



# BRIEFING NOTE

## UNLOCKING VALUE THROUGH ICV AND LOCAL CONTENT FOR CLIENTS IN UAE AND KSA

### INTRODUCTION

In-Country Value (ICV), or Local Content, serves as a strategic framework emphasising the creation of value within a country through projects, with a particular emphasis on local participation.

This briefing provides insights into the key benefits, strategies, and typical elements of an ICV project, aligning operations with community development, stakeholder relations, operational efficiency, and regulatory compliance.

There are similarities and differences between approaches in UAE and KSA beyond the reference to ICV and LC.

### KEY BENEFITS OF ICV

#### COMMUNITY DEVELOPMENT

**Impact:** ICV initiatives drive local economic development by generating jobs and nurturing skill development within communities.

**Strategic Value:** Cultivating a skilled local workforce contributes to sustainable growth and positive societal impact.

#### STAKEHOLDER RELATIONS

**Impact:** Active involvement of local businesses strengthens relationships with stakeholders, mitigating risks and enhancing the social license to operate.

**Strategic Value:** Building trust and credibility through engagement supports long-term operational stability.

#### OPERATIONAL EFFICIENCY AND REGULATORY COMPLIANCE

**Impact:** Sourcing locally for materials and services can result in cost savings and streamlined logistics.

**Strategic Value:** Efficient operations contribute to cost-effectiveness and overall project success.

Positioning projects as 'customer of choice' for supply chain and stakeholders – with the increasing demand of mega projects competition across the region

#### REGULATORY MATTERS

**LCGPA (Local Content Government Procurement Authority) mandatory requirement in KSA:** While the UAE's equivalent of LCGPA is not directly named the same, both countries have similar mechanisms and policies to promote local content and enhance national participation in government procurement.

**Collaboration:** Both UAE and Saudi Arabia collaborate with global investors and technology owners to localize industries.

#### LOCAL CONTENT PREFERENCE MECHANISMS IN SAUDI ARABIA:

**Mechanisms:** Various mechanisms, including Price Preference, Mandatory List, Local Content Score in Commercial Evaluation, Minimum Local Content Threshold, and Localization of Industry & Knowledge Transfer.

#### UAE'S APPROACH:

**Initiatives:** Emiratization, Tawteen, In-Country Value (ICV), Abu Dhabi's ICV Certification, Dubai Industrial Strategy 2030, Dubai SME, and Federal Law No. 2 of 2015.



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## KEY STRATEGIES FOR ICV IMPLEMENTATION

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### WORKFORCE DEVELOPMENT:

**Approach:** Invest in local talent through training, apprenticeships and educational partnerships.

**Strategic Value:** A skilled local workforce enhances operational efficiency and contributes to community development.

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### LOCAL SUPPLIER ENGAGEMENT:

**Approach:** Collaborate with local suppliers for goods and services, supporting the local economy and ensuring a resilient supply chain.

**Strategic Value:** Building a robust local supply chain fosters economic growth and mitigates supply chain risks.

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### COMMUNITY ENGAGEMENT:

**Approach:** Establish initiatives that positively impact the local community, aligning with their needs and priorities.

**Strategic Value:** Building goodwill enhances the social license to operate and strengthens stakeholder relations.

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### TECHNOLOGY TRANSFER:

**Approach:** Explore opportunities for transferring technological know-how to local entities.

**Strategic Value:** Technology transfer builds local capabilities, as well as innovation and sustainability.

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### ENVIRONMENTAL CONSIDERATIONS:

**Approach:** Implement sustainable practices aligning with local environmental regulations.

**Strategic Value:** Demonstrating environmental responsibility enhances corporate reputation and supports regulatory compliance.

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## TYPICAL ELEMENTS OF AN ICV/LOCAL CONTENT PROJECT

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### VISION AND PROJECT STRATEGY (ELEMENT 0):

**Objective:** Establish a shared understanding of project objectives and guidelines.

**Approach:** Engage key stakeholders for high-level insights into procurement practices.

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### LOCAL POLICY CREATION (ELEMENT I):

**Scope:** Develop a Local Content Policy aligned with external regulations and objectives.

**Approach:** Collaborative process involving stakeholder engagement and reviews of current practices.

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### GAP ANALYSIS (ELEMENT II):

**Scope:** Examine procurement processes, collateral, and LC alignment, identifying gaps and opportunities.

**Approach:** Analyse procurement practices, tender strategies, and supplier base to inform LC integration.

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### LOCAL CONTENT INTERNAL AWARENESS (ELEMENT III):

**Scope:** Develop an internal communication plan to ensure staff understanding of the LC Policy.

**Approach:** Conduct digital workshops, presentations, and leadership briefings.

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### LOCAL CONTENT CREATION STRATEGY (ELEMENT IV):

**Scope:** Formulate clear objectives, guidelines, and strategies for integrating LC into procurement.

**Approach:** Collaborative process involving stakeholder engagement and a comprehensive review.

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### LOCAL CONTENT BASE EVALUATION (ELEMENT V):

**Scope:** Evaluate current LC contribution to understand potential LC targets.

**Approach:** Analyse high-value supplier base, engage with HR, finance stakeholders, and conduct LC scenario assessments.

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This proven approach, tailored for clients, ensures the effective implementation of ICV/LC initiatives, nurturing local development, stakeholder relationships, operational competitive advantage and regulatory compliance.