

# Guyana Petroleum Sector Local Content Policy

## *Making the Most of Our Oil and Natural Gas*

**A Local Content Policy Framework for Benefits Maximization and Value Retention from Guyana's Petroleum Resources**

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### CONTENTS

Preamble

1. Definitions
2. Policy Statement
3. Context for the Policy
4. Scope of Policy
5. Policy Objectives
6. Core Principles
7. Policy Implementation

## PREAMBLE

This policy document delineates the framework by which local content shall be understood, developed, measured, secured and implemented within the petroleum sector in Guyana. The policy framework recognises the current nascent nature of the petroleum sector in Guyana. The urgent need to optimize national income from development of our sovereign hydrocarbon resources, and prudently to invest these revenues to transform our economy to the benefit of all Guyanese now and in the future, depends on demonstrating to the world that Guyana is a viable destination for inward investment within what is a highly-competitive and technically-challenging industrial sector.

At the same time, expectations within Guyana are high that the rapidly-developing petroleum sector shall bring tangible employment and business benefits, and that these opportunities shall serve to grow the size and competitiveness of our local industry. The combination of these factors determines that our local content policy be *fit-for-purpose* – an optimal alignment between the policy goals of stimulating local economic benefits, maintaining a positive investment climate and assuring the raising of national revenues for economic transformation.

This policy framework was drafted after formative consultations with stakeholders in public and private sectors. These stakeholders were inclusive of:

- Government Agencies: Ministry of Public Infrastructure, Ministry of Health, Guyana Office for Investment, Small Business Bureau, Civil Defence Commission, Maritime Administration Department, Environmental Protection Agency, Guyana Civil Aviation Authority, Regional Democratic Councils-Region 5 and 9 inter alia
- Private Sector groups: Private Sector Commission, Georgetown, Berbice, Essequibo, West Demerara and American Chamber of Commerce, Linden Chambers of Commerce, GAICO Construction and General Services Inc, Institute of Chartered Accountants of Guyana, Institute of Private Enterprise Development, African Business Roundtable inter alia
- Education Institutions: University of Guyana
- Civil Society Organisations: Guyana Bar Association, Guyana Women Lawyers Association, inter alia
- Oil and Service Companies: ExxonMobil, Ratio Oil and Gas, GuyOil inter alia

The primary goal of this policy is to facilitate the active participation and development of Guyanese labour and suppliers in the petroleum sector and to give rise to benefits from expenditure in the sector on labour, goods and services for Guyanese industry, the economy and wider society. In an effort to maximise benefits and retain long-term value from Guyana's petroleum resources, considerable focus shall be given towards local capacity development in addition to local participation, such that our Local Content policy does not drive additional costs into the petroleum sector but instead strengthens our competitiveness.

The effectiveness of this policy is based on a viable and multi-faceted implementation and governance framework. This includes the Government of Guyana embracing a multi-stakeholder collaborative approach to maximise and expand local participation and development across the petroleum industry.

The policy framework acknowledges the need for continuous review, so as to update the position of the Government of Guyana in all aspects of managing our petroleum resources for national development.

At this time the policy is focused on upstream oil and gas activities. Looking beyond the upstream development of petroleum to the mid and downstream petroleum sector, Guyana's history has made its

Citizens acutely aware of the opportunities that can be lost through the export of raw, unprocessed commodities, imposed in part by the capacity limitations of its institutions, businesses and capital markets, among other things. And yet, the market-competitiveness risk of investing in mid and downstream petroleum opportunities in a small economy is also an important consideration. Our policy-makers are currently giving attention to these opportunities and risks.

Rightfully, the Government of Guyana and its Citizens are aware also of the many cases of oil, gas and mineral windfalls being perceived as a *resource curse*, rather than a blessing. Expressions of expectations, hope and fears are abundant. At the core of these are the desire for a better quality of life for current and future generations of Guyanese persons but also the recognition that many important issues need to be addressed: policy, regulatory and institutional frameworks need to be developed and administered transparently; the feasibility of mid and downstream forward-linkage opportunities for the petroleum sector need to be explored; other local content of non-oil sectors need to be enhanced to off-set these sectors from being undermined through *resource movement* effects of capital and labour shifting from mining, forestry, agriculture, tourism etc. into the petroleum sector; and petroleum benefits need to be accessible broadly to all Guyanese.

Because of the scale of the emerging discoveries in the upstream petroleum sector, realising the best chance for Guyanese persons and suppliers to access these opportunities requires the matter of local content and value retention to receive special attention now. This policy framework therefore precedes the overall petroleum sector policy of the Government, and shall be updated from time to time to be aligned with the broader petroleum sector and national development strategies and policies.

This current policy framework is therefore limited in its scope to the upstream petroleum sector and currently is not intended to address directly or in their entirety the following policy areas:

- mid and down-stream petroleum sector opportunities
- other policy issues related to the upstream petroleum sector, such as health, safety, security, environment, community impacts, tax and fiscal matters
- other petroleum-related national issues, such as national development and planning

The policy provides details on implementation, including the contents and timing of annual local content plans, templates to estimate and report local employment and contracting opportunities, minimum tender procedures to give full and adequate opportunity to local suppliers, the division of roles for Government, operators and contractors, and expectations for local capacity building and supplier feedback. It is the intent of the Government of Guyana that this policy be implemented in full, with Government, Operators, Primary Contractors and Sub-contractors all cooperating and working positively and constructively to deliver the policy in both letter and spirit. As a backstop to assure delivery, the Government is considering [to be confirmed] codifying the policy through regulation, underpinned by the necessary legal framework. In the interim, it is the expectation of the Government that all parties implement the policy comprehensively and in good-faith, such that subsequent introduction of regulation is undemanding.

## 1. Definitions

### *Local Content*

**“Local Content”** means the active participation and development of Guyanese labour and suppliers in the petroleum sector and the benefits that arise from expenditure in the sector on labour, goods and services for Guyanese industry, the economy and wider society.

### *Project Phases*

**“Petroleum Operations”** means Prospecting Operations and/or Production Operations, as defined in the Petroleum (Exploration and Production) Act No.3 1986

**“Exploration Phase”** means the Exploration phase comprises all the activities companies undertake to find hydrocarbons (oil and gas) including seismic activities, exploration and appraisal drilling. These activities are typically short in duration (~1-3 months) and utilize cutting edge technology

**“Development Phase”** means the Development phase of an oil and gas project comprises all the activities and investments related to preparing a field for production. Development requires extensive analysis and field planning to guide crucial decisions regarding the number and design of producing wells and the engineering, fabrication and logistics of surface and subsurface infrastructure. The Development phase also includes extensive drilling, however, the objective is no longer that of acquiring data but to drill targeted wells as efficiently as possible.

**“Production Phase”** means the production phase starts when the first marketable hydrocarbons (first oil) flow from the wellhead. Production volume will depend on various factors including the number of producing wells and the capacity of the installed production facility(ies). This is the longest phase of an oil and gas project and can extend over one or more decades in some circumstances.

**“Decommissioning Phase”** means the decommissioning activities involves the safe plugging of wells in the earth's surface and disposal of the equipment used in offshore production.

### *Acquisition and Development of Guyanese Resources*

**“Guyanese Resources”** goods and services provided by Guyanese Suppliers and/or goods and services that contribute to the economy of Guyana

**“Supplier”, “Sub-Contractor” or “Contractor”** means a third party to whom the Operator or a Primary Contractor has entered into a contract, agreement or alliance for the supply of goods or provision of services for petroleum operations

**“Primary Contractor”** means the five (5) to ten (10) of the largest contractors involved in Operator activity by contract value for each phase of a project. Primary Contractors are responsible to the operator for the completion of a scope of work under the contract terms, and may utilise and manage subcontractors or hire people for specific parts of the work.

**“Guyanese-Owned, Registered in Guyana”** (for efficiency, also referred to in this policy as a “Guyanese Supplier”) means a supplier or sub-contractor company that has fifty-one percent or greater ( $\geq 51$ ) of its share capital owned by Guyanese Citizens, and is registered in Guyana with the Guyana Tax Authority, and where the offices, plant or facilities of the company that relate to the supply, distribution or manufacture of goods or the provision of services for petroleum operations in Guyana are located in Guyana [\[consistency with GRA definitions tbc\]](#)

**“CARICOM-Owned, Registered in Guyana”** means a company that has fifty-one percent or greater ( $\geq 51$ ) of its share capital owned by Citizens of a CARICOM country that is not Guyana, is registered in Guyana with the Guyana Tax Authority, and where the offices, plant or facilities of the company that relate to the supply, distribution or manufacture of goods or the provision of services for petroleum operations in Guyana is located in Guyana. [\[consistency with GRA definitions tbc\]](#)

**“CARICOM-Owned, not Registered in Guyana”** means a company that has fifty-one percent or greater ( $\geq 51$ ) of its share capital owned by Citizens of a CARICOM country, and is not registered with the Guyana Tax Authority or does not have offices, plant or facilities that relate to the supply, distribution or manufacture of goods or the provision of services for petroleum operations in Guyana located in Guyana.

**“Foreign-Owned, not registered in Guyana”** means any company that is not registered with the Guyana Tax Authority or not registered for tax purposes in another CARICOM country.

**“Foreign-Owned, Registered in Guyana”** means a company that has less than fifty-one percent ( $< 51$ ) of its share capital owned by Guyanese Citizens, and is registered in Guyana with the Guyana Tax Authority, and where the offices, plant or facilities that relate to the supply, distribution or manufacture of goods or the provision of services for petroleum operations in Guyana is located in Guyana. [\[consistency with GRA definitions tbc\]](#)

**“CARICOM/Foreign-Owned”** means the combination of the following:

- CARICOM-Owned, Registered in Guyana
- CARICOM-Owned, not Registered in Guyana
- Foreign-Owned, not registered in Guyana
- Foreign-Owned, Registered in Guyana

**“Government”** means the Government of the Cooperative Republic of Guyana and its ministries and agencies

**“Group A”** means categories of goods and services where evidence shows the presence of one or more Guyanese Suppliers with the required capability, capacity and competitiveness sufficient to be invited to provide and expression of interest or otherwise engage in a tender process, either directly, as a partner or sub-contractor to another supplier.

**“Group B”** means categories of goods and services where evidence shows an absence of any Guyanese Suppliers with the required capability, capacity or competitiveness sufficient to be invited to provide and expression of interest or otherwise engage in a tender process, or where the Operator or its Primary Contractors can justify single or sole sourcing for reasons fully consistent with good industry practice.

**“Procurement process”** means the process of acquiring goods and services including the tendering process, sole or single sourcing, the receiving of good, the storage of goods and the payment process for goods and services.

**“Certified Made-in-Guyana Good”** means a specified material, product or equipment that has been issued with a certificate by the [name of Guyana certifying agency] stating that the good meets requirements of domestic value addition to be classed as ‘Made-in-Guyana’

#### *Employment and Training of Guyanese*

**“Guyanese Person” or “Guyanese Citizen” or “Guyanese”** means a person or persons who have Guyanese Citizenship under the Constitution of the Co-Operative Republic of Guyana Act, Chapter 1:01, 1980, which includes *inter alia* a person born in Guyana (Article 43) and a person born outside Guyana who is a child of a parent with Guyanese Citizenship (Article 44).

**“Non-Guyanese person” or “Non-National”** means a person who is not defined as a “Guyanese person”

**“Person-hours”** means hours worked in the reporting period. Overtime and extended working hours are included. For partial days worked (e.g. a design engineer spreading time across different Operators or Primary Contractors, only those hours involved in Operator activity are to be counted. To convert FTE headcount to person-hours assume one (1) full time equivalent (FTE) position works 2,080 hours per year and a rotator position works 1,040 hours per year regardless of their days on/off rotation.

**“FTE Headcount”** (Full Time Equivalent Headcount) means number of persons working full time across the reporting period. For employees of the Operator this is simply the headcount of full time employees (and in-house contractors/agency staff). But for contractors and sub-contractors it means only the work of contractor personal who are Involved in Company Activities. For example, if four (4) workers from a contractor firm are on the Operator’s site for 50% of a half-yearly reporting period (e.g. 60 days), then the FTE headcount for the half-year period for this contractor is 2.0. To convert person-hours to FTE headcount assume one (1) FTE headcount position works 2,080 hours per year and a rotator position works 1,040 hours per year regardless of their days on/off rotation.

**“Involved in Operator Activity”** means that contracted or sub-contracted work or supply of goods which is undertaken in relation to scopes of work or supply for the activities of a particular Operator or one its Primary Contractors.

**“Senior Manager”**: Accountable for performance and strategic direction of the organization/division and execution of work activities. Examples include General Managers, Directors, Vice Presidents, members of the Executive Board. Senior Managers would be expected to have at least 15 years relevant work experience. Total number of persons assigned to position of Senior Managers is in the range of four to ten persons. Assign other managers to Supervisory/Middle Manager position.

**“Professional”**: Personnel engaged in a qualified profession possessing a high skilled diploma. Examples include Engineer, Lawyer, Accountant Scientist, Surveyor, Assessor, Executive Assistant

**“Supervisory/Middle Manager”**: Responsible for the supervision of personnel/teams executing work activities. Examples include Superintendent/Forman/First Line Supervisor

**“Skilled”:** Highly skilled, typically certified, craft or trade personnel responsible for executing complex or experience driven work activities; may provide oversight to other technicians/work crews. Skilled workers would require one to two years of training and experience. Examples include: Master Plumber, Master Electrician, Rigging and Lifting Lead; Heavy Equipment Operator; Senior Welder, Mill Wright, Crane Operator, Senior Administrative Assistant.

**“Semi-Skilled”:** Experienced, ideally certified, craft or trade personnel responsible for executing work activities with some oversight. Semi-skilled workers would require no more than a few months to acquire the experience and become certified. Examples include Journeyman Electrician, Mechanical Erector, Basic Welder, Light duty Vehicle Operator, Security Guards, Radio Operator, Roustabout, Deckhand, Data Technician, Administrative Assistant, drivers, block/brick laying, basic construction skills, meet and greet.

**“Basic Skilled”:** Entry level position with little to no prior experience and not certified. With a few months of training and experience, Basic skilled workers could progress to Semi-skilled. Examples include custodian, landscaper, craft apprentice electrician, plumber, carpenter.

**“Training Hours Received by Guyanese”** means hours training received by Guyanese persons relevant to the petroleum industry in Guyana, including both on-site and off-site training, e.g. induction, EHS/HSE and technical and professional skills, internships and apprenticeships (do not include scholarships, which are to be included in other investment activities). To convert FTE headcount to person-hours assume one (1) full time equivalent (FTE) position works 2,080 hours per year and a rotator position works 1,040 hours per year regardless of their days on/off rotation.

**“Off-site training”** means training delivered to workers relevant to the petroleum industry in Guyana, taking place not on premises of the reporting company, Primary Contractor or Operator

**“On-site training”** means training delivered to workers relevant to the petroleum industry in Guyana, taking place on premises of the reporting company, Primary Contractor or Operator

#### *Local Content Plan*

**“Local Content Plan”** means a yearly plan from period 1<sup>st</sup> January to 31<sup>st</sup> December, or part thereof for the first year as applicable, submitted by the Operator to the Minister within sixty (60) days prior to the beginning of each year and updated annually, describing forward-looking local content objectives and related activities and programs, and quantifying the estimated utilisation of Guyanese persons, suppliers and sub-contractors, the training of Guyanese persons, the capacity building of Guyanese Suppliers, and other capacity building initiatives to support the objectives of Government policy for local content in the petroleum sector.

**“Local Content Report”** means, at a minimum, half-year and end-year reports, each submitted by the Operator to the Minister within 30 days after the end of each half year, providing evidence of progress in achieving the objectives, activities, programs and estimated utilisation of local content contained in the Operator’s Local Content Plan.

#### *Other*

**“Minister”** means the government Minister with the authority to administer this policy his/her nominated representative/s. At the issuance of this policy it is the Minister of the Ministry for Business.

**“Operator”** means the party charged with conducting day to day activities under a Petroleum Agreement

**“Petroleum Agreement”** means an agreement between the Minister responsible for petroleum and one or more persons relating to prospective or production operations, including without limitations such agreements as described in the Petroleum (Exploration and Production) Act of 1986, Article 10.

## 2. Policy Statement

This policy recognises that the petroleum resources of Guyana belong to all its people, and represent an asset of significant intrinsic value, which, once removed, diminishes the wealth of the nation, unless there is transformation in value from resources below the ground to improved quality of life above it, for current and future generations of Guyanese persons. This shall involve utilization of revenues from hydro-carbons to transform the contribution to our economy and country from agriculture, finance, tourism, mining and other non-hydrocarbon sectors.

Guyana shall approach the development of its petroleum resources, people and businesses in a **pragmatic, collaborative, transparent, flexible and accountable** manner, but with clarity of purpose. Implementation of this policy shall be conditioned by existing circumstances and an analytical approach to understanding the resource, the activities it engenders and our input capabilities. We shall aggressively pursue strategic opportunities for local participation and capacity development in the petroleum sector that gives us the maximum possible benefit now and in the future. And we shall ensure that effective **government oversight**, instruments and administrative institutions are in place, properly resourced and functioning adequately, such that stakeholders are held accountable.

To maximise the benefits of the petroleum sector for local employment and local businesses, investors, Operators and their Primary Contractors shall participate in a manner that gives Guyanese persons and Guyanese Suppliers **fair and adequate opportunity** and **first consideration** where capable and competitive to provide labour, goods and services and improve and enhance their capabilities, and in so doing become internationally competitive and progressively provide a greater share of future labour and services to the sector.

In our desire to enable more **value retention** for the Guyanese economy from expenditures in the petroleum sector, costs related to local content participation and capacity development for Guyanese labour and suppliers, including those which are costs recovered by investors and therefore paid for by the people of Guyana, shall be seen by Guyana as our **investment in our people**.

## 3. Context for the Policy

The Government of Guyana’s policy on Local Content in the petroleum sector is a response to the rapid rate of hydrocarbon discoveries in the territory and the opportunities this presents, not only to generate income for the State to fund social policies and invest to transform our other industrial sectors to grow a long-term sustainable economy, but also to leverage expenditure in petroleum to realize the participation and development of Guyanese persons and Guyanese suppliers. As such, Guyana’s recent major oil and gas



discoveries shall contribute to local benefits maximization and value retention through the activities surrounding both ongoing petroleum development and projected production, as well as upcoming exploration.

The petroleum sector is a globally competitive industry requiring the meeting of international standards for quality in services and high-tech specifications in equipment, products and materials. Currently, the vast majority of goods and services for our petroleum sector are therefore imported into Guyana. Notwithstanding this reality, the opportunities to realize local benefits and value for Guyanese persons and suppliers in the petroleum sector and to add value to locally-produced goods are significant. The following factors contribute to this opportunity:

- Given the size and number of recent declared discoveries, and assuming market conditions are supportive, Guyana can expect a series of multiple capital projects over a sustained period of five plus years, as well as a relatively long-term period of production (twenty-five plus years).
- A robust exploration programme is underway in new blocks, new investors are arriving, and further field discoveries are likely.
- There is hope these investments shall yield further discoveries, proven reserves, field developments and production operations, and as such an increase in associated activities and demand for local labour, goods and services.

We are nevertheless mindful that the sector requires a significant input of **highly-specialised** skills and services as well as materials, products and equipment, many of which are unlikely to be competitively-sourced or manufactured in Guyana until these capabilities have been developed.

The petroleum sector also requires **high standards** of quality, efficiency, reliability, ethics, care and attention to the environment, communities and property and the well-being of its labour force. By supporting and participating in the sector, those who develop and provide labour, goods, infrastructure, equipment, facilities, networks, systems and other services will need to demonstrate these high standards in order to be competitive and win work. The petroleum industry is a global industry, where activities are conducted by some of the world's premiere firms, utilising best in class people, technology, systems and procedures to manage their businesses and relationships. Included are those required for information technology, human resources, accounting, procurement and risk, financial, project and operations management. The sector also engages world-leading approaches to **transparency and accountability**.

The presence of international service providers and manufacturers in our midst provides a **unique opportunity** for Guyanese suppliers and government to learn from these Primary Contractors and other international firms, with local businesses working alongside and for them and our authorities developing capabilities in governance to assure Guyanese persons and suppliers adhere to good industry practice.

As many of the services required in the petroleum sector are also required by **other industries**, so Guyanese persons and Guyanese suppliers who take on the challenge of becoming competitive in the petroleum sector shall find these attributes highly relevant to winning work in the non-petroleum sectors, as well as enhancing their potential to access **international supply chains** within the petroleum sector.

#### 4. Scope of Policy

The scope of this policy is the participation and development of Guyanese persons and suppliers in the petroleum sector and the securing of benefits that arise from expenditure in the sector on labour, goods and services for Guyanese industry, the economy and wider society.

At this time the petroleum sector in Guyana comprises predominantly **upstream** oil and gas activities, in the form of hydrocarbon exploration, development and, in due course, production. As such the practice of local content under this policy at this time is directed at the promotion of **backward economic linkages**.

#### 5. Policy Objectives

The goal of this policy is to achieve the active participation and development of Guyanese persons and suppliers in the petroleum sector and maximise benefits and retain value for Guyanese industry, the economy and wider society from expenditure in the sector on labour, goods and services.

In support of the goal, the objectives of this policy are to:

- be **fit-for-purpose**: an alignment between the government of Guyana policy goals of stimulating local economic benefits, maintaining a positive investment climate, and assuring the optimal raising of national revenues for economic transformation.
- promote the **education, inclusion and advancement** of Guyanese persons with the expertise and experience required to participate in the petroleum industry;
- achieve **participation** of Guyanese persons in employment opportunities and Guyanese suppliers in procurement opportunities within the petroleum sector, within and outside of Guyana;
- localise **supply chains** in procuring goods and services that serve the petroleum industry to bring efficiency and cost benefits to the sector in Guyana, for example, potentially increase supplier response speeds, reducing spare parts and inventory stock in country, and reducing operation and maintenance costs;
- enhance the capacity of Guyanese persons and suppliers, and Guyanese public and private education and regulatory institutions, to align with **good industry standards** in the petroleum sector, thereby to enhance local competitiveness and so increase the range and scale of employment and supplier opportunities to Guyanese persons and suppliers, and contribute to efficiency and cost benefits for investors;
- use the opportunities presented by international companies operating in Guyana to **grow the competencies** of Guyanese oil and gas professionals and goods and services companies down multiple supply chains, becoming **world-class** and internationally-competitive, with local suppliers developing **export potential**;
- **retain value** in the Guyanese economy through investments in the petroleum sector and in particular expenditures on local labour, goods and services. Value retention can be created in Guyana as a consequence of Guyanese persons participating in the petroleum sector, and through the purchase of

goods and services provided by Guyanese suppliers and non-Guyanese suppliers alike, where these suppliers are employing Guyanese or supplying locally-produced materials, components or products. To determine retained-value the Government of Guyana, in consultation with industry, may develop standardized multipliers to convert local content performance into direct, indirect and induced economic impacts and may expand capabilities to certify goods as Made-in-Guyana where the production of these goods contributes sufficient domestic value;

- build Guyanese persons and supplier competencies, enhance **other sectors** of the Guyanese economy (i.e. achieve **lateral economic linkages**) so as to support wider national development policies, and diversify the economic benefits of hydrocarbon discoveries and protect the economy against the inevitability of swings in fortune of oil and gas markets;
- build and enhance **institutional capacity** in national education, training and research organisations, and in our utilities, infrastructure and facilities to support the petroleum sector, through collaboration of the Government of Guyana and private sector;
- invite **partnering** between firms for effective capacity building, transfer of knowledge and technology and to enhance the capabilities of Guyanese persons and Guyanese suppliers to participate as fully as possible in the petroleum sector. Various partnering models may overcome the challenges of local suppliers winning work directly, including consortia, sub-contracting, licensing and joint ventures. Mindful of the experience of other countries where mandated joint ventures have encouraged the creation of fronting companies or acted as a disincentive to inward investment, it is the policy of the Government of Guyana to not mandate local-foreign joint ventures as a requirement for market access in the upstream petroleum sector, but instead to encourage such alliances as one among a range of partnering options, and ensure these are market-competitive ventures and effective in supporting competitive local supplier participation and development;
- world class capacity in key **state institutions** and high-quality governance to implement this local content policy, which can act as a model to raise the standards of government services across the country, through collaboration of the Government of Guyana and private sector.

## 6. Core Principles

The following principles shall underpin this policy and its implementation:

### 6.1 Learn from Others' Experience

Guyana's petroleum discoveries and this policy framework come at a time when several other developing economies have made similar, potentially transformative, discoveries of petroleum resources. These countries have begun to implement local content policies and legislation, with varying degrees of success. At the same time, a number of mature oil and gas producing countries have also made new discoveries or are deploying new technologies to extend production, and these governments too have implemented or evolved new local content policies and regulation. In the process of implementing policy, we shall continue to **learn from both the successes and mistakes of others**, especially those governments who have been successful in developing fit-for-purpose policy and regulation, and where local content is positioned as a catalyst for sustainable national development.

## 6.2 Fit-for-Purpose

Guyana is therefore fortunate to be able to benefit from experiences with local content in the petroleum sector across a range of countries and scenarios. We have considered these in designing this local content policy to be **fit-for-purpose** for Guyana at this early stage of its petroleum industry, delivering real opportunities for Guyanese persons and suppliers to participate in the industry and develop, allowing for fair and simple implementation and oversight, and yet remaining flexible and innovate to respond to changing circumstances.

Throughout this policy the provisions herein have been drafted to apply the principle of fit-for-purpose. This includes:

- Operator **Local Content Plans** shall be updated annually, informed by recent performance and current market information, including from Primary Contractors, describing estimated levels and activities and programs for the utilisation of local content for the upcoming year;
- holding Operators to account for delivery of their yearly Local Content Plans through, at a minimum, half-year and end-year **Local Content Reports**, and recognising that effective estimates of local content require up-to-date market information, as well as realism and flexibility to be able to adapt and react to changing circumstances;
- use of yearly Local Content Plans and, at a minimum, half-year and end-year Local Content Reports to **review, learn and collaborate** between industry and government to explore what is working in delivering local content and what can be improved, when to make appropriate adjustments to a Plan or to government policy or initiatives, and to identify new areas of local content opportunity;
- appropriate **procurement procedures** for the acquisition of goods and services that ensure that capable and competitive parts of the Guyanese supplier market are able to meet the necessary industry standards and thereby access opportunities, whilst ensuring also that where there is clearly as yet no local market capability in Guyana, procurement progresses in ways that do not unduly compromise project schedules, costs or the timing or magnitude of expected government revenues from the petroleum sector;
- incentivising **innovation** by Operators and Primary Contractors to find ways to give first consideration to capable and competitive Guyanese persons and suppliers, whilst recognising that for the next decade much emphasis on local content needs to be directed to the longer-term development of local labour skills and Guyanese supplier capabilities and competitiveness.

## 6.3 Deliberate Efforts

Implementation of this policy **cannot be left to chance** and shall therefore take the steady and deliberate efforts of the Government, the operators in the industry, the private sector and civil society - all working together with unity of purpose- to ensure the attainment of the local content objectives of this policy.

## 6.4 Pragmatic and Collaborative

Implementation of this policy is rooted in a **pragmatic** and **collaborative** approach to maximising the participation and development of Guyanese persons and suppliers. Collaboration to implement this policy

shall include the Government working with industry, development partners, advisers, other development stakeholders and civil society.

### **6.5 Well-Considered, Strategic and Flexible**

Given the limitations and uncertainty as to the future level of activities and demand for goods and services that shall be required, any investment to facilitate and support capacity building for Guyanese participation and value retained in Guyana shall be **well-considered, strategic** and **flexible** to changing circumstances around the state of the petroleum resource base, activity levels and the capacity of the local supply chain.

### **6.6 Phasing**

Building on the principle of pragmatism, the Minister may elect to **phase** implementation of parts of this policy over time, recognising that many provisions can be delivered immediately, whilst others may need prior capacity building, study or more detailed policy guidance.

### **6.7 Good Governance**

It is the long-term growth and diversification in the economy and targeted development of local skills, services, technology and infrastructure that have leveraged sustainable development in those countries who have managed their petroleum resources well and not only focused their policy on the immediate impact of investments for local employment and businesses. These success stories are characterised by principles of **good governance** in the petroleum sector. We shall apply this approach to the implementation of our local content policy in Guyana. As a new industry, the petroleum sector in Guyana offers an opportunity to design and operate the required governance framework for local content to the highest standard. Done well, this shall ensure **transparent and accountable** management of local content in our petroleum resource and assure its contribution to our wider goals of transforming the economy to the benefit of all Guyanese now and in the future.

### **6.8 Common Long-term Vision**

Investments and activities in the sector are **global in nature and require long timelines**, often out of sync with national election cycles. Robust management of the petroleum sector to enable maximum benefit capture and value retention therefore requires a common vision and aspiration for the sector, across the political spectrum, one that lends itself to predictability in investment, policy direction and sector governance.

### **6.9 First Consideration**

In making decisions concerning recruitment and procurement to execute petroleum activities, Operators and their contractors shall give **first consideration** to Guyanese persons having appropriate qualifications and experience, and to Guyanese Suppliers where capable and competitive.

Acknowledging that the use of new or unfamiliar labour and suppliers introduces an element of risk, the Government shall work with industry partners to **minimize the risks, rather than completely avoiding them**. We are confident that given the industry's hallmarks of innovation and risk management, Operators and their Primary Contractors can come up with mutually-beneficial risk-based solutions that give first consideration to Guyanese persons having appropriate qualifications and experience, and to Guyanese

Suppliers that are commercially competitive and able to provide goods and services on a timely basis and that meet the quality, quantity, financial and other technical requirements of the petroleum industry.

In exercising the principle of first consideration to Guyanese persons and suppliers, Operators and their Primary Contractors, shall:

- explore creative solutions to providing **on-the-job training** that, without compromising workplace safety, enable Guyanese persons to be hired and then learn-while-doing. Solutions may include, *inter alia*, apprenticeships, mentoring, job-shadowing, on-site and off-site training;
- identify categories of goods and services required for petroleum operations for which there is evidence of Guyanese suppliers having the required **capability, capacity and price competitiveness** to be considered for inclusion in an expression of interest or otherwise be engaged in a tendering process, either directly or as sub-contractors, or through forms of partnership with more experienced firms such as consortia, alliances and joint ventures;
- identify categories of goods and services for which there is evidence that there is **no current capable and competitive local supplier market**. These categories may become the focus of local capacity building, knowledge transfer and upgrading with the intention that local supplier participation develops over time.
- the government will look to the petroleum industry to demonstrate innovation in applying this policy of first consideration to help develop the Guyanese supply base. To this end, the Minister may establish an **annual awards scheme** to incentivise Operators, contractors and other stakeholders in the industry to demonstrate innovation and commitment to the principle of first consideration, including the management of risk.

#### **6.10 Fair and Adequate Opportunity**

Guyanese persons and Guyanese suppliers shall be afforded fair and adequate access to employment and supplier opportunities founded on the principle of being competitive against industry standards and based on:

- the government, Operators and Primary Contractors working in concert to maintain up-to-date information on the **Guyanese labour market** sufficient to determine the availability of appropriately qualified and experienced Guyanese to participate in petroleum operations;
- the government, operators and Primary Contractors working in concert to maintain access to up-to-date information on the **Guyanese supplier and sub-contractor market** sufficient to determine the availability of suppliers with capability and capacity to meet the delivery, quality, quantity, financial and other technical requirements to participate in petroleum operations. This may include government or Operator provided industrial baseline studies, or similar information generated by government-sponsored or operator-sponsored business development organisations and supplier forums;
- Operators and their contractors **communicating** to the local market in a timely manner readily-accessible and readily-understandable information on opportunities for local hiring and procurement for which there is existing capacity and competitiveness in the Guyanese labour and suppliers markets;

- in their yearly Local Content Plans, Operators providing transparency over which **planned tenders** are assigned as Category A and Category B, and therefore for which it is, or is not, viable to issue Expressions of Interest to the Guyanese Supplier market or otherwise engage the Guyanese supplier market in a procurement process, either where Guyanese Suppliers are engaged directly or indirectly as a partners or sub-contractors;
- the Operator and its contractors establishing processes of recruitment and tendering consistent with the principle of **first consideration** in this policy; and
- without compromising good industry practice in procurement within the petroleum industry, the Operator and its Primary Contractors to **maintain records** of supplier selection processes. To this end, Operators and Primary Contractors will contribute information to the Minister upon request, and to local business development organisations, on typical reasons why Guyanese Suppliers were unsuccessful in winning bids, and will facilitate on a regular basis, directly or through third-parties, information sessions for Guyanese Suppliers to provide consolidated feedback.

### 6.11 Local Content Measurement and Reporting

Delivery of this policy shall be measured through standardized, at a minimum, half-year and end-year reporting of local content performance to the Minister. Common metrics and definitions shall be applied across the petroleum industry in Guyana.

The Ministry will use the standardized half-year and end-year reports to measure each Operator's performance against the estimated levels and activities and programs for local content utilisation in their Local Content Plan.

Reporting will inform the extent of flexibility needed to increase or decrease expectations for utilisation of Guyanese resources and personnel in future Local Content Plans, so as to ensure effective delivery of Government policy, take account of changes in the business environment, and consider any emerging unintended consequences, for example, levels of utilisation leading to the movement of capital and labour out of other sectors of the Guyanese economy and into the petroleum sector.

The half-year and end-year reports will be used to continuously review and refine the opportunities and constraints in developing local content in Guyana and to inform how government and industry collaborate to drive local content development.

Notwithstanding legal constraints that may prevent **disclosure** of reported information on local content to parties beyond the Minister, such as contractual and commercial confidentiality and obligations to anti-trust and anti-bribery legislation, the Minister shall disclose information on local content performance sufficient for government to be held accountable for implementation of this policy, and for Operators to be accountable for implementation of their Local Content Plans.

# Policy Implementation

## CONTENTS

### **7.1 Local Content Plans**

- 7.1.1 *Management Philosophy and Principles*
- 7.1.2 *Organisation*
- 7.1.3 *Objectives*
- 7.1.4 *Work Activities*
- 7.1.5 *Role of Primary Contractors*
- 7.1.6 *Local Procurement Opportunities*
- 7.1.7 *Local Content Utilisation Levels*
- 7.1.8 *Local Content Utilisation Activities and Programs*
- 7.1.9 *Procurement Procedures*
- 7.1.10 *Local Content Measurement and Reporting*

### **7.2 Governance of Policy Implementation**

APPENDIX A PLANNED LOCAL CONTENT UTILISATION

APPENDIX B TEMPLATE FOR HALF-YEAR and END-YEAR REPORTING OF LOCAL CONTENT

APPENDIX C ANNUAL SUMMARY LOCAL CONTENT UTILIZATION REPORT



## 7. Policy Implementation

Operator annual Local Content Plans are the core instrument of policy implementation for local content in the petroleum sector in Guyana. Each Plan contains the utilization levels, activities, programs and the hiring and procurement processes to be implemented by the Operator and their Primary Contractors. The role of the Minister is to provide the governance to ensure accountability of Operators to develop robust Plans and to execute these Plans to the maximum extent practicable.

### 7.1 Local Content Plans

It is the policy of the Government of Guyana for Operators to prepare and execute yearly **Local Content** Plans updated annually that operationalize the objectives and principles of this policy. Operator's yearly Local Content Plans, and the information they contain, shall form the principal instrument of Government policy on Local Content in the petroleum sector. The objective here is that the Operator's yearly Local Content Plan provide a **forward-looking, efficient, focused and flexible mechanism** for government and Operators to identify, plan, implement and assure delivery of local content.

The estimated levels of local content utilisation and extent of activities and programs within an Operator's Local Content Plan shall be commensurate with the stage of investment.

Yearly Local Content Plans prepared for and during an Exploration Phase will therefore be more limited in scope and opportunities than Plans prepared for the Development Phase, Production Phase or Decommissioning Phase. For Exploration Phase activity anticipated to be of less than one year in duration, the Operator shall submit an end-of-activity local content report only, in a format consistent with Appendix B. A Local Content Plan shall be prepared for Exploration Phase activity of greater than one year in duration.

Yearly Local Content Plans prepared for and during an Exploration Phase will therefore be more limited in scope and opportunities than Plans prepared for the Development Phase, Production Phase or Decommissioning Phase. For Exploration Phase activity anticipated to be of less than one year in duration, the Operator shall submit, at a minimum, an end-of-activity local content report, in a format consistent with Appendix B. For Exploration Phase activity anticipated to be of greater than one year in duration, a Local Content Plan shall be prepared and reported on consistent with this Policy for Local Content Plans.

Operators shall prepare and execute a yearly Local Content Plan covering **all of the Operator's petroleum-related work and activities in Guyana**, sub-divided as practicable to enable identification of estimated local content utilisation levels and activities and programs between different petroleum projects.

Within sixty (60) days prior to the beginning of each year, or part thereof as applicable for the first year, the Operator shall submit to the Minister a yearly Local Content Plan. Within twenty-one (21) days from receipt of the Operator's Local Content Plan the Minister shall issue an invitation and shall meet with the Operator to discuss the effectiveness of the Local Content Plan and agree to the information in the Local Content Plan and to any **modifications** to ensure the Plan's consistency with this policy and with the Operator's contractual obligations under the applicable Petroleum Agreement/s. Within twenty-one (21) days from the meeting with the Minister, the Operator shall submit to the Minister a final Local Content Plan for approval, inclusive of any agreed modifications. Within fourteen (14) days from the receipt by the Minister of a final Local Content Plan with agreed modifications, the Minister shall opinion its approval or otherwise

issue a letter of rejection. Should the Minister issue a letter of rejection, the letter shall include a statement of the policy objectives and evidence that supports the Minister's decision.

Should the Minister not respond to the submission by an Operator of its Local Content Plan in accordance with the timings herein, the Operator shall consider the Plan to be approved by the Minister.

The Operator shall include in its annual Local Content Plan the names of Primary Contractors selected to prepare and execute a local content plan as part of their contract delivery obligations. The criteria for selection of Primary Contractors to prepare such Local Content Plans shall include consideration of whether the scope of work affords significant opportunities to Guyanese persons and Guyanese suppliers, the total contract value or annual spend, and a manageable administrative burden.

The Primary Contractor's plan shall be consistent with the structure and objectives of the Operator's Local Content Plan. The Operator shall treat the quality of the local content plan of a Primary Contractor as a **material consideration** in the process of selection of a Primary Contractor.

The Operator's Local Content Plan shall be **structured** in accordance with, and shall contain the **information** required by policy sub-sections 7.1.1 to 7.1.10 below. Minister shall give consideration to the principle of Phasing when determining what is a sufficient level of information to include in a Local Content Plan under each sub-section. Any **agreements** reached with the Minister to modify a submitted or updated annual Local Content Plan so as to assure its effectiveness shall be added as an addendum to the annual Local Content Plan, including details of how these modifications are to be operationalised within the business processes of the Operator and its Primary Contractors.

#### **7.1.1 Management Philosophy and Principles**

A description of the Operator's proposed **management philosophy** and **key principles** for maximising benefits and retaining value from Guyana's petroleum resources consistent with Government policy on local content in the petroleum sector. Key principles to include principles for Employment and Training of Guyanese, and Principles for Acquisition and Development of Guyanese Resources.

#### **7.1.2 Organisation**

A description and **organogram** clarifying which positions within the Operator are responsible for what roles and activities relating to Local Content, including decision-making, accountability, operational management, program activities, monitoring and reporting.

A description of the organization for Operator **engagement with key stakeholders** to implement the Local Content Plan, including government, Primary Contractors, other contractors, third parties, civil society groups and the general public. The description to include Local Content steering or advisory committees, groups or organizations contributed to, or set up by, the Operator.

A description and identification of public or private **third-party organizations** used or collaborated with, to implement the Local Content Plan, including, inter alia, industry organizations, supplier development organizations, workforce development organizations, civil society groups and government agencies.

#### **7.1.3 Objectives**

The **objectives** of the Local Content Plan and how these relates to the objectives of the Government's local content policy for the petroleum sector.

#### **7.1.4 Work Activities**

A description of the **work activities** for the period of the Operator's Local Content Plan broken down into major components of work and activities.

#### **7.1.5 Role of Primary Contractors**

A description of how the Operator shall ensure that Primary Contractors contribute to the utilization levels, activities and programs in the Operator's Local Content Plan, specifically:

- **Names** of forthcoming major contract tenders that, because of the Local Content opportunities they offer, will require potential Primary Contractors at tender stage to prepare a Local Content Plan as part of bid submission.
- **Names** of the Primary Contractors selected to execute a Local Content Plan as part of their contract delivery obligations
- Confirmation that the Operator has and will treat the quality of bidders Local Content Plan as a **material consideration** in the process of selection of Primary Contractors.
- **A summary of the Local Content Plans** of Primary Contractors awarded contracts by the Operator, with Appendices as needed
- The **division** of utilization levels, activities and programs so as to clarify which parts of the Operator's Local Content Plan is to be executed by the Operator and which parts by the Operator's Primary Contractors or other contractors
- The **contractual obligations** that the Operator shall apply to Primary Contractors to hold the Primary Contractor to account to deliver its Local Content Plan and to adhere to the Operator's overall Local Content Plan objectives
- How the **Procurement Procedures** in this Policy are to be flowed down to Primary Contractors to assure first consideration and full and adequate opportunity to Guyanese suppliers

#### **7.1.6 Local Procurement Opportunities**

The Operator's yearly Local Content Plan shall describe in general the process and evidence of efforts that the Operator, the Operator's Primary Contractors, the wider petroleum industry in Guyana and the government have made to assess the **supply** of skilled, qualified and experienced Guyanese persons and capable and competitive Guyanese suppliers in meeting the **demand** of the Operator and its Primary Contractors for labour, goods and services in the upcoming year, for example, industrial baseline studies, industry forecasts, supplier assessments.

The Operator's yearly Local Content Plan shall describe in general how evidence from the assessments of the Guyanese labour and supplier market have been taken into account in the formulation of **contracting and procurement strategies** of the Operator and its Primary Contractors, relevant to the upcoming year of petroleum operations. This description is to include identification of opportunities where applicable to:

- **unbundling or bundling contract scopes** so as to afford opportunities to Guyanese Suppliers to (a) be engaged in a tender process directly, and/or (b) engaged indirectly as a sub-contractor to a contractor whose own terms of contract oblige the competitive tending of sub-contract opportunities to include engagement of Guyanese Suppliers; and
- invite consortia, alliances or other forms of **partnering** between supplier firms to tender for contracts, such that opportunities are available to Guyanese Suppliers who have capabilities to tender for parts

of larger contract scopes, but likely would not be capable of progressing through a tendering process if approaching the market alone.

Informed by the assessments of the Guyanese labour and supplier market and project demand, the Operator's yearly Local Content Plan shall provide the basis of information for the categorisation of anticipated procurement of goods and services for the upcoming year into two groups, as follows:

- **Group A** means categories of goods and services where evidence shows the presence of one or more Guyanese Suppliers with the required capability, capacity and competitiveness sufficient to be invited to provide and expression of interest or otherwise engage in a tender process, either directly, as a partner or sub-contractor to another supplier.
- **Group B** - categories of goods and services where evidence shows an absence of any Guyanese suppliers with the required capability, capacity or competitiveness sufficient to be invited to provide and expression of interest or otherwise to engage in a tender process, or where the Operator or its Primary Contractors can justify single or sole sourcing for reasons fully consistent with good industry practice and with the principles of this Policy.

#### **7.1.7 Local Content Utilisation Levels**

In relation to the work activities described in the yearly Local Content Plan, the Operator is to include in its Plan completion of Table A1 (**Appendix A** of this policy document). Informed by recent performance and current market information, including information on commitments by Primary Contractors in their Local Content Plans to be delivered as part of contract obligations, the Operator shall complete Table A1 with the aggregate estimated levels of local content utilisation, across all described work activities, for the upcoming year for personnel, goods and services, training and capacity development. With due consideration by the Minister to the principle of Phasing, the estimated levels of local content utilisation are to include:

- estimated Guyanese persons in the workforce in the Operator, Primary Contractors, and sub-contracts managed by the Primary Contractors, by job position
- estimated Guyanese received training hours
- estimated Number of active Guyanese Suppliers
- estimated Expenditure with Guyanese Suppliers
- estimated Expenditure with CARICOM Owned Registered in Guyana Suppliers and Foreign Owned Registered in Guyana Suppliers
- estimated investment in productive capital assets in Guyana that support the Government's local content policy
- [year 2 of policy implementation] estimated Monetary Value Contributed to the Guyanese economy from expenditure on services
- [year 2 of policy implementation] estimated Monetary Value Contributed to the Guyanese economy from expenditure on goods

The Minister shall issue Guidance as to the standardised method Operators are to use to estimate and calculate Productive Capital Assets and the Monetary Value Contributed to the Guyanese economy from expenditure on services and goods.

### 7.1.8 Local Content Utilisation Activities and Programs

Operators shall describe in their yearly Local Content Plan activities and programs that address employment and training of Guyanese persons and capacity development of Guyanese suppliers, as well as other capacity development initiatives such as support for local education and training institutions, local research and development and investments in productive assets in Guyana that support the Government's local content policy. In addition, the Operator is to include in its Plan completion of Table A2 (**Appendix A** of this policy document).

#### 7.31.8a Employment and Training for Guyanese

In relation to each of the discrete work activities described in the yearly Local Content Plan, the Operator shall provide a list of **job positions** anticipated to be required by the Operator or by Primary Contractors, and provide an estimate of the utilization of Guyanese labour, as follows:

- A **list of job crafts/roles/expertise** by work activity, and how these map onto the following broader job positions defined in this Policy:
  - Senior Management
  - Professional
  - Supervisory/Middle Management
  - Skilled
  - Semi-skilled
  - Basic-skilled
  
- An **estimate of the FTE headcount** number of Guyanese persons to be utilized in each of these six job positions by the Operator, Primary Contractors and sub-contractors involved in Operator activity, and the percentage (%) of Guyanese persons in the six job positions in relation to the total workforce for each position.

These lists and estimates may be drawn from contractors' Local Content Plans, with information included in Appendices to the Operator's Local Content Plan as needed.

In relation to the work activities described in the Operator's yearly Local Content Plan, the Operator shall include in their Local Content Plan a description of programs of **recruitment, training and workforce succession and development** for Guyanese persons involved in the activities of the Operator and its Primary Contractors, as follows:

- programs of **outreach activities** for the upcoming year to **recruit and employ** Guyanese persons having appropriate qualifications and experience in the conduct of petroleum operations in Guyana.
  
- **programs of training**, be that on-the-job and/or off-site training of Guyanese persons to participate in the petroleum sector and progress into higher skilled positions, including courses, types of training (e.g. formal curricula, informal shadowing), anticipated qualifications, recruitment process and anticipated received hours of training. Include estimates of the hours of training to be received by Guyanese persons in the following types of training, as relevant
  - Safety, Security, Health & Environment (SSHE)
  - Leadership/Management
  - Technical/Professional
  - Trade & Crafts Training

- Basic and induction
  - Administrative
  - Or other as agreed with the Minister
- **programs of support for long-term workforce succession and development** (2 to 5 years out) that contributes to the supply of Guyanese persons appropriately qualified and experienced to participate in petroleum operations in Guyana, and once in the industry to progress in their careers to more senior positions.

The program descriptions for recruitment, training and workforce development may draw on contractors' Local Content Plans, with information included in Appendices to the Operator's Local Content Plan as needed.

#### *7.1.8b Acquisition and Development of Guyanese Resources*

Section covers both acquisition of Guyanese resources and local supplier development programs.

##### *Acquisition of Guyanese Resources*

In relation to each of the discrete work activities described in the yearly Local Content Plan, the Operator shall provide a **list of goods and services** anticipated to be acquired directly, through partnerships or indirectly by the Operator or by Primary Contractors over the period of the Operator's Local Content Plan, and provide an estimate of the utilization of Guyanese Resources, as follows:

- Expenditure with suppliers who are Guyanese-owned, registered in Guyana
- Anticipated Tenders in Group A
- [year 2 of policy implementation] Monetary Value Contributed to the Guyanese economy from expenditure on services
- [year 2 of policy implementation] Monetary Value Contributed to the Guyanese economy from expenditure on goods

These lists and estimates may be drawn from contractors' Local Content Plans, with information included in Appendices to the Operator's Local Content Plan as needed.

##### *Supplier Development Programs*

In relation to the work activities described in the Operator's yearly Local Content Plan, the Operator shall describe in their Plan **programs of support and development to Guyanese Suppliers** involving the Operator and its Primary Contractors, including, for example:

- activities to support access to and navigation of procurement processes of the Operator and Primary Contractor,
- skills competencies development,
- quality standards and certification,
- access to finance to develop capacity,
- capabilities and competitiveness,
- information on partnering of foreign suppliers with Guyanese Suppliers to increase local opportunities and to foster capacity building and knowledge and technology transfer.

These Supplier Development program descriptions may draw on contractors' Local Content Plans, with information included in Appendices to the Operator's Local Content Plan as needed.

### 7.1.8c Other Capacity Building Activities and Programs

In relation to the work activities described in the Operator's yearly Local Content Plan, Operator shall include in their Plan other activities and programs, unilaterally or in collaboration with other parts of the industry, that support capacity development of Guyanese labour and businesses for participation in the petroleum sector, for example:

- support for education and vocational training institutions in Guyana where involved, or potentially involved, in the petroleum sector in Guyana
- support to research and development institutions in Guyana
- investments in capital productive assets in Guyana that support the Government's local content policy

These other capacity building program descriptions may draw on contractors' Local Content Plans, with information included in Appendices to the Operator's Local Content Plan as needed.

### 7.1.9 Procurement Procedures

Operator shall describe in their yearly Local Content Plan the tender procedures of the Operator and its Primary Contractors that assure consistency with the principle of Government policy for **fair and adequate opportunity** to Guyanese Suppliers and sub-contractors in the supply of goods and services and with the principle of Government policy for **first consideration** when capable and competitive to Guyanese Suppliers and able to satisfy the Operator's or Primary Contractors' financial requirements and technical specifications for delivery, quality and quantity.

The procurement procedures described by the Operator in its yearly Local Content Plan shall include the following:

(a) For contracts assigned to **Group A**:

- describe in general the stages of the Operator's **tender process**, and those of its Primary Contractors, when competitive bidding is the selected method
- the criteria generally applied to justify when **single or sole sourcing** and in summary other non-bid methods
- how suppliers or sub-contractors are to be invited to submit an **Expression of Interest** (or equivalent)
- in what circumstances **pre-qualification** activities might take place
- the **timing** of the stages of tendering such that sufficient notice is given to Guyanese Suppliers to prepare pre-qualification or bid submissions
- the process and basis upon which by which a final **bid list** is selected from the Expressions of Interest/Pre-Qualification

(b) For contracts assigned to **Group A**, the Operator and Primary Contractors shall **maintain internal records** justifying why Guyanese Suppliers who make it onto a bid list were, or were not, sufficiently competitive to be awarded the contract. Where not in conflict with Operator or Primary Contractor legal obligations for confidentiality, this information is to be available upon request by the Minister in an anonymised and aggregated form for the purpose of demonstrating consistency with the principles of this policy for fair and adequate opportunity and first consideration when capable and competitive. This information may also be used by the Operator and Primary Contractors to inform the design of feedback sessions to Guyanese Suppliers and for Supplier Development programs.

#### **7.1.10 Local Content Measurement and Reporting**

The Operator shall **gather information** on progress in achieving the objectives, utilisation levels, activities and programs described in their yearly Local Content Plan, sufficient to inform half-year and end-year Local Content Reports to the Minister. This information shall be retained securely by the Operator to facilitate verification for a period of five (5) years.

The Operator shall provide to the Minister, at a minimum, half-year and end-year **Local Content Reports** submitted within 30 days of the end of each half calendar year summarizing and quantifying its achievements in respect of the objectives, utilisation levels, activities and programs described in their yearly Local Content Plan.

The Operator's Local Content Reports shall comprise completion of template Appendix B to this policy, and as such shall include the following:

- **Utilisation levels** - quantification of progress against the estimated levels of local content utilisation regarding personnel, goods and services, training and capacity development. To this end, the Operator shall complete and submit as part of its half-year and end-year reports the completed Table B1 (**Appendix B** to this policy), and do so manually, or if advised by the Government enter the same information into a secure, government-endorsed, online reporting portal. The Operator shall include in their reports a commentary on achievements or variance from the estimated levels.
- **Progress against Activities and Programs** - a description of progress against the activities and programs described in the Local Content Plan for the employment and training of Guyanese, capacity building of Guyanese Suppliers, and other capacity building programs regarding national institutions for education, training and research and development, and investments in infrastructure, identifying milestone delivered and outcomes achieved. The Operator shall complete and submit as part of its half-year and end-year reports the completed Table B2.
- **Contracts Awarded** - A listing and summary description of all **contracts awarded** in **Group A** for the previous half-year period by the Operator and Primary Contractors, and the party to whom the award was made, their supplier type and the associated goods/service category. The Operator shall complete and submit as part of its half-year and end-year reports the completed Table B3.
- **Tender Notification** - a listing and summary description of all contracts expected **to be tendered** by the Operator and Primary Contractors in **Group A** and **Group B** for the upcoming half year period, including the customer/buyer, the associated goods/service category, and where available the anticipated dates as applicable for the (i) issue of Expressions of Interest (or equivalent), (ii) issue of Invitations to Tender (or equivalent), and (iii) contract award. The Operator shall complete and submit as part of its half-year and end-year reports the completed Table B4.
- **Supplier Feedback** - for contracts categorised in Group A, the half-year and end-year reports provide a summary of the feedback session provided by the Operator, Primary Contractors or third-parties to groups of Guyanese Suppliers who submitted an expression of interest but did not make it onto a bid list, or who were on the bid list but failed to win an award. The design of how feedback sessions are delivered should be consistent with good industry practice in maintaining fair competition in subsequent tenders, and consistent with Government policy for Guyanese Suppliers to learn how to develop their ability to compete for work in the petroleum sector. Methods of feedback may include



seminars, group workshops, training courses, and expositions to match international and local suppliers. Feedback should be offered periodically, at least twice per year. The Operator shall complete and submit as part of its half-year and end-year reports the completed Table B5.

- [year 2 of policy implementation] **Retained Economic Value** - quantification of the cumulative economic impact on the economy of Guyana from expenditure on goods and services, personnel, training and return on investment from investments in capacity development, in accordance with the standard methodology supplied by the Minister. The Operator shall complete and submit as part of its half-year and end-year reports the completed Table B5. The Minister shall issue Guidance as to the standardised method Operators are to use to calculate Retained Economic Value.

Data gathered and reported against these metrics is to be for work Involved in Operator Activity only, meaning that information on the utilisation of local goods, services and personnel by suppliers and sub-contractors working for the Operator shall be **apportioned** to a particular Operator's activities in Guyana.

Consistent with Government policy for accountability in the development of the country's sovereign hydrocarbon resources, the Minister shall disclose to the general public whether or not Operators have submitted yearly Local Content Plans and half-year and end-year Local Content Reports.

To facilitate discussions leading to effective Local Content Plan implementation, the details of information submitted to the Minister in the Operator's half-year and end-year Local Content Reports shall remain confidential to the Operator and Ministry.

Based on review of the half-yearly Local Content Report, in light of changing circumstances Minister and Operator may agree to adjustment the levels of utilisation and activities in the yearly Local Content Plan to better accomplish the Plan's objectives.

Notwithstanding legal constraints that prevent disclosure of reported information on local content to parties beyond the Minister, the Minister may consider on an annual basis, to disclose for each Operator an annual Summary Local Content Utilization Report provided by the Operator to Minister. The Operator shall complete and submit as part of end-year Local Content Utilization Report the completed Table C1 (**Appendix C** of this policy document). The Operator shall have the option to include additional commentary to this disclosure.

#### **7.4 Governance of Policy Implementation**

The principle instruments of implementation for this policy are the Operator's yearly Local Content Plans and, at a minimum, half-year and end-year Local Content Reports. The Ministry has the sole authority to administer this policy including the review of the local content plans and the results of the Operators.

The Operator shall permit an agent designated by the Minister to access the records of the operator and Primary Contractors for the explicit and sole purposes of assessment and verification of the local content information reported by an operator or Primary Contractors under this policy. The Operator shall include the necessary provisions in their arrangements with Primary Contractors so as to enable such assessment and verification.

The Operator is responsible for implementing their yearly Local Content Plans and submitting, at a minimum, half-year and end-year Local Content Reports. The Minister may elect to consult with other parties in exercising its authority.

The Minister may put in place measures to ensure the development and adoption of local content by an operator under this Policy, including, but not limited to:

- **identifying sectors** in which domestic value addition opportunities exist with respect to various goods and services and focus local participation and supply capability development in those sectors;
- **incentivizing local capability development** through in-country programmes in order to enable full participation by locals in the petroleum sector; and
- the **implementation of strategies** for the development of local skills, business know-how, technology, financing, capital market development, and wealth capture and distribution;
- adopt measures aimed at **progressively enhancing the capabilities** of local enterprises to compete effectively on quality, price, quantity and reliability in the supply of goods and services required in the petroleum industry;
- adopt measures that **direct local content opportunities** to areas where the operator carries out significant operations.

On an annual basis, the Minister shall prepare and submit to the Cabinet and Parliament, a report on the implementation of this policy and shall, for this purpose, set out information on:

- the **achievements** of each operator in delivering the objectives and undertakings of their annual Local Content Plans
- **objectives that are yet to be attained** by an operator and the Minister under this policy and the reasons for such observation
- agreed strategies for **corrective measures** by operators and Ministry where objectives are yet to be attained
- **recommendations** for improved implementation to faster attain the objectives of this policy

## APPENDIX A PLANNED LOCAL CONTENT UTILISATION

In relation to the work activities described in the yearly Local Content Plan, Operator is to complete Tables A1 and A2 below with estimated levels of local content in personnel, goods and services and training, and a summary of planned capacity building activities and programs, respectively.

**Table A1 Estimated Local Content Utilisation**

Operator name \_\_\_\_\_  
 Project/s name \_\_\_\_\_  
 Year of Local Content Plan \_\_\_\_\_  
 Reporting Period \_\_\_\_\_ to \_\_\_\_\_

Description	Metric	Estimates Utilisation for the Plan period
Guyanese persons in the workforce	Estimated FTE headcount number (#) and percentage (%) of annual Guyanese persons in different job positions in the workforce of the Operator, Primary Contractors and sub-contractors involved in Operator activity, in relation to the total workforce involved in Operator activity in Guyana	___% ___# Senior Management ___% ___# Professional ___% ___# Supervisory/Middle Management ___% ___# Skilled ___% ___# Semi-skilled ___% ___# Basic-skilled
Guyanese Training hours	Estimate percentage (%) of annual training hours to be received by Guyanese persons in different job positions, as a proportion of estimated person-hours (#) of annual Guyanese persons in different job positions involved in Operator activity. Person-hours based on assumed 2080 hours worked annually for each FTE headcount and 1040 for rotators regardless of their time on/time off rotation schedule.	___% Senior management ___% Professional ___% Supervisory/Middle Management ___% Skilled ___% Semi-skilled ___% Basic-skilled
Number of active suppliers who are Guyanese-owned, registered in Guyana	Estimated number (#) of unique suppliers Guyanese-owned, registered in Guyana actively executing contracts directly or indirectly for work involved with Operator activity	___#
Expenditure with suppliers who are Guyanese-owned, registered in Guyana	Estimated percentage (%) and value (USD\$ or GYD\$) [tbc] of total in-country expenditure by the Operator and Primary Contractors with suppliers Guyanese-Owned, registered in Guyana	___% ___USD\$ or GYD\$ [tbc]

Description	Metric	Estimates Utilisation for the Plan period
Anticipated Tenders in Group A	Number (#) of contracts anticipated to be tendered by the Operator and by Primary Contractors in Group A for the forthcoming six months (from Table A3)	___#
Investment in Productive Capital Assets that support the Government's local content policy	Estimated investment (USD\$ or GYD\$) [tbc] in productive capital assets physically located in Guyana that support the Government's local content policy	___ USD\$ or GYD\$ [tbc]
[year 2 of policy implementation] Monetary Value Contributed to the Guyanese economy from expenditure on services	Estimated percentage (%) value contributed to the Guyanese economy from Guyanese labour-in-services, as a proportion of total in-country expenditure by the Operator and Primary Contractors on services	___%
[year 2 of policy implementation] Monetary Value Contributed to the Guyanese economy from expenditure on goods	Estimated percentage (%) value contributed to the Guyanese economy from the purchase of goods, as a proportion of total in-country expenditure by the Operator and Primary Contractors on goods	___%

**Table A2 Summary of Planned Capacity Building Activities and Programs**

Activities and Programs	Summary of Planned Activities for the Plan period	Milestones to be delivered during the Plan period	Anticipated Outcomes of Activities
Employment and Training for Guyanese persons	[Expand rows as needed]	[Expand rows as needed]	[Expand rows as needed]
Acquisition Development of Guyanese Resources	[Expand rows as needed]	[Expand rows as needed]	[Expand rows as needed]

Activities and Programs	Summary of Planned Activities for the Plan period	Milestones to be delivered during the Plan period	Anticipated Outcomes of Activities
Other Capacity Building Activities and Programs, including support for education and vocational training institutions, research and development institutions, and investments in capital productive assets that support the Government's local content policy	[Expand rows as needed]	[Expand rows as needed]	[Expand rows as needed]

**Table A3 Anticipated Tenders for Upcoming Half Year**

A listing and summary description of all contracts anticipated to be tendered directly by the Operator and indirectly by Primary Contractors in Group A and Group B for the for the upcoming half year period, including the customer/buyer, the associated goods/service category, and the anticipated dates as applicable for the (i) issue of Expressions of Interest (or equivalent), (ii) issue of Invitations to Tender (or equivalent), and (iii) date of contract award.

Customer/ Buyer Name	Goods/Service Category	Summary Description of Contract or Order	Anticipated date of Expression of Interest	Anticipated date of Invitation to Tender	Anticipated date of Contract Award	Categorisation by Group A or Group B	If Group A, type of opportunity for Guyanese Suppliers: - Direct contract - Partnering - Indirect (Sub) Contract
[Expand as needed]	[Expand as needed]	[Expand as needed]	[Expand as needed]	[Expand as needed]			

**APPENDIX B TEMPLATE FOR HALF-YEAR and END-YEAR REPORTING OF LOCAL CONTENT**

On a half-year and end-year basis, the Operator is to provide to the Minister completed Tables B1, B2, B3, B4, B5 and B6 in this Appendix and is to attach supporting information as appropriate to qualify the achievements and explain variances.

Operator name \_\_\_\_\_  
 Project/s name \_\_\_\_\_  
 Year of Local Content Plan \_\_\_\_\_  
 Reporting Period \_\_\_\_\_ to \_\_\_\_\_

**Table B1 Report on Local Content Utilisation Levels Achieved**

Description	Metric	Estimated Utilisation in Yearly Local Content Plan	Actual Utilisation against yearly Local Content Plan
Guyanese persons in the workforce	FTE headcount number (#) and percentage (%) of annual Guyanese persons in different job positions in the workforce of the Operator, Primary Contractors and sub-contractors involved in Operator activity, in relation to the total workforce involved in Operator activity in Guyana	___% ___# Senior management ___% ___# Professional ___% ___# Supervisory ___% ___# Skilled ___% ___# Semi-skilled ___% ___# Basic-skilled	___% ___# Senior management ___% ___# Professional ___% ___# Supervisory ___% ___# Skilled ___% ___# Semi-skilled ___% ___# Basic-skilled
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		
Guyanese Training hours	Number (#) and percentage (%) training hours received by Guyanese persons in different job positions, where % is the proportion of annual Guyanese persons-hours in different job positions involved in Operator activity. Person-hours assumed 2080 hours worked annually for each FTE headcount and 1040 for rotators regardless of their time on/time off rotation schedule.	___% Senior management ___% Professional ___% Supervisory ___% Skilled ___% Semi-skilled ___% Basic-skilled	___% ___# Senior management ___% ___# Professional ___% ___# Supervisory ___% ___# Skilled ___% ___# Semi-skilled ___% ___# Basic-skilled
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		

Description	Metric	Estimated Utilisation in Yearly Local Content Plan	Actual Utilisation against yearly Local Content Plan
Completed Tenders in Group A	Number (#) of tenders completed by the Operator and by Primary Contractors in Group A in the previous half year	___#	___#
Contracts awarded in Group A to Guyanese Suppliers	Number (#) of contracts awarded by the Operator and by Primary Contractors in Group A to Guyanese Suppliers in the previous half year (from Table B3)	n/a	___#
Anticipated Tenders in Group A	Number (#) of contracts anticipated to be tendered by the Operator and by Primary Contractors in Group A for the upcoming half year (from Table B4)	___#	n/a
Number of active suppliers who are Guyanese-owned, registered in Guyana	Average half-yearly number (#) of unique suppliers Guyanese-owned, registered in Guyana actively executing contracts directly or indirectly for work involved with Operator activity	___#	___#
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		
Expenditure with suppliers who are Guyanese-owned, registered in Guyana	Percentage (%) and value (USD\$ or GYD\$) <b>[tbc]</b> of total in-country expenditure in the reporting period by the Operator and Primary Contractors with suppliers Guyanese-owned, registered in Guyana	___%	___% ___USD\$ or GYD\$ <b>[tbc]</b>
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		
Expenditure with suppliers who are CARICOM/Foreign-owned, registered in Guyana	Percentage (%) and value (USD\$ or GYD\$) <b>[tbc]</b> of total in-country expenditure in the reporting period by the Operator and Primary Contractors with suppliers CARICOM/Foreign-owned, registered in Guyana	n/a	___% ___USD\$ or GYD\$ <b>[tbc]</b>
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		
Expenditure on certified Made-in-Guyana Goods	Value (USD\$ or GYD\$) <b>[tbc]</b> of total in-country expenditure in the reporting period by the Operator and Primary Contractors on certified Made-in-Guyana goods	n/a	___USD\$ or GYD\$ <b>[tbc]</b>
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		

Description	Metric	Estimated Utilisation in Yearly Local Content Plan	Actual Utilisation against yearly Local Content Plan
Investment in Productive Capital Assets	Estimated investment (USD\$ or GYD\$) in productive capital assets physically located in Guyana that support the Government's local content policy	____ USD\$ or GYD\$ [tbc]	____ USD\$ or GYD\$ [tbc]
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		
[year 2 of policy implementation] Monetary Value Contributed to the economy from expenditure on Guyanese services	Percentage (%) value and value (USD\$ or GYD\$) [tbc] contributed to the Guyanese economy from Guyanese labour-in-services in the reporting period, as a proportion of total in-country expenditure by the Operator and Primary Contractors on services	__%	__%__ USD\$ or GYD\$ [tbc]
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		
[year 2 of policy implementation] Monetary Value Contributed to the economy from expenditure on Guyanese goods	Percentage (%) and value (USD\$ or GYD\$) [tbc] contributed to the Guyanese economy from the purchase of goods in the reporting period, as a proportion of total in-country expenditure by the Operator and Primary Contractors on goods	__%	__%__ USD\$ or GYD\$ [tbc]
	Commentary on achievements or variance from estimated levels: <i>[insert commentary]</i>		

**Table B2 Report on Capacity Building Activities and Programs**

Activities and Programs	Summary of Planned Activities in yearly Local Content Plan	Milestones delivered against yearly Local Content Plan	Outcomes achieved to date against yearly Local Content Plan
Employment and Training for Guyanese persons	[Expand rows as needed]	[Expand rows as needed]	[Expand rows as needed]
Acquisition and Development of Guyanese Resources	[Expand rows as needed]	[Expand rows as needed]	[Expand rows as needed]



Activities and Programs	Summary of <b>Planned</b> Activities in yearly Local Content Plan	<b>Milestones</b> delivered against yearly Local Content Plan	<b>Outcomes</b> achieved to date against yearly Local Content Plan
Other Capacity Building Activities and Programs, Including support for education and vocational training institutions, research and development institutions, and investments in capital productive that support the Government's local content policy	[Expand rows as needed]	[Expand rows as needed]	[Expand rows as needed]

**Table B3 Report on Contracts Awarded**

A listing and summary description of all contracts awarded for the previous half-year period by the Operator and Primary Contractors, and the party to whom the award was made, their supplier type and the associated goods/service category.

Customer/Buyer Name	Supplier Type: <ul style="list-style-type: none"> <li>• Guyanese-Owned, Registered in Guyana</li> <li>• CARICOM-Owned, Registered in Guyana</li> <li>• CARICOM-Owned, not Registered in Guyana</li> <li>• Foreign-Owned, not registered in Guyana</li> <li>• Foreign-Owned, Registered in Guyana</li> <li>• Government</li> </ul>	Supplier Name	Guyanese Supplier Y/N	If Guyanese Supplier involved, type of opportunity: <ul style="list-style-type: none"> <li>• Direct contract</li> <li>• Partnering</li> <li>• Indirect (Sub) Contract</li> </ul>	Goods/Service Category	Summary Description of Contract or Order
[Expand as needed]	[Expand as needed]	[Expand as needed]	[Expand as needed]	[Expand as needed]	[Expand as needed]	[Expand as needed]

**Table B4 Anticipated Tenders in Upcoming Half Year**

A listing and summary description of all contracts anticipated to be tendered directly by the Operator and indirectly Primary Contractors in Group A for the upcoming half year period, including the customer/buyer, the associated goods/service category, and the anticipated dates as applicable for the (i) issue of Expressions of Interest (or equivalent), (ii) issue of Invitations to Tender (or equivalent), and (iii) date of contract award.

Customer/Buyer Name	Goods/Service Category	Summary Description of Contract or Order	Anticipated date of Expression of Interest	Anticipated date of Invitation to Tender	Anticipated date of Contract Award	Categorisation by Group A or Group B	If Group A, type of opportunity for Guyanese Suppliers: - Direct contract - Partnering - Indirect (Sub) Contract

**Table B5 Report on Supplier Feedback**

For contracts categorised in Group A, the half-year and end-year reports provide a summary of the feedback session provided by the Operator, Primary Contractors or third-parties to groups of Guyanese Suppliers who were not issued with an opportunity to submit an Expression of Interest, or did not make it onto a bid list, or who were on the bid list but failed to win an award.

Provider of Feedback Session	Location and Date	Duration	Participants (numbers and types)	Summary of Session (e.g. goods/service categories, topics covered)	Key Lessons for Guyanese suppliers to improve competitiveness
Session #1					
Session #2					
	[Expand as needed]	[Expand as needed]	[Expand as needed]	[Expand as needed]	[Expand as needed]

**Table B6** [year 2 of policy implementation] **Report on Economic Value Retained in the Economy of Guyana**

Description	Metric	Economic Value for period of yearly Local Content Plan, <b>to date</b>	<b>Cumulative</b> Economic Value to date
[year 2 of policy implementation] Economic Value Retained	Quantification of the cumulative economic (USD\$ or GYD\$) [tbc] value retained in the economy of Guyana from expenditure on goods and services, personnel, training and from ROI of capacity development investments, in accordance with the standard methodology issued by the Minister	Total expenditure __USD\$ or GYD\$ Total economic value retained _USD\$ or GYD\$ [tbc] % economic value retained __%	Cum expenditure __USD\$ or GYD\$ Cum economic value retained _USD\$ or GYD\$ [tbc] Cum % economic value retained __%
	Commentary on achievements [ <i>insert commentary</i> ]		

## APPENDIX C ANNUAL SUMMARY LOCAL CONTENT UTILIZATION REPORT

On an end-year basis, the Operator is to provide to the Minister an Annual Summary Local Content Utilization Report by completing Table C1 in this Appendix. Within legal constraints that prevent disclosure of reported information on local content to parties beyond the Minister, the Minister may consider disclosure of this information. The Operator is invited to provide a commentary qualifying the information disclosed in the Report, for example, whether changes in project scope, market conditions, or other conditions outside of the control of the Operator have affected performance.

Local Content Element	Half-Year (Jan – Jun)	End-Year (Jul – Dec)	Full-Year (Jan – Dec)	Operator Commentary
Average number of Guyanese Full-Time Equivalent (FTE) persons in the workforce of the operator, Primary Contractors and sub-contractors involved in Operator activity, in relation to petroleum operations in Guyana	#	#	#	
Total training hours received by Guyanese persons	#	#	#	
Annual USD\$ or GYD\$ [tbc] spent with Guyanese-owned Guyanese registered companies	\$	\$	\$	
Annual USD\$ or GYD\$ [tbc] spent with CARICOM/Foreign-owned Guyanese registered companies	\$	\$	\$	
Number of unique Guyanese-owned Guyanese registered companies utilized by the operator and its Primary contractor during the period	#	#	#	
[year 2 of policy implementation] Yearly Economic Value Retained in Guyanese Economy	%	%	%	