

INVESTOR READINESS

Value creation on the ground.

What sovereign investors and public clients in the Gulf expect in return, and how to build it into your equity story.



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The quid pro quo nobody talks about.

Sovereign investors in the Gulf do not only invest in returns. They invest in the development of their country. Those who understand this negotiate as equals. Those who overlook it get friendly meetings and no commitment.

European companies usually prepare their conversations around returns, growth and exit. That is enough in Europe. In the Gulf, a sovereign investor also asks: what stays in the country? Which jobs are created, which manufacturing, which knowledge? The question is rarely asked openly, but it often decides the outcome.

This white paper shows the expectations behind it, the instruments the Gulf states use to measure local value creation, and how to plan your contribution so that it is credible, financeable and part of your equity story.

At a glance

- 01** Sovereign investors combine returns with a development mandate. Your contribution to the country's economy is part of the investment decision.
- 02** Local value creation is measured: in the UAE through the ICV programme, in Saudi Arabia through local content rules and the RHQ programme.
- 03** The quota for national employees is not a formality but a legal obligation with sanctions.
- 04** A staged value creation plan convinces more than a big promise without a timeline.
- 05** Those who plan early reduce costs, win tenders and negotiate better terms.

Investor and development mandate in one.

The Gulf states are deliberately transforming their economies: away from dependence on oil, towards industry, technology, healthcare and services.

National strategies such as “Operation 300bn” for industry in the UAE or “Vision 2030” in Saudi Arabia set the direction. Sovereign funds, state-owned companies and public clients put them into practice. For a European company, this means your counterpart reviews not only your business model but also how well it fits this strategy.

WHAT THE INVESTOR ASKS	WHAT LIES BEHIND IT
Where is value created?	Manufacturing, assembly, development or service in the country instead of pure imports
Who works for you on the ground?	Jobs and training for nationals, not only for expatriates
What do you bring?	Technology and know-how transfer that strengthens local companies
Whom do you produce for?	Exports from the country, not only sales within it
How long will you stay?	Long-term presence instead of a temporary sales office
How does it fit the strategy?	Contribution to stated priorities such as industry, healthcare, energy or technology

Our experience

Most European pitches answer the question about returns very well and the question about the country not at all. That is exactly where they lose to competitors with weaker numbers but a clear plan for local value creation.

The ICV programme.

With the National In-Country Value (ICV) programme, the UAE measures how much a company contributes to the domestic economy. The score is factored into the evaluation of tenders.

The programme is run by the Ministry of Industry and Advanced Technology (MoIAT). Certification is carried out by certifying bodies authorised by the ministry, based on audited IFRS financial statements. Strategic partners include ADNOC, Aldar and the Government of Abu Dhabi with its authorities and companies. According to the ministry, the programme has already redirected several tens of billions of dirhams into the domestic economy.

What goes into the ICV score

- **Spending with local suppliers.** Purchases of goods and services from companies in the UAE.
- **Investment in the country.** Assets, manufacturing, infrastructure.
- **Employment of nationals.** Share and development of Emirati employees.
- **Local staff costs.** Costs for employees who live and work in the country.
- **Exports.** Revenue generated from the UAE.
- **Bonus points.** For example for technology and sustainability.

What this means for you

- **No certificate, zero points.** For federal tenders the certificate is optional, but without it the ICV score is set at zero.
- **Limited validity.** A certificate is valid for 14 months from the issue of the audited financial statements.
- **Legal form matters.** A mainland company is treated differently from an offshore company or a representative office.
- **Financing available.** Emirates Development Bank links financing and support offers to the ICV certificate.

Quotas and local content.

National employees in the UAE

Emiratisation is a legal obligation. Companies with 50 or more employees must increase the share of Emirati employees in skilled positions by 2 percentage points each year. Selected companies with 20 to 49 employees in high-growth sectors must employ and retain at least one Emirati. Those who miss the targets pay financial contributions. For investors, the quota is also a measure of how serious you are about the location.

Local content in Saudi Arabia

Saudi Arabia steers public procurement through the Local Content and Government Procurement Authority (LCGPA). Key mechanisms:

- **Mandatory list of national products.** For listed products, public entities generally have to procure local goods.
- **Price preference.** For products not on the list, foreign bids are evaluated as if they were 10 per cent above their actual price.
- **Local content profile.** In certain procurements, bidders must disclose their current local content share and commit to a target. Violations can lead to penalties and exclusion.

Regional headquarters as a prerequisite

Since 2024, Saudi Arabia has generally required foreign companies to have a regional headquarters (RHQ) in the country for government contracts. Since 2026, there have been narrowly defined exemptions, for example for highly specialised services or significantly cheaper bids. Contracts up to SAR 1 million are automatically exempt.

Note: rules and thresholds change regularly. Check the current status before any planning.

What sovereign investors want to see.

01 Presence with decision-making power

WHAT CONVINCES

A team on the ground that makes decisions, with a clear role for the Gulf entity within the group.

WARNING SIGN

A sales office with a letterbox; all decisions are made at headquarters.

02 A real stage of value creation

WHAT CONVINCES

At least one step of value creation in the country: service, adaptation, assembly or manufacturing, with a timeline for the next stage.

WARNING SIGN

Pure imports with the promise to manufacture locally “later”.

03 Jobs and training

WHAT CONVINCES

A plan for Emirati or Saudi professionals, with training, development paths and realistic numbers.

WARNING SIGN

National employees only to meet the quota, without real responsibilities.

04 Technology and knowledge transfer

WHAT CONVINCES

Cooperation with local partners, universities or suppliers that builds knowledge in the country.

WARNING SIGN

Technology stays entirely in Europe; the country is merely a sales market.

05 Contribution to the national strategy

WHAT CONVINCES

A clear link to the country's stated priorities, supported by concrete projects or customers.

WARNING SIGN

A general reference to "Vision 2030" without any link to your own business.

06 Long-term view and governance

WHAT CONVINCES

A clean structure, transparent reporting and a perspective beyond the exit.

WARNING SIGN

An investment case focused solely on a quick exit.

Rule of thumb

Sovereign investors do not expect you to do everything locally right away. They expect you to know what you will do locally and when, and to keep to it.

Plan in stages, deliver with evidence.

A credible value creation plan starts small, has a timeline and grows with the business. It belongs in the business plan, financial model and equity story, not in an appendix.

STAGE 1 · YEAR 1

Presence and service

Local company, sales, project management and service with your own team. First national employees, local suppliers for services.

STAGE 2 · YEARS 2 TO 3

Adaptation and assembly

Adaptation to the regional market, final assembly or customisation on the ground, building supplier relationships, training programmes.

STAGE 3 · FROM YEAR 3

Manufacturing and development

Manufacturing or development in the country, exports into the region, cooperation with universities and local companies.

How to make the plan investable

- **Define KPIs.** Local procurement share, number and share of national employees, investment in the country, export share.
- **Price in the costs.** Higher staff costs, training, certification and assets belong in the financial model, with scenarios.
- **Quantify the benefits.** Better chances in tenders, access to support and financing, preference with sovereign investors.
- **Binding but realistic.** Only commit to what you can deliver. Commitments are tracked in contracts and tenders.

COMMON MISTAKES

Five mistakes that cost trust.

MISTAKE	BETTER
Treating local value creation as a box-ticking exercise	Present it as part of the strategy, with its own chapter in the equity story
Big promises without a timeline	A staged plan with milestones, KPIs and owners
Applying for the certificate too late	Align audited financial statements and legal form with ICV early
Seeing quotas purely as an HR issue	Create roles with real responsibility and plan development
Planning one approach for all countries	The UAE, Saudi Arabia and the other Gulf states have their own rules; plans must fit each country



Binding commitments create trust, on both sides. Photo: Cytonn Photography / Unsplash

SELF-CHECK

How strong is your contribution on the ground?

Rate each question honestly.

QUESTION	CLEARLY SUPPORTED	PARTLY	NOT YET
01 We know which stage of value creation we will establish in the country	☐	☐	☐
02 Our staged plan has a timeline and KPIs	☐	☐	☐
03 Costs and benefits are in the financial model	☐	☐	☐
04 We know how our structure affects our ICV score	☐	☐	☐
05 We have a plan for national employees	☐	☐	☐
06 Our link to the national strategy is supported by evidence	☐	☐	☐
07 We know the rules for each target country	☐	☐	☐
08 Our commitments are realistic and achievable	☐	☐	☐

HOW TO READ THE RESULT

Ready

Mostly clearly supported: ready for conversations with investors and partners.

Almost ready

Some points partly: close the gaps before you hold conversations.

Not yet

Several points open: take time for the foundations.

Capital, markets, substance.

VELA Growth Partners accompanies high-growth companies on their way to capital and markets in the Gulf.

We help you plan and present your local contribution so that it convinces sovereign investors and public clients, and we bring you to the tables where decisions are made.



Growth, with the wind behind it. Photo: Content Pixie / Unsplash

- **Capital & investors.** Introductions to sovereign, institutional and private investors, from the first check to closing.
- **Cultural bridge.** Briefing, meeting preparation and moderation in negotiations.
- **Market access.** Business plan, go-to-market strategy and introductions to the right decision-makers.
- **Execution on the ground.** A structure with substance, together with our local network of legal and tax advisers.
- **Interim management.** A fractional CEO or COO runs your company in the Gulf until your team is in place.

Let's talk about your growth.

Confidential, non-binding and honest in our assessment.

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Sources, picture credits and notes.

Sources

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