Transforming our Region:

Future Insights – Skills, capital
& the next era of growth

February 24 at 4 PM GST

Welcome	**Stephen Anderson** Chief Strategy & Technology Officer PwC Middle East
Saudi economy watch	**Richard Boxshall** Global Economics Leader and ME Chief Economist, PwC Middle East
WGS: Skills Paper **Anchoring degrees, accelerating skills:** Policies towards a stackable, skills-first ecosystem	**Roland Hancock** Global Education and Skills Leader and Chief Sustainability Officer, PwC Middle East **Randa Bahsoun** Partner, Labour Market and Social Development Leader, PwC Middle East
2026 Transact ME	**Ali Salman** Director, Corporate Finance, PwC Middle East

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Welcome

Stephen Anderson

Chief Strategy & Technology Officer
PwC Middle East

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Saudi economy watch

Richard Boxshall

Global Economics Leader and ME Chief Economist,
PwC Middle East

Saudi Economy Watch

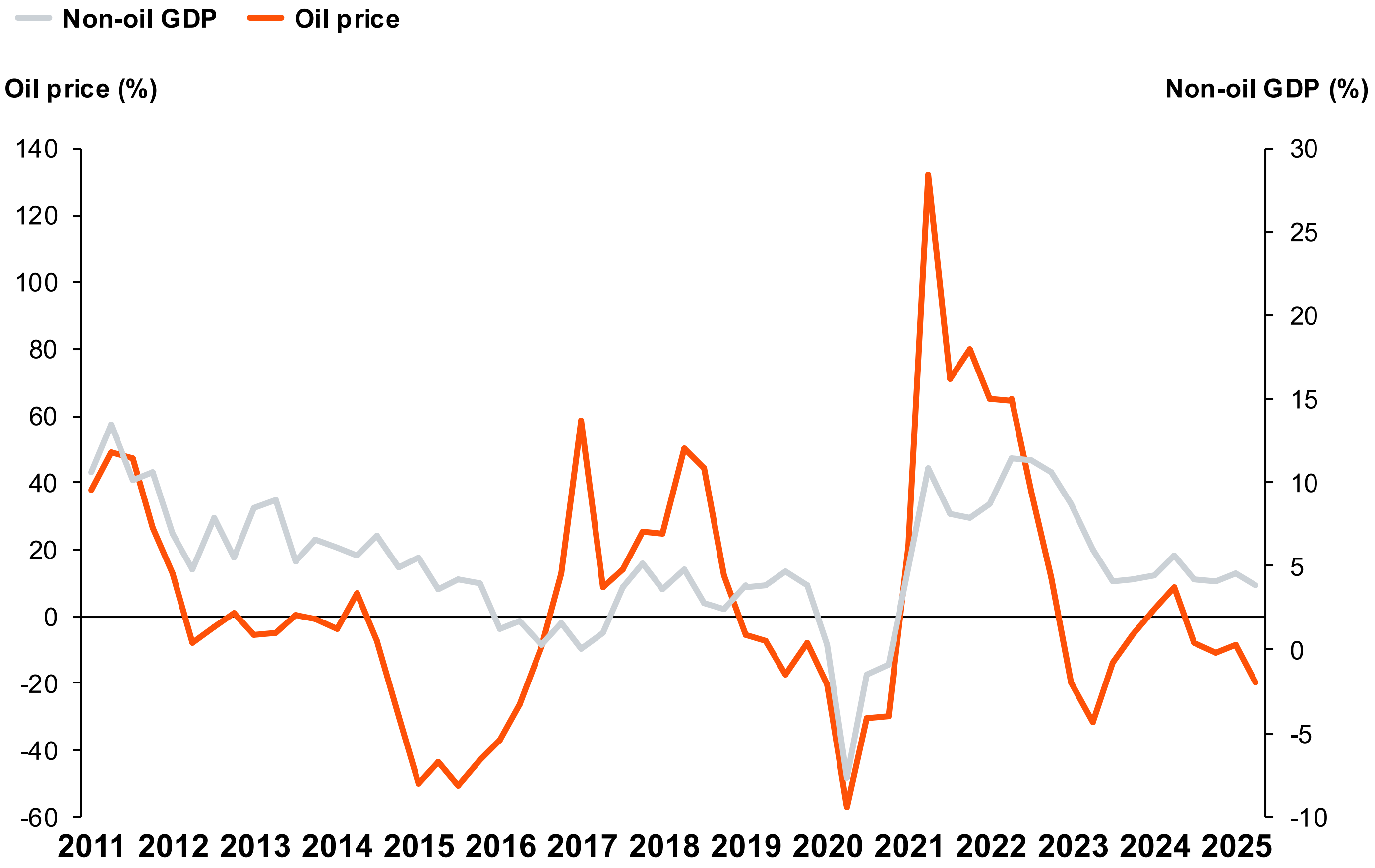
The next phase of economic diversification

A new growth framework for the Kingdom

Read our full report

Saudi Arabia has diversified at scale, but the non-oil economy still remains sensitive to the oil market

Changes in oil price and changes in non-oil GDP over time



Source: PwC analysis, Saudi Economy Watch 2025

With **non-oil activity now comprising 56%** of the SAR 4.7 tn economy and non-oil fiscal revenues increasing from SAR 256 bn in 2017 to SAR 393 bn in 2025, KSA has achieved a decisive **expansion of its non-oil base through sustained reform and investment**

Non-oil GDP still remains sensitive to oil market conditions; we find that **a 10% change in oil prices is associated with a 0.5% change in non-oil GDP**

Non-oil exports create a second engine of growth that continues to perform even when oil prices decline

Why non-oil export-oriented growth matters

01

Provides an independent engine of demand

Access to global markets reduces reliance on domestic cycles

02

Builds capabilities through competition

Exposure to global competition boosts productivity and learning gains

03

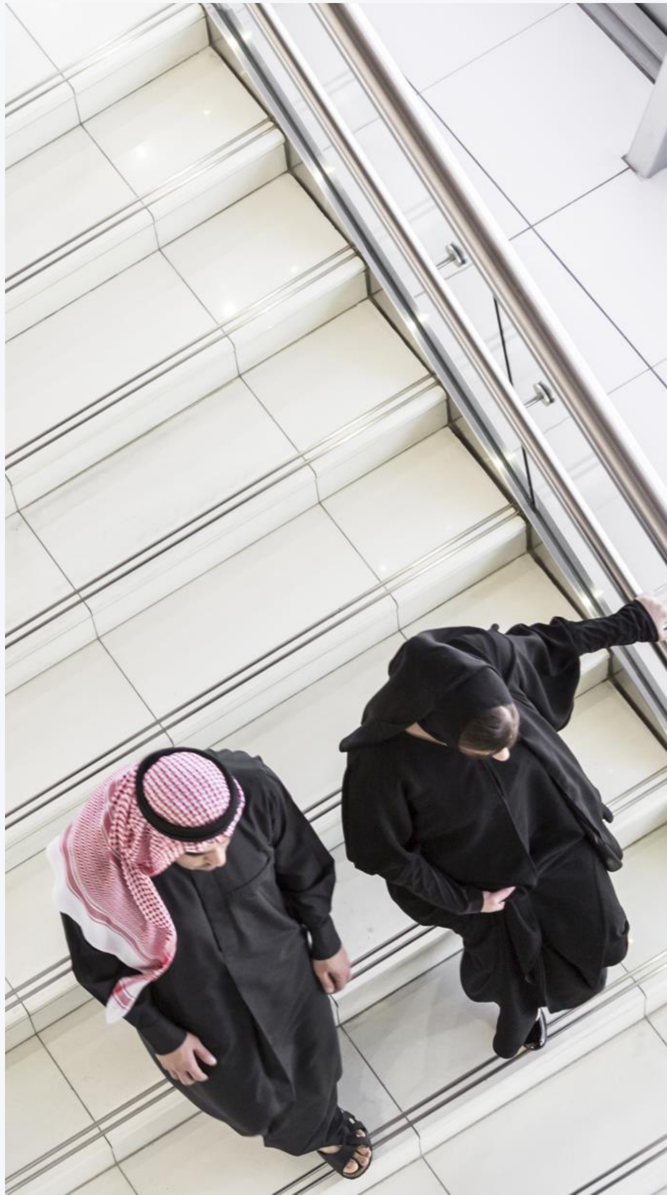
Source of foreign exchange

Foreign exchange diversification reduces reliance on oil-funded reserves

04

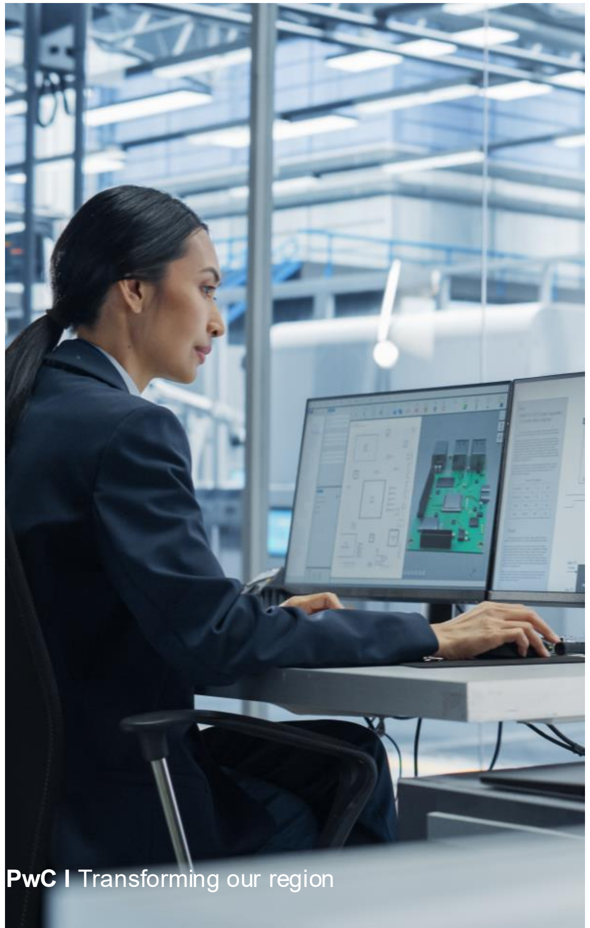
Changes the nature of investments

Tradable sectors generate stronger spillovers than retail or construction-led growth



The next phase of diversification is defined not by scale, but by the quality of growth…

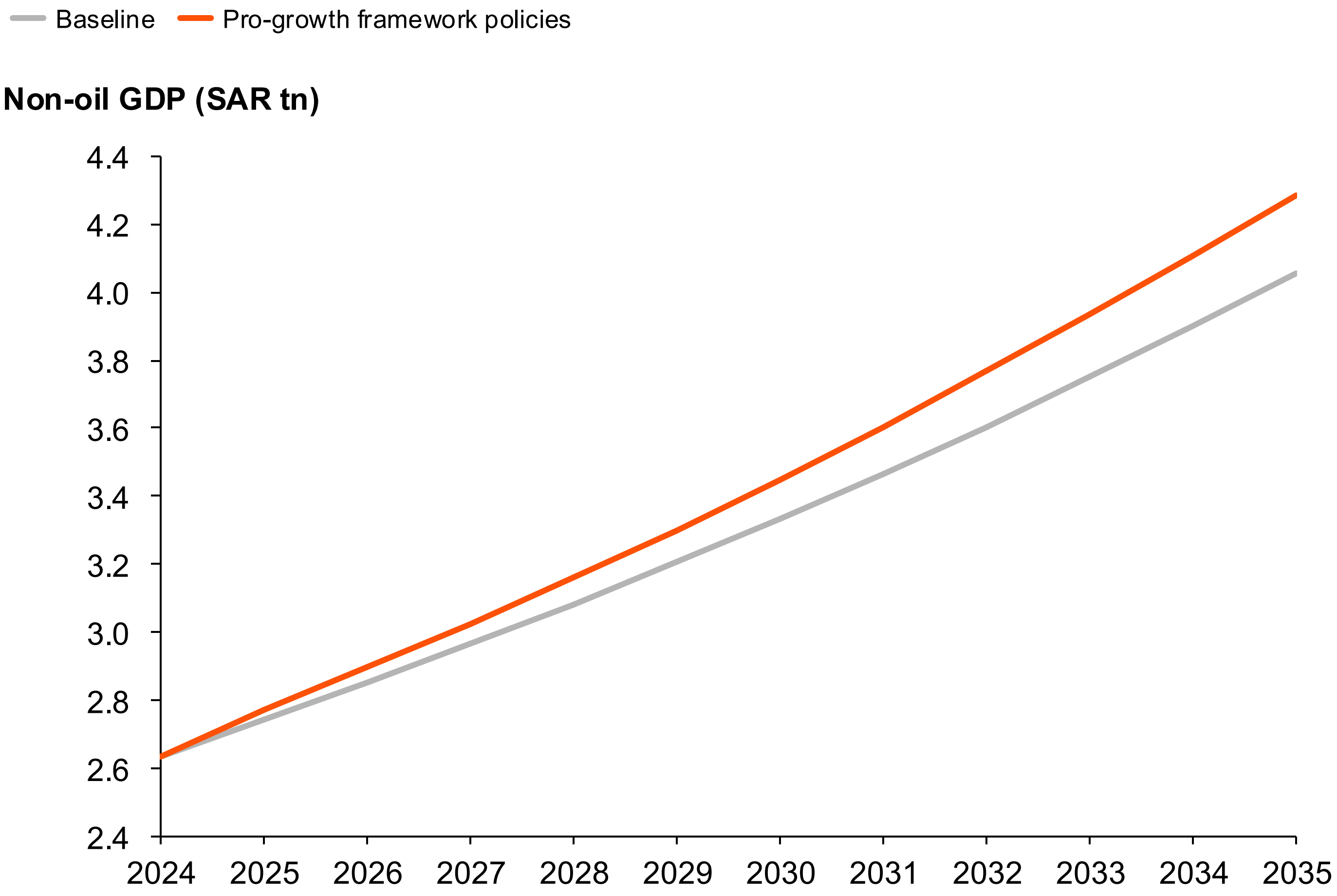
Our growth framework to assess sectors and investments



1. Strengthen exportability and tradable competitiveness
2. Build structural depth and learning potential
3. Maximise domestic value creation and supply chain integration
4. Upgrade skills and employment quality
5. Scale private investment and direct public resources where they add value

…where productivity will be the lever that will turn diversification into durable independence

Potential gains from the growth framework



Source: PwC analysis, Saudi Economy Watch 2025

Under a reform package aligned with the growth framework, **total factor productivity could increase by approximately 10% by 2035,** resulting in ~5.5% boost to non-oil GDP

Productivity led growth **strengthens resilience, reduces oil sensitivity, and supports a more sustainable fiscal trajectory**

Saudi Economy Watch

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Anchoring Degrees, Accelerating Skills: Policies Towards A Stackable, Skills-First Ecosystem

Roland Hancock

Global Education and Skills Leader and Chief Sustainability Officer, PwC Middle East

Randa Bahsoun

Partner, Labour Market and Social Development Leader, PwC Middle East

The world of work is evolving rapidly, resulting in labour market skills demands to evolve faster than degree cycles

The world of work is changing fast as a result of these key megatrends:

1
AI and automation, which are transforming productivity, job design, and skills demand

2
Digitalisation, enabling hyperconnectivity and data driven decision-making

3
Decarbonisation, driving the creation of green industries and skills for sustainable growth

4
Demographic shifts, including ageing populations in some economies and youth surges in others

5
Geoeconomic realignment, as supply chains, trade, and talent flows reorganise in a more multipolar world

The disruption: Skills evolve faster than degree cycles

40% of skills are expected to be outdated by 2030

45% of workers have had to learn new skills within the past year to stay relevant

59% of the global workforce will require training by 2030, to keep up with evolving skills demands driven by the adoption of artificial intelligence (AI)

&

The labour market signal: Employers struggling to access the right skills

170M new jobs anticipated to be created by 2030 as a result of structural changes in the labour market

98% difficulty finding talent

89% Avoid hiring graduates

We propose a practical framework where degrees are complemented by credentials to preserve academic depth and labour-market agility

The system response is clear:

The choice is not Degrees or Skills…

It is…

Degrees — **with** — **Skills**

Complement degrees with verifiable, stackable credentials that are recognised in hiring, making learning portable and continuously updated

Anchors
Credible, deep, enduring

Living currency
Verifiable, portable, continuously refreshed

We propose a **Skills Readiness and Design Framework** informed by recent research and thinking that can meet these needs.

The Skills Readiness and Design Framework is designed to…

01 Support policymakers in developing a skills-first ecosystem with stackable credentials

02 Enable governments to standardise skills definitions and validations

03 Help meet learner concerns about the growing automation of training and certification by implementing human-centered safeguards and assessment standards

04 Create trust through micro-credentials that are quality assured, portable and recognised across systems and borders

STACK Skills for future ready qualifications

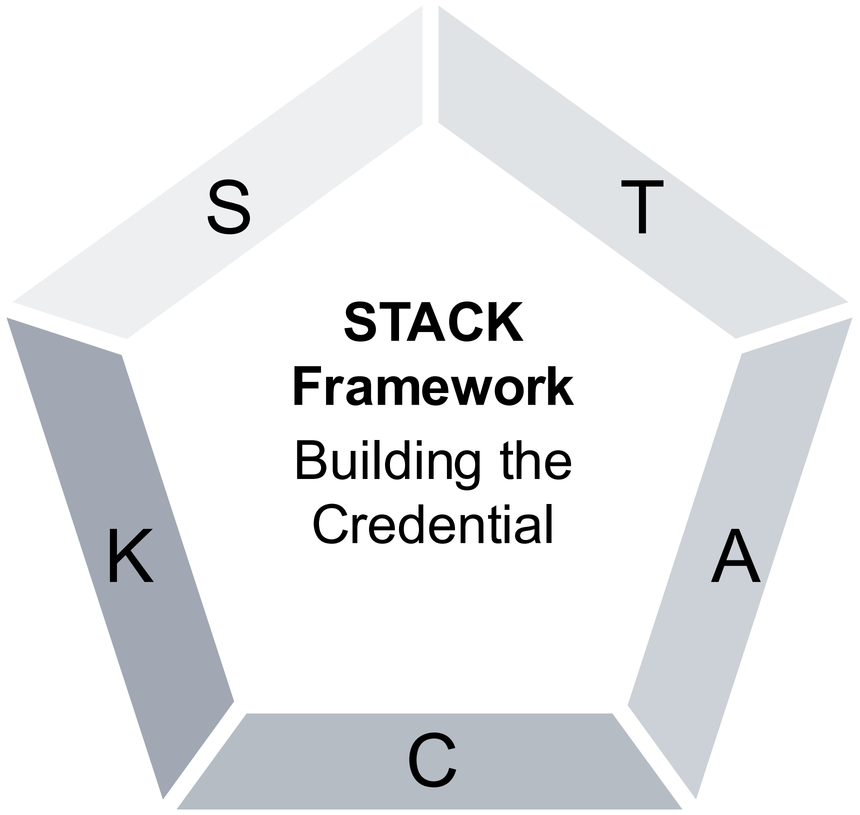
S **Signal**
Each credential must clearly show which roles and skills it serves

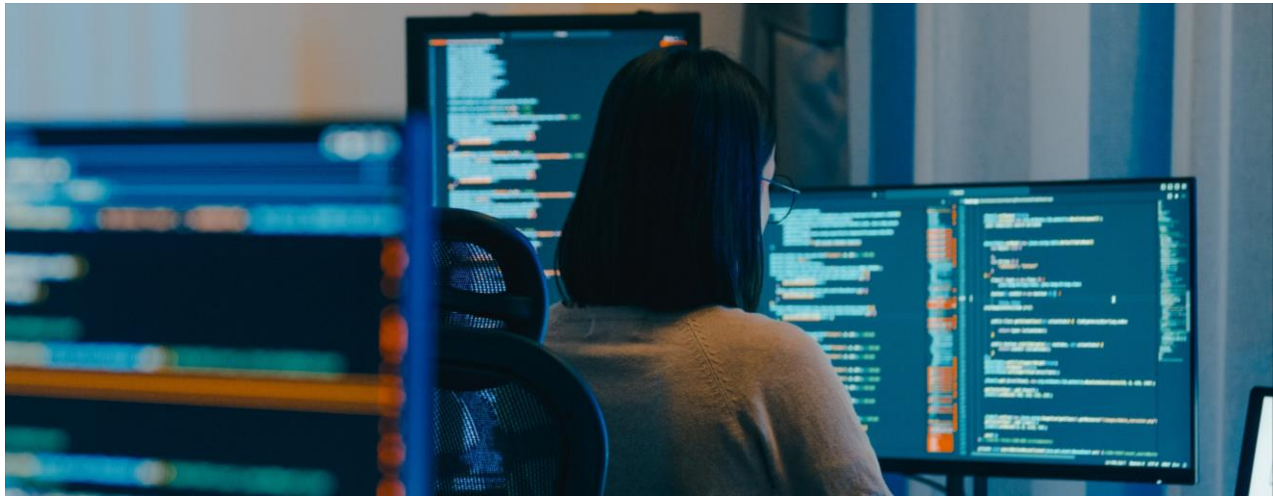
T **Trust**
Credentials must be verifiable, portable, and transparent

A **Accelerate**
Credentials should be priced and structured for modular uptake, with funding models that reward verified outcomes

C **Culture**
Employers must integrate credential-building into work

K **Knit**
Credentials must connect to others so learners can build progressive stacks for specialisation (depth) or breadth





ALIGN the ecosystem to enable industry ready skills

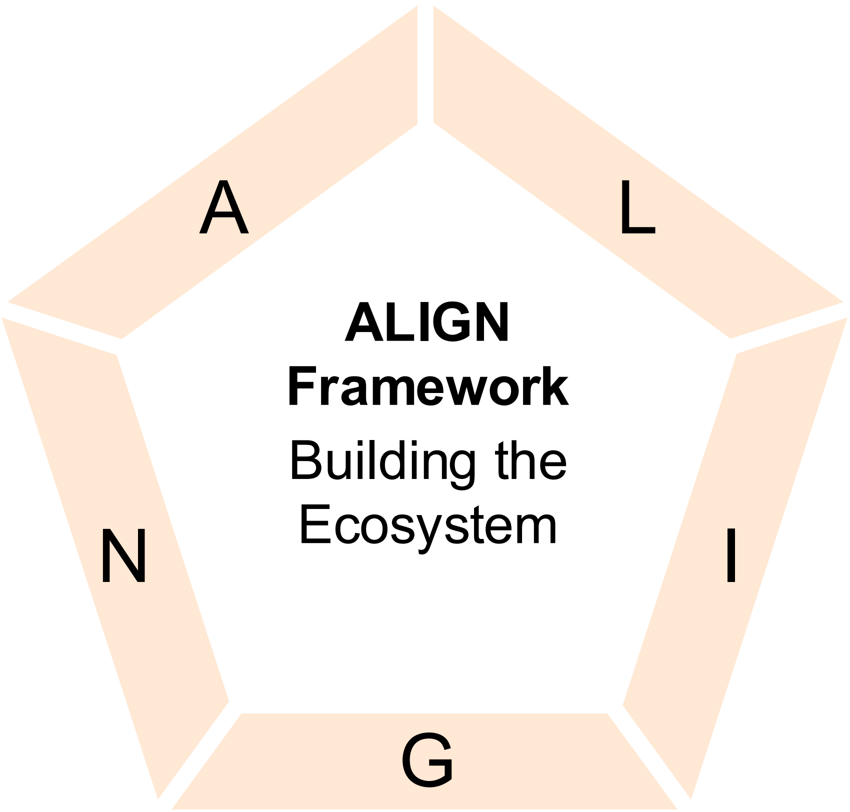
A **Align Strategy & Stakeholders**
Create a shared vision and coordinated priorities across government, employers, education providers, and quality assurance bodies

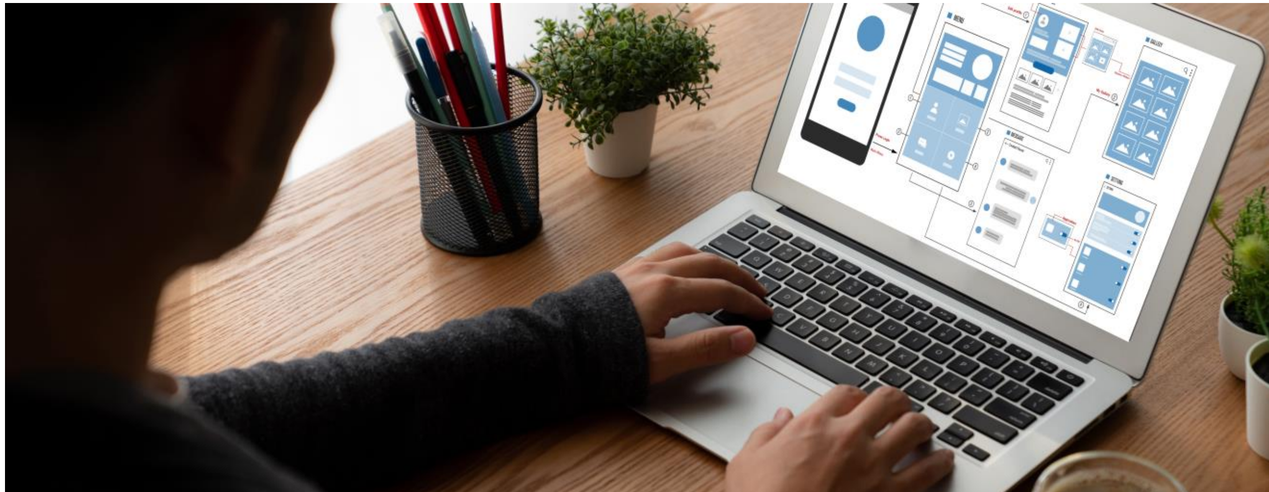
L **Learning Designed for Industry**
Design programs that are outcome-based, co-created with employers, and result in stackable credentials

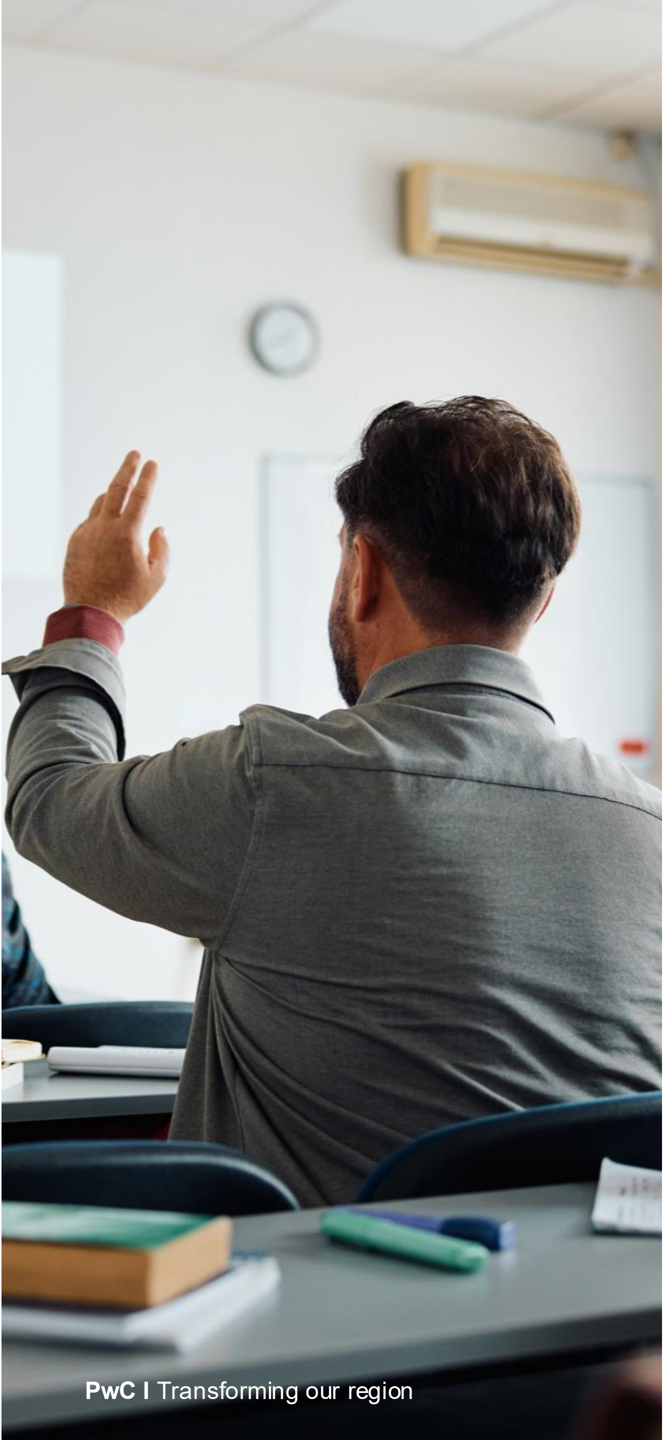
I **Integrated Technology**
Develop technological infrastructure to make the ecosystem secure with verifiable, interoperable, and portable credentials

G **Governance**
Converting agreement into action: establish rules that build inter-stakeholder trust and adoption incentives

N **Navigation & Portability**
Making movement between learning and work seamless – across providers, sectors, and borders







Sector Skills Accelerators are a key piece of the delivery architecture for implementation

Sector Skills Accelerators: Government Roles

Aligning employers, education providers and other stakeholders around shared standards, data and measurable outcomes to strengthen skills development.

01

Clear Responsibility

Assign responsibility for orchestrating the Framework. A network of nascent ‘Sector Skills Accelerators’ is emerging.

02

Implementation Support

Leverage the global Accelerator Network to enable peer-to-peer learning and establish best practices.

03

Standards and Measurable Outcomes

Establish tripartite boards, braided finance, and quarterly publication of conversion of vacancies to jobs and wage uplift.

04

Governance and Trust

Set the rules, align incentives, build trust that enables effective outcomes, and ensure appropriate governance and oversight.

Read our report - Anchoring Degrees, Accelerating Skills: Policies Towards A Stackable, Skills-First Ecosystem

Scan for more insights from our report, Out Now!

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2026 Transact Middle East :

Ali Salman

Director, Corporate Finance
PwC Middle East

2026 TransAct Middle East

Precision over pace: The Middle East's focused M&A strategy for transformative growth

1

2026 M&A themes

2026 M&A themes

01 **Capital rebalances inward as inbound interest strengthens**

02 **Domestic and intra-regional consolidation dominates**

03 **Energy investments support industrial resilience**

04 **Digital infrastructure and AI remain the region's strategic core**

05 **Sovereign capital continues to set the pace for strategic dealmaking**

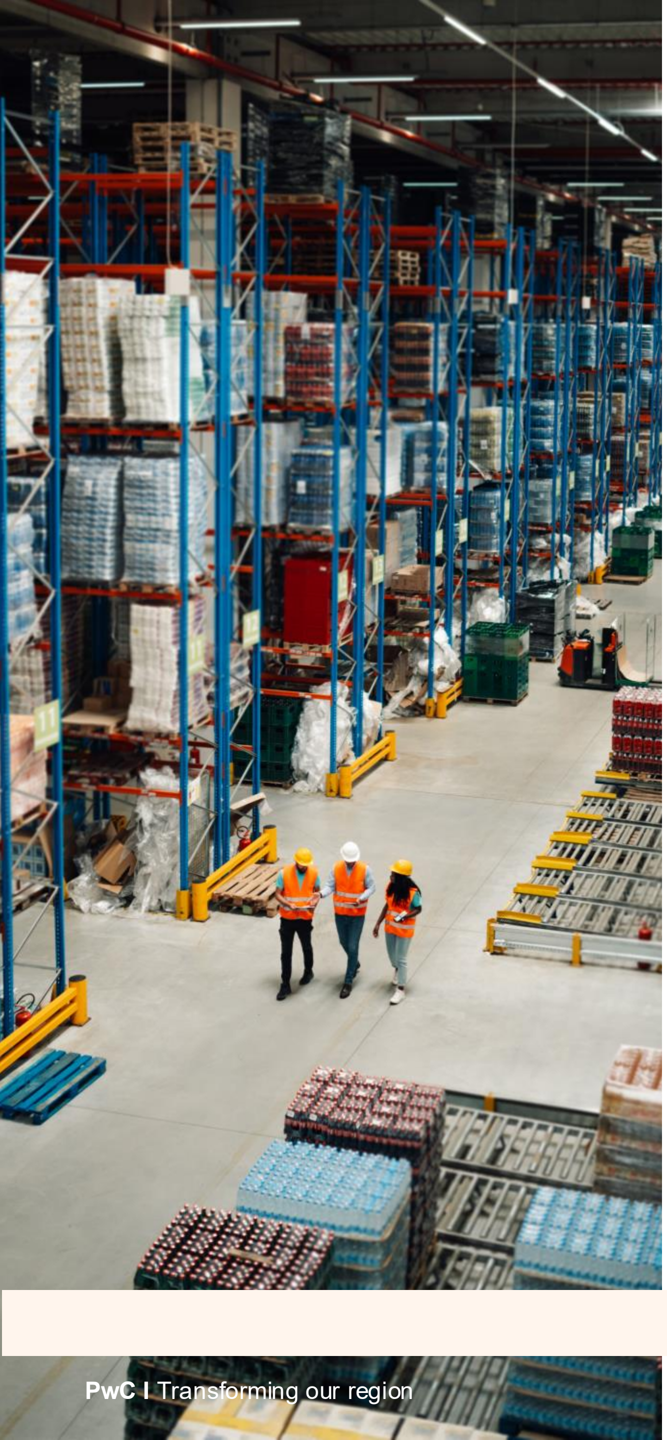
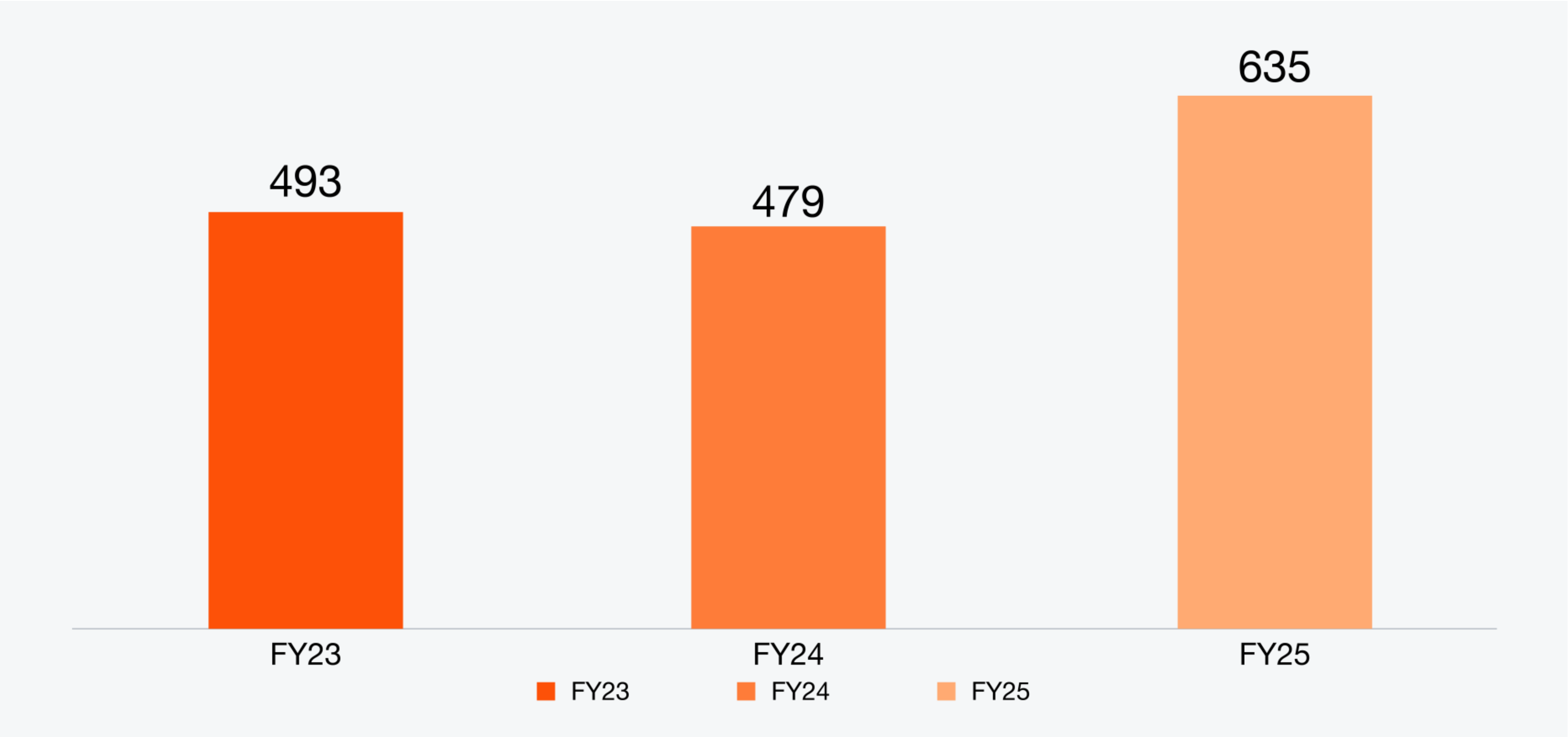
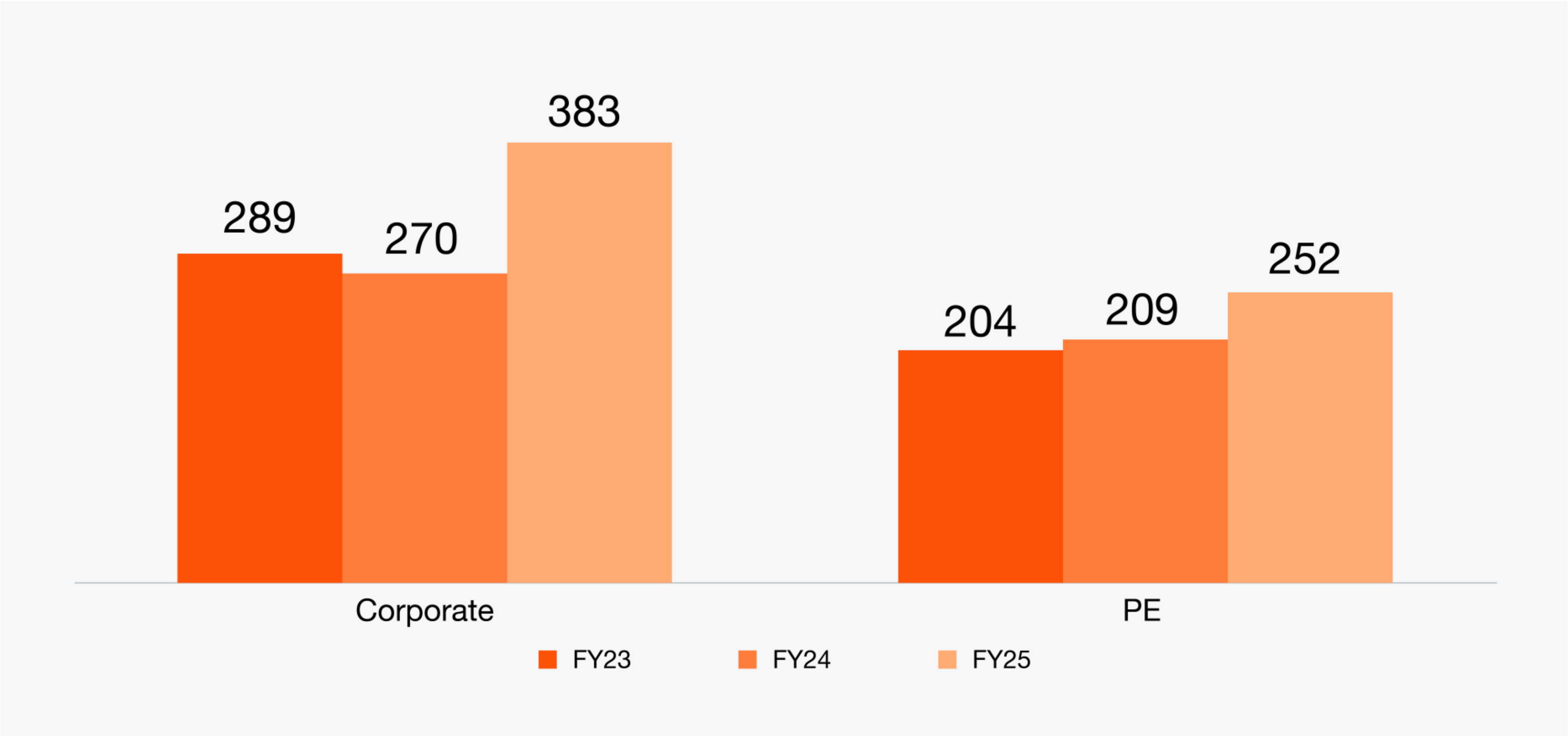


Figure 1: Middle East M&A Deal Volume (FY-2023 to FY-2025)



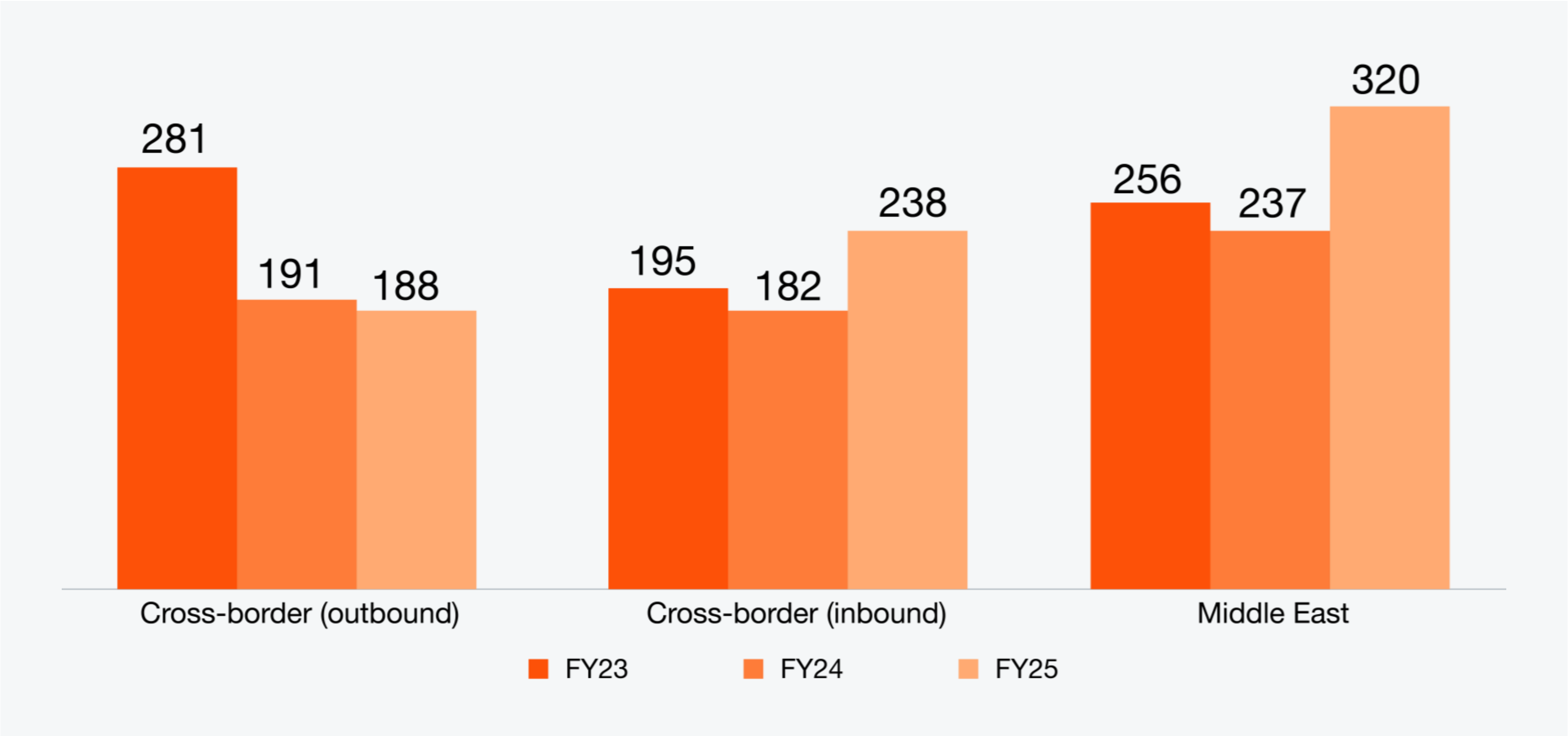
Source: PwC Analysis based on LSEG data

Figure 2: Middle East M&A Deal Volume by Deal Type (FY-2023 to FY-2025)



Source: PwC Analysis based on LSEG data

Figure 3: Cross-border Deal Volume (FY-2023 to FY-2025)



Source: PwC Analysis based on LSEG data

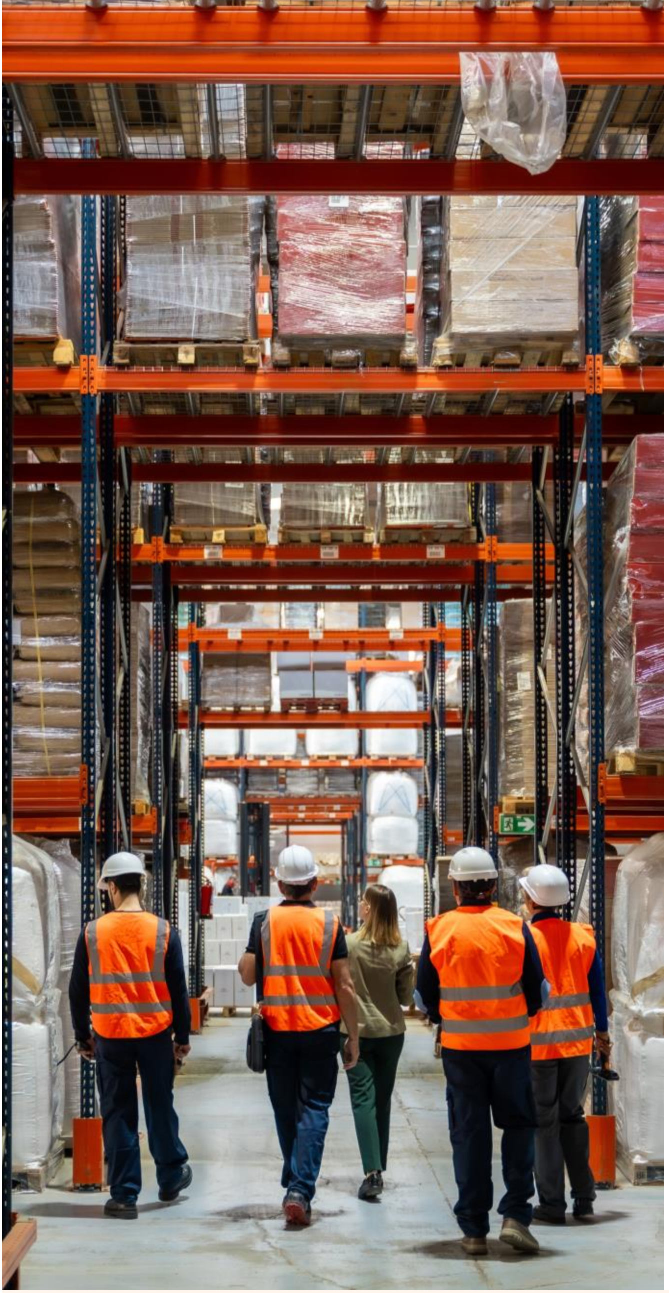
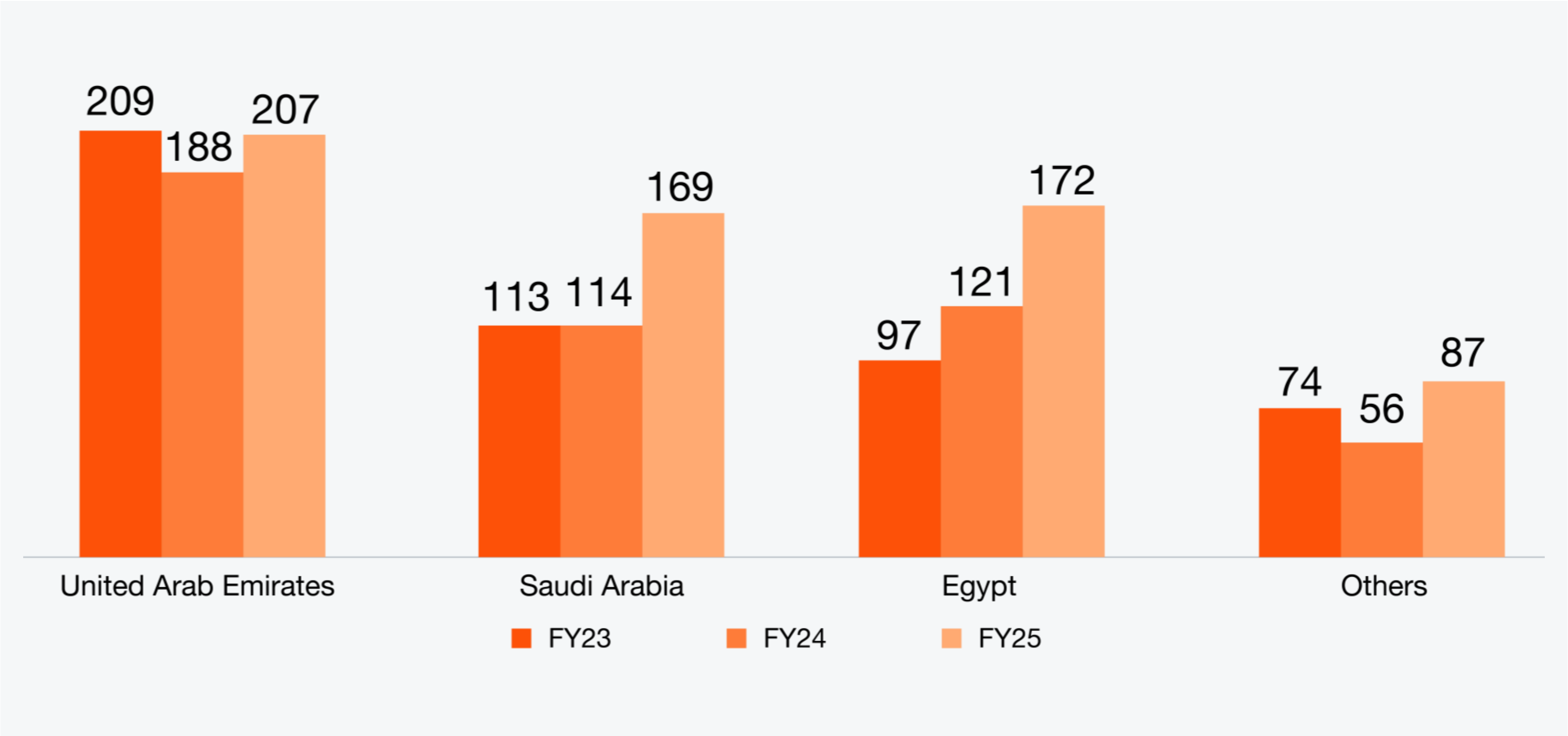
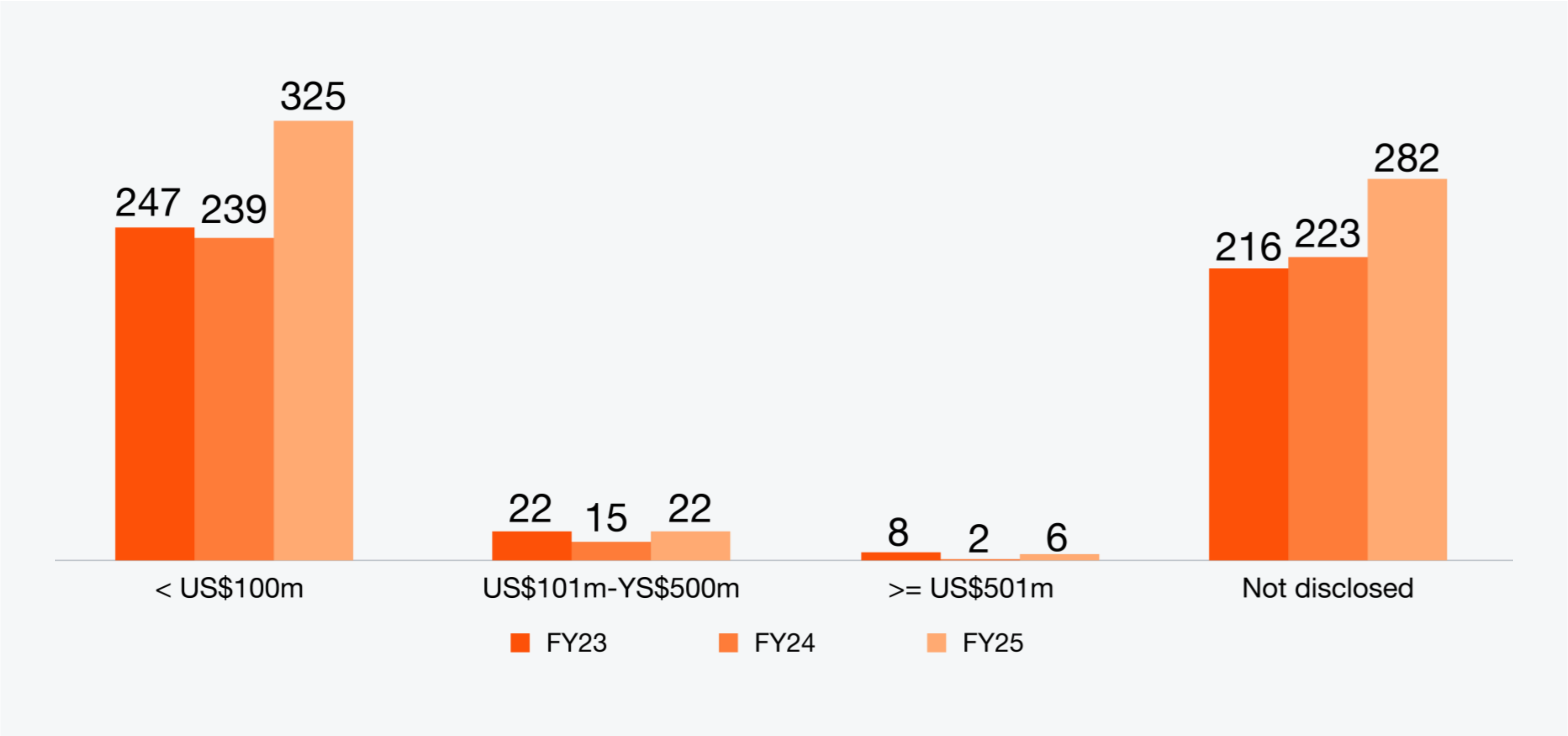


Figure 4: Middle East Deal Volume by Country (FY-2023 to FY-2025)



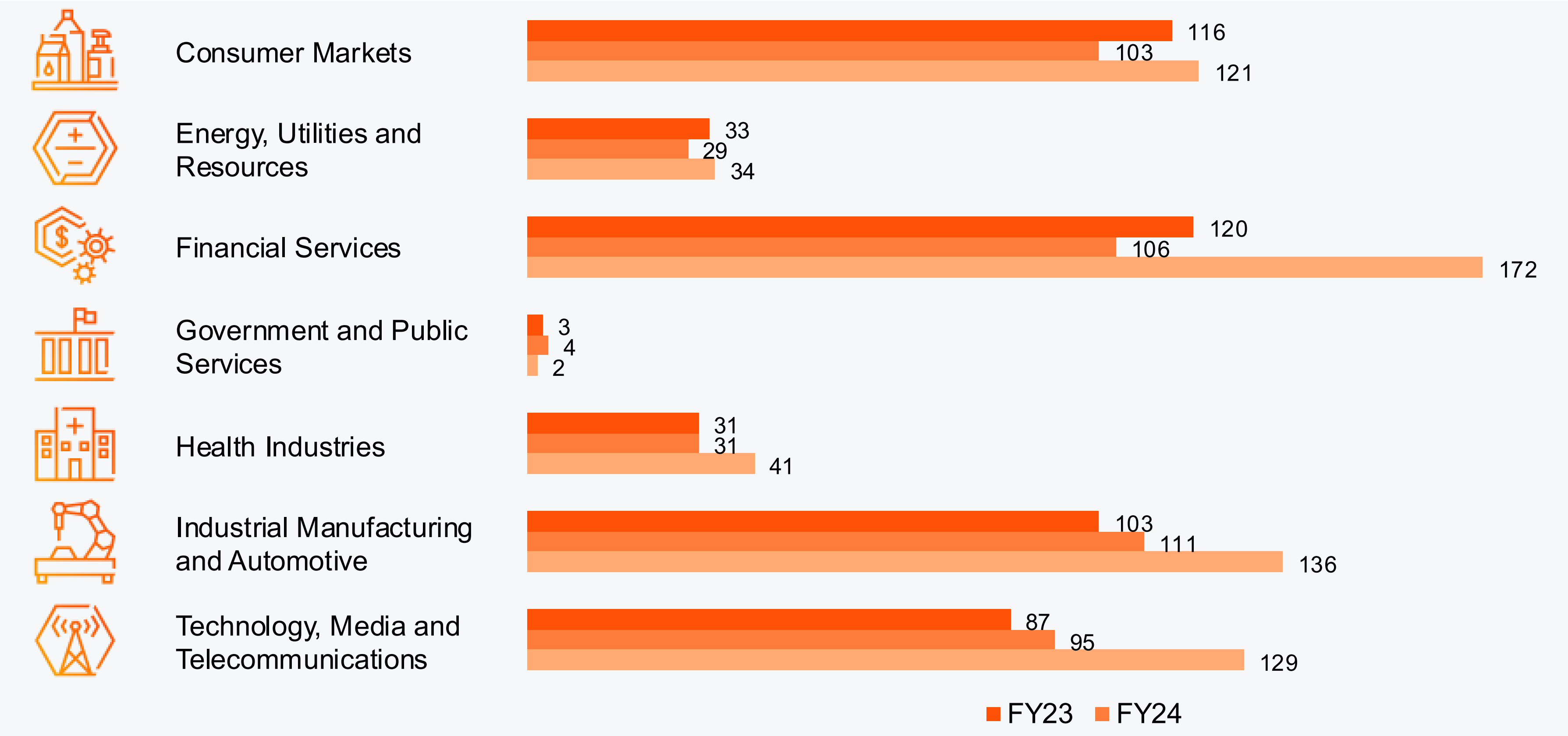
Source: PwC Analysis based on LSEG data

Figure 5: Number of Deals Breakdown by Values (FY-2023 to FY-2025)



Source: PwC Analysis based on LSEG data

Figure 6: Middle East Deal Volumes by Sector (FY-2023 to FY-2025)



Source: PwC analysis based on LSEG data.

The outlook: Positioning for advantage through selective, strategic deals

01

Selectivity over scale

- M&A momentum continues, but with greater discipline and focus
- 75% of Middle East CEOs (≈80% in the GCC) expect to pursue significant acquisitions (>10% of assets) in the next three years
- Dealmaking increasingly anchored in long-term strategic intent rather than volume

02

Capability-led transactions

- Focus shifting toward competitive positioning within evolving value chains
- Priority sectors:
- AI-enabled platforms
- Digital infrastructure
- Advanced services and technology ecosystems
- Sector boundaries continue to blur as capital targets capability depth over asset accumulation

03

Sovereign capital shaping the next phase

- Sovereign and state-backed investors acting as ecosystem architects
- M&A used to embed global capabilities locally and anchor new industries
- Large-scale AI and digital infrastructure transactions signal long-horizon conviction

04

Operating through uncertainty

- Geopolitical risk, liquidity conditions and tech disruption will shape structuring and timing
- Regional resilience supported by:
  - Sovereign balance sheets
  - Policy continuity
  - Clear national transformation agendas

The Middle East enters 2026 deploying M&A as a strategic instrument of economic transformation — building resilience, embedding capabilities and shaping the region's next generation of growth engines.

Q&A

Thank you