



In-Country Value Guidelines for Suppliers

GRP-PRA-005



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1.0 INTRODUCTION

TAQA is committed to contributing towards creating long-term economic growth and diversification with the Government of UAE. In furtherance of this commitment, TAQA is implementing the In-Country Value (ICV) programme developed by the Ministry of Industry and Advanced Technology (MoIAT).

In 2019 and 2020, various Government and semi-Government companies together broadened the ICV certification process for Suppliers across various sectors in Abu Dhabi and the UAE. It is likely that more entities will join the ICV certification platform as many effects of implementing the program will arise which would include:

- A. Localization of supply chains and development of new local industries and services.
- B. Attracting investments, diversifying the economy, and increasing GDP and exports.
- C. Creating job opportunities for UAE Nationals and Expatriates in the private sector.

2.0 ICV CONSIDERATIONS IN TAQA TENDERS

2.1 TENDERING REQUIREMENTS

Starting Q2 2022, TAQA and its subsidiaries engaged in transmission or distribution of power and water in the UAE will be introducing the process of selection of Bidders in the Tenders issued by them. Under such process, the Bidder's ICV contribution will be considered (based on its ICV Score) and preference will be given to Bidders having higher ICV contributions so long they are otherwise qualified. The decision to use of ICV Score for evaluation will be decided as part of the tender strategy by the TAQA Participating Entities.

Detailed requirements for the submission of ICV related information by the Bidder in its Commercial Bid will be specified in the Tender documents issued by a TAQA Participating Entity.

- 2.2 Initially, the ICV programme will be applied by TAQA and its subsidiaries engaged in transmission or distribution of power and water in the UAE (**TAQA Participating Entities**). If and when TAQA decides to extend the ICV programme to TAQA's other subsidiaries in the UAE, the same will be notified.

2.2 ICV CERTIFICATE

- 2.2.1 Where ICV Scores are to be utilised in selecting suppliers, the relevant TAQA Participating Entity will specify in the Tender documents that the Bidders should submit a copy of their respective valid ICV Certificates that are duly certified electronically by one of the ICV

Empanelled Certifying Bodies along with the Commercial Bids submitted in response to the Tender.

2.2.2 All Bidders must ensure the following information is reflected in their respective ICV Certificates submitted by them:

- a) Name of the Company – The company name shall be identical to the entity submitting the Bid
- b) The License Number in the certificate of the bidding entity
- c) Valid Until – The certificate should be valid on the date of submission of the Commercial Bid

2.2.3 A Bidder can participate in a tender without an ICV Certificate. However, the ICV Score of such Bidder will be considered zero and as a result, the Bidder will have a lower rank in the order of preference.

2.2.4 Below is a sample of the ICV certificate.



2.3 PREFERENCE TO LOCAL SUPPLIERS

For the procurement of Goods and Services, TAQA aims to promote local suppliers bidding directly in response to a Tender. Accordingly, TAQA promotes local Bidders or their local agents over agents of suppliers located abroad during the tender evaluation.

2.4 TENDER EVALUATION

The Tender Evaluation methodology shall be provided as part of the Tender documents to the Bidders and will include information on the evaluation methodology for applying the ICV Scores along with the Technical and Commercial evaluation.

2.5 ICV SCORE CALCULATION OF AGENTS / PRINCIPAL

In case of bid submission by Agents, the following to be noted:

a) Agent – Principal

Where an Agent submits a Bid on behalf of a Principal, the Agent shall submit the ICV Certificate for each of the Agent and the Principal. The combined weighted average ICV Score of the Agent and the Principal shall be considered for evaluation, as explained below:

ICV Percentage = (0.4 X (ICV Score of Agent) + 0.6 X (ICV Score of Principal))

For an Agent who submits a Bid on behalf of multiple principals, the weighted average ICV Score of the Principals based on their quoted prices and the ICV Score of the Agent shall be considered for evaluation, as explained below:

ICV Percentage = (0.4 X ICV Score of Agent + 0.6 X Weighted Average ICV Score of Principals)

2.6 ICV SCORE CALCULATION OF JOINT VENTURES / CONSORTIA

For Bidders submitting a Bid as either a Joint Venture or Consortium, the ICV Score shall be calculated as under:

In the case of JV/Consortium having three partners – A, B, and C having equity percentage set out below:

Joint Venture/Consortium	Equity Percentage
A	70%
B	20%
C	10%

The ICV Score of the Joint Venture will be = 0.7*ICV (A) + 0.2*ICV (B) + 0.1*ICV (C)

If the equity stake of the partners is not available, the ICV Score of the Joint Venture will be:

$$\left[\text{ICV Joint Venture} = \frac{\text{ICV (A) + ICV (B) + ICV (C)}}{3 \text{ (Number of Partners)}} \right]$$

2.7 ICV CALCULATION FORUMLA

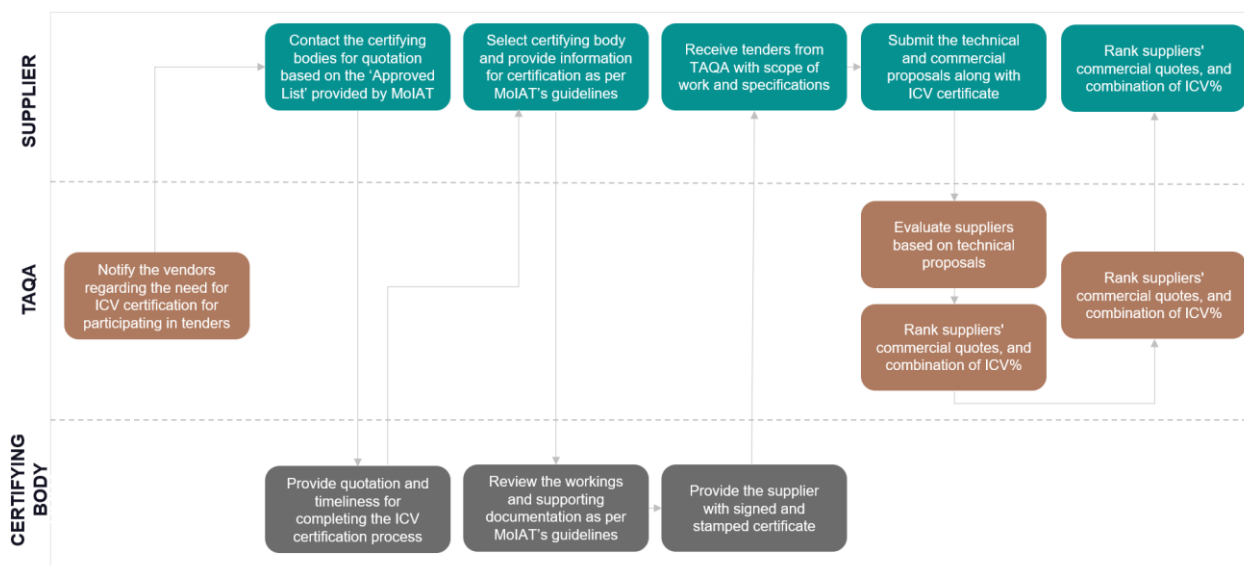
Prior to calculating an ICV Score, a relevant supplier will be identified as:

- 2.7.1 Goods Manufacturer – in which the supplier manufactures and supplies a finished product to an external customer. In addition, any Supplier holding the Industrial License in UAE shall be considered as Goods Manufacturer as well.
- 2.7.2 Service Provider – Any Supplier who is not a Goods Manufacturer AND is considered as “Service Provider”. Such would include a supplier who has a license other than “Industrial License” which shall be considered as Service Provider.
- 2.7.3 The following attributes will be considered when calculating the ICV
- A) Goods Manufactured Cost (for a goods manufacturer)
 - B) Third Party Spend Cost (for a service provider),
 - C) Expatriate Contribution,
 - D) Investment in the UAE,
 - E) Emiratization,
 - F) Bonus, in which includes Revenue from outside UAE, Emirati Head count and Investment Growth.
- 2.7.4 A Supplier who is an Agent / Trader for multiple manufacturers will be considered as a “Service Provider”. However, an Agent trading exclusively only one principal Goods Manufacturer in UAE shall be considered as “Goods Manufacturer”.
- 2.7.5 The ICV certification process is unified across the whole UAE i.e., the same ICV certificate can be used by Suppliers. However, the methodology for the implementation of the ICV program and the usage of the ICV Scores will be decided by each TAQA Participating Entity based on their business requirements.

2.7.6 The formula for calculation of the ICV score along with the weightage for each of the attributes is detailed below:

Manufacturing Cost and Third Party Spend	Investment		Emiratization		Expat Contribution		Bonus
50%	25%		15%		10%		5%
Manufacturers	10%	(Net Book Value of Assets in UAE)	2%	Up to AED 200K Salary, Training benefits	1 to 3%	1 to 5 employees	Total Revenue from outside UAE
(Manufacturing cost incurred in UAE + Emirati Cost + 60% of Expat Cost)		Net Book Value of Assets			4 to 6%	6 to 50 employees	Total Revenue from UAE (excluding Re-exports)
(Total Cost)	15% Progressive	AED, Million 5 to 50 = 5%	2 – 15% Progressive	Above AED 200K to 20M Salary, Training, benefits	7 to 9%	51 to 200 employees	Number of Emiratis
Service Providers		AED, Million 51 to 100 = 5%			10%	Above 200	100
(Value of Purchase * ICV of supplier + Emirati Cost + 60% of Expat Cost)		AED, Million 101 to 150 = 5%					Growth in NBV
(Total Cost)							Original NBV

2.8 SUPPLIER, TAQA AND CERTIFYING BODY PROCESS WORKFLOW



3.0 DEFINITIONS

Bid	This means a response by the Bidder to the Request for Quotation (RFQ) or Request for Proposal (RFP)
Bidder	A supplier that submits the Bid in response to an RFQ or RFP
Empanelled Certifying Body	A Company who has been authorized by the Ministry of Industry and Advanced Technology for verification of Suppliers' ICV certificate application and issues the ICV certificate.
ICV Certificate	The document reflecting the ICV score of a supplier duly with a validity period specified, duly endorsed by one of the Empanelled Certifying Body .
ICV Score	The score reflected in a valid ICV Certificate.
MoIAT	UAE's Ministry of Industry & Advanced Technology
Subsidiary	Entities in which TAQA directly or indirectly holds at least 50% plus 1 share
TAQA	Abu Dhabi National Energy Company, PJSC
TAQA Participating Entities	TAQA and its Subsidiaries engaged in transmission or distribution of power and water in the UAE and such other entities as are notified by TAQA from time to time
Tender	An invitation to bid on the provision of certain Goods and/or Services issued by the Relevant TAQA Entity
UAE	United Arab Emirates