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The Feasibility Study as a Financing Prerequisite in Saudi Arabia: A Comparative Review of Development-Fund Requirements and a Practical Framework for Investors

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Abstract

Saudi Arabia channels a large share of project finance for small, medium and industrial enterprises through state development funds and guarantee programmes. Applicants are routinely asked to demonstrate the viability of their project, yet the public documentation of what each financing body expects is fragmented across portals, brochures, press reports and partner-bank pages. This working paper reviews publicly available requirements of five financing channels (the Saudi Industrial Development Fund, the Agricultural Development Fund, the Social Development Bank, the Tourism Development Fund financing programme distributed through a fintech partner, and the national SME loan-guarantee programme) as accessible in November 2026. Using structured document review, it classifies each channel by whether a feasibility study or business case is explicitly required, by the analytical components mentioned, and by the financing parameters disclosed. The review finds that explicit feasibility-study requirements appear mainly in project-type and investment-type financing (industrial competitiveness and acquisition products, specialised agricultural projects), whereas short-term working-capital programmes rely on corporate documents and financial statements. Disclosed financing shares for industrial loans vary by city category (50%, 60% and 75%) with tenors of up to 15 or 20 years. The paper synthesises a nine-component framework for preparing lender-ready feasibility studies in the Saudi context and identifies gaps in public disclosure that applicants should verify directly with each fund.

Keywords: feasibility study; project finance; development funds; Saudi Arabia; SIDF; Agricultural Development Fund; SME finance; Vision 2030

1. Introduction

A feasibility study tests whether a proposed project is commercially, technically and financially viable before capital is committed. In practice, its most consequential reader is often not the investor but the financier: a development fund, a commercial bank or a guarantor deciding whether the project can service debt. In Saudi Arabia, state development funds play a central role in financing productive sectors, and their requirements shape how feasibility studies are prepared.

Prospective applicants, however, face a practical problem. Requirements are published in different formats (web pages, product brochures, partner-bank pages and press coverage), change over time, and are not always explicit about whether a full feasibility study is needed or what it must contain. This paper addresses three questions: (1) Which financing channels publicly state a feasibility-study or business-case requirement? (2) What analytical components do they mention? (3) What practical framework can applicants use to prepare a study that answers what financiers actually check?

2. Method

The study uses structured document review of publicly accessible sources. Official sources (fund websites and product brochures) were preferred; where official pages were unavailable to automated retrieval, reputable secondary sources (national press, legal commentary, official encyclopaedia entries and authorised distribution partners) were used and are flagged as such. Sources were accessed between 6 and 8 November 2026. For each channel the review recorded: (a) whether a feasibility study or business case is explicitly required; (b) the analytical components named; (c) disclosed financing parameters (share of cost, tenor, grace period); and (d) the type and date of the source.

Limitations. Some official pages could not be retrieved (for example, the Agricultural Development Fund's conditions pages redirected to its homepage, and the SME guarantee programme page returned no programme details). Absence of a stated requirement in a public source does not mean no requirement exists; it means it is not publicly documented in the sources reviewed. Requirements change, and applicants must verify current conditions with each institution. The author's firm prepares feasibility studies commercially; this interest is disclosed at the end of the paper.

3. Findings by financing channel

3.1 Saudi Industrial Development Fund (SIDF)

SIDF's investor-information page states loan shares by city category: 50% for first-category cities (e.g., Riyadh, Jeddah, Dammam, Jubail), 60% for second-category cities (e.g., Qassim, Madinah, Taif, Rabigh) and 75% for third-category cities (e.g., Hail, Jizan, Najran, Tabuk), with loan terms of up to 15 years in the first category and up to 20 years in the second and third [1]. The same page advises investors to engage a consulting firm during implementation and an auditing firm throughout the loan term [1].

SIDF's programmes and services brochure lists a range of products [2]. For the competitiveness product (Tanafusiya) it requires a feasibility study with reasonable capital and operating cost projections and evidence of commercially proven technology; for acquisition financing it requires a business case including market supply-and-demand analysis, a technical description of any new technology, a risk assessment, and financial and legal advisor reports. Working-capital financing requires cash-flow projections. The brochure also lists feasibility validation and technical design review among SIDF's own services, and advisory support for preparing feasibility, marketing and technical studies [2]. Note: the brochure is undated and its layout is fragmented, so product-to-term attributions should be confirmed with SIDF.

3.2 Agricultural Development Fund (ADF)

The ADF (formerly known to many applicants as the Agricultural Bank) offers an electronic "new loan" service through its portal [3]. Its published lending conditions for specialised agricultural projects, as reported by Ajel newspaper in November 2021, required individual applicants to submit an electronic copy of an economic feasibility study covering technical, financial and marketing aspects, alongside licences, an agricultural registry certificate, a surveyed site plan, proof of land tenure, collateral and evidence of financial standing [4]. Corporate applicants were asked for corporate documents and recent financial statements [4]. Current conditions could not be retrieved directly from the fund's pages during this review.

3.3 Social Development Bank (SDB)

Established in 1971 as the Credit Bank and renamed in 2016, the SDB provides social and professional financing, including microfinance and programmes for startups and entrepreneurs in areas such as healthcare projects, emerging technology, industrial projects and franchising [5]. The source reviewed does not state a feasibility-study requirement; programme-specific conditions should be checked on the bank's official channels [5].

3.4 Tourism Development Fund (TDF)

The TDF was announced in June 2020 with initial capital of SAR 15 billion, with a mandate that includes financing and advisory services for tourism and related businesses [6]. A TDF-branded short-term working-capital programme distributed through an authorised fintech partner lists required documents (commercial registration, national ID, articles of association, company profile, tax and zakat certificates, IBAN certificate and financial statements) and does not list a feasibility study [7]. Project-level TDF financing terms were not available in the sources reviewed.

3.5 SME loan-guarantee programme (Kafalah)

The national SME loan-guarantee programme, historically branded Kafalah and now presented under the SME Bank's programmes, guarantees part of SME financing extended by participating banks. The official programme page retrieved during the review did not display programme details [8]; participating-bank pages describe the programme but vary in detail. Applicants should obtain current guarantee coverage and documentation requirements from the SME Bank or the financing bank.

4. Comparative synthesis

Channel	Explicit FS / business case?	Components named	Disclosed parameters	Source type
SIDF – project & competitiveness	Yes (competitiveness: FS with capex/opex; acquisition: business case)	Market supply–demand, technical description, risk assessment, capex/opex, advisor reports	Loan share 50/60/75% by city category; up to 15–20 years	Official page and brochure [1][2]
SIDF – working capital	No (cash-flow projections)	Cash flows	Short-term	Official brochure [2]
ADF – specialised projects	Yes (individuals, 2021 conditions)	Technical, financial, marketing	Not disclosed in source	Press report of official conditions [4]
SDB – startup programmes	Not stated in source	—	Programme-specific	Encyclopaedic secondary source [5]
TDF – working-capital programme	No (documents + financial statements)	Company profile, financial statements	Not disclosed	Authorised partner page [7]
SME loan guarantee	Not available in source	—	Not available	Official page (no details) [8]

Two patterns emerge. First, explicit feasibility-study or business-case requirements cluster in project and investment financing, where the financier bears long-term risk on a new or expanded asset. Second, short-term and working-capital products substitute historical financial statements and cash-flow projections for a forward-looking study. For applicants, the practical implication is that the depth of the

study should match the financing type: a long-tenor project loan calls for a full study, while a working-capital line calls for robust cash-flow evidence.

5. A practical framework for lender-ready feasibility studies

Combining the components named across the reviewed sources with standard project-appraisal practice, the paper proposes nine components that answer what Saudi financiers check:

- Executive summary aligned with the financing request (amount, purpose, tenor, collateral).
- Market analysis based on verifiable data for the target city and sector: demand, prices, competitors, sales channels.
- Technical study: site, capacity, technology (with evidence that it is commercially proven where required), equipment, staffing and licences.
- Capital and operating cost estimates with stated assumptions and supplier quotations where available.
- Revenue model and monthly cash-flow projections, reflecting seasonality (e.g., Ramadan, summer, school terms).
- Profitability and debt-service indicators: NPV, IRR, payback period and debt-service coverage under the proposed loan structure.
- Sensitivity and scenario analysis on price, volume, costs and implementation delay.
- Risk assessment and mitigation (market, supply, regulatory, financial).
- Compliance and documentation checklist tailored to the specific financing body, verified against its current conditions.

6. Gaps and recommendations

- Publication gap: several programmes do not publish, in an accessible and dated form, whether a feasibility study is required and what it must contain. Dated, versioned requirement documents would reduce rejected or incomplete applications.
- Verification: applicants should treat press reports and partner pages as indicative and confirm requirements directly with the fund before commissioning a study.
- Proportionality: study depth should match financing type and tenor; over-engineering short-term applications adds cost without improving approval prospects.
- Further research: a survey of applicants and fund officers could quantify which study components most influence approval decisions.

7. Conclusion

In Saudi development finance, the feasibility study functions less as a formality than as the primary evidence of debt-service capacity for project-type financing. Publicly available requirements are uneven, but where they are explicit they converge on market, technical, financial and risk components. The nine-component framework offered here provides a practical, verifiable structure that applicants can adapt to each financing body’s current conditions.

Disclosure

The author is affiliated with Googan Business Services Company, a Riyadh-based firm that has prepared feasibility studies for the Saudi market since 1996 and holds ISO 9001 certification. The company states that its feasibility studies are accepted by the Agricultural Development Fund. No external funding was received for this paper. Fund requirements described here reflect the sources accessed in November 2026 and may change.

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