

## Exports Development

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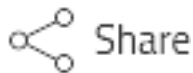
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### Financing

This section aims to support the Saudi Exports Program through the provision of the information.



### Basic Requirements to obtain Financing Facilities:

- The goods and/or services to be exported shall be of Saudi origin.
- The local added value of the goods or services to be exported shall not be less than 25%.
- SEP does not finance the exports of crude oil.
- The minimum value of a transaction to be financed by SEP is SR100,000 (or its equivalent in US Dollars).
- SEP may finance up to 100% of the transaction value.
- SEP finances operations in Saudi Riyals or United States Dollars.
- The credit worthiness of the beneficiaries and the risk associated with transactions must be acceptable to SEP.
- SEP offers facilities with competitive terms based on the nature of the export transaction and the risks involved, and in line with the prevailing. local and international interest rates.

### Eligible parties for SEP benefits.

- The Saudi exporters (Saudi companies & establishments).
- The Local buyers (Saudi companies & establishments) of Saudi goods or services to be exported from the KSA.
- The foreign buyers/importers (from both private and public sectors) of Saudi goods & services.

- The Foreign Government Agencies for their imports of Saudi goods & services.
- The local & international banks and financial institutions

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### Modes of Direct Financings offered by SEP

The direct modes of financing offered by SEP to the beneficiaries are those when a financing agreement is concluded between the Fund and the beneficiary. SEP provides these facilities through one of the following financing modes:

#### 1- Supplier Credits

These financing facilities assist the Saudi companies to export their goods/services to foreign importers and provide them with the necessary financing.

Upon reaching a preliminary agreement with the foreign importer for the sale of goods and/or services, the Saudi exporter submits his financing request to SEP.

After studying the financing request, the nature of the transaction and the risks involved, SEP evaluates the credit worthiness of the beneficiary and of the guarantor, and submits the preliminary financing terms and conditions to the beneficiary for his approval. The most important terms and conditions are: the period of financing (e.g. the disbursement, the grace and the repayment periods), the number of installments, the profit margin (mark-up), and the kind of collateral to be requested (bank guarantee, letter of credit, corporate and/or personal guarantee etc.).

After the final approval of the operation by the authorized body within SEP, a financing agreement is signed with the Saudi exporter.

After the shipment of the goods, the Saudi exporter submits the requested shipping documents to the Saudi correspondent bank of SEP for review. When this corresponding bank confirms to SEP that all terms and conditions of the shipping documents are complied with, the SEP disburses the value of the exported goods to the Saudi exporter.

The importer/purchaser reimburses (usually through his bank) the SEP, on due dates, of the sale prices of the exported goods or services which include the agreed upon profit margin (mark-up).

#### 2- Local Buyer Credits

SEP offers such financing facilities to Saudi companies and investors who execute projects outside the KSA and need financing from SEP to purchase and export Saudi goods and/or services to be used in the implementation of these projects.

The local buyer specifies the types and quantities of the necessary goods and services, and concludes a preliminary agreement with the producing companies (Saudi manufacturers) on the specifications and the prices of the goods and services to be exported and their terms of delivery. Then he submits to SEP a request for financing the transaction.

SEP studies the request; the nature of the transaction, and the risks involved and evaluates the credit worthiness of the local buyer as well as of the guarantor(s), and submits to the beneficiary, for his approval, the preliminary terms and conditions of the financing.

After the final approval of the operation by the authorized body within the SEP, a financing agreement is signed with the local buyer.

The local buyer submits, after each shipment, a claim to SEP for the payment of the purchase price of the exported goods and/or services to the Saudi manufacturers/producers.

The local buyer reimburses SEP, on due dates, of the sale prices of the exported goods or services which include the agreed upon profit margin (mark-up).

### 3- Importer/Buyer Credits

These financing facilities assist the importers (buyers) of Saudi goods and/or services to get the necessary financing directly from SEP.

Upon reaching preliminary agreement between the Saudi exporter and the foreign importer for the sale of goods and/or services, the importer (or the Saudi exporter on behalf of the importer) submits a request to SEP for financing.

SEP studies the request; the nature of the transaction, and the risks involved and evaluates the credit worthiness of the foreign buyer and of the guarantor(s), and submits to the beneficiary, for his approval, the preliminary terms and conditions of the financing.

After the final approval of the operation by the authorized body within by SEP, a financing agreement is signed with the Saudi exporter.

After the shipment of the goods, the Saudi exporter submits the requested shipping documents to the Saudi correspondent bank of SEP for review. When this corresponding bank confirms to SEP that all terms and conditions of the shipping documents are complied with, SEP disburses the value of the exported goods to the Saudi exporter.

The foreign buyer reimburses SEP, on due dates, of the sale prices of the exported goods or services which include the agreed upon profit margin (mark-up).

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