



The Saudi Fund For Development

Development Process

رؤية VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

2017



الصندوق السعودي للتنمية
The Saudi Fund For Development

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Development Process 2017





Foundation:

The Saudi Fund for Development was founded by virtue of Royal Decree No. M/48, issued on 01/09/1974, and it commenced operations on 01/03/1975. The purpose of the Fund was to announce that Kingdom of Saudi Arabia was interested in assisting the developing countries by providing them with soft loans to implement their social and economic development programs on sound technical and economic bases. These loans were to promote comprehensive human development in the priority areas, including poverty reduction, health enhancement, education promotion and prosperity of peoples. It also aims to support the Saudi non-oil exports through financing and guaranteeing exports.

Management and Organization:

The Fund is a general institution and legal entity of an independent financial status. It is managed by a six member Board of Directors. The Fund's Vice Chairman, the Managing Director, assumes the executive authority and he is responsible for the implementation of the Board's decisions.

Capital:

The Fund has commenced its activity with a capital of ten thousand million Saudi Riyals provided by the Saudi government. This capital had then been increased in three phases to reach thirty one thousand million Saudi Riyals.

Scope of Activities:

First: Financing of Development Projects

The Fund contributes to these projects by providing soft loans. Its activity is not geographically restricted, and it also deals directly with the governments of the developing countries in order to participate in financing priority development projects. The Fund provides financing priority to the least developed and low-income countries.

Second: Export Credit and Insurance

The Fund's mission through the Saudi Export Program is to Provide Financing and guaranteeing national non-crude Oil export.

Statutory Framework:

The Fund's charter includes the basic regulations for providing development loans and financing and guaranteeing national exports.

First: Development Loans for Financing Development Projects

The Following Conditions have to be met to obtain the SFD's loan:

- A. The project to be financed in the recipient country should be proved economically or socially feasible.
- B - The funding of the entire project for which the loan is provided should be available.
- C. The loan should be disbursed and repaid in Saudi Riyal.
- D. The loan amount granted to any project should neither exceed 5% of the Fund's capital.
- E. The total loan amounts granted to any country in one time should neither exceed 10% of the Fund's capital.

Second: Export Credit and Insurance

For financing and insuring exports, the Fund takes into consideration the following conditions:

A. The eligible national commodities and services as well as the added value should be as follows:

1. They can be subsumed under the industrially processed products, including the downstream petroleum sector products, industrial and agricultural goods, and the exported services and turnkey projects.
2. The local added value to the commodities and services to be exported should be equivalent to but not less than 25%.

B. Coverage Percentage and Finance Term:

1. The Fund's financing percentage may reach up to 100% of the export transaction value according to the kind of exports, nature of transaction and the commercial and political risks involved.
2. The financing terms vary from one to twelve years.
3. The coverage percentage of the exports guarantee and insurance service is 90% of the total unpaid value of the exports.

C. The Accepted Currency:

The Saudi Riyal or US Dollar is approved as the official currency in all Program's transactions.

D. The Required Guarantees for Loan Finance:

The Program fulfills the needed guarantees to secure the Fund's rights based on the nature of transaction, its risks and the legal entity of its involved parties.

SFD's Development Process during the Period 1975 - 2016

Since its inception, the Saudi Fund for Development seeks to contribute to the financing of projects aiming to improve the social and economic conditions of the peoples of the developing countries. The Fund took positive and serious steps to promote international efforts to advance the development process in the low-income and least developed countries. During its development process, the Fund signed 637 loan agreements to finance 609 development projects and programs with a total amount of SR. 51,445.69 million in 82 developing countries in different regions in the world, as shown in the following table:

(SR. Million)

No. of Recipient Countries	Projects & Programs		No. of Signed Loan Agreements
	No.	Amount	
82	609	51445.69	637

Geographical Distribution of SFD's Cumulative Loans

To distribute its loans, the Fund relies on the considerations outlined in its developmental policy to support the developing countries by focusing on the low income and least developed countries. As the most least developed countries are located in Africa, the Fund provided aids to 45 countries in Africa with a total amount of SR. 26,942.35 million, representing 52.37% of SFD's total allocations to finance 359 development projects. In Asia, 29 countries received SR. 23,159.03 million, representing 45.02% of SFD's total allocations to finance 232 development projects. The Fund allocated SR.1,344.31 million, representing 2.61% of SFD's total allocations to finance 18 development projects in eight countries in other regions of the world, as shown in the following table and diagram:

(SR. Million)

Region	No. of Countries	Projects		Programs		Total No. of Projects and Programs		
		No.	Amount	No.	Amount	No.	Amount	% of the Total
Africa	45	335	26270.51	24	671.84	359	26942.35	52.37
Asia	29	230	22917.01	2	242.02	232	23159.03	45.02
Other Regions	8	17	1231.81	1	112.50	18	1344.31	2.61
Total	82	582	50419.33	27	1026.36	609	51445.69	100

Geographical Distribution of SFD's activity

(SR. Million)

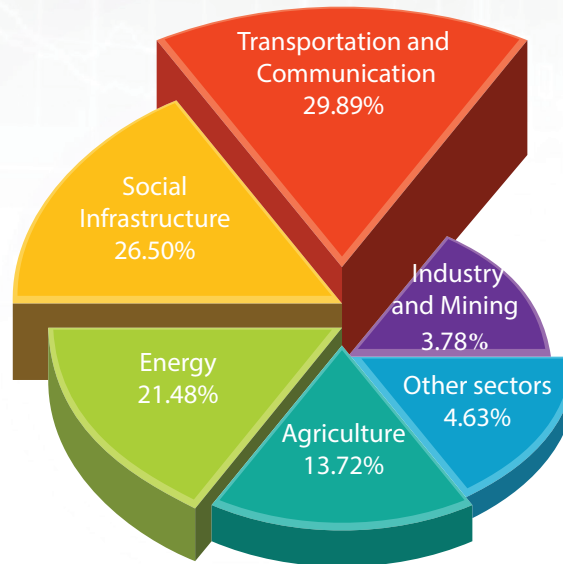


Sectorial Distribution of SFD's Cumulative Loans

The Fund seeks to provide the necessary finance to the development projects and mainly focuses on infrastructure, social infrastructure, agriculture, energy, industry and mining sectors and other sectors. The transportation and communications sector was at the top of the sectors financed by the Fund, as the Fund contributed to the financing of 206 development projects and programs. The social infrastructure sector comes in the second place with 192 development projects and programs, then the agricultural

sector with 89 development projects and programs, followed by the energy sector with 69 development projects and programs. Meanwhile, the Fund financed 18 development projects and programs in the industry and mining sectors. In addition, the Fund contributed to the financing of 35 development projects and programs in other sectors, as shown in the following table and diagram:

Sectorial Distribution of SFD's Cumulative Loans



Sectorial Distribution of SFD's Cumulative Loans

(SR. Million)

Sector	Total		% of the Total
	No. of Projects and Programs	Amount	
A. Transportation and Communication	206	15377.22	29.89
1-Transportation	200	15100.60	29.35
-Roads	143	10052.56	19.54
-Railways	16	2385.96	4.64
-Seaports	22	1716.70	3.33
-Airports	19	945.38	1.84
2- Communication	6	276.62	0.54
B. Agriculture	89	7055.84	13.72
C. Energy	69	11049.60	21.48

Sectorial Distribution of SFD's Cumulative Loans

(SR. Million)

Sector	Total		% of the Total
	No. of Projects and Programs	Amount	
D. Social Infrastructure	192	13636.83	26.50
1-Water and Sewer	47	4010.51	7.79
2-Education	72	4055.54	7.88
3-Health	47	3396.48	6.60
4-Housing and Urban Development	26	2174.30	4.23
E. Industry and Mining	18	1942.60	3.78
F. Other Sectors	35	2383.60	4.63
Total	609	51445.69	100

Sectorial and Geographical Distribution of SFD's Cumulative Loans

(SR. Million)

Sector	Africa		Asia		Other Regions	
	No. of Projects and Programs	Amount	No. of Projects and Programs	Amount	No. of Projects and Programs	Amount
A. Transportation and Communication	123	7513.22	76	7441.50	7	422.50
1-Transportation	119	7370.53	74	7307.57	7	422.50
-Roads	88	4790.52	50	4952.14	5	309.90
-Railways	8	1291.08	8	1094.88	-	-
-Seaports	11	858.78	9	745.32	2	112.60
-Airports	12	430.15	7	515.23	-	-
2-Communication	4	142.69	2	133.93	-	-
B. Agriculture	70	5496.78	19	1559.06	-	-
C. Energy	29	4483.48	39	6455.06	1	111.06

Sectorial and Geographical Distribution of SFD's Cumulative Loans

(SR. Million)

Sector	Africa		Asia		Other Regions	
	No. of Projects and Programs	Amount	No. of Projects and Programs	Amount	No. of Projects and Programs	Amount
D. Social Infrastructure	102	7232.57	82	5728.51	8	675.75
1-Water and Sewer	26	2448.08	16	1122.93	5	439.50
2-Education	39	1917.13	33	2138.41	-	-
3-Health	22	1399.18	23	1828.55	2	168.75
4-Housing and Urban Development	15	1468.18	10	638.62	1	67.50
E. Industry and Mining	12	1277.21	6	665.39	-	-
F. Other Sectors	23	939.09	10	1309.51	2	135.00
Total	359	26942.35	232	23159.03	18	1344.31

Contributions of the Kingdom of Saudi Arabia to Arab, Regional and International Development Institutions up to 31/12/2016

Institutions	Capital (USD)	Contribution of the KSA (USD)	Contribution of the KSA (% of the Capital)
Arab Monetary Fund *	3.209.282.580	482.733.660	15.04
Arab Fund for Economic and Social Development **	8.699.266.020	2.118.165.390	24.35
Arab Bank for Economic Development in Africa	3.696.017.775	924.685.799	25.02
Arab Investment Guarantee Corporation**	155.910.964	25.702.200	16.49
Arab Authority for Agricultural Investment and Development **	561.652.790	128.932.438	23.00
The Special Account for Financing Small and Medium – Size Private Sector Projects in the Arab Countries	1.266.241.976	500.000.000	39.49
Islamic Development Bank ***	67.779.880.000	15.941.712.000	23.52
Islamic Corporation for Investment Insurance and Export Credit ***	385.487.180	80.400.000	20.86
Islamic Corporation for Private Sector Development	865.430.770	157.509.403	18.20
International Islamic Trade Financing Corporation	707.960.000	120.000.000	16.95
Islamic Solidarity Fund for Development	2.377.594.00	1.000.000.000	42.06
International Finance Corporation	2.566.199.000	51.038.000	1.91
Multilateral Investment Guarantee Agency	1.918.721.000	59.813.000	3.12
OPEC Fund for International Development *****	6.186.129.734	2.104.592.721	34.02

Contributions of the Kingdom of Saudi Arabia to Arab, Regional and International Development Institutions up to 31/12/2016

Institutions	Capital (USD)	Contribution of the KSA (USD)	Contribution of the KSA (% of the Capital)
International Bank for Reconstruction and Development ****	263.329.000.000	8.022.800.000	3.05
International Monetary Fund ****	627.184.775.000	13.290.158.000	2.10
International Development Association	245.430.000.000	2.634.570.000	1.07
The Arab Gulf Program for Development (AGFUND) *****	520.000.000
African Development Bank	103.561.813.800	193.912.200	0.20
African Development Fund	393.318.193
The Asian Infrastructure Investment Bank	100.000.000.000	508.900.000	5.08
International Fund for Agriculture Development	601.923.000

* The capital of the Arab Monetary Fund was calculated by changing the Arab Dinar into US \$ according to the prevailing exchange rate based on the value of the Special Drawing Rights which is equivalent to US \$ 1.34 (December 2016).

** The capital of each of the Arab Fund for Economic and Social Development, Arab Investment Guarantee Corporation and the Arab Authority for Agricultural Investment and Development, on the basis that the Kuwaiti Dinar exchange rate is equivalent to US \$ 3.27 (December, 2016)

*** The capital of both of the Islamic Development Bank and the Islamic Corporation for Investment Insurance and Export Credit was calculated by changing the Islamic Dinars into Dollars according to the prevailing exchange rates on the basis of the Special Drawing Rights equivalent to US \$ 1.34 (December 2016).

***** The Special Drawing Rights is equal to US \$ 1.33 for the International Monetary Fund (December 2016).

***** This Percent is not fixed given that numbers did not pay their share in regular or selective increase of the Bank capital for the Year 2011.