

Funding Agricultural Specialized Projects In Saudi Arabia



Direct Loans Requirements:

1. Applicants are required to submit a comprehensive feasibility study, either prepared by a licensed office or an in-house (verified by a licensed office) feasibility study. The submission must be provided in both hard copy and PDF format. The feasibility study should cover project introduction, marketing strategy, technical assessment, financial projections and management and operations evaluation along with the HR plan. The study must be in alignment with the eligible expenses for financing covered in the provided quotations.
 2. Copies of ministerial and municipal licenses required for establishing the project.
 3. KYC and other related forms to be filled in details by the applicant.
 4. Signed Simah and Bayan (at ADF's discretion) authorization form (There must be no outstanding overdues owed by the applicant to ADF or any other parties).
 5. Copy of the project's land title (deed) or lease agreements with a minimum term of 15 years.
 6. Submission of financial net worth for the applicant, including a bank statement for the last six months and proof of assets such as properties, real estate, or stock portfolios.
 7. Requested loan must be fully collateralized, eligible collaterals include the following:
 - Pledge of commercial and residential real estate properties at %85 of estimated market value.
 - Pledge of agricultural real estate properties at %75 of estimated market value.
 - Pledge of eligible project fixed assets at %55 of estimated assets value.
 - Corporate guarantees can be taken to cover %50-20 depending on the company's creditworthiness.
 - Bank guarantees are acceptable and taken at %100 of face value.
 - Pledge of investment portfolio/shares and taken at %60 of estimated value.
 - Assignment of proceeds taken at %50 of contract value (applicable for working capital loans).
- Note:** Other guarantees (including joint & several guarantees) can be requested at ADF's discretion.
8. Related quotations and execution contracts must be submitted and in alignment with all aspects covered in the feasibility study.
 9. Engineering plans from an accredited engineering office including design and supervision from project inception for the reporting on the quality of construction and implementation of the project.
 10. Submission of an official loan request letter, indicating the purpose of financing with the specification of land and building areas.
 11. Sales, marketing and/or operational contract for production services and/or project-related raw material supply agreements.
 12. Official signed pledge to mortgage the project assets in favor of the fund.
 13. Signing a waiver of the right to claim a refund of the inspection and collateral evaluation fees in case of cancellation of the application by the applicant or the fund's refusal to complete the loan application or reduce the loan amount based on technical or financial considerations determined by the fund.
 14. For loans over 3 million, applicants must sign pledges to provide project insurance, along with a commitment to cover inspection fees, and provide evaluation of collaterals.
 15. Commercial registration for the project contractor, including the contractor classification grade within the range of grades 1 to 5 from the Ministry of Municipal, Rural Affairs and Housing along with contractor's audited statements and a sample of related certificates of completion.

For company loans above SR 5MM, a pledge to reflect %25 of the investment under the borrowing company's paid capital can be requested at ADF's Discretion.

Additionally, the following documents are required:-

- Valid commercial registration (CR).
- Zakat and Saudization certificates.
- The company's articles of association and related amendments.
- Photocopies of shareholders' IDs and confirmation of no outstanding overdues against them (if personal guarantees are pledged).
- Audited financial statements for the last three years.
- If one of the shareholders of the company is a corporation it is required to submit a commercial registration for the company, articles of association with its amendments and have no outstanding overdues in their SIMAH and BAYAN inquiries (SIMAH and BAYAN if corporate guarantees are pledged).
- List of the company's board members.
- A letter from the Board of Directors requesting the loan and authorizing a representative to act on the company's behalf, all attested by the Chamber of Commerce.



Financing mechanisms:

1. Financing ratio offered by the Agricultural Development Fund (ADF) ranges from %50 to %75 of the project cost, depending on ADF's discretion. Projects costing below SAR 3 million receive %75 financing, while those above SAR 3 million are financed at %50. If modern technologies are utilized, the financing ratio increases to %70.

2. Inspection fees (one-time fee) are set at %1.5 of the financing amount (inclusive of VAT), subject to change at ADF's discretion.

3. Follow-up and evaluation fees are structured as follows and are subject to change at ADF's discretion and pricing policies:

- For loans between SAR 200k and 400k, the fee is %0.75 annually.
- For loans between SAR 400k and 1 million, the fee is %1.25 annually.
- For loans between SAR 1 million and 5 million, the fee is %2 annually.
- For loans between SAR 5 million and 20 million, the fee is %2.15 annually.
- For loans exceeding SAR 20 million, the fee is %2.25 annually.

4. Grace period (execution period): the first installment is due at the end of the last year in grace period.



Example of calculating the Follow-up and Evaluation fees:

Entry	Value	calculations
Loan Amount	SAR 10 million	
Grace Period	2 years	
Repayment Period	10 years	$10 \div 10,000,000 = \text{SAR } 1 \text{ million (yearly)}$
Tenor	12 years	
Follow-up and Evaluation Fees	%2.15	$10,000,000 .1 \times 12 \times \%2.25 = \text{SAR } 2.58 \text{ million}$ $10 \div 2,580,000 .2 = \text{SAR } 258,000 \text{ (yearly)}$

Note: %25 of total follow-up and evaluation fees are deducted upfront from the loan amount and the remaining %75 will be collected on a yearly basis in alignment with the loan installments schedule.

***For any additional information or inquiries, please reach out to the following contact number: +18388 9200 966**