



ADNOC Group

In-Country Value (ICV) Implementation Guidelines for Suppliers

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1. INTRODUCTION

In November 2017, an In-Country Value (ICV) program was announced for ADNOC Group Companies with the following objectives:

- (a) Emiratisation: creating additional employment opportunities for Emiratis in the private sector;
- (b) GDP Diversification: supporting UAE GDP diversification through sourcing more Goods and Services within the UAE; and
- (c) Strategic Considerations: localizing strategically critical parts of the value chain for selected Categories.

In 2019 and 2020, various Government and semi-Government Companies have joined hands to broaden the ICV certification process for Suppliers across various sectors in Abu Dhabi. In 2021, the ICV certification program has been taken over by the Ministry of Industry & Advanced Technology (MoIAT), thereby expanding the certification process across the UAE covering all Emirates. As a result, the Government and many semi-government entities in UAE (hereinafter referred to as "Participating Entities") will be covered under the ambit of the certification program.

For ICV calculations, the following areas are considered:

- (a) Goods Manufactured (only for Suppliers holding Industrial License)
- (b) Third Party Spend (only for Suppliers holding non Industrial License)
- (c) Investment
- (d) Emiratisation
- (e) Expatriate Contribution
- (f) Bonus – i) Revenue from outside UAE, ii) Emirati Head count and iii) Investment Growth

In order to recognize the private sector partners contributing to the UAE economy, ADNOC, as part of its procurement process, gives preference to the higher ICV suppliers.

The ICV certification process is therefore unified across whole of UAE i.e., the same ICV certificate can be used by Suppliers for their use. However, the ICV Program implementation methodology and usage of the ICV certificate" will be decided by each "Participating entity and incorporated by them based on their business requirements.

This document is intended to provide information and guidance to the Suppliers on implementation process of ICV certification process in ADNOC Procurement process.

2. DEFINITIONS

- (a) Participating Entities – All the entities who have implemented the In Country Value (ICV) program jointly are referred to as "Participating Entities".
- (b) Supplier(s) – The Company who is participating in the ADNOC tenders.
- (c) Empaneled Certifying Body – A Company who has been authorized by the Participating Entities for verification of Suppliers' ICV certificate application and issues the ICV certificate.
- (d) Audited Financial Statements -Supplier's financial statement that has been prepared and audited by an independent certified public accountant in accordance with IFRS (International Financial Reporting Standards)
- (e) ICV Certificate Template – means the template which the Supplier fills to calculate the ICV score as per predetermined formula.

- (f) ICV Certificate – The duly filled ICV certificate Template when endorsed by one of the Empaneled Certifying Body becomes the ICV Certificate of the Supplier for the validity period mentioned in the ICV Certificate
- (g) ICV Combined Score” means the combined score of ICV Certificate and ICV Improvement Plan as calculated in section 3.8 below.
- (h) ICV Improvement Plan – means the template duly filled by Supplier projecting the anticipated ICV figures in future years.

3. ICV CONSIDERATION IN ADNOC TENDERS

3.1 TENDER REQUIREMENTS

Starting from January 2018, ADNOC has introduced Bidders’ ICV evaluation as part of its tendering process. In the tender evaluation, ADNOC reviews the Bidders’ ICV contribution and gives preference to Bidders who have higher ICV contribution.

In the RFQ (Request for Quotation) / RFT (Request for Tender), ADNOC provides detailed requirements for submission of ICV related information by the Bidder in the commercial bid.

3.2 ICV CERTIFICATE

- (a) In all ADNOC tenders, Bidders are required to submit a copy of their valid ICV Certificates generated in the ICV management system duly certified electronically by one of the ICV Empanelled Certifying Bodies along with the commercial bids of the tender. The contents and calculation of ICV certificates, and the steps to obtain an ICV certificate, is detailed in the “ICV certification guidelines for Suppliers”. These guidelines are available in [Unified Certification Process - Abu Dhabi National Oil Company \(adnoc.ae\)](http://adnoc.ae)
- (b) The sample of ICV certificate is as below:



- (c) Bidder to ensure the following:
 - 1) The name of the Company in the ICV certificate is the same as the bidding entity.
 - 2) The License number in the certificate is that of the bidding entity.
 - 3) The certificate is valid on the date of the commercial bid submission.
- (d) A bidder can participate in a tender without an ICV Certificate, however the ICV score will be considered as zero and as a result the Bidder will have a lower rank in the order of preference.
- (e) Agents – Principal relationship

When the bids are submitted by Agents on behalf of Principals, the Agents shall submit separate ICV Certificates for Agent and Principal.

3.3 ICV IMPROVEMENT PLAN

- (a) When the ADNOC tender requires, the Supplier shall submit an ICV Improvement Plan along with the commercial bid. The template for the ICV Improvement Plan can be downloaded from <https://www.adnoc.ae/incountry-value/adnocs-icv-program>
- (b) The ICV Improvement Plan will be a contractual commitment linked to a payment against the actual ICV achieved vis-à-vis the ICV committed as per the ICV Improvement Plan.
- (c) Based on the requirements specified in the tender, the Supplier shall fill either the “Company Specific” or “Agreement specific” ICV Improvement plan template.
- (d) Company Specific ICV Improvement plan –
 - i. In Section A of the template, the Bidder has to fill the following details:

Section A: Tender Information		
Tender No.	ADNOC Group Company	Agreement Description
Agreement Type	Supplier Type	
Total Duration (Years)		
Supplier Name		

- Tender Number
- Agreement Value
- Agreement Type
 - LTPA
 - Contract
- Total Duration (years)
- ADNOC Group Company
- Supplier Name
- Supplier Type
 - Goods Manufacturer
 - Service Provider
- Agreement Description

- ii. The extract of the ICV Improvement Plan Sections B is as follows:

Section B: In-Country Value Committed (To be filled by the Supplier and submitted with the bid)			
1) ICV Plan Proposed by suppliers		2) Actions proposed by suppliers to achieve committed ICV	
Upon completion of (Agreement Year)	Planned ICV % (expected as per ICV certificate)	Sr. No	Description
Year 1		1	
Year 2		2	
Year 3		3	
Year 4		4	
Year 5		5	
AVERAGE			

In sub section 1 ICV Plan proposed by suppliers – the Supplier shall fill the ICV% expected for the Company upon completion of each year of the Agreement. The ICV% planned shall be as per the expected Company’s valid ICV Certificate score at the end of each Agreement Year.

In sub section 2 – Actions proposed by Suppliers to achieve committed ICV

The Supplier shall also provide the brief actions proposed by the Supplier to achieve the planned ICV% for the Agreement.

(e) Agreement Specific ICV –

(i) In case the Supplier is required to submit an “Agreement specific” template, the Supplier shall fill the following information:

Section A: Tender Information			
Tender No.		ADNOC Group Company	
Agreement Type		Supplier Type	Agreement Description
Total Duration (Years)			
Supplier Name			

- Agreement Number
- Agreement Value
- Agreement Type
- *Select from the value list –*
 - LTPA
 - Contract
- Total Duration (years)
- Group Company
- Supplier Name
- Supplier Type
- *Select from the value list –*
 - Goods Manufacturer
 - Service Provider
- Agreement Description

(ii) The extract of the ICV Improvement Plan Section B is as follows:

Section B: In-Country Value Committed (To be filled by the Supplier and submitted with the bid)			
ICV Plan Proposed by suppliers			
Upon completion of (Agreement Year)	Phased Revenue from the Agreement (USD)	Planned ICV % (expected as per ICV certificate)	ICV Value in USD
Year 1			-
Year 2			-
Year 3			-
Year 4			-
Year 5			-
TOTAL			-
ICV % COMMITTED FOR AGREEMENT			0.00

Actions proposed by suppliers to achieve committed ICV	
Sr. No	Description
1	
2	
3	
4	
5	
6	
7	

In the above section, Supplier is required to provide the following:

- Revenue expected from the Agreement per year which shall add up to the total Agreement Value (USD).
 - Yearly Planned ICV% during the Agreement - Supplier shall consider the Agreement level ICV% for planning the ICV progress during the Agreement duration. During the Agreement duration, the successful Supplier shall be obliged to engage an independent audit firm (from ADNOC Group prequalified list of companies) to conduct an Agreement specific audit of the ICV spend and overall expenditure incurred.
 - The Planned ICV% shall be calculated based on the ICV formula as published in the ADNOC ICV website. Supplier may use the ICV Certificate template to calculate the Planned ICV% in Section B.
 - All components to calculate the Third Party cost (only for Service Provider) shall be specifically for the Agreement.
 - Investment, Emiratization & Expat contribution shall be on the Company level. Further, the Bonus component (Revenue from outside UAE & Emirati Headcount) will not be included in the Planned ICV% calculation.
 - Provide Actions proposed by the Supplier to achieve the committed ICV% for Agreement.
- (iii) If the Bidder is a JV or Consortium (as explained in Section A, Clause 2. p) then the ICV Improvement Plan shall also be submitted by the JV/Consortium. Third Party Spend (as applicable) shall be specifically for the Agreement.

The 'Investment', 'Emiratization' and 'Expat contribution' shall be the weighted average of the partners' scores in these attributes as per their latest valid Company ICV certificate based on their equity stake in the JV/Consortium. The below example may be followed:

- with equity stake of 70%, 20% and 10% respectively, the 'Investment', 'Emiratization' and 'Expat contribution' of the JV will be calculated as =
 $0.7x$ 'Investment', 'Emiratization' and 'Expat contribution' of Partner A +
 $0.2x$ 'Investment', 'Emiratization' and 'Expat contribution' of Partner B +
 $0.1x$ 'Investment', 'Emiratization' and 'Expat contribution' of Partner C
- when equity stake of partners is not available, the 'Investment', 'Emiratization' and 'Expat contribution' of the JV will be calculated as =
 $(\text{Investment}, \text{Emiratization} \text{ and } \text{Expat contribution} \text{ of Partner A} + \text{Investment}, \text{Emiratization} \text{ and } \text{Expat contribution} \text{ of Partner B} + \text{Investment}, \text{Emiratization} \text{ and } \text{Expat contribution} \text{ of Partner C}) \div 3$ (no. of partners)

3.4 EMIRATIZATION CREDITS

In addition to the ICV certificate status, ADNOC shall recognize the current Emirati strength (at the time of bidding) in the Supplier's organization. Based on the current headcounts of Emiratis employed in their organization, Bidder will receive additional credits during bid evaluation. The

mechanism that will be followed is as under:

- (a) Bidders shall be required to submit evidence of the Emirati employment in their organization in their commercial bid. The evidence shall be in form of a downloaded report from Ministry of Human Resources and Emiratization (MOHRE) website. Emiratization Report from MOHRE website shall clearly indicating the name of the Bidder and the headcounts of Emirati employees in the organization. The Report date shall not be older than 30 days before the commercial bid submission. For Free Zone entities who cannot obtain the MOHRE report, they can get similar report from Free Zone regulator.
- (b) For every Emirati employee, Bidder shall be credited with 0.1 points per Emirati employee. The maximum Emiratization credit a Bidder can receive shall be capped to 10%.
- (c) The mechanism to consider the Emiratization Report during the commercial evaluation is included in Section 3.8 below.

3.5 BIDDERS INVESTED IN TA'ZIZ INDUSTRIAL PARKS IN RUWAIS

To promote Investors in Ta'ziz Industrial Park, the bidding entity established and operating in Ta'ziz Industrial Park will receive additional credits during bid evaluation. The mechanism that will be followed is as under:

- (a) In their technical bids, Bidders shall be required to provide supporting document to prove that the bidding entity is established and operating from the Ta'ziz Industrial Park.
- (b) For such bidders, a "Taziz credit" of 10% on their **ICV Combined score** will be credited during the commercial evaluation.
- (c) The mechanism to consider the "Ta'ziz credit" during the commercial evaluation is included in Section 3.8 below.

3.6 BIDDERS PROPOSING FUTURE INVESTMENTS IN MANUFACTURING FACILITIES

A Bidder can propose setting up a new Manufacturing facility in UAE, as a separate legal entity to manufacture and supply the tendered goods under the Agreement in their technical bid. Bidder also need to confirm that the contracting entity shall be changed to the new entity during the agreement execution after being prequalified to supply the goods to ADNOC. The proposal will be technically and legally evaluated by ADNOC. Only if the bidder's proposal is found technically acceptable and legally compliant, the proposal shall be considered for evaluation.

Bidder can propose an ICV Improvement Plan considering the new entity from the year of commencement of operations. **The ICV Improvement Plan duly filled and signed based on this proposal should be submitted only in the commercial bid.**

This ICV Improvement Plan shall then be included in the Agreement, if the bidder is successful, and monitored throughout the duration of the Agreement for compliance with actual supply from this new facility. In the event the bidder is unable to establish the facility, get it prequalified and assign the contract to the new entity as per their proposal, it will be considered as material breach of Agreement, and ADNOC shall enforce its rights as per the Agreement provisions.

3.7 PREFERENCE TO LOCAL MANUFACTURERS

For purchase of goods, ADNOC intends to promote local manufacturing units bidding directly for a tender. Accordingly, for all purchasing tenders the local manufacturing bidders or their Local Agents will be preferred over Agents of Manufacturers located abroad during the tender evaluation.

3.8 COMMERCIAL EVALUATION

The ICV ranking of each Bidder shall be derived based on the "ICV Overall Score" of the Bidder. The ICV Overall Score of a Bidder shall be calculated as under:

- A. ICV Combined Score - calculated based on the weighted average of ICV certificate and ICV Improvement plan.

if, $x\%$ - Weightage for ICV certificate, &

$y\%$ - weightage for ICV Improvement Plan

(Where $x\% + y\% = 100\%$; and $y\% > x\%$).

Note - $x\%$ & $y\%$ will be decided for each tender.

then, ICV Combined Score = [ICV% in valid ICV certificate x $x\%$ + Average ICV% committed for the Agreement duration in the ICV Improvement Plan x $y\%$]

+

- B. Emiratization credit = 0.1% on each Emirati employee (as per MOHRE report or Free zone regulator report)

+

- C. Ta'ziz credit = 10 % of ICV Combined score (item A. above)

Based on the ICV Overall Score obtained, the ICV ranking of the Bidder is determined.

3.9 ICV OVERALL SCORE CALCULATION OF AGENTS / PRINCIPAL & JV/CONSORTIA

In case of bid submission by Agents and Joint Ventures/Consortia, following to be noted:

i. Agents - Principal

In relation to Agents submitting a bid on behalf of a Principal, the Agents shall submit ICV Certificate and ICV Improvement Plan for the Agent and Principal. The combined weighted average ICV Overall Score of the Agent and the Principal shall be considered for commercial evaluation explained as under:

$(0.4 \times \text{ICV Overall Score}_{\text{Agent}} + 0.6 \times \text{ICV Overall}_{\text{Principal}})$

Where, ICV Overall Score_{Agent} =

ICV Combined Score = [ICV% in valid ICV certificate x $x\%$ + Average ICV% committed for the Agreement duration in the ICV Improvement Plan x $y\%$]

(Where $x\% + y\% = 100\%$; and $y\% > x\%$).

+

Emiratization credit = 0.1% on each Emirati employee (as per MOHRE report)

+

Ta'ziz credit = 10 % of ICV Combined score (item i. above)

& ICV Overall Score_{Principal} =

ICV% in valid ICV certificate

+

Emiratization credit = 0.1% on each Emirati employee (as per MOHRE report)

+

Ta'ziz credit = ICV% in valid ICV certificate

ii. Joint Ventures / Consortia

In relation to Suppliers submitting a bid as either a Joint Venture or Consortium, the **ICV Overall Score** shall be calculated as under:

- i. *ICV Combined Score = [ICV certificate%_{JV/Consortium} (see note below) x 0.4 + Average ICV% committed for the Agreement duration in the ICV Improvement Plan x 0.6]*
+
- ii. *Emiratization credit = 0.1% on each Emirati employee (as per MOHRE report) in Partners organization in proportion to the equity shares.*
+
- iii. *Ta'ziz credit = 10 % of ICV Combined score (item i. above) in case Partner(s) has invested in Ta'ziz in proportion to the equity shares.*

Note - ICV certificate%_{JV/Consortium} is calculated based on the as under:

Example -

In the case of JV/Consortium having three partners – A, B and C

- with equity stake of 70%, 20% and 10% respectively, **ICV Combined Score** of the JV is calculated as: $ICV_{JV} = 0.7 \times ICV_A + 0.2 \times ICV_B + 0.1 \times ICV_C$
- if equity stake of the partners is not available, the **ICV Combined Score** of the JV is calculated as: $= (ICV_A + ICV_B + ICV_C) \div 3$ (no. of partners)

3.10 ICV OVERALL SCORE CALCULATION EXAMPLE

An example of ICV Overall Score calculation is presented below for ready reference

Note - *the weightages assigned for ICV certificate & ICV Improvement plan to calculate the combined ICV in the below table is an example and are not standard weightages. These will be decided and changed for each tender.*

Bidder	Price Quoted (AED)	Price Ranking	ICV certificate (%)	ICV IP (%)	Combined ICV % (A)	Emirati Nos	Emirati credit % (B)	Taziz Invested (Yes/No)	Taziz credit (C)
A	100	L1	30.00	50.00	42.00	10	1	Yes	4.2
B	120	L2	40.00	45.00	43.00	50	5	Yes	4.3
C	130	L3	36.00	50.00	44.40	20	2	No	0
D	140	L4	45.00	60.00	54.00	40	4	Yes	5.4
E	150	L5	40.00	55.00	49.00	30	3	No	0

4. POST AWARD MONITORING AND PAYMENT

- a. The ICV Improvement plan submitted by the Bidder is included in the Agreement and it becomes one of the contractual obligations for the Contractor to achieve the ICV Improvement plan targets.
- b. To ensure that the Contractor meets the ICV Improvement plan obligations, 5% of the Contract value is tied up with actual ICV progress achieved vis-à-vis the targets stipulated in the ICV Improvement Plan. This payment is termed as 'ICV payment'
- c. For those Agreements which have a Company specific ICV Improvement Plan, the successful Supplier shall be obliged to submit the latest Company ICV certificate after completion of each Agreement year to demonstrate the actual ICV achievement vis-à-vis the ICV committed for the Agreement. This will be utilised for the ICV payment.
- d. For Agreements which have an Agreement specific ICV Improvement Plan, the awarded Supplier shall be obliged to engage an independent audit firm (from ADNOC Group prequalified list of companies) to conduct an Agreement specific audit of the ICV spend and overall expenditure incurred for the Agreement. The third-party audit firm shall issue an Agreement specific audit report. Based on the Agreement specific audited report, Supplier shall get the Agreement specific ICV Certificate from one of the ADNOC Empanelled Certifying Bodies.
- e. The ICV payment shall be released to the Supplier after completion of each year from the commencement date of the Agreement in proportion to the actual ICV achieved (as per the last Company level ICV/ Agreement level certificate).
- f. The ICV payment mechanism for different types of Agreements is presented as Annexure- 1.
- g. Depending upon the type of Agreement, in the RFT/RFQ, ADNOC Group will specify the relevant payment mechanism provision as per the wordings specified in Annexure - 1 in the Agreement. These wordings shall be inserted in the relevant Annexure for of ICV Improvement plan in the Agreement.

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ANNEXURE – 1

PAYMENT MECHANISM FOR DIFFERENT TYPES OF AGREEMENTS

ICV PAYMENT WORDINGS
for
AGREEMENTS WITH COMPANY SPECIFIC ICV IMPROVEMENT PLAN

A. Application Process:

1. In each submitted invoice, the CONTRACTOR shall claim 95% of the eligible amount and the remaining 5% shall be reserved as the ICV PAYMENT.

Note –The ICV Payment deduction shall not be applicable for Provisional Sums in the Agreement

2. To claim the ICV PAYMENT, in accordance with the applicable articles of the GENERAL TERMS AND CONDITIONS, the CONTRACTOR shall submit an invoice once annually for the annual portion of the ICV PAYMENT calculated on a pro-rata basis based on actual growth achieved in ICV% to reach ANNUAL ICV TARGET achieved, and the overall value of the invoices submitted by the CONTRACTOR and approved by COMPANY in the relevant year.
3. If any amounts relating to the ICV PAYMENT for the previous year were not paid because of the CONTRACTOR’s failure to achieve the ANNUAL ICV TARGET but the same target was partially or fully achieved in the current year, the CONTRACTOR may invoice for such amounts on a pro-rata basis or in full, together with any amounts due for achieving the ANNUAL ICV TARGET for the current year, in accordance with the process described in point 2 above.
4. If any of the ANNUAL ICV TARGETS were not achieved at the AGREEMENT completion or if these were achieved only partially, the COMPANY will respectively either (i) not pay the ICV PAYMENT, or (ii) pay the ICV PAYMENT on a pro-rata basis based on the achieved percentage and the remaining amounts will be retained by the COMPANY.

B. Calculation Formula:

$\frac{\text{ICV\% Actual Growth for the Agreement Year}}{\text{ICV\% Planned Growth for the Agreement Year}} \times$	$5\% \text{ of the total gross value of paid invoices in the Agreement Year}$
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Note: Each ICV invoice should be supported by the latest Company level ICV Certificate of the Contractor.

- C. The ICV Payment calculation template is attached herewith.

ICV PAYMENT WORDINGS
for
AGREEMENTS WITH AGREEMENT SPECIFIC ICV IMPROVEMENT PLAN

A. Application Process:

1. In each submitted invoice, the CONTRACTOR shall claim 95% of the eligible amount and the remaining 5% shall be reserved as the ICV PAYMENT.

Note –The ICV Payment deduction shall not be applicable for Provisional Sums in the Agreement

2. In accordance with the applicable articles of the GENERAL TERMS AND CONDITIONS, the CONTRACTOR shall submit an invoice once annually for ICV PAYMENT for the relevant year calculated on a pro-rata basis based on the percentage of the ANNUAL ICV TARGET achieved as set out in the Table A above.
3. If any of the ANNUAL ICV TARGETS were not achieved at FINAL ACCEPTANCE, or if these were achieved only partially, the COMPANY will respectively either (i) not pay the ICV PAYMENT Milestone amount, or (ii) pay any amounts due on a pro-rata basis based on the achieved percentage and the remaining amounts from the ICV PAYMENT Milestone will be retained by the COMPANY.

B. Calculation Formula:

$\frac{\text{Actual ICV\% as per the Agreement level ICV certificate for the Agreement Year}}{\text{Planned ICV\% as per the ICV Improvement Plan for the Agreement Year}} \times 5\% \text{ of the total gross value of the paid invoices in the Agreement Year}$
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Note: Each ICV invoice should be supported by the latest Agreement level ICV Certificate of the Contractor.

C. The ICV Payment calculation template is attached herewith.