

A Guide to Securing Finance for Solar Manufacturing in Saudi Arabia via the SIDF

A Strategic Guide to SIDF Financing for PV Module Factory Projects

Content Partner: J. v. G. technology GmbH

Turnkey solar module production lines — since 1997

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Technical Overview: SIDF Financing for Solar Manufacturing in Saudi Arabia



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

Key Project Data

Typica... Tens M... Autom... 6–12 Mo

Scale

Industrial-scale solar module
factory (context-dependent)

Investment

Industrial-scale capex —
tens of millions SAR
equivalent

Line Type

Automated solar module
production line

Ramp-Up

Approval + implementation
overlap context

 Region: Saudi Arabia · Sector: Solar PV Manufacturing · Source: PVKnowHow / J.v.G. Technology GmbH

The Financing Challenge in Solar Manufacturing

Why Capital Access Is Difficult

- Solar module factories require large upfront capex — land, buildings, machinery, pre-operating costs
- Long ramp-up periods (6–12 months) before revenue generation
- Commercial banks offer only 5–7 year terms — mismatched to manufacturing timelines
- New entrants lack track record to satisfy conventional lenders

Why This Matters Strategically

- Access to appropriate financing is a prerequisite for market entry
- Financing structure determines project viability as much as technology choice
- Saudi Vision 2030 targets local manufacturing — but only well-financed projects will qualify
- Misaligned financing leads to cash flow crises during ramp-up

SIDF as Strategic Enabler

What SIDF Is

- Government financial institution established 1974
- Dedicated to supporting Saudi Arabia's private industrial sector
- Capital base: SAR 105 billion
- Mandate aligned with Vision 2030 economic diversification

Role in Renewable Energy

- Actively promotes local solar manufacturing capabilities
- Targets a self-sufficient and export-oriented solar industry
- Operates through the Mutajadedda renewable energy financing program
- Not a passive lender — functions as an industrial development partner

Strategic Positioning

- SIDF loan = endorsement of national strategic alignment
- Opens access to further government support programs
- Facilitates smoother engagement with regulatory bodies
- Unlike commercial lenders: objective is long-term industrial development

SIDF vs. Commercial Banks: Key Advantages

Criterion	Commercial Bank	SIDF
Loan Tenor	5–7 years (typical)	Up to 20 years
Grace Period	Minimal or none	Up to 36 months (no repayments)
Financing % of Costs	Limited; collateral-dependent	Up to 75% of eligible project costs
Cost of Capital	Commercial interest rates	Nominal administrative fees only
Strategic Endorsement	None	Signals Vision 2030 alignment
Eligible Cost Items	Varies; often working capital only	Land, buildings, machinery, pre-operating costs

Eligibility Criteria: Four Core Requirements

1

Industrial License

- Valid license from the Ministry of Industry and Mineral Resources (MIM)
- Officially classifies the project as an industrial activity
- Absolute prerequisite — application cannot proceed without it

2

Ownership Structure

- Project must be legally established within Saudi Arabia
- Foreign investment is permitted — but significant Saudi ownership is required
- Clear legal and ownership documentation must be provided

3

In-Country Value (ICV)

- Alignment with ICV objectives is increasingly mandatory
- Must demonstrate: Saudi jobs created, local procurement, local service engagement
- ICV contribution quantified and documented in the application

4

Feasibility Study

- Credible, detailed study is the cornerstone of any successful application
- Must prove technical, market, and financial viability
- Includes market analysis, technology choice, and 5-year financial projections

SIDF Application Process: 5 Steps

- 1 — Step 1 — Initial Inquiry & Pre-Screening**
 - Submit initial application via SIDF portal
 - Fund reviews basic concept for mandate and eligibility alignment
- 2 — Step 2 — Formal Application Submission**
 - Full application package submitted: feasibility study, industrial license, legal documents, sponsor details
 - Understanding full investment scope is critical at this stage
- 3 — Step 3 — Due Diligence & Appraisal**
 - Dedicated SIDF team appraises market analysis, technical specs, financial models, management team
 - Site visits and supplementary information requests are standard
- 4 — Step 4 — Loan Approval & Agreement**
 - Project presented to SIDF loan committee for final approval
 - Formal loan agreement drafted with all terms, conditions, and covenants
- 5 — Step 5 — Disbursement & Monitoring**
 - Funds disbursed in tranches tied to project milestones (civil works, machinery arrival)
 - SIDF monitors progress through construction and into operational phase

The Feasibility Study: Why It Defines the Outcome

What Must Be Covered

- Market analysis: demand, competitive landscape, target customers
- Technology selection: production line type, automation level, supplier credentials
- Financial projections: 5-year P&L, cash flow, balance sheet
- Profitability metrics: IRR, payback period, break-even point
- Implementation timeline with milestones and lead times
- Sensitivity analysis: stress-tested scenarios ($\pm 10\%$ revenue/cost)

Evaluation Standards

- SIDF expects projections built on verified assumptions — not estimates
- Cash flow must show adequate debt service capacity under conservative scenarios
- Ramp-up timeline must align with grace period structure
- Regulatory compliance and environmental standards must be addressed
- Management team credentials are reviewed as part of appraisal
- A proven turnkey manufacturing concept strengthens technical credibility

Risk Reduction & Strategic Alignment

1

Investor Risk Reduction

Up to 75% financing reduces equity burden; grace period of up to 36 months eliminates early cash flow pressure during ramp-up

2

National Alignment Signal

SIDF approval is a formal signal of Vision 2030 and ICV alignment — reducing regulatory friction and facilitating further support access

3

Turnkey Provider Value

An experienced European turnkey provider delivers a bankable feasibility study and proven line concept — directly reducing SIDF appraisal risk

 Grace periods of up to 3 years provide the operational breathing space needed to commission equipment, reach design capacity, and generate stable revenue before debt repayment begins.

FAQ: Common Questions from Applicants

Can foreign investors apply?

Yes — provided they hold a valid MISA investment license and meet basic loan requirements. Saudi ownership participation is required, with the financing percentage linked to domestic ownership level.

Does SIDF finance equipment purchases?

Yes — equipment is eligible as part of a comprehensive project financing package. Quotations, contracts, and customs clearance documents will be required during appraisal.

What is the minimum/maximum financing amount?

Amounts are project-specific and determined by SIDF experts after evaluation. No published fixed floor or ceiling — project scale, assessment, and legal entity type all factor in.

Does SIDF support SMEs?

Yes — SIDF offers dedicated financing programs for SMEs including soft loan instruments and accelerated approval tracks for qualifying projects.

Strategic Conclusion

SIDF Is the Right Instrument

- Only financing structure aligned with industrial manufacturing timelines
- 20-year tenors and 36-month grace periods match factory ramp-up realities
- Up to 75% financing significantly de-risks the investment case

Preparation Is the Critical Variable

- Feasibility study quality is the single largest determinant of approval
- ICV contribution must be explicitly quantified
- Proven turnkey manufacturing concept reduces technical appraisal risk

Vision 2030 Creates a Window

- National mandate actively supports solar manufacturing investment
- SIDF approval accelerates access to broader government ecosystem
- Early movers benefit from program incentives and reduced competition

- ✓ An applicant working with a proven turnkey manufacturing concept and a professionally prepared feasibility study is significantly better positioned to secure SIDF financing and execute a successful factory launch.

About the Content Partner

J. v. G. technology GmbH — The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included — no prior manufacturing experience required.

Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |
TÜV-certified module designs | Factory planning to production

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