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Insights

More effective compliance enforcement, greater regulatory responsibility: Saudi Arabia's new inspection era

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September 2026

Key takeaways

- Saudi Arabia is moving toward a more coordinated and effective approach to regulatory inspection and enforcement. Since its establishment in 2023, the National Center for Inspection and Monitoring (NCIM) has been developing frameworks, standards, and systems to reduce duplication, improve transparency, and raise compliance.

- On September 17, 2026, NCIM launched public consultation on a proposed Framework and Policy for Licensing Inspection and Monitoring Companies, which would allow qualified private companies to undertake inspection and monitoring activities. The draft also weighs in on foreign companies' participation.

- The proposal follows several related NCIM initiatives, including a National Inspection Framework, rules governing objections to violations, and an Inspection and Monitoring Campaigns Policy. Taken together, these initiatives point toward compliance oversight becoming more consistent, targeted, and scalable.

- For companies, the important shift is not simply toward more inspection, but toward more effective enforcement. Better coordination, integrated data, standardized approaches, and private inspection capacity could make it easier for regulators to identify and address noncompliance.

- For regulators, stronger enforcement capability also creates greater responsibility. More effective inspection can improve the impact of well-designed regulation, but it can also amplify the costs and unintended consequences of requirements that are unclear, outdated, burdensome, or conflicting.

- Over time, inspection data could also become an important source of regulatory intelligence, helping regulators understand how requirements operate in practice and identify areas where regulation itself may need to adapt.

What is changing?

Since its establishment in 2023, NCIM has been developing a more coordinated national approach to inspection and monitoring. The objective is to reduce duplication between government entities, improve the effectiveness and transparency of inspections, and raise overall compliance.

The September 17 consultation represents another step in that process. The proposed Framework and Policy for Licensing Inspection and Monitoring Companies would establish a regulated market for private companies to undertake inspection and monitoring activities, subject to requirements around governance, independence, transparency, and quality. The draft also contemplates participation by foreign companies and inspection activities covering both companies and individuals.

The proposal follows several related NCIM consultations. In November 2025, NCIM consulted on a National Inspection Framework and rules governing objections to violations. In April 2026, it followed with an Inspection and Monitoring Campaigns Policy addressing coordination, duplication, and impact measurement.

Together, these initiatives point toward a broader change in how compliance is administered in Saudi Arabia. Common standards, digital infrastructure, greater coordination between government entities, and additional private inspection capacity could make regulatory oversight more consistent, targeted, and scalable.

Implications for companies

Businesses have always been responsible for complying with applicable Saudi regulations. What is changing is how consistently and effectively those requirements can be monitored and enforced.

Better coordination, integrated data, standardized approaches, and risk-based targeting can narrow the gap between formal requirements and practical enforcement. Private inspection capacity could extend that reach further.

Companies should therefore prepare not simply for more inspection, but for more effective enforcement. This will require moving from inspection readiness toward continuous compliance readiness, including understanding requirements across government entities, establishing clear internal ownership, maintaining evidence of compliance, and identifying regulatory changes early.

As government oversight becomes more integrated, fragmented compliance management within companies will become increasingly difficult to sustain.

Implications for regulators

More effective enforcement can amplify both the benefits and unintended consequences of regulation.

A well-designed requirement may produce better outcomes when consistently enforced. But an outdated, ambiguous, unnecessarily burdensome, or conflicting requirement can impose greater costs when enforcement becomes more effective.

The Saudi experience offers a useful reminder. Concerns around enforcement and user experience under the privately-operated paid parking model in Dammam and Al Khobar ultimately led the Municipality to take over operations in 2025 while reconsidering the approach. The circumstances are different, but the principle is relevant: Outsourcing execution does not outsource government responsibility for outcomes.

As private inspection develops, aligning commercial incentives with regulatory objectives becomes important, including how providers are compensated, supervised, and measured.

International experience also offers useful lessons. China's "Double Random, One Public" model sought to make government inspection more coordinated, transparent, and less repetitive through randomized selection and increasingly joint inspections. The EU, through a different model, makes extensive use of accredited private bodies while emphasizing competence, independence, and government oversight.

The models differ, but the lesson is similar: better enforcement requires strong governance and proportionality.

What comes next?

The next opportunity is to use stronger inspection capability not only to identify noncompliance but also to understand how regulation and enforcement are working in practice.

High violation rates, repeated objections or recurring compliance difficulties are not only enforcement data; they can also indicate unclear requirements, inconsistent interpretation, overlapping regulation, or unintended consequences.

NCIM's proposed campaigns policy already refers to measuring the impact of inspection campaigns, while its engagement with businesses and small and medium-sized enterprises (SMEs) has sought to identify practical compliance challenges. Inspection data can therefore become not only an enforcement tool, but a source of regulatory intelligence.

For companies, compliance should increasingly be treated as an enterprise capabilityrather than an event triggered by an inspector's arrival. For regulators, stronger inspection capabilities create both an opportunity and responsibility to understand how regulations work in practice, monitor unintended consequences, and adjust course when the evidence warrants it.

NCIM's recent initiatives should therefore be understood collectively. They point toward a broader evolution in the relationship between regulation, enforcement, and compliance in Saudi Arabia. Success should ultimately be measured not by the number of inspections conducted or violations identified, but by whether the system delivers higher compliance, lower unnecessary burdens, and better regulatory outcomes.

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DGA Group is a global advisory firm with deep expertise and longstanding experience in Saudi Arabia and around the world. In Saudi Arabia, we have helped companies navigate a wide range of high-impact regulatory policy issues where market access and business growth is at stake, including EPP, Regional Headquarters (RHQ), and other local content mechanisms. To learn more, visit dgagroup.com. Please contact us with any questions or to arrange a follow-up conversation.

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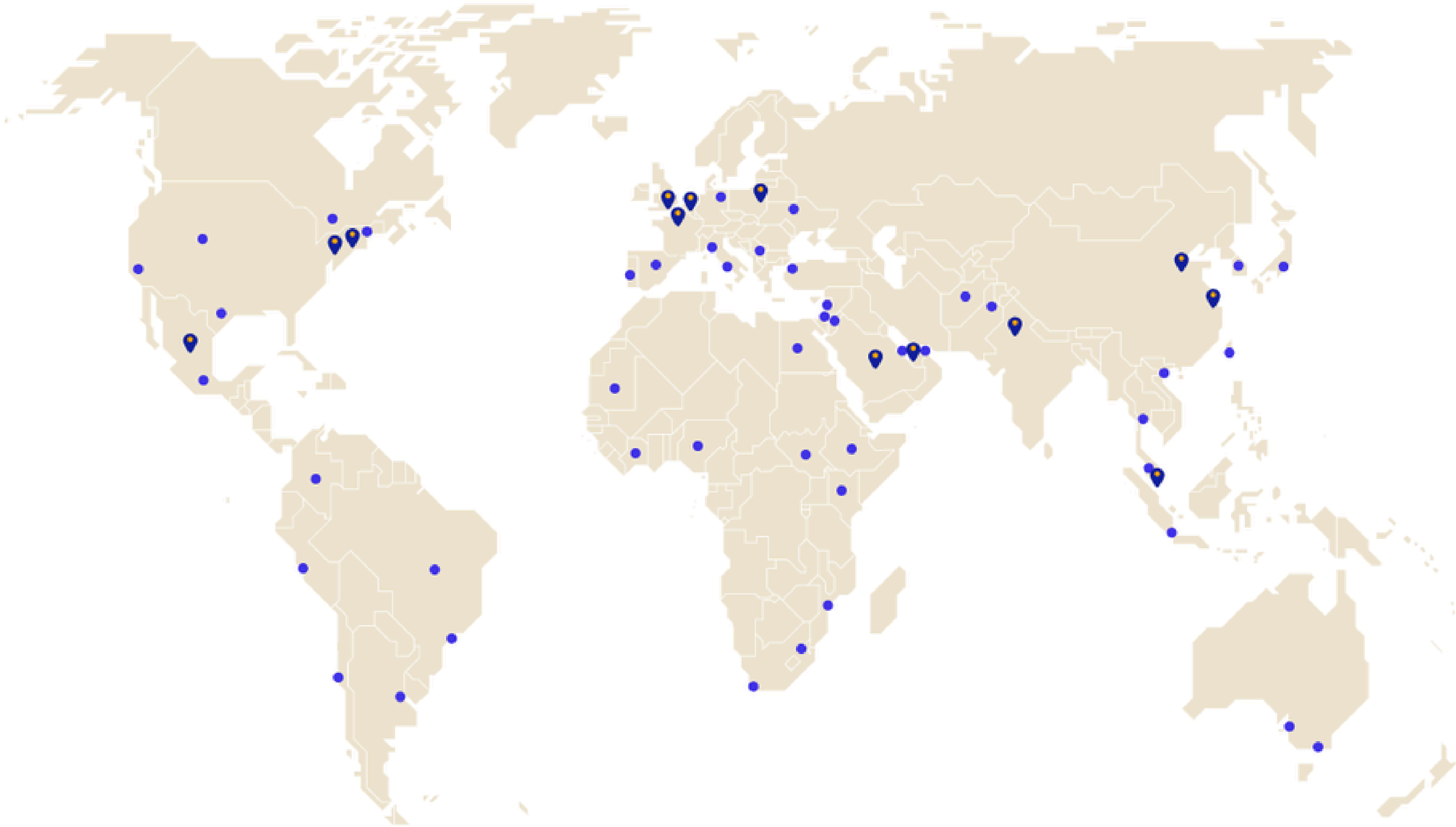

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