



Human Resources and
Social Development

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Procedural Guide on the Decision to Localize Medina Province

Jumada Al-thani 1444

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Introduction:

In implementation of the mechanisms of joint work between the Ministry of Human Resources and the Emirate of Hail (the higher and executive committees for Localization) and in implementation of the regional localization program launched by the Ministry in partnership with the Ministry of Interior and in order to promote the aim of raising the participation of Saudi men and women in the labor market in the Medina Province, and according to the memorandum of understanding concluded with the Emirate of the region and the Ministry of Human Resources and Social Development, as well as the recommendations of the Higher Committee for the Localization and Social Development Program in Medina Province, headed by His Royal Highness/ Governor of Medina Province to localize some activities and occupations in the region, his Highness the Minister of Human Resources and Social Development issued Decision No. () which dated on (0/0/1444 AH) regarding the localization of a number of economic activities in the Medina Province that the Ministry has worked on in cooperation and partnership with the Medina Province emirates and the relevant governmental and supervisory agencies to provide an appropriate and stimulating work environment for national human resources, and to expand the participation rate with the private sector in line with the localization strategy of the Ministry.

The desire of the Ministry, represented by the Localization Agency (General Administration of Territorial Localization), to clarify all the necessary details before the localization decision enters into force, to assist private sector enterprises ready and comply with execution of the decision, work has been done to issue this guide, which shows the details of the localization decision for Medina Province, including the grace period, the time period for executing the decision, the percentage of targeted activities, and exceptions for each activity, if any, and clarifying the support and training programs provided by the human resources and social development system in addition to answering the most frequent questions.

First: Definitions

Localization Decision	It means the decision of the Minister of Human Resources and Social Development regarding the localization of the Medina Province No. (000) which dated on 00/00/1444 AH.
Localization ratios	It means the ratio of the number of Saudi workers in the outlet or occupations to the total number of workers, whether Saudis or non-Saudis in the same outlet or occupation.
The Outlet	The place where goods or commodities are sold to retail and wholesale customers which including stores, exhibitions, shopping malls, kiosks, and the like from the outlets.
Targeted Enterprises	It is every legal entity registered in the records of the Ministry of Human Resources and Social Development and classified under targeted activities.
Correction Time-limit	It is the period between the date of publication of the Ministerial Decision and the date of applying the ratios. During this period, the enterprise can work to correct its situation to reach its target.

Execution period	The period during which the enterprise is committed to execute the decision, as the enterprise is subject to legal procedures and penalties in the event of non-compliance with the localization percentage referred to in this decision (kindly review the mechanism for executing penalties and legal procedures)
Support and Employment	It means the support and employment programs provided by the human resources system to stimulate and support the labor market.

Second: The Localization Decision and Binding Ratios

The localization of several activities and occupations in the Medina Province within the plan of the localization program in the regions, as the localization rates range between 40% and up to 100%, as follows:

a. Localized activities by 40%

- Restaurants Activity

Activity Codes	Activity	Localization Ratio	Application Conditions
561022			
561029			
561031			
561092			
561093			
561099	1. Restaurants with service.	stand-alone or mixed-use buildings, complexes and commercial centers (40% of workers in all occupations except for the excluded occupations.	The ratio applies if there are 4 workers or more in one shift inside the outlet
561032	2. Banquet kitchens.		
561033	3. fast food stores.		
561033	4. juice shops.		
561040			
561091			
561010			
562111			
561070			

b. Localized activities by 50%

- Cafe Activity

Activity Codes	Activity	Localization Ratio	Application Conditions
563090	1. Serve drinks in cafes.	stand-alone or mixed-use buildings, complexes and commercial centers (50% of workers in all occupations except for the excluded occupations.	The ratio applies if there are 2 workers or more in one shift inside the outlet
563014	2. ice cream stores		
563019			
563020			
563011			

Activities excluded from the localization of the activities of Restaurants and Cafes:

3. Cafeterias
4. Preparing food or catering contractors
5. Catering contractors
6. Cafeterias in factories, offices, hospitals and schools
7. Restaurants and cafes inside hotels, apartments and hotel villas

c. Wholesale activity of food and beverages

Activity Code	Activity	Localization Ratio
463076	Wholesale outlets for food and beverages	(50% of workers in all occupations except for the excluded occupations.

- Occupations excluded from Localization in the aforementioned activities:

1. Cleaning Worker
2. Loading and Unloading Operator

Provided that their percentage does not exceed 20% of the workers in the outlet in one shift. In the event that the number of workers in one shift is less than 3, only one worker is added in one of the excluded occupations, along with adhering to the uniform as detailed below.

d. Localized Occupations

Occupation Code	Occupation	Localization Ratio	Excluded Activities
243110	Marketing Specialist	40%	N.A
5112013	Sales Representative	40%	N.A
523001	Accounting cashier	100%	Car maintenance, fuel filling, cylinder gas, restaurants, cafes, workshops of all kinds, nurseries

This decision applies to all private sector enterprises operating in the Medina Province according to the occupation codes determined thereof, in the event that occupations are targeted in previous or subsequent decisions at different rates, then the higher localization ratio will be applied.

Third: Correction Time-limit

It is the period between the date of issuance of the Ministerial Decision and the commencement of applying the ratios. During such period, the Enterprise may work on what enables it to achieve localization ratios to reach its target. The penalties stipulated in this guide and legal penalties will be applied after the correction time-limit expires on all Enterprises that do not comply with the localization ratio.

Approval of the Ministerial Decision	Correction Time-limit	Applying ratios
On / /	Between the date of issuance of the Ministerial Decision and its entry into force for a period of 180 days	Applying of ratios begins in / /

Fourth: The following details are taken into account upon applying the decision to localized activities:

1. The decision does not contradict the localization ration in other decisions that apply to the total number of employees in the enterprise according to the Nitaqat program.
2. Upon calculating the number of Saudi workers out of the total workers in the outlet, it is rounded to ones (from 0.49 or less it is rounded to zero, and from 0.5 and above rounded to 1).
3. The calculation of the number of Saudi workers is after subtracting the workers in the excluded occupations.
4. The equation for calculating the number of Saudi workers = (Number of workers in the outlet - Number of workers in the excluded occupations) x the imposed Saudization ratio.
5. It is applied to each outlet in the targeted activities.

Below is an illustrative example of the mechanism for calculating binding localization ratios in outlets for Restaurant Activity:

Number of employees in the outlet	Number of employees in excluded occupations	Mandatory number of Saudis at the outlet
4	1	$= (4-1) \times 40\% = 1$
7	1	$= (1-7) \times 40\% = 2$
9	2	$= (2-9) \times 40\% = 3$
10	2	$= (2-10) \times 40\% = 3$

The example below shows the mechanism for calculating localization ratios in outlets for Cafe Activity:

Number of employees in the outlet	Number of employees in excluded occupations	Mandatory number of Saudis at the outlet
3	1	$= (1-3) \times 50\% = 1$
4	1	$= (1-4) \times 50\% = 1.5$ and rounds to 2
7	1	$= (1-7) \times 50\% = 3$
9	2	$= (2 - 9) \times 50\% = 3.5$ and rounds to 4
10	2	$= (2-10) \times 50\% = 4$

The example below shows the mechanism for calculating localization ratios in outlets for wholesale food and beverages activity:

Number of employees in the outlet	Number of employees in excluded occupations	Mandatory number of Saudis at the outlet
3	1	$= (1-3) \times 50\% = 1$
4	1	$= (1-4) \times 50\% = 1.5$ and rounds to 2
7	1	$= (1-7) \times 50\% = 3$
9	2	$= (2 - 9) \times 50\% = 3.5$ and rounds to 4
10	2	$= (2-10) \times 50\% = 4$

Fifth: The uniform for the excluded occupations:

Commitment to a uniform for workers in the excluded occupations, which includes both male and female workers, and the worker's occupation be written on the back of the uniform, and an emphasis on observing Ministerial Decision No. 164091 dated on 14/11/1441 AH related to organizing the workers' uniform.

Sixth: Penalties and Legal Procedures:

If the Enterprise does not comply with the required localization ratio, or assigns any of the tasks of those localized occupations to a non-Saudi worker - directly or indirectly - under any other job title, the penalties for localization violations stipulated in Ministerial Decision No. 92768 dated on 05/ 05/1443 AH, taking into account the amendments that may occur to it, as well as stopping the service of renewing work permits based on the provisions of Article Thirty-five of the Labor Law, which permitted refraining from renewing work permits for the Enterprise in the event of violating the standards related to localization. The Ministry will also take all other necessary measures to ensure the execution of the Ministerial Decision.

Seventh: Support and Employment Programs:

Support and employment programs are provided and executed through the Human Resources Development Fund "HRDF", and can be accessed via the link (<https://www.hrdf.org.sa/>)

Eighth: Financial Support Programs:

The Social Development Bank provides support to young men and women who have a desire and ambition to practice self-employment and take the way to success towards self-independence. The bank provides a number of financing programs that will support the entry of young people into commercial activities, to review financing support programs (<https://www.sdb.gov.sa/ar-sa/our-products/productive-loans>)

Ninth: Frequent Questions

1-When will the inspection of the activities mentioned in the decision begin?

After 180 days from the date of issuance of the decision.

2-Will the decision be applied in all regions of the Kingdom or only in Medina?

The decision is for Medina Province, and it will be applied only there without the rest of the Kingdom's regions.

3- When there is a difference in localization rates in the Ministerial Decisions related to localization for the same activities or occupations, what is the ration that applies?

It shall apply higher localization ratio

4- Is it possible to benefit from the services of the Ministry of Human Resources and Social Development during the grace period?

Yes, it is possible to benefit from the Ministry's services during the grace period.

5- Does this decision contradict with any of the previous localization decisions?

This decision does not contradict in any way with previous decisions regarding the localization or feminization of activities.

6- Is the localization decision applied in line with Nitaqat?

Yes, the localization decision applies to workers inside the enterprise, as well as the penalties stipulated in the law, regardless of the scope of the enterprise in Nitaqat, which meaning that the scope of the enterprise in Nitaqat does not affect the calculation of the localization ratio.

7- Does the decision apply to the name of the National Classification of Economic Activities (ISIC4) only or to the actual activity of the Enterprise?

The decision shall be applied to the name of the national classification of economic activities and the actual activity of enterprises.

8- Will the Localization ration be amended in the future?

The Ministry of Human Resources and Social Development works to reduce the unemployment rate and contribute to providing jobs through several initiatives to be launched, and in order to achieve this, the Ministry periodically reviews the required localization rates by counting the number of graduates and job seekers, and the ability and capacity to absorb the market, to ensure that graduates participate in the labor market automatically.

9- Is it necessary to register the Saudi worker in the social insurance to be counted in the localization rates?

In order for the Saudi worker to be counted in the localization ratios, he must be registered in the insurance for the account of the enterprise, or be an employee with a documented flexible employment contract, or hold a self-employment document.

10- Is it possible to employ a Saudi male/female with a modern work pattern, such as: (part-time work), or flexible work in the occupations that have been imposed on localization, and are they included in the support and training programs provided by the Human Resources Development Fund "HRDF"?

Saudi workers who are required to be present at the outlet and who have a contractual relationship with the employer to perform work mainly in exchange for wages, their contracts can be in any type of work (full - part - flexible "hourly work") according to the determined conditions.

11- Is the localization ratio calculated on the Enterprise in which the employee's data is registered, or the Enterprise in which he performs his services according to the principle of implied contracts (Ajeer)?

It is required that the Saudi work in the outlet according to the ratios determined in the decision, regardless of the form of the contract.

12- Is it possible for the worker required to be present at the outlet with a flexible contract of "hourly work"?

Yes, and the employee present at the outlet is counted with a valid flexible employment contract with one worker, provided that the contract is concluded and ratified through the flexible work platform. mrn.sa



To visit the website:
www.hrsd.gov.sa