

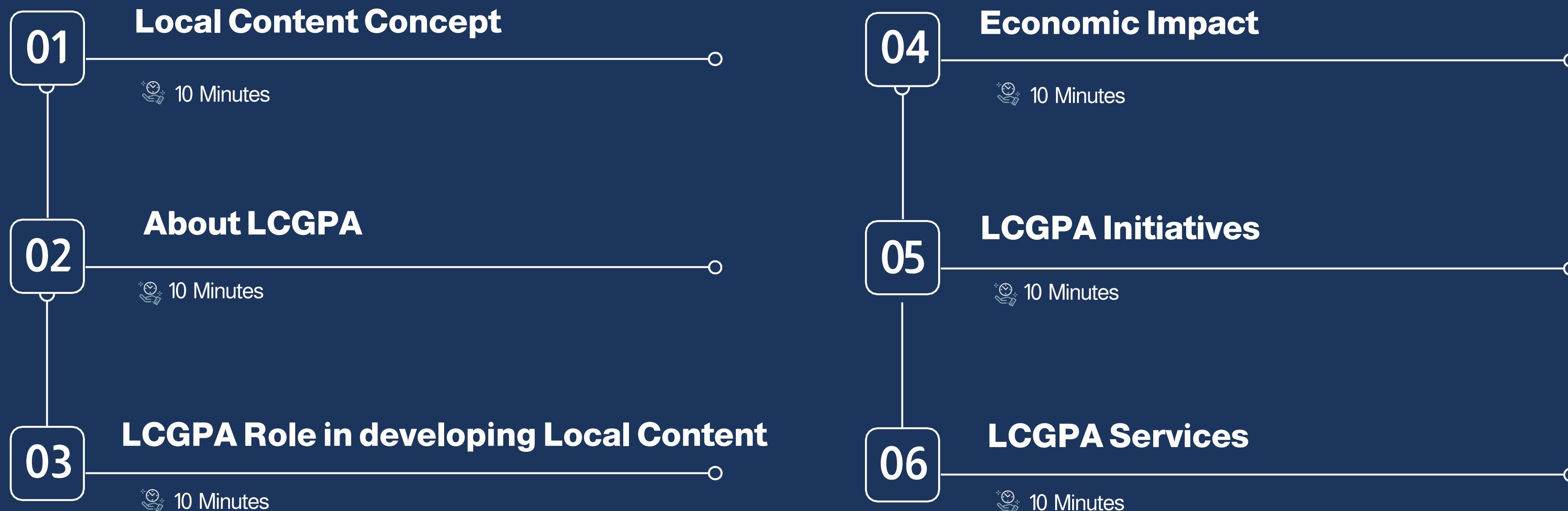


Unit 1

Introduction to Local Content & Government Procurement Authority



Workshop Guided





01

Local Content Concept

Local Content Concept

Definition and Elements of Local Content



What is Local Content?

- » It is the total expenditure in Saudi Arabia through the participation of Saudi elements in the workforce, goods and services, productive assets, technology, and other.

Local Content Elements

.....01.....

Assets



- Sources and Components of goods Which develop the supply chain.

.....02.....

Workforce



- Workforce utilized in manufacturing products or supplying services.

.....03.....

Goods and Services



- Local Components utilized in the production of goods or services.

.....04.....

Technology & Other



- Research, development, and training for the Saudi workforce..



02

About LCGPA



LCGPA was established pursuant to Royal Decree No. (168/A) dated 20/04/1440 H, corresponding to 27/12/2018 AD, with the aim of developing local content's components at the national economic level and enhancing and monitoring government procurement activities in accordance with applicable rules and regulations.





Vision



Enhancing local capabilities and maximizing the benefits of national purchasing power to build a strong and sustainable economy.

Mission



Developing and monitoring the implementation of knowledge-based policies and tools, enhancing awareness and fostering participation in local content development across all sectors.





Vision

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Mission: Develop and monitor the implementation of knowledge-based policies and tools, enhance awareness, and foster participation in local content development across all sectors.

Level 1

1

Innovation

Collaboration

Empowerment

Achieving impact

Sustainability

Level 2

2

01 Empowerment

Developing policies and tools, and improving services.

Increasing awareness and cognitive abilities across all target sectors.

Establishing and Enhancing effective partnerships.

02 Development

Activating local content policies and tools for government sector.

Activating local content policies and tools for private sector.

Activating local content policies and tools for individuals.

03 Commitment

Increasing compliance and commitment to local content requirements in the government sector.

Increasing compliance in applying local content requirements in the private sector.

Ensuring optimal implementation of the signed agreements.

04 Business Intelligence

Developing and managing databases according to best practices.

Analyzing data and developing studies to support decision-making.

05 Excellence

Providing an attractive work environment.

Achieving institutional excellence.

Enabling digital transformation and innovation.

Level 3

3

Portfolio of strategic performance indicators.

Level 4

4

Portfolio of strategic initiatives.



03

LCGPA Role in developing Local Content



Developing Local Content.

01

Monitoring local content.

02

Drafting policies and regulations related to local content.

03

Business Intelligence and Research Development.

04

Raising awareness among various economic segments.

05

Forming strategic partnerships.

06

Developing agreement Management.

07



LCGPA aims to develop local content at the level of:



Government Sector

Developing Policies

- - Incorporating local content elements into government-issued rules and policies, and Vision realization programs.
- - The local content regulation has been incorporated into the government tenders and procurement system.

Government Procurement



Private Sector

Partnership with Local Companies

- - Working with local companies to support the local content approach with the aim of stimulating private sector growth.
- - A council was established, composed of major companies, to coordinate initiatives and efforts.

Local Content Coordination Council



Community Sector

Awareness and Education Campaigns

- - Directing demand towards local products and services, and raising awareness.
- - Encouraging and increasing household and individual demand for local products and services.

Assessment and classification of Local Content



04

Economic Impact

Economic Impact

Targets related to boosting local content



LCGPA Contributes to Achieving Saudi Vision 2030 through the direct and indirect Alignment of its objectives with the Vision's Goals.

Targets related to boosting local content



Raising the private sector's contribution to GDP to **65%**



Raising the contribution of small and medium enterprises to **35%** of GDP.



Raising the percentage of local content in the oil and gas sector to **75%**



Raising the percentage of non-oil exports to at least **50%** of the non-oil GDP.



Raising the contribution of foreign direct investment to GDP to **5.7%**



LCGPA Contributions

LCGPA's contribution is directly related to the following objectives:

- From level 1:

-  **3.0** Development and diversification of the economy.
-  **4.0** Increasing employment rates.
-  **5.0** Enhancing government effectiveness.

- From level 2:

-  **3.3** Unlocking the potential of non-oil sectors.
-  **5.1** Balancing the public budget.

- From level 3:

-  **3.3.3** Localization of promising industries.
-  **3.3.7** Increasing the percentage of local content in non-oil sectors.
-  **5.1.1** Enhancing the effectiveness of financial planning and the efficiency of government spending.



05

LCGPA Initiatives

LCGPA Initiatives

Objective and Approach



Objective

- LCGPA's initiatives aim to empower and support target groups to develop local content and raising awareness of the concept of local content among all economic sectors.



Approach

- Contributing in several relevant national programs and plans.
- Launching various strategic initiatives.



Local Content Forum



“Mina w Fina” Campaign



Local Content Award



Local Content Partnerships Initiative



Small and Medium-Sized Enterprises (SMEs) Incentive Initiative for issuing local content certificates.

LCGPA Initiatives

Local Content Forum



Annual forum headed by LCGPA.



Vision:

Strengthening the impact of local content as a key contributor to enhancing local

capabilities with the aim of developing the national economy.



Mission:

Creating a platform to raise awareness, exchange expertise, and empower local capabilities

by activating partnerships and investment opportunities, while leveraging regulations,

legislation, and digital transformation.



Objectives:

Promoting a culture of local content and reinforcing its concept.

Raising awareness of methodologies for measuring and increasing local content.

Fostering collaboration between public and private sectors.

Highlighting investment gains and opportunities.

LCGPA Initiatives

“Mina w Fina” Campaign



“Mina w Fina” Campaign:

Based on the concept of local content, which focuses on developing the national economy and directing the spending of economic segments within the Kingdom, the slogan of the communication umbrella came "From Us and within Us". The campaign aims to deliver a message: the growth and development of this country which comes from investing in our resources, technologies, and people will benefit the national economy.

Objectives:

- ❖ Raising awareness of local content concept and its elements.
- ❖ Enabling excellence.



LCGPA Initiatives

Local Content Partnerships Initiative



An initiative aims to enhance the contribution of both public and private sectors to local content development at the national economic level through building strategic partnerships and unifying prior efforts and experiences of major national companies in local content development.



Objectives:



Establishing a Local Content "Baseline" Certificate and setting targets and initiatives to increase local content.



Working on amending procurement and tendering systems and policies.



Conducting technical and educational workshops to raise awareness of local content among partners' employees.



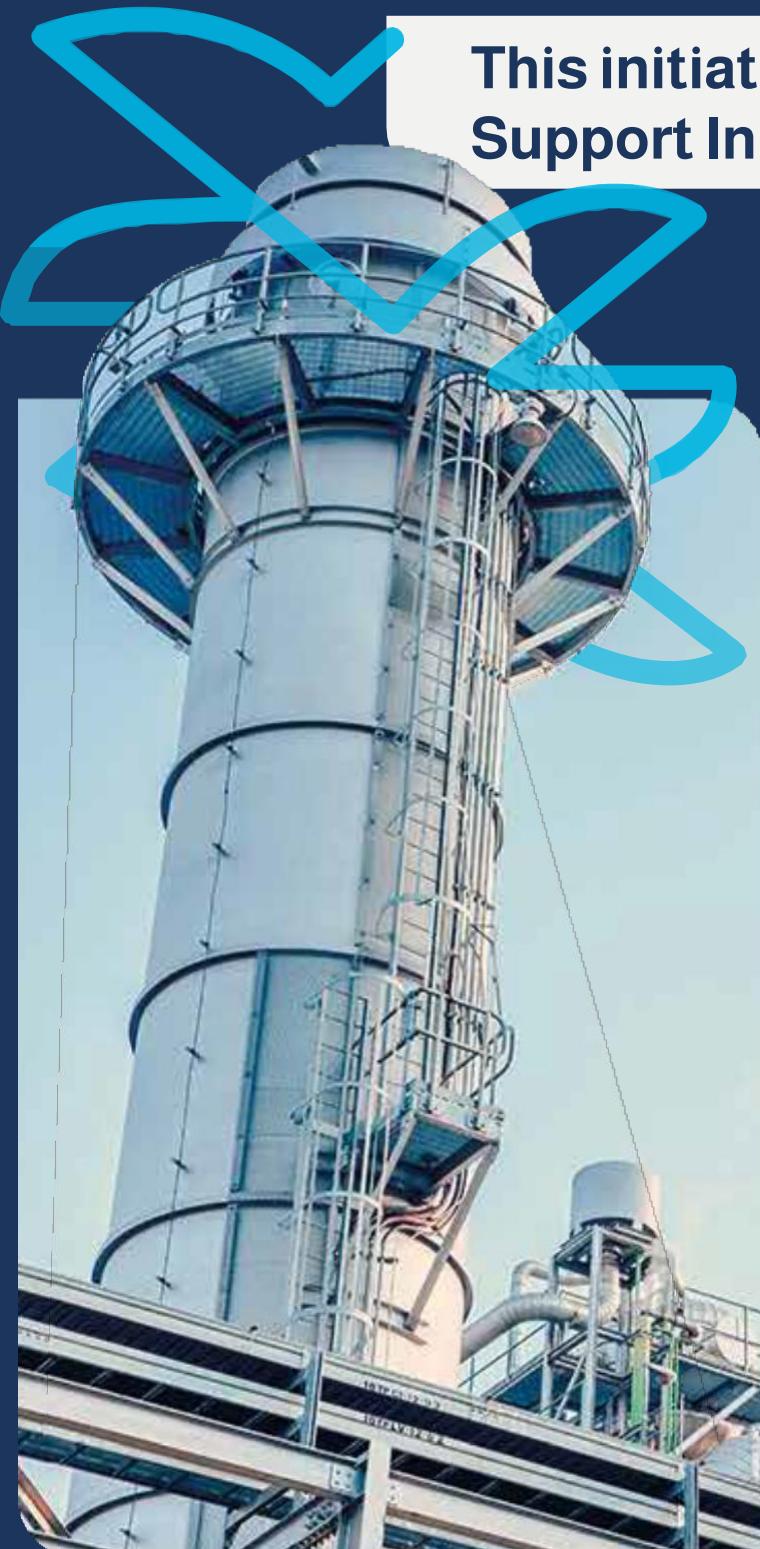
Providing technical support for local content applications and concepts.



Sharing of best global practices for local content development.

LCGPA Initiatives

Small and Medium-Sized Enterprises (SMEs) Incentive Initiative for Issuing Local Content Certificates



This initiative is born out of the Industrial Sector Support Initiative

Objectives



Encouraging Micro-, Small and Medium-sized Enterprises (SMEs) to obtain local content certificate.



Contributing to the achievement of local content targets.



Covering the financial cost of auditing the local content, provided by auditing firms, either in full or in part.

Coverage Tracks

Medium-sized enterprises:

Which employs **50 to 249** or generates annual revenue between **40 million** and less than **200 million**.

Small-sized enterprises:

Which employs **6 to 49 employees**, Or generates annual revenue exceeding **3 million** and less than **40 million**.

Micro-sized enterprises:

Which employs **1 to 5 employees** Or generates annual revenue not exceeding **3 million**.



LCGPA Initiatives

Small and Medium-Sized Enterprises (SMEs) Incentive Initiative for Issuing Local Content Certificates



Guide to leveraging the initiative

Access e-services and submit a request to benefit from the initiative.



The facility is approved and issued an eligibility certificate to fulfill the coverage requirements.



Receipt of the approval notice and the eligibility document to start applying for the local content certificate.



File a compensation request.



The application is accepted and approved by the authorized persons.



Review of the application and supporting documents.



Issue the compensation payment order to the beneficiary.



Documents required to obtain coverage

The facility shall be a micro, small, or medium enterprise, as certified by Monsha'at.



The facility shall be issued a certificate of eligibility to avail of the initiative provided by LCGPA.



The facility shall submit a coverage request to LCGPA - after obtaining the local content certificate - within a period not exceeding ninety (90) days from the date of eligibility certificate issuance.



The facility shall submit an engagement letter signed by the auditing firm to measure the local content percentage for the relevant period.



The facility shall have an active commercial registry and an industrial license.



The facility shall hold a local content certificate pertaining to its financial statements for the fiscal year 2022 or subsequent years.



The facility shall have an active bank account with a Saudi-based bank. Audited financial statements shall be submitted.



LCGPA Initiatives

Local Content Award



The award aims to motivate and honor the public and private sectors, as well as state-owned enterprises in order to:



Increase local content across various sectors and enhance their performance in executing contracts and projects.



Boost local capabilities, and optimize the utilization of national purchasing power to build a robust and sustainable economy.



Vision:

Stimulating the national economic system to contribute in the promotion of local content.



Mission:

Developing local content by raising awareness of its mechanisms and increasing competitiveness among the target categories of the award.



Award Themes:



Government Entities:

Targets government entities that have included local content requirements as mandated in tenders subject to local content mechanisms.



Private Sector:

Targets facilities of all sizes and sectors that have excelled in local content percentage and demonstrated significant growth over the past years.



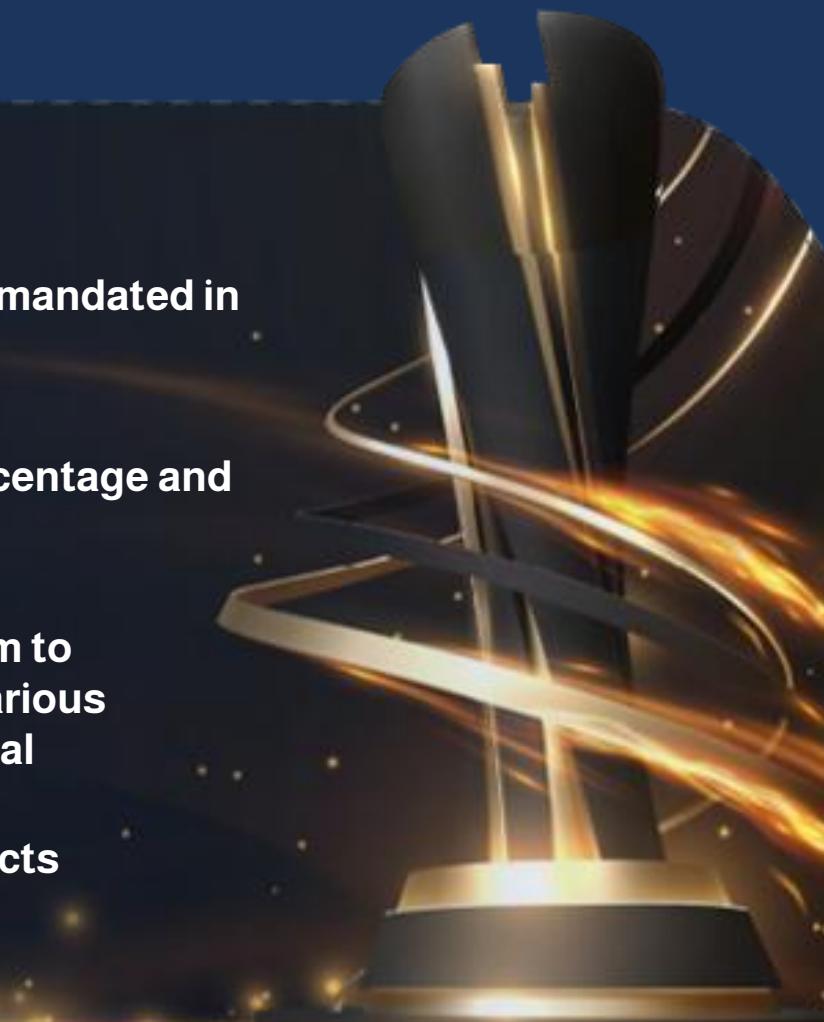
State-owned Enterprises:

Targets state-owned enterprises with over 50% ownership by incentivizing them to prioritize local content in their business operations and procurement across various sectors; to enhance domestic capabilities and optimize the utilization of national purchasing power.

Highlights exceptional success stories of individuals in the services and products sectors, to motivate them to innovate in local content.



Individuals:





06

LCGPA Services

LCGPA Services

E-Services Portal



LCGPA utilizes its web site to provide various local content-related services to public and private sector stakeholders, through a unified page that offers comprehensive details and the mechanism for accessing these services easily and conveniently.



Enabling the competitor to measure their contribution to local content.



Enabling government entities to request an exception for a product listed in the mandatory list.



Enabling the competitor to submit their local content commitments to the government entity.



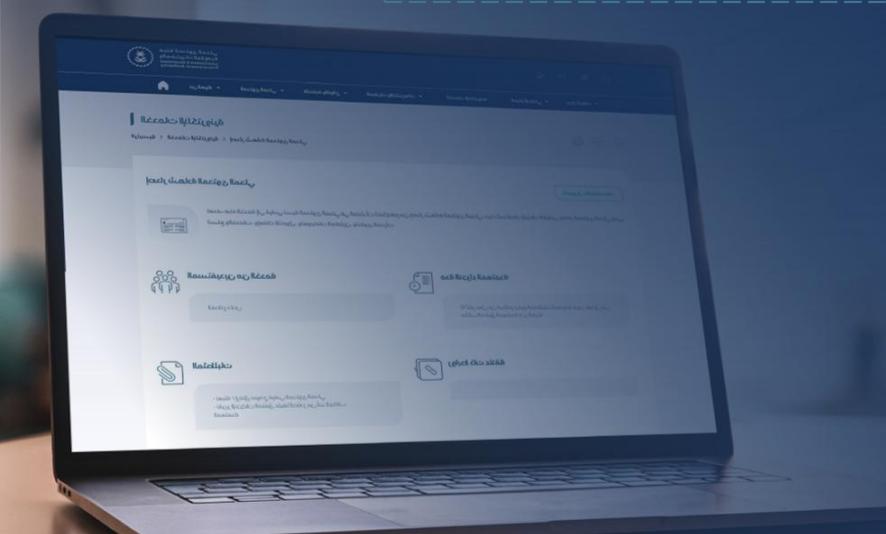
Enabling local and GCC factories to submit a request for including their factories in the mandatory list.



Enabling government entities and factories to submit a request for adding a product to the mandatory list.



Enabling investors to submit requests for an industry localization and knowledge transfer opportunities.



LCGPA Services



In the current phase, the portal offers ten services:



Issuing A Local Content Certificate.



Issuing the Targeted Local Content Percentage.



Investment Opportunities for LIKT.



LIKT Request.



Registering A Factory or Service Provider.



Adding A Product to the Mandatory List.



Exception of A Product from the Mandatory List.



The Initiative of Encouraging Small and Medium Factories to Issue the Local Content Certificate.



Query Local Content Score.



Verifying Local Content Certificate (baseline) and the Targeted Percentage Document.





Thank you..

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Disclaimer

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