

**Procedural Guide on**

**The Decision to Localize Project Management Professions**

Ramadan 1444 AH



**Procedural Guide on the Decision to Localize Project Management Professions**

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# Procedural Guide on the Decision to Localize Project Management Professions

## 1. Introduction and Purpose of Guide

In implementation of the Ministerial Decision No. (141749) dated (11/09/1444 AH) on Localization of the Project Management Professions by ratio of 35% as first phase and 40% as second phase, which is deemed one of the localization decisions on which the HRSD has worked to provide the national graduates having quantitative qualifications with suitable employment opportunities and provide an appropriate and stimulative work environment for national cadres in the private sector and enhance their work in vital jobs to contribute to the development of the private sector.

The Decision takes into account the circumstances of labor market in the project management professions and the number of jobseekers from relevant specialties, and takes into account the current students who will join labor market within the few upcoming years as well as the status of the private sector and its uptake for national human cadres in professional specialties.

This Guide explains the details of the Decision on Localization of the Project Management Professions, including the targeted professions, the imposed ratios, the ratio calculation for employees and the penalties, and support programs provided by the human resources and social development system to support the private sector in implementing the decision, in addition to answers to the FAQs.

## 2. Definitions

<b>Localization Decision</b>	It means the decision of the Minister of Human Resources and Social Development regarding the Localization of the Project Management Professions.
<b>Localization Ratios</b>	It means the ratio of the number of Saudi workers (in the specified professions) in the enterprise to the total number of workers, whether Saudis or non-Saudis (in the specified professions) in the same enterprise.
<b>Targeted Enterprises</b>	It is every legal entity registered in the records of the Ministry of Human Resources and Social Development for which three (3) employees or more work in the targeted professions.
<b>Project management Professions</b>	It means the professions classified as project management professions as per the professional classification approved by the Ministry of Human Resources and Social Development detailed exclusively in this Guide.
<b>Correction Time-limit</b>	It is the period between the date of publication of the Ministerial Decision and the application date thereof. During this period, the enterprise can work to correct its situation to reach its target.
<b>Execution Period</b>	It is the period during which the enterprise is committed to execute the decision, as the enterprise is subject to legal procedures and penalties in the

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	event of non-compliance with the localization ratio referred to in this decision.
<b>Support and Employment</b>	It means the support and employment programs provided by the human resources system to stimulate and support the sector.

### 3. General Conditions of Localization Decision

#### 3.1. Targeted Professions & Binding Ratios

- The First Phase: Localization of 35% of the total number of employees in the project management professions in the enterprise.
- The Second Phase: Localization of 40% of the total number of employees in the project management professions in the enterprise.
- This Decision applies to the private sector enterprises operating in the Saudi market for which three (3) employees or more work in project management professions according to the profession codes determined thereof.
- In the event that professions are targeted in previous or subsequent decisions at different ratios, then the higher localization ratio will be applied.

<b>Profession Code</b>	<b>Profession</b>
121314	Head of project management
242108	Project management specialist
2133241	Project manager
2133231	Project management office specialist
1216031	Communication project manager
1217011	Services project manager
1216011	Transport project manager

#### 3.2. Minimum Wage for Calculation of Localization Ratio

In order that the Saudi employee in project management professions be calculated in the imposed localization ratio, their monthly wage registered with the General Organization for Social Insurances (subscription wage) shall not be less than SAR 6,000, and any Saudi employee in project management professions who gets paid a wage less than the said wage will not be calculated in the localization ratio under this decision.

#### 3.3. The Calculation Mechanism of Localization Ratios

The following shall be taken into account in applying the decision:

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1. The Decision applies only to workers in the project management professions stipulated in the detailed schedule of project management professions in this Guide.
2. The Decision does not apply to any enterprise having 2 employees or less in project management professions.
3. The Decision does not contradict with the other localization ratios in the enterprise as per Nitaqat.
4. When calculating the ratio of 35% of the total employees in the project management professions, the output shall be rounded to the nearest number (0.49 or less shall be rounded to zero while 0.5 or higher shall be rounded to 1).

The following example shows the calculation mechanism of localization ratios for project management professions:

- The distribution of the employees of enterprise in various professions:

Profession	Technician	Administrative	Project management	Cleaner	Receptionist
Employees	23	5	22	5	5

- The number of employees in project management professions at various job titles = 22 employees:

Profession	Head of Project Management	Project Management Specialist
Saudi	2	0
Non-Saudi	9	11

5. The ratio of 35% shall be applied to the project management professions in the enterprise in this Guide:

Number of Saudis in project management professions	
Number of Non-Saudis in project management professions	
Total number of employees in project management professions	500
Localization ratio (35%)	(Total number of employees in the project management professions × Localization ratio) = $22 \times 35\% = 8$ Saudi employees
The required number of the enterprise	The enterprise has 2 Saudi employees, so it must replace 6 non-Saudi employees with Saudi employees, so that the total is 8 Saudis out of 22 employees in the project management

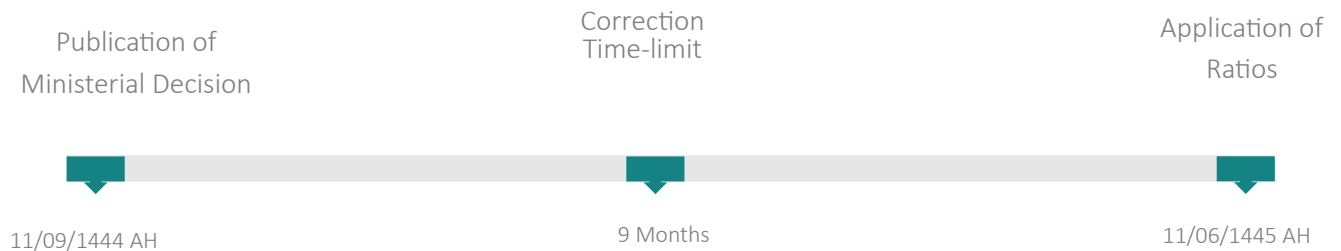
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professions during the correction time-limit to achieve the localization rate of project management professions in the enterprise.

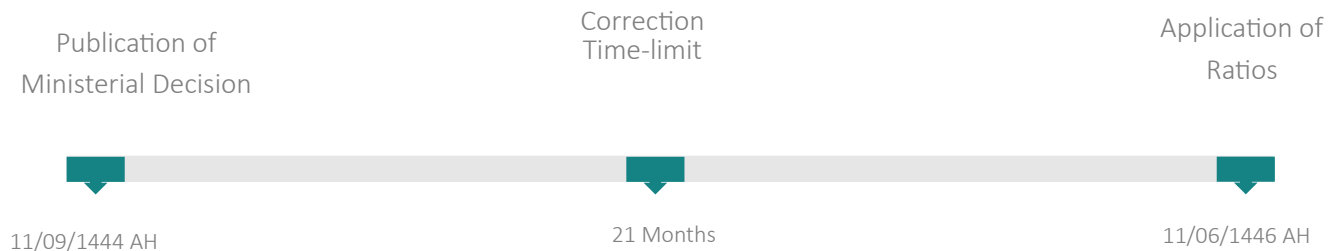
### 3.4. Decision Application Date and Correction Time-limit

The binding localization ratios of project management professions as per the below phases:

#### First Phase 35%



#### Second Phase 40%



## 4. Penalties Enforcement Mechanism and Legal Procedures

If the Enterprise does not comply with the required localization ratios, the Ministry will take all required measures to ensure the enterprises' commitment to the execution of this decision, and penalties will be imposed against the enterprises that violate the provisions of this decision pursuant to the schedule of violations and penalties stipulated in the Ministerial Decision No. 92768 dated on 05/ 05/1443 AH as amended. The Ministry will also take all other necessary measures to ensure the execution of the Ministerial Decision.

Required Action	Measures
Change of profession	As per profession change measures
Transfer of service to Enterprise	Suspension

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Transfer of service from Enterprise	Suspension
Work permits	Suspension
Recruitment	Suspension

If an employee is found to be working in a targeted project management profession under a job title other than the job title stated in the work permit, the penalty of (employer's permission of non-Saudi employee to work under a job title other than the job title stated in the work permit) stipulated in the Ministerial Decision No. 92768 dated on 05/ 05/1443 AH as amended.

### 5. Support and Employment Programs

A set of incentives and support will be provided to support private sector enterprises in recruiting Saudis in project management professions, including the following programs:

1. Supporting the recruitment and search for suitable workers
2. Supporting the necessary training and qualification processes
3. Supporting the recruitment process and job stability for Saudis
4. The priority of benefiting from all localization support programs available at the system

### 6. Frequently Asked Questions (FAQs)

#### Is the Decision on Localization of Project Management Professions applied in conjunction with Nitaqat?

Yes, the Localization Decision is applied to the targeted professions, as well as the legally stipulated penalties, regardless of the enterprise range in Nitaqat, i.e. the enterprise range in Nitaqat shall not impact the calculation of localization ration for targeted professions.

#### When will the inspection of the activities mentioned in the decision begin?

The date specified for applying the ratios is after 9 months for the first phase and 21 months for the second phase from the publication date of the decision and expiry of correction time-limit.

#### Can the enterprise benefit from the services of Ministry of Human Resources and Social Development during correction time-limit?

Yes, the enterprise can benefit from the services of HRSD during correction time-limit.

#### Will the localization ratio be amended in the future?

Ministry of Human Resources and Social Development (HRSD) works on reducing unemployment and contributing to provide suitable jobs for the Saudi citizens through many initiatives to be launched. To



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this end, HRSD periodically reviews the required localization ratios by counting the number of graduates and jobseekers and market uptake to ensure the automatic engagement of the graduate into the labor market.



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**[www.hrsd.gov.sa](http://www.hrsd.gov.sa)**