



# Abu Dhabi Local Content Program (ADLC)

**Industrial Development Bureau**

July 2020



## Local Content Program Background

### Benefiters

#### Citizens



Citizens will benefit from the employment and training opportunities that will be available for them due to the localization clause in the ICV certificate

#### Investors



The investors will benefit from winning the government tenders in the Emirate of Abu Dhabi using the ICV Certificate

#### Government



The Government of the Emirate of Abu Dhabi benefits through internal investment in procurement and services that enhance the local supply chain

### Objectives

#### GDP Growth



Supporting GDP growth through sourcing more goods and services within UAE, increasing foreign direct investment the private sector and SME's contribution to the GDP

#### Human Capital Development



Creating additional employment opportunities for Emiratis in the private sector and developing the skills of the local workforce

#### Technology Adoption



Increasing spending on research and development (R&D), increasing competitiveness of the national industries, increasing technology development and use

# ADLC Benefits the SME's as well as the foreign Investors and large corporate

## Potential Beneficiaries

### SME's & Entrepreneurs



- ✓ Ability to Receive a better score on the "Investment" criteria
- ✓ Benefit from initiatives such as the Agricultural Initiative and more
- ✓ Higher chances of being subcontracted by principal bidders for Government procurements

### Foreign Investors & Large Companies



- ✓ Win government procurements by collaborating with local entities
- ✓ Gain Market exposure

## Future Benefits



- ✓ Maximizing opportunities for lower costs on some locally-procured goods and services
- ✓ Increasing access to (and development of) new local staff resources
- ✓ Contributing to the stability of the business environment
- ✓ Increasing the likelihood of "competitive differentiation" in bidding rounds/negotiations
- ✓ Maximizing opportunities for achieving higher levels of reliability and quality through local supplier proximity
- ✓ Provide information about future requirements and employment opportunities

# Unified In-Country Value (ICV) Certification Process across all Entities

## PARTICIPATING ENTITIES



دائرة التنمية الاقتصادية  
DEPARTMENT OF ECONOMIC DEVELOPMENT



## Entity's Implementation Program

ADNOC's ICV Program

ADLC Program

ALDAR's ICV Program

ADP's ICV Program



Single Certificate

More than **30** AD Government & semi governments entities participating in the program

AED 17 Billion Total Value of Tenders

**Tenders its comprises from many sectors**

Health

Transportation

Information  
Technology (IT)

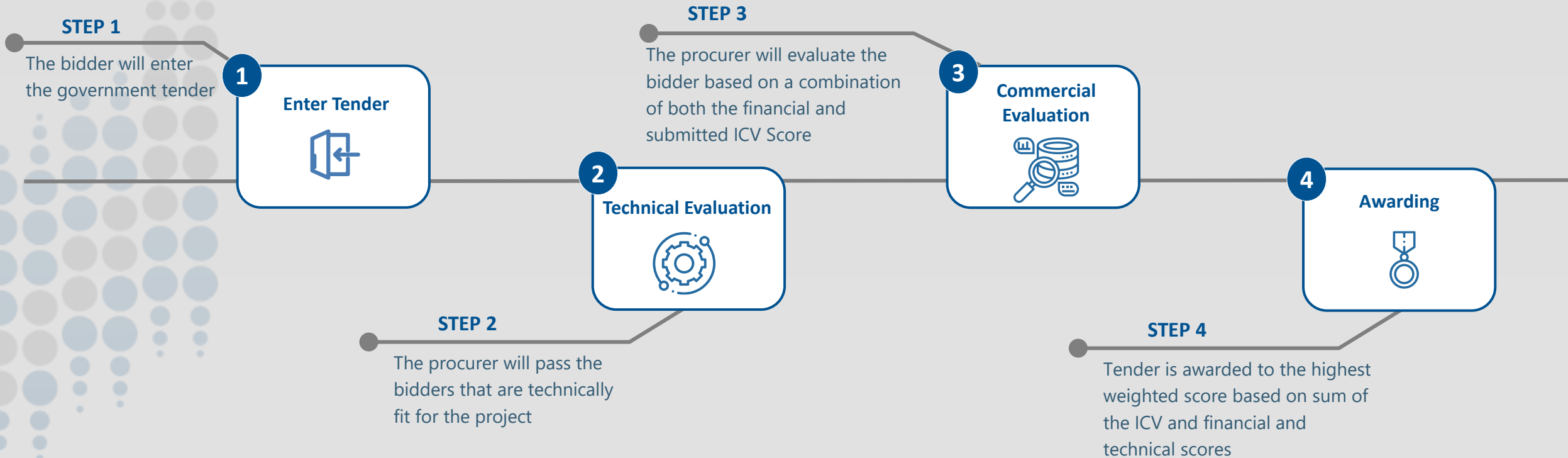
Construction

Statistics

Education

ICV Certificate is **40%** of the weight of the financial standards evaluation

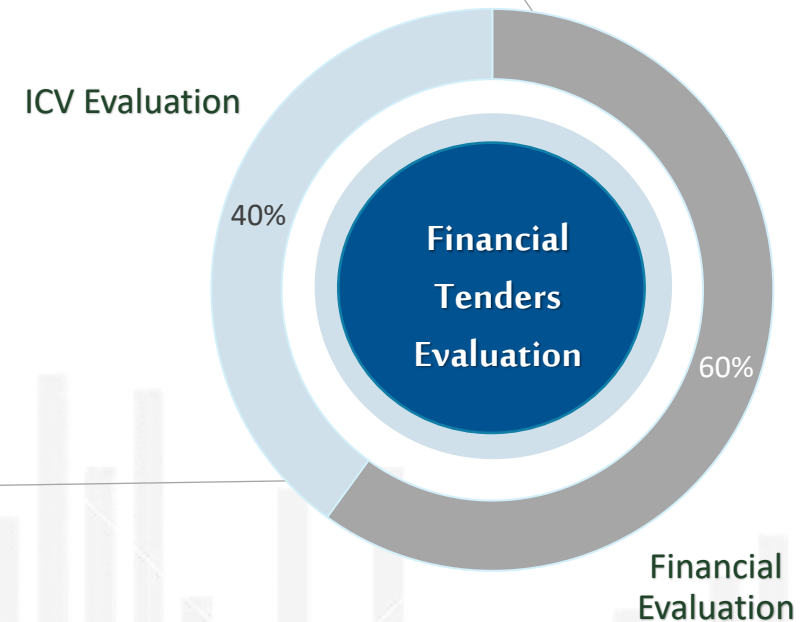
# New tender evaluation mechanism followed by Abu Dhabi Government & Semi Government Entities



# Illustrative Example – How could the ICV score impact the tender Evaluation Mechanism

	A	B	C
Price	98	99	100
Financial Score Weight (%)	<u>60.0%</u> *	59.4%	58.8%
ICV Obtained (%)	39%	45%	50%
Weighted ICV Score (%)	15.6%	18%	<u>20%</u>
Overall Score	75.6%	77.4%	<u>78.8%</u> **

**ICV Application Mechanism**  
After meeting the technical requirements



\* The lowest price gets the full score in the financial evaluation

\*\* Highest overall score will be asked to match the lowest price with a maximum price advantage of 7%

# In-Country-Value (ICV) Certification Issuance process

Third Parties (Certifying Bodies) are assigned to evaluate the ICV Score



Obtain an ICV certificate based on the approved audited financial statements



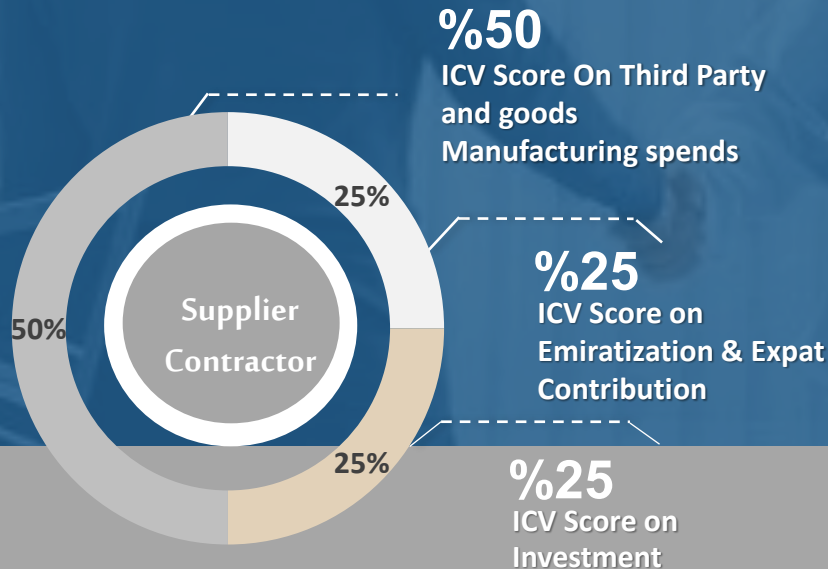
ICV Submission Template must be filled as per the guidelines



Approach to one of approved CB for Issuance and verification



Getting an In-Country Value (ICV) Certification to submit to chosen Entity





## 10 Certifying Bodies are authorized by DED to evaluate and issue ICV certificates



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MAYURBATRAGROUP



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CHARTERED  
ACCOUNTANTS



**ARDENT**  
ADVISORY &  
ACCOUNTING



مجموعة تالال أبو غزالة  
Talal Abu-Ghazaleh Organization

Link of CBs Contact

<https://idb.added.gov.ae/en/incentives/ADLC/CBs>

# ICV Formula is a function of 4 main parameters (spend, Investment, Emiratization and Expat contribution)

		GOODS	SERVICE	FORMULA		Bonus (Maximum up to 5%)
Goods / Services	(GM) Goods Manufacturing	50%	N/A	$\frac{\text{Manufacturing cost incurred with in UAE+ Emirati Cost} + 0.6 * \text{Expat cost}}{\text{Total Cost}}$		$\frac{\text{Total Annual revenue from outside UAE}}{\text{Total Annual revenue from UAE (revenue from inside + outside customers) Excluding Re-Exports}}$ <i>See Note # below</i> <i>Note (#) – to be confirmed with concerned Ministry adherence to WTO stipulations</i> <i>plus</i>
	Service Providers (Third Party Spend)	N/A	50%	$\frac{\sum \text{Value of good \& services procured per vendor \& subcontractor} \times \text{ICV of the vendor \& subcontractor} + \text{Emirati Cost} + 0.6 * \text{Expat cost}}{\text{Total Cost}}$		
Company	(I) Investment	25%	25%	$\frac{\text{Net Book Value of Assets in UAE}}{\text{Net Book Value of Total Assets}}$	$\begin{matrix} \text{AED 5 Million to AED 50 Million} & - & 5\% \\ + \\ \text{AED 50 Million to AED 100 Million} & - & 5\% \\ + \\ \text{AED 100 Million to AED 150 Million} & - & 5\% \end{matrix}$	$\frac{\text{No. of Emiratis}}{100}$  <i>plus</i>  $\frac{\text{Growth in Assets NBV in last 2 years}}{\text{NBV of 1st year}}$
	(E) Emiratization	15%	15%	$\text{Basic 10\%} + \text{Top Up 15\%}$		
	(EC) Expat contribution	10%	10%	In terms of head counts, progressive increase as follows: a) 1 to 5 – 1 to 3%      b) 6 to 50 – 4 to 6% c) 51 to 200 – 7 to 9%    d) Above 200 – 10%		

# ICV Score – Improvement Options

Improving your ICV score relies on 3 main factors:

1

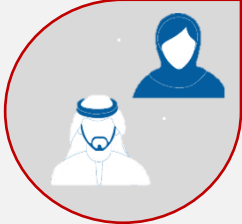


### Localizing Purchases

Purchases as a component of the ICV score can be improved through the following actions:

- 1) Replacing imported goods with similar locally manufactured products.
- 2) Procuring goods and services from entities who possess an ICV certificate.


2




### Emiratization

Hiring Emiratis at your company to improve your ICV score can be done through the following platforms:

- 1) Human Resources Authority (HRA):  
<https://employer.hra.gov.ae/>
- 2) Emirate's Foundation:  
<https://www.emiratesfoundation.ae/ef/ar/programs/dawamee/>




هيئة الموارد البشرية  
HUMAN RESOURCES AUTHORITY



EMIRATES FOUNDATION  
مؤسسة الإمارات

3



### Investment

Investment as a component of the ICV score can be improved through the following actions:

- 1) Increasing the growth in your company's NBV in the UAE.
- 2) Setting up manufacturing operations in the UAE.

Please reach out for the project team for further details about the program

Email

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Website Link

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برنامج أبوظبي للمحتوى المحلي  
Abu Dhabi Local Content Program

**THANK YOU**