Real Estate Credit · Supply Chain

When Developers Become Banks: Contractor Finance in the GCC

A financing framework for paying credible contractors through controlled receivables, approved invoices, guarantees and project cash flows

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ABSTRACT

This paper addresses which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. It converts the question into an evidence-led decision system covering economics, structure, timing, control and downside funding. The analysis uses current primary and authoritative sources, supported by transaction-specific documents and clearly identified hypothetical modelling assumptions. The recommended process links construction contract, certified invoice, progress report, payment account to days payable, certified receivables, advance rate, dilution. It also assigns preparation, challenge and approval across the relevant parties. Scenario outputs illustrate method only. Actual terms, values, timing, legal effect, tax treatment and investment outcomes require current evidence and qualified professional review.

Keywords

Real Estate Credit · Supply Chain, days payable, certified receivables, advance rate, dilution, project concentration, approved-payables finance, receivables purchase, project-account facility

1. Executive thesis

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links construction contract, the contract award milestone and the days payable measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Payment Delay is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the approved-payables finance route against at least the base payment cycle case and record the sensitivity of days payable. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across developer, contractor, subcontractors. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

- Evidence focus: construction contract.
- Evidence focus: certified invoice.
- Evidence focus: progress report.

2. The decision perimeter

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links certified invoice, the invoice certification milestone and the certified receivables measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Contractor Liquidity is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the receivables purchase route against at least the developer delay case and record the sensitivity of certified receivables. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

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- Evidence focus: certified invoice.
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- Evidence focus: payment account.

3. Assumptions and scenario limits

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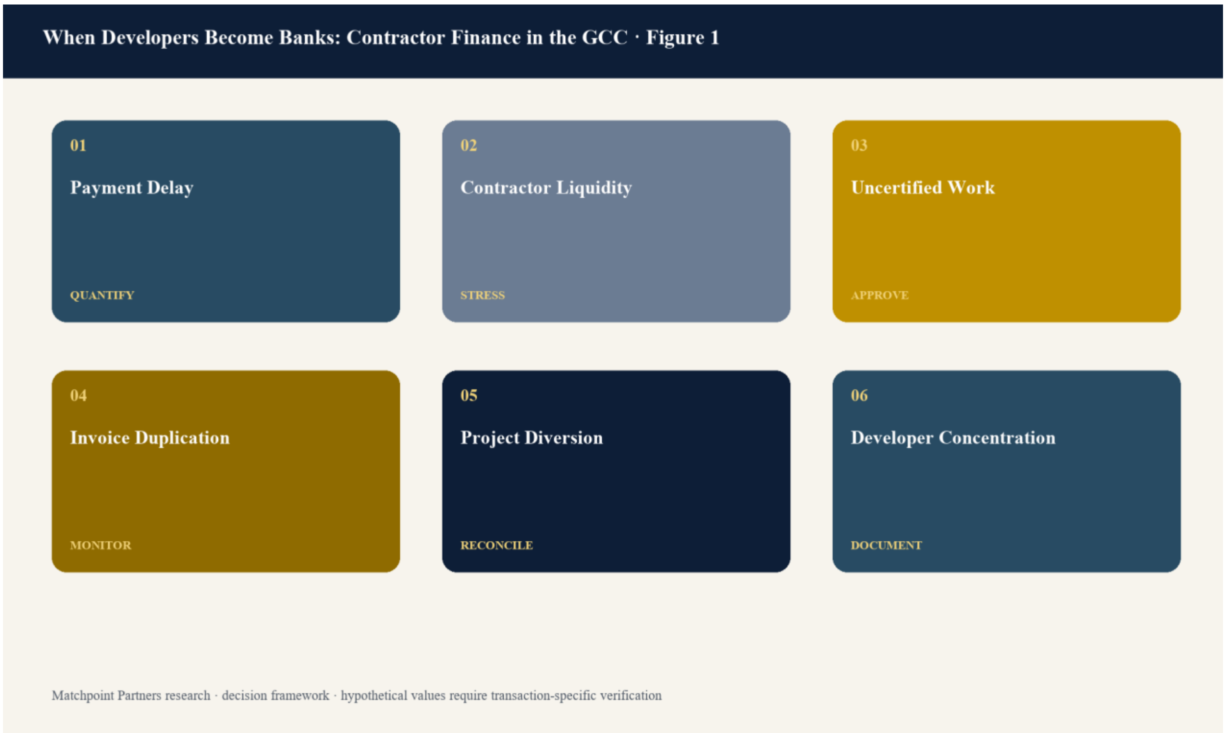

Figure 1. Structured decision view; categories are topic-specific and values require current transaction evidence.

4. Parties, authority and conflicts

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links payment account, the developer payment milestone and the dilution measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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5. Economics and value transfer

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links contractor financials, the reconciliation milestone and the project concentration measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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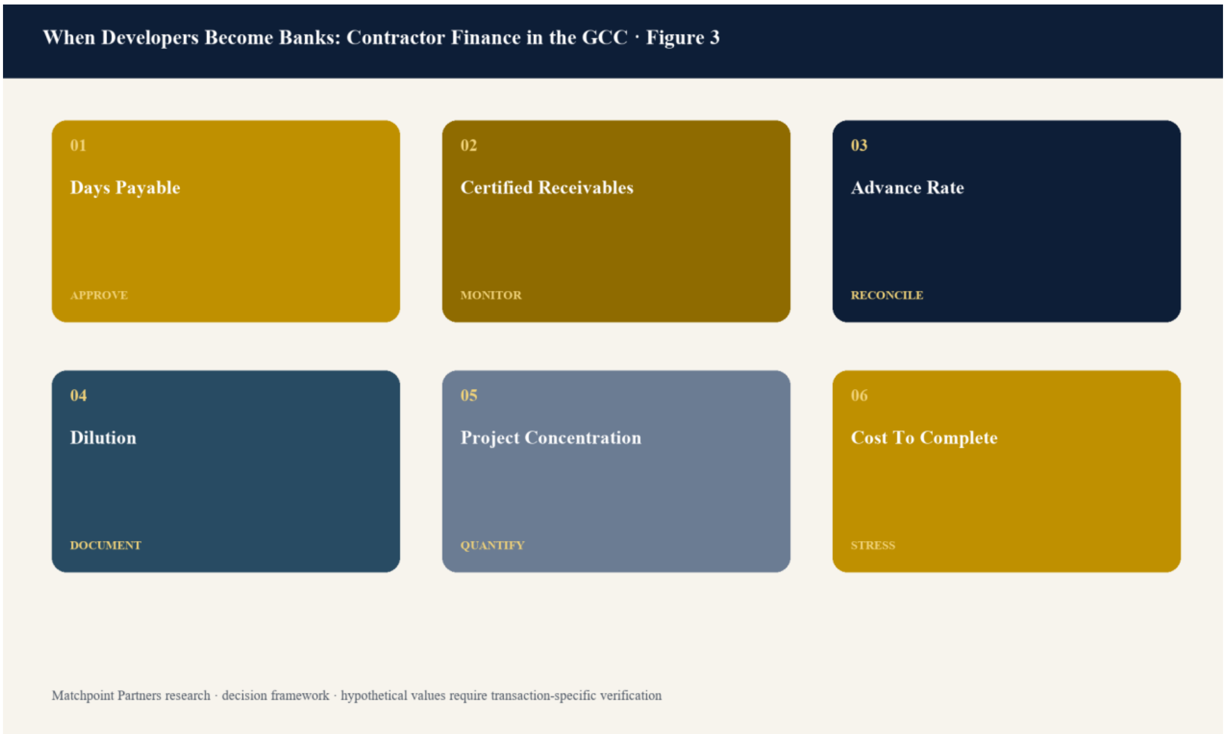

Figure 3. Structured decision view; categories are topic-specific and values require current transaction evidence.

6. Structure comparison

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links guarantees, the release milestone and the cost to complete measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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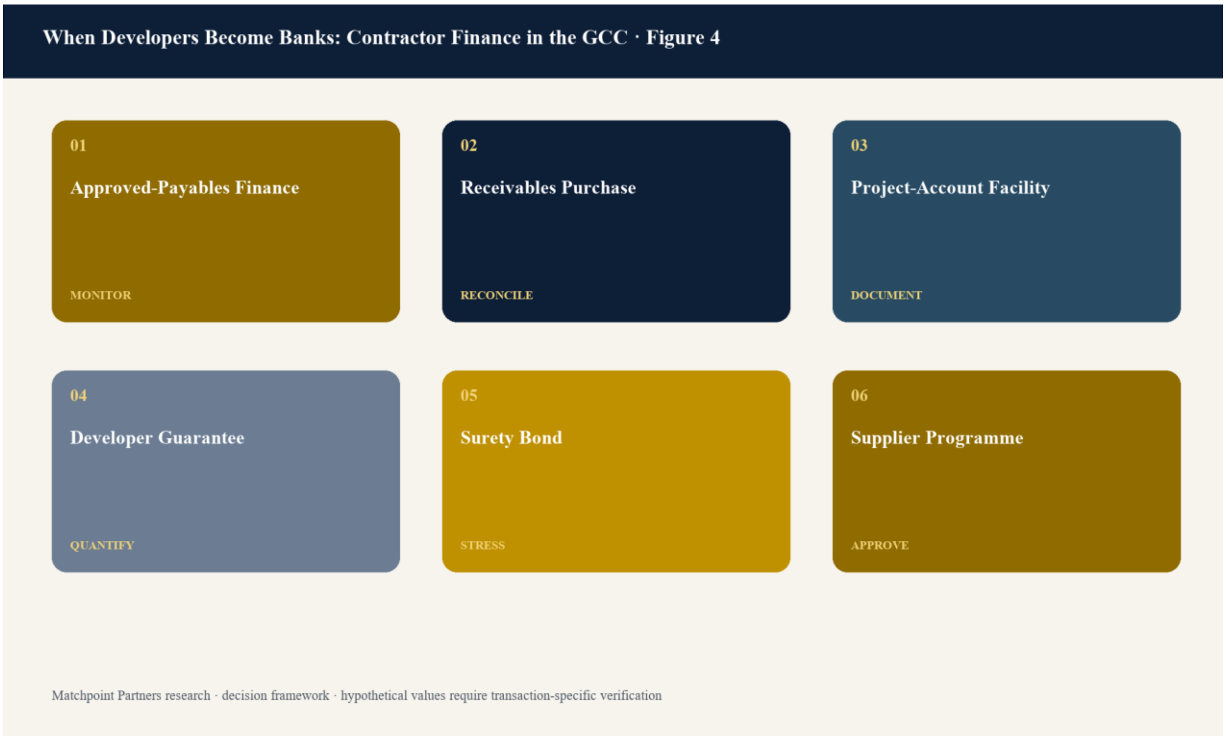

Figure 4. Structured decision view; categories are topic-specific and values require current transaction evidence.

7. Risk map and control response

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links claims register, the contract award milestone and the facility utilisation measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: claims register.
- Evidence focus: completion budget.
- Evidence focus: construction contract.

8. Risk focus: Payment Delay

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links construction contract, the funding milestone and the days payable measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: construction contract.
- Evidence focus: certified invoice.
- Evidence focus: progress report.

9. Risk focus: Contractor Liquidity

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links certified invoice, the developer payment milestone and the certified receivables measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: certified invoice.
- Evidence focus: progress report.
- Evidence focus: payment account.

10. Risk focus: Uncertified Work

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links progress report, the reconciliation milestone and the advance rate measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: progress report.
- Evidence focus: payment account.
- Evidence focus: contractor financials.

11. Risk focus: Invoice Duplication

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links payment account, the release milestone and the dilution measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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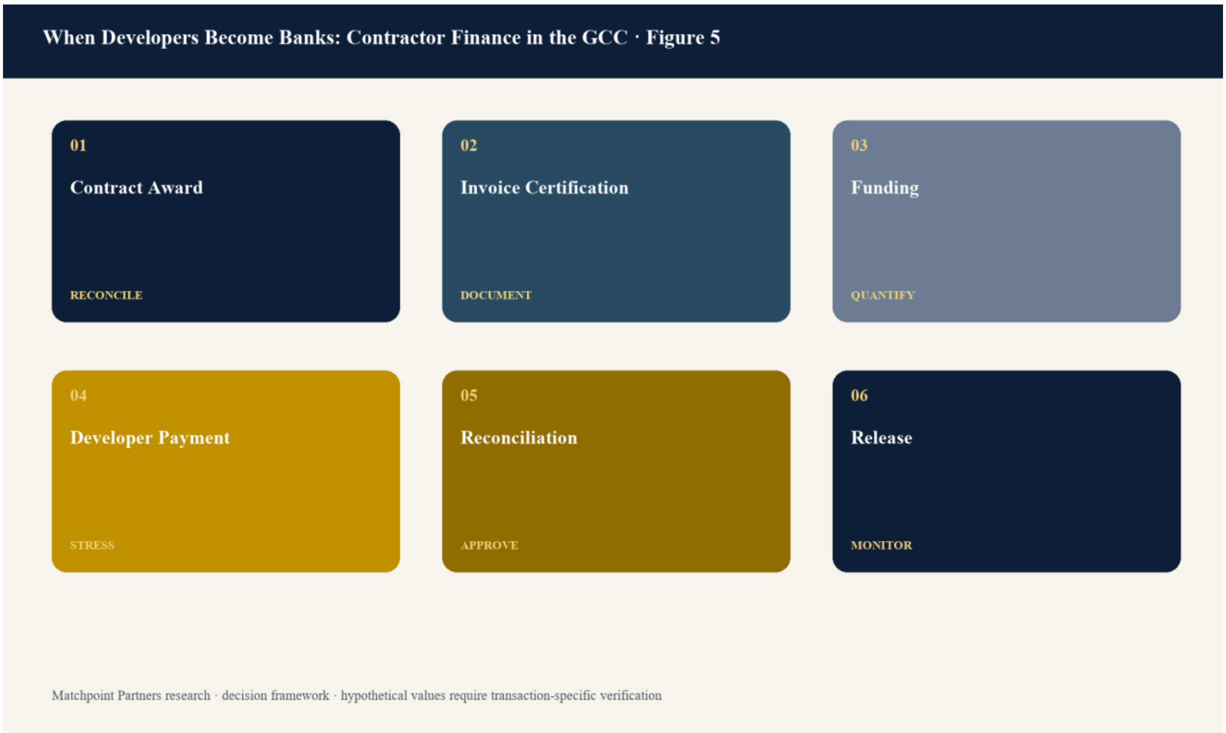

Figure 5. Structured decision view; categories are topic-specific and values require current transaction evidence.

12. Risk focus: Project Diversion

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links contractor financials, the contract award milestone and the project concentration measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: contractor financials.
- Evidence focus: guarantees.
- Evidence focus: claims register.

13. Risk focus: Developer Concentration

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links guarantees, the invoice certification milestone and the cost to complete measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: guarantees.
- Evidence focus: claims register.
- Evidence focus: completion budget.

14. Risk focus: Performance Failure

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links claims register, the funding milestone and the facility utilisation measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: claims register.
- Evidence focus: completion budget.
- Evidence focus: construction contract.

15. Risk focus: Completion Shortfall

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links completion budget, the developer payment milestone and the payment performance measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: completion budget.
- Evidence focus: construction contract.
- Evidence focus: certified invoice.

16. Evidence focus: Construction Contract

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- Evidence focus: construction contract.
- Evidence focus: certified invoice.
- Evidence focus: progress report.

17. Evidence focus: Certified Invoice

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links certified invoice, the release milestone and the certified receivables measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: certified invoice.
- Evidence focus: progress report.
- Evidence focus: payment account.

18. Evidence focus: Progress Report

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- Evidence focus: progress report.
- Evidence focus: payment account.
- Evidence focus: contractor financials.

19. Evidence focus: Payment Account

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links payment account, the invoice certification milestone and the dilution measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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Figure 6. Structured decision view; categories are topic-specific and values require current transaction evidence.

20. Evidence focus: Contractor Financials

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links contractor financials, the funding milestone and the project concentration measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: contractor financials.
- Evidence focus: guarantees.
- Evidence focus: claims register.

21. Evidence focus: Guarantees

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- Evidence focus: guarantees.
- Evidence focus: claims register.
- Evidence focus: completion budget.

22. Evidence focus: Claims Register

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links claims register, the reconciliation milestone and the facility utilisation measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: claims register.
- Evidence focus: completion budget.
- Evidence focus: construction contract.

23. Evidence focus: Completion Budget

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links completion budget, the release milestone and the payment performance measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: completion budget.
- Evidence focus: construction contract.
- Evidence focus: certified invoice.

24. Contract and term-sheet controls

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Figure 7. Structured decision view; categories are topic-specific and values require current transaction evidence.

25. Downside funding and remedies

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links certified invoice, the invoice certification milestone and the certified receivables measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: certified invoice.
- Evidence focus: progress report.
- Evidence focus: payment account.

26. Hypothetical scenario matrix

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links progress report, the funding milestone and the advance rate measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Uncertified Work is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the project-account facility route against at least the cost overrun case and record the sensitivity of advance rate. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across subcontractors, funding institution, certifying engineer. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

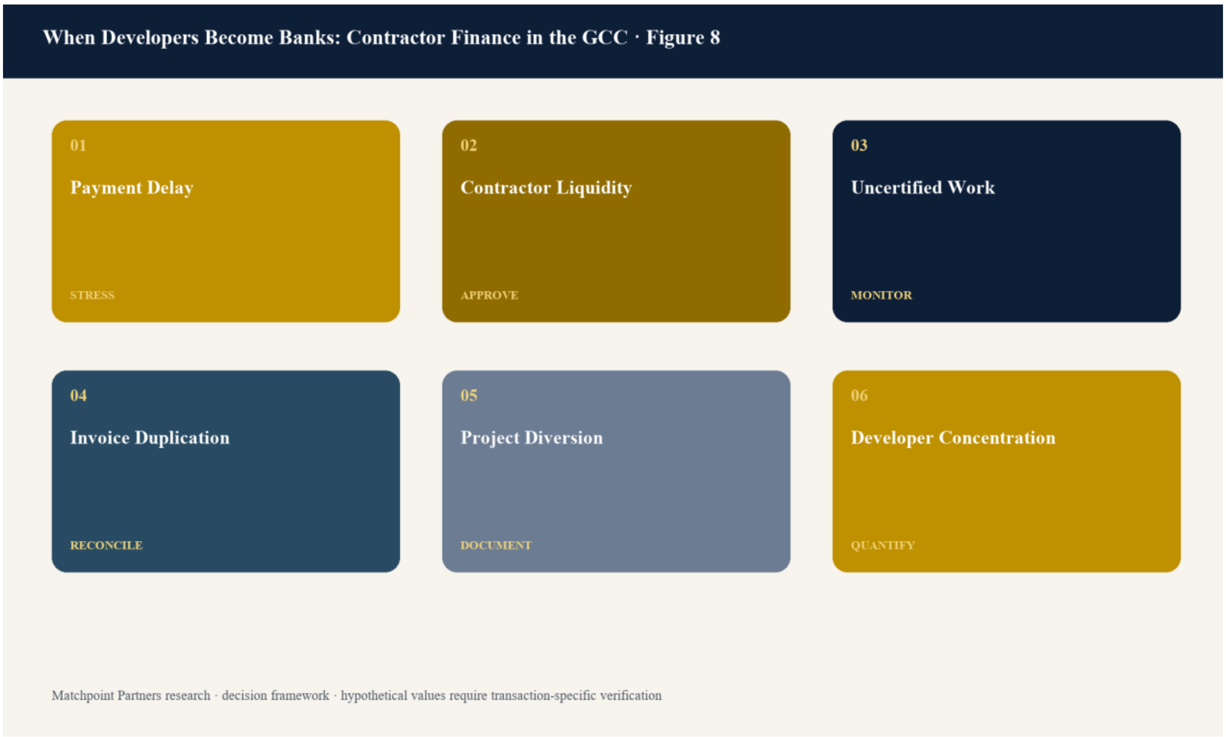

Figure 8. Structured decision view; categories are topic-specific and values require current transaction evidence.

27. Implementation roadmap

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links payment account, the developer payment milestone and the dilution measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Invoice Duplication is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the developer guarantee route against at least the contractor default case and record the sensitivity of dilution. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across funding institution, certifying engineer, project account bank. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

Figure 9. Structured decision view; categories are topic-specific and values require current transaction evidence.

28. Monitoring dashboard

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links contractor financials, the reconciliation milestone and the project concentration measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Project Diversion is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the surety bond route against at least the base payment cycle case and record the sensitivity of project concentration. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across certifying engineer, project account bank, developer. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

- Evidence focus: contractor financials.
- Evidence focus: guarantees.
- Evidence focus: claims register.

29. Decision memorandum and approval gate

The decision is which contractor-finance structure protects construction continuity while keeping credit, certification, diversion and completion risk outside the developer's unrestricted balance sheet. The work begins with a dated perimeter, named decision authority and one controlled record. That record links guarantees, the release milestone and the cost to complete measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Developer Concentration is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the supplier programme route against at least the developer delay case and record the sensitivity of cost to complete. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across project account bank, developer, contractor. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

- Evidence focus: guarantees.
- Evidence focus: claims register.
- Evidence focus: completion budget.

30. Sources, method and author

Sources were selected for institutional authority, direct relevance and current availability. Official law, regulator, government, standards-body and issuer materials take priority. The source date does not remove the need to confirm the current rule, programme or document before a transaction decision.

No.	Source	URL
1	Public Investment Fund, Contractor Financing Program	https://www.pif.gov.sa/en/private-sector-hub/private-sector-initiatives/contractor-program/
2	Saudi Industrial Development Fund, Supply Chain Financing	https://lists.sidf.gov.sa/en/ServicesforInvestors/Products/Pages/SupplyChainFinancing.aspx
3	Saudi EXIM Bank, Supply Chain Finance	https://saudiexim.gov.sa/en/Services/Pages/Product_007.aspx

Method

The paper separates source-backed statements, transaction evidence and hypothetical modelling assumptions. Scenario values illustrate a calculation pathway. They do not predict a market, issuer, fund, project, buyer, lender or family-office outcome.

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