



Standard Incentives for the Industrial Sector

Investor Guide



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01 Introducing the Standard Incentives for the Industrial Sector

1.1 What is the Standard Incentives for the Industrial Sector?

- 01 The Standard Incentives for the Industrial Sector provides enablers to innovative projects that will help grow Saudi's industrial capacities.
- 02 The SIP aligns with Saudi Arabia's broader economic vision, including Vision 2030 and national strategies like the National Investment Strategy and the National Industrial Strategy, ensuring cohesion and maximizing impact.
- 03 The SIP focuses on fostering investment by focusing on key sectors and products that are currently not produced locally in the Kingdom, encouraging diversification and self-sufficiency.
- 04 By encouraging new foreign investors who are not yet established in the Kingdom to apply, the SIP supports Saudi Arabia's goals of attracting Foreign Direct Investment (FDI) and driving industrial growth.
- 05 The SIP offers sustained financial and operational performance enablement for up to seven years, throughout both the construction and operational phases, enabling manufacturing projects.
- 06 The SIP will enable up to 35% of the eligible initial investment for a maximum of 50 million SAR.

1.2 Who is overseeing the SIP?

- 01 The SIP was created by the Ministry of Industry and Mineral Resources (MIM) in collaboration with the Saudi Industrial Fund (SIDF) and the Ministry of Investment.
- 02 MIM is the Ministry responsible for supervising the industrial and mining sectors in the Kingdom and has oversight of the SIP.

1.3 What are the objectives?

The Standard Incentives aims to maximize the benefits of high-value industrial investment opportunities and enhance Saudi Arabia's competitiveness both regionally and globally.

The Standard Incentives key objectives include:

- 01 Contribution towards the achievement of the National Investment Strategy and the National Industrial Strategy objectives.
- 02 Attract a large number of potential beneficiaries across a wide spectrum of the industrial products, specifically the products that are currently not produced in the Kingdom.
- 03 Accelerate go-to-market of new products in the Kingdom and deliver superior beneficiary experience
- 04 Drive sustainable competitiveness for Kingdom's industrial sector, by localizing products where the Kingdom has a sustainable path toward cost-competitiveness in the long-term.



02 Applying to the Standard Incentives

2.1 Who is eligible to apply?

Eligible applicants include a variety of corporate structures, such as sole proprietorships, joint liability companies, limited partnerships, joint ventures, joint stock companies, and limited liability businesses.

2.2 Which projects qualify?

Projects are eligible for the SIP if they involve developing a new facility or expanding an existing one to manufacture products that are not currently produced.

2.3 Which expenses are covered?

Costs and expenses that are considered eligible for determining the enabler amount are linked to the eligible initial investment, and include the following:

01 Building and civil works, and associated services:

These costs encompass the capital expenditures for buildings or building improvements that are incurred and paid before the project becomes operational and are essential for carrying out the project activities. Eligible expenditures may include construction (including subcontractor and consultant fees) of new facilities, the development of testing facilities, investments in modern buildings, and permanent building improvements.

02 Machinery and equipment

This refers to any capital spending on new machinery and equipment incurred before the project becomes operational and clearly tied to the project activities and consistently tracked in the Beneficiary's cost accounting. Such equipment costs include (but are not limited to) the purchase of necessary equipment, any modifications or modernizations, and associated installation and shipping expenses. Second-hand machinery and equipment are not covered.

03 Vehicles necessary for operation of the industrial facility:

Includes the capital cost of vehicles that are essential for the operation and functionality of the industrial facility and incurred before the project becomes operational. Eligible costs may include:

purchase of vehicles directly required for industrial operations, such as transport vehicles, forklifts, or specialized industrial vehicles.	costs to alter, customize, or equip vehicles for operational needs.
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04 Furniture, office, and IT equipment

Includes the capital cost of furniture, office equipment, and IT infrastructure that are incurred before the project becomes operational and are necessary for administrative and operational support of the facility. Eligible costs may include:

purchase of office furniture (e.g., desks, chairs, filing cabinets).	office equipment (e.g., printers, copiers, telecommunication systems).	IT hardware and software, including computers, servers, networking equipment, and associated licenses.	costs to install, configure, or modernize furniture and IT equipment.
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05 Safety Equipment

Includes the capital cost of safety-related equipment required to ensure the health, safety, and compliance of the facility and workforce before the project becomes operational. Eligible costs may include:

purchase of safety gear, such as personal protective equipment (PPE), helmets, and safety harnesses.

safety systems, including fire alarms, fire suppression systems, and emergency response equipment.

purchase and installation of safety infrastructure, such as safety signage, evacuation routes, and protective barriers.

costs associated with testing and commissioning safety equipment.

06 Other CAPEX

Includes capital costs that do not fall under the specified categories but are incurred before the project becomes operational and are necessary to carry out project activities. Eligible costs may include:

specialized auxiliary equipment essential for operations, such as electromechanical tools.

utility infrastructure such as electricity, water, and gas connection, as well as electromechanical work.

land preparation costs, including clearing, grading, or landscaping.

costs associated with compliance to regulatory or environmental standards.

07 Pre-Operating Expenses

Includes non-recurring costs incurred before the project becomes operational that are essential for preparing the facility, workforce, and systems for full-scale operations. These expenses ensure a smooth transition from the project phase to operational readiness. Eligible costs may include:

salaries and wages for employees during the pre-operational phase, if incurred before full operations commence.

employee recruitment and training expenses for operational readiness.

testing, commissioning, and trial runs of machinery, equipment, and systems.

initial marketing, promotion, and administrative setup costs.

feasibility study, consulting, legal, and professional fees directly related to project setup.

2.4 Which expenses are not covered?

Ineligible costs are expenses that do not qualify as capital expenditures (CAPEX) and pre-operating expenses (expenses occurred more than one year from the date of submission of the application) under the defined categories above, as they do not directly contribute to the acquisition, construction, or operational readiness of the project. These costs are typically non-capital in nature, recurring, and related to the ongoing operational activities of the project. Moreover, only those expenses tied directly to the approved products will be deemed eligible, with any unrelated or ancillary costs falling outside this scope and thus considered ineligible.

Ineligible costs for determining eligible initial investment consists of capital expenditures and costs incurred and paid by the Beneficiary that are not eligible for the enabler calculation, regardless of whether they are reasonably and properly incurred and paid in the carrying out of the project activities.

Ineligible Costs includes:

01 Operational and Recurring Costs

day-to-day operational expenses incurred after the project becomes operational such as utilities, rent, maintenance expenses, office supplies, and recurring salaries.

02 Financing Costs

costs related to borrowing funds for the project such as loan interest payments, bank fees, financing charges, or any late payment penalties.

03 General Administrative Costs (Unrelated to Project Setup)

expenses not directly linked to the preparation or execution of the project such as corporate overhead, general administrative salaries, and unrelated professional services.

04 Non-Project-Specific Marketing Costs

general marketing expenses not tied directly to pre-operating activities or the specific project.

05 Consumables and Short-Lived Items

costs for items with a short lifespan that do not contribute to the long-term capital value of the project such as office supplies, minor tools, or temporary fixtures.

06

All cost components classified as eligible above (Building and Civil Works, Machinery and Equipment, Vehicles for Industrial Operations, Furniture, Office and IT Equipment, Safety Equipment, and Other CAPEX) will be considered ineligible if incurred after the start of plant operations.

03 Your Path to a Successful Application

Apply

After signing the Enablement Agreement

Step 1

Initial Screening

Step 2

Detailed Assessment

Step 3

Implementation and Monitoring

3.1 How do you apply?

01 Applications to the Standard Incentives will be accepted during the application period which will be announced by the MIM.

02 Applications can be submitted through Senaei Platform.

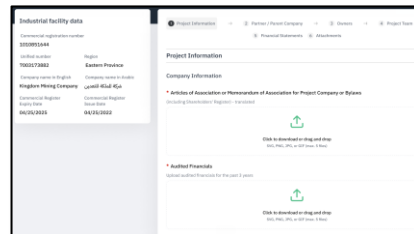
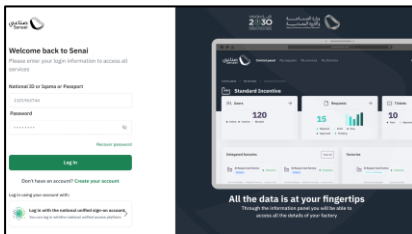
03 Applicant Journey:

Sign up: create account and username and password

Sign In: log into the platform using your username and password.

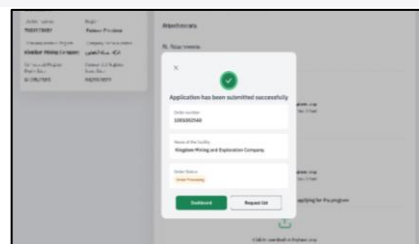
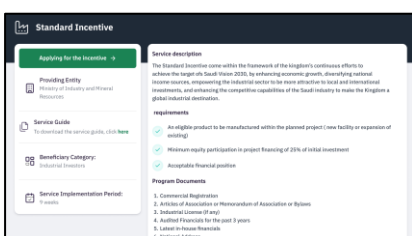
Complete the Application: fill out all required fields on the application form and upload any necessary supporting documents.

Submit Your Application: once you've verified all your details, click "Submit."



Track Your Application Status: use the platform to monitor the progress of your application. Status updates might include "In Processing," "Approved," or "Rejected."

Receive Confirmation: after submission, you'll receive a confirmation message and a unique tracking id.



3.2 What documents you will need to apply?

- 01** Applicants must provide a range of company and ownership documents, financial records, credit information, experience credentials, and feasibility assessments. These include but are not limited to commercial registrations, audited financials, credit checks, CVs, and a financial model. The full list of required documents can be found in the appendix.
- 02** Failure to provide all necessary documents may result in delays, or in some cases, the rejection of the application.
- 03** If any required document is missing, we may request that you submit it before proceeding with the initial screening.

3.3 How are applications assessed?

Application will be assessed in a two-step process: application eligibility and detailed project assessment.

3.3.1 Initial screening

Applications will be screened based on three eligibility criteria:

- 01** An eligible product to be manufactured within the planned project (i.e., new facility or expansion of existing):

We will verify that the product is not currently manufactured within the Kingdom (i.e., no industrial license).

If the product is currently manufactured in the Kingdom, the application is not eligible.

- 02** Minimum equity participation of 25% in the initial investment:

We will verify the feasibility study, financial model, including sources of equity and supporting documentation provided by the applicant.

If equity participation is under 25%, the applicant is not eligible

- 03** Acceptable financial position (i.e., based on an assessment of leverage, liquidity, profitability, asset quality, credit check and others):

We will verify the creditworthiness and the credit history of the corporate including its liquidity and solvency to mitigate financial risks, using SIMAH or an equivalent report to assess both domestic and international credit exposure.

If there is a default or a restructuring within the past 12 months, the applicant will be deemed not eligible.

- 01 Once the application has been evaluated, the applicant will be notified through the portal and email.
- 02 Applicants will receive an initial screening decision three (3) weeks after the application window closes.
- 03 If deemed eligible, the application will be moved to the next step of the review process, the detailed assessment.

3.3.2 Detailed assessment

- 01 The detailed assessment process is designed to evaluate the project's feasibility, sustainability, and alignment with SIP's objectives, ensuring that successful applications are well-supported and positioned for success.

- 02 We will:

Review the project's scope and initial investment to ensure all aspects are clearly identified and evaluated.	Make sure the project is based on realistic plans and solid research, including reliable market analysis.	Assess the product's demand, competitiveness, and how well it aligns with local needs and sustainability goals.	Validate that the technology is reliable, proven, and offers clear social and environmental benefits.
Consider potential challenges and assess your team's ability to execute the project, including their experience and capacity.	Analyze financial projections, funding sources, and key financial metrics to ensure the project is economically viable.		

- 03 If approved, you will receive an Offer Letter that includes the conditions, requirements and next steps.
- 04 If rejected, you will be notified through the portal and email of the decision and given a justification.
- 05 If the SIP receives multiple applications from different investors for the same product, each will be evaluated and scored, and the application with the highest score will be chosen.
- 06 You will be informed of the detailed assessment results within six (6) weeks after receiving approval in the initial screening.

3.3.3 What does a successful application look like?

- 01 A successful application clearly meets all three key eligibility criteria.
- 02 The project aligns with SIP's objectives and all required documentation is complete and accurate.
- 03 The project has undergone thorough technical, market, and financial research, showing that it is financially viable, has strong market potential, and competitive advantage.
- 04 The analysis is thorough and include a comprehensive feasibility study, a robust and transparent financial model, realistic financial metrics (IRR, NPV, DSCR, profitability ratios etc.), and clear evidence of funding sources.
- 05 It presents detailed technical plans (CAPEX, technology, resource requirements, workforce needs) and an implementation strategy with risk mitigation measures.
- 06 The application demonstrates tangible social/environmental benefits, adheres to recognized sustainability standards, and highlight the expertise/track record of the leadership team.
- 07 You can find more information on best practices in the appendix.

3.4 What happens once you're approved?

3.4.1 What is the Enablement Agreement?

- Once your application is approved, a draft Enablement Agreement will be prepared to formalize the enabler contribution.
- The SIP team may request additional documents in addition to the documents submitted in the application or certain requirements before the signing of the Enablement Agreement.
- At this stage, you would no longer be referred to as an SIP "applicant" but as a "beneficiary."
- This Enablement Agreement outlines both the SIP's and your legally binding responsibilities and obligations.
- The Enablement Agreement will be for a maximum of seven (7) years. This includes monitoring the project's benefits, implementation, performance and economical contribution.

- 01 The Enablement Agreement outlines the:

reporting requirements	disbursement schedule	Enabler terms and conditions
eligible costs and expenses	Events of non-compliance with the terms and conditions	obligations of both the beneficiary and the SIP

- 02 You will have one (1) week from the date of receipt of the Enablement Agreement to confirm in writing that there are no material changes to the Project or to the disclosures in the application, along with all required additional documentation.

3.4.2 How is the enabler disbursed?

Enablers will be released based on the agreed upon disbursement schedule in the Enablement Agreement.

The disbursement process ensures that enablers are allocated accurately, responsibly, and in full alignment with the terms of the Enablement Agreement. By adhering to these principles, we aim to support the successful implementation of your project while maintaining transparency and accountability.

3.4.3 What are the monitoring requirements?

Based on the milestones agreed upon in the Enablement Agreement, projects are monitored through follow-ups, reporting processes and oversight of development, including site visits, during the implementation (construction) and the operational phase of the Project.

01 During the project implementation, you will be required to submit:

regular financial claims based on incurred and paid costs

regular project status reports

any other required documentation outlined in your Enablement Agreement

02 Throughout the project life cycle, you will be required to submit:

audited annual/interim quarterly financial statements

other plans and reports as required to fulfil specific commitments, including plans for:

changes to intellectual property

updated insurance certificate

local content spend

reports of any changes that would affect your corporate structure and any any obligation under the Enablement Agreement.

03 If required, we may also audit projects to verify the costs claimed during the work phase of the project.

3.4.4 What are the beneficiaries' obligations?

Obligations are defined in your Enablement Agreement and can include:

- 01 Achieving project milestones
- 02 Regular reporting
- 03 Financial management
- 04 Level / volume of sales
- 05 Record keeping
- 06 Local content spent
- 07 Cooperation with monitoring and inspections
- 08 Risk management
- 09 Adherence to financial and economical metrics

3.4.5 What happens when the beneficiaries do not meet their milestones and obligations?

- 01 If a beneficiary fails to achieve its milestones or fulfill its obligations, the enabler may be subject to clawback, and the Enablement Agreement may be terminated.

Termination and clawback provisions are determined on a case-by-case basis and incorporated into each Enablement Agreement accordingly.

Where applicable, a cure period may be granted to allow the beneficiary to take corrective measures before these remedies take effect, with the duration of this period likewise defined on a case-by-case basis.

The adequacy and effectiveness of any corrective measures are also evaluated separately to determine its suitability.

3.4.6 Closing out the Enablement Agreement

- 01 Once your project has successfully met all the milestones, and obligations, we will verify the completion by obtaining necessary documentation from you.
- 02 Upon approval, we will formally notify you that the terms of the Enablement Agreement have been satisfied and the agreement is now closed.



04 Frequently Asked Questions (F.A.Q)

• How do I create a user profile?

Before you can begin completing the application for enablers you must first create a user profile within the [Senaei Platform](#). This user profile will provide you with an account within online portal that you will use to log in every time you go onto the system.

• How do I access the application for enablers?

Once you have created a user profile within the [Senaei Platform](#), you can access the online application and begin completing each section of the application at your own pace.

• I am having technical issues with the application form

You can contact us by:
Phone: 199001
Email: info@mim.gov.sa

• How do I submit my online application?

An application can only be submitted once all of the sections are completed, including the mandatory documents.

The Status Page of the application will indicate which sections of the form are complete. Once all sections are noted as complete, the Submit Application button will be activated and become clickable.

• Can applications be submitted in hard copy?

No. All proposals must be submitted electronically via the online application form.

• What happens if I do not submit all mandatory documents with my application package? Will I be able to submit them later?

Your application and all mandatory documents must be submitted together on our online application system. Applications that do not contain all mandatory documents will be deemed incomplete and you'll receive a request to submit all missing documents before we proceed with its evaluation. If the application window is close, the application will be deemed as withdrawn.

• Is it possible to withdraw an application?

If at any point in the application an error is made you can withdraw the application and start a new one by clicking "withdraw" on the erroneous application and click "new" to begin a new one.

• Can applications be cancelled?

If there is a delay in signing the Enablement Agreement by the Applicant beyond the expiry date of the Offer Letter or because of changes in circumstances related to the applicant or the Standard Incentives, cancellation can be initiated by the application review team or requested by the Applicant.

• How will I be notified regarding my application?

All notifications will be done through the application portal and by email.

• What is the initial investment?

Initial Investment refers to the total upfront cost required to start a project. It includes all capital expenditures and pre-operating expenses incurred before the project becomes operational.

• What is an eligible initial investment?

The eligible initial investment is the acceptable cost of the initial investment that is validated and linked to manufacturing of eligible products, and serves as a basis for calculating the enabler amount.

• What is an eligible product?

An eligible product is any product currently not produced in the Kingdom and targeted in the National Industrial Strategy and the National Investment Strategy.

• How do I know if my application is successful?

If approved, you will receive an Offer Letter that includes the conditions, requirements, obligations and next steps.

• What is the Enablement Agreement?

An Enablement Agreement is a legal document that outlines the enablers that the SIP will provide the beneficiary for eligible project costs, as well as the beneficiary's and the SIP's responsibilities and obligations.

• How is my data and information handled?

The SIP team will handle your information in accordance with the requirements of the Saudi law. Unless authorized, we will not disclose your **project information** to any party outside of the government, other than external partners retained to review technical aspects of your application. SIP will not disclose your **commercially confidential information**, except in the following circumstances:

- the company authorizes the release
- the information ceases to be confidential
- MIM is required to release the information by law
- MIM is required to release the information to an international or internal trade panel because of a dispute in which Saudi Arabia is a party or a third-party intervener

You will be required to sign a non-objection letter to submit your application.

• What are the monitoring requirements for successful projects

Based on the milestones agreed upon in the Enablement Agreement, projects are monitored through follow-ups, reporting processes and oversight of development, including site visits, during the implementation (construction) and the operational phase of the Project.

• When is a clawback of the enabler triggered?

If a beneficiary fails to achieve its milestones or fulfill its obligations, the clawback of the enabler may be triggered.

• What happens after all of the conditions and requirements of the Enablement Agreement have been satisfied?

We will formally notify you that the terms of the Enablement Agreement have been satisfied and the agreement is now closed.



05 Contact Us

We're here to assist you Sunday to Thursday, 8:00 AM to 4:00 PM. Our team is ready to provide technical support and answer your inquiries

- **By phone:** 199001
- **By email:** info@mim.gov.sa
- **Through the contact form:** [Senaei Platform](#)

06 Appendix

6.1 List of abbreviations

Abbreviation	Definition
Capex	Capital Expenditure
Opex	Operational Expenditure
IT	Information Technology
MIM	Ministry of Industry and Mineral Resources
NIS	National Industrial Strategy
SIDF	Saudi Industrial Development Fund
SIP	Standard Incentives for the Industrial Sector
FDI	Foreign Direct Investment
PPE	Personal Protective Equipment
SIMAH	Saudi Credit Bureau
CV	Curriculum vitae
IRR	Internal rate of return
NPV	Net present value
DSCR	Debt service coverage ratio
KPI	Key performance indicator
COGS	Cost of Goods Sold
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization

6.2 Glossary

Term	Definition
Applicant	Party that applies to the Standard Incentives seeking approval for the enabler
Application	Formal submission of documents, information, and supporting materials prepared by applicant to seek an enabler for a project
Assessment	Process that applies a framework to evaluate comprehensiveness and quality of the application
Auxiliary equipment	Refers to devices, machinery, or components that support a system's main operation of the project, essential for its proper functioning, maintenance, or optimization, but do not directly perform the primary tasks.
Beneficiary	Applicant that signs the Enablement Agreement
Cancellation	Withdrawal/ cancellation of the application or revoking of the enabler acceptance prior to signing the enabler contract
Clawback	Recovery of enablers previously disbursed to a beneficiary under applicable circumstances
Corporate	Legal entity recognized as a company, typically engaged in business activities, that operates independently of its owners and is characterized by a structured hierarchy, distinct liability, and governance
Disbursement	Release of approved enabler to the applicant
Dynamic linking	Excel automatically updating data in one cell or sheet when its source changes, eliminating the need for manual updates
Eligibility	Requirements that must be met for an applicant to be included in the application assessment process
Eligible initial investment	Acceptable cost of the initial investment that is validated and linked to manufacturing of eligible products, and serves as a basis for calculating the enabler amount
Eligible product	Any product currently not produced in the Kingdom and for which the enabler can be provided
Feasibility study	Detailed analysis that considers all of the critical aspects of a proposed project in order to determine the likelihood of it succeeding
Financial model	An Excel tool to forecast the financial performance of a company or project using historical data, assumptions and calculations to aid in decision making.
Industrial facility	A physical industrial facility with an industrial license from the Ministry of Industry and Mineral Resources, where manufacturing, processing, or production activities occurs, and raw material is transformed into finished or intermediate products

Term	Definition
Enabler	Enabler provided to beneficiaries of the Standard enablers for manufacturing of eligible products under this Standard Incentives
Enablement Agreement	Legally binding contractual document outlining terms, conditions, and obligations associated with provision of the enabler
Initial investment	Initial Investment refers to the total upfront cost required to start a project. It includes all capital expenditures and pre-operating expenses incurred before the project becomes operational.
Investment opportunity	A well-defined investment opportunity, detailing a set of information
Kingdom	Kingdom of Saudi Arabia
Offer letter	A letter confirming that an applicant was selected to receive the enabler.
Parent company	A parent company is one or more companies that established the Project company. There can be multiple parent companies
Product	Output manufactured or produced within a licensed industrial facility
Project	Investment planned or undertaken by an applicant/beneficiary to establish or expand industrial facilities to manufacture eligible products
Project company	A legal entity in the Kingdom that is directly responsible for the Project
Standard Incentives for the Industrial Sector	The Standard Incentives for the Industrial Sector is a financial instrument designed to enable the establishment of manufacturing capacities for products that are currently not produced in the Kingdom (referred to as "The Standard Incentives")
Standard Incentives	Refers to Standard Incentives for the Industrial Sector

6.3 List of required documents to apply

6.3.1 Legal documents

- 01** Project company commercial registration
- 02** Branch of Commercial Registration for Project Company
- 03** Parent company commercial registration
- 04** Articles of Association or Memorandum of Association for Project Company
- 05** Articles of Association or Memorandum of Associations for Parent Company
- 06** Shareholders' Register for the Memorandum of Association (Project Company and Parent Company, as applicable)
- 07** National IDs for Direct & Indirect Owners
- 08** Passport for Foreign Direct & Indirect Owners
- 09** National Address for Project Company
- 10** National Address for Parent Company
- 11** Valid Industrial License
- 12** Land Lease and/or Land Deed (if any)

6.3.2 Credit check

- 01** Non-objection letter/s signed by project company, parent companies and individual direct & Indirect owners
- 02** Credit bureau report for foreign parent companies & foreign individuals

6.3.3 Financial documents

- 01** Audited Financials for the past 3 years for project company
- 02** Audited Financials for the past 3 years for parent company(s)
- 03** Latest in-house interim financials for project company
- 04** Latest in-house interim financials for parent company(s)
- 05** Audited financials of other companies owned by shareholders for the past 3 years
- 06** Provide forecasted & historical financials per attached excel sheet for project company
- 07** Breakdown of sources of financing to implement the project
- 08** Other forms of liquid assets

6.3.4 Experience

- 01** CVs of owners and management
- 02** List of existing clients

6.3.5 Assessment

- 01** Provide a detailed feasibility study for the project
- 02** Provide a financial model for the project

6.4 Financial model requirements

- 01** Assumptions - overview of the project and its critical assumptions, summarizing key indicators and inputs used throughout the model:

Key Assumptions:

Macroeconomic factors such as inflation rates, interest rates, tax rates, and foreign exchange rates.

Operational Assumptions:

Capacity, expected production volumes, efficiency rates, and utilization.

Cost Assumptions:

Raw materials, labor, utilities, maintenance, etc.

Revenue Assumptions:

Pricing strategy, sales volumes, growth rates, and market size.

Project Timeline:

Construction start, ramp-up periods, and expected operational start date.

Format Requirement:

The model should be an Excel workbook with linked assumptions, covering a 15-year projection period.

- 02** Financial modeling best practices - ensure clarity, accuracy, and auditability:

Assumptions:

Consolidated in one input sheet.

No Hard-coded Values:

Use linked formulas.

Documentation:

Label tabs, rows, and columns.

Auditability:

Traceable formulas, avoid complex nesting.

Dynamic Linking:

Dynamic linking in a financial model automatically updates related data whenever a source input changes.

Error Checks:

Highlight discrepancies.

- 03** A detailed breakdown and allocation of costs for the project construction and launch are required, with particular attention to the products that fall under the eligible category. The CAPEX should be clearly categorized to show the distinction between eligible and non-eligible products and the corresponding allocation of costs.

Initial Investment:

Provide a detailed listing of the capital costs, including land, buildings, machinery, equipment, and installation expenses. Allocate these costs between eligible and non-eligible products wherever applicable (e.g., machinery and raw materials for eligible products).

CAPEX Breakdown by Year:

Provide a yearly breakdown of the CAPEX, ensuring that amounts related to eligible products are clearly indicated. This breakdown should include both the pre-operational and operational period costs, with a clear allocation to the eligible products.

Depreciation Schedule:

Present a depreciation schedule that allocates depreciation by asset class over time. Ensure that assets related to eligible products are clearly identified, with depreciation allocated accordingly.

Financing Plan:

CAPEX financing details (equity, debt, subordinated debt, internally generated funds, etc.).

Structure:

- Input sheet for initial costs.
- Depreciation schedule linked to financial statements.

04 A detailed calculation of expected revenue based on production, sales volumes, pricing, and growth rates is required, with clear differentiation between eligible and non-eligible products.

Sales Volume:

Provide expected sales volume over the years, by product or segment, with clear identification of volumes related to eligible products.

Pricing:

Present unit price trends over time for all products, with allocation to eligible products as applicable.

Revenue Projections:

Calculate revenue for all products by multiplying sales volumes by prices, with separate identification and allocation for eligible products.

Allocation for Eligible Products:

Provide a clear breakdown of revenue for eligible products, with clear distinctions from non-eligible products.

Local vs. Export Sales:

Outline the revenue split between domestic and international markets, specifying how eligible products contribute to both local and export sales.

Structure:

- Input sheet for pricing and volume projections.
- Directly linked to income statements and cash flow forecasts.

05 Cost of Goods Sold (COGS)

Raw Materials:

Provide cost per unit, broken down by local and imported components, with amounts related to eligible products clearly specified.

Labor Costs:

Include wages and benefits for employees directly involved in production, with the following details:

- Local Labor: Headcount by job level (e.g., production workers, supervisors) and salary per level.
- Foreign Labor: Headcount by job level (e.g., production workers, supervisors) and salary per level.

06 Operating expenses (OPEX) model - recurring costs, with allocations for eligible products where applicable.

Raw Materials:

Provide cost per unit, broken down by local and imported components, with allocation to eligible products where applicable.

Energy/Utilities:

Power, water, and gas costs and other utilities.

Indirect Labor:

Labor costs for employees not directly involved in production, broken down as follows:

- General & Administrative (G&A): Headcount and salary per level, distinguishing between local and foreign labor.
- Sales & Marketing (S&M): Headcount and salary per level, distinguishing between local and foreign labor.
- Research & Development (R&D): Labor costs for employees involved in product development, innovation, and process improvements, broken down by local vs. foreign labor, headcount per level, and salary per level.

Maintenance & Repairs:

Regular upkeep costs.

Other Operating Costs:

Marketing, distribution, insurance.

Structure:

- Separate line items for each cost.
- Include cost inflation or efficiency gains.

07 Working capital requirements are to be calculated based on the overall operational needs of the business.

Inventory:

Detail expected inventory levels and costs, considering raw materials, work-in-progress, and finished goods.

Receivables:

Provide projected receivables, including expected payment terms and timing.

Payables:

Outline expected payables, with payment terms and timing.

08 Financial statements - the model must include:

a. Income Statement:

- Revenue (with breakdown for eligible products).
- Cost of Goods Sold (COGS).
- Gross Profit.
- Operating Expenses.
- EBIT, EBITDA.
- Net Profit.

b. Cash Flow Statement:

- Operating, investing, and financing cash flows.
- Free Cash Flows to firm
- Free cash flow to equity

c. Balance Sheet:

- Assets, liabilities, and equity.

Structure:

- Input data from CAPEX, OPEX, and revenue sections.
- Link each item dynamically.

09 Financing plan - details on financing sources, ensuring funds are directed to eligible products.

Debt Financing:

Loans, bonds, interest rates, and repayment schedules.

Equity Financing:

Shareholder contributions.

Debt vs. Equity Ratios:

Leverage analysis.

Debt Repayment Schedule:

Timeline detailing how and when borrowed funds will be repaid.

Structure:

- Loan terms and equity injections.
- Linked to cash flow and balance sheet.

10 Break-even analysis - identify the revenue point at which costs are covered.

Fixed Costs:

Include overhead and CAPEX.

Variable Costs:

Based on production.

Contribution Margin:

Revenue per unit minus variable cost per unit.

Break-even Point:

The point at which total cost and total revenue are equal.

Structure:

- Break-even table.
- Sensitivity analysis.

11 Financial sensitivity analysis - impact of assumption changes on outcomes, focusing on eligible products.

Material Cost Changes:

How variations in raw material expenses impact overall financial outcomes.

Sales Volume/Price Fluctuations:

How changes in sales quantity and pricing affect profitability.

Interest Rate Variations:

How changing market rates alter borrowing costs, thus impacting project returns.

Timeline Delays:

How schedule shifts that impact the project's risk and profitability.

Structure:

- Tables/graphs showing different scenarios.

Key Performance Indicators (KPIs) - summarize financial health, highlighting metrics for eligible products.

Net Present Value (NPV):

Difference between the present value of cash inflows and the present value of cash outflows over a period of time.

Internal Rate of Return (IRR):

Discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis.

Payback Period:

The time required to recoup the funds expended in an investment, or to reach the break-even point.

Debt Service Coverage Ratio (DSCR):

Net operating income divided by debt service, including principal and interest.

Return on Investment (ROI):

Calculation of the monetary value of an investment versus its cost. The ROI formula is: (profit minus cost) / cost.

Structure:

- KPI table.
- Graphs for key metrics.

Scenario planning and stress testing - assess resilience with best, worst, and base outcomes.

Stress Test Scenarios: E.g., 20% sales drop, 10% cost increase.

6.5 Best practices for a successful application

To effectively demonstrate the financial viability of their project, applicants should provide comprehensive and well-supported financial documentation and analyses including, but not limited to:

Comprehensive Feasibility Study:

- 01 Market Analysis:** demonstrate a clear understanding of the market demand, target audience, and competitive landscape.
- 02 Operational Plan:** outline how the project will be executed, including resources, timelines, and processes.
- 03 Risk Assessment:** identify potential risks and present strategies to mitigate them.

An application could fail to meet the required standards due to a lack of depth in its market analysis, which did not sufficiently address the competitive landscape or provide evidence of market demand. Additionally, the operational plan lacked clarity, particularly in resource allocation and process workflows, leading to uncertainty about the feasibility of execution. Furthermore, the risk assessment was incomplete, omitting key potential risks and failing to propose adequate mitigation strategies. This highlights the importance of aligning submissions with the outlined criteria for a comprehensive feasibility study.

Robust Financial Model:

- 01 Assumptions:** clearly state the assumptions underlying your financial projections, such as capital structure, CAPEX requirements, growth rates, pricing strategies, and cost estimates.
- 02 Scenario Analysis:** provide different financial scenarios (e.g., best case, worst case, and most likely case) to show how the project can adapt to varying conditions.
- 03 Sensitivity Analysis:** highlight how changes in key variables (such as, but not limited to, sales volume or cost of goods sold) impact the overall financial health of the project.

An application may be unsuccessful due to critical flaws in its financial assumptions and model structure. Key issues include unclear or unsupported assumptions for CAPEX, OPEX, and growth rates. Hardcoded numbers in calculation sheets reduce transparency and flexibility, while unclearly linked financial statements make it difficult to trace outputs back to their underlying data. These issues highlight the need for clear, dynamic, and well-structured financial models with transparent linkages and accurate, reliable assumptions.

Return on Investment (ROI) Metrics:

- 01 Net Present Value (NPV):** calculate the difference between the present value of cash inflows and outflows to assess profitability.
- 02 Internal Rate of Return (IRR):** determine the expected rate of return on the investment to gauge its attractiveness.
- 03 Payback Period:** estimate the time required to recoup the initial investment, indicating the project's risk level

An application may be unsuccessful if the ROI metrics contain major weaknesses. For instance, the NPV may be negative or barely positive, implying limited profitability, while the IRR falls well below industry benchmarks, raising doubts about the investment's attractiveness. In addition, the calculations may suffer from a lack of clarity and consistency—such as inconsistent discount rates and unreliable cash flow projections—further undermining credibility. Finally, an overly optimistic payback period, unsupported by key financial assumptions, adds to the concerns. These issues highlight the need for realistic, data-driven ROI metrics that meet industry standards and accurately reflect the project's financial potential.

Evidence of Funding Sources:

- 01 Equity Investment:** show the minimum required 25% equity participation, including sources and commitments.
- 02 Debt Financing:** detail any loans or credit lines secured to support the project.
- 03 Other Funding:** include information on grants, subsidies, or other financial support mechanisms.

An application can be unsuccessful if funding sources are poorly documented. Common issues include equity investments falling below the required 25%, unclear sources and commitments, and missing details on debt financing such as loans or credit lines needed to support the project.

Comprehensive technical study:

- 01 Project Definition and Objectives:** Clearly articulate the project's scope, objectives, and metrics to ensure all stakeholders understand the intended outcomes.
- 02 Technical Feasibility and Design:** Develop and analyze the project's core technical specifications, engineering concepts, and design requirements to verify practicality.
- 03 Key components to be covered include:**

• CAPEX:

Provide detailed supplier quotations with a breakdown of major components, including machinery, equipment, construction, and installation costs.

Include a categorized CAPEX cost breakdown, highlighting land acquisition, construction, utilities, and specialized equipment, along with contingency allocations.

Outline the CAPEX financing plan, detailing funding sources such as equity, loans, internally generated cash flows and other sources of financing, and their allocation to specific cost items.

Present an implementation schedule, specifying key milestones for CAPEX deployment from procurement to commissioning.

Summarize vendor and contractor evaluations, emphasizing their track records, technical expertise, and compliance with industry standards.

• Technology:

Summarize the proposed technology, alignment with project goals, and use of proprietary or cutting-edge solutions if applicable.

Provide summary rationale for selecting technology provider.

Include technical specifications, certifications, patents, or third-party validations that confirm the technology is proven and reliable.

Showcase previous implementations or pilot projects where the technology has been successfully used.

Assess the technology's capacity to meet production targets, efficiency benchmarks, scalability, and compatibility with local conditions.

Outline lifecycle costs, detailing upfront investment, operating expenses, maintenance requirements, and long-term sustainability.

Provide profiles of technology suppliers, including past installations, references, and after-sales support.

Highlight sustainability features such as energy efficiency, waste management systems, and environmentally friendly technologies.

Identify technological risks, such as obsolescence or operational failure, and outline planned mitigation strategies.

- **Resource and Raw Material Requirements:**

Analysis of required inputs, including breakdown of raw materials, components, and consumables.

Identification of reliable suppliers and cost estimates for critical inputs.

Strategies for managing supply chain risks, such as material shortages or price fluctuations.

- **Workforce and HR Planning:**

Estimation of workforce requirements, categorized by skill level and job function.

- **Risk Analysis and Mitigation:**

Summary of relevant risks associated with the project.

Analysis of operational challenges, including downtime and maintenance needs.

An application can be unsuccessful due to several gaps:

- 01** Unclear Project Definition and Objectives: ambiguities make it challenging to fully size the scope and intended outcomes.
- 02** Insufficient Technical Feasibility and Design: the analysis lacks depth, and the CAPEX breakdown is incomplete, missing supplier quotations and proper cost categorization.
- 03** Undefined Financing Plan: a clear strategy for CAPEX funding is absent.
- 04** Missing Implementation Schedule: no timeline is provided for executing the project.
- 05** Inadequate Technology Details: critical information on how the technology aligns with project goals, supporting documentation, and risk mitigation strategies is missing.

Addressing these gaps ensures a stronger, more comprehensive application.

The application also needs to provide social and environmental benefits and be backed by an experienced and capable team. To effectively demonstrate the tangible social and environmental benefits, and the strength of the project team, applicants can:

Highlight Sustainability Practices and Initiatives:

- 01** Outline through an analysis the specific measures to manage environmental impacts, such as waste management programs, carbon emissions reductions, efficient water usage, and energy-saving technologies.
- 02** Present quantifiable metrics, such as CO₂ reduction targets, recycling rates, or the proportion of renewable energy utilized.
- 03** Ensure alignment with recognized environmental standards, including LEED, ISO 14001, or the GHG Protocol.

Demonstrate Social and Economic Benefits:

- 01** Showcase the project's contribution to job creation, both directly and through supply chain impacts, with a clear alignment to Saudization targets and local employment goals.
- 02** Quantify the project's potential to drive GDP growth, increase local content spending, and improve the trade balance.
- 03** Provide examples of community initiatives or investments in social infrastructure that enhance the project's broader benefits.

Ensure Compliance with Environmental Regulations:

- 01** Confirm adherence to applicable local and international environmental laws and regulations.
- 02** Include details of completed environmental impact assessments (EIAs) and their findings.
- 03** Outline mitigation strategies for identified environmental risks and plans for ongoing monitoring and reporting to ensure sustainability throughout the project lifecycle.
- 04** Detail the environmental advantages of the project, such as reducing carbon emissions, conserving resources, or promoting renewable energy by including environmental impact studies, sustainability certifications, or metrics that quantify the environmental benefits.

Demonstrate the strength of the project team

- 01** Highlight the qualifications, experience, and expertise of the project's leadership team by providing resumes, professional biographies, that demonstrate relevant experience and successful track records in similar projects.
- 02** Highlight past successful projects lead by the team.

An application may be deemed unsuccessful if it fails to clearly demonstrate social and environmental benefits. In this case, the sustainability practices described are vague, offering no specific measures to address potential environmental impacts. The application does not align with recognized environmental standards, nor does it include evidence of completed environmental impact assessments. Furthermore, social and economic benefits such as job creation and local content are insufficiently quantified. Lastly, the leadership team's qualifications are underdeveloped, with no clear examples of successful past projects.