

50
YEARS عاماً

SIDF
صندوق التنمية الصناعية السعودي

INTEGRATED GROWTH: INDUSTRY, ENERGY, MINING & LOGISTICS



Inside Integrated Growth:

- Insights from SIDF and industry experts
- Growth and opportunity highlights in industry, energy, mining and logistics
- The emerging automotive ecosystem
- A new age of renewable energy
- Mining the Arabian-Nubian Shield
- Building a regional logistics hub

TABLE OF CONTENTS

01

BUILDING AN INDUSTRIAL POWERHOUSE

- Industry's role within the national masterplan
- Industry: growth in action
- Segment highlight: driving home supply chains in the automotive sector
- Supporting the automotive ecosystem
- **INTERVIEW:** Majid Matbouly, Head of Industrial Valley, King Abdullah Economic City (KAEC)
- Industrial boost: How SIDF is helping
- Top deals in industry
- **OP-ED:** Mohanad Al-Nuaim, Vice President of Credit, SIDF
- Help build Saudi Arabia's industrial sector

02

RENEWING THE ENERGY SECTOR

- Energy: powering economic transformation
- Turning point: a wave of renewables
- **INTERVIEW:** Nassir Al-Qahtani, Assistant Minister for Electricity Affairs, Ministry of Energy
- **INTERVIEW:** Amer Al Ajmi, Executive VP, alfanar
- Boosting the renewables supply chain
- Program Snapshot: Mutajadeda
- Help build Saudi Arabia's Energy sector

03

MINING THE ARABIAN-NUBIAN SHIELD

- New prospects: the Kingdom's mining potential
- Exploring the Arabian-Nubian Shield
- Funding flows: the role of SIDF
- Segment focus: opportunities in aluminium
- **INTERVIEW:** Eng. Turki Al-Babtain, Deputy Minister of Mining Development, Ministry of Industry and Mineral Resources
- Help build Saudi Arabia's mining sector

04

DRIVING LOGISTICAL EXPANSION

- Robust logistics networks
- **OP-ED:** Adel Shreaf, Market Studies Director, SIDF
- Connected Kingdom: a regional logistics hub
- **INTERVIEW:** Adnan Al-Mazrooa, Deputy CEO, Naqel Express
- Logistics boost: How SIDF is helping
- **INTERVIEW:** Loay Mashabi, Deputy Minister for Logistic Services, Ministry of Transport and Logistic Services
- Help build Saudi Arabia's logistics sector

ABOUT SIDF

SIDF was established in 1974 as a government financial institution to realize the objectives, policies and programs of industrial development in Saudi Arabia. As SIDF advances to its 50th anniversary, it is operating under a broadened mandate as a key financial enabler of the National Industrial Development & Logistics Program under Vision 2030.



Funding the industry, energy, mining, and logistics sectors to drive economic transformation

- New financial solutions and sustainable lending practices for long-term support



Advisory services that combine expert insight with market-leading support

- A knowledge hub and talent incubator, with decades of experience upskilling in key sectors



Advocating for access to knowledge and global expertise

- Forging partnerships and upskilling human capital through the SIDF Academy



Vision

Industrial development fund enabling Saudi Arabia's transformation to become an industrial powerhouse and a global logistics hub



Mission

Enhance ecosystem competitiveness and investments attractiveness by providing financial and non-financial offerings



عاماً 50



صندوق التنمية الصناعية السعودي

EXECUTIVE SUMMARY

'Integrated Growth' puts a spotlight on some of the most rapidly evolving areas of the national economy: Industry, Energy, Mining, and Logistics. SIDF is playing a key role in the development of these sectors through its array of funding, advisory and advocating activities. In doing so, SIDF supports national strategies that are transforming the economic landscape and propelling the Kingdom towards its Vision 2030 goals.

National Industrial Development & Logistics Program (NIDLP)



National Industrial Strategy



National Transport and Logistics Strategy (NTLS)



Mining Strategy

Industry:

The Kingdom's industrial potential is being unlocked by the National Industrial Strategy, which aims to increase the value of industrial exports to SAR 557 billion (\$148.34 billion) by 2030.¹



2.1mn

Jobs created by 2030



36,000

factories in the Kingdom by 2035

Energy:

Saudi Arabia's energy sector is being revitalized by a new era of renewable energy technologies, including cutting-edge advances in segments such as solar and wind. SIDF is deploying a broad-based platform of support to help the Kingdom to reach its target of around 50% of electricity production capacity from renewable sources by 2030.²



2.9mn t/yr

of hydrogen production by 2030



44 mn tons

of carbon capture by 2035

Mining:

With a growth rate of 20.4% between 2021 and 2022, Saudi Arabia's mining industry is being boosted by NIDLP and the Mining Strategy. The Kingdom's diversity of mineral resources has allowed it to establish a range of ambitious targets:^{3 4 5}



\$1.3 tn

potential mineral resources



\$75 bn

in mining GDP contribution by 2035



256,000

new job opportunities by 2035

Logistics:

Saudi Arabia's logistics sector is being boosted by initiatives within NIDLP and the National Transport and Logistics Strategy (NTLS). Early gains, including halving the average customs clearing time, have been secured, and ambitious targets established.⁶



\$26 bn

annual logistics sector growth forecast to 2030



12%

CAGR by 2030



\$30 bn

public sector investment in next decade

As the key financial enabler of NIDLP, SIDF is playing a leading role in the integrated growth of the energy, industry, logistics and mining sectors.

Funder

With financial solutions to improve sector competitiveness

Advisor

Offering market insights and tailor-made advisory services

Advocate

Catalyzing the ecosystem by forging partnerships and upskilling human capital



ECONOMIC AND INDUSTRIAL GROWTH IN SAUDI ARABIA IN H2 2022 ⁷⁸



5.4%

year-on-year (y-o-y) growth in GDP Q4 2022



7.3%

increase in Industrial Production Index in December 2022



6.2%

y-o-y increase in non-oil activity in Q4 2022



6.1%

y-o-y increase in oil activities in Q4 2022



13.1%

y-o-y increase in non-oil merchandise exports in Q3 2022



SAR 78 bn

in non-oil merchandise exports in Q3 2022



SAR 1.114 tn

approved budget for 2023



SAR 16 bn

expected 2023 budget surplus

Chapter One

BUILDING AN INDUSTRIAL POWERHOUSE



Industry's role within the national masterplan

Saudi Arabia's Vision 2030 places the industrial sector at the center of the Kingdom's diversification agenda. A broad range of ambitious economic development goals is generating a new wave of diversified industrialization.

Vision 2030 targets ^{9 10}



of non-oil exports in non-oil GDP



localization of the energy sector



private sector contribution to GDP

In line with the objectives of the Saudi Vision 2030, the National Industrial Strategy aims to build an industrial economy that attracts investment, contributes to achieving economic diversification and develops the Kingdom's domestic product and non-oil exports.

The National Industrial Strategy has identified 12 strategic sub-sectors, earmarked for future expansion in the Kingdom



Aerospace



Automotive



Maritime



Chemicals



Medical Devices



Machinery and Equipment



Food Processing



Military Industries



Building Materials



Mining Industries



Pharmaceuticals



Renewables

National Industrial Strategy commitments ¹¹



2.1mn

jobs created by 2030



SAR 895 bn

manufacturing sector annual GDP by 2030



SAR 557 bn

annual non-oil exports by 2030



36,000

new factories by 2035



SAR 892 bn

manufacturing exports by 2035

Industry: growth in action

Saudi Arabia's industrial sector is among the fastest growing in the region, and plays a key role in the Kingdom's diversification, localization, and privatization efforts. Industry and manufacturing are the fourth largest contributors to the Saudi economy.



7.8%
contribution to GDP
as of Q3 2022 ¹²



11%
y-o-y growth in economic
output of manufacturing
sector as of Q3 2022 ¹³



7.3%
year-on-year increase in
Industrial Production
Index in October 2022 ¹⁴

Industrial Production Index (2010=100)

Source: GaStat



A range of factors combines to drive industrial growth in the Kingdom.



Large domestic market



Developed R&D facilities



Extensive government support



Modern infrastructure



Global connectivity



Business-friendly regulations

Segment highlight: driving home supply chains in the automotive sector

Saudi Arabia is emerging as an auto manufacturing hub, with segment growth underpinned by increased demand for transport between widely dispersed urban centers and the region's largest auto sales market.



50-60%

estimated share of regional automotive sales¹⁵



200,000+

km road network¹⁶



436,000

passenger car sales in 2020¹⁷

The automotive industry relies on efficient supply chains capable of producing and delivering parts essential for just-in-time vehicle production. The coronavirus pandemic and a global chip shortage have highlighted the advantages of localized supply chains. The Kingdom aims to leverage its competitive advantages to localize original equipment manufacturer (OEM) projects in the automotive industry.



Free Trade Agreements
GCC and GAFTA



Low costs of utilities



Strategic location providing access to regional markets



Young and skilled workforce



Availability of raw and processed materials



Clean vehicles are a particularly strong prospect within the automotive segment, their uptake driven by sustainability policies such as the Saudi Green Initiative and the Royal Commission for Riyadh City's target of 30% electric vehicles (EVs) in the capital by 2030.¹⁸ Ceer, a joint venture between PIF and foreign investors Foxconn and BMW will design, manufacture, and sell Saudi-made EVs at its newly announced manufacturing site in KAEC, which will start construction in early 2023. The first EVs are expected to be rolled-out by 2025.¹⁹



SAR 22 bn

(\$5.86bn) GDP impact by 2030



SAR 103 bn

(\$27.4bn) annual revenues



SAR 41 bn

(\$10.9bn) total expected investment in the sector



57,000

direct and indirect jobs to be created

Domestic and foreign investment is creating a complete EV value chain, from battery production to vehicle manufacturing, that will support localized supply chains and domestic production.

LUCID

150,000 EVs

per year targeted by Lucid (USA) at its KAEC plant²⁰



CEER

KSA will attract over \$150 mn in FDI to the EV industry and create 30,000 direct and indirect jobs by 2034²¹



100 EV

charging station network established by Electromin (KSA)²²



EV Metals

Australian company plans to invest \$3bn in metal processing plant for EV batteries²³

Supporting the automotive ecosystem

SIDF is supporting these endeavors with a strategic framework aimed at localizing automotive supply chains and establishing the Kingdom as an automotive manufacturing hub.

➤ Supporting localization of OEM projects

➤ Supporting supplier infrastructure of new vehicle (OEM) or spare parts (AFM) components

➤ Supporting projects supplying upstream materials

➤ Working closely with other government entities

➤ Building a knowledge base to support the evaluation of upcoming projects

➤ Organization of 3 Automotive Webinars in cooperation with the SIDF

➤ Preparation of BEV sector publication to the stakeholder

INTERVIEW

Majid Matbouly

Head of Industrial Valley, King Abdullah Economic City (KAEC)



What are the key components of the Industrial Valley's long-term strategy of creating business friendly environment?

With an area of nearly 50 million square meters, The Industrial Valley within KAEC primarily focuses on light industry and logistics. Within the light industry, there is special attention paid to the pharmaceutical and automotive industries, FMCG and construction materials, all of which are among the most promising domestic sectors currently. KAEC's strategic location on the coast of the Red Sea, and KAEC IV's position adjacent to King Abdullah Port, the second largest port in the Kingdom, place the Industrial Valley in a very advantageous position to create an active and dynamic commercial environment for operators in the premise. KAEC IV is also close to Makkah and Madinah and extremely well-connected to Saudi Arabia's inland transportation network via railway, airports and roads.

What potential do you see for KAEC to become a hub for the automotive industry, especially regarding electric vehicles (EV)?

Presently, we have major players in the automotive industry invested in Saudi Arabia, with selected companies opting to develop their own manufacturing facilities. We continue to make noteworthy strides day in and day out to ensure continuity, demonstrated by our recent collaborations with Zahid Group and KAP, with Volvo trucks being assembled within our city and exported through the port to Australia. We recently announced CEER, Saudi Arabia's first electric vehicle brand, will be developing a manufacturing facility within the IV. Once complete CEER's manufacturing facility will create thousands of direct and indirect high-skilled jobs, the majority of which will be filled by Saudi Nationals.

Another remarkable development is KAEC Industrial Valley's agreement to house the first electric vehicle manufacturing facility in KSA through Lucid, an

American automotive organization that produces luxury electric cars. The Lucid factory's development has already reached 30% completion and once finalized, will be equipped with the capabilities to produce 150,000 vehicles annually. The presence of such forward-thinking EV companies in the Kingdom embodies the upside of the automotive ecosystem that we are currently developing, as well as the capacities present in KAEC's Industrial Valley.

What do you consider as the main successes of KAEC regarding economic impact and job creation?

When KAEC was established, there was an ambitious vision from the Kingdom's leadership that the city would have a long-term, substantial impact on Saudi Arabia's economy. Mega projects are currently the norm, but at that juncture, the idea of KAEC was a truly innovative concept. Today, I believe the main success we recognize and celebrate is our accomplishment of building an innovative ecosystem for over 100 companies to operate, invest and believe in. With investment in the economy, growth and job creation are naturally subsequent and we are proud to be a part of creating skilled career opportunities. Apart from sectors like logistics or pharmaceuticals, in which we have already well-established companies like Sanofi and Pfizer, we are paying close attention to the automotive sector to create approximately 50,000 direct jobs and nearly twice as many indirect jobs. Lucid alone is projected to employ nearly 4,500 people. We have also established several regional partnerships that are upskilling people from the surrounding areas to meet the human capital requirements of our tenants. We have seen the tremendous value these initiatives have created and will continue to activate them. In summary, we at KAEC Industrial Valley have a strong foundation and a crucial role in building a prosperous future for Saudis, and we are actively participating in economic development and skilled job creation measures.

Industrial boost: How SIDF is helping

SIDF has supported the wider industrial sector for nearly 50 years and plays a major role in the industrial development of the Kingdom through its funding, advisory and advocating activities. For industrial projects, SIDF's financial support targets regions and cities with the most potential to add value to the economy.

Class	Cities	Maximum tenure	Maximum loan (%)
01	Major cities, including Riyadh, Jeddah, Dammam, Jubail, Makkah Al Mukarramah, Yanbu, Ras Al Khair	15 years	50%
02	Cities with economic advantages, including Al-Qassim, Al-Ahsa, Rabigh, Taif, Al-Kharj Industrial City, Sudair Industrial City, Al-Madinah Al-Munawarah (except Yanbu)	20 years	60%
03	Economically promising, and cities located near to cities in Class 1 and Class 2, including Hail, Northern Borders, Jouf, Tabuk, Jazan, Najran, Al-Baha and Aseer	20 years	75%



To discover more about SIDF's latest project highlights, new services, programs and partnerships, explore the "4th Private Sector Enablement Event" [here](#)

OP-ED

Mohanad Alnuaim

Vice-President of Credit, SIDF



For almost 50 years, SIDF has played a central role in Saudi Arabia's financial ecosystem to guide the Kingdom's industrialization. Today, SIDF is more than just a credit provider. Through our updated strategy, SIDF is the main financial enabler to catalyze true industrial power in Saudi Arabia through the National Industrial Development and Logistics Program. Operating under the National Development Fund umbrella, SIDF's credit incentives the industrialization of the Kingdom alongside our partner development funds and banks, as well as selected private sector investors.

SIDF's expanded mandate brings a long-term view to industrialization by boosting local investments and empowering investors across the ecosystem. Our expanded total loan approvals are now SAR 75.9 billion since the onset of Vision 2030, while our reworked credit approval system means the average time to approve a loan has been reduced from 12 months to 4-5 months. Our funding support, which is exclusively for projects within the Kingdom, is available to both local and international investors and includes loans, and guarantees.

As an enabler, we're enhancing the competitiveness of the Saudi industrial ecosystem, while boosting the attractiveness of the Kingdom as a destination for investors interested in a diverse set of industrial activities. Presently, we're seeing major funding opportunities in key industrial subsectors, including automotives, aerospace, biotech, construction materials, chemicals, food processing, minerals and metals, pharmaceuticals, renewables and logistics.

Ambitious industry players looking to expand operations within these subsectors in Saudi Arabia will find in SIDF a supportive and knowledgeable partner for not only their financial needs but also the advisory guidance to succeed. Within its advisory capacity, SIDF is intimately familiar with the Saudi industrial ecosystem, while its funding arm offers industry players access to the resources needed for projects to succeed.

Our end-to-end loan processes and proactive delivery models of financial products mean we can thoroughly and adequately respond to the needs of our clients. We are careful within our loan book though, requiring full transparency and operational excellence from our clients. This financially responsible approach to our portfolio, however, shouldn't be seen as being risk averse. We believe Saudi Arabia is ripe with potential across the industrial landscape and we always place a major emphasis on the growth potential of investee projects.

A key priority for us is to fill existing funding gaps in the industries, crowd-in third-party funds and create a data-first investment climate where quality investment decisions are taken. We're actively looking to build partnerships with local industry players and see our programs and initiatives as real catalysts for growth in the industrial segments of Saudi Arabia's economy. It is important to continue encouraging private investments and giving support to the four sectors within SIDF's ecosystem. The Kingdom already has an incredible economic story to tell, and we believe the next chapter will be even brighter than the last.

Help build Saudi Arabia's industrial sector:

Project finance:

Offered to projects in industrial, mining, energy and logistics sectors

Multipurpose finance:

Finance capital expenditures to improve the operating value of your project

Letter of Credit:

Default payment mechanism to clients with preferred terms and conditions, in collaboration with leading commercial banks

Advisory: Cost optimization:

Analysis of direct and indirect costs, comparison of cost position to the market and analysis of procurement options

Working capital finance:

Cover short-term needs as you grow your business

Supply chain financing:

Short-term financing to ensure suppliers are paid and operations run without interruptions

Acquisition:

Funding acquisition by local companies that want to acquire local targets in SIDF financed sectors

Advisory: Go-to-market:

Provision of recommendation to improve go-to-market strategies, advice on sales, price, and product assortments

New in 2022:

Advisory:

Plan Performance Optimization

-Comprehensive consultations results in advisory aimed at boosting the efficiencies of manufacturing operations

Industrial TOMOH:

Under the Afaq program and in partnership with Monsha'at, SMEs can receive support for their growth and development goals

Local Industry Stimulative Initiative:

1- Promising Factories Initiative

Phase 1: Soft Loans: Non-recourse lending for SMEs

Phase 2: will be announced soon

2- Future Factories Initiative

Tanafusiya Accelerator Pathway: Financial support for companies integrating Industry 4.0

Guarantee Program to Support Working Capital Needs:

SIDF provides a guarantee to a financing entity or an industrial company to support SMEs in obtaining credit facilities or enhanced credit terms



Apply directly for funding to grow your business [here](#)



Take advantage of the funding and advisory programs that are unlocking opportunities across the industrial sector.

Tanafusiya:

Loans and grants supporting industry 4.0, digital transformation and energy efficiency in industry.



Now up to 100% of project finance



Longer tenor (minimum of 7 years)



Grace period (up to 24 months)



Turnaround time of under 8 weeks for smaller projects



8 new private sector implementation partners in Q4 2022



Find out more [here](#)

Tawteen:

Financing and support for projects that boost local content and supply chain localization.



Preferential financing terms



Linking with leading companies' procurements



Provide advisory services



Find out more [here](#)

Chapter Two

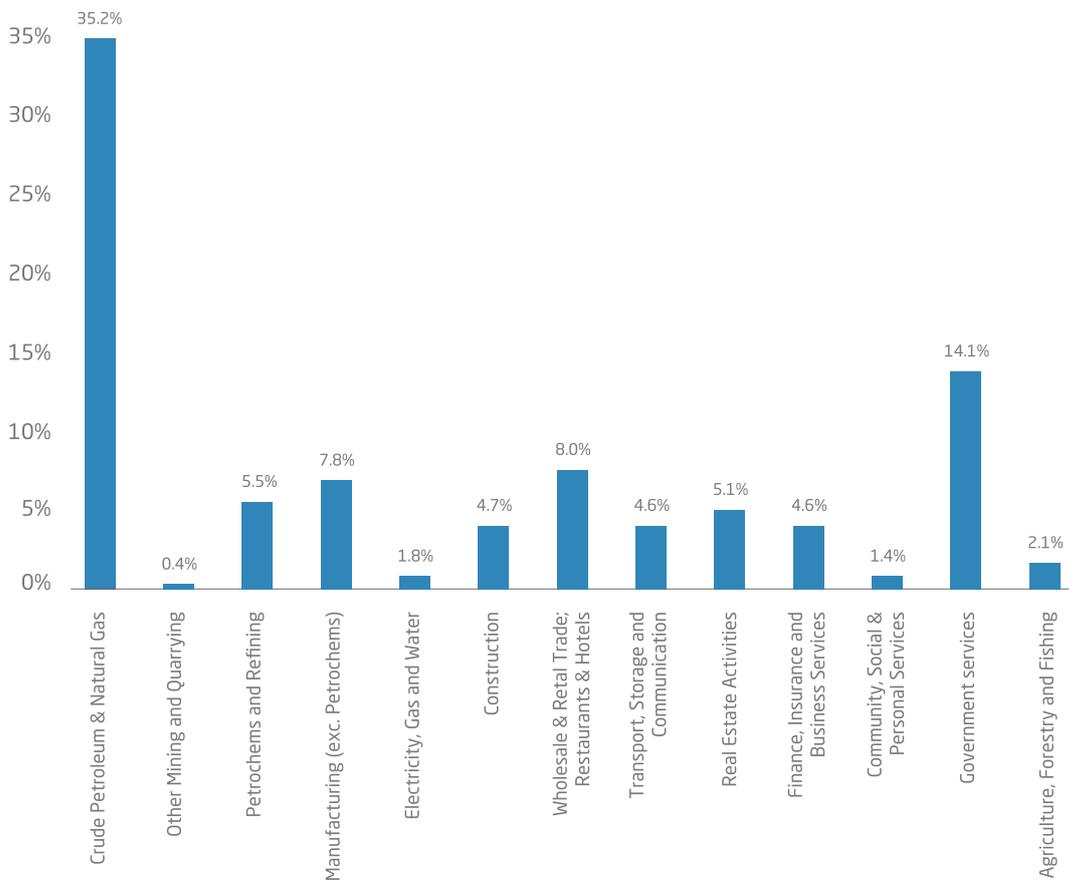
RENEWING THE ENERGY SECTOR



Energy: powering economic transformation

The Kingdom's energy sector is the bedrock of the economy and the most significant contributor to national wealth: crude petroleum and natural gas alone accounted for 35.2% of the Gross Domestic Product (GDP) in Q3 2022 ²⁴.

Contribution to economic activities to GDP at Current Prices (%), Q3 2022



With the second-largest oil reserves in the world, Saudi Arabia is leveraging its hydrocarbon wealth to pursue an ambitious target of deriving almost 50% of its electricity production capacity from gas and renewables by 2030 towards an optimum energy mix.²⁵



17.5%

of global oil reserves



1st

largest oil producer in the world



329.1 tn

cubic feet total gas reserves



8th

largest natural gas producer in 2020

Turning point: a wave of renewables

Through its funding, advisory and advocating, SIDF enables Saudi Arabia's renewable energy targets across solar, wind and other technologies.

The renewable energy program principles are built on fairness, transparency, competitiveness, risk minimization, and value maximisation for the Kingdom.

Within the program, all renewable energy projects are procured through independent power producers (IPPs), where local and international developers are invited and encouraged to participate in the bidding process. Power purchase agreements (PPAs) are signed with IPPs with durations for solar and wind set for 25 years and 20 years, respectively.



Saudi Arabia is catalysing renewable energy development by providing bankable data to investors and developers:

➤ Resource measurement projects

➤ Site-specific preliminary studies

➤ Securing permits

➤ Tendering utility-scale projects to market

Renewable energy expansion in the Kingdom is being supported by the Ministry of Energy and the energy ecosystem:

➤ Highlighting opportunities for development of new industries

➤ Encouraging private sector investment

➤ Localization of manufacturing of solar and wind energy components

Saudi Arabia's renewables revolution is already in progress, with 19 projects producing sustainable power for the Kingdom.²⁶



Dumat Al Jandal project

had the lowest levelized cost for c\$1.99/kwh wind power globally at the time of financial closure in 2019



400 MW

produced by Dumat al-Jandal wind farm, supplying +70,000 houses



600 MW

Al Shuaibah PV IP project to sell electricity for c\$1.04/kWh, a new global record low



300 MW

produced by Sakaka Solar Power Plant, supplying +44,000 houses

INTERVIEW

Nassir Al-Qahtani

Assistant Minister for Electricity Affairs,
Ministry of Energy



What are some of the Renewable Energy Program's goals and flagship projects?

Saudi Arabia launched the Renewable Energy Program to achieve the objectives of the renewable energy initiatives in line with Vision 2030, which aims to increase the share of renewable energy to 50% of the Kingdom's energy mix for electricity generation, with the remaining coming from gas. This transformation will lead to an optimal and more sustainable mix of local energy sources, and fulfill the Kingdom's ambitions in the area of emissions reductions. The program will contribute towards the Kingdom's Circular Carbon Economy Framework, its climate change initiatives, and its economic and investment attractions. The program will also ensure that the Kingdom benefits from cost advantages of its unique geographical position, as well as its endowments of solar, wind power and other renewable resources.

So far, the program has successfully completed two major projects that have been connected to the grid - the Sakaka Solar PV Project and Dumat Aljandal Wind Project, with a total capacity of 700 MW and a combined investment of around SAR 3 billion. In 2023, we expect another two projects to be operational: the Jeddah Solar PV Project and the Rabigh Solar PV Project. These two projects are under construction and will bring another 600 MW online. Another project currently under construction, the Sudair Solar PV with a capacity of 1,500 MW, is expected to be connected to the grid by 2023 at partial capacity. As far as the other tendered projects are concerned, they are all at different development stages.

Additionally, in 2023 the ministry, alongside the energy ecosystem, plans to launch 10 renewable energy projects with a total capacity of around 7 GW. In the years ahead, many other renewable projects will be developed to achieve the 2030 targets and reach the Kingdom's optimal energy mix..

Where do you see the greatest demand for localized supply across the renewable energy value chain?

The Kingdom's energy sector localization strategy - and the ambitious target to achieve 75% localization - is a key component of the drive to reach the Vision 2030 goals of expanding the local economic value addition, developing and diversifying the private sector, and positioning Saudi Arabia as a regional hub for industry, logistics, and products and services. The strategy requires us to take a comprehensive approach to the entire supply chain - from raw materials to finished products - to maximize the benefits of energy supply and resilience.

More localization also leads to a deeper industrial network of suppliers, greater energy security, and more resilient supply chains. Moreover, localization expands the Kingdom's capacity for technological innovation and creates opportunities for our strategic partners to grow alongside us.

The Ministry of Energy, together with the relevant authorities in the ecosystem, is working with the Public Investment Fund to determine the needs for future projects and investment opportunities that will raise the contribution of local content and localization in the Renewable Energy sector. The focus is to localize equipment manufacturing in high-cost areas in solar (PV solar Panels, solar Inverter and mounting structure) and wind (blades, nacelles, and wind towers). The most important manufacturers were identified, and we are working with them. We expect to have manufacturers on the ground to start operations by mid-2026.

How is the Ministry of Energy spearheading cleantech in the Kingdom and upskilling local human capital?

We see the overall increase in clean energy capacity as a way for Saudi Arabia to stay true to its environmental ambitions and sustainable development goals.

As the world moves toward clean energy, Saudi Arabia will not be a bystander, but rather will lead the transformation to clean energy. This commitment to clean energy transformation is highlighted by the announcement made by H.R.H. the Crown Prince at the Saudi Green Initiative event in October 2021 that the Kingdom is targeting net zero emissions by 2060.

In addition, the Ministry of Energy, alongside strategic partners, is constantly analyzing and scrutinizing the latest technologies within the renewable energy file to assess how these may benefit us in our quest for more clean energy production. Moreover, through various governmental initiatives and the efforts of entities like K.A.CARE, KAPSARC, SIDF, OSP, CCE-NP, and other key partners, technological solutions are being integrated into the development of the clean energy sector.

We are fully aware that a skilled workforce underpins success in all projects, and workforce planning is an essential component in all project plans. Therefore, the ministry is working closely with its strategic partners within the ecosystem and with international training partners to upskill its workforce to be globally competitive in renewables through a wide array of high-caliber programs.

These programs include the region's first comprehensive PV and Wind Program that offers the Global Wind Organization Certification, (GWO), with 250 trainees to be sponsored by K.A.CARE over the next 5 years. Additionally, there are eight K.A.CARE-approved private sector training centers offering solar training across many regions in the Kingdom, with more than 202 program sessions provided and more than 1,000 trainees completing either the solar designer or solar installer program.

Moreover, the energy ecosystem is working collaboratively to develop human capital programs to support the growing demands on today's workforce, ensuring the Kingdom's young population will give it a competitive advantage to achieve these goals.



Saudi Arabia has established ambitious initiatives and commitments to reach its goal of net zero emissions by 2060.



Establishment

of the Circular Carbon Economy National Program



44 mn tons

of carbon capture by 2035²⁷



2.9mn t/yr

of hydrogen production by 2030²⁸



660 tons

of green hydrogen production per day at NEOM Green Hydrogen Project²⁹

The Kingdom has received several awards for renewable energy development, namely:



NIDLP Award for Excellence 2021 & 2022 for best entities and initiatives (The Initiative of the Custodian of the Two Holy Mosques for Renewable Energy in the Kingdom)



Project Finance International Global Award for the best ESG platform for environmental sustainability and governance for the year 2021



IJ-Global Award for best public sector procurement program in the Middle East, 2021



IJ-Global Award for renewable energy sources in the Middle East, 2021, for the Sudair Solar Project



CIPSMENA Awards: Best Public Procurement Project 2018

Further momentum is coming from renewable projects under development that will radically alter Saudi Arabia's traditional energy landscape.³⁰



300 MW

Jeddah Solar PV project and 300 MW Rabigh Solar PV to go online in 2023



7GW

in tenders planned for new renewable projects



Saudi Arabia seeks to be an energy hub, and maximize utilization of renewable resources through the Renewable Energy Program:



Enhance

the power sector's energy mix



Reduce

liquid consumption



Increase

capacity share of renewables to almost 50% by 2030

Renewable energy potential

Declining renewables production costs and increasing demand for sustainable energy is supporting the growth of a domestic renewables value chain that extends from manufacturing to installation.



\$293,333 /MW

average operating cost per PV panel produced in 2022



3,370 MW-6,250 MW

projected demand growth for PV by 2026



100+

consultants & contractors qualified to build & install Small Solar PV Systems according to Shamsi



400+ MW

domestic solar industry PV module assembly capacity

150 MW/year

in inverter assembly

50,000+ tons/year

in mounting systems

INTERVIEW

Amer Al-Ajmi

Deputy CEO, alfanar



How are the National Industrial Strategy and NIDLP contributing to Saudi Arabia's emergence as an industrial powerhouse?

As a private company, we've been fortunate to see the positive evolution of the industrial ecosystem in Saudi Arabia. Notable developments have been the removal of regulatory hurdles, increased flexibility and competitiveness, and a push to attract investments. All these changes mean the country is well on its way to Vision 2030's goals of economic diversification. The National Industrial Strategy and NIDLP, meanwhile, are playing a major role in driving forward the localization of industry and the adoption of Industry 4.0. technologies by industrial companies. Both the National Industrial Strategy and NIDLP are leading to job creation, increased economic output, a stronger local supply network, and better integration between the public and private sectors.

What potential do you see for industrial players in Saudi Arabia to become regional and international industry champions?

As the largest economy in the Middle East - with an abundance of natural resources, solid infrastructure, and a stable government - we believe Saudi Arabia's private sector is in a positive position to become increasingly internationally competitive. The strong purchasing power within the Kingdom means local manufacturers like alfanar can optimally utilize production capacities and achieve economies of scale targets. All-in-all, we're seeing increased competitiveness of Saudi products not only in our local market but in regional and global markets too.

Vision 2030 endeavors such as NEOM and the Red Sea Project, which also have clear local supply objectives, are creating new opportunities for the private sector. These projects also require new and emerging products and services, which means private sector players can move into new services and find innovative product solutions to satisfy

demand. These major projects and the evolving nature of the industrial landscape are driving up demand for technology-driven solutions, and so we're seeing technology transfers between Saudi companies and international technology leaders. Global technology players are establishing local production facilities as well.

The local renewable energy manufacturing sector - where green tech and clean tech are in demand - is a clear example of this. The Kingdom's plans to increase the contribution of renewable energy to the energy mix through large-scale solar PV and wind projects are attracting local and international developers to participate and invest therein. This sector aims to leverage the Kingdom's energy sector competitive advantages to turn it into a global leader in renewable energy components. Our abundance of natural resources, well-developed energy industry, and the extensive local technical skillsets therein are all motivators to become a global renewable energy leader. Saudi Arabia is in a very good position to become a price-competitive electricity exporter in the region.

Where do you see the biggest gaps for local suppliers for industrial products?

The Saudi industrial sector is booming thanks to massive local and international investment in various key points across the supply chain. However, there are still many products and components that need to be sourced from outside the country. In our electrical products-industrial segment, for example, we see a need to develop more local suppliers for raw material extraction and component development. Here, aluminum and cable rods - used in wires and cables - are needed. So too, we also need more suppliers for aluminum sheets, sheet metal paint, dough molding compound, sheet molding compound, polyester, and laminating epoxy.

Boosting the renewables supply chain

As a key enabler of Vision 2030's renewables agenda, SIDF is financing green innovation, catalyzing the local manufacture of renewables components, and helping to localize central elements of the renewables supply chain.



Support for the development of a local renewable ecosystem for solar and wind



Launch of Mutajadedda to finance independent power producers (IPP)



Funding for module assembly, inverter assembly, and mounting systems



Licensing and support for qualified consultants and contractors approved by Shamsi, the Water and Electricity Regulatory Authority, to build and install Small Solar PV Systems



Facilitating renewables to end-users, including via utility-scale projects, residential DG, and installers



Financing local players in PV module assembly, inverters, and mounting systems

SIDF has already supported numerous renewable projects that will create jobs, spur local innovation, and help diversify the country's energy mix.

Renewable projects appraised by SIDF in 2022

Project	Capital expenditure
Masdar Solar Panel Factory	\$13.9 mn
Future Renewable Energy Company for Investment and Industrial Development	\$6.1 mn
Alternative Energy Industry Co.	\$16.9 mn
Al-Yamamah Solar Power Systems Factory	\$14.2 mn
Al-Babtain Methalogaiva	\$16.2 mn
Ayamamah Wind Power System Factory	\$46.2 mn



Program snapshot: Mutajadedda

In alignment with the Ministry of Energy's renewable energy plans, SIDF's Mutajadedda Program is a localization initiative that enables renewable components manufacturers, renewable independent power producers (IPP), and solar producers to help the Kingdom reach its Vision 2030 target of around 50% renewable electricity generation by 2030.

Renewable energy components manufacturers



Longer tenor
(up to 15 years)



Grace period of
up to 36 months



Financing up to 75% of
project costs

Independent Power Producers (IPP)



Longer repayment
period (up to 20 years)



Including a grace period
of up to 36 months

Solar DG providers with an emphasis on the commercial and agricultural sectors



Longer tenor (up to 15 years)



Grace period of up to 36 months



Financing up to 75% of project cost



Available for projects owners and developers in
commercial and agriculture sectors

Help build Saudi Arabia's energy sector:

Project finance:

Offered to projects in industrial, mining, energy and logistics sectors

Multipurpose finance:

Finance capital expenditures to improve the operating value of your project

Letter of Credit:

Default payment mechanism to clients with preferred terms and conditions, in collaboration with leading commercial banks

Advisory: Cost optimization:

Analysis of direct and indirect costs, comparison of cost position to the market and analysis of procurement options

Working capital finance:

Cover short-term needs as you grow your business

Supply chain financing:

Short-term financing to ensure suppliers are paid and operations run without interruptions

Acquisition:

Funding acquisition by local companies that want to acquire local targets in SIDF financed sectors

Advisory: Go-to-market:

Provision of recommendation to improve go-to-market strategies, advice on sales, price, and product assortments

New in 2022:

Advisory:

Plan Performance Optimization

-Comprehensive consultations results in advisory aimed at boosting the efficiencies of manufacturing operations

Industrial TOMOH:

Under the Afaq program and in partnership with Monsha'at, SMEs can receive support for their growth and development goals

Local Industry Stimulative Initiative:

Soft Loan Pathway: Non-recourse lending for SMEs

Competitive Accelerator Pathway: Financial support for local players implementing Industry 4.0 technologies for their business

Supporting Operational Needs Program:

Expanded guarantees and working capital in collaboration with commercial banks and local national champions



Apply directly for funding to grow your business [here](#)



Mutajadedda Program:

وزارة الطاقة
MINISTRY OF ENERGY



The financing program to help renewable components manufacturers, renewable independent power producers (IPP), and solar DG producers.

Take advantage of SIDF's renewables-focused funding and advisory programs that are unlocking opportunities across the industrial sector:



Financing the establishment of sustainable industrial parks for renewable energy



Financing and promoting local developers in the field of independent renewable energy



Financing renewable energy production projects for the industrial, commercial, and agricultural sectors



Financing renewables components manufacturers, independent power producers (IPPs), and solar DG providers in the commercial and agricultural spaces



Find out more [here](#)



Chapter Three

MINING THE ARABIAN NUBIAN SHIELD



New prospects: The Kingdom's mining potential

Saudi Arabia's mining industry is one of the most rapidly expanding areas of the Kingdom's economy and an increasingly important source of revenue.^{31 32 33 34}



\$1.3 tn

potential mining revenue



48

identified minerals



\$8 bn

investments in 2021



\$194 mn

in revenues in 2021



20.4%

year-on-year growth in mining and quarrying activity 2021-2022

Vision 2030 sees the mining sector as one of the key industrial development areas, alongside oil and gas and petrochemicals. Saudi Arabia is endowed with a broad array of untapped mineral resources and has a strategic geographic location to develop a globally competitive, value-driven mining sector.

Aligned with Vision 2030, the National Industrial Development and Logistics Program (NIDLP), seeks to unlock the immense potential of mining in Saudi Arabia.

NIDLP strategic objectives for mining

Long-term macro-ambitions



Improve the attractiveness of mining to investors



Boost the contribution of mining to GDP



Support job creation and local communities through a sustainable mining sector

2030 goals



Over 50% of geological data on Arabian-Nubian Shield completed



Finalize the guide to the sector and investment system



Develop a clear, digitized, well-structured investor journey to streamline investments



Improve the value chains of mining and develop midstream and downstream segments

NIDLP is complemented by the Mining Strategy and the 2020 Mining Investment Law, which aim to unlock the potential of the sector. This framework establishes a range of ambitious targets: ^{35 36}



\$47 bn

in GDP contribution by 2030



\$75 bn

in GDP contribution by 2035



SAR 37bn

net imports by 2035



2,000+

licenses granted for reconnaissance, exploration, and exploitation



256,000

new jobs created by 2035



40,000

sector jobs created in remote areas by 2030

Exploring the Arabian-Nubian Shield ³⁷

The Arabian-Nubian Shield, which forms part of the wider Nubian Shield, is an exposure of Precambrian crystalline rocks along the Red Sea. This formation shows strong geological similarities to the mining heartlands of Australia and Canada but is still significantly underexplored.



725,000 sq km

of unexplored territory



\$1.3 tn

potential mining value



17+

gold belts



19+

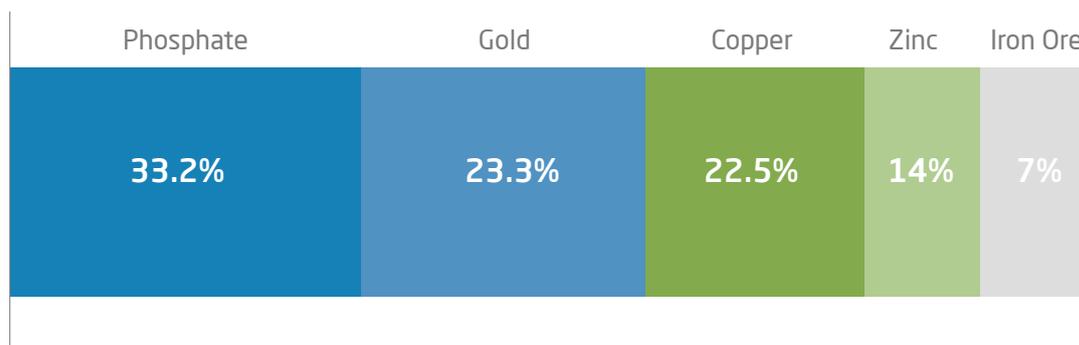
base metal belts



200+

industrial mineral belts

75% of the country's reserves are phosphate, gold, copper, zinc iron ore with a value equivalent to \$980 bn



Funding flows: the role of SIDF

Supporting NIDLP, SIDF is the principal financial enabler of Vision 2030's mining and industrial capabilities. SIDF plays a leading role in growing Saudi Arabia's mining industry through various initiatives.

Why SIDF finances the mining sector



To boost the mining sector's contribution to non-oil GDP



To increase job opportunities in mining



To contribute to domestic and foreign investment in Saudi Arabia



To help Saudi Arabia scale up mining output and meet the global demand for critical mineral

SIDF's initiatives in mining



Provide finance to eligible mining projects for up to 75% of costs



Provide finance for final stages of exploration, including drilling and mine preparation



Develop support service companies to enhance the value-added mining industry

The 2020 Mining Sector Lending Policy has allowed for major regulatory and policy initiatives to stimulate the financing of the industry, including:



Applications can be considered for advanced exploration activities ("Delineation phase") if they carry a SIDF-approved feasibility study and mineral resources report



SIDF's support to added-value services linked to sustainable development of mining and the mining value chain



Grace periods of 24-36 months for mining projects depending on nature of projects



Segment focus: opportunities in aluminium

Vision 2030 and the NIDLP aim to position Saudi Arabia as one of the top 10 global Aluminium producers by generating opportunities across the value chain.

Upstream

Mining metallurgical bauxite and refining into alumina

Midstream

Smelting of primary aluminium and production of secondary aluminium (rolling mill/cast houses)

Downstream

Production of semi-fabricated aluminium products and providing these for manufacturing processes

With over 300 mn MT of confirmed bauxite reserves, Saudi Arabia has a plentiful raw resources with which to grow and expand its midstream and downstream aluminium industry.^{38 39}

5 mn MT

of bauxite currently been mined p/year

1.8 mn MT

of alumina refined p/year

0.78 mn MT

primary smelter with integrated cast house p/year

0.12 mn MT

secondary smelter p/year

0.46 mn MT

rolling mill p/year

300,000 MT

of alumina exported p/year

The state mining company, Ma'aden, already has extensive infrastructure in place through subsidiaries, Ma'aden Aluminium Company and Ma'aden Bauxite and Alumina Company. These joint ventures between Ma'aden and global alumina giant Alcoa rely on bauxite from the Al Ba'itha Mine.



1 mn MT

smelter cast house production



1.8 mn MT

alumina refining

SIDF is exploring the development of mega-projects in aluminium alongside international investors. Projects include an aluminium refinery and a fully integrated aluminium complex to produce flat-rolled products. A SIDF industrial study sees the operational cost of the aluminium value chain at a competitive \$2,147 p/MT.

INTERVIEW

Eng. Turki Al-Babtain

Acting Deputy Minister of Mining Development,
Ministry of Industry and Mineral Resources

وزارة الصناعة
والتروة المعدنية
Ministry of Industry and Mineral Resources



How is the Ministry working at a legislative level to further the Kingdom's localization efforts?

Our Mining Strategy is part of the comprehensive Vision 2030, which is rapidly transforming Saudi Arabia's economic landscape. Mining is now designated as the powerful third pillar of industrial growth, and to support this, the Ministry is focused on integrating value chains and building an entire mining industry in Saudi Arabia - upstream, midstream and downstream -everything from exploration and extraction to processing materials and producing finished goods for export. This includes providing support services needed for developing the industry, such as exploration and monitoring technology, and support for mining communities. We are also creating one of the most favorable mining investment climates in the world through a comprehensive incentive framework, including co-funding up to 75% of investment, five-year royalty holidays for mining firms, discounts of up to 90% on royalties for local downstream production, support for Saudization costs, full repatriation of capital, profit, and dividends subject to a modest 5% withholding tax, and a well-supported network of 36 industrial and four economic cities managed by the Royal Commission for Jubail and Yanbu.

How does the growth of domestic mining capabilities support other sectors, such as industry and manufacturing, and how can SMEs contribute to large projects?

The Mining Strategy aims to develop integrated mineral value chains to expand Saudi Arabia's mining capacities to achieve the targeted full potential of the Kingdom's mineral resources and become a leading mineral player globally. The mining industries are critical to nearly every sector of the Kingdom's economy. Mining currently serves conventional key sectors such as oil and gas, petrochemicals, power generation, construction, and desalination through the supply of base metals. Additionally, the catalyzing impact will go beyond the

mining industry where it will spur the realization of Saudi Arabia's new goals towards advanced industries in electric vehicles, aerospace and defense, and enable the acceleration of other national initiatives such as Saudi Green Initiative, and the transition to renewable energy through the localization of critical metals like lithium, nickel and others.

Moreover, in line with our new Mining Investment Law, we launched a licensing rounds program aimed at exploiting the Kingdom's massive mineral resources, attracting quality investment into the sector and boosting spending in exploration. In January 2022, we auctioned three separate sites. Next year, we will launch 14 new opportunities, partially targeting SMEs and junior mining companies. As the National Industrial Strategy has identified minerals and metals as one of our 12 strategic industries, we invite SMEs to take advantage of these opportunities and become part of our journey.

How would you characterize public-private collaboration in mining, and what key trends do you foresee in the sector in the medium-term?

The Mining Investment Law, approved in 2020, will enable foreign investors easier access to the Kingdom's market. The law was formed to streamline the process of obtaining licenses and attract private sector capital to the industry, and, crucially, allows for 100% foreign ownership.

Central to Saudi Arabia's overarching Mining Strategy is the development of integrated value chains, and this is where we are seeing a particularly interesting trend. The World Business Council on Sustainable Development has identified the circular economy as a \$4.5 trillion opportunity by 2030, and mining companies are keen to extend their traditional business models into re-processing and recycling. While investors demand that mining projects return a profit, the global mining sector recognizes the critical role ESG now plays in licensing and operations, and is responding accordingly.

Help build Saudi Arabia's mining sector:

Project finance:

Offered to projects in industrial, mining, energy and logistics sectors

Multipurpose finance:

Finance capital expenditures to improve the operating value of your project

Letter of Credit:

Default payment mechanism to clients with preferred terms and conditions, in collaboration with leading commercial banks

Advisory: Cost optimization:

Analysis of direct and indirect costs, comparison of cost position to the market and analysis of procurement options

Working capital finance:

Cover short-term needs as you grow your business

Supply chain financing:

Short-term financing to ensure suppliers are paid and operations run without interruptions

Acquisition:

Funding acquisition by local companies that want to acquire local targets in SIDF financed sectors

Advisory: Go-to-market:

Provision of recommendation to improve go-to-market strategies, advice on sales, price, and product assortments

New in 2022:

Advisory:

Plan Performance Optimization

-Comprehensive consultations results in advisory aimed at boosting the efficiencies of manufacturing operations

Industrial TOMOH:

Under the Afaq program and in partnership with Monsha'at, SMEs can receive support for their growth and development goals

Local Industry Stimulative Initiative:

Soft Loan Pathway: Non-recourse lending for SMEs

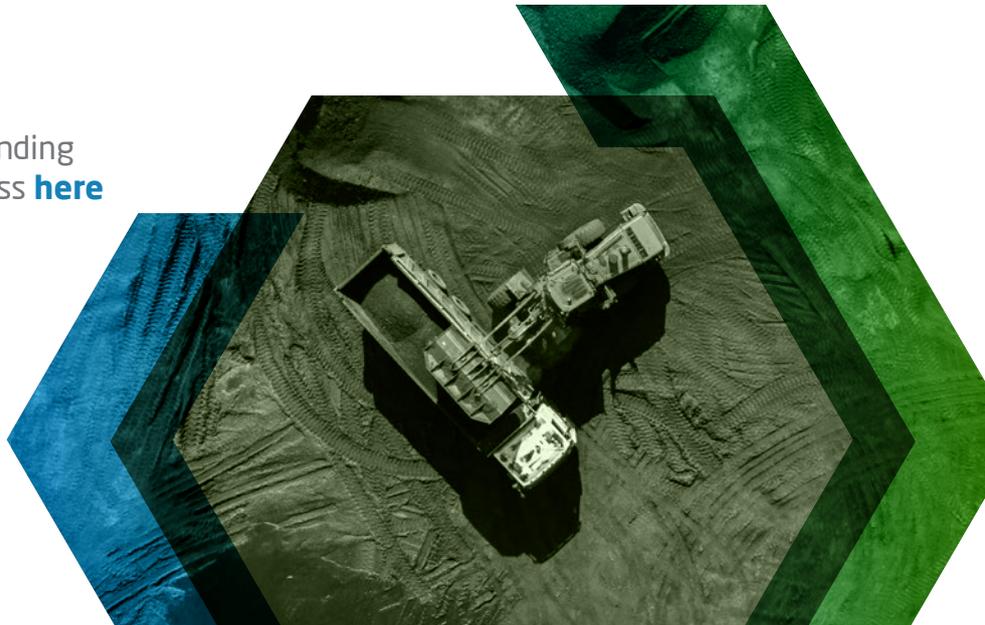
Competitive Accelerator Pathway: Financial support for local players implementing Industry 4.0 technologies for their business

Supporting Operational Needs Program:

Expanded guarantees and working capital in collaboration with commercial banks and local national champions



Apply directly for funding to grow your business [here](#)



Take advantage of the funding and advisory programs that are unlocking opportunities across the mining sector:



75% of costs financed for eligible minerals mining projects



Financing the final stage of the exploration process, which includes drilling and preparation of mines



Fostering support services companies to enhance the value-added and sustainability of the mining sector in the Kingdom



Find out more [here](#)



Chapter Four

DRIVING LOGISTICAL EXPANSION



Robust logistics networks

Vision 2030 aims to maximize the benefits of Saudi Arabia's proximity to key trade routes and energy sources through strategic partnerships that will stimulate a new phase of industrialization, trade, and logistical expansion.

Saudi Arabia has already made early gains



1 to 2 days customs clearing time - half the previous level



Automating the customs process



Expanding the capacity of major transport assets



Awarding concession contracts to private operators

Saudi Arabia is leveraging its strategic assets to become the best quality and lowest cost option for distribution to the Gulf Cooperation Council and Middle East markets, while improving the quality of logistic services, infrastructure and tracking services.

The Kingdom has identified several opportunity areas



Reducing freight rates by enhancing port connectivity and road efficiency



Simplifying and automating the customs clearance process



Reforming regulations to liberalize the logistics market



Reducing variability in import and export times



Enhancing infrastructure through coordinated long-term planning



Enhancing security and transparency of import and export processes

The National Industrial Development and Logistics Program (NIDLP) is a key pillar of the Kingdom's logistics strategy, supporting its growth by creating an attractive investment environment and driving economic diversification.

NIDLP commitments for 2025⁴⁰



8
new Special Economic Zones in NIDLP sectors



20
well-connected, export-driven logistics hubs



70%
average port operational utilization rate



3.38
score on Logistics Performance Index (LPI)



\$4.8 bn
local content spend

OP-ED

Adel Shreif

Market Studies Director, SIDF



A common success factor among industrialized economies is the integrated nature of their supply and logistics networks. This proven approach aligns closely with SIDF's strategy geared toward 'integrated growth' for Saudi Arabia. Through our integrated growth approach, we aim to connect the strategic opportunities in Industry, Energy, and Mining, with supporting Logistics systems. These logistics networks that, so critically, connect various industrial players, are entirely dependent on quality infrastructure. To that end, it is essential to strategically align, plan, and execute infrastructure projects that will bring maximum benefit to all dependent players across the industrial ecosystem.

SIDF believes in the Kingdom's strategic advantage to grow as an industrial and logistics hub. Saudi Arabia's proximity to important trade routes, its abundance of natural resources, and its young, dynamic workforce all point to a future worth investing in. A committed government has, in anticipation of reaching Vision 2030 goals, invested heavily in physical and digital infrastructure projects, as well as streamlined bureaucratic systems and procedures.

The National Industrial Development and Logistics Program (NIDLP) and National Transport and Logistics Strategy (NTLS) look to investors to help expand this infrastructure, with a target of 10% GDP contribution from logistics by 2030. SIDF will be the main financial enabler of these industrial goals. NIDLP, particularly, will see the establishment of 8 special economic zones and 20 logistics hubs by 2025. Such investor-centric projects are to be supported by local and global connecting infrastructure, to ensure goods move seamlessly in and out of the Kingdom.

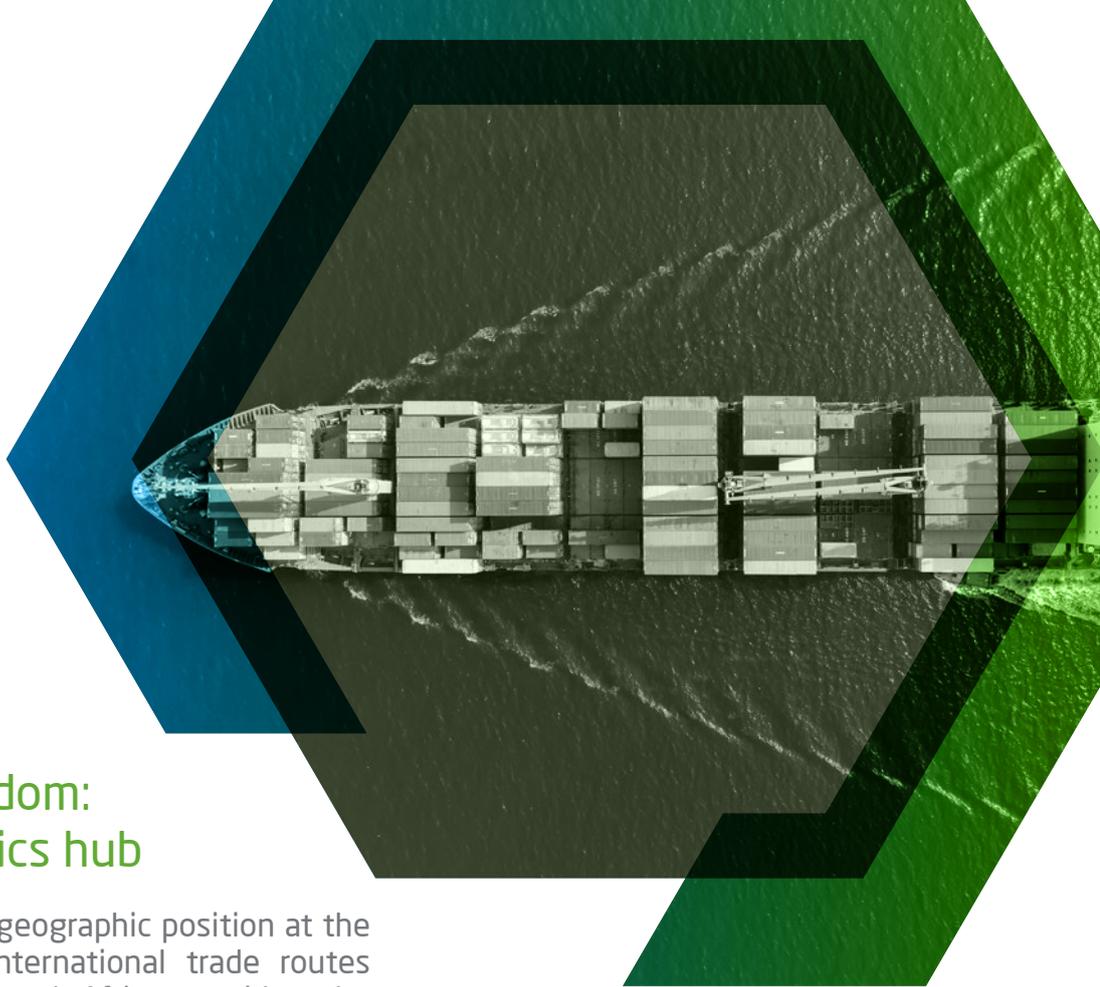
SIDF, as a key enabler of NIDLP, is playing an important role in stimulating these investments and

guiding the development of world-class infrastructure in Saudi Arabia. Some of our major plans involve infrastructure development for air, land, rail, and seaports. Here, we're involved in the design and construction of port facilities, as well as providing support for the required road and rail linkages. Alongside these, we're specifically targeting ICT-driven, third-party logistics (3PL) warehousing, as well as advanced port handling and support services. Globally, supply chains are increasingly reliant on advanced technologies, and we see the integration of ICT solutions into our logistics sector as a key factor to leverage our competitive advantages.

Saudi Arabia's existing ports already act as reputable transport hubs along the Red Sea - a critical vein in global trade. Subsequently, SIDF is exploring strategic opportunities that will expand our shipping and container manufacturing capacity. There are also projects for investors looking to tender for projects in further developing our road and rail networks. Noteworthy, the Kingdom is located within 5 hours by plane from many major global markets - a big plus factor for the air tourism and air cargo industries. Upgrading our air facilities will be a key stimulant for economic growth and job creation. Ongoing freight developments at King Abdulaziz International Airport in Jeddah and King Khalid International Airport in Riyadh are major opportunities for global and local players to strengthen their connectedness to global trade networks.

The efficiency of the Saudi supply network will be bolstered by these various infrastructure initiatives and the strategic growth points identified by SIDF. All-in-all, we see the integrated growth strategies of SIDF as an essential part of Vision 2030's ambition to create a prosperous nation.





Connected Kingdom: a regional logistics hub

Saudi Arabia's strategic geographic position at the crossroads of critical international trade routes between Asia, Europe and Africa provides the domestic transport and logistics market with a compelling competitive advantage.⁴¹



\$18 bn

total market size of Saudi logistics sector



\$26 bn

annual growth prior to 2030



12%

CAGR by 2030



90%

of Red Sea regional trade transits dominated by Saudi ports



\$30 bn

public sector investment in next decade



55%

share of GCC market



12%

of annual global container trade captured by the Red Sea



30%

of East African regional trade transits dominated by Saudi ports

Several key trends currently shape Saudi Arabia's logistic and supply chain markets.



Strategic cluster-driven industrial development



Enriched international supplier and supply-chain partnerships



Intensified financial support programs for logistics and supply-chain businesses



Economic diversification pushes development of new industries



Localization opportunities formalized in public procurement policies

Saudi Arabia's strategic investment in logistics infrastructure spans aviation, maritime, rail and road, ensuring true interconnectivity between key domestic hubs and international trade partners.



Aviation

28 airports

6 international, 9 regional, and 12 local

45 countries

connected through the Kingdom's airports

5-hour

flight from 50% of the world's population



Maritime

10

primary harbors

200 piers

and 216 berths

15,000 ships

received annually

13 mn

TEU handling capacity in 2021



Rail

10.4 mn tons

of minerals cargo transported via the North-South railway

350,000 TEU

volume transported by the Riyadh-Dammam railway

1,065 km

land bridge project to provide direct link between Red Sea and Arabian Gulf



Road

5,000 km

of highways and bridges

138.5 mn tons

of goods transported by road in 2021

INTERVIEW

Adnan Al-Mazrooa

Deputy CEO, NAQEL Express



How future-ready and regionally competitive are Saudi Arabia's transportation infrastructure and logistics networks?

Saudi Arabia's transportation infrastructure is on the move, with the imperative being to help the Kingdom strengthen its position as the logistics hub for the wider region. One of the Kingdom's great strengths within the value chain is its air clearance infrastructure, with the development of more special economic zones (SEZ) expected to further enhance the market. We foresee SEZs operating across all the Kingdom's seaports and airports, enhancing the opportunities for online retailers, such as Amazon and Apple and various others who are setting up their distribution hubs. SEZs will play a crucial role in promoting trade flows into the Kingdom, attracting investor interest and encouraging them to set up their facilities and help transform Saudi Arabia into a logistics hub that connects the three continents.

We will play an important role to bridge the gap in terms of getting the shipments last-mile to the customers while continuing to help in building fulfillment centers to supporting companies in their logistics, fulfillment, and distribution warehouse management.

What opportunity does the growth of E-commerce present in the logistics space?

There are major opportunities and demand in e-fulfillment, dark store logistics, and delivery services, ranging from 30 minutes to same-day delivery for goods offered through online platforms. Logistics companies will play a major role in getting the shipments from the malls and retail centers as well as from platform fulfillment centers to the customers via last-mile services.

As the e-commerce space continues to expand with the consolidation and distribution of online orders, we envisage the delivery of logistics services to the rest of the Middle East region and potentially to Africa, with Saudi Arabia as the regional hub. In addition, we also see major demand growth arising from end-to-end logistics covering door-to-door transportation and integrated industry-specific logistics solutions including 3PL and 4PL.

Overall, we foresee the growth of the e-commerce sector as a key development driver across the logistics sector and the supply chain, and it is important to continue investing in infrastructure, which will help reducing delivery times and improving costs.

How has collaboration between the government and private sector enhanced the Kingdom's position as a logistics hub?

NAQEL started as a trucking company, but over the years expanded into an integrated express logistics company offering a wide range of services for both individuals and businesses. Our development has been catalyzed by the support of SIDF as a partner in our strategy development. The funding we have gotten from SIDF has also opened up a wealth of opportunities and fostered our growth in the logistics industry. We have seen the government's commitment, as a part of Vision 2030 initiatives, to the growth of the sector and its promising outlook. With the support of SIDF, we hope to continue our journey to further the kingdom's logistics capabilities.

Logistics boost: how SIDF is helping

Supporting the logistics sector is one of the targets of Vision 2030 to transform the Kingdom into a global logistics hub and transport leader. SIDF's mandate includes its role as a key financial enabler of the logistics industry across several specialized sectors.



Establishment of warehouses and IT services for third-party logistics services



Port handling and support services using specialized equipment



Development of infrastructure for air, land, and seaports



Manufacture and purchase of container ships and feeder vessels



Support of air freight services that carry goods between global markets



Construction of rail transport products

In line with Vision 2030, and supported by the National Transport and Logistics Strategy (NTLS) Saudi Arabia aims to reinforce its position as a global hub for seamless transport and logistics operations. ^{42 43}



SAR 45 bn

annual non-oil revenue in the sector by 2030



10%

transport and logistics sector contribution to GDP by 2030



Launch

of a new national carrier



250

total destinations through air connectivity



4.5 mn

tons of air freight capacity doubling the current capacity



40 mn

annual twenty-foot equivalent units (TEU) capacity



5th

largest global air transit passenger route



8,000 km

railway network from 5,000 km currently

NTLS aims to achieve these goals by:



Leveraging partnerships with regional and international stakeholders



Developing a research and development ecosystem that fosters innovation



Supporting the adoption of advanced logistics technologies

INTERVIEW

Loay Mashabi

Deputy Minister for Logistic Services, Ministry of Transport & Logistics Services



How can the Ministry continue supporting coordination within different public stakeholders while supporting private sector participation in Transport and Logistics?

The Ministry of Transport & Logistics Services serves as an overarching policy maker for many governmental bodies, like the Transport Authority, the General Authority for Civil Aviation, and the Saudi Ports Authority, among others. In order to maintain seamless integration between the public and private sectors, we aim to monitor KPIs and integrate feedback from the private sector to the governmental bodies previously mentioned. Leading into 2023, we are taking steps to promote privatization by implementing the separation of operations ownership and the operations of assets. By doing this, we will be establishing ourselves as a regulator and some employees and assets will be moved to the private sector with financial support from the government. Some assets, however, will remain with the government in order to support broader economic growth. For the purpose of cargo movement across all modes, we aim to ensure that regulations are aligned and transparent for the future needs of the sector. We are also working on enhancing the connectivity of air and seaports, which should lead to a greater volume of imports to Saudi Arabia, resulting in a decrease in the cost of freight shipments.

What role do you think special economic zones and expanded airports will play in the Kingdom's economy?

Over the last few years, we concluded that free zones are of paramount importance for Saudi Arabia's economic ambitions. We recently announced our first free zone next to the King Khalid International Airport, in Riyadh, and plan to announce more in other locations, such as King Abdullah Economic City, Jizan, and Ras Al-Khair. Through

attracting global delivery to open regional logistics hubs in Saudi Arabia, we aim to heavily capitalize by increasing re-exports. The e-commerce sector accounts for 23% of all sales in the Kingdom, and 45% of the food and beverage sector's purchases are made through e-commerce apps. Due to this shift towards e-commerce, it is particularly important to streamline logistical services and develop appropriate infrastructure. In addition, these zones will reduce the supply chain dependency on companies located in other countries, and it will also increase the resilience of the Kingdom's supply chain to be ready for a global disruption. Furthermore, the creation of free zones should result in a positive impact in job creation and localization.

What services are available to private sector companies looking to expand?

In the next few years, the portfolio of opportunities available to private sector companies will be extensive and diverse. There are many opportunities for partnerships between the public and private sectors (PPP), and this will only keep increasing. Many international players are coming to Saudi Arabia to look for partners whilst also bringing their expertise and technology. This shows that doors are opening for Saudi companies looking to pursue expansion. In addition, private companies in the Kingdom that used to serve themselves logistically are aiming to diversify by providing logistical services to other private companies when they have capacity. Among SMEs, there is an increasing number of opportunities within technology implementation, leading to the experimentation of different operating models as they relate to logistics. Regulatory changes being implemented aim to increase cargo volume and in turn increase profitability for logistics companies as well. Lastly, I would also mention the existence of significant opportunities for the distribution industry in smaller cities in Saudi Arabia.

Help build Saudi Arabia's logistics sector:

Project finance:

Offered to projects in industrial, mining, energy and logistics sectors

Multipurpose finance:

Finance capital expenditures to improve the operating value of your project

Letter of Credit:

Default payment mechanism to clients with preferred terms and conditions, in collaboration with leading commercial banks

Advisory: Cost optimization:

Analysis of direct and indirect costs, comparison of cost position to the market and analysis of procurement options

Working capital finance:

Cover short-term needs as you grow your business

Supply chain financing:

Short-term financing to ensure suppliers are paid and operations run without interruptions

Acquisition:

Funding acquisition by local companies that want to acquire local targets in SIDF financed sectors

Advisory: Go-to-market:

Provision of recommendation to improve go-to-market strategies, advice on sales, price, and product assortments

New in 2022:

Advisory:

Plan Performance Optimization

-Comprehensive consultations results in advisory aimed at boosting the efficiencies of manufacturing operations

Industrial TOMOH:

Under the Afaq program and in partnership with Monsha'at, SMEs can receive support for their growth and development goals

Local Industry Stimulative Initiative:

Soft Loan Pathway: Non-recourse lending for SMEs

Competitive Accelerator Pathway: Financial support for local players implementing Industry 4.0 technologies for their business

Supporting Operational Needs Program:

Expanded guarantees and working capital in collaboration with commercial banks and local national champions



Apply directly for funding to grow your business [here](#)



Take advantage of the funding and advisory programs that are unlocking opportunities across the Logistics sector:

Tanafusiya:

Loans and grants supporting industry 4.0, digital transformation and energy efficiency in industry



Now up to 100% of project finance



Longer tenor (minimum of 7 years)



Grace period (up to 24 months)



Turnaround time of under 8 weeks for smaller projects



8 new private sector implementation partners in Q4 2022



Find out more [here](#)

Tawteen:

Financing and support for projects that boost local content and supply chain localization



Preferential financing terms



Linking with leading companies' procurements



Provide advisory services



Find out more [here](#)



BIBLIOGRAPHY

Number	Link
[1]	National Industrial Strategy, An Industrial Nation
[2]	US International Trade Administration, Saudi Arabia Country Commercial Guide
[3]	Ministry of Industry and Mineral Resources Investor Guide
[4]	Invest Saudi, Sector Opportunities, Mining
[5]	NIDLP Delivery Plan 2021-2025
[6]	Invest Saudi, Sector Opportunities, Transport and Logistics
[7]	GASTAT, NON-Oil Exports in Saudi-Arabia increase by 13.1% in Q3 2022
[8]	Ministry of Finance, Budget Statement, Fiscal year 2023
[9]	Vision 2030
[10]	Vision 2030, Thriving Economy
[11]	National Industrial Strategy, An Industrial Nation
[12]	GASTAT, GDP Q3 2022
[13]	GASTAT, GDP Q3 2022
[14]	GASTAT, IPI December 2022
[15]	Invest Saudi, Sector Opportunities, Automotives
[16]	Invest Saudi, Sector Opportunities, Automotives
[17]	US International Trade Administration, Market Intelligence, Saudi Automotive Market
[18]	Royal Commission for Riyadh City, "HRH The Crown Prince and Chairman of RCRC launched Riyadh Sustainability Strategy (October 2021)
[19]	SPA, "Ceer to establish electric vehicle manufacturing site at KAEC" (November 2022)
[20]	Lucid Motors "Lucid Group gearing up first international plant in Saudi Arabia" February 2022
[21]	Ceer, HRH Crown Prince launches Ceer (November 2022)
[22]	Petromin, "KSA gets national EV charging network as Electromin launches 100 charging points" (May 2022)
[23]	Bloomberg, Saudi mining plan gets \$3bn boost from Australian firm
[24]	GASTAT, GDP Q3 2022
[25]	Ministry of Energy
[26]	Ministry of Energy
[27]	Reuters, "Saudi Aramco signs agreement to establish carbon capture and storage hub" (November 2022)
[28]	US International Trade Administration, Saudi Arabia Country Commercial Guide
[29]	US International Trade Administration, Market Intelligence, Renewable Energy
[30]	Ministry of Energy
[31]	Minister of Industry and Mineral Resources, Investor Guide
[32]	NIDLP Delivery Plan 2021-2025
[33]	Ministry of Investment, Investment Highlights Q2 2022
[34]	SPA, Minister of Industry and Mineral Resources meets with several ministers in South Africa during African mining INDABA (May 2022)

BIBLIOGRAPHY

Number	Link
[35]	NIDLP Annual Report 2020
[36]	Ministry of Industry and Mineral Resources, Mining Overview (January 2022)
[37]	Ministry of Investment, Invest in Saudi Arabia's Mining and Metals Sector
[38]	Ma'aden
[39]	Ministry of Investment, Invest in Saudi Arabia's Mining and Metals
[40]	NIDLP Delivery Plan 2021-2025
[41]	Invest Saudi, Sector Opportunities, Transport and Logistics
[42]	Invest Saudi, Sector Opportunities, Transport and Logistics
[43]	

DISCLAIMER

This Report, including data, information, methodologies, and opinions reflected herein contained or is for general information purposes only. The material in this Report is obtained from SIDF per dating of the report. SIDF has taken reasonable care to ensure that, and to the best of our knowledge, material information contained herein is in accordance with the facts and contains no omission likely to affect its understanding. SIDF makes every effort but cannot and does not represent or warranty of any kind, whether express or implied, as to, the accuracy, reliability, or suitability of the information, products, services, or related graphics in this Report for any purpose. SIDF assumes no liability or responsibility of any kind for any errors or omissions in the content of this Report and further disclaims any liability of any nature for any loss howsoever caused in connection with using this Report. The materials and information in this Report are subject to change at any time without prior notice.



For more information:

Address:

3015 King Abdullah Financial District - Al-Aqeeq.
Unit Number:2 | RIYADH 13519 - 6483

Telephone: 8001160004

E-mail: info@sidf.gov.sa

Whatsapp: 0118251555

