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Unlocking New Pathways for Growth: How the UAEF-PIF MoU Will Accelerate KSA's Development Agenda

The recent signing of a US\$5.1 billion Memorandum of Understanding between UK Export Finance (UEF) and the Public Investment Fund (PIF) marks a significant milestone in Saudi Arabia's transformation journey. While UEF's support naturally brings benefits to UK exporters and commercial lenders, the more meaningful story lies in what this partnership offers the Kingdom of Saudi Arabia, its sovereign institutions, and local businesses. At a time when the Kingdom is intensifying efforts to diversify its economy and seeking to attract greater volumes of foreign investment, the MoU represents a powerful opportunity to secure competitive capital, strengthen project delivery, and deepen Saudi Arabia's international partnerships.

Export Credit Agencies (ECAs) such as UEF play a crucial role in enabling large-scale infrastructure projects by providing financial guarantees, loans, and insurance to mitigate risks that typically deter private investors. Their involvement is particularly important in emerging markets where projects require substantial upfront investment, long repayment periods, and certain risk protections that purely

commercial lenders may be unwilling to extend. UEF is widely recognised for its strong due diligence and its ability to attract additional lenders through credit enhancement. Its participation signals credibility, stability, and government-level backing.

For Saudi Arabia, this MoU offers benefits that go beyond financing. Strategically, it strengthens the Kingdom's ability to move ahead with its long-term Vision 2030 commitments despite shifting global economic conditions. Saudi infrastructure and industrial projects often require longer tenors, multi-layered risk structures, and diversified funding sources. UEF's support complements the Kingdom's strategy of maintaining financial resilience, especially at a time when competition for global capital is intensifying. By securing a large, pre-agreed pool of potential financing, Saudi Arabia can tactically prioritise which projects to accelerate, focusing on those most likely to attract co-investors or generate early economic impact.

The MoU also reinforces investor confidence in the Saudi market. When a leading ECA commits financing capacity, it acts as a sovereign-level endorsement of the country's economic direction. International investors care deeply about predictability and credibility, and UAEF's involvement signals that projects in Saudi Arabia meet international standards of governance, feasibility, and financial rigour. This can be tactically leveraged in investor roadshows and capital-raising efforts, particularly for PIF subsidiaries and Saudi corporates seeking to tap foreign markets.

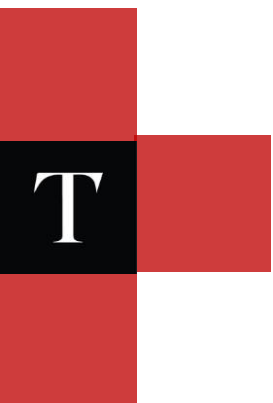
One of the most strategically valuable elements of modern ECA agreements is their increasing flexibility in supporting local content. The ability to apply a portion of ECA-backed financing to domestic suppliers creates a powerful mechanism for building Saudi industrial capability. This supports the Kingdom's localisation agenda, helping domestic manufacturers, engineering firms, and service providers enter global supply chains. Tactically, this can be used by PIF companies and major project sponsors to negotiate more favourable procurement strategies, strengthen vendor development programmes, and build Saudi workforce capacity in sectors such as renewable energy, transport, technology, and construction.

For PIF specifically, the MoU enhances the financial structure of its megaprojects and strategic investments. Having access to a committed ECA partner enables PIF to structure financing more efficiently, reduce reliance on its own balance sheet, and attract additional international co-investors. This can have a multiplier effect: ECA participation lowers risk, enabling commercial banks to lend at higher volumes or on more competitive terms. From a tactical perspective, PIF can use UAEF's presence to prioritise project phases that require the most complex procurement, the largest capital outlays, or the greatest exposure to global supply chain volatility.

Borrowers and project sponsors in the Kingdom stand to gain long-term stability, improved financing terms, and enhanced project credibility. ECA involvement can significantly reduce borrowing costs, mitigate political or sovereign risk concerns, and prevent financing disruptions that could jeopardise timelines. For major contractors and industrial companies, this stability translates into easier planning cycles, better cashflow predictability, and more confidence in executing multi-year commitments. Tactically, Saudi borrowers can use ECA-backed structures to diversify funding away from regional banks, improving liquidity options and negotiating leverage.

More broadly, the MoU aligns with the Kingdom's strategic ambition to position itself as a global hub for investment, trade, and industrial development. As Saudi Arabia continues to roll out its Vision 2030 initiatives, partnerships with internationally recognised ECAs offer a unique advantage: they unlock capital, reduce financing costs, attract international expertise, and strengthen supply chain resilience. The MoU also accelerates knowledge transfer, benefitting Saudi institutions through exposure to international best practices in project finance, risk assessment, and governance.

In essence, the UKEF-PIF MoU is more than a financial agreement; it is a strategic tool that Saudi Arabia can deploy to accelerate development, strengthen its economic foundations, and enhance its global competitiveness. It signals international confidence in the Saudi market and equips the Kingdom with advanced financing mechanisms needed to meet its ambitious goals. By enhancing credibility, supporting local industry, attracting co-investors, and enabling the delivery of transformative projects, the MoU will play a key role in shaping the next phase of the Kingdom's growth story—positioning Saudi Arabia to remain one of the most dynamic and investable markets globally.



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