



هيئة المحتوى المحلي  
والمشتريات الحكومية  
Local Content & Government  
Procurement Authority

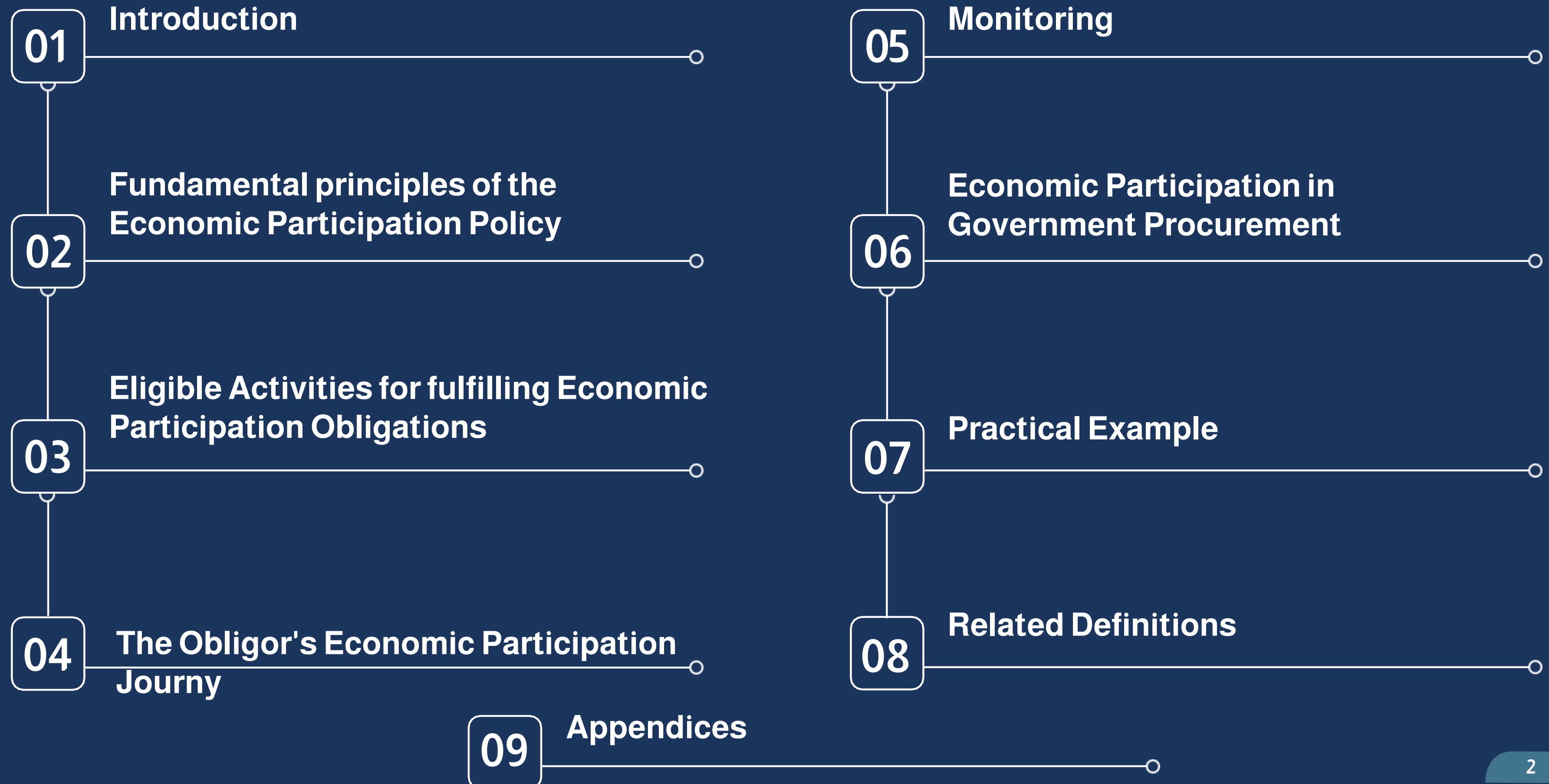
# Unit 7

## Economic Participation Policy





# Workshop Agenda





**01**

**Introduction**



• The Economic Participation Policy “The Policy” is a key enabler for national economic growth. It achieves this by fostering investment opportunities and enhancing local capabilities within strategic sectors through defined mechanisms. The policy applies to all government procurements where the value of imports (goods and services) equals or exceeds the minimum threshold of SAR 100 million .



# An overview of the Economic Participation Policy



The Economic Participation Policy “The Policy” applies to all government procurements where the value of imported goods and services equals or exceeds SAR 100 million (referred to as the minimum threshold), leading to economic participation obligations of 35% of the imported goods and services' value. To meet these obligations, companies are required to implement high-quality investments in economic activities designated by the policy, with the objective of generating additional economic value.



# Objectives of the Economic Participation Policy



**Optimizing** the value derived from government procurement through the localization of strategic industries and services.



**Enhancing** Local Content and fostering scientific research and development.



**Creating** and developing national industrial and service capabilities that contribute to sustainable economic development.



**Transferring** technology and knowledge in vital areas prioritized for the national economy.



**Contributing** to strengthening and qualifying local companies, enhancing their competitiveness to increase exports and participation in global supply chains.



**Strengthening** human capabilities and expertise via training, development, knowledge transfer, and creating sustainable job opportunities.

# Definitions

## General Definitions



### Government Entity

Ministries, government agencies, and public corporations, authorities, and institutions, as well as entities with independent public legal personalities.

### LCGPA

Local Content and Government Procurement Authority.

### Policy

Economic Participation Policy.

### Mian Contract

The contract concluded between the government entity and the Obligor.

### Undertaking Letter

A written undertaking provided by the potential Obligor to fulfill their promised obligations as per the Economic Participation Proposal.



# Definitions

## General Definitions

### Economic Participation Obligations

The Obligor's obligations pertaining to the Economic Participation Program, detailed in the Policy.

### Obligor

The party concluding the economic participation contract, whether the contractor, its subsidiary, or a subcontractor.

### Eligible Activities

Seven activities through which obligors can choose from to submit their economic participation projects to meet their outstanding obligation

### Economic Participation Proposal

A document submitted by the bidder with their price offer for the tender, outlining the purpose of Economic Participation projects, their growth potential, and specifying their outputs, timelines, and required resources for implementation.

### Economic participation Credit

The value assessed by LCGPA for activities performed by the Obligor to meet Economic Participation obligations.





# Definitions

## General Definitions

### Minimum Threshold

The minimum value of imported goods and services that necessitates compliance with the Economic Participation Program requirements, as stipulated in Paragraph 2.4 of the Policy.

### Economic Participation Multiplier

The valuation factor used by LCGPA to calculate the Economic Participation credit resulting from an Eligible Activity, as specified in the Policy.

### Economic Participation Contract

The contract concluded between LCGPA and the Obligor for the fulfillment of Economic Participation obligations as per the Economic Participation proposal.

### Obligation Fulfillment Period

a five-year period starting from the signing of the Economic Participation contract, during which the Obligor must meet their Economic Participation obligations.

### Surplus Economic Participation Credit

The value from the Economic Participation credit that exceeds the Economic Participation obligations.

### Credit Claim

The actual financial value generated from implementing projects under the concluded Economic Participation Agreement, which the LCGPA evaluates according to established regulations and standards.



**02**

## **Fundamental principles of the Economic Participation Policy**





# Core principles of the Economic Participation Policy



## Added Value

- » LCGPA's Economic Participation Policy is designed to generate added value for the national economy by means of Eligible Activities.
- » Therefore, the Obligor should be able to demonstrate that the Economic Participation project adds new value to the Kingdom's economy.



## Causality

- » Economic Participation Program must originate from a Main Contract.
- » Obligors should be prepared to demonstrate that the project is a direct outcome of fulfilling their Economic Participation Program obligations.
- » This excludes project that are submitted by the obligor to fulfill future obligations, contingent to LCGPA approval



## Sustainability

- » Projects under the Economic Participation Policy prioritize achieving economic and operational sustainability, with a focus on initiatives capable of enduring and expanding beyond the fulfillment of Economic Participation obligations.



## Direct Economic Participation

- » LCGPA prioritizes Direct Economic Participation projects that are directly associated with the sector or industry of the Main Contract.



## Mutual Benefit

- » No additional costs for the Economic Participation project should be incorporated into the main Procurement Contract. At the same time, it should prove beneficial for the Kingdom's economy, local beneficiaries, and the Obligor.



## Responsibility

- » LCGPA provides comprehensive support to Obligors to deliver Economic Participation projects. However, the Obligor is solely responsible for the fulfilment of such obligations as agreed upon with the LCGPA, within the stipulated terms.

# Scope of the Economic Participation Policy

## Policy Application



### Direct



**All government procurements concluded with a foreign company and funded by government financial resources:**

Where the value of imported goods or services equals or exceeds SAR 100 million.

### Via a Third Party



**All government procurements concluded with a local company and funded by government financial resources:**

The local company is bound by a subcontract with a foreign company, and the value of imported goods or services within this subcontract equals or exceeds SAR 100 million. Should a local agent or local company engage in multiple subcontracts with foreign companies, the minimum amount will be applied independently to each subcontractor.





# 03

## **Eligible Activities for Obligors to Meet Economic Participation Obligations**

# Eligible Activities for Obligators to Meet Economic Participation Obligations



LCGPA's Economic Participation Policy allows Obligators to fulfill economic participation's obligations and meet specified requirements. By implementing projects under the activities outlined below, with the aim of increasing the Gross Domestic Product:



## Investment

By Capital injection dedicated to establishing, expanding, or upgrading an industrial or service facility.

The Investment Multiplier has a value between 1 and 3.



## Localization of Industry or Services

Enhancing and developing local industrial capabilities, localizing new industries and services, and enabling local beneficiaries to provide quality goods and services within their service portfolio or area of activity.

The value of the Localization Multiplier for Industry or Services is from 0.50 to 2.



## Sub-contracting

Purchasing local products and services as part of a commercial agreement between the local beneficiary and the Obligor.

The value of the Subcontracting Multiplier is 1.



## Export Promotion

Purchasing Saudi goods and services by foreign companies for export and opening new markets for Saudi products to access global supply chains.

The value of the Export Development Multiplier is between 0.50 and 3.



# Eligible Activities for Obligators to Meet Economic Participation Obligations



LCGPA's Economic Participation Policy allows Obligators to fulfill economic participation's obligations and meet specified requirements. By implementing projects under the activities outlined below, with the aim of increasing the Gross Domestic Product:



## Research and Development

Carrying out applied research in accordance with a structured frame work to solve a specific problem or to develop a new product; to be conducted within Saudi Arabia to meet the needs of the Kingdom's strategic sectors.

The value of the Research and Development Multiplier is 3.



## Technology Transfer

Providing local beneficiaries with technologies and technical tools, along with related training and technical assistance.

The value of the Technology Transfer Multiplier is between 0.50 and 3.



## Knowledge Transfer

Transferring technical know-how to a local beneficiary; covering all activities and cooperation mechanisms that foster national capabilities.

The value of the Knowledge Transfer Multiplier is between 0.50 and 2.



**04**

**The Obliger's Economic Participation Journey**





# The Obligor's Economic Participation Bidding Submission Phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

For all tenders where the tender documents include Economic Participation Requirements, bidders are required to:

If the value of imported services or goods is less than SAR 100 million.

Bidders must submit a duly signed and stamped Economic Participation's undertaking letter.

If the value of imported services or goods equals or exceeds SAR 100 million.

**Bidders are required to provide:**

A signed and stamped Economic Participation Undertaking Letter.

**Economic Participation Proposal:**

A document submitted by the bidder with their price offer for the tender, outlining the purpose of Economic Participation projects, their growth potential, and specifying their outputs, timelines, and required resources for implementation.

In addition, the Economic Participation proposal must include Direct Economic Participation unless otherwise justified. The bidder may submit an Economic Participation proposal based on Indirect Economic Participation if agreed upon and pre-approved by LCGPA.



**Bidding  
Submission  
Phase**



# The Obligor's Economic Participation Bidding Submission Phase



## Undertaking Letter

**The Undertaking Letter is a written undertaking signed by the bidder upon submitting their offer for the Main Contract, obligating them to fulfill their Economic Participation Policy requirements.**

**The Undertaking Letter is to be submitted during the bidding phase as per the tender documents, regardless of the value of imported products. If the value of imported products equals or exceeds SAR 100 million, the Undertaking Letter Form should be attached with the Economic Participation proposal in a separate envelope.**

**If the main Bidder is a local company or local agent, the Undertaking Letter must be completed and stamped by the subcontractors (foreign companies) who will subsequently become the Obligors.**

### 4.3 نموذج التعهد

هذا التعهد هو التزام من \_\_\_\_\_ ببرنامج المشاركة الاقتصادية بناءً على:

- رقم المنافسة،
- تعريف عن الأعمال والخدمات،
- المتعهد، عنوان العمل، رقم الجوال والبريد الإلكتروني.

**يجب أن يوقع المتعهد المحتمل هذا التعهد:**

1. الأحكام التمهيدية.

1.1 يكون للالتزام والمصطلحات المستخدمة في هذا التعهد المعاني المبينة له في سياسة المشاركة الاقتصادية ("السياسة") ما لم يقتض السياق خلاف ذلك.

1.2 تنطبق أحكام السياسة فيما لم يرد فيه نص في هذا التعهد.

2 نظرة عامة عن برنامج المشاركة الاقتصادية.

2.1 تحتسب التزامات المشاركة الاقتصادية بناءً على نسبة الواردات من خدمات أو سلع من قيمة العقد الرئيس. ويجب على المتعهد الالتزام بمتطلبات برنامج المشاركة الاقتصادية في حال كانت قيمة الواردات من خدمات أو سلع تساوي أو تتجاوز الحد الأدنى الرئيس المحدد بمئة مليون (100,000,000) ريال سعودي.

2.2 إن الحد الأدنى لقيمة التزامات المشاركة الاقتصادية لأي عقد مشتريات حكومية تطبق عليه السياسة هو 35% من قيمة الواردات من خدمات أو سلع.

2.3 للوفاء بالتزامات برنامج المشاركة الاقتصادية، ستبذل هيئة المحتوى المحلي والمشتريات الحكومية ("الهيئة") والمتعهد، عقد مشاركة اقتصادية يحدد الأنشطة المؤهلة ضمن البرنامج بموجب السياسة والتي تتضمن: الاستثمار، نقل التقنية، نقل المعرفة، تنمية الصادرات، البحث والتطوير، توطيد التصنيع أو الخدمات، والتعاقد من الباطن.

2.4 إن فترة الوفاء بالتزامات المشاركة الاقتصادية محددة بخمس سنوات تبدأ من تاريخ توقيع العقود ذات الصلة مع الهيئة.

3 متطلبات الهيئة

3.1 لتطبيق برنامج المشاركة الاقتصادية بطريقة فعالة، يجب على مقدمي العطاءات تقديم عرض المشاركة الاقتصادية مع تقديم العرض الرئيس في حال توافرت الشروط المحددة في الفقرة رقم 2 من هذه الاتفاقية.

3.2 يجب تقديم عرض المشاركة الاقتصادية المقترح كجزء من العرض المقدم على منافسة العقد الرئيس، ويتم تقييمه من الهيئة قبل إبرام العقد الرئيس. ويجب أن يتضمن عرض المشاركة الاقتصادية الغرض من مشاريع المشاركة الاقتصادية، وإمكانية نمو كل مشروع وتحديد مخرجاته والدخول الزمنية والموارد المطلوبة لتنفيذه. كما يجب أن يحدد عرض المشاركة الاقتصادية دور والتزامات المتعهد والشركاء المحليين بشكل واضح. عندما يتضمن مشروع للمشاركة الاقتصادية مشاركة شركات أخرى غير المتعهد، يجب أن يكون عرض المشاركة الاقتصادية مصحوباً بخطاب رسمي من تلك الشركات يشير إلى دعمها والتزامها بالمشاركة في المشروع. ويجب أن يتضمن عرض المشاركة الاقتصادية المعلومات التالية عن المتعهد والجهات الأخرى المشاركة (إن وجدت):

- معلومات عن الجهات الأخرى المشاركة (إن وجدت).
  - الهيكل التنظيمي للمتعهد والجهات الأخرى المشاركة (إن وجدت).
  - تفاصيل عن طرق التمويل المشاريع المقترحة ضمن العرض.
  - دراسة المردود المادي لفترة المشروع ورصيد المشاركة الاقتصادية المتوقع تحقيقه ضمن الجدول الزمني المحدد للمشروع.
  - عدد الوظائف الدائمة المتوقعة.
  - إظهار الالتزام بمبادئ سياسة المشاركة الاقتصادية.
- 3.3 يجب على المتعهدين المحتملين استخدام النموذج المرفق ضمن وثيقة السياسة لإعداد عرض المشاركة الاقتصادية.
- 3.4 يجب على المتعهدين المحتملين توقيع هذا التعهد وتقديمه مع العرض الرئيس في نفس الوقت.



# The Obligor's Economic Participation Bidding Submission Phase



## Economic Participation Proposal

### 01. Overview:

In the Economic Participation Proposal, The Obligor must clearly indicate the total investment value in the overview section, the Obligor presents an executive summary detailing one or more of the proposed Economic Activities: Technology Transfer, Knowledge Transfer, Investment, Export Development, Research and Development, Localization of Industries or Services, and Subcontracting. The Obligor must clearly indicate the total investment value In the overview section through a table showing the total credit value of the Economic Participation Proposal.

### 02. General Guidelines:

Potential Obligors may present one or more Economic Participation Projects that include diverse Economic Activities. This is done by filling out the appropriate tables and providing supporting documentation. Furthermore, there are five crucial aspects to take into account for the project:

- **Project Overview:** Provide a clear description of each proposed project and its anticipated objectives.
- **Effectiveness:** Outline the anticipated impact upon project execution.
- **Terms and Conditions:** An outline of the essential conditions and requirements for project success.
- **Execution Period:** An outline of each phase's duration.
- **Execution Methodology:** A detailed description of how the project will be implemented and the participating entities.

#### 4.2. نموذج عرض المشاركة الاقتصادية

##### 1. نظرة عامة

يتم توفير نموذج عرض مشروع المشاركة الاقتصادية لمقدمي العروض لعرض آليات المشاركة الاقتصادية المختلفة التي سيتم تضمينها في عرض المشاركة الاقتصادية الخاص بهم. نقل التقنية، نقل المعرفة، الاستثمار، تنمية الصادرات، البحث والتطوير، توظيف الصناعات أو الخدمات، التعاقد من الباطن. كما يمكن للمتعهدين المحتملين أن يعرض مشروعًا واحدًا أو أكثر من مشاريع المشاركة الاقتصادية التي تتضمن آليات مختلفة عن طريق ملء الجدول ذات الصلة في هذا المستند وتقديم المستندات ذات الصلة الواردة في الدليل الإرشادي لكل تقنيات المشاركة الاقتصادية.

يجب أن يعرض هذا الجدول إجمالي قيمة الرصيد لمشاريع المشاركة الاقتصادية المقترحة.

مشروع المشاركة الاقتصادية	عدد المشاريع المقترحة	رصيد مشاريع المشاركة الاقتصادية المقترحة
نقل التقنية		
نقل المعرفة		
الاستثمار		
تنمية الصادرات		
البحث والتطوير		
التوظيف		
التعاقد من الباطن		
إجمالي المشاريع المقترحة		

##### 2. مبادئ توجيهية عامة

- هناك خمسة جوانب رئيسية يجب أخذها في الاعتبار قبل ملء النماذج:
- نبذة عن المشروع: إعطاء وصف واضح عن كل مشروع مقترح والأهداف المتوقعة تحقيقها.
  - الفعالية: وصف التأثير المتوقع عند تنفيذ المشروع.
  - الشروط: وصف عن الشروط والاحتياجات الأساسية لنجاح المشروع.
  - فترة التنفيذ: وصف مدة كل مرحلة.
  - طريقة التنفيذ: وصف تفصيلي لطريقة تنفيذ المشروع والجهات المشاركة.

##### 3. معلومات عن المشروع

يجب على المتعهدين المحتملين توفير جدول خاص عن كل مشروع مقترح. اسم المشروع:

الجهة المحلية المشاركة في المشروع

#	النشاط	الوصف التفصيلي للنشاط	القيمة المتوقعة تحقيقها	المضاعف	رصيد المشاركة الاقتصادية المقترحة





# The Obligor's Economic Participation Bidding Submission Phase



## Economic Participation Proposal

### 03. Project Information:

For each proposed project, potential Obligors are required to submit a specific table that outlines the project name, the Obligor's role, the local beneficiary of the Economic Participation in the project, the type of Economic Activity, a detailed description of each activity, the investment value, the proposed multiplier, and the project's Economic Participation Credit. If the Economic Participation Project includes the involvement of entities other than the Obligor, the proposal must be accompanied by an official letter from those entities indicating their support and commitment to participate in the project.

### 04. The period for meeting Economic Participation obligations:

Obligors have a five-year period to meet their Economic Participation obligations, starting from the date the Economic Participation contract is signed. Furthermore, an additional year is provided to the Obligor to present any documentation or evidence to demonstrate compliance with the Economic Participation obligations. Furthermore, the specified duration is independent of the Main Contract's execution schedule.

#### 4.2. نموذج عرض المشاركة الاقتصادية

##### 1. نظرة عامة

يتم توفير نموذج عرض مشروع المشاركة الاقتصادية لمقدمي العروض لعرض آليات المشاركة الاقتصادية المختلفة التي سيتم تضمينها في عرض المشاركة الاقتصادية الخاص بهم. نقل التقنية، نقل المعرفة، الاستثمار، تنمية الصادرات، البحث والتطوير، توظيف الصناعات أو الخدمات، التعاقد من الباطن. كما يمكن للمتعهدين المحتملين أن يعرض مشروعاً واحداً أو أكثر من مشاريع المشاركة الاقتصادية التي تتضمن آليات مختلفة عن طريق ملء الجدول ذات الصلة في هذا المستند وتقديم المستندات ذات الصلة الواردة في الدليل الإرشادي لكل تقنيات المشاركة الاقتصادية.

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نقل التقنية		
نقل المعرفة		
الاستثمار		
تنمية الصادرات		
البحث والتطوير		
التوظيف		
التعاقد من الباطن		
إجمالي المشاريع المقترحة		

##### 2. مبادئ توجيهية عامة

- هناك خمسة جوانب رئيسية يجب أخذها في الاعتبار قبل ملء النموذج:
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  - فترة التنفيذ: وصف مدة كل مرحلة.
  - طريقة التنفيذ: وصف تفصيلي لطريقة تنفيذ المشروع والجهات المشاركة.

##### 3. معلومات عن المشروع

يجب على المتعهدين المحتملين توفير جدول خاص عن كل مشروع مقترح.

اسم المشروع:

الجهة المحلية المشاركة في المشروع

#	النشاط	الوصف التفصيلي للنشاط	القيمة المتوقعة لتحقيقها	المخاطر	رصيد المشاركة الاقتصادية المقترح



# The Obligor's Economic Participation Bidding Submission Phase



## Economic participation Credit

The Economic Participation Multiplier is a numerical factor used to determine the proposed Economic Participation Credit when undertaking an eligible activity, as defined by LCGPA in accordance with the Economic Participation Policy. The Obligor can receive a multiplier value from 0.50 to 3, determined by the value added to the national economy.

The proposed Economic Participation Credit is the estimated value of projects offered by the Obligor within the Economic Participation form, prior to their approval by LCGPA. It is calculated based on the total proposed projects over the suggested timeframe.

The calculated Economic Participation Credit is the value determined by LCGPA from the total of all activity projects undertaken by the Obligor to fulfill their Economic Participation obligations during the agreed-upon timeframe.

LCGPA incentivizes Obligors to undertake specific projects aligned with the Kingdom's strategic directions by granting an additional Economic Participation Credit (0.5 to 1), which is added to the multiplier value. This incentive is provided when Obligors commit to executing Economic Participation Projects according to LCGPA's directives.

The total Economic Participation Credit for all eligible activity projects undertaken by the Obligor during the agreed-upon timeframe is calculated using the following formula:

$$\begin{aligned} \text{Economic Participation Project Credit} &= \text{Project value in each eligible activity} \times \text{Multiplier.} \\ \text{Total Economic Participation Credit} &= \text{Sum of Credits from Economic Participation projects across all activities.} \end{aligned}$$

الأنشطة المؤهلة	قيمة المضاعف
توطين الصناعة أو الخدمات	2-0.5
التعاقد من الباطن	1
نقل التقنية	3-0.5
نقل المعرفة	2-0.5
الاستثمار	3-1
تنمية الصادرات	3-0.5
البحث والتطوير	3
رصيد إضافي يضاف إلى قيمة المضاعف	
ستحدد الهيئة فئة الرصيد الإضافي	(+1)-(+0.5)

# The Obligor's Economic Participation Bidding Submission Phase



## Special Cases

### 01. Unclearly in the value of imports:

Should the value of imports not be accurately specified at the time of tendering, the government entity must inform LCGPA. Should the value actually exceed SAR 100 million, the policy will be applied retroactively to the Obligor, who will then be obligated to submit the proposal. Upon award, the actual import value will be determined based on the bill of quantity submitted by the Obligor.

### 02. Engagement of third parties:

A third party (e.g., a subsidiary or a subcontractor) is allowed to participate in executing an Economic Participation Project. LCGPA's approval must be obtained for the executing party.  
The main Obligor remains solely responsible to LCGPA for full compliance.

### 03. Surplus Credit:

Should the Obligor overfulfill their Economic Participation obligation defined in the contract, they are permitted to carry over the surplus for a period of 5 years, starting from LCGPA's final approval date for the fulfillment of Economic Participation obligations. This credit can be used in future tenders, subject to LCGPA's approval.





# The Obligor's Economic Participation Bidding Submission Phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

Following the initial award from the government entity, LCGPA shall:

Collaborate with the Obligor to determine the import value by sharing the bill of quantities submitted by the Obligor and linking them with the manufacturers.

**Economic Participation Proposal Development:** LCGPA assesses and reviews the Economic Participation proposal, then communicates with the Awarded Bidder, if necessary, to develop the final Economic Participation proposal, paving the way for the Economic Participation contract signing procedures.

The time taken to develop the Economic Participation offer is contingent on the Obligor's responsiveness in submitting the final proposal and supporting documentation, and on receiving LCGPA's approval, prior to commencing the Economic Participation contract signing process.

Should the value of imports not surpass the minimum limit outlined in the policy, the Obligor is exempt from the policy's obligations. Consequently, The government entity will be notified that it can proceed with signing the contract.



Award  
Phase



# The Obligor's Economic Participation Bidding Submission Phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

During the contract signing phase, the Obligor must do the following:

The Economic Participation contract must be signed at the same time or before the Main Contract is signed.

The government entity is notified to sign the Main Contract with the Obligor.

Submit the performance bond within 30 days of signing the Economic Participation contract.

The performance Bond must be linked to the Economic Participation contract, and it should be separate from any other guarantee the Obligor provides.

The Performance Bond is set at 15% of the total value of Economic Participation Obligation.



Contract  
Signing  
Phase



# The Obligor's Economic Participation Bidding Submission Phase



## Economic Participation Contract

This contract, signed before the Main Contract, defines the value of the Obligor's Economic Participation Obligation based on the Economic Participation Policy.

The Economic Participation contract specifies the eligible activities and the corresponding Economic Participation Credit that will be awarded upon completion of each activity, as per the Obligor's submitted proposal.

The Economic Participation contract refers to the monitoring mechanism to be implemented during the agreement period.

Additionally, the Economic Participation contract includes appendices containing the Economic Participation Credit verification document for undertaking projects within the specified eligible activities.

Confidential - سري

**ECONOMIC PARTICIPATION CONTRACT** **عقد المشاركة الاقتصادية**

By the help of Allah, this Economic Participation Contract (the "Contract") is entered into this [day] on [date], in the city of Riyadh in the Kingdom of Saudi Arabia by and between:

**First Party:** The Local Content and Government Procurement Authority, represented by [Name], as CEO of Local Government Procurement Authority, whose address is at [Address], Unit No. (2), Riyadh, Kingdom of Saudi Arabia. Telephone: (+966118387777), Fax: (+966118387777), Email: (EPMA@gcga.gov.sa), referred to as "LCGPA".

**Second Party:** [Contractor], incorporated in [Country], under the regulations of [City] under [Commercial Register No.], holding [Residence] number [No.] in [City], authorized signatory pursuant to [No.], is at [Address], telephone: [No.], fax: [No.], email: [Email], postal code: [No.], referred to as "Contractor".

Hereinafter referred to as "Contract" and the Contractor are referred to as "Parties" and individually as a "Party".

**1. PREAMBLE**

**Whereas:**

(a) LCGPA wishes to promote the economic growth and development of the Kingdom of Saudi Arabia;

(b) The Economic Participation Contract includes the provisions of the Economic Participation Policy, which provides for the award of Economic Participation Credit to the Contractor upon completion of the project, in accordance with the provisions of the Economic Participation Policy.

Project Name: ..... اسم المشروع: .....

Contract No.: ..... رقم العقد: .....

Date: [Day, Date, and City] تاريخ توقيع العقد: [اليوم والتاريخ والمدينة]

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# The Obligor's Economic Participation Bidding Submission Phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

## Upon contract signing

Within a maximum of one month from the Economic Participation contract signing date, the Obligor is required to provide LCGPA with a comprehensive timeline and financial plan. Subsequently, joint executive and supervisory teams, comprising representatives from LCGPA, the Obligor, and the local beneficiary, will be nominated by LCGPA to oversee the implementation process.

## If the contract is not signed

The Obligor shall update the bill of quantity items for both local and imported purchases, specifying manufacturers, country of origin, and the value of each item, while clearly differentiating between local and imported purchases throughout the contract duration.

Should there be an increase or decrease in the Main Contract's value, the Economic Participation obligations will be adjusted accordingly to reflect this change. Both the government entity and the Obligor must notify LCGPA of any modifications to the Government Procurement contract that might affect the value of the Economic Participation obligation.



Execution  
and  
Monitoring



# 05

## Monitoring



# Obligor's Economic Participation Policy: Execution and Monitoring Phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

Monitor Economic Participation contract work at two levels:

## Executive Level:

Representatives at the executive level from all involved parties will be named to oversee the Economic Participation contract. This team will convene regularly, as per the contract's specific monitoring mechanism, to undertake the following duties:

Projects will be monitored periodically, including conducting on-site visits to project locations whenever LCGPA deems it necessary.

Submit periodic reports using the templates approved by LCGPA.

Report recommendations and challenges to the supervisory level.



Execution  
and  
Monitoring





# Obligor's Economic Participation Policy: Execution and monitoring phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

## Supervisory Level:

Representatives for the supervisory level are designated, and the team, chaired by LCGPA and including the Obligor, convenes on an as-needed basis, adhering to the contract's specific monitoring process, to perform these duties:

Discuss the periodic reports.

Review the workflow for projects and issue essential technical and administrative directives.

Within five business days of receiving the nomination request, the Obligor must submit the names of their representatives (and any local beneficiary representatives, if applicable) at all levels to LCGPA.



Execution  
and  
Monitoring

# Obligor's Economic Participation Policy: Execution and monitoring phase



## Periodic Meetings

The Obligor must attend periodic meetings with LCGPA to discuss the progress made in implementing Economic Participation projects.

## Periodic Reports

Periodic reports are to be submitted by the Obligor to LCGPA, including supporting evidence and documentation, to verify that Economic Participation obligations have been fulfilled as per the agreed key milestones.



# Obligor's Economic Participation Policy: Execution and monitoring phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

## Preparing and submitting periodic reports

Reports are to be submitted by the Obligor in Arabic, using the templates provided by LCGPA. The Obligor's representatives will submit periodic reports according to the contract's monitoring mechanism, using the templates provided by LCGPA.

### The report includes the following data:

- A summary of the current project status and achievements during the reporting period.

- The financial amounts disbursed during the elapsed period.

- Measure the compliance rate for the projects.

- Any other information deemed necessary by LCGPA.

Subsequently, LCGPA will review the report and reserves the right to request clarifications, thoroughly audit all submitted documents, verify their authenticity, and demand any further details or documentation at any point. Furthermore, LCGPA may also engage a third party for auditing and monitoring purposes. - If any -.



Execution  
and  
Monitoring



# Obligor's Economic Participation Policy: Execution and monitoring phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

Change requests according to the contract's monitoring mechanism:

Change request procedures involve several stages, as outlined below:

In coordination with the local beneficiary's representative (if any), the Obligor will submit the change request to LCGPA.

LCGPA will review the request and provide any observations or feedback, if any.

Upon LCGPA's approval of the change request, the Obligor commits to fulfilling the associated financial and technical requirements.

\* Should LCGPA reject the change request, the Obligor is still bound to fulfill their financial and technical requirements as initially approved in the detailed plans.



Execution  
and  
Monitoring





# Obligor's Economic Participation Policy: Execution and monitoring phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

## Economic Participation Credit Requests:

Credit Claim Requests are submitted by the Obligor. The Credit Claim Requests then proceeds through various stages, as detailed below:

Upon the successful completion of a major project phase under the agreement, the Obligor is required to complete and submit a phase completion acknowledgment form to LCGPA. This submission must include all relevant supporting documentation and encompass the following:

- Clarification of what was disbursed during the implementation period of the completed phase. The Economic Participation Credit will be calculated only for the amounts disbursed by the Obligor or the local beneficiary, if applicable.
- Any additional contribution or service provided by the Obligor to the local beneficiary within the scope of the eligible activity.

The Obligor submits the Credit Claim Request Form to LCGPA.



Execution  
and  
Monitoring



# Obligor's Economic Participation Policy: Execution and monitoring phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

## Economic Participation Credit Requests:

After receiving the final versions of the phase completion acknowledgment form, the credit claim request form, and their supporting documents, LCGPA will review the request and provide any comments or feedback it may have.

The Economic Participation Credit will be determined by the amounts actually spent to complete the milestone. Funds transferred or allocated will not be considered credit until they are actually disbursed.

Once LCGPA has reviewed and confirmed there are no comments, a certificate of completion will be issued.



Execution  
and  
Monitoring



# Obligor's Economic Participation Policy: Execution and monitoring phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

## Verification of the granted credit :

LCGPA may utilize a third party for auditing and monitoring purposes. The Obligor will not be awarded the Economic Participation Credit until LCGPA approves the fulfillment of the Economic Participation obligations.

LCGPA reserves the right to revoke any Economic Participation Credit if information subsequently emerges that raises questions about the accuracy and validity of the evidence and documents on which the Economic Participation Credit was previously granted.



Execution  
and  
Monitoring



# Obligor's Economic Participation Policy: Execution and monitoring phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

## Final statement:

The Obligor is obligated to prepare the final report within 15 business days of completing all project phases, as specified in the Obligor's Economic Participation proposal. This report should detail the deliverables and the Obligor's compliance with the Economic Participation Program requirements.

This report will be reviewed by LCGPA, which is also entitled to seek clarifications, rigorously audit and verify all documents provided by the Obligor, and request any further details, information, or documentation necessary to validate the Economic Participation Credit. Furthermore, LCGPA may appoint a third party for the purposes of auditing, monitoring, and making amendments to the report.

## Final approval:

Upon submission of all documents and evidence by the Obligors, LCGPA will approve the final project statement. LCGPA also reserves the right to request visits to Economic Participation project sites to verify that obligations have been met.

LCGPA reserves the right to monitor the progress of Economic Participation projects, conduct performance reviews, and conduct site visits as needed.



Execution  
and  
Monitoring





# Obligor's Economic Participation Policy: Execution and monitoring phase



Bidding Submission Phase



Award Phase



Contract Signing Phase



Execution and Monitoring

## General provisions:

LCGPA is entitled to review, audit, and verify all submitted documents and evidence in line with its established procedures.

Should a local beneficiary be involved, they are obligated to adhere to the **EXECUTIVE REGULATIONS** of Government Tenders and Procurement Law, or their internal approved regulations (if not mandated by the Law), for all procurements of items related to Economic Participation projects.



Execution  
and  
Monitoring



**06**

**Economic Participation within the  
government procurement process**

# Economic Participation within the government procurement process.



**Tender Preparation Phase**

**Bid Evaluation Phase**

**Award and Contract Signing Phase**

**Execution and Monitoring Phase**

**Upon project completion**

# Economic Participation within the government procurement process.



## Tender Preparation Phase

### Tender Evaluation

- » **The Government Entity's Role:**  
Provide LCGPA with the tender to evaluate the feasibility of applying the Economic Participation Policy to the tender.
- » **LCGPA's Role:**
  - Examine the tender and advise the government entity on the feasibility of applying the Economic Participation Policy so that the relevant attachments can be included and added.

### Exceeding the Minimum Limit

- » **The Government Entity's Role:**
  - Include Economic Participation Requirements.
  - Attach the Economic Participation Policy.
  - Attach the Undertaking Letter Form

### Less than the Minimum Limit

- » The estimated tender value is below the minimum limit of SAR 100 million.

- » **LCGPA's Role:**
  - Organize a workshop for government entities, if needed.
  - Respond to inquiries.
  - Share the link to the Economic Participation page on LCGPA's official website.



## Bid Evaluation Phase



## Award and Contract Signing Phase



## Execution and Monitoring Phase



## Upon project completion



# Economic Participation within the government procurement process.



## Tender Preparation Phase



### Bid Evaluation Phase

The value of foreign imports equals or exceeds SAR 100 million.

- » **The entity receives from the bidder:**
- The Economic Participation Proposal.
  - The Undertaking Letter Form, duly signed and stamped, provided in a separate envelope concurrently with the Main Contract bid submission.

The value of foreign imports is less than SAR 100 million.  
The value of imports is unclear.

- » **The entity receives from the bidder:**
- The Undertaking Letter Form is duly signed and stamped.

- » **Initial Award:**
- LCGPA is to be notified of the initial award.



## Award and Contract Signing Phase



## Execution and Monitoring Phase



## Upon project completion

# Economic Participation within the government procurement process.



## Tender Preparation Phase



## Bid Evaluation Phase



### Award and Contract Signing Phase

#### Award Phase:

- » - LCGPA must be provided with the contact details, Economic Participation proposal, Undertaking Letter Form, and the bill of quantities and prices to allow LCGPA to initiate contact with the awarded bidder
- » - The Obligor is requested to specify the import value based on the country of origin and the companies from which the supply will be made.

#### Contract Signing Phase:

- » - An annual report on import value is submitted during the Main Contract's execution phase.
- » - LCGPA must be notified if there is an increase or decrease in the contract value upon contract execution.



## Execution and Monitoring Phase



## Upon project completion

# Economic Participation within the government procurement process.



## Tender Preparation Phase

## Bid Evaluation Phase

### Award and Contract Signing Phase

The value of foreign imports equals or exceeds SAR 100 million.

- » The entity shall notify LCGPA so LCGPA shall do the following:
  - Review and approve the Economic Participation proposal submitted by the Obligor.
- » LCGPA receives the (bank) performance bond from the Obligor, equivalent to 15% of the Economic Participation obligation' value, either prior to or concurrent with the Main Contract signing.
- » Subsequent to the foregoing:
  - LCGPA notifies the entity to sign the Main Contract with the Obligor.

The value of foreign imports is less than SAR 100 million.  
The value of imports is unclear.

- » Should the value of imported goods and services be unclear, the final guarantee for the Main Contract will suffice and will not be released until LCGPA's approval.
- » An annual report on import value is submitted during the Main Contract's execution phase.
- » LCGPA must be notified if there is an increase or decrease in the contract value upon contract execution.
- » The entity proceeds to sign the Main Contract immediately.

## Execution and Monitoring Phase

## Upon project completion

# Economic Participation within the government procurement process.



## Tender Preparation Phase



## Bid Evaluation Phase



## Award and Contract Signing Phase



### Execution and Monitoring Phase



The value of foreign imports equals or exceeds SAR 100 million.

- » LCGPA and the government entity coordinate the submission of Economic Participation requirements.
- » An annual report on import value is submitted during the Main Contract's execution phase.
- » LCGPA must be notified if the contract value increases or decreases upon signing the contract.

The value of foreign imports is less than SAR 100 million, or the import value is indeterminate.

- » The government entity is obligated to notify LCGPA. Should the value actually exceed SAR 100 million, the policy will apply retroactively to the Obligor. They will then be obligated to submit the proposal at that time, and upon award, the actual import value will be determined based on the bill of quantity provided by the Obligor.
- » Should there be an increase or decrease in the Main Contract's value, the Economic Participation obligation will be adjusted accordingly to reflect this change. Both the government entity and the Obligor must notify LCGPA of any modifications to the Government Procurement contract that might affect the value of the Economic Participation obligation.



## Upon project completion



# Economic Participation within the government procurement process.



**Tender Preparation Phase**



**Bid Evaluation Phase**



**Award and Contract Signing Phase**



**Execution and Monitoring Phase**



## Upon project completion

The value of foreign imports equals or exceeds SAR 100 million.

- » The entity notifies LCGPA so that it can determine the final import value with the contractor, and the contract will not be concluded until the Economic Participation requirements are fulfilled.



# 07

## Practical Example






# Example of Economic Participation



## Bidder Information

A government entity tendered a project for the provision of medical devices, with an estimated value of SAR 150 million.

Bidder's Proposal		 Bidder No. 1	 Bidder No. 2	 Bidder No. 3
Value of Tender Items	Local Products	SAR 150 million	SAR 135 million	SAR 130 million
	Imported Products	SAR 150 million	SAR 50 million	SAR 30 million
		N/A	SAR 85 million	SAR 100 million
Application of the Economic Participation Policy		✗	✗	✓
The Undertaking Letter Form (signed and stamped).		✓	✓	✓
Cause for policy implementation		Foreign imports are less than SAR 100 million.	Foreign imports are less than SAR 100 million.	Foreign imports exceeded SAR 100 million.
The value of Economic Participation obligations (Foreign import value * 35%).		-	-	SAR 100 million * 35% = SAR 35 million.

The government entity awarded the project to Bidder No.3, who then submitted the Economic Participation requirements.

# Example of Economic Participation



## Economic Participation activities for Bidder No.3

The potential Obligor may submit one or more Economic Participation projects and provide the relevant documents according to the following example:

Project No.	Main Activity	Sub-activity	Project Description	Amount	Multiplier	Economic participation Credit	Project Duration
1	Investment	The Obligor's Investment	Establishment of a joint venture between the international company and a local company in the field of medical supplies. Joint Venture	SAR 10 million	1	SAR 10 million	2 Years
2	Localization	The machinery, equipment, and devices granted by the Obligor to the local beneficiary for the localization of industry or services.	Localizing the manufacturing of dialysis machines, including the blood purification unit, fluid reservoir, blood pump, monitoring devices, and other essential parts.	SAR 8 million	2	SAR 16 million	5 Years
3	Research and Development	Operational expenses for conducting research and development activities.	Publishing a research paper on continuous glucose monitoring in diabetic patients in collaboration with local universities.	SAR 2 million	3	SAR 6 million	6 Months
4	Export Development	Export of local products or services.	Purchasing medical-grade plastic from local manufacturers and export it to the United States for use in insulin pump manufacturing.	SAR 1 million	3	SAR 3 million	5 Years



# Example of Economic Participation



## Economic Participation activities for Bidder No.3

The potential Obligor may submit one or more Economic Participation projects and provide the relevant documents according to the following example:

Project No.	Main Activity	Sub-activity	Project Description	Amount	Multiplier	Economic participation Credit	Project Duration
5	Technology Transfer	Local technical assistance for the use of transferred technology.	Equipping cancer centers in the Kingdom of Saudi Arabia with the latest advanced medical devices.	SAR 2 million	2	SAR 4 million	5 Years
	Total	-	-	SAR 23 million	-	SAR 39 million	-
<p>Surplus Economic Participation Credit = Total Economic Participation Credit - Value of obligation.  SAR 39 million - SAR 35 million = SAR 4 million.  The surplus Credit may be utilized in future tenders within a five-year period, subject to LCGPA's prior approval.</p>							
	Performance Bond	<p>Performance Bond = Value of Economic Participation obligations * 15%.  SAR 35 million * 15% = SAR 5,250,000.  *The value of Economic Participation obligations does not include any surplus Economic Participation Credit.</p>					5,250,000



# Example of Economic Participation

## Economic Participation requirements for Bidders

Bidders	Bidding Submission Phase	Award Phase	Contract Signing Phase	Execution and Monitoring Phase
Bidder No.1	Submission of the signed and Stamped Undertaking Letter	N/A	No Award	-
Bidder No.2	Submission of the signed and Stamped Undertaking Letter	N/A	No Award	-
<b>Bidder No.3</b>	<ul style="list-style-type: none"><li>■ Signed and Stamped Undertaking Letter</li><li>■ Determining the value of the Economic Participation obligation and the proposed eligible Economic Activities.</li><li>■ The initial Economic Participation proposal.</li></ul>	<ul style="list-style-type: none"><li>■ The bill of quantities and bill of quantity provided by the awarded Obligor of the tender are to be shared.</li><li>■ Developing the final Economic Participation proposal.</li></ul>	<ul style="list-style-type: none"><li>■ Signing the Economic Participation contract.</li><li>■ Submission of the performance bond.</li><li>■ Signing the Main Contract</li></ul>	<ul style="list-style-type: none"><li>■ Submission of the detailed project timeline and financial plan.</li><li>■ Appointment of executive and supervisory representatives.</li><li>■ Submission of periodic reports.</li><li>■ Submission of Economic Participation Credit requests after the completion of each major phase.</li><li>■ Upon project completion, the final statement is to be provided.</li></ul>



**08**

## **Related Definitions**

## Related links



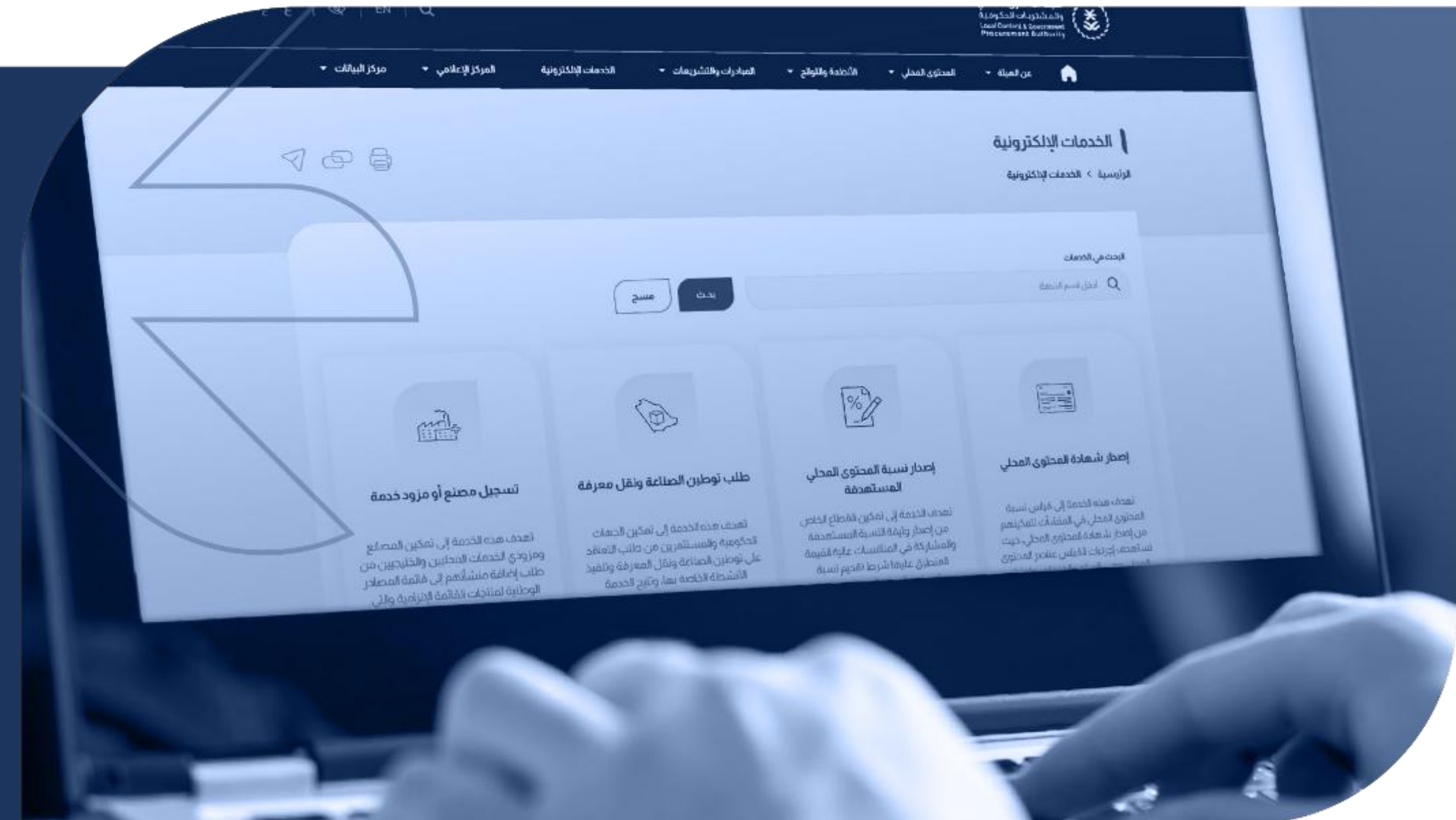
To access the periodic and final report templates.



To access the guidance manuals.



To access the training material.







**09**

**Appendices**



## 4.2 نموذج عرض المشاركة الاقتصادية

### 1. نظرة عامة

يتم توفير نموذج عرض مشروع المشاركة الاقتصادية لمقدمي العروض لعرض آليات المشاركة الاقتصادية المختلفة التي سيتم تضمينها في عرض المشاركة الاقتصادية الخاص بهم. نقل التقنية، نقل المعرفة، الاستثمار، تنمية الصادرات، البحث والتطوير، توطيد الصناعات أو الخدمات، التعاقد من الباطن. كما يمكن للمتعهد المحتمل أن يعرض مشروعاً واحداً أو أكثر من مشاريع المشاركة الاقتصادية التي تتضمن آليات مختلفة عن طريق ملء الجداول ذات الصلة في هذا المستند وتقديم المستندات ذات الصلة الواردة في الدليل الإرشادي لكل تقنيات المشاركة الاقتصادية.

يجب أن يعرض هذا الجدول إجمالي قيمة الرصيد لمشاريع المشاركة الاقتصادية المقترحة.

مشروع المشاركة الاقتصادية	عدد المشاريع المقترحة	رصيد مشاريع المشاركة الاقتصادية المقترحة
نقل التقنية		
نقل المعرفة		
الاستثمار		
تنمية الصادرات		
البحث والتطوير		
التوطين		
التعاقد من الباطن		
إجمالي المشاريع المقترحة		

## 2. مبادئ توجيهية عامة

- هناك خمسة جوانب رئيسية يجب أخذها في الاعتبار قبل ملء النموذج:
- نبذة عن المشروع: إعطاء وصف واضح عن كل مشروع مقترح والأهداف المتوقعة تحقيقها.
  - الفعالية: وصف التأثير المتوقع عند تنفيذ المشروع.
  - الشروط: وصف عن الشروط والاحتياجات الأساسية لنجاح المشروع.
  - فترة التنفيذ: وصف مدة كل مرحلة.
  - طريقة التنفيذ: وصف تفصيلي لطريقة تنفيذ المشروع والجهات المشاركة.

## 3. معلومات عن المشروع

يجب على المتعهدين المحتملين توفير جدول خاص عن كل مشروع مقترح.

اسم المشروع:

الجهة المحلية المشاركة في المشروع

•	الأنشطة	الوصف التفصيلي للأنشطة	القيمة المتوقعة لتحقيقها	المصاعف	رصيد مشاريع المشاركة الاقتصادية المقترحة

رقم العطاء:

الجهة المسؤولة عن العطاء:

اسم وتوقيع الجهة المسؤولة عن عرض المشاركة الاقتصادية:

# Appendices



## Technology Transfer

Eligible Activities		Calculation Method	Multiplier Value
Technical documentation and manuals, including technical drawings, directly related to the technology transferred to local beneficiaries.		The Obligor is responsible for the expense of the transferred documents and manuals required to finalize the process. This activity must be an integral part of the technology transfer proposal submitted by the Obligor.	0.5
Training local beneficiaries directly involved in using the transferred technology.		Expenses incurred by the Obligor to cover training costs, excluding any travel or per diem expenses for trainees, which must be covered by the local beneficiary.	2
Local technical assistance for using transferred technology.		The expenses incurred by the Obligor to cover local assistance or technical support provided by the Obligor to the local beneficiary in the Kingdom.	1
Granting specific machinery, equipment, or devices essential for using the technology, which are not available in the Kingdom..		The cost of machinery, equipment, or devices, plus all other costs the Obligor incurs for their transportation and delivery to the local recipient.	2
Transfer of technical know-how, including training the local beneficiary by working alongside them at the beneficiary's site, or seconding them to the technology owner to enable them to assimilate and independently utilize the technology in the future.		Costs incurred by the Obligor for technology transfer by allowing the local beneficiary to work with the Obligor through on-the-job training.	2
Preparing the technology for its use by the local beneficiary		The Obligor's preparation cost to enable local beneficiaries to use the technology.	2



## Technology Transfer

### Eligible Activities

Export revenues generated by the transferred technology.

The research and development required for adapting the technology to be compatible with the local beneficiary.



### Calculation Method

The additional export revenues generated by the local beneficiary, directly linked to the transferred technology resulting from the Obligor's direct efforts during the Economic Participation contract period.

The additional costs paid by the Obligor for adapting the technology to suit the requirements of the local beneficiaries.

### Multiplier Value

3

3



Knowledge Transfer

Eligible Activities		Calculation Method	Multiplier Value
Technical documents and manuals, including technical drawings, for the specific skills or knowledge transferred to the local beneficiary.		The value of the transferred documents and manuals according to the fair cost to the Obligor for completing the procedure.	0.5
Training the local beneficiary outside the Kingdom.		Costs incurred by the Obligor for activity completion, with the exception of any trainee travel or per diem expenses, which are to be covered by the local beneficiary.	2
Training the local beneficiary in the Kingdom.		Costs incurred by the Obligor for conducting training courses within the Kingdom, excluding any compensation paid to trainees.	1
Transfer of technical expertise, including on-the-job training for the local beneficiary to apply skills within their work domain.		Costs incurred by the Obligor for technology transfer by enabling the local beneficiary to work side-by-side through on-the-job training and practice.	2





Export Development

Eligible Activities

Export of local products or services.

Increasing the competitiveness of local beneficiaries by enhancing the profitability of local products, which can improve their position in global markets.

The tools and activities utilized for marketing local products in global markets.



Calculation Method

Export revenues generated for local beneficiaries during the Economic Participation contract period, directly linked to the Economic Participation project and the Obligor's efforts.

The cost savings realized by local beneficiaries due to Obligor support in achieving Economies of Scale during the Economic Participation period.

The expenses incurred by the Obligor for marketing local products in new markets through exhibitions or marketing campaigns in countries where the product has never been sold or was previously marketed during the Economic Participation contract period.

Multiplier Value

3

3

0.5



Investment

Eligible Activities

Calculation Method

Multiplier Value

The Obligor's Investment



The volume of investment made by the Obligor, including the initial investment and any additional investment for expansion or improvements undertaken by the Obligor during the Economic Participation contract period.

1

Export sales directly associated with the investment made by the local beneficiary.



International new investment revenues during the Economic Participation contract period, directly associated with the Economic Participation project and the Obligor's efforts, excluding any revenues specific to the Obligor.

3



Research and Development

Eligible Activities

Capital expenditures for conducting research and development activities.

Operational expenses for conducting research and development activities.



Calculation Method

Any capital expenses incurred by the Obligor for R&D activities, including, such as the cost of facilities and purchased equipment, building expansion and improvements, devices, and vehicles during the Economic Participation contract period.

Any operational expenses incurred by the Obligor for conducting research and development activities, including, for example, rent, salaries, contributions, subscriptions, and so forth.

Multiplier Value

3

3



## Localization of Industry or Services

Eligible Activities		Calculation Method	Multiplier Value
Transferring documents or manuals to local beneficiaries for the localization of specific industries or services.		The value of the transferred documents and manuals is based on the fair cost to the Obligor for completing the procedure.	0.5
On-the-job training and other forms of training for local beneficiary employees in the country of origin of the service being localized.		Costs incurred by the Obligor for training the local beneficiary's employees, with the exception of any trainee travel or per diem expenses, which must be covered by the local beneficiary.	2
Technical assistance in the Kingdom to complete the localization project.		Costs incurred by the Obligor for providing continuous technical support to the local beneficiary to ensure the successful localization of industry or services.	1
The machinery, equipment, and devices provided by the Obligor to the local beneficiary for the localization of industry or services.		The expenses incurred by the Obligor for the machinery, equipment, and devices granted to the local beneficiary to complete the localization of industry or services during the Economic Participation contract period.	2
Transfer of technical expertise, including on-the-job training for the local beneficiary to apply skills in the workplace.		Costs incurred by the Obligor for technology transfer, enabling the local beneficiary to work with the Obligor through on-the-job training and practice, or by seconding local beneficiary employees to the technical expertise owner to gain necessary experience in the same field of work.	2
The industrial policy that focuses on enhancing the local beneficiary's manufacturing capabilities.		Costs incurred by the Obligor for organizing performance development programs to enhance manufacturing processes or production lines for local beneficiaries.	2



Sub-contracting

Eligible Activities

Subcontracting with a local company.

The net revenue generated by the local beneficiary from subcontracting.



Calculation Method

Costs incurred by the Obligor to ensure that the local beneficiary is accredited and possesses the necessary requirements to execute subcontracted activities.

Revenues generated for the local beneficiary directly related to the Economic Participation project and the Obligor's efforts, excluding any external expenses paid by the local beneficiary. This subcontracting arrangement should be new and entirely independent of any previous or existing engagements by the Obligor.

Multiplier Value

1

1





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# Thank you..

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# Disclaimer

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