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# Corporate Sukuk and Private Debt as Growth-Financing Tools for Saudi Enterprises under Vision 2030

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***Abstract-*** ***Saudi enterprises require financing channels that can support expansion, innovation and regional development without concentrating risk in bank balance sheets or relying solely on public investment. This review examines corporate sukuk and private debt as complementary growth-financing tools under Vision 2030. It develops an issuer-centred framework covering strategic fit, financial readiness, instrument design, investor selection, liquidity resilience and governance. Evidence published between 2020 and 2025 indicates that sukuk can broaden access to institutional and faith-aligned capital, lengthen maturities and create repeatable market benchmarks, while private debt can provide tailored covenants, confidentiality, execution certainty and financing for companies that are not ready for public issuance. Their benefits are not automatic. Sukuk transactions require credible cash flows, suitable legal and Shariah structures, transparent disclosure and sufficient scale. Private debt requires disciplined leverage limits, independent valuation, lender diversification and protections against refinancing concentration. The review argues that firms should select instruments according to asset life, cash-flow visibility, ownership preferences, growth stage and governance capacity rather than headline coupon alone. A staged framework is proposed in which companies progress from bank dependence and bilateral direct lending to private placements, corporate sukuk and repeat market access. Policy priorities include issuer-readiness programmes, proportionate disclosure, credit enhancement, qualified-investor channels, improved secondary liquidity and stronger restructuring infrastructure. Together, corporate sukuk and well-governed private debt can mobilise domestic savings, finance productive enterprise growth and strengthen Saudi Arabia's non-oil economy.***

***Keywords: Saudi Arabia, Corporate Sukuk, Private Debt, Direct Lending, Enterprise Growth, Issuer Readiness, Vision 2030***

## I. INTRODUCTION

Vision 2030 is reshaping the financing needs of Saudi companies. Industrial localisation, tourism, logistics, digital services, healthcare, renewable energy and advanced manufacturing require long-duration capital, yet many enterprises continue to depend on retained earnings and relationship banking. The Financial Sector Development Program seeks deeper capital markets, wider product choice and a stronger contribution from non-bank finance [1]. Market reforms, listings infrastructure and a regular sovereign issuance programme have improved the environment for fixed-income investment [2-5]. Nevertheless, the strategic challenge is no longer simply to increase the number of securities. It is to create financing channels that serve companies at different stages of development, from closely held growth firms to large repeat issuers.

Corporate sukuk and private debt address different parts of this challenge. Corporate sukuk are publicly or privately placed Shariah-compliant certificates whose economic returns are linked to identified assets, services or financing arrangements. They can reach domestic, regional and international institutions, establish visible pricing and diversify a company away from bank facilities. Private debt includes directly negotiated loans, privately placed notes, unitranche facilities, mezzanine structures and fund-based credit supplied outside ordinary public markets. It can finance acquisitions, expansion and working capital where the borrower values speed, confidentiality or contractual flexibility.

The two instruments are frequently treated as alternatives, but Saudi market development requires a complementary perspective. A mid-sized enterprise may begin with private debt, use the lender's monitoring and reporting requirements to improve financial discipline, then issue a privately placed sukuk before becoming a public repeat issuer. A larger company may maintain both markets, using

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sukuk for strategic long-term funding and private facilities for acquisitions, bridge finance or contingent liquidity. This sequencing matters because studies of sukuk issuance show that market access, governance, ownership and financial condition influence not only whether firms issue, but also the chosen structure and volume [17-25]. International evidence on small-business financing similarly shows that alternative debt becomes most valuable when it diversifies rather than merely replaces bank credit [10-14].

This review develops a structured framework for choosing, preparing and governing both channels. It asks how corporate sukuk and private debt can finance enterprise growth, which companies are suited to each instrument, how risks should be controlled, and what reforms would broaden responsible access under Vision 2030.

## II. AIM, OBJECTIVES AND SCOPE

The aim is to explain how corporate sukuk and private debt can be deployed as growth-financing tools for Saudi enterprises while preserving liquidity, governance quality and investor protection. Four objectives guide the analysis. First, the review identifies the strategic and financial characteristics that determine whether an enterprise should use public sukuk, private sukuk, direct lending or another debt structure. Second, it compares the instruments across tenor, investor reach, disclosure, collateral, covenant flexibility, execution certainty and continuing obligations. Third, it develops an issuer-readiness pathway that connects financing choice to business planning, credit assessment, governance and refinancing capacity. Fourth, it proposes market-level actions that can expand access for mid-sized and non-oil enterprises without lowering standards.

The scope covers non-financial Saudi companies, including established family businesses, portfolio companies, medium-sized manufacturers, service enterprises and large listed issuers. Banks and insurers are considered as lenders, arrangers and investors rather than as target borrowers because their regulatory capital requirements create a different financing logic. Sovereign sukuk are treated as market infrastructure: regular issuance can support benchmark yields, investor familiarity and operational capacity, but the review does not assess public debt sustainability [5-7].

Private debt is defined broadly enough to include bilateral direct loans from non-bank institutions, club transactions, private placements, asset-backed facilities and subordinated growth capital. It excludes ordinary short-term trade credit and informal shareholder advances unless they are part of a documented capital structure. Corporate sukuk include listed and unlisted issues, domestic and international transactions, and sustainability-labelled variants. The central principle is alignment: financing must fit the asset, cash-flow profile, ownership objectives, governance capacity and expected route to repayment.

## III. REVIEW METHODOLOGY

A structured integrative review was undertaken to combine official Saudi market evidence with peer-reviewed research on sukuk, corporate debt, small-enterprise finance, capital structure and governance. The evidence window was restricted to 2020-2025. Searches used combinations of Saudi Arabia, Vision 2030, corporate sukuk, Islamic debt, private debt, direct lending, SME finance, capital structure, governance, liquidity, maturity and investor protection. Sources were included when they addressed at least one of six domains: Saudi market development; corporate sukuk access and design; private or alternative debt; enterprise financing constraints; governance and disclosure; or debt-market liquidity and resilience.

Official reports were used for institutional context, market infrastructure, enterprise demographics and policy direction [1-16]. Academic studies were retained where the research design and findings could inform financing decisions, even when the sample was international, because corporate sukuk evidence remains concentrated in a limited number of issuing jurisdictions [17-30]. Sources outside the period were excluded, as were promotional commentaries without transparent evidence and studies concerned only with

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sovereign fiscal policy. The final evidence base contains exactly thirty references.

The analysis followed three stages. First, evidence was coded under financing purpose, issuer characteristics, instrument structure, investor requirements, risk and policy. Second, recurrent mechanisms were compared: information asymmetry, ownership control, collateral capacity, market access, monitoring, covenant design, liquidity and maturity concentration. Third, the mechanisms were translated into a practical pathway and decision matrix. This method is appropriate because the question is not whether a single coefficient proves the superiority of one instrument. It is how multiple bodies of evidence can be integrated into a defensible framework for Saudi enterprises.

## IV. FINANCING CONTEXT FOR SAUDI ENTERPRISES

Saudi Arabia has several foundations for a broader enterprise debt ecosystem: substantial domestic savings, sophisticated banks, an established Islamic-finance industry, a sovereign yield curve and policy commitment to capital-market deepening. The Saudi Exchange reports growing infrastructure for sukuk and bonds, although trading activity remains concentrated in a relatively small number of instruments [3,4]. Capital-market development therefore requires attention to both issuance and investor liquidity. A security that is listed but rarely traded may diversify the issuer at closing while providing limited price discovery for future borrowers.

The enterprise base is also expanding. The SME Monitor reported continued growth in commercial registrations and a large population of micro, small and medium enterprises [9]. These firms are central to diversification, yet they face structural financing constraints. Many lack long audited histories, rated credit profiles, dedicated treasury teams or tangible collateral. Bank facilities can remain short in tenor and linked to personal or corporate guarantees. OECD evidence shows that restrictive credit conditions tend to push smaller firms towards short-duration borrowing, delaying investment and weakening resilience [10,11]. Private debt can address part of this gap by underwriting cash flow, business quality and sponsor support rather than relying exclusively on standard banking templates.

Corporate sukuk serve a different but connected population. Public issuance usually requires scale, disclosure and a credit story capable of supporting broad investor diligence. Studies find that access to the sukuk market is itself a major determinant of future issuance; once systems, advisers and investor relationships are established, repeat transactions become easier [17-23]. Government ownership, board independence and audit quality can influence the probability, structure and volume of sukuk [21]. For Saudi companies, this implies that issuer capability is an intangible asset. A company that builds a reliable disclosure process, Shariah-governance arrangements and a disciplined funding policy is more likely to preserve market access across cycles.

Private debt and sukuk can also reduce concentration in the banking system. Diversification is valuable where rapid corporate investment increases credit demand faster than bank deposits or prudential capacity. However, non-bank debt should not be presented as a source of effortless leverage. Direct lenders may charge higher margins, require strong covenants and seek security or equity participation. Sukuk can entail fixed transaction costs, asset-structure constraints and continuing disclosure.

## V. CORPORATE SUKUK AS A GROWTH-FINANCING TOOL

Corporate sukuk can support growth through four mechanisms. The first is maturity transformation. Expansion projects, factories, logistics assets and digital infrastructure often generate returns over periods longer than ordinary revolving facilities. A sukuk with a five-, seven- or ten-year maturity can match the economic life of the investment and reduce annual refinancing dependence. The second mechanism is investor diversification. Sukuk can attract domestic funds, banks, insurers, family offices, regional institutions and international

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portfolios seeking Islamic or emerging-market exposure.

The third mechanism is market signalling. Public issuance forces management to articulate strategy, use of proceeds, risk factors and financial policy. Research finds that sukuk choice is influenced by firm size, financial condition, information asymmetry and the signals conveyed to investors [19,23]. This discipline can improve capital allocation, but it also creates exposure: inconsistent reporting, weak governance or aggressive earnings presentation can increase perceived risk [20]. The fourth mechanism is repeatability. A successful inaugural transaction can create a benchmark, documentation platform and investor following. Repeat issuance may lower future execution friction and allow a company to build a maturity curve rather than negotiate every facility from the beginning.

Structure remains critical. Lease-based, agency, sale-based and partnership structures allocate legal and commercial risks differently. The CFO should assess asset availability, transfer restrictions, cash-flow sources, tax treatment, accounting, enforceability and the operational obligations of the special-purpose vehicle. Governance studies show that ownership and board characteristics influence both the decision to issue and the form of sukuk selected [21]. A structure must therefore fit the issuer's assets and governance as well as investor expectations.

Corporate sukuk are best suited to enterprises with credible audited accounts, visible cash generation, a financing need large enough to absorb fixed costs and willingness to maintain continuing disclosure. They may be privately placed where a company is not ready for a broad listing. Public sukuk are more suitable when the issuer seeks scale, pricing visibility and repeat market access. Sustainability-labelled sukuk can support eligible projects, but the label should follow a robust investment framework, measurable outcomes and external review rather than marketing ambition.

The growth effect depends on use of proceeds. Sukuk market development has been associated with long-run economic growth in issuing countries [17]. At firm level, the instrument creates value only when proceeds finance productive investment, prudent refinancing or acquisitions with credible integration plans. Using long-term sukuk to cover persistent operating deficits transfers rather than solves financial weakness.

## VI. PRIVATE DEBT AS A GROWTH-FINANCING TOOL

Private debt can finance enterprises that fall between bank underwriting and public capital markets. Direct lenders can evaluate recurring revenue, contracted cash flows, customer concentration, intellectual property, sponsor commitment and management quality. This wider underwriting lens is valuable for asset-light services, technology businesses and growth companies whose accounting profits or collateral do not yet satisfy conventional criteria. The instrument can also support buy-and-build strategies, acquisition bridges and expansion before a public sukuk becomes economical.

The principal advantage is contractual tailoring. Amortisation, cash sweeps, covenant testing, delayed drawdowns and security can be matched to the business plan. A lender may accept temporary leverage if the borrower has a credible path to earnings growth or asset disposal. Confidential execution can protect commercial information, while a smaller negotiating group can respond faster to acquisitions or changing conditions. Private placements also allow an enterprise to test institutional demand and reporting requirements without the full obligations of a listed issue.

These benefits come with costs. Direct lending is illiquid, so investors require compensation for holding and monitoring the exposure. Pricing may include arrangement fees, commitment fees, prepayment protection or equity-linked returns. Covenants can be tighter than public-market documentation, and a single lender may possess substantial influence during stress. The company must therefore assess all-in economic cost and strategic control, not merely the cash margin. OECD and international financing evidence emphasises that alternative debt is most useful when it expands long-term investment capacity and complements other instruments [10-14]. If private credit simply refinances weak short-term borrowing without improving cash generation, it can postpone distress.

Private debt is particularly relevant to mid-sized Saudi enterprises, but market design should avoid opacity. Borrowers need audited information, documented valuations and clear related-party policies. Funds and institutional lenders require expertise in sector underwriting, restructuring and collateral enforcement. Where several private facilities exist, intercreditor agreements must define ranking, security and enforcement. A company should also avoid dependence on one fund whose strategy or fundraising cycle may change before the next refinancing.

Private sukuk can bridge the two markets. A small group of qualified investors may subscribe to Shariah-compliant certificates with negotiated covenants and limited public distribution. This structure can combine religious alignment with private-credit flexibility. It can also prepare the company for a later listed issue by establishing documentation, payment history and investor reporting. The transition should be planned from inception so that restrictive covenants, security arrangements or asset transfers do not obstruct future refinancing.

Table 1. Comparative characteristics of corporate sukuk and private debt.

| Dimension | Corporate sukuk | Private debt | CFO decision implication |
|---|---|---|---|
| Primary use | Scalable medium- or long-term funding, refinancing and benchmark issuance | Acquisition, expansion, bridge, customised or transitional financing | Match funding to asset life and execution certainty |
| Investor base | Domestic, regional and international institutions; Islamic and general fixed-income investors | Direct-lending funds, institutions, family offices, banks and private-placement investors | Assess concentration, relationship value and future diversification |
| Disclosure | Public or qualified-investor disclosure with continuing reporting | Confidential but detailed lender diligence and periodic reporting | Choose standardisation or private information sharing consciously |
| Structure | Shariah-compliant asset, agency, sale or partnership arrangements | Bilateral or club loans, notes, unitranche, mezzanine or asset-backed facilities | Test legal form, ranking, tax, security and operational obligations |
| Pricing and cost | Coupon or profit rate plus rating, listing, legal and distribution costs | Margin plus fees, illiquidity premium, monitoring and possible equity participation | Compare all-in cost, not the headline rate |
| Flexibility | Efficient for repeat issuance but amendments can require broad consent | Highly tailored and potentially faster to amend with a small lender group | Value strategic flexibility and amendment risk |
| Main risk | Disclosure failure, structural complexity, bullet maturity and weak liquidity | Lender concentration, covenant pressure, valuation opacity and refinancing dependence | Maintain liquidity, covenant ownership and multiple refinancing routes |

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## VII. COMPARATIVE FINANCING DECISION FRAMEWORK

Instrument selection should begin with the enterprise's financing problem. Stable, long-lived assets with visible cash flows support longer-tenor sukuk. Acquisition financing, transitional leverage or uncertain draw timing may favour private debt. Working-capital variability is better served by revolving bank or private facilities than by a fixed public issue. The decision should compare total cost, tenor, amortisation, investor concentration, disclosure, security, covenants, execution time and refinancing options.

Scale is a decisive variable. Public transactions carry legal, rating, listing, trustee and distribution costs. These costs can be proportionate for a large issue but inefficient for a modest financing need. Private debt has lower public-disclosure costs, yet monitoring and illiquidity premiums can make it expensive over long periods. A privately placed sukuk may offer a middle route where the issuer seeks Islamic capital without a broad offering.

Ownership preferences also matter. Closely held enterprises may resist public disclosure or covenants that restrict distributions and related-party transactions. Yet opacity raises financing cost and limits investor breadth. Private debt permits confidentiality, but lenders still require access to detailed information and may negotiate direct controls. The relevant choice is therefore not disclosure versus secrecy; it is public standardisation versus private information sharing.

Currency and repayment source must remain aligned. Riyal sukuk or private facilities avoid foreign-exchange risk for domestic revenues. International issuance can broaden demand, but hedging cost and basis risk must be included. Bullet maturities preserve operating cash during growth but create refinancing concentration. Amortisation reduces that risk but can constrain investment. The maturity profile should be evaluated under downside scenarios rather than an optimistic base case.

Figure 1 presents a staged pathway rather than a binary decision. Enterprises can move from bilateral finance to monitored private debt, private sukuk, public sukuk and repeat issuance as governance and scale develop. Companies may remain at an earlier stage where it is economically appropriate; progression is not mandatory. The framework's purpose is to ensure that financing capability grows with the enterprise and does not outpace its controls.

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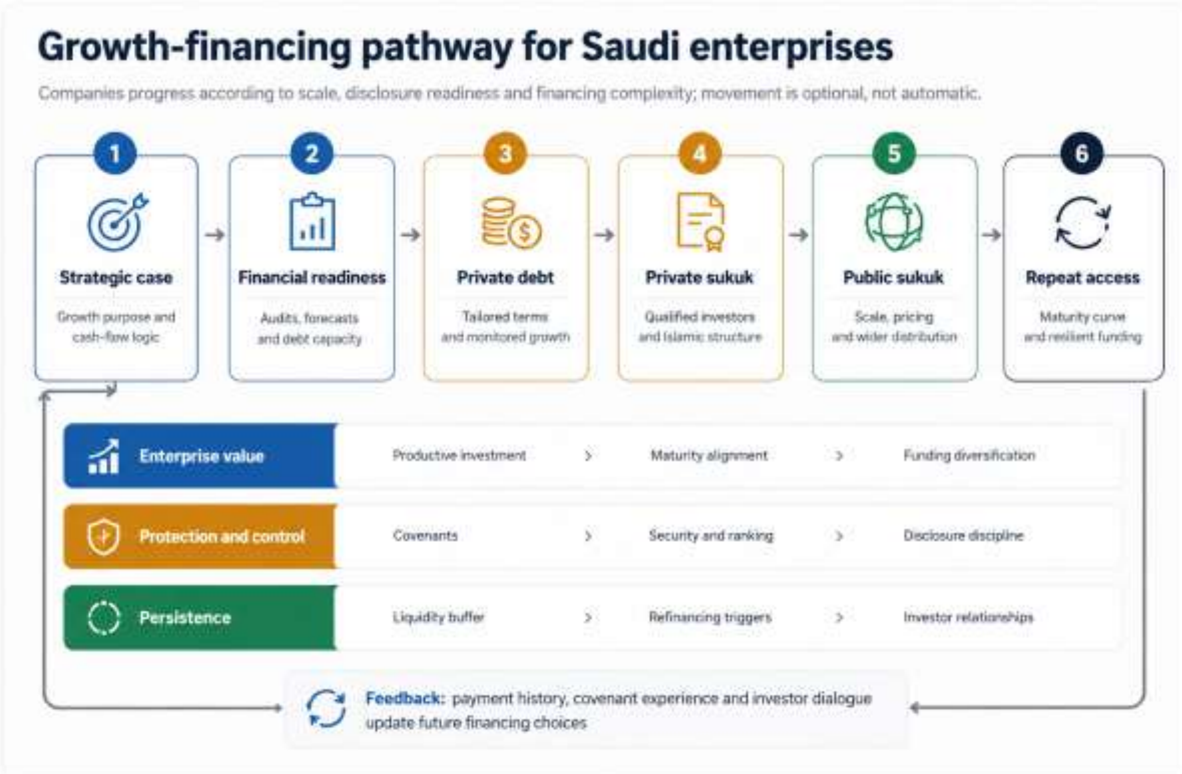


Figure 1. Growth-financing pathway from enterprise readiness to repeat market access.

## VIII. ISSUER READINESS, LIQUIDITY AND GOVERNANCE

Readiness begins with a board-approved financing purpose. Management should explain the investment, expected return, downside case and alternative sources. A debt-capacity model should reconcile historical statements, operating forecasts, capital expenditure, working capital, dividends and contingent obligations. Key measures include net leverage, interest or profit-payment cover, free cash flow, minimum liquidity, secured-debt capacity and maturity concentration. Forecast adjustments must be independently challenged because aggressive earnings assumptions can distort both sukuk pricing and private-credit covenants.

Organisational readiness is equally important. Treasury coordinates execution, finance validates forecasts, legal controls documentation, tax and Shariah advisers assess structure, risk challenges assumptions and investor relations manages continuing communication. Family-owned firms may need clearer delegation, board committees and related-party controls before institutional investors accept the desired pricing. Saudi governance research links board quality and corporate transparency to investor confidence and external capital [26-30].

Liquidity planning must be integrated before closing. A company should maintain minimum cash and committed facilities sufficient for operating volatility, debt service and plausible disruption. All bank loans, private facilities, sukuk, leases, guarantees and put options should be consolidated into one maturity ladder. Limits should apply to obligations maturing within twelve and twenty-four months. Stress tests should include delayed projects, margin compression, higher benchmark rates, weaker collections and temporary market closure.

Covenants require operational ownership. Private debt may use maintenance covenants tested quarterly, while public sukuk frequently rely more on incurrence tests and information undertakings. Neither approach is inherently safer. Maintenance

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tests provide early intervention but can trigger during temporary volatility. Loose documentation may preserve flexibility but allow leverage to deteriorate before investors can respond. Terms should protect enterprise value, permit ordinary strategy and create credible escalation.

Governance continues after issuance. Boards should approve leverage ranges, liquidity thresholds, permitted security and hedging limits. Covenant certificates, investor reports, use-of-proceeds statements and Shariah confirmations should have named owners. Internal audit should test calculations, disclosure consistency and payment controls. During stress, early engagement with lenders, trustees and investors is preferable to defensive silence.

Table 2. Issuer-readiness and governance dashboard.

| Readiness area | Evidence required | Core measures | Escalation indicators |
|---|---|---|---|
| Growth purpose | Board-approved use of proceeds, return case and alternatives | Investment return; use-of-proceeds coverage; funding mix | Debt funds recurring deficits or unclear related-party benefits |
| Financial capacity | Audited history and integrated downside forecast | Net leverage; payment cover; free cash flow; secured capacity | Thin headroom, weak cash conversion or unverified adjustments |
| Liquidity | Consolidated obligations and committed contingency funding | Minimum liquidity; 12/24-month maturities; facility coverage | Large bullet, restricted cash or uncommitted back-up |
| Structure and ranking | Legal, Shariah, tax, security and intercreditor analysis | Guarantee coverage; seniority; permitted debt; covenant buffer | Unclear asset rights, structural subordination or conflicting security |
| Governance and disclosure | Named owners for approvals, reporting and covenant control | Audit timeliness; forecast accuracy; investor calendar; control findings | Late reporting, inconsistent narratives or weak board challenge |
| Refinancing resilience | Triggers and alternative take-out routes | Remaining tenor; market spread; rating outlook; pre-funding plan | Refinancing begins late or depends on one lender or investor group |

## IX. RISK ALLOCATION AND RESILIENCE

Corporate sukuk and private debt expose enterprises to overlapping but distinct risks. Credit risk is fundamental in both, but sukuk can add asset, structural and Shariah-compliance considerations. Private debt adds concentration, valuation and lender-behaviour risk. A sound financing strategy identifies which party bears each risk and whether that allocation remains workable during distress.

Refinancing risk is particularly important for bullet structures. A sukuk may provide long tenor, yet the final maturity can become a single large obligation. Private debt can include amortisation or cash sweeps, but repeated refinancing may still be necessary if the business plan assumes rapid growth. The company should establish refinancing triggers based on remaining tenor, market spreads, rating changes, covenant headroom and liquidity coverage. Pre-funding has a carrying cost but may be rational when certainty protects a strategic project.

Security and structural subordination require consolidated analysis. Operating subsidiaries may borrow privately while a holding company issues

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sukuk. Investors at different levels then rely on different assets and cash-flow paths. Guarantees, negative pledges and permitted-debt baskets must be mapped to prevent unintended seniority. Intercreditor terms should define voting, standstill, enforcement and proceeds distribution. These matters are often invisible during strong performance but determine outcomes during restructuring.

Shariah risk should be managed as a governance process, not a one-off opinion. Asset use, transaction amendments and replacement arrangements can affect continuing compliance. Clear responsibilities between the issuer, advisers and supervisory bodies reduce uncertainty. Similarly, sustainability-linked features require reliable baselines and verification. Weak targets or unclear calculation methods can create reputational and pricing risk.

Private-credit opacity also requires attention. Direct lenders may possess extensive information, while other creditors and shareholders receive less. Boards should ensure that information rights do not produce selective disclosure problems or inconsistent financial narratives. Regulators can support standardised reporting of private debt exposures, maturity and security without forcing commercially sensitive terms into full public view. Resilience ultimately depends on the enterprise's ability to generate cash, preserve options and communicate early. No structure can substitute for a viable business model.

## X. MARKET ECOSYSTEM AND POLICY PRIORITIES

The first policy priority is an issuer pipeline. Many Saudi enterprises are too large for ordinary SME products but not prepared for public debt. Readiness programmes can help them strengthen audited reporting, treasury systems, governance, ratings familiarity and investor communication. Advisers should be rewarded for sustainable access rather than a single transaction.

The second priority is proportionate market architecture. Qualified-investor placements, standardised private-sukuk documentation and efficient approval channels can reduce fixed costs while preserving sophisticated-investor protections. Private transactions should have clear eligibility, suitability and reporting rules. Public offerings should continue to require transparent credit information and continuing disclosure. The distinction should reflect investor capability and distribution, not an assumption that private debt is low risk.

The third priority is credit enhancement. Guarantees, first-loss structures and co-investment can mobilise private capital for enterprises that have viable projects but limited collateral or market history. International initiatives demonstrate how guarantees can expand financing for smaller businesses [12-14]. Enhancement should be targeted, priced and temporary so that it improves access without concealing weak economics. Successful borrowers should graduate to unsupported financing.

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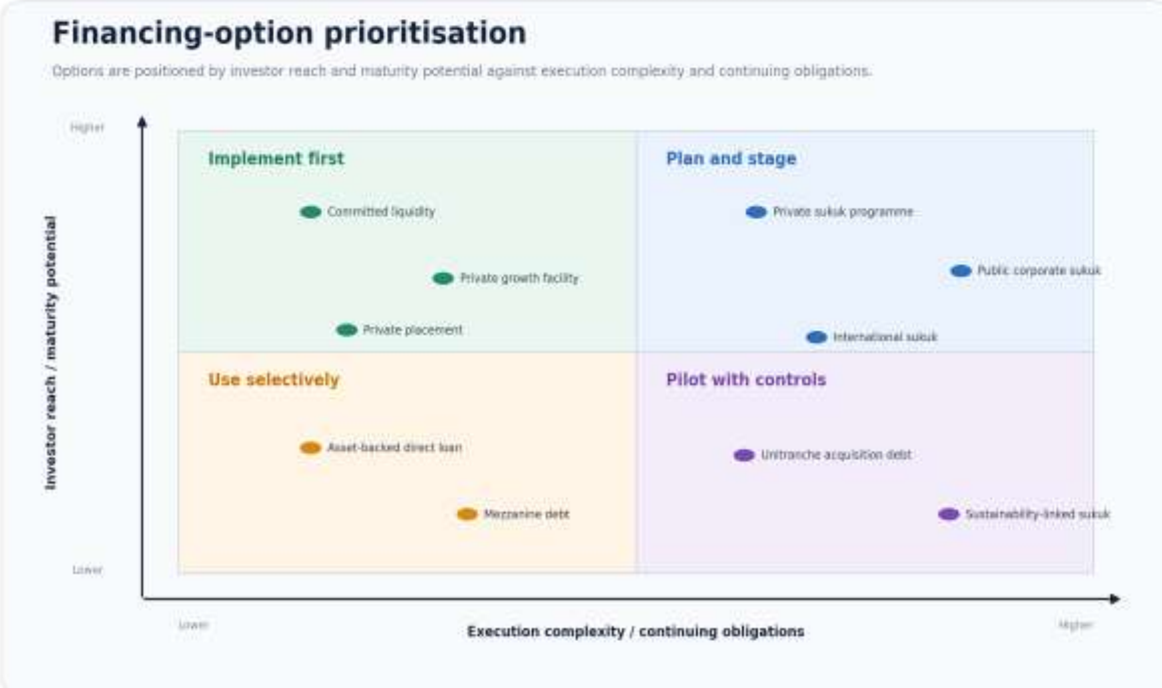


Figure 2. Financing-option prioritisation by investor reach, maturity potential and execution complexity.

The fourth priority is institutional investor capacity. Pension funds, insurers, asset managers and family offices need credit research, portfolio limits and valuation tools suited to sukuk and private debt. Domestic investors can provide patient riyal capital, while international participation can add scale and pricing discipline. Secondary-market development remains necessary for listed sukuk. Reopenings, market making, transparent trade data and larger benchmark lines can improve liquidity.

The fifth priority is restructuring infrastructure. Growth financing inevitably produces some underperformance. A credible market requires predictable enforcement, workout expertise and mechanisms for collective creditor action. Private lenders can restructure quickly when groups are small, but concentrated control must be balanced with fair treatment. Sukuk restructurings require clarity on asset rights, voting and ranking. Strong recovery processes lower uncertainty before default and can reduce required returns.

The sixth priority is integrated conventional and Islamic finance. Investors should be able to compare issuer credit, ranking, maturity and cash flows across sukuk, private notes and loans. Shariah differences should be explained clearly without obscuring economic risk. The objective is a coherent enterprise-financing ecosystem in which instruments complement one another and companies graduate according to readiness.

## XI. DISCUSSION

The evidence supports a complementary model. Corporate sukuk are strongest where the enterprise seeks scale, maturity, visible pricing and a diversified institutional base. Private debt is strongest where the financing requires speed, confidentiality, flexible drawdown or customised risk sharing. Their combination can create a financing ladder for Saudi enterprises.

This ladder should not be confused with a simple progression from inferior to superior capital. Private debt may remain the best solution for an acquisition or closely held business, while a listed company may use direct lending when certainty is more valuable than public pricing. Corporate sukuk can be privately placed and customised, while some private facilities can be widely syndicated.

The framework also clarifies the meaning of growth finance. Debt supports growth when it funds productive capacity, accelerates a credible expansion plan or refinances short liabilities into a sustainable maturity. It undermines growth when it protects dividends, related-party extraction or speculative investment despite weak cash generation. Governance determines which outcome is more likely. Studies of sukuk issuance show that ownership and boards influence participation, structure and volume [21]. Saudi policy should therefore treat governance reform as financing infrastructure.

For chief financial officers, the practical implication is to maintain an annual funding strategy rather than approaching markets only when cash is required. The strategy should identify expected uses, possible instruments, readiness gaps, rating implications and contingency sources across a five-year horizon. Each proposed transaction should be assessed through an all-in cost and resilience model. Fees, hedging, security, covenant restrictions, liquidity carry and refinancing exposure should be valued explicitly.

For investors, the framework emphasises disciplined differentiation. The sukuk label does not eliminate credit risk, and private negotiation does not guarantee superior protection. Investors should assess business durability, cash-flow priority, asset rights, covenant enforceability, governance and exit options. For policymakers, success should be measured through the number of repeat issuers, enterprise investment financed, maturity extension, investor diversity, repayment performance and secondary liquidity, not issuance totals alone.

## XII. LIMITATIONS AND FUTURE RESEARCH

The review has three limitations. First, public data on Saudi corporate sukuk are more developed than data on private debt. Direct loans and private placements are negotiated confidentially, which restricts analysis of pricing, covenants, recoveries and borrower characteristics. Second, much of the corporate sukuk literature is based on Malaysia, the UAE or multi-country samples. The mechanisms are useful, but their estimated magnitudes may not transfer to Saudi ownership and legal structures. Third, the framework is conceptual and has not been tested against transaction outcomes.

Future research should construct a Saudi transaction database linking enterprise characteristics to instrument choice, pricing, tenor, security, investor allocation and post-financing growth. Comparative studies should examine whether private debt helps firms graduate to public sukuk, and whether repeat sukuk issuers obtain lower costs or more resilient access. Research is also needed on restructuring outcomes, Shariah-governance consistency, sustainability-labelled sukuk and the role of guarantees. Survey and interview evidence from CFOs, direct lenders and institutional investors would clarify practical barriers that financial statements cannot capture.

## XIII. CONCLUSION

Corporate sukuk and private debt can strengthen Saudi enterprise finance when they are treated as complementary instruments within a disciplined funding strategy. Sukuk provide scale, longer maturities, institutional reach and repeatable market access. Private debt provides tailored risk allocation, confidentiality, flexible execution and a route for companies that are not yet ready for public issuance. Both require credible cash generation, governance, liquidity planning and transparent responsibilities.

The proposed pathway begins with a defined growth purpose, validated forecasts and board-approved leverage capacity. It then matches instrument, tenor, currency, amortisation, security and covenants to the asset and enterprise stage. Monitoring continues through liquidity thresholds, maturity triggers, investor communication and independent control testing. This approach prevents financing from becoming detached from business performance.

At market level, issuer-readiness programmes, qualified-investor channels, standardised private structures, targeted credit enhancement, institutional credit capability and predictable restructuring can broaden responsible access. A coherent relationship between conventional debt and sukuk will allow investors to compare economic risk while respecting Shariah requirements. Private debt can prepare enterprises for market discipline, and corporate sukuk can convert that discipline into scalable funding.

Vision 2030 requires financing channels that endure beyond individual projects and market windows. The relevant outcome is not the largest possible debt stock, but a diverse population of enterprises able to invest, repay and return to capital providers with stronger operations. When used for productive assets and governed through credible limits, corporate sukuk and private debt can mobilise domestic savings, support non-oil growth, widen regional opportunity and deepen Saudi Arabia's financial system.

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