



Local Content

Terms & Conditions

Local Content Baseline

SMEs Price Preference

Mandatory List

National Product Price Preference

Version 1.2

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Table of Content

Section 1: Definitions	2
Section 2: Local Content Terms and Conditions	4
2.1. Local Content Baseline (For Service or Mixed Contracts).....	4
2.2. Price Preference for SMEs (For Service and Mixed Contracts).....	5
2.3. Mandatory List (For Goods Supply Contracts).....	6
2.4. Price Preference National Products (For Goods Supply Contracts)	7

Section 1: Definitions

Whenever stated in the document, the following terms have the below meanings, unless the context specifies otherwise:

Term	Definition
Bid	The technical and commercial proposal submitted by a Bidder that lists and defines the technical requirement, the specifications, conditions, prices, and requirements for a tender that the Bidder is participating in
Bill of Quantities	The documentation provided by Suppliers provides an itemized list of all materials, parts, and labor used throughout the course of project delivery
Contract	The written form of the formal agreement between THE COMPANY and any other public or private entity
Goods Supply Contracts	Contracts related to goods supply
LCGPA	The Local Content & Government Procurement Authority responsible for defining and overseeing the national-level Local Content measurement and enforcement programs
Local Content Improvement Plan	A mandatory plan prepared and submitted by the Bidder to explain the Target Local Content Score during the Contract implementation phases
Local Content	The total expenditure in the Kingdom of Saudi Arabia through the participation of Saudi components in the workforce, goods, services, production, and technical assets
Local Content Baseline Certificate	A certificate issued by LCGPA to measure The Bidder's Entity Local Content Score
Mandatory List	A list of National Products issued by LCGPA and updated periodically. Mandatory List Products could be found on LCGPA official website (link)
Mixed Contracts	Contracts that contain items related to goods supply and other items related to businesses or other services, such as supply and installation Contracts, construction Contracts, and infrastructure development Contracts in all their forms
National Product	All products produced in the Kingdom, which are not included in the Mandatory List
Share of National Products	The ratio of the value of the National Products (not included in the Mandatory List) that the Bidder is committed to supply divided by the total value of the Bid
SMEs	Local enterprises (micro, small, and medium) according to the classification of the Small and Medium Enterprises General Authority (Monshaat).
Supplier	The party who provides goods or services to THE COMPANY, the term Supplier is used to define the following: - Organization or individual Contracts with another organization or individual to provide a specific service - Someone whose business is to supply materials Entity that provides services to THE COMPANY. These can be consulting, cleaning, and security, amongst others
Target Local Content Score	The Local Content score at the Contract-level that the Bidder, upon submitting the Bid, commits to achieving by the end of the Contract
Threshold Score	The minimum Local Content score (on the contract level) determined by THE COMPANY for various service categories

Term	Definition
THE COMPANY	Saudi Civil Aviation Holding Company (MATARAT), Riyadh Airport Company (RAC), Jeddah Airports Company (JEDCO), Dammam Airports Company (DACO), Cluster 2 Airports Company (CLUSTER 2) or any affiliate approved this document

Document Title	Local Content – Terms & Conditions
Document No.	-
Document Owner	Central Local Content Function
Revision	1.2

Section 2: Local Content Terms and Conditions

2.1. Local Content Baseline (For Service or Mixed Contracts Equal and above 50M)

- 2.1.1. The Bidder must submit a valid Local Content Baseline Certificate and Target Local Content Score at the Contract level within the technical proposal.
- 2.1.2. For Hard facility management services, the target local content score of the Bidders must be not less than 39%.
- 2.1.3. If the Bidder did not submit a valid Local Content Baseline Certificate and Target Local Content Score, the Bid will be excluded during the technical evaluation stage.
- 2.1.4. For Hard facility management services, If the Bidder submitted target local content score less than 39%, the Bid will be excluded during the technical evaluation stage.
- 2.1.5. THE COMPANY will accept the Bidder's submission and consider the Local Content Baseline Score as zero for the entity in case of:
 - a. The Bidder is a newly local establishment entity: This case is applicable for the new local establishment entities if the date of establishment is less than 19 months, provided that the Bidder submitted the required evidence to prove the case.
 - b. The Bidder is a foreign entity: This case is applicable for entities that are not registered in Saudi Arabia, provided that the Bidder submitted the required evidence to prove the case.
- 2.1.6. In case one of the above conditions is applicable, the Bidder must inform THE COMPANY formally to consider the Local Content Baseline Score as zero.
- 2.1.7. If the tender requires a minimum Local Content Baseline Score, the Bidder must submit the Local Content Baseline Certificate in their Bids.
- 2.1.8. In case the Local Content Baseline Score falls below the minimum required score in the tender, the Bid will be excluded.
- 2.1.9. The commercial evaluation of technically qualified Bids will give the Local Content Baseline Score a weight of 30%. The evaluation score is calculated according to the following formula:

$$\text{Commercial Evaluation Score} = \frac{\text{Lowest technically qualified bid}}{\text{Evaluated bid}} * 70\% + (\text{LC Baseline Score} * 30\%)$$
- 2.1.10. The Bidder with the highest commercial evaluation score will be awarded, provided that the difference does not exceed 10% between the price stated in the Bid of Bidder with the highest commercial evaluation and the lowest price of the qualified competitors. If the price difference exceeds this percentage, the competitor will be moved to the next competitor in the evaluation.

Document Title	Local Content – Terms & Conditions
Document No.	-
Document Owner	Central Local Content Function
Revision	1.2

- 2.1.11. In case more than one Bidder is equal in total evaluation scores (Technical and Commercial), the lowest Bid price (exclusive of VAT) will be awarded.
- 2.1.12. The awarded Supplier must submit the Local Content Improvement Plan to THE COMPANY according to the designated form available on the LCGPA website (Link).
- 2.1.13. The Target Local Content Score in the Local Content Improvement Plan shall be consistent with the Target Local Content Score submitted in the Bid.
- 2.1.14. The Local Content Improvement Plan must be submitted no later than 60 days from the date of award.
- 2.1.15. The Supplier must submit periodic reports on Local Content at the Contract level, approved by the LCGPA. A template to the form can be found on LCGPA website (Link).
- 2.1.16. The Supplier is obligated to submit a final report at the end of the Contract audited and approved by LCGPA to THE COMPANY. A template to the form can be found on LCGPA website (Link).
- 2.1.17. Supplier performance in meeting the Target Local Content Score will be part in the Supplier performance evaluation criteria.
- 2.1.18. THE COMPANY normally awards the Contract to the complying Bidder whose Bid, in COMPANY's opinion, represents the highest total evaluation score after applying the Local Content requirements. In case Local Content requirement hasn't been applied, then the Suppliers may be awarded the bid that represents the least overall cost to COMPANY or the highest total score of TECNO (Technical Score + Commercial Score). COMPANY nevertheless reserves the right to reject any or all bids for any reason whatsoever.

2.2. Price Preference for SMEs (For Service and Mixed Contracts Below 50M)

- 2.2.1. The Bidder must submit a valid SME certificate (if applicable) issued by the Small and Medium Enterprises General Authority (Monsha'at) to confirm eligibility to obtain the price preference for SMEs.
- 2.2.2. The Bidder who fails to submit a valid SME certificate will not be considered as SMEs in Bid evaluation.
- 2.2.3. For technically qualified Bids, the price preference for SMEs will be applied by assuming the Bids of non-SMEs are higher by 10% than those submitted in their Bid documents.
- 2.2.4. In case more than one Bidder is equal in total evaluation scores (Technical and Commercial), the lowest Bid price (exclusive of VAT) will be awarded.
- 2.2.5. THE COMPANY normally awards the Contract to the complying Bidder whose Bid, in COMPANY's opinion, represents the highest total evaluation score after applying the Local Content requirements. In case Local Content requirement hasn't been applied, then the Suppliers may be awarded the bid that represents the least overall cost to COMPANY or the highest total score of TECNO (Technical Score + Commercial Score). COMPANY nevertheless reserves the right to reject any or all bids for any reason whatsoever.

Document Title	Local Content – Terms & Conditions
Document No.	-
Document Owner	Central Local Content Function
Revision	1.2

2.3. Mandatory List (For Goods Supply Contracts)

- 2.3.1. The Bidder shall comply to the Mandatory List requirements specified in the Bid document.
- 2.3.2. The Bidder shall specify in the Bid documents the products that will be provided from the Mandatory List. The Mandatory List Products are available on LCGPA website ([Link](#)).
- 2.3.3. If the Bidder is not compliant to providing the Mandatory List Products, the Bid will be excluded unless the Bid is divisible.
- 2.3.4. If the Bid is divisible, the products in which the Bidder did not comply with the Mandatory List will be excluded.
- 2.3.5. Mandatory List Products will not be considered as National Products and will not be granted the price preference.
- 2.3.6. THE COMPANY will monitor the Supplier performance in the fulfillment of the Mandatory List requirement during the Contract period.
- 2.3.7. THE COMPANY will not receive any supplied products that violate the Mandatory List except in cases where the companies deem it in their interest to receive those products, with imposing a penalty on the Supplier.
- 2.3.8. A financial penalty will be imposed on the Supplier if there is a difference between the promised share Mandatory List products and the share Mandatory List products delivered. The penalty is calculated through the following formula:
$$\text{Penalty Value} = \text{Contract value} * 10\% * (\text{share of promised mandatory list products in the Contract} - \text{the share of actual mandatory list products delivered by the Supplier})$$
- 2.3.9. The Supplier may be exempt from any penalties, given that approved justification is provided.
- 2.3.10. Supplier performance in meeting the Mandatory List requirements will be included in the Supplier performance evaluation.
- 2.3.11. The Supplier shall submit a final report, within 30 days upon the Contract completion, specifying the origin of the National Products by providing the local content certificate for the manufacturers of the products listed in the mandatory list that requires local content certificate and one of the following:
 - a. SABER certificate from Saudi Standards Metrology & Quality Organization.
 - b. Written confirmation from the manufacturer using LCGPA forms specifying that the products were produced locally.
 - c. Production origin label specifying that the product is produced locally, provided that the label is fixed and irremovable.
 - d. Saudi Made certificate from Made in Saudi Program.

Document Title	Local Content – Terms & Conditions
Document No.	-
Document Owner	Central Local Content Function
Revision	1.2

- e. Saudi Tech logo from Made in Saudi Program.
 - f. The product must meet the national rules of origin issued by the Ministerial Decree no.3852, dated 22/11/1442 for GCC manufactured products out of the free zones.
 - g. Certificate or license issued by KSA relevant entity such as products registration certificate by the Saudi food and drug authority, communications, space & technology commission digital government authority or any of the relevant entities.
 - h. A valid CR or freelancing certificate for the services included in the mandatory list
- 2.3.12. THE COMPANY normally awards the Contract to the complying Bidder whose Bid, in COMPANY's opinion, represents the highest total evaluation score after applying the Local Content requirements. In case Local Content requirement hasn't been applied, then the Suppliers may be awarded the bid that represents the least overall cost to COMPANY or the highest total score of TECNO (Technical Score + Commercial Score). COMPANY nevertheless reserves the right to reject any or all bids for any reason whatsoever.

2.4. Price Preference National Products (For Goods Supply Contracts)

- 2.4.1. The National Products (not included in the Mandatory List) are given a price preference of 10%, assuming that the price of the foreign products is 10% higher than what is stated in the Bid documents.
- 2.4.2. The adjusted Bid price, in the commercial evaluation, is calculated through the following formula:

$$\text{Adjusted bid price} = \text{Bid price} + 10\% * \text{bid price} * (1 - \text{Share of national products in the bid})$$

- 2.4.3. The Bidder must specify in the Bid document the Share of National Products and clarify in the Bill of Quantities whether the products are produced locally or not.
- 2.4.4. If the Bid documents did not include the Share of National Products and the specification of whether the products are produced locally or not in the Bill of Quantities, the products will be considered as foreign products and will not be subjected to the price preference of National Products.
- 2.4.5. A financial penalty will be imposed on the Supplier if there is a difference between the promised Share of National Products and the Share of the National Product delivered. The penalty is calculated through the following formula:

$$\text{Penalty Value} = \text{Contract value} * 10\% * (\text{share of promised national products in the Contract} - \text{the share of actual national products delivered by the Supplier})$$

- 2.4.6. The Supplier may be exempt from any penalties, given that approved justification is provided.
- 2.4.7. In case more than one Bidder is equal in total evaluation scores (Technical and Commercial), the lowest Bid price (exclusive of VAT) will be awarded.

Document Title	Local Content – Terms & Conditions
Document No.	-
Document Owner	Central Local Content Function
Revision	1.2

- 2.4.8. If the price preference was given to the Supplier, the Supplier shall submit a final report, within 30 days upon the Contract completion, specifying the origin of the National Products by providing one of the following:
- i. SABER certificate from Saudi Standards Metrology & Quality Organization.
 - j. Written confirmation from the manufacturer using LCGPA forms specifying that the products were produced locally.
 - k. Production origin label specifying that the product is produced locally, provided that the label is fixed and irremovable.
 - l. Saudi Made certificate from Made in Saudi Program.
 - m. Saudi Tech logo from Made in Saudi Program.
 - n. The product must meet the national rules of origin issued by the Ministerial Decree no.3852, dated 22/11/1442 for GCC manufactured products out of the free zones.
 - o. Certificate or license issued by KSA relevant entity such as products registration certificate by the Saudi food and drug authority, communications, space & technology commission digital government authority or any of the relevant entities.
 - p. A valid CR or freelancing certificate for the services included in the mandatory list
- 2.4.9. Supplier performance in meeting the National Product requirements will be part of the Supplier performance evaluation criteria.
- 2.4.10. THE COMPANY normally awards the Contract to the complying Bidder whose Bid, in COMPANY's opinion, represents the highest total evaluation score after applying the Local Content requirements. In case Local Content requirement hasn't been applied, then the Suppliers may be awarded the bid that represents the least overall cost to COMPANY or the highest total score of TECNO (Technical Score + Commercial Score). COMPANY nevertheless reserves the right to reject any or all bids for any reason whatsoever.

Acknowledgment

I acknowledge that I have read and understood the contents of this document. I agree to comply with the terms and conditions provided.

Name: _____
Company name: _____
Date: _____
Signature: _____