



Vision 2030 and Impact Investment

Author:

Mohd Umair Khan

The author has been Consultant (Economic Development and Strategy) with Impetus Strategy



ImpetusStrategy
<https://impetus.sa/>



Vision 2030 and Impact Investment

In order to understand the connection between Impact Investment and Saudi Vision 2030, it is important to grasp them both collectively and independently. Let us, for now, focus on impact investment. Subsequently, we will emphasize Vision 2030, and how the two dance together.

Impact Investment

Though there is no agreed-upon definition, impact investment is an investment made with the aim to create a positive social and/or environmental impact along with financial returns. An impact investor should have the following core characteristics:



Intentionality:

Investors should have an intention to create a positive social or environmental impact.



Expectations of Financial Returns:

An impact investor should expect a financial return on the investment made.



Evidence-based:

The decision about investing for impact should be based on evidence - using data where available.



Impact Measurement:

Rigorous monitoring of investments made is essential. It requires establishing feedback loops to communicate performance-based information and support for multiple teams involved.



Growth of the Industry:

It is important to share learnings with others in the impact investment circles. To do this, impact investors follow industry conventions, strategies, and indicators to communicate their performance.



■ Vision 2030

Vision 2030 is an economic and social transformation program aimed at increasing the contribution of the non-oil economy to the GDP of the Kingdom. The Vision has three pillars: a vibrant society, a thriving economy, and an ambitious nation. There are 96 strategic objectives distributed amongst these three pillars. The Vision, with an emphasis on boosting non-oil GDP, does not only focus on financial return, but includes social return in terms of empowerment and wellbeing as central themes. The document outlines how the Kingdom envisions to improve its performance in the social capital index, life expectancy, fitness, women's participation in the workforce, and non-profit sector, among others, by the year 2030.

■ Impact Investment and Vision 2030 together

Since the announcement of the Vision 2030, the Kingdom has seen a huge increase in impact funding, especially in recent years. Impact funding in Q3 2021 was 130% higher in comparison to the same time in 2020. Between 2016 to 2021, 20% of the deals to impact-driven start-ups in the Middle East and North Africa (MENA) region came into KSA. Although the inflow of impact investment in the Kingdom is higher than before, it is not on par with other emerging and developed economies. According to GIIN 2020 Impact Investment survey, the MENA region records just a 1% presence of impact investors worldwide. However, Vision 2030's societal return component, accompanied by regulatory and structural reforms, creates a fertile environment for impact investors to work with impact entrepreneurs in the Kingdom.

The occurrence of an increase in impact investment after the announcement of Vision 2030 is no surprise. Globally, impact investment is finding its space with the increasing advocacy for the United Nation's Sustainable Development Goals (SDGs), which are similar to the Vision 2030 in nature. According to the GIIN survey, more than 70% of the impact investors are present in North American and European countries. These happen to be the same countries performing well in the UN SDG rankings. As countries expand their efforts for SDGs, impact investors tend to chip in quite organically, since every goal has targets that require financial investment to be made. Thus, the need for financial investment makes space for investors who not only are focused on financial returns but also interested in, as Prof. Muhammad Yunus call them, social businesses.

Vision 2030 and UN SDGs



**HIGH-LEVEL POLITICAL FORUM
ON SUSTAINABLE DEVELOPMENT**

The strategic objectives of the Saudi Vision 2030 are quite similar to UN SDGs. In 2018, an SDG status review presented by Saudi Arabia at the United Nations High-Level Political Forum (HLPF) on Sustainable Development, mentions the Vision 2030 as a step in the same direction, calling it a vision that “charts out the path Saudi Arabia will take to build a prosperous future in all development areas”. Like the SDGs, the Vision 2030 goals, as per the government website, require coordination among a range of stakeholders from the public, private sectors and charitable societies and associations. Apart from the government's budgetary allocation, private investment is also needed. This is why the Kingdom is striving for and experiencing a rise in impact investment as mentioned above.

The review also finds a “significant degree of alignment” between the SDGs and Vision 2030. Apart from the same timeline (of 2030), Kingdom's Vision is a work in progress to adapt the SDGs to Saudi realities. According to them “a major contribution of The SDGs to this existing framework is the explicit recognition of the interlinkages of economic, social and environmental dimensions of development inherent in the concept of sustainability.”

This article is aimed at providing a basic understanding of Vision 2030 and its relationship with the impact investment sector. We discussed the various alignments between the two, and also summarize their independent features. At Impetus Strategy, we are hopeful of creating awareness about impact investment in the Kingdom and are well equipped to provide our advisory services to all stakeholders including, donors, investors, entrepreneurs, regulators, governmental entities.

- The Global Impact Investment Network. <https://thegiin.org/impact-investing/need-to-know/>
- Vision 2030, KSA. <https://www.vision2030.gov.sa/>
- Saudi Arabia startups see huge growth in eco-friendly 'impact' funding. (2021). Retrieved 4 March 2022, from <https://www.arabnews.com/node/1975936/business-economy> .
- GIIN, 2020 Annual Impact Investor Survey.
<https://thegiin.org/research/publication/impinv-survey-2020>
- UN SDG ranking. <https://dashboards.sdgindex.org/rankings> .
- Towards KSA's Sustainable Tomorrow.
https://sustainabledevelopment.un.org/content/documents/20230SDGs_English_Report972018_FINAL.pdf .