

The Saudi Fund For Development



Presentation

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Presentation Outline

- The Saudi Fund for Development.
- Saudi Oil and Non-Oil Exports.
- Saudi Export Program: Establishment/Objectives.
- SEP Financial Instruments: Funding/Insurance.
- Co-operation with Banks/Financial Institutions.
- SEP Achievements.

The Saudi Fund For Development

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Establishment	100% Government Institution Established in 1975
Objectives	* International Development. * Support of Saudi Exports.
Capital (US\$)	About 8 Billion.
Total Assets (US\$)	About 35 Billion.
No. of Projects Financed	544
Total Project Financing	US\$ 10,32 B
Beneficiary Countries of SFD	81
Export Support (US\$)	About 6,400 Billion.
Beneficiary Countries of SEP	51

* Source: SFD Annual Report.

Saudi Exports (2007-2011) (USD Billion)

Year	Non Oil Exports	Oil Export	Total
2007	24	205	229
2008	31	281	312
2009	29	165	194
2010	33	218	251
2011	44	302	346

* Source: Central Department of Statistics & Information.

Saudi Exports During 2006 - 2010

(USD Million)

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Description	2006	2007	2008	2009	2010
Gulf Cooperation Council	15,625	18, 965	22,065	19,078	20,521
Other Arab League Countries	11,189	12,277	17,034	11,090	13,267
Islamic not Arabic countries	10,416	11,873	14,572	8,867	12,233
Asian not Arabic ,not Islamic	105,480	115,348	161,220	104,659	138,282
African not Arabic, not Islamic	4,474	4,654	6,611	3,826	4,289
Australia and Oceania	628	697	863	530	504
North America	33,244	41,066	54,188	24,270	35,199
South America	2,023	2,346	3,459	1,994	2,726
Europe Countries	28,207	25,944	33,428	17,712	26,523

* Source: Central Department of Statistics & Information.

The First Five Importing Countries In 2010 (USD Million)

Export Destination	Japan	USA	China	S.Korea	India
Ranking	1	2	3	4	5
Exports	36	33	29	24	19

* Source: Central Department of Statistics & Information.

What does Saudi Arabia Export?

- ▶ Crude Oil
- ▶ Other Oils (Fuel, Diesel and Gas)
- ▶ Petrochemicals
- ▶ Plastic Products
- ▶ Building Materials
- ▶ Trucks/Auto Spare Parts
- ▶ Machinery (Generators, Transformers)
- ▶ Power Towers/Cables/Accessories
- ▶ Traffic Lights/Road Accessories
- ▶ Agricultural Equipment (Irrigation Systems/Pumps)
- ▶ Steel & PVC Pipes
- ▶ Food Products/ Beverage Products/ Dairy Products
- ▶ Services, Contracting, Projects

- Established in 1999 to develop and diversify Saudi non-oil exports,
- Provide competitive insurance and credit facilities to Saudi Exporters and foreign buyers.
- Motivate Saudi exporters to explore and enter new markets by mitigating risks associated with International trade transactions.
- Maximize technical cooperation, joint financing and reinsurance arrangements with most international and regional banks/Institution involved in Trade Financing.

Basic Requirements of *SEP* Operations

- *SEP's* participation may reach up to 100% of transaction value based on the risks involved and exposure limits.
- Minimum Transaction amount: SR 100,000, (Equivalent to about 27,000 US Dollars).
- Exports should be of Saudi origin.
- Local value added should be more than 25%.
- *SEP* does not support exports of crude oil.
- *SEP* offers financial facilities in Saudi Riyals or United States Dollars.
- *SEP* complements commercial banks and does not compete with them.

Beneficiaries

- Saudi exporters (Saudi companies and establishments),
- Local buyers (Saudi companies and establishments) exporting Saudi products,
- Foreign Companies Manufacturing and Exporting from Saudi Arabia,
- Foreign private or public Buyers of Saudi goods and services,
- Local and Foreign Banks/Financial Institutions that provide financing facilities for eligible Saudi exports.

Security / Collateral

Depending on the nature of each export transaction and the types of commercial & political risks involved, *SEP* would seek payment securities which it deems necessary.

SEP Tools for Supporting Saudi Exports

- Funding Instruments
- Insurance Instruments

Funding Instruments of SEP

A) Direct Funding:

(1) Supplier Credits

Supplier Credit assists Saudi exporters to provide the required credit to the foreign importers

(2) Local Buyer Credits

SEP offers such credit facilities to Saudi businessmen (local buyers) and investors who execute projects outside the KSA and need financing from SEP to export Saudi goods and services to use them in the project implementation.

(3) Foreign Buyer (Importer) Credits

These credit facilities assist importers from outside the KSA to obtain the required financing directly from SEP.

B) Indirect Funding:

Lines of Credit for Banks,
Financial institutions,
Large Firms.

- Usually provided to Commercial Banks and Financial institutions which will be acting as agents for SEP in the importer's country.
- Focus on SME's as main beneficiaries.

Repayment periods

Short Term	Up to 2 years	Consumable goods, raw materials.
Medium Term	Up to 7 years	Consumable durables goods, semi capital goods.
Long Term	Up to 15 years	Capital and durable goods, turnkey contracts, projects.

Export Credit Insurance and Guarantee Facilities

Objectives:

- To offer Guarantees for Exporters against non-payment risk.
- To offer Guarantees for commercial banks to finance exporters.

Non-payment Risk Covered:

- Commercial Risks – (Covers up to 90%).
- Political Risks - (Covers up to 90%).

Types of Export Credit Insurance Policies

- (1) Whole Turn-over policy.**
- (2) Specific Transaction policy.**
- (3) Fields of Co-operation with Local Banks.**

(1) Whole Turn-over policy

- **This Policy Covers all exporter's risks involved with registered importers in different countries.**
- **SEP studies and evaluates each importer and assigns an adequate credit limit for that importer.**
- **Subject to the approval of SEP , Saudi Exporters (Policy Holders) Can add other importers to the policy during its validity.**
- **Whole Turn-over Policy is usually short term (about one year).**

(2) Specific Transaction policy

- **This policy covers all export risks involve in a single transaction.**
- **Under this policy SEP could cover open account customers or confirm Documentary Credits.**

(3) Fields of Co-operation with Local Banks

- A-** Bank's Acceptance to finance SEP Insurance Policyholders (post shipment).
- B-** Guarantee for Financing of Working Capital (Pre Shipment) for Exporters (Policy Holders).
- C-** Documentary Credit Insurance Policy (DCIP).
- D-** Confirming of Incoming L/C's (Specific Operations).
- E-** Exchange of Credit Information and Reports.

SEP's Achievements Until May 31 , 2012

Type of SEP Facilities	Value (USD Million)
Direct Funding	1,828
Lines of Credit	522
Guarantee & Insurance	4,050
Total Facility Amount	6, 400
No. of Beneficiary Countries	51

* Source: SEP Annual Report.

The Saudi Fund for Development

Saudi Export Program

www.sep.gov.sa