

Overview of the key developments for the KSA nationalisation programme

🏢 Legal Development ⌚ 1 November 2020 🌍 Middle East 💼 Employment, Pensions & Immigration

Since the launch of the Nitiqat programme in August 2011, the KSA nationalisation programme has developed from an emphasis on quotas based on headcounts, to include regional Saudisation, sector Saudisation, and Saudisation of professions. The embedding of Saudisation within regulatory frameworks both on a municipal level and for certain professions is an indication of the greater precision with which nationalisation is being approached.

In this article, we have summarised the key changes to the KSA nationalisation programme and how it affects you and your company depending on your profession, sector or location.

Nitiqat: a recap

Under the Nitiqat programme, broadly employers are categorised according to their headcount and licence activities. A quota is only set for employers with headcounts of six and above, with one full time employee counting for one point provided a minimum salary of SAR 3,000 is paid. Depending on its compliance with its quotas, an employer is categorised into red, green (which can be low, medium or high) or platinum. All roles have to be advertised on a Government portal called Taqat to Saudi nationals before block visas can be applied for.

Whilst GCC nationals and the husband and children of a Saudi woman will be treated in the same way as Saudi nationals, these employees cannot be employed in one of the eighteen roles reserved for Saudi nationals (passport holders). In addition, certain categories of employees count as more than one point each to encourage their employment; for example disabled KSA nationals (with a certificate from the General Organisation for Social Insurance (GOSI) will count as four employees up to a cap of forming ten percent of the employer's KSA national workforce.

Broad changes to Nitiqat

Given a desire to encourage foreign investment into the Kingdom, modifications to Nitiqat were introduced from February 2019 as follows:

- Removal of the minimum advertising periods for labour market testing through the Taqat portal
- Revision of the requirement to have a minimum of one Saudi national employee in order for a newly established entity to open files with the Ministry of HR and Social Development and GOSI, to a requirement to employ one Saudi national within twelve months of establishing the entity
- Elimination of the 'yellow' compliance category within Nitiqat
- Allowing all green category employers (not only high) to qualify to apply for a block visa

- Block visas once granted have reverted to being valid for use for up to two years from the date of grant

Saudisation of professions

Over the past year, we have seen the focus resting on Saudising key professions which the Ministry of HR and Social Development assess as being attractive to Saudi graduates and within which there are significant numbers of unemployed Saudi graduates (e.g. the Ministry stated that 5% of its unemployed registered graduates are engineers).

Below is a summary of the key developments over the past 18 months:

IT and communications

Resolution No. 28889 dated 18/2/1442 is the latest resolution applying specific Saudisation within a profession. Under the resolution, any employer with five employees or more engaged in IT and Communications roles will be required to comply with a Saudisation quota of 25% for such roles.

The roles specified fall within three broad types as follows and, in order for the 25% requirement to apply within any of these three broad areas, an employer must have five or more employees in each category:

- Communications engineering and information technology jobs (7 specified roles)
- Application development, programming and analysis functions (8 specific roles)
- Technical support jobs and technical jobs for communications (23 specific roles)

In order for the Saudi national to count towards quota, minimum salaries must be paid as follows:

- SAR 7,000 for workers in communications and information technology engineering jobs
- SAR 7,000 for employees working in application development, programming, and analysis jobs
- SAR 5,000 for employees working in technical support and telecom technical jobs

Engineering

Resolution No. 686 dated 1/1/1442H, applies a very similar approach with regard to engineering roles. Again, an employer is subject to the resolution if it employs five or more employees in an engineering role (all engineering roles regardless of title are covered) with a quota of 20% applying and a minimum salary of SAR 7,000. Any employee in an

engineering role must be registered and certified by the Saudi Engineering Council.

Dentistry

Resolution No. 61842 dated 27/3/1441H, applies to dentists registered with the Saudi Commission for medical specialties, requiring employers employing three dentists or more to achieve 25% Saudisation starting from 1/8/1441H and 30% starting from 1/8/1442H. Minimum salaries of SAR 9,600 for dentists in the public sector and SAR 7,600 for dentists in the private sector apply.

Pharmacy

Resolution No. 109044 dated 8/6/1441H, applies to employers employing five pharmacists or more with Saudisation applying in two phases, 20% of the employees in the profession will be Saudised by July 22 (1/12/1441) while the second phase aims to Saudise 30% of the staff as of July 11, 2021 (1/12/1442).

Health and safety

Resolution No. 76509 dated 15/4/1441H applies to employers with a headcount of 50 employees or more and imposes Saudisation requirements for having Health and Safety Officers. We have previously written about this requirement - [see here](#).

Sector Saudisation

Tourism

Resolution No. 198500 dated 1/5/1441H requires the following types of roles within the tourism accommodation sector (meaning hotel apartments, hotel villas, heritage hotel villas, resorts and hotels of 4 star and above) to be entirely Saudised:

- Finance/ procurement department
- Reservations
- Front offices
- General department
- Information technology
- Health club
- Housekeeping (but Saudi women are not permitted to work as chamber maids)
- Food & beverages
- Sales & marketing roles are 70% Saudised

Note that the resolution specifies specific titles within each broad area or type of role specified above. The resolution also contains job descriptions for various roles.

This resolution is being applied in three phases (with specific requirements in departments, certain roles and occupations at each phase) as follows:

- Phase 1: Saudisation of non-(leadership/ Supervisory) occupations by 1 Jumada I 1441 H
- Phase 2: Saudisation of supervisory occupations/ assistant managers by 1 Dhul Qida 1441 H
- Phase 3: Saudisation of leadership occupations by 1 Jumada I 1442 H

Operation and maintenance contracts in public authorities

Resolution No. 83956 dated 27/4/1441H requires Saudisation requirements to be applied by any entity owned 51% or more by the Government, in its maintenance and operation contracts (on-going jobs of operation, maintenance, cleaning and services contracts).

Under the resolution:

- Targeted rates of Saudisation are defined in the contract portfolio of each public authority
- The resolution mentions the percentage level of Saudisation with regards to each type of work and level of the position and minimum salaries are defined as follows:

Engineering and specialised level	SAR 8,400
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Supervisory level	SAR 7,000
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Technical level	SAR 5,700
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Operational and vocational level	SAR 4,000
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Low-skilled jobs level	SAR 3,000
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Retail

The retail sector is the most heavily Saudised sector in the Kingdom, with numerous requirements applying across the sector and also on a regional basis. Below is a summary of the key provisions with currently 60 sub lines of retail being Saudised.

Resolution No. 73944 dated 18/4/1440H	Selling of perfumes and fabrics	70% Saudisation
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Resolution No. 1592 dated 28/5/1437H	Mobile phones selling and maintenance.	100%
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Resolution No. 117798	Car rentals	100%
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dated 23/12/1438H

Resolution No. 215738
dated 5/12/1440

Female clothing

100% - for more
information [click here](#)
to read our recent
article

Regional Saudisation

Resolution No. 89524 dated
4/5/1439H

Hail Region

Advertising and breakdown transportation
vehicle.

Services offices (i.e. real estate, insurance,
recruiting and general services) and travel
agents.

Malls, food trucks, non-profit
associations, cashiers, car
rescuing for persons.

Resolution No. 89524 dated
4/5/1439H

Gizan

9 roles 100 Saudisation

- Cashier in commercial shops
- Service and real estate offices
- Recruitment offices
- Charity and development committees
- Malls
- Travel agencies
- Auto parts shops
- Car showrooms
- Fruit and vegetable markets

Resolution No. 89524
dated 4/5/1439H

Al Medina

Closed trading markets and
malls, civil association
employees, jobs in hotels and
tourism such as light vehicle
driver, health and safety
officer and data entry.

Resolution No. 89524
dated 4/5/1439H

Saudisation in Al Baha

Cashier in shops, spare parts,
car showrooms, closed trading

markets and malls, electronics and restaurant cashiers.

Resolution No. 89524 dated 4/5/1439H	Saudisation in Northern borders	Charity establishments, fruits and vegetables markets, car showrooms, closed trading markets and malls, movable selling carts, livestock markets.
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Resolution No. 1013 dated 2/7/1438H	Saudisation in Al Qusaim	Closed trading markets and malls, Entertainment venues, restaurants, movable selling carts.
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Resolution No. 1013 dated 2/7/1438H	Saudisation in Nagan	Closed trading markets and malls, real estate offices, charity associations, car showrooms, spare parts, perfumes and men accessories.
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