

# REPORT

## Advisory Panel on Local Content



November 2020

Cover photo credited to OilNow (<https://oilnow.gy>)

**Table of Contents**

**Page**

**ACKNOWLEDGEMENTS..... 4**

**Acronyms ..... 5**

**1. Introduction ..... 6**

**2. Approach by the Panel..... 7**

    2.1 Task 1 Review of initiatives towards a Local Content Policy and Existing Legal Framework ..... 7

    2.2 Task 2 Stakeholder Engagements ..... 7

    2.3 Task 3 Analysis and Report Preparation..... 8

**3. Review of Local Content Policy Initiatives and Existing Legal Framework ..... 8**

    3.1 Local Content Policy Initiatives ..... 8

        3.1.1 Second Draft Local Content Policy – A Local Content and Value Addition Policy Framework..... 9

        3.1.2 Local Content Policy document of January 2020..... 9

    3.2 Overview of the Legislative Framework for Local Content..... 13

**4. Issues Identified by Key Stakeholders..... 17**

**5. Panel’s Recommendations ..... 25**

**Annex A Terms of Reference ..... 34**

## ACKNOWLEDGEMENTS

The Advisory Panel on Local Content wishes to thank His Excellency President Irfaan Ali and the Government of Guyana for convening the Panel and to acknowledge the support from the Ministry of Natural Resources (MNR). Guidance was received from Honourable Vickram Bharrat, Minister of Natural Resources and administrative and technical support provided by Mr. Joslyn McKenzie, Permanent Secretary and the MNR team comprising Ms. Sasha Rajkumar, Legal Services Coordinator, Mr. Visal Satram, Legal Officer and Mr. Trent Piaralall, Technical Officer and Ms. Lyndel Johnson, Administrative Assistant. The Panel also wishes to also express appreciation to our rapporteur team of Ms. Monica Sharma and Ms. Hannan Lachmansingh.

We would also like to thank the following stakeholders for engaging with the Panel and providing invaluable contributions through written submissions on the issues of Local Content:

Government Ministries and Agencies;  
Private Sector Organisations;  
Labour Unions;  
Indigenous Organisations;  
Civil Society Organisations;  
Education and Training Institutions;  
Oil and Gas Operators and Companies allocated offshore blocks;  
Oil and Gas Prime Contractors/Service Companies; and  
and Leading Advocates.

## **Acronyms**

CLBD Centre for Local Business Development

EEPGL Esso Exploration & Production Guyana Limited

FPSO Floating Production, Storage and Offloading

GoG Government of Guyana

MNR Ministry of Natural Resources

ToR Terms of Reference

## 1. Introduction

Guyana’s oil and gas industry has seen impressive momentum since 2015 with estimated recoverable resources of at least 9 billion oil equivalent barrels of oil proven to date, from which production commenced in 2019 and is expected to reach around 750,000 bpd by 2025.

The Government of Guyana (GoG) has expressed its commitment to securing the benefits of oil and gas for all Guyanese. One key element of this is having in place a robust Local Content Framework inclusive of a Local Content Policy and Local Content Legislation.

Through Cabinet decision of August 27<sup>th</sup> 2020, Government appointed an Advisory Panel on Local Content. The members of the panel were identified as follows:

Mr. Shyam Nokta (Chair)  
Mr. Carl Greenidge  
Mr. Kevin Ramnarine  
Mr. Anthony Paul  
Mr. Carville Duncan  
Mr. Floyd Haynes

The Panel has been tasked with undertaking a review of policy initiatives on local content in the petroleum sector and to provide guidance for the development of Guyana’s Local Content Policy and Legislation. Annex A provides the Panel’s Terms of Reference (ToR).

The following puts into context key initiatives and events related to the Oil and Gas Sector and Local Content.

---

<b>1999</b>	Esso Exploration & Production Guyana Limited (EEPGL) and GoG establish a Production Sharing Agreement (PSA)
<b>2015</b>	Discovery of Liza 1 oilfield. First commercial petroleum discovery in Guyana.
<b>2016</b>	PSA renegotiated between GoG and EEPGL.
<b>2017</b>	Liza Phase 1 Petroleum Production Licence issued to EEPGL. GoG initiates steps towards development of a Local Content Policy. First draft prepared and reviewed by key stakeholders. Centre for Local Business Development (CLBD) established.
<b>2018</b>	Second draft of Local Content Policy prepared after stakeholder consultations across Guyana and review by key stakeholders.

- 2019** Liza Phase 2 Petroleum Production Licence issued to EEPGL.  
Third draft of Local Content Policy prepared with a new consultant and reviewed by key stakeholders.  
Liza Destiny Floating Production, Storage and Offloading (FPSO) vessel arrives in Guyana.  
First Oil – December 2019.
- 2020** Local Content Policy finalized and issued by Government (Jan 2020).  
Government establishes Advisory Panel on Local Content (August 2020).
- 

## **2. Approach by the Panel**

The Panel approached its mandate as set out in the ToR by undertaking the following tasks:

1. Identified and reviewed existing initiatives and draft Local Content policies and the existing legal framework;
2. Identified and engaged with key stakeholders to solicit views on local content and Local Content Policy and Legislation;
3. Conducted analyses of information garnered and prepared a report outlining guidance and recommendations.

### **2.1 Task 1 Review of initiatives towards a Local Content Policy and Existing Legal Framework**

The Panel, with support from technical personnel from the Ministry of Natural Resources (MNR) examined previous policy initiatives. Two principal initiatives were considered, the earlier efforts which produced the Second Draft Local Content Policy – A Local Content and Value Addition Policy Framework, and the Local Content Policy document of January 2020 titled *“Guyana Petroleum Sector – Realising Local Content Benefits and Value Retention from Guyana’s Petroleum Resources.”* A preliminary review was also conducted of the existing legislative framework, Agreements and Licences to determine the extent to which Local Content is covered.

### **2.2 Task 2 Stakeholder Engagements**

Considering the time frame for the Panel’s work, and the limitations and challenges presented by the COVID 19 pandemic, the Panel adopted the approach of engaging key stakeholders in clusters through an online platform (zoom). The MNR provided administrative support to these engagements at which approximately 140 representatives attended. Table 2-1 provides an outline of the key stakeholders engaged and the schedule.

**Table 2-1: Key Stakeholders Engaged**

Stakeholder	Date	Time
Leading Advocates	Friday, Oct 9 <sup>th</sup>	10:00 - 12:00 p.m
Government Ministries and Agencies	Wednesday, Oct 14 <sup>th</sup>	10:00 - 12:30 p.m
Private Sector	Friday, Oct 16 <sup>th</sup>	10:00 - 12:30 p.m
Labour Unions	Tuesday, Oct 20 <sup>th</sup>	10:00 - 12:00 p.m
Indigenous Organisations	Wednesday, Oct 21 <sup>st</sup>	10:00 - 12:00 p.m
Education and Training Institutions	Wednesday, Oct 21 <sup>st</sup>	1:30 - 3:30 p.m
Civil Society	Friday, Oct 23 <sup>rd</sup>	10:00 - 12:00 a.m
Oil and Gas Operators and Companies allocated offshore blocks	Tuesday, Oct 27 <sup>th</sup>	10:00 - 12:30 a.m
Oil and Gas Prime Contractors/Service Companies	Friday, Oct 30 <sup>th</sup>	10:00 - 12:30 a.m

To support the engagement sessions, the Panel agreed on a Questionnaire to be sent to stakeholders beforehand and to be returned prior to the engagements. This was facilitated by the MNR. The Rapporteur’s Report accompanies this report and provides the Questionnaire which was administered along with a summary of the responses received; and for the Stakeholder Engagements, the Invitation Letter, Attendees, and Minutes of each engagement session.

### **2.3 Task 3 Analysis and Report Preparation**

Following review of key documents, the information garnered from the Questionnaire exercise and perspectives provided through the stakeholder engagement sessions, the Panel conducted its analysis. This involved identifying key thematic issues and considering the initiatives that have been undertaken, in-country lessons and experiences, Guyana’s national circumstances as well as regional and international experiences.

It was agreed by the Panel that the report, in offering advice and recommendations on the crafting of Local Content Policy and Legislation should be succinct, should identify critical issues to be considered as part of Local Content, and put forward approaches for Government to consider including early interventions.

## **3. Review of Local Content Policy Initiatives and Existing Legal Framework**

### **3.1 Local Content Policy Initiatives**

In 2017, MNR hired a consultant to assist with the crafting of Guyana’s Local Content Policy. A first and second draft Local Content Policy Framework was produced by the consultant in 2017 and 2018 respectively. The second draft policy framework was drafted after formative consultations with stakeholders in the public and private sectors. These were inclusive of

Government agencies, private sector groups in the major towns in Guyana, education institutions, civil society organisations and oil and service companies.

In 2019, a new consultant was hired under the Department of Energy to produce a third draft Local Content Policy. This draft policy was informed by various groups of stakeholders and it was finalized and issued in January 2020 by the Government of Guyana.

In essence there were two principal efforts to develop a Local Content Policy, the earlier efforts which produced the Second Draft Local Content Policy – A Local Content and Value Addition Policy Framework, and the Local Content Policy document of January 2020 titled *“Guyana Petroleum Sector – Realising Local Content Benefits and Value Retention from Guyana’s Petroleum Resources.”* The following is an overview of these two efforts followed by a synopsis and comparison.

### **3.1.1 Second Draft Local Content Policy – A Local Content and Value Addition Policy Framework**

The policy framework was built on five themes: value maximisation, training and employment, supplier development, ownership/local investment and taxation. Its effectiveness was based on viable and multi-faceted implementation, enforcement and governance strategies. Recognizing that Policy must be written with implementation in mind and guaranteed under measurement of performance, the Second Draft Local Content Policy document was a framework document which laid out what needed to be done including legislation, regulations, and the regulator. It also described the role of the regulator, strategies for building an implementation plan and measurement and reporting framework for the policy. The case for the policy to be supported by regulations was underpinned by the need for ease and consistency of policy implementation and providing predictability to investors. The Policy was written in the context of Guyana’s national development and based on a country perspective. It recognised that Guyana has the characteristics, not only to participate, but also for local content to support transformational development. The 2nd Draft Policy focused on the maximization of local participation through understanding demand and supply: understanding where the country is in supply and demand and future direction, which can be translated as national development. Strong cases were made for foreign suppliers to partner with locals so as to transfer knowledge and enhance local capacity and for capacity development to focus on skills and services that are transferable to other sectors so as to support and enhance those sectors, industrialization and national development.

### **3.1.2 Local Content Policy document of January 2020**

This policy was built on the core principles of a local content plan, fit-for-purpose, deliberate efforts, good governance, first consideration and local content measurement and reporting. There was much to be desired in the strategies for employment, training and capacity development, technology transfer, national industry participation, etc., among others. Although the policy places the onus of the development, production and submission of a “Local Content Plan” on the operators, it does not provide for the governance to ensure accountability of the

operators to develop robust plans. The Policy also stresses that the implementation of the policy depends on good faith by all relevant parties.

Table 3-1 presents a synopsis and comparison of Guyana’s Local Content Policy initiatives.

**Table 3-1: Synopsis and Comparison of Guyana’s Local Content Policy Initiatives**

Key Issues	Local Content Policy Framework – 2 <sup>nd</sup> draft	Local Content Policy – January 2020
<b>Definition of Local Content</b>	Local Content is considered the sum of the inputs of local goods and services, including employment, provided in oil and gas operations.	the “ <i>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</i> ”.
<b>Local Employment</b>	Upstream part of the industry not a significant employment generator. The policy framework addressed giving locals a fair (or advantageous) chance at preparing for and becoming employees, so as to allow them to learn and improve by doing.	The Operator shall provide in its Plan: <ul style="list-style-type: none"> <li>• a list of job positions</li> <li>• yearly estimates of Guyanese labour</li> <li>• programs of recruitment and training</li> </ul>
<b>Training and Capacity Development</b>	<ol style="list-style-type: none"> <li>I. Value from the sector can be gained or retained through capacity building of individuals, firms and the capital markets</li> <li>II. Coordinated approach to training and capacity development.</li> <li>III. Strengthen existing training institutions curriculum/ programme/facilities, enhance TVET</li> </ol>	There is no coordinated approach to capacity building in this policy.  It provides that in yearly local content plan, the operator shall provide programs of training and support

Key Issues	Local Content Policy Framework – 2 <sup>nd</sup> draft	Local Content Policy – January 2020
	<ul style="list-style-type: none"> <li>• Secure sources of funding for capacity development</li> <li>• Must work with stakeholders to deliver training programs</li> </ul>	
<b>Technology Transfer</b>	<ol style="list-style-type: none"> <li>I. Opportunity for oil and gas companies to share experience and to engage</li> <li>II. Ensure that locals are given the opportunity to participate fully so as to build and enhance capacity in people, companies, government or other services, utilities, institutions, infrastructure or facilities to support the oil and gas sector</li> </ol>	
<b>National Industry Participation</b>	Foreign suppliers partner with locals	GOG does not mandate local/foreign joint ventures for market access in the upstream sector
<b>Ownership</b>	Set minimum requirements for ownership through equity participation in joint ventures	No similar provision
<b>Taxation and Concessions</b>	<ol style="list-style-type: none"> <li>I. Levelling the playing field in terms of tax breaks and access by local companies to concessions offered to operators and prime contractors</li> <li>II. Foreign companies to register a local company and pay taxes in Guyana</li> </ol>	No similar provision

Key Issues	Local Content Policy Framework – 2 <sup>nd</sup> draft	Local Content Policy – January 2020
<b>First Consideration</b>	All decisions must first consider the best interests of all Guyanese. “Guyanese will participate in a manner that gives preferred access and opportunities to improve and enhance their capabilities, provide goods and services, and in so doing, become internationally competitive and progressively provide a greater share of future services”.	First consideration to be given to all Guyanese persons having appropriate qualifications and experience, and to Guyanese suppliers
<b>Confidentiality</b>	No new or additional confidentiality provisions were recommended beyond those already imposed by Legislation or Contracts.  Provides that local content reporting should be made public.	Local Content Plans and Reports must remain confidential to the Operator and the Ministry.  The modus operandi of the oversight committee must remain strict on confidentiality
<b>Procurement</b>	Localize supply chains in procuring goods and services that serve the industry and identified elements of supply chain and procurement strategies to facilitate local participation.	The Operator shall describe in its Plan programs of support and development to Guyanese Suppliers for the forthcoming year and for 2 to 5 years out that involve the Operator and its Primary Contractors and shall include milestones and anticipated outcomes.
<b>Governance</b>	<ol style="list-style-type: none"> <li>I. Enforced through appropriate legislative mechanisms</li> <li>II. Regulated by capable, well-resourced and accountable institutions/agencies</li> </ol>	Operators to implement the policy based on good-faith

Key Issues	Local Content Policy Framework – 2 <sup>nd</sup> draft	Local Content Policy – January 2020
<b>Policy Implementation</b>	<p>i. Provided for implementable and measurable outcomes:</p> <ul style="list-style-type: none"> <li>- Procurement strategies by operators and contractors</li> <li>- Plans for programs of work at all stages of the petroleum cycle: this must include procurement strategies, capacity development programmes, support for national education, training and research and development programmes and institutions, supplier development strategies.</li> </ul> <p>ii. Provides for flexibility in targets for local content in order to respond to changing circumstances.</p>	<p>Local Content Plans are the core instrument of policy implementation:</p> <ul style="list-style-type: none"> <li>- Annual local content plans</li> <li>- Half-yearly Local Content reports</li> <li>- End of year joint industry and Government review</li> <li>- Procurement procedures</li> </ul>

**3.2 Overview of the Legislative Framework for Local Content**

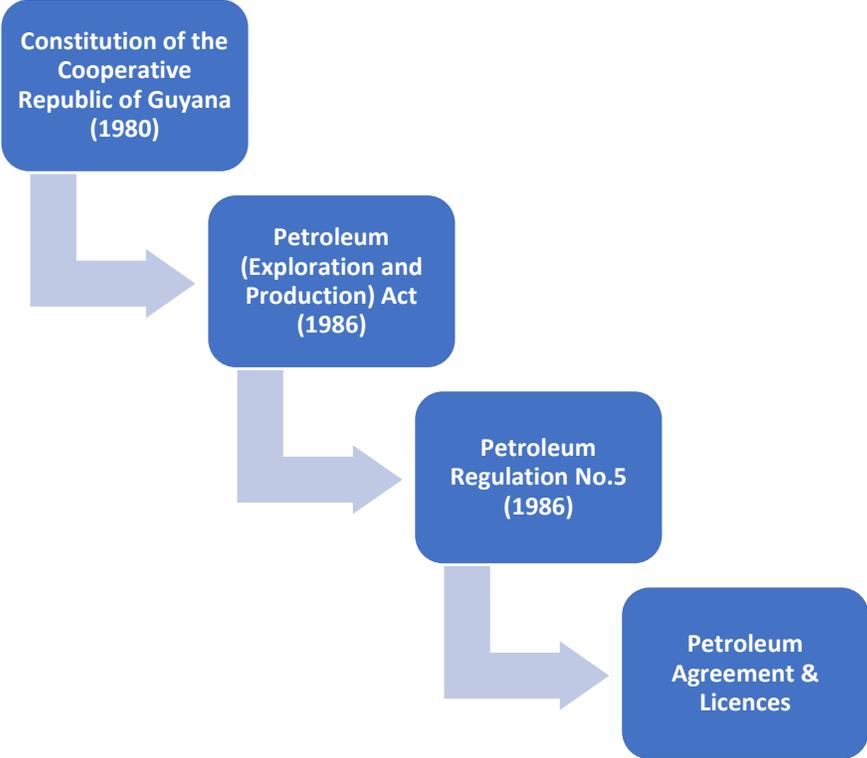
A preliminary review was conducted on the existing legislative framework to determine the extent to which Local Content is covered. The findings are presented in Table 3-2 below.

**Table 3-2: Overview of Legislative Framework**

<b>Laws, Regulations, Agreements and Licences</b>	<b>Local Content Considerations</b>
The Constitution of Guyana	The Constitution is the supreme law of Guyana and provides a framework for all other laws. It covers many diverse issues and provides the definition of Guyanese needed for local content definition, the Right to Work, Duty to the Environment, the Role of Labour as well as the Protection of Fundamental Rights and Freedoms. All of which are relevant in the local content context.
Petroleum (Exploration and Production) Act	This Act specifically deals with the Petroleum Sector and provides for the granting of licences and the regulation of the petroleum sector. The Act has special provisions for the use of local labour and supply of good and services.
Petroleum Sharing Agreement 2016	The 2016 PSA deals with the Stabroek Block, currently Guyana’s only producing block. The agreement contains special provisions for employment and training of Guyanese and the use of local goods and services. There is a training budget included in the agreement. Yearly plans for such employment and use of local goods and services have to be provided to the Minister by the Contractor, partners and their sub-contractors.
Liza Petroleum Production Licences  Payara Petroleum Production Licences	The PPL’s are granted under the Petroleum (E+P) Act. Before licence can be granted certain local content provisions must be included in the application. The PPL itself also contains LC provisions for employment and purchasing Guyanese goods and services. Such plans must be discussed with the Minister yearly. It also places half yearly and quarterly requirements on the Contractor to report to the Minister on the use of Guyanese resources and personnel.
Companies Act	This Act regulates the Incorporation and Registration of companies in Guyana. It provides for the registration of external (foreign) companies and outlines the procedure and documents required for such registration. Such foreign registered companies are then subject to the local laws. However, the Act does not define what constitutes a local company/locally owned company.
Corporation Tax Act	The Corporation Tax is provided for in this Act, which is set at a rate of 45% for commercial companies and 35% for all others companies. There is also provisions for minimum tax payments.
Income Tax Act	Regulates the payment of income tax for persons deemed employed in Guyana and exemptions from same. Also sets the rate at which tax is calculated.

<b>Laws, Regulations, Agreements and Licences</b>	<b>Local Content Considerations</b>
Caribbean Community (Free Entry of Skilled Nationals) Act	This Act gives effect to the CSME directive of CARICOM and allows the nationals of member states to move freely between countries.
Aliens Immigration and Registration Act  Immigration Act	Regulates immigration into Guyana by non-nationals. An “alien” is defined in the Constitution as a person who is not a Commonwealth Citizen or British Protected Person. This Act also determines the length of stay that can be granted and any conditions attached thereto.
Labour Act	Sets minimum wages and can be used to set wages for any class of employees. Prevents employers from directing how wages should be spent.
Competition and Fair-Trade Act	This Act seeks to prevent monopolies, anti-competitive behaviors and agreements and abuse of dominant positions. It also prohibits constrains to competitors or potential competitors. Sets up the Competition Commission.
Procurement Act	Applies to all State procurement except defense and security or international agreements. Both local and foreign companies and individuals can bid for state contracts.
Bureau of Statics	This body is responsible for collecting, analyzing and producing statistical information and data to the people of Guyana. It is the central statistical arm of the Government.

The following demonstrates the legislative hierarchy for the Petroleum Sector.



#### 4. Issues Identified by Key Stakeholders

The following Table 4-1 summarises the feedback from key stakeholders through the Questionnaire exercise and engagement sessions with the Panel.

**Table 4-1: Feedback from Key Stakeholders**

Key Issues	Govt Ministries and Agencies	Civil Society	Individuals	Labour Unions	Contractors and Service Companies	Education and Training Institutions	Oil and Gas Operators	Indigenous Organizations	Private Sector
Definition of Local Content and Policy Development and Key Objectives	X		X		X	X	X		X
<b>Key Issues/Recommendations</b>									
<p><b>Definition</b></p> <ul style="list-style-type: none"> <li>• Definition should be clear and take into account the realities of Guyana including the available local expertise in Guyana’s diaspora.</li> <li>• Should be modeled after Nigerian, Trinidadian and Ghanaian definition of local content. Nigeria’s definition states it is <i>“the quantum of composite value added to or created in the economy by a systematic development of capacity and capabilities through the deliberate utilization of local human and material resources and services...”</i></li> </ul> <p><b>Policy Development and Key Objectives</b></p> <ul style="list-style-type: none"> <li>• Approach to developing a policy must be done through meaningful dialogue and must include vulnerable populations like women, coastal communities that depend on the sea / rivers for livelihood, youth and indigenous persons.</li> <li>• Indigenous peoples must be consulted using the principle of Free, Prior and informed Consent (FPIC)</li> <li>• A phased/sliding scale approach should be used considering the evolving nature of the sector.</li> <li>• Policy needs to be strategic and dynamic/living; should have specified life span (5 years) with reviews</li> <li>• Policy should benefit from international experience and local experience in other sectors and be broad-based to include sectors other than oil and gas.</li> <li>• Policy must be clearly articulated and communicated to the population. It must be easy to implement and have provisions for measurement and enforcement.</li> <li>• Enforcement should be tied to specific legislation and existing legislation should be updated if necessary.</li> <li>• Policy should speak to the establishment of a Petroleum Commission/Parliamentary Oversight Committee and again can benefit from international examples of best practices (e.g. Ghana).</li> <li>• Policy should have targets that are clearly defined and should reflect the specific (human and overall sector) development goals of the country.</li> </ul>									

Key Issues	Govt Ministries and Agencies	Civil Society	Individuals	Labour Unions	Contractors and Service Companies	Education and Training Institutions	Oil and Gas Operators	Indigenous Organizations	Private Sector
	<ul style="list-style-type: none"> <li>• Policy needs to be written in a manner that distinguishes it from an Implementation Plan but can include such a plan.</li> <li>• Policy should provide a clear distinction between locally registered companies and locally owned companies.</li> <li>• Policy should provide guidance on contracting and sub-contracting. Joint Ventures should have clear guidelines that protect locals / locally owned businesses, facilitate technology transfer and ensure skills transfer / skills building.</li> <li>• Policy can incentivize local content but must facilitate development of local human capital and national development.</li> <li>• Care needs to be taken that local content does not happen at the detriment of other sectors; quality of product / services and industry standards (specific mention of occupational, health and safety standards).</li> <li>• Absolute use of local services where they are available and up to standard must be upheld, e.g. insurance, accounting, book-keeping, pay-roll.</li> <li>• Policy should make mention of penalties for non-compliance. Legislation would be the route to enforcement.</li> <li>• Cost efficiency must be a consideration.</li> <li>• Need to take into account a Depletion Policy.</li> </ul>								
<b>Strategic Context/ Economic Strategy</b>					X	X	X		X
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• The country's National Development Framework should be the guide to development targets within the Local Content Policy and the development of any Implementation Plan.</li> <li>• The policy should be broad-based and bring into focus the balancing of other sectors to avoid negative effects to other areas of development such as labour migration.</li> <li>• Ring-fencing should be used to ensure specific sectors are built to eventually see 100% local delivery.</li> </ul>								
<b>Assessment of the Resource and Forecasting of the Industry</b>	X				X	X	X		X
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Need for gap analysis /studies/ forecasting on: <ul style="list-style-type: none"> <li>○ capabilities of local businesses, goods and services. Information is needed on whether locals can take on more work.</li> <li>○ capabilities of Indigenous communities to be environmental monitors and first responders in oil spill disasters and what it will take to recognize their expertise and raise the standard of their knowledge, skill and delivery of response so that their livelihoods can be improved.</li> <li>○ skill set needs of the oil &amp; gas industry and a mapping of local and regional avenues to acquire such skills.</li> </ul> </li> </ul>								

Key Issues	Govt Ministries and Agencies	Civil Society	Individuals	Labour Unions	Contractors and Service Companies	Education and Training Institutions	Oil and Gas Operators	Indigenous Organizations	Private Sector
	<ul style="list-style-type: none"> <li>○ locally available sector-relevant skills training courses; current delivery standards; current certification levels and recognition; against what is needed by the industry and a road map to getting training institutions to the level that the oil and gas sector demands.</li> <li>○ what areas have work permits been granted to non-nationals under the reasoning that such skill sets do not currently reside with Guyanese and the current value for these services.</li> <li>○ forecasting of areas and levels of skill demand in the sector over future (possibly 5 year) periods.</li> </ul>								
<b>Training and Capacity Development</b>	<b>X</b>		<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Need for collaboration among Government Training Institutions and industry players.</li> <li>• Training should include local NGOs and Amerindian villages, especially in support of environmental monitoring and baseline studies and oil spill response training.</li> <li>• Policy should address training in terms of targets set at a national level.</li> <li>• Training needs to include state entities as part of national capacity development, especially if they will be managing and/or regulating sector.</li> <li>• Development of domestic labour force to be aligned with forecasting plan and done through training and capacity development programs at various levels – skills such as technical and vocational skills.</li> <li>• University of Guyana and Government Technical Institutes to also play a role in delivering training to existing (small) businesses at a recognized, certified standard; continuous development of skills should be offered through these institutions, allowing workers to constantly upgrade themselves in both soft skills and technical areas.</li> <li>• Need for national communication efforts to inform and educate workers of improved career paths and opportunities available through enrollment in recognized and properly accredited training institutions.</li> <li>• Enhance efforts to get workers certified in health and safety.</li> <li>• Need to distinguish the University of Guyana and national Training Institutions by name within the policy, as opposed to addressing them along with other (offshore) Universities in Guyana as one grouping.</li> </ul>								
<b>Procurement</b>			<b>X</b>			<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• The policy should include incentivizing the public sector to ensure businesses meet training needs</li> <li>• Policy should support giving first consideration to Guyanese individuals or businesses with appropriate capacity, qualifications and experience.</li> </ul>								

Key Issues	Govt Ministries and Agencies	Civil Society	Individuals	Labour Unions	Contractors and Service Companies	Education and Training Institutions	Oil and Gas Operators	Indigenous Organizations	Private Sector
	<ul style="list-style-type: none"> <li>• Policy should align with global procurement practices to ensure local content is a key component in the sourcing process.</li> <li>• Policy should promote the unbundling and adjusting of bid thresholds to allow for wider local participation.</li> <li>• Pre-qualification is an option that can be considered.</li> <li>• The CLBD initiative is a good one but needs to be enhanced to ensure maximum number of persons have access. It should be coupled with the requirement of advertising opportunities publicly and abroad.</li> <li>• Policy should insist on the utilization of the National Procurement experience for example ads, bids, disclosure, awards, etc and utilize the Procurement Commission to remove discretion of the Minister</li> <li>• Mechanism should be put in place to screen/vet companies wanting to do business in Guyana.</li> <li>• The burden of proof as to why a local company was not given an opportunity should be on the operator and prime contractors</li> <li>• Need for categories of work to be defined and quotas established, with a sliding scale.</li> <li>• There should be ring fencing of some job types along with a sliding scale for others as capacity is built up over time.</li> <li>• Local private sector needs to do more to showcase what they can offer.</li> <li>• Need an entity/ clearinghouse of information separate from the CLBD and which can provide guidance and support for Joint Ventures.</li> <li>• Frequent vendor forums that provide avenues to meet potential local vendors should be hosted.</li> <li>• Information from subcontractors about future plans, workforce, training initiatives should be shared.</li> <li>• There is need for a Supplier Development Program</li> <li>• There can be incentives for international companies that collaborate and form long term partnerships with local companies</li> </ul>								
<b>Competitiveness &amp; Ease of Doing Business</b>					X		X		X
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Address barriers to ease of doing business and enhance competitiveness.</li> <li>• Predictable regulatory framework.</li> <li>• Address zoning for infrastructure and service facilities.</li> <li>• Address high rates of interests for borrowing that makes local businesses uncompetitive.</li> </ul>								
<b>Financing</b>	X						X		X
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Fair distribution of foreign inflows to local banks by oil and gas companies is critical and should be part of policy.</li> <li>• Government should work to improve access to finance at competitive rates for local businesses.</li> <li>• Terms of re-payment are too long. This coupled with high interest rates makes local companies uncompetitive.</li> </ul>								

Key Issues	Govt Ministries and Agencies	Civil Society	Individuals	Labour Unions	Contractors and Service Companies	Education and Training Institutions	Oil and Gas Operators	Indigenous Organizations	Private Sector
Taxation and Concessions								X	X
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Levelling the playing field in terms of tax breaks and access by local companies to concessions offered to operators and prime contractors is one way to help local companies.</li> <li>• GRA can play an integral role in advising on incentives.</li> </ul>								
Technology Transfer						X			X
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Need to define broad areas of technology transfer that Guyana is interested in with regards to national development, for example, data processing, data management, environmental monitoring, energy transition / alternative technologies, cellulosic research/ second generation ethanol. Research on the latter is already being conducted by Guyanese in the diaspora and can be aided so that Guyana leads the region in this and other areas.</li> <li>• Technology transfer should be treated as a requirement. For goods and services where a foreign supplier has to be utilized, the first consideration should be a joint venture arrangement between foreign provider and local suppliers.</li> <li>• As a future goal, engineering and technical services for oil and gas should be delivered from Guyana with major engineering offices set up as a collaboration between local entities and international partners.</li> </ul>								
Education and Awareness, Stakeholder Engagements		X	X	X				X	X
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Need for meaningful engagements with stakeholders across Guyana, especially Amerindians and Hinterland residents, youth, women and other vulnerable populations not just on local content but on all aspects of oil and gas. Particularly for indigenous populations, these engagements should be guided by FPIC principles.</li> <li>• District Councils and NTC should be engaged. NGOs who have presence on-the-ground can lend support.</li> <li>• These engagements at the community levels should be done by oil and gas companies as well as Government.</li> <li>• Need for national dialogue on oil and gas and to involve a range of state and non state actors, especially civil society.</li> </ul>								
Information Sharing and Access to Information		X		X	X	X	X		
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Freedom of Information Act needs to be invoked to allow for provision of information to the public, for example, Contracts, Policies, Plans, Performance Reports etc.</li> </ul>								

Key Issues	Govt Ministries and Agencies	Civil Society	Individuals	Labour Unions	Contractors and Service Companies	Education and Training Institutions	Oil and Gas Operators	Indigenous Organizations	Private Sector
	<ul style="list-style-type: none"> <li>• Need for a clearing house for information on oil and gas – central website perhaps.</li> <li>• Need for more information on the labour/HR pool and what is available and Industry/Operators requirements and opportunities.</li> <li>• Need Technical, geoscientific and engineering information.</li> <li>• Opportunity needed for oil and gas companies to share experience and to engage with suppliers and potential suppliers or workers.</li> </ul>								
Predictable Regulatory Framework	X								
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Permitting is a key challenge, in terms of having a predictable and efficient regulatory framework.</li> <li>• Permitting process needs to be clear.</li> </ul>								
Infrastructure	X								
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>• Infrastructure is a key driver for local content enhancement.</li> <li>• The policy should consider tax free zones.</li> </ul>								
Implementation Arrangements – Focal Point	X								
	<b>Key Issues/Recommendations</b>								
	<p>Some suggestions for an oversight mechanism include:</p> <ul style="list-style-type: none"> <li>• Local Content Unit in the Petroleum Commission.</li> <li>• A one stop shop for local content policy planning and development, monitoring, advice on local content, standards, policies, etc.</li> <li>• Consideration should be given to oversight Committee, perhaps at level of Parliament.</li> <li>• Involve civil society, environmental groups, private sector in oversight.</li> </ul> <p>Other suggestions on implementation of the policy were:</p> <ul style="list-style-type: none"> <li>• Mechanism for the sharing of information among agencies and entities (Government and private sector).</li> <li>• Involvement of an Inter-Agency Forum to aid in networking and possible Joint Ventures.</li> <li>• Streamlining the work of Government Entities – procedures, protocols, information sharing etc.</li> </ul>								

Key Issues	Govt Ministries and Agencies	Civil Society	Individuals	Labour Unions	Contractors and Service Companies	Education and Training Institutions	Oil and Gas Operators	Indigenous Organizations	Private Sector
	<ul style="list-style-type: none"> <li>Understand programs and activities to develop local content by international aid/investment agreements (World Bank, IDB, USAID, IFAD, etc.).</li> <li>Monitoring the implementation of any plan attached to the policy – interest expressed by UG in playing a role in monitoring</li> <li>Mechanism to be developed to avoid fronting.</li> </ul>								
Local Content Plans	X								
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>Local content plans should have a standard format, be simple, easy to understand and reporting requirements should be clear and well structured in order to extract relevant industry data to feed back into further planning and reporting at a national level.</li> <li>Ensure local content reporting is complied with and reports are made public.</li> <li>Flexibility in metrics for local content such as to enable growth for companies that are entering versus companies that have been in country.</li> <li>Continuous feedback from the relevant authorities.</li> <li>Clear expectations, rewards and penalties regarding local content should be well known by contractors, suppliers, regulators and the general public.</li> </ul>								
Legislation and Regulations	X		X						X
	<b>Key Issues/Recommendations</b>								
	<ul style="list-style-type: none"> <li>If written broadly, Local Content legislation needs to be supported by (updated and/or new) subsidiary legislation and regulations on how local content needs to be specified in various areas.</li> <li>There needs to be clear definition of what constitutes local content and how to measure and report on it.</li> <li>The Petroleum Act 1986 needs to be repealed and replaced.</li> <li>There needs to be principal legislation supported by Regulations which need to consider exploration versus production and give separate considerations.</li> <li>There is need to examine the range of existing legislation to ensure consistency e.g. Labour Laws, Occupational Health and Safety Laws, Immigration Laws, Companies Act, Income Tax Act, etc.</li> <li>A regulatory body needs to be set up in order to ensure enforcement and adherence to local content policy and to ensure the issuance of penalties if and when required.</li> <li>Legislation needs to be put in place to mandate Joint Venture Partnerships, place restrictions on unnecessary foreign labour, restrict ownership rights of foreign companies/individuals to land and address double taxation.</li> </ul>								

Key Issues	Govt Ministries and Agencies	Civil Society	Individuals	Labour Unions	Contractors and Service Companies	Education and Training Institutions	Oil and Gas Operators	Indigenous Organizations	Private Sector
	<ul style="list-style-type: none"> <li>• Legislation should mandate quotas for local employees and state the level of employment as well.</li> <li>• Legislation should recognize and respect contractual obligations entered into prior to a local content policy and accompanying legislation.</li> </ul>								

## 5. Panel's Recommendations

In discharging its responsibilities under the ToR, the Panel has reviewed previous efforts to advance a local content policy, obtained feedback from key stakeholders, including their experiences with local content and documented their recommendations for actions to advance local content in the oil & gas sector.

To support the Government of Guyana's intent to develop a Local Content Policy and accompanying Legislation/Regulations, the Panel wishes to offer the following recommendations for consideration:

- **Approach:** In establishing a Framework for Local Content, the approach should be one of collaboration and coordination among key stakeholders. The implementation process should be phased to accommodate the evolving nature of the sector and the buildup of Guyanese capacity. It should include an accountable regulator, multi-stakeholder involvement/oversight, and regular reporting and reviews on an ongoing basis.
- **Local Content Framework:** A Local Content Framework should include the following key elements: A Local Content Policy Statement; A Local Content Strategy and an implementation Plan with identified timelines; and Local Content Legislation/Regulations. In developing this framework, considerations should be given to the following:
  - **The Policy Statement:** The policy statement should begin by defining local content in the context of maximizing opportunities for employment and maximizing the value of inputs of local goods and services provided in oil and gas operations. It should define what constitutes a Guyanese, a local company, and identify how the value of inputs should be quantified so that performance can be measured. The Policy Statement should situate the oil & gas sector within the broader national development context/framework and with a vision for the next 10+ years. In this context, Government may wish to consider the development of a Petroleum Policy which can speak to critical issues such as the roll out and management of the petroleum sector, linkages with other sectors and national development etc. The Local Content Policy Statement should identify specific objectives and should include a requirement for first considerations for Guyanese companies and individuals. It should address job creation, employment, and the issue of targets; cost efficiency in the sector; incentives to promote compliance and penalties for non-compliance. In addition, the Policy Statement should provide direction in the areas of human capacity development, building the capacity for training, supply chain development, support for other sectors, industrialisation and technology transfer. The Statement should also include a commitment to improve competitiveness, ease of doing business, transparency and accountability.

- [A Local Content Strategy and Implementation Plan:](#) This Strategy and Implementation Plan should be developed to identify actions and timelines to deliver the Policy objectives. It is recommended that the Strategy cover a 5-year period and address details on critical issues such as distinction between a locally registered company and a Guyanese company. As an example, specific criteria should be established to determine whether a company, qualifies as a Guyanese company. It is recommended that the criteria include the following, the company must be over 51% beneficially owned by Guyanese the company's head office must be located in Guyana and a certain percentage (50-70) of workforce must be Guyanese.  
The Strategy should identify both the demand side and supply side and how it impacts on local content and local capacity building. It should also establish key performance indicators. Consideration should be given to measures such as mandatory procurement targets where appropriate and aspirational targets otherwise, and where specific sectors and categories can be reserved for Guyanese. In addition, consideration should be given to measures such as publishing tenders in mainstream media across the country, enhancing supplier portal and providing for first consideration to be given to Guyanese. The Strategy should also identify clear actions and timelines on issues such as supply chain development and management; training and capacity development; technology transfer; guidance for local content plans including review and approval process, reporting and reporting disclosure, and verification, targets with consideration for these to be assigned to projects; ring fencing of certain categories of skills and labour, incentives and penalties; and information sharing and public disclosure. Consideration should be given to requesting companies to include and elaborate local content in their field development plans and all major projects (such as pipelines, facilities, plants, infrastructure etc).
- [Legislation/Regulations for Local Content.](#) The panel has conducted a preliminary review of existing legislation and regulations governing the oil and gas sector. Provisions which speak to local content, both directly and indirectly have been identified. Further work is needed in order to thoroughly assess current laws, regulations, and contracts, licenses to examine and assess how local content is covered. Since the Petroleum Commission is likely to be the overarching regulatory institution for the sector, and with the Petroleum Commission Bill still at the level of Parliament, consideration should be given to making amendments as necessary to accommodate local content, and for Regulations under this Act to be considered in addressing local content. Penalties for non-compliance with local content provisions, and/or targets approved in Local Content Plans, should be clearly established within the Regulations. In addition, Regulations should indicate categories of skills, services and goods which are subject to ring fencing provisions, with a sliding compensation scale as well as defined periods for set targets (e.g 30% of a particular category of offshore workers must be Guyanese by 2022) along with

employment targets for specific job categories such as management, technical, and other personnel. Within the legislation there can be established a base of employment for certain job categories. In addition, there will be a need to reconcile existing legislation to bring it in line with the local content framework (policy and strategy considerations) once determined. Principal among these would be the Companies Act to make the distinction between locally registered and Guyanese company.

There are several actions which are needed to support the Local Content Framework and these are outlined in Table 5-1. These fall into two categories,

- (i) Supporting Actions which are critical to the establishment of the Local Content Framework and which should advance with urgency, and
- (ii) Enabling Actions which will help maximizing local content and which should be given priority attention.

**Table 5-1: Enabling and Supporting Actions for the Local Content Framework**

<u>ENABLING ACTIONS</u>	<u>KEY SUPPORTING ACTIONS</u>
<p><b>Defining the National Development Framework.</b> Over the years Guyana has developed several strategies aimed at national development. These include:</p> <ul style="list-style-type: none"> <li>• National Development Strategy (NDS), Competitiveness Strategy,</li> <li>• Poverty Reduction Strategy,</li> <li>• Low Carbon Development Strategy (LCDS),</li> <li>• Green State Development Strategy (GSDS).</li> </ul> <p>However, all of these strategies, with the exception of the GSDS, were prepared prior to oil discovery and Guyana becoming an oil producer. There is therefore a need to define the national development framework going forward to reconcile Guyana’s green agenda and development priorities in relation to other sectors, including the oil and gas sector.</p>	<p><b>Industry Forecasting</b></p> <p>Forecasting the trajectory of the oil and gas industry will help understand the forces that will drive the demand side of the Guyana economy in the next decade and by extension allow for an understanding of what is required on the supply side. The level of activity and investment in the Guyanese oil industry is expected to ramp up significantly over the next ten years. It is likely that by the latter part of the decade, Guyana could have eight FPSO’s in operation in its waters compared to the one FPSO currently in operation. Drilling activity is also scheduled to double by the middle of the 2020’s compared to year 2020 levels. As a result, production of oil is expected to surpass one million barrels of oil equivalent by the end of the 2020’s. This escalation in activity and investment will place significant demands that could exacerbate “above ground risks” such as availability of skilled personnel and the capacity of the physical infrastructure of the country. Conducting such forecasts early will allow for planning at the national level as well preparation by helping to drive training, capacity development, and supplier development and readiness.</p>

## ENABLING ACTIONS

**Address barriers to ease of doing business and enhance competitiveness.** Despite sustained positive economic growth, Guyana continues to lag behind all Caribbean countries except for Haiti on several key performance indicators. Globally, the country ranks 121 out of 140 countries on the Competitiveness Index; 120 out of 184 countries on the Human Development Index; 85 out of 180 countries on the Corruption Perceptions Index - a significant decline compared to 29 in 2015; and 134 of 190 on the Ease of Doing Business Index well behind regional frontrunner Jamaica at 71. A 2016 report prepared for the Government of Guyana indicated that the country's underdeveloped investment climate and shallow financial infrastructure, hampers the private investment needed to diversify the economy. Key recommendations were made for strengthening physical infrastructure, improving the regulatory framework and enabling innovation and entrepreneurship. Addressing key barriers to ease of doing business should form part of efforts to enhance competitiveness. Previously there was a mechanism in place between Government and the local private sector to address competitiveness through a Council and National Competitiveness Strategy. These efforts should advance with the Competitiveness Strategy and be reviewed and aligned to current circumstances.

## KEY SUPPORTING ACTIONS

### **Baseline Assessment of Skills and Capacity for the petroleum sector**

There is a need to conduct an assessment of the existing skill sets and capacities that currently exist in Guyana. It should be recognized that some skill sets resident in manufacturing, mining, maritime and other sectors, can migrate to the new oil and gas industry, in fact this may have already started. In addition, over the last five years, several Guyanese have qualified with degrees relevant to the oil and gas industry. It is therefore necessary to understand, from a supply side perspective, the existing pool of skills and capacity in country and in the Guyanese diaspora.

### **Workforce Development**

Local Content flows out of local capacity development. Training Guyanese to work in the oil and gas industry is crucial to local capacity development. While there are training and capacity development initiatives underway, such as TVET etc, there is need for a comprehensive assessment of existing levels of training capacity, including facilities and training needs. Based on forecasts and gap assessments of, standards, certification needs, and local content targets, skills training programmes and education programmes can be developed by national institutions (and where necessary in collaboration with best in class foreign institutions). For example, training Guyanese citizens to weld to the standards required by the oil and gas industry such as MIG, TIG and Flux Core. The University of Guyana, and technical and vocational training institutions/facilities across the country have a critical role to play in skills development, training and capacity development, including certification. Even as efforts are catalysed on training and capacity development, focus is needed by Government to enhance the ability to oversee, manage, and regulate the sector considering the rapid growth.

## ENABLING ACTIONS

### **Establishing a Predictable, Efficient Regulatory Framework**

Guyana faces an urgent need for a predictable regulatory framework to support all sectors including oil and gas, as well appropriate zoning for infrastructure and service facilities to enhance investor confidence.

Clear delineation of jurisdiction of agencies, permitting stages, timelines etc.

Transparently enforced business regulations and efficient access to Government services are essential to addressing perceptions of corruption and improving the ease of doing business.

It also brings into question the capacity and capabilities of oversight and regulatory entities and the need not only for capacity development but perhaps starting a process of culture change, from public service to industry type approach, including accountability and a reward system that attracts and retains the right level of skilled persons.

**Making Financing Accessible and Competitive** is necessary to support growth and expansion of local businesses. Access to finance is an impediment for local businesses to be competitive in the oil and gas sector. This issue is multi faced since corporate governance, in many instances, are weak for small and medium sized and family owned enterprises, the capital markets are not as developed and the banking sector has limitations. Specialised financial services entities and products

## KEY SUPPORTING ACTIONS

### **Establish the Standards and Certification requirements for oil and gas in Guyana.**

Standardization is necessary for efficiency and also to establish in a structured way, the requirements (standards and certification) local entities need to attain. An approach could be to develop a “Guyana Standard” which meets international requirements such as API, ASME and ISO. Guyana’s National Bureau of Standards had started some work in this regard, e.g on STOW and HSE standards and are working with regional and international partners. It is important that companies operating in the Guyana oil and gas space meet international standards however it is equally important that standards be harmonized across operating companies. This will make it simpler for Guyanese companies to tender to supply goods and services.

**Supplier Development** is one of the most important aspects of delivering local content. Government’s involvement at the front end of project planning, as opposed to the back end is therefore critical. To ensure participation by Guyanese companies, measures such as unbundling of contracts; ring fencing with sliding scales for categories of skills, services and goods, and establishing bid criteria with local content thresholds; pre-qualification; close scrutiny of and sound justification for sole sourcing and selective tendering; need to be considered. Incentives and disincentives for local content performance should be established within the procurement process. As a matter of urgency, there is need to examine and assess current supply chain management and procurement approaches and practices to incorporate first consideration for Guyanese; ensure processes are transparent and accountable with full and timely disclosure of tenders, awards, feedback mechanism to bidders, full access to supplier portal by Guyanese companies; local supplier enhancement targets for Contractors, and access to information on opportunities for all Guyanese.

## ENABLING ACTIONS

will be needed for the development of local content to be globally competitive.

### **Address zoning and infrastructure and service facilities for oil and gas.**

Currently there are challenges with regard to zonation and availability of land for oil and gas support facilities. Increasing levels of local content requires an enabling environment and increasing levels of local capacity. Local capacity includes developing the onshore infrastructure required to support exploration and production activity offshore. This includes, road networks, ICT infrastructure, water infrastructure, reliable and affordable electricity, and the requisite draught in rivers, availability of flat well drained land for pipe yards and laydown yards. This means that the Government, in partnership with the private sector should build out the supporting infrastructure to support the on-land activities of the oil and gas industry which support activities offshore. In some jurisdictions, such as Trinidad and Tobago, a special purpose State owned company, the National Energy Corporation was established to facilitate infrastructure development inclusive of ports and industrial estates.

**Implement a National Awareness Programme on oil and gas** across the country and involving multiple stakeholders including indigenous organisations. Such a programme can also be a vehicle to raise awareness on the local content framework and

## KEY SUPPORTING ACTIONS

Government needs to take the lead, working closely with oil and gas operators, to fully operationalize a Supplier Development Focal Point and Supplier Development Program. Critical components of such a program should include ensuring overseas companies have a partnering system with local companies; guidance, support and mentoring local businesses in setting up of Joint Ventures JVs and partnerships etc.

### **Information Sharing and Access to Information:**

**Timely** Access to information is critical to increasing the levels of local content in the Guyanese oil and gas industry. It must be ensured that all stakeholders and the Guyanese public have full and unfettered access to information on the oil and gas sector and local content. This includes information on the issuance of all tenders for goods and services. Suggestions for early action include the setting up a centralized, Government managed web portal where all key documents and information on oil and gas can be provided. These include policies, legislation, agreements, licences, local content documents (plans, reports etc) as well as information regarding supplier chain management, training and capacity development etc. Considering Guyana's candidacy to EITI, beneficial ownership and local content performance should be featured as part of EITI reporting.

### **Assessment of the implementation of tax relief and concessions in oil and gas.**

Provide incentives to local companies and remove competitive disadvantages to local companies introduced by PSA's which remove tax obligations on imports or foreign service companies. Implement safeguards to avoid unfair competition in other sectors.

**Technology Transfer** is a critical component of local content development and should be included in Agreements, Licences and new legislation/regulations. Knowledge transfer, as well

<u>ENABLING ACTIONS</u>	<u>KEY SUPPORTING ACTIONS</u>
<p>initiatives and could allow for a better understanding of the sector and activities.</p> <p><b>Ring-fencing goods and services for Guyanese providers.</b> Identify goods and services that can meet required standards immediately and in the short term (2-5 years).</p>	<p>as machinery and equipment will only be facilitated with more activities being done in-country. This may be achieved by mandating the establishment of assembly bases for key components in country and the recruitment and training of Guyanese. Offsets should be considered to require relocation of part of the supply chain of major contractors on project activities that consume major capital and have long duration and/or high repeatability.</p> <p>As part of their <b>Local Content Plans</b>, require contractors to submit lists of goods and services to be ring-fenced, or targeted for local content, based on their understanding of the market and timelines in which they will bring the second level to 100%.</p>

## Moving Forward

The Government of Guyana has expressed its commitment to securing the benefits of oil and gas for all Guyanese. Local content is one avenue for benefits, albeit an important one, and has the potential to be transformative, with direct and indirect impacts on businesses and the wider Guyanese society. However, for this to happen, it will require a strategic, coordinated and long-term approach to the implementation of a Local Content Framework inclusive of Policy, Strategy and Implementation Plan, and Regulatory and Institutional Mechanisms.

There are a range of opportunities that are accessible to Guyanese in the immediate, intermediate (1 to 3 years) and longer terms (3 years and more.) Other than in the relatively short construction phases of major projects, the industry is unlikely to employ large numbers of people directly, but can create high value skills and services that might be deployed to support oil and gas and the development of other sectors, both directly and indirectly. The oil and gas industry requires very demanding standards which can raise the competitiveness of Guyanese and Guyanese businesses that participate and in turn improve the competitiveness of the country. A critical aspect to building the capacity of Guyanese and Guyanese businesses and attaining a sustainable economy beyond oil and natural gas, is also to enhance the capacity and governance of institutions and regulators responsible for these activities.

In the Panel's engagements with key stakeholders, local content is viewed as critical for Guyana and for the petroleum sector and there is a sense of urgency and expectation to see early and decisive action. While Government considers next steps on advancing the Local Content Framework, it is important, in keeping with the Panel's recommendations, that momentum is not lost and efforts are made to advance the supporting and enabling actions as described in Table 5-1.

The following is therefore suggested as immediate actions:

- **Consider establishing a Local Content Focal Point in the MNR.** This should be the one stop shop for local content policy planning and development, coordination, information, and advice on local content, among others. Once the Petroleum Commission is set up, this function can be transitioned to the Commission which should have an entity within (Unit or Division) that is responsible for enforcing the Local Content Regulations, inclusive of setting Guidelines, Measuring, Reporting, and maintaining databases of supply and demand, etc.
- **A Multi Stakeholder Working Group on Local Content be set up and chaired by Government** and to involve key stakeholders, including many from the groups engaged by the Panel such as representatives of the major international oil and services companies, local private sector including the financial sector, education and training institutions, non-governmental organisations, and labour and civil society representatives. The Working Group can support collaboration and coordination and

allow for early action on critical items while supporting the establishment and operationalizing of the Local Content Framework.

- **Government involvement in Supplier Development** is critical. While consideration is given to fully operationalize a Supplier Development Focal Point and Supplier Development Program overseen by Government and with participation from the industry and other stakeholders, action needs to be taken to ensure that entities and initiatives which are engaged in capacity development are aligned with and supportive of Government's objectives.
- **Government should identify focal points and timelines for the Supporting and Enabling Actions identified in Table 5-1.** This will require coordination at the policy and institutional level among Ministries and Agencies and therefore consideration should be given to setting up an Inter-Ministerial Committee on Local Content.

While the Panel's remit was limited to the oil and gas sector, a common theme among stakeholders was that Local Content should extend beyond oil & gas to include other sectors. Among some of the reasons cited was that such an expansion of Local Content would prevent the "crowding out effect" which typically occurs as labour and capital moves from other non-oil sectors into the oil and gas sector due to higher wages and opportunities being offered. Government should give consideration to expanding its focus on Local Content beyond oil and gas.

**TERMS OF REFERENCE**



**MINISTRY OF NATURAL RESOURCES**

**ADVISORY PANEL ON LOCAL CONTENT**

**INTRODUCTION**

Since 2015, Guyana’s oil and gas industry has seen impressive momentum with estimated recoverable resources of at least 8 billion oil equivalent barrels of oil from which production is expected to be around 750,000 bpd by 2025. Guyana has 7 active blocks in exploration and development phases.

The Government of Guyana is committed to securing the benefits of oil and gas for all Guyanese. One key element of this is having in place a robust Local Content Framework inclusive of a Local Content Policy and Local Content Legislation. In this regard, the Government has established an Advisory Panel on Local Content.

**PURPOSE**

The Advisory Panel on Local Content is tasked with undertaking a review of all existing initiatives and draft policies relating to local content in the petroleum sector and to provide guidance for the development of Guyana’s Local Content Policy and Legislation through a consultative process engaging with a wide range of stakeholders.

**TASKS**

The following are the main tasks;

- To review the existing Local Content Policy based on guidance from the Government of Guyana;
- To engage stakeholders on local content and expectations of the Local Content Policy and Legislation;
- To provide guidance and recommendations on the crafting of a Local Content Policy and Legislation;

**OUTPUT**

The principal output of the work of the Advisory Panel on Local Content will be a Report providing Local Content Policy Recommendations and guidance on the crafting of Local Content Legislation.

**SCHEDULE**

It is envisaged that the Advisory Panel on Local Content will engage stakeholders over the period September to October 2020 and provide a report containing findings and recommendations by November 2020.

**SCHEDULE**

Pursuant to Cabinet Decision CP (2020) of August 27<sup>th</sup> 2020, the following persons have been appointed to the Advisory Panel:

Mr. Shyam Nokta (Chair)

Mr. Carl Greenidge

Dr. Anthony Paul

Mr. Kevin Ramnarine

Mr. Carville Duncan

Mr. Floyd Haynes

**TECHNICAL AND ADMINISTRATIVE SUPPORT**

Technical and administrative support to the work of the Advisory Panel will be provided by the Ministry of Natural Resources.

**DURATION**

The Advisory Panel on Local Content is expected to conclude its work by November 2020.