

Minister's Office
Ministerial Decision No. (1/9088) dated 20/09/1438 H.

Minister of Labor and Social Development,

Having reviewed the Labor Law issued under Royal Decree No. (M/51) dated 23/ 08/ 1426 H., amended under Royal Decree No. (M/46) dated 05/ 06/ 1436 H, reviewed Article (11bis) of Labor Law, providing to the effect that: "...the Minister may take necessary actions aiming to improve the labor-market...", and after reviewed Article (26), encompassing determination of localization rates in entities, and reviewed His Royal Highness telegram No. (38100) dated 15/ 08/ 1432 H encompassing approval of the program for incentivizing entities to localize jobs (Nitaqat), reviewed the Ministerial Decision No. (4040) dated 12/ 10/ 1432 H, and reviewed the Ministerial Decision No. (184), dated 18/ 01/ 1438 H, for encouraging the social contribution for economic development, based on the authorities duly granted to him.

decides as follows:

First: "Associate Nitaqat" program issued under the Ministerial Decree No. (184), dated 18/ 01/ 1438 H shall be named as "The Parallel Localization Program".

Second: Entities of private sector shall be enabled to benefit from the services offered by the Ministry in order to reach the desired range by complying with the required localization rate, in proportional to its social contribution to the cost of qualifying the job applicants registered with Saudi Human Resources Development Fund (HADAF), according to the following requirements:

1. The percentage incurred by the entity for the costs of training job applicants registered with HADAF shall be recorded under a monthly certain amount to be paid through the E-portal for The Parallel Localization Program service.
2. One of the Parallel Localization units equals a single Saudi National employee when calculating the localization rates.
3. Total cost of the Parallel Localization units are calculated according to the electronic calculator available on the ministry's website, as follows:
 - a. Impact of each localization unit shall be calculated by orderly dividing the localization unit by the entity's actual Saudi workers. (EX.: an entity has 10 Saudi workers and needs three localization units; accordingly, percentage of

the first unit is $1/10 = 10\%$, while the second unit is $2/10 = 20\%$ and the third unit is $3/10 = 30\%$).

b. Cost of each unit shall be calculated based on the impact ratio, according to the following table:

Impact Ratio	1 – 10% First	11– 20% Second	21– 30% Third	31 – 40% Fourth	41 - 50 % Fifth	51 - 60% Sixth	61 – 70% Seventh	71 – 80% Eighth	81 – 90% Ninth	91 – and above Ninth
Cost in SAR	3,600	4,200	4,800	5,400	6,000	6,600	7,200	7,800	8,400	9,000

c. The final cost is the total cost of all units= $(3600 + 4200 = 4800) = \text{SAR. } 12600$ per month.

Third: The entity may, at any time, cancel or amend the subscription in the Parallel Localization Program; in addition, it may pay the costs of units in advance and promptly change the entity's range.

Fourth: In case of non-payment of the subscription amount by the entity, localization percentages are gradually deducted in proportion to the subscribed units.

Fifth: This decision shall repeal the Ministerial Decision No. (184), dated 18/ 01/ 1438 H.

Sixth: This decision shall enter into force as of issuance thereof and be published on the ministry's website.

Seventh: the vice Minister takes necessary procedures for the implementation thereof.

Minister of Labor and Social Development,

Ali bin Nasser Al-Ghafis

(Signed)