

Standardisation of ICV Requirements in Contracting & Procurement Oman Oil & Gas Sector

Suppliers Engagement Session

Ministry of Oil & Gas - 27 May 2013

Agenda

- **Objective**
- **In-Country Value Definition**
- **Policy Direction on ICV in Oman Oil & Gas Sector**
- **ICV Elements:**
 - Investment in Fixed Assets in Oman
 - Omanization in the Work Force
 - Training of Omani's
 - Local Sourcing of Goods
 - Local Sourcing of Sub-Contracted Services
 - Development of National Suppliers
 - Development of National Training, Education and R&D Institutions
- **ICV Index Evaluation Model (template)**
- **ICV Delivery Process**
- **Key Messages**

Objective

Provide an overview of the new **common standard ICV requirements** in the Oil and Gas sector in Oman

In-Country Value (ICV) definition

In-Country Value (ICV) is defined as “The total spend retained in country that benefits business development, contributes to human capability development, and stimulates productivity in Oman’s economy”

Policy Direction on ICV in Oman Oil & Gas Sector

- Maximise **employment** of Omanis and placements on vocational/professional **training**, attractive to Omani graduates and technical school leavers (Oman and overseas)
 - Maximise expenditure on goods and services **by Omanis in Oman**
 - Maximise and develop **locally-produced** materials, products and equipment that (i) maximize **value-added** in Oman, (ii) introduce **new technologies**, and (iii) grow Oman's export industries
 - Develop world class domestic capability in vocational/professional **education and training institutions**, matched to 'real' industry opportunities
- Within tender evaluation, reward contractors who **commit** to Oman, in both short term (contract execution) and longer-term
 - **Common standard that delivers consistent message that ICV is critical within Oman O&G Industry**
 - **Simplicity** over complexity
 - **Comprehensible** to tenderers
 - **Unambiguous** terms and definitions

ICV Elements

Investments in Fixed Assets

Omanization in the Work Force

Training of Omanis

Local Sourcing of Goods

Local Sourcing of Subcontracted Services

Development of National Suppliers

National, Training and R&D Institutions

ICV – Investments in Fixed Assets

Past three (3) years) Capital Investments by Contractor in Fixed Assets in Oman			Planned next three (3) years Capital Investments by Contractor in Fixed Assets in Oman		
Item/Investment	Summary Description (incl. location and timeframe)	USD\$m of Investment	Item/Investment	Summary Description (incl. location and timeframe)	USD\$m of Investment
1			1		
2			2		
3			3		
TOTAL (USD\$m)			TOTAL (USD\$m)		

Fixed Assets: Transport-related, logistics-related, manufacturing facility, repair and maintenance facility, office/depot construction/refurbishment, infrastructure etc.

- At Contractors own expense ie not charged to Company or others

ICV – Training of Omanis

Contractor to describe details and attach documentation of the proposed programme of recruitment, training and progression of Omani Nationals in execution of the Contract in the different categories of job positions, covering:

- outreach procedures
- career paths and succession
- skills training
- post training employment opportunities
- special provisions for Omani Nationals from Concessions Area.

TOTALS	Senior Management		Professional		Supervisory		Skilled		Semi-skilled		Unskilled	
	Omani National		Omani National		Omani National		Omani National		Omani National		Omani National	
Training (hours as % of all National hours in position)		%		%		%		%		%		%
	%											

Include in training hours both on-the-job and class-room training, e.g. induction, EHS/HSE and technical and professional skills, internships and apprenticeships (scholarships are not to be included).

ICV – Local Sourcing of Goods

- Strong emphasis on **Made-in-Oman goods** :procured, Contractor-manufactured, equipment in services
- **Evidence** for Made-in-Oman goods:
 - Ministry of Commerce & Industry Certificate
- **No forced disclosure of \$** paid for goods, only % split Made-in-Oman
- Calculations are based on '**amount paid to procure**', not 'value charged to client', ie exclude over heads and mark-ups

ICV – Local Sourcing of Goods

TABLE D1 - Made-in-Oman Goods Utilised in Contract Execution

Item Description	Quantity	Manufacturer	% Made-in-Oman Goods \$ of amount paid (P) for goods, as % of total amount paid (P) for all related goods (see Definitions)	% NOT Made-in-Oman Goods \$ of amount paid (P) for goods, as % of total amount paid (P) for all related goods (see Definitions)	MOIC Domestic Origin Certificate (Y/N)	Contractor's Calculation of Percentage Omani Origin (see Definitions)
Goods manufactured by Contractor or affiliated company						
1			%	%	Y	%
2			%	%	N	%
3			%	%	N	%
SUB TOTAL Made in Oman Goods (weighted by total amount to be paid for all Contractor-manufactured goods)			%	%		
Goods sourced from a 3rd Party Supplier						
1			%	%	Y	%
2			%	%	N	%
3			%	%	Y/N	%
SUB TOTAL Made in Oman Goods (weighted by total amount to be paid for all 3rd party procured goods)			%	%		
TOTAL Made in Oman Goods (weighted by total amount to be paid for all Goods)			%	%		

ICV – Local Sourcing of Goods

TABLE D2 - Local Sourcing of Goods from a Nationally-Registered Supplier Utilised in Contract Execution

Item Description	Quantity	Manufacturer	% Nationally-Registered Suppliers (as % of total paid (P) for related goods) See Definitions	% Foreign-Registered Suppliers (as % of total paid (P) for related goods) See Definitions
Goods manufactured by Contractor or affiliated company				
1			%	%
2			%	%
3			%	%
SUB TOTAL (weighted by Amount Paid)			%	%
Goods sourced from a 3rd party				
1			%	%
2			%	%
3			%	%
SUB TOTAL (weighted by Amount Paid)			%	%
TOTAL (weighted by Amount Paid)			%	%

ICV – Local Sourcing of Sub-Contracted Services

- Contractor to complete the below table with the amount paid for services that are to be sourced from 3rd Party Nationally-Registered Sub-contractors for utilisation in execution of the Contract.
- Important is to incentivise the sourcing of sub-contracted services to vendors **registered and located in Oman**, ie “Nationally-Registered 3rd Party Sub-Contractors”, (excluding import agents)

TABLE E - Local Sourcing of Services from Nationally-Registered 3rd Party Sub-Contractors Utilised in Contract Execution


	Service Description	% Nationally-Registered 3rd Party Sub-Contractors (as % of total paid (P) for related services) See Definitions	% Foreign-Registered 3rd Party Sub-Contractors (as % of total paid (P) for related services) See Definitions
1		%	%
2		%	%
3		%	%
	TOTAL (weighted by total amount to be paid)	%	%

ICV – Development of National Suppliers

Company to describe details and attach documentation of its proposed programmes of support to develop the capabilities of 3rd Party National Suppliers of goods and services.

- **Short-term programmes during contract execution** that underpin % levels of Omanisation; Made in Oman goods; and expenditure with National Suppliers committed to in Tables D and E
- **Longer-term programmes** that contribute to the level of in-country value retained in the Omani economy.

Short Term Support for Participation of 3rd Party National Suppliers in Contract Execution			Long Term Development of National Suppliers				
	Summary Description of Programs (during contract execution)	USD\$m Monetised Value of Support	Outcomes of Support to Oman		Summary Description of Programs (next two (2) years)	USD\$m Monetised Value of Support	Outcomes of Initiative
1		\$		1		\$	
2		\$		2		\$	
3		\$		3		\$	
	TOTAL	\$			TOTAL	\$	

 \$ Monetised

ICV – Development of National Training, Education and R&D Institutions

- Contractor to describe past (3 yrs) and planned (3 yrs) programs to develop:
 - **vocational and technical training** institutions (including scholarship)
 - **tertiary** education establishments
 - national **R&D** institutions
- Monetised (not charged to the Company or others)
- Expected benefits to Oman.

Past three (3) years Support by CONTRACTOR to National R&D			
	Summary Description (incl location and time frames)	USD\$m Monetised Value of Support	Benefits of Support to Oman
1		\$	
2		\$	
3		\$	
SUB TOTAL		\$	
TOTAL (USD\$ \$m)		\$	

ICV Index Evaluation Model (template)

	Investment in Fixed Assets in Oman		Omanization in the Workforce utilised to Exectute Contract			Training of Omani's		Local Sourcing of Goods		Local Sourcing of Sub-Contracted	Development of National Suppliers			National Training, Education and R&D Institutions	
	Passed three (3) Years (USD \$m)	Planned three (3) Years (USD \$m)	Headcount	Man Hours	USD \$ Payrol	Recruitment, Training & Progression prog	Training (hours/total)	% Made in Oman Goods	% Nationally Registered Suppliers	% Nationally Registered 3rd Party Sub-Contractors	During Contract Execution (USD \$m)	Planned two (2) Years (USD \$m)	Programs	Past three (3) Years (USD \$m)	Planned three (3) Years (USD \$m)
Weightings (limited flexibility, excl zero)	X%	X%	X%	X%	X%	X%	X%	X%	X%	X%	X%	X%	X%	X%	X%
	X%		X%			X%		X%		X%	X%			X%	

ICV Delivery Process



Key Messages

ICV is a **Journey**

We are now at
the beginning of
that journey

Work in
progress

Partnership is
Key

Operators &
Contractors are
committed to
this initiative

ICV is
embedded into
our day to day
business