency program limitations

Program Cost

Table 2: Cost comparison of different permanent residency alike programs

Country	PR Fees	Employment Based Option	Investment Based Option
	A one-time payment of SR 800,000 or an annual payment of SR 100,000	Applicants are considered on a case by case basis	SP1 and SP2 programs do not have a specific investment-based channel.
	SR 10,224	Points that the test takes into account: age, education, skills, English language proficiency and profession	SR 3.9 million in an Australian State or Territory, or SR 12.9 million in Australian investments (for 4 years)
	SR 4,440	Points that the test takes into account: age, education, language, employment experience, and adaptability	Government Investment of SR 2.3 Million for 5 years
	SR 552-1,023	Duration of stay of at least three years, and knowledge of German language	Minimum investment of SR 413,626 in a business or SR 1.24 million in a property investment (3 years)
	SR 7,220-8,720	Duration of stay varies depending on the nationality, education level and skill level	Minimum of SR 6.75 Million (or SR 3.38 Million in a targeted employment area)

Note: the costs are based on various visa programs in each country. Certain conditions and restrictions apply.

Source: Official governmental resources

Fees evaluation considering the exemption of the expat levy

Another point to consider when estimating the real financial value of the Saudi PR is the current expat dependents levy. From 2017, expats are required to pay an annual fee of SR 1,200 per dependent when renewing their Iqamas; a fee that has increased year after year, until it reached a value of SR 4,800 per dependent in 2020. There were no announcements for increments in the fees after 2020.

Expats have to pay dependents levy for each of their dependent. For example, the average size of a family in Saudi Arabia is 5.86²⁷. This indicates an average of 4-5 dependents per family which will result in an annual fee of SR 19,200 to SR 24,000. Moreover, when considering the previously mentioned long term stayers, who represent more than 63% of total expats, multiplying ten years of expat levy payments would result in a range of SR 48,000 to SR 288,000 depending on the number of dependents.

Furthermore, expats are already paying the fee in order to stay but they are not given any extra benefits. With the new program, they will pay an additional amount, but in return, they will be given a range of benefits.

Table 3 | Progressive dependents' levy introduced in 2017

Year	Annual cost per dependent (SR)
2017	1,200
2018	2,400
2019	3,600
2020	4,800

“ An average of four to five dependents per family will result in an annual fee of SR 19,200 to SR 24,00 for an iqama holder ”



SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Saudi Arabian Premium Residency program limitations

Program Cost

Fees evaluation considering the average income of expats

The cost of the program is also relatively high when compared to the average income of expats in Saudi Arabia, which is currently about SR 3,870 per month²⁸. Assuming that expats save 100% of their income, it would take the average expat about 17 years to afford the SR 800,000 version or about 2 years to afford the SR 100,000 version.

The majority of Saudi expats, however, are not the main target of the program. As discussed previously in the report, the PR Program aims to attract higher skilled and paid foreigners than the current average expat. Saudi Arabia, as the center of the Islamic world with its rich Islamic heritage and culture, can pave the way for attracting affluent Muslims to invest and reside in Saudi Arabia. Furthermore, the new quality of life reforms, such as allowing women to drive, entertainment policies and the initiation of many Giga-projects, are instrumental in attracting the younger investors, entrepreneurs and highly skilled expats who have higher purchasing power and are able to pay the program fees.

Furthermore, we believe that the cost of the program may be affordable to 'Tasattur' business owners as well, considering both their significantly higher annual income and opportunity to correct their situation. Some of the 'Tasattur' business owners have been running businesses for the past 10 to 15 years, which might make the Premium Residency affordable to them.

Finally, it seems that policy makers have intended to use "price" as a tool to avoid several high-risk implications and trade-offs. Lower prices may attract more low-skilled workers who will not contribute to the socio-economic benefits of the country but rather increase the remittance rate, further deteriorating the standard of living and increasing the wage gap between Saudis and non-Saudis. Therefore, having cheaper prices might not be the ideal option. Even though the announced rates can be seen as extreme, price remains a major aspect that only time will reveal how limiting it would be.






“ The PR Program aims to attract higher skilled and paid foreigners than the current average expat. We believe that the cost of the program may be affordable to Tasattur business owners as well. Having cheaper prices might not be the ideal option, because lower prices may attract more low-skilled workers who will not contribute to the socio-economic benefits of the country ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Saudi Arabian Premium Residency program limitations Citizenship

Another limitation of Saudi Arabia's program is that it does not lead to Citizenship in any way as opposed to other countries. In various examples, as shown in Table 4, it takes a certain number of years to gain citizenship after being granted permanent residency. The number of years differ for each country. However, there is a clear path to naturalization after becoming a permanent resident in those countries, which gives its holders the confidence needed to establish their investment, and family foundations.

Table 4 | Minimum duration for naturalization in the top five G20 countries with immigrants' percentage of total population

Country	Minimum duration for naturalization
	Does not lead to citizenship
	1 year after Permanent Residency
	3 years after Permanent Residency
	5 years after Permanent Residency
	5 years after Permanent Residency

Note: Certain conditions and restrictions apply.

Source: Official governmental resources

Since citizenship is what most immigrants are looking for, this might challenge the attractiveness of the program for foreign investors. Furthermore, a citizenship path would be a major contributor to solving the issue of high remittances, since not being granted citizenship may discourage immigrants from spending or investing in the country, as it would still be just a temporary stay after all.

“ Saudi Arabia's premium residency program does not lead to citizenship in any way as opposed to other countries. Since citizenship is what most immigrants are looking for, this might challenge the attractiveness of the program for foreign investors ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Premium Residency Program In Saudi Arabia

Socio-economic Impact Of The Premium Residency Program

Saudi Arabia can reap many benefits from such a program, as we see in other countries. Using the same framework of the three P's, we will highlight the key benefits as follows:

Productivity:

Attract Highly-Skilled Expats: The program aims to further enhance the Saudi market to attract skilled foreigners. This would boost the local economy and help achieve the objectives of the Kingdom's Vision 2030.

Payoffs:

Increased spending power: Increased liquidity and purchasing power of consumers will help fulfill one important goal of the Saudi Vision of increasing household expenditure on cultural and entertainment activities inside the Kingdom.

Increased non-oil revenues: As the Premium Residency Center started to receive applications, the collected fees will contribute to increasing the non-oil revenues of the country. Such revenue generation, of course, will depend on the demand that such benefits and price mix can generate.

Increased real estate market demand: The program has the potential to increase the inflow of expats into the country, and the potential for them to invest will support the growth of the real estate sector.

Increased business establishments: The new premium residency system aims to attract highly skilled workers and entrepreneurs to the Saudi economy, which could help develop the small and medium enterprises' environment, raising their contribution in increasing GDP.

Reduced 'Tasattur' practices: The new Premium Residency program will enable foreign entrepreneurs to start their own businesses legally. It could also create a "legal path" for those who are currently involved in such an activity, without losing their businesses or risking the potential negative effect on the economy by shutting it down.

Reduced remittances: The new system of residency will create a more conducive atmosphere for expatriates and their families in the Kingdom. The system should help reduce the transfer of capital abroad as expatriates will have the freedom and protection to pump their savings back into the Saudi economy.

“ Saudi Arabia can reap many benefits from such a program: attracting skilled foreigners, contributing to an increased spending power, increasing non-oil revenues, increasing real estate market demand, increasing business establishments, reducing Tasattur practices, reducing remittances and driving the labor force participation ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Premium Residency Program In Saudi Arabia

Socio-economic Impact Of The Premium Residency Program

Participation:

Increased labor force participation: Studies indicate that permanent residency - like programs drive the labor force participation and contributes positively to the economy.

As is to the case with other markets, the new Premium Residency program has the potential to increase the GDP per capita of the country as new businesses and jobs are created, contributing towards building a thriving economy.

Premium Residency Program In Saudi Arabia

Recent Developments In The Kingdom

There have been several recent developments in Saudi Arabia on immigration related policies. A policy has been announced recently that allows families of Premium Residency holders to continue being granted benefits even after the death of the primary Premium Residency holder. This might help one of the shortages of the initial situation where the program is not attractive for long stayers due to its inherent instability for families. Another development is the decision to grant citizenship to certain expats who have specific talents or businesses, regardless of their residency status. This shows that the Kingdom has become more open to and may reconsider the path to citizenship. Moreover, there are signs that the Kingdom may introduce more adjustments/tweaks to the program, as it is still new, and there is always more to explore.

“ Families of permanent residency holders will continue to have benefits even after the death of the holder. Citizenship will be granted to certain expats who have specific talents or businesses, regardless of their residency status ”

SAUDI ARABIA'S PREMIUM RESIDENCY PROGRAM

Conclusion

With one of the largest number of working expat populations, Saudi Arabia is a country with very high potential to reap benefits out of the Premium Residency program. The Iqama system has been limiting the potential of the expats' contributions, and have resulted in the rise of some negative consequences, including a high amount of remittances, the presence of commercial 'Tasattur', and the unattractiveness of the Kingdom to high-skilled labor force.

Permanent residency programs in various other countries have been proven to bridge such limitations in addition to offering many benefits. The programs contribute to an increase in innovation (Productivity), capital investments (Payoffs), and human capital participation (Participation).

The Premium Residency program is the first long-term residency program the Kingdom has ever launched, and it has the potential to satisfy the key needs of a certain expat demography. The new program overpowers the Iqama system and can solve some of the unique challenges to Saudi Arabia's economy.

Communicating the rationale and benefits of the program to the public is essential. The Premium Residency Center should be prepared to handle several challenges of strategic importance for such a program. Among those challenges is awareness. Just like other countries, the PR Program was faced with criticism and worry from the native population. Concerns of losing jobs to expats and increasing the already high expat population spread significantly since the first day the Premium Residency was announced.

Marketing the program to the appropriate target audience should be taken seriously into consideration. It is unwise to assume that the global population of targeted groups will have reached a significant level of awareness about the program and its benefits. Major efforts of communication need to be considered before reaching such levels.

Meticulous monitoring and continuous adjustment of the program are required. Just as observed in other countries, the Premium Residency policy should be monitored and dynamically adjusted according to the changes in the Kingdom's needs. The new Premium Residency program falls short against similar programs offered in other countries. A missing path to citizenship and a very high, non-refundable or investable application fee are factors that may restrict the program's impact in the future. The Premium Residency Center should constantly study the inflow and impact of Premium Residency holders over the years, and issue recommended policy adjustments accordingly.

The Saudi Premium Residency program has enormous potential to contribute positively to the Kingdom's socio-economic growth. Attracting high-skilled talents to Saudi Arabia, reducing remittances, unleashing the investment potential of expats, and curbing the growth of 'Tasattur' are some of the many benefits that the Premium Residency program promises. Unlike comparable programs, which have been long established with only minor potential benefits that can be reaped through tweaks, Saudi Arabia stands in a unique position where, if successful, the program could have unprecedented and transformative positive impacts.



Strategic Gears
Management Consultancy

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