

Financing Vision 2030 Mega-Projects through Saudi Debt Markets

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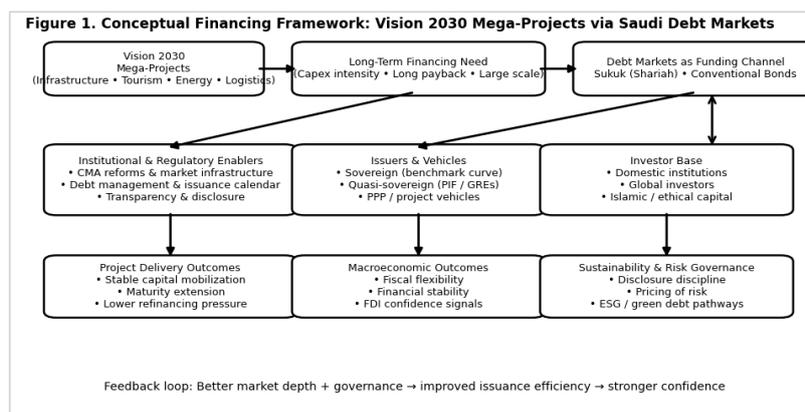
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Abstract —The economic transformation of Saudi Arabia, as outlined in Saudi Vision 2030, has seen the initiation of mega projects with the aim of diversifying the Saudi Arabian economy, developing infrastructure in Saudi Arabia, and establishing Saudi Arabia as a global investment hub. The mega projects initiated in Saudi Arabia have seen the development of capital-intensive funding mechanisms with the aim of ensuring the sustainability of the mega projects initiated in Saudi Arabia. The debt markets of Saudi Arabia, such as Sukuk and conventional bonds, have emerged as significant funding mechanisms for the mega projects initiated in Saudi Arabia with the aim of achieving the outlined targets in Vision 2030. The aim of the study is to explore the role of debt markets in Saudi Arabia in funding the mega projects initiated in Saudi Arabia with the aim of achieving the outlined targets in Vision 2030, with special emphasis on the development of debt markets and institutional reforms and the significance of Islamic and conventional debt markets. The study analyzes the development of debt markets in Saudi Arabia, the effectiveness of debt markets in funding the mega projects initiated in Saudi Arabia with the aim of achieving the outlined targets in Vision 2030, and the implications of debt markets for the sustainability of the Saudi Arabian economy. The study concludes that well-developed debt markets are essential for developing fiscal flexibility, foreign investments, and financial system stability, as outlined in Vision 2030.

Keywords: Saudi Vision 2030, Mega-Projects, Debt Markets, Sukuk, Bonds, Infrastructure Finance, Capital Markets

I. INTRODUCTION

The Kingdom of Saudi Arabia is witnessing an unprecedented economic transformation with the initiation of Vision 2030, which is a long-term strategic plan to reduce the dependency of the Kingdom of Saudi Arabia on hydrocarbon revenues, diversify the sources of national income, and increase the global competitiveness of the Kingdom in the global economy. One of the most prominent features of Vision 2030 is the initiation of mega-projects in infrastructure, energy, tourism, urban development, and logistics to ensure the participation of the private sector, foreign direct investments, and employment opportunities to ensure the sustainability of the Saudi Arabian economy. However, the scale and complexity of Vision 2030 mega-projects require significant and constant financial resources to ensure the sustainability of the mega-projects initiated under Vision 2030. The traditional approach of depending on hydrocarbon revenues to generate financial resources for the budget is not considered adequate to ensure the financial requirements of the mega-projects initiated under Vision 2030 over a long period of time, keeping in view the sustainability of the price of oil in the global market. In this context, the Kingdom of Saudi Arabia is relying more on the development of the debt market for the financial requirements of the mega-projects initiated under Vision 2030.



The development of the debt market for the issuance of traditional bonds and Shariah-compliant Sukuk has emerged as an important financial model for the mega-projects initiated under Vision 2030. Debt market financing has a number of advantages over other financing options for conducting large-scale development projects. Firstly, debt instruments have a longer maturity period, and it allows the government and sponsors to extend the debt period. This is most appropriate for conducting large-scale development projects. Secondly, access to a well-developed debt market is very critical for a country's fiscal policy, and it allows the government to manage debt levels prudently. Debt market financing is most appropriate for conducting large-scale development projects, particularly in the context of Saudi Arabia, with reference to financial sector reforms and the development of capital markets and integration with the global financial system. It has been observed that the debt market in Saudi Arabia has experienced tremendous growth in the last few years, owing to the various reforms introduced by the government in the regulations, as well as the enhancement in infrastructure and the level of participation by investors. (CMA, 2024) The establishment of a debt management structure has played a vital role in enhancing the degree of transparency, which has led to the enhancement of liquidity as well as investors' confidence in the debt market (PIF, 2025) Sukuk and bonds have been used by the government as well as quasi-government institutions for various infrastructure projects, which are in line with Vision 2030. This is a clear policy direction to tap the capital market for sustainable funding. Sukuk has played a very significant role in relation to the Saudi financial market, as it is compatible with the Islamic finance system, making it highly attractive for regional as well as international investors who are interested in investing in Shariah-compliant financial instruments. (Zubair, 2025) On the other hand, bonds are considered an especially significant financial instrument that supports Sukuk, which attracts numerous investors from different segments of society. In conclusion, despite the importance of the role that the debt market has in relation to meg (Ratings, 2024)a-projects and their finance, academic exploration in this area has remained underdeveloped. Most of the research papers that have been completed in relation to this area are based on the sustainability of public debt and its potential for fiscal policy and Islamic finance instruments. However, there is a lack of sufficient exploration in

relation to the contribution that the debt market has for mega-projects and the implementation of various national transformation projects. This is particularly relevant in relation to the Saudi Arabian financial market and mega-projects, which play a particularly significant role in relation to the economic transformation strategy. The significance of the debt market for mega-projects and exploration in relation to the implementation of Vision 2030 transformation strategy is particularly significant for the Saudi Arabian financial market. Furthermore, exploration in relation to the exploitation of the debt market for mega-projects is particularly significant. The exploitation of mega-projects and infrastructure development finance using the debt market is a delicate balance between finance and potential risks. Inefficient exploitation may result in refinancing and fiscal risks, which may be particularly damaging for the economic transformation strategy. The present study aims to bridge this gap by exploring the contribution of Saudi Arabia's debt markets for its mega-projects under Vision 2030. This paper will contribute to the existing body of literature on development finance, capital markets, and economic development in emerging economies.

This present study aims at asserting that the success of Saudi Arabia's mega-projects under Vision 2030 is dependent on its debt markets. Saudi Arabia will exploit its Sukuk and bond markets in a facilitating environment for raising finance for its mega-development projects.

II. LITERATURE REVIEW

2.1 Financing Mega-Projects in Emerging Economies

A mega project is defined as an investment project characterized by high up-front costs, long construction periods, complex risk profiles, and significant spillovers in terms of their economic impacts. The literature on mega projects has indicated that financing mega projects is problematic and characterized by high up-front costs, long construction periods, and risks related to construction risks, operational risks, and macro risks. In the context of emerging economies, financing mega projects is characterized by scarce financial resources, underdeveloped capital markets, and reliance on volatile sources of revenues. (IMF, n.d./2025)

In the traditional context, the modes of finance for mega projects are public finance, multilateral finance, and bank finance. However, as indicated by various literature and studies, there is an emerging concern that excessive reliance on public finance for mega project finance might create pressure on public finance and might even crowd out private sector finance. (Fund, 2025) Therefore, there is an emerging need for capital market finance, especially long-term debt finance. Debt markets assist the government in raising capital while spreading its repayment obligations. Additionally, a sound and strong debt market is essential for ensuring financial discipline, transparency, and accountability, which are essential for addressing the risks associated with mega project finance. As indicated by the literature, there is enough evidence for the sound and strong debt market being essential for raising funds for infrastructure finance and ensuring sustainability. (Lipsky, 2015)

2.2 Role of Debt Markets in Development Finance

Development finance literature has highlighted and emphasized the importance and significance of the strategic role played by domestic and international debt markets in the financing of long-term economic transformational objectives. Existence and soundness of bond markets of sovereign and quasi-sovereign governments help the government raise funds from diverse sources and minimize their dependence on external and short-term sources of finance. In addition, existence and soundness of debt markets help develop the yield curve. Moreover, literature has provided enough empirical evidence that the level of economic growth is positively correlated with the level of development of debt markets, particularly when debt is used as a source of finance for the development of productive sectors of the economy, such as infrastructure, transportation, and energy sectors. (Liu et al., 2025)

In the context of economic transformational strategies such as Saudi Arabia's Vision 2030, debt markets are now considered as more strategic tools for the success of long-term economic transformational objectives.

2.3 Sukuk as a Tool for Infrastructure and Mega-Project Financing

Literature on Islamic finance instruments has also indicated that Sukuk can be used as an appropriate tool for infrastructure and mega-project finance. In particular, literature has also indicated that Sukuk is related to physical assets or project cash flows and

can be used appropriately as a tool for meeting long-term funding needs of such projects. Asset-based Sukuk allows investors to invest in projects that have income-generating capacity and are also Shariah-compliant. Literature has also shown that Sukuk has been an appropriate financial tool for financing infrastructural projects in both Muslim and non-Muslim countries. It has also been seen to be associated with higher levels of investor participation, especially from the general class of institutional and faith-based investors. It has also been seen to have the potential for providing financial inclusion and diversification for funding mega-project finance. (Saudi Arabia Expands Debt Market to Support Vision 2030 Goals, 2024) However, literature has also pointed out that Sukuk faces certain challenges, such as those of standardization, complexity, and the allocation of risk. Nevertheless, all the literature agrees that Sukuk has a bright future and is an appropriate financial tool for financing mega-projects for a long period of time.

2.4 Conventional Bonds and the Depth of the Capital Market

Conventional bonds have also continued to play an auxiliary role to Sukuk as an appropriate financial tool for financing mega-projects. This is due to the fact that the conventional bond market has been found to offer liquidity, efficiency in the form of prices, and a wide range of investors across the world. Literature has also pointed out that a portfolio of conventional and Islamic bonds minimizes the refinancing risk and enhances the resilience of the financial market. The presence of both conventional and Islamic bonds has also been found to offer the government an opportunity to adopt an optimum approach in funding its mega-projects. Literature has pointed out that the adoption of both conventional and Islamic bonds enhances the sophistication of the capital markets and also promotes the spirit of risk sharing among investors. (Barqawi, 2018, pp. 45–69)

2.5 Empirical Evidence on the Saudi Context

Although there is an overwhelming body of literature on the topic of debt markets and the financing of mega-projects globally, there is still a lack of literature on the Saudi context. Literature on the Saudi context has been focused on the development of fiscal policies, the sustainability of debt, the development of Islamic finance, among other issues. However, there are a few pieces of literature focused on the role of the debt markets of Saudi Arabia and

the financing of mega-projects in the context of Vision 2030. This is in spite of the enormity of Vision 2030 mega projects and the high growth rate of debt markets in Saudi Arabia. This is an important gap in the literature, considering the importance of

understanding the strategic usage of Sukuk financing and conventional bond financing in financing mega projects in assessing the sustainability of the Saudi Arabian development financing system.

Theme	Key Insights from Literature
Mega-project financing	Requires long-term, diversified funding sources
Debt markets	Enhance fiscal flexibility and capital mobilization
Sukuk financing	Suitable for asset-based and infrastructure projects
Bonds	Provide liquidity and global investor access
Research gap	Limited Saudi-focused empirical analysis

III. SAUDI DEBT MARKETS AND VISION 2030 FINANCING MODEL

The growth rate of Saudi Arabia’s debt markets is a fundamental shift in the financial management of Saudi Arabia. Indeed, Saudi Arabia has, in adopting the Vision 2030 financing model, shifted from an oil-based financial system to a diversified financial system. The debt market financing, including Sukuk financing and bond financing, has become an integral part of the financial system in Saudi Arabia in its shift from an oil-based financial system to a diversified financial system, with focus on financing mega projects under the Vision 2030 financing model.

3.1 Evolution of Saudi Debt Markets

Saudi Arabia’s debt market, in particular, has historically been marked by low levels of debt market activity due to strong financial positions based on oil revenues. However, with increasing expenditure needs, accompanied by changing oil prices and the adoption of the Vision 2030 financial model, there has been a need to move into a stronger financial model. Indeed, Saudi Arabia has, with this need, established comprehensive financial reforms aimed at developing both domestic and international debt markets. The financial reforms included developing a centralized debt management system, developing the issuance calendar, and improving transparency. These financial reforms, indeed, have borne fruit, with the Saudi Arabian debt market experiencing tremendous growth to become one of the largest issuers of debt instruments in the emerging markets in no time, with Sukuk finance being at the core of

growth. The development of the Saudi Arabian debt markets has been accompanied by regulatory and institutional measures aimed at improving the capital markets of Saudi Arabia. This has been instrumental in improving the standards of the issuance of debt instruments, making them attractive enough for investment, whether local or foreign.

3.2 Institutional Framework of Vision 2030 Financing

The Vision 2030 finance is guided by an integrated institutional framework aimed at integrating fiscal policies, capital markets development, and project execution. Rather than relying on government expenditure, the government of Saudi Arabia has opted for a multi-channel approach, which includes issuances by sovereign issuers, quasi-sovereign issuers, public-private partnerships, and project-specific funding vehicles. Debt markets form an essential part of the institutional framework, which links long-term funds with the life of the project for mega projects. Sovereign Sukuk and bonds act as a guide for the debt market. Quasi-sovereign issuers comprise government-related entities that manage infrastructure development projects. Such a strategy helps the government manage its cash flow better and does not put too much pressure on the budget. Such a strategy is also significant in the incorporation of the private sector, which develops finance structures that can be attractive to investors.

3.3 Role of Sukuk in Vision 2030 Mega Project Financing

Sukuk has emerged as an essential component of the financing strategy for the mega projects of Vision 2030 in the kingdom of Saudi Arabia. This is mainly because Sukuk is an asset-based instrument, which is more attractive for infrastructure, property, energy, and transportation projects, which have high and relatively stable cash flows.

The high demand for Saudi Sukuk by investors has helped Saudi Arabia raise huge funds at low costs. (Saudi Arabia leads GCC fixed income markets to hit \$147.9bn in primary issuances: Markaz, 2025) In addition, Sukuk issuance is an essential component for strengthening Saudi Arabia's position as a global hub for Islamic finance.

The issuance of Sukuk is an attractive solution for the integration of ethical investment principles with Saudi Arabia's Vision 2030 mega projects.

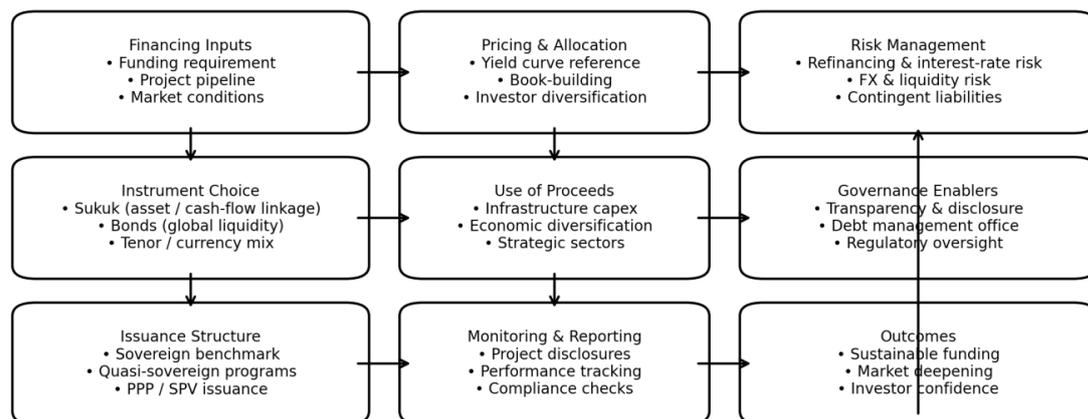
The issuance of Sukuk is an essential component for the diversification of the Saudi debt market. This is achieved through the expansion of the debt market and the extension of maturity structures. (CMA: The Corporate Sukuk and Debt Capital Market Growth Exceeds SAR 30 Billion since 2019, 2025)

3.4 Complementary Role of Conventional Bonds

Sukuk plays a strategic position in the Saudi Arabian debt market framework. However, conventional bonds play a crucial role in the Saudi Arabian debt market structure. The conventional bonds give Saudi access to a larger number of international investors, especially for those that do not have a Shariah investment mandate. (Saudi Arabia's \$15 Billion Sukuk Offering and Dollar Debt Strategy: A Macro Shift in Emerging Markets and U.S. Dollar Assets, 2025) In addition, conventional bonds serve as a benchmark for corporations and allow for their integration into global bond markets. (Narayanan, 2025) The fact that Saudi Arabia operates in Sukuk and bond markets gives it access to a wide variety of options that are useful for optimizing its funding strategies. The fact that Sukuk and bonds operate in Saudi Arabia shows that it has adopted a pragmatic and flexible approach to finance that makes its markets more sustainable and capable of financing mega-projects. (Saudi Arabia Issues Green, Social, and Sustainable Debt Instruments Guidelines to Support ESG Investment and Align with Global Standards, 2025)

3.5 Debt Markets and Sustainability of Mega-Projects

Figure 2. Sukuk-Bond Financing Strategy for Vision 2030: Flow, Governance, and Risk Controls



Iterative cycle: issuance results + market feedback → adjusts tenor mix, instrument mix, and governance practices

Another factor that is crucial for the financing of mega-projects under Vision 2030 is ensuring that mega-projects are sustainable, especially if they have been funded using debt finance. The debt finance is crucial for ensuring that mega-projects are sustainable. This is because debt finance makes these markets sustainable. (Saudi Arabia's Vision 2030

faces its credit ceiling as foreign funding rises – Moody's, 2024) In addition, debt finance involves using long-term debt instruments that match debt obligations and revenues generated. This is useful for mega-projects because their development period is long.

Table 2: Role of Saudi Debt Markets in Vision 2030 Financing

Component	Contribution to Mega-Project Financing
Sovereign Sukuk	Benchmark pricing, Shariah-compliant funding
Sovereign Bonds	Global investor access, liquidity
Quasi-sovereign issuance	Project-level financing, fiscal flexibility
Debt market reforms	Transparency, investor confidence
Long-term maturities	Reduced refinancing risk

IV. LONG-TERM MATURITIES REFINANCING RISK REDUCTION

Financing Vision 2030 Mega-Projects using Sukuk and Bonds

The finance of the mega-projects of Vision 2030 requires the establishment of an efficient finance mechanism, which is diversified enough for the financing of mega-projects. The use of Sukuk and bonds in finance is a crucial factor for the finance of mega-projects in Saudi Arabia, as they are efficient in the finance of mega-projects and at the same time ensure the sustainability of the finance.

4.1 Financing Needs of Vision 2030 Mega-Projects

The mega-projects planned in the implementation of Vision 2030 are characterized by high capital costs, construction periods, and revenue generation periods. (Contract value of Saudi giga projects jumps 20% to \$196 billion, 2025) Mega-projects, which include infrastructure networks, industrial zones, renewable energy, and tourist resorts, require a finance mechanism that is stable enough for the long revenue generation period. (Saudi Arabia takes on debt to finance its megaprojects, 2024) Finance for the mega-projects, which include short-term finance and budget allocations, is not efficient for the finance of mega-projects, which may pose a risk for the sustainability of finance in the country. (Akerman, 2025) The issuance of Sukuk and bonds would be an effective solution for the long-term capital mobilization with the spreading of costs over long periods. (Saudi Arabia's PIF issues \$4bn of bonds, 2025) By the issuance of Sukuk and bonds, the country can finance its mega-projects through the structuring of project finance in accordance with the lifespan of the mega-projects, which can release the pressure for the project implementation and ensure

the sustainability of the finance. (PIF's Saudi Real Estate issues \$933m sukuk, 2023)

4.2 Role of Sukuk in Mega-Project Financing

Sukuk have emerged as an integral part of the implementation of Vision 2030, particularly in the finance of mega-projects, as they are compatible with infrastructure development projects. Mega-projects are highly suitable for the issuance of Sukuk, as they include the development of infrastructure projects, which are related to the development of physical assets with revenue generation, and are highly compatible with the issuance of Sukuk, particularly Ijarah, Murabaha, and Wakala. (Siddiqui, 2024) From the point of view of the government, the Sukuk market will provide the much-needed boost to Saudi Arabia in terms of establishing its position in the global Islamic financial market. The strong demand for Saudi Sukuk from regional and global investors will enable the government and quasi-sovereign entities to raise significant funds at competitive costs. (PIF prices \$1.25 billion international sukuk offering, 2025) Apart from that, the Sukuk market will provide the much-needed impetus to the market in terms of raising long-term funds with the involvement of long-term institutional investors such as pension funds and Islamic financial institutions. (SUKUK | Business Insight - March 2025 | SAB, 2025)

4.3 Role of Conventional Bonds in Mega-Project Financing

The conventional bonds will also play an equally important role in the form of project finance for the Vision 2030 projects. Saudi Arabia, through the issue of bonds, will be able to tap the global investor base in the form of global asset management companies, sovereign wealth funds, and conventional institutional investors, who will be investors in the

bonds of Saudi Arabia. The bonds can also be used as a benchmark for the development of the yield curve. The development of the yield curve will also enable Saudi Arabia to price corporate and project finance debt. The presence of a yield curve will also enable Saudi Arabia to develop its capital market. (SAMA, YEAR) The bonds will also enable Saudi Arabia to finance its mega projects. The bonds will enable Saudi Arabia to finance its mega projects due to the flexibility of maturity, currency, and size of the bonds in accordance with the market conditions. (IFR, 2025) Moreover, the use of conventional bonds will also assist Saudi Arabia in optimizing its funding strategy. Saudi Arabia can use conventional bonds in the case of high global liquidity. In the case of high global liquidity, Saudi Arabia can use bonds and Sukuk for meeting its funding requirements.

4.4 Combined Sukuk-Bond Financing Strategy

The major advantage of the finance strategy adopted by Saudi Arabia for its Vision 2030 lies in the fact that Saudi Arabia has used two financial instruments, Sukuk and bonds, for funding its mega projects instead of using a single financial instrument. The use of a single financial instrument for funding its mega projects may increase the risk associated with the market. By using two financial instruments, Sukuk and bonds, Saudi Arabia can minimize the risk associated with its market. (Sovereign Domestic

Sukuk – Saudi Arabia, n.d.) The use of two financial instruments, Sukuk and bonds, for funding its mega projects will assist Saudi Arabia in developing a balanced and integrated ecosystem of its debt market. Moreover, the use of two financial instruments, Sukuk and bonds, for funding its mega projects will also assist Saudi Arabia in maintaining a balance between the global and domestic markets while using these financial instruments for funding its mega projects. (Saudi Arabia Takes on Debt to Finance Its Megaprojects, 2024)

4.5 Risk Management and Sustainability Considerations

The finance strategy adopted by Saudi Arabia for funding its mega projects under its Vision 2030 has addressed one of the major issues associated with the country, which is the management of risk. Saudi Arabia has adopted a finance strategy for funding its mega projects through the debt markets. Saudi Arabia has adopted the strategy of using long-term Sukuk and bonds for funding its mega projects. Debt market discipline also promotes project governance, given that investors require credible project evaluation, disclosure, and assessment. This is bound to enhance project selection and execution, an important factor for project success in Vision 2030. (Saudi Arabia's Public Investment Fund Adopts 'Precision Finance' Debt Strategy, 2025)

Table 3: Comparison of Sukuk and Bonds in Vision 2030 Mega-Project Financing

Aspect	Sukuk	Conventional Bonds
Shariah compliance	Yes	No
Asset linkage	Asset-backed / asset-based	Not required
Investor base	Islamic and ethical investors	Global conventional investors
Suitability for infrastructure	High	High
Market role	Islamic finance leadership	Global integration and liquidity

V. POLICY IMPLICATIONS AND CHALLENGES

The increasing trend towards relying on Saudi debt markets as a source of finance for mega-projects under Vision 2030 has important policy implications and challenges. Sukuk and bond markets are effective instruments for finance of mega-projects. However,

their effective use is contingent upon an effective policy environment and effective management of associated risks. (Saudi Arabia aims to enhance its status as a leader in capital markets, 2023) From a policy perspective, an effective debt market is a major challenge and policy implication for Vision 2030. An effective issuance program, issuance calendar, and investor engagement are integral to an

effective debt market. (Saudi Arabia Restructures \$32B Sukuk to Support Vision 2030 Goals, 2025) From a policy perspective, it is important to ensure that debt finance for mega-projects is consistent with long-run development priorities and has value to the economy. This can be done by undertaking an effective project appraisal to ensure that resources are not squandered. The other notable implication of debt markets is that it has a significant impact on debt sustainability. This is due to the fact that, although debt markets can be very flexible, there is a risk of refinancing and interest rate risks if debt is used excessively. (Ratings, 2025) However, there is a need to strike a balance between meeting financing needs and good debt management. Long-term sukuk and bond instruments can be used to mitigate risks. Development of capital markets is also an integral part of achieving the set objectives as outlined in Vision 2030. Further efforts need to be directed towards ensuring that capital markets regulations are enhanced and a continued push towards deeper capital markets liquidity and a broader investor base, as well as domestic institutional investors, is encouraged. (Saudi Arabia's Evolving Capital Markets: Focus on Repo & Securities Lending, 2026) Additionally, it would also be beneficial if domestic regulations are aligned closer to international regulations, as this would be advantageous with regard to investments from international sources. (Saudi Arabia: Concluding Statement of the 2024 Article IV Mission, 2024) However, despite all these opportunities, there are still a number of challenges that need to be addressed. Challenges associated with issuing sukuk include structural complexities and issues associated with legal standardization, which can be very costly and time-consuming. However, conventional bond issuance is simpler and less expensive; however, it can be subject to global market volatility as well as investors' sentiments. (Shaikh, 2025) Thus, a flexible issuance strategy can be used to accommodate any changes that might occur in the market environment.

Strategic Author Positioning and Practical Contribution

This article is presented from a practitioner-led finance perspective, combining applied capital-markets thinking with policy-aligned debt strategy. It is designed for decision-makers evaluating how Saudi debt markets can sustainably finance Vision 2030 mega-projects while preserving fiscal

flexibility, market confidence, and execution continuity.

The contribution of this paper is practical and strategic: it links sovereign debt architecture, quasi-sovereign financing channels, investor-base diversification, and governance quality in one integrated framework. This positions the analysis beyond theory and aligns it with real financing decisions required for large, long-duration project pipelines.

Advanced Policy Framework for 2026–2030

Debt Portfolio Design and Maturity Discipline

As issuance scales, maturity concentration becomes a central risk variable. A resilient financing model requires laddered maturities across short, medium, and long tenors, supported by proactive liability-management tools. This reduces rollover pressure in any single year and protects mega-project continuity during periods of tighter global liquidity.

Tenor design should be linked to project economics rather than short-term market convenience. Projects with longer commercialization horizons should be financed primarily through long-dated instruments, while shorter-cycle assets can carry medium-tenor profiles. This alignment lowers refinancing stress and improves lifecycle funding efficiency.

Integrated Sukuk-Bond Execution Strategy

A dual-track issuance strategy improves resilience by diversifying funding sources and investor segments. Sukuk strengthens participation from Islamic and regional long-duration liquidity pools, while conventional bonds broaden international access and support benchmark curve depth. Together, the two channels provide execution optionality across varying market windows.

Policy effectiveness is highest when Sukuk and bonds are managed as a portfolio rather than as competing instruments. Portfolio-level optimization by tenor demand, investor appetite, and pricing conditions improves funding continuity and supports disciplined risk-adjusted execution.

Disclosure, Governance, and Secondary-Market Depth

For long-duration project financing, governance quality directly influences funding cost. Investors require clear visibility on use-of-proceeds, project milestones, refinancing plans, and sensitivity

assumptions. Consistent, high-quality disclosure reduces uncertainty premia and supports stronger market confidence.

Secondary-market liquidity should be treated as a strategic policy priority. Tradability improves price

discovery, benchmark reliability, and risk transfer. As liquidity improves, structural funding premia can decline, benefiting both sovereign and quasi-sovereign issuers over time.

Table 1: Strategic Financing Architecture for Vision 2030 Mega-Projects

Financing Lever	Policy Objective	Expected Impact
Sukuk program standardization	Reduce issuance friction and improve comparability	Stronger Islamic investor participation and pricing consistency
Maturity laddering	Limit refinancing concentration	Higher rollover resilience
Dual-market issuance (SAR + international)	Preserve funding optionality	More stable access across cycles
Enhanced disclosure standards	Improve transparency and governance	Lower uncertainty premium
Secondary-liquidity development	Improve tradability and price discovery	Lower long-term cost of funding

Risk Matrix and Mitigation Priorities

Interest-rate risk can raise issuance costs and future refinancing burdens; mitigation includes tenor diversification and disciplined market-window selection. Refinancing risk from maturity bunching should be managed through advance refinancing plans and liability-management operations.

Execution risk arises when project timelines diverge from financing assumptions. A tighter interface between project governance, treasury planning, and cash-flow forecasting is therefore essential. Documentation and structuring risk, particularly in complex Sukuk transactions, can be reduced through standardized frameworks and early legal-Shariah-finance alignment.

Saudi debt markets are now a strategic pillar of Vision 2030 financing. The integrated use of Sukuk and conventional bonds has improved funding diversification, market access, and financing resilience for large-scale project delivery. The next phase should focus on issuance quality—maturity discipline, disclosure credibility, liquidity depth, and portfolio-level risk governance.

Overall, the Kingdom’s evolving financing model provides a credible blueprint for transformation economies seeking to finance ambitious development

agendas while maintaining fiscal and financial stability.

VI. CONCLUSION

In conclusion, therefore, it is very important to ensure proper coordination among various government departments and project sponsors as well as other financial institutions. In fact, the financing of mega projects through the debt market should take place in a coordinated manner as well as in a consistent manner with other government activities. By resolving all these issues and challenges associated with the policies, Saudi Arabia can make use of the debt market as a very powerful tool to achieve the set objectives of the mega projects as outlined in Vision 2030 while ensuring financial and economic sustainability. The aim of this particular research paper is to examine the contribution made by the debt market of Saudi Arabia towards the financing of the mega projects of Vision 2030, particularly with regard to the strategic use of Sukuk and bonds. The Kingdom of Saudi Arabia is in the process of implementing one of the biggest economic transformation programs. The economic initiatives outlined in Vision 2030 are huge, and the financing options required for the implementation of these mega projects cannot be met through the conventional budgetary provisions. The research

paper has established the fact that the debt market has emerged as the cornerstone of the development financing strategy of Saudi Arabia. Sukuk has proven to be one of the most efficient tools for raising finance for mega-projects, given their asset-linked features, Shariah compliance, and ability to attract investors from all over the world. The efficiency of these tools will help Saudi Arabia diversify the source of finance, minimize costs of borrowings, and ensure that mega-projects are financed in a sustainable manner. Another important aspect that has been emphasized in the research paper is related to the significance of efficient debt management, transparency, and cooperation in relation to the sustainability of debt-funded mega-projects. Although the debt market provides a wide variety of opportunities for raising finance, there is also a potential threat of debt, which has to be efficiently managed by the government by formulating policies. From the research paper, it has been concluded that the debt market of Saudi Arabia is not only instrumental but also strategic in raising finance for mega-projects as outlined in Vision 2030. The Kingdom of Saudi Arabia will be in a better position to leverage Sukuk and bonds for raising finance for mega-projects, which will not only help in diversifying the economy but also in ensuring sustainable economic growth.

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