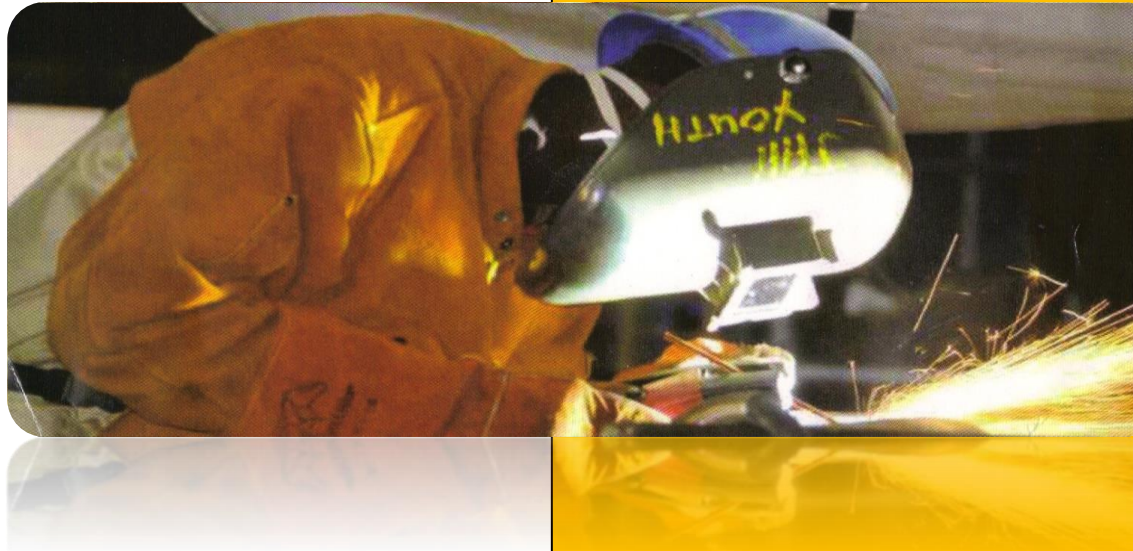


Course Handbook



**3 Day Master Class in Local Content:
*Oil, Gas, Mining and Infrastructure
Sectors***

16th to 18th Nov 2016

Henley-on-Thames,
Oxfordshire, England

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ACCREDITATION

Local Content Solutions Ltd is accredited by the **British Accreditation Council** for Independent Further and Higher Education (BAC) as a 'Short Course Provider'.

A listing of Local Content Solutions Ltd on the **BAC Directory of accredited organisations** can be found here: <http://www.the-bac.org/accredited-institutions/directory>. Enter Local Content Solutions into search; then click on "Local Content Solutions" link for details of date of accreditation and course outline.

BAC accreditation is recognised by the UK Border Agency (UKBA) - part of the UK Government Home Office - as a qualifying requirement for institutions wishing to enrol participants from outside of the European Economic Area.



1. INTRODUCTION

We are pleased to introduce you to the LCS Master Class in Local Content, designed for the oil, gas, mining and infrastructure sectors. Local Content Solutions (LCS) specialises in tackling the growing challenges facing public authorities and private sector companies (investors, operators, contractors) in meeting Local Content regulations and supporting the sustainable industrial development of a host economy through the impact of capital investments and operational expenditure.

And the challenges are substantial. Since late 2014, the petroleum industry has faced quite dramatic falls in commodity oil and gas prices, whilst the mining sector continues to see metal and mineral prices below historical norms. Further, with the recent collapse of the Chinese stock market and uneven global recovery since the 2008 shock, many governments dependent on revenues from natural resource extraction are seeking to privatise public infrastructure operations and investments in transportation, utilities, renewable energy and water management, in order to reduce government expenditure budgets.

Yet these cost readjustments in the extractive industries, and similar pressures in infrastructure sectors, are taking place just as many government are passing or planning new legislation, regulations and standards on Local Content. **The challenge then is how governments, in conjunction with investors, operators, contractors and local suppliers, are able to balance the forces of changing commercial realities with continued political momentum towards increased Local Content.**

In Brazil, Kazakhstan, Russia, Nigeria, Angola, and now in Ghana, Oman, Kenya, Uganda, Mozambique, Tanzania, Sierra Leone and others, Local Content targets in the oil, gas and mining sectors for nationals in the workforce and for supply chain expenditure are reaching 70% or more (depending on definitions). Behind these targets resource nationalism is an emerging political force, driving an increase in state and indigenous ownership, progression of nationals into senior positions, and increased preference for local suppliers to capture a greater share of expenditure.

The trend now across emerging economies (and particularly in *frontier* developing countries and states affected by the politics of rising youth unemployment) is for Governments to strengthen their requirements for Local Content (sometimes referred to as National Content or In-country Value). Similarly, in some industrialised countries, the weakened economic climate and continuing public austerity programmes is placing pressure on Governments to leverage industry to extract greater social value, in the form of jobs, training and local economic development.

The overriding public policy then is for investments in oil, gas and mining, as well as increasingly in other capital-intensive infrastructure, to act as a catalyst, supporting employment for national citizens and the growth of competitive local industries. No longer do Governments look towards the extractive industries primarily as a source of

state revenue, or to infrastructure projects only for the services they provide. Hiring and supply chain expenditure in these sectors, with its direct and indirect impact on jobs and the local economy, is becoming a close run second to the importance of royalty payments, production sharing, corporation tax and efficient public infrastructure.

And yet, especially now with depressed commodity prices and global economic challenges in China and Europe, the mantra of *more Local Content* can have adverse commercial implications for companies and their investors and shareholders, from cost escalation and schedule delays, to elevated concerns over unethical practices. The additional cost of delivering rising expectations on Local Content poses a commercial risk, eating into operational profits and eroding scarce capital budgets. Furthermore, job creation for national citizens and full order books for local firms, although beneficial to a country's *infant industries* and local economy in the short term, may, if not geared towards building local competitiveness and productivity, reduce the incentives for people to develop their skills, or for local firms to make capital investments.

If these are some of the challenges to the effective management of Local Content, then how should regulators, companies and contractors go about delivering Local Content in ways that avoid the risks and maximise the benefits? The answers are not simple. Part of the solution lies in a careful assessment and forecasting of the capabilities and competitiveness of the local supplier and labour markets, such that Local Content regulations, and local hiring and sourcing targets and initiatives are designed to *stretch* what is possible, but not *exceed* local capabilities. With depressed commodity prices and uncertain global demand, the capability of regulators and companies to carefully select the most cost-effective opportunities to use and develop Local Content, will be critical.

Part of the answer also lies in smarter consideration of Local Content early in decision-making: in the formulation of engineering concepts, recruitment plans, contracting strategies and contract tender procedures.

For local communities affected by natural resource projects and operations, another part of the answer lies in implementing supplier development and SME linkage programmes that fill the gaps in local technical and managerial skills, raise standards so that community-based firms can enter the supply chains of international companies on a competitive basis, and incubate new businesses and infant industries until these are able to compete on their own.

Understanding the different pillars of effective Local Content *participation* and Local Content *development*, and knowing how to manage the associated challenges, is of relevance to an increasing array of job types, from investors, financial analysts, project managers, engineers, procurement and purchasing managers and human resource

managers; to suppliers and contractors, regulators and those working on private sector development in the international donor community.

There appears as yet to be little by way of well-researched, high quality, training courses dedicated to a comprehensive understanding of this subject: courses that lay out the theory, break down the challenges from different viewpoints (policy makers, regulators, investors, operators, contractors) and offer a range of practical, concrete, solutions, tested in the field. The **LCS Master Class in Local Content** seeks to rectify this situation.

We trust you enjoy the course and return with experiences that overcome some of the personal and organisational hurdles you face.



Dr Michael Warner
Director, Local Content Solutions

A handwritten signature in blue ink, appearing to read "M. P. Warner". The signature is fluid and cursive, with a long horizontal stroke at the end.

2. The Venue

2.1 Greenlands, Henley-on-Thames

The April 2016 Master Class will take place at “Greenlands”, which is a residential facility owned by Henley Business School. Full contact details are:

Greenlands

(Henley Business School)

Henley-on-Thames, Oxfordshire

RG9 3AU, United Kingdom

Telephone: +44 (0)1491 414550; Email: p.frances@henley.com

Greenlands is a beautiful river-side facility, dedicated to business school courses and short training programmes. The venue is 1.5km from the historic town of Henley-on-Thames, famous for its annual rowing regatta. On the A414 out of Henley-of-Thames, towards the town of Marlow, Greenlands is within easy access from the M4 (motorway), and approximately 50 minutes from London by train or car, and 40 minutes from Heathrow Airport by taxi.



2.2 Key Timings

- Participants **arrive** by 20:00 – Tuesday 15th Nov 2016 (Bedroom available from around 16:00. Evening meal from 20:00 to 21:30)
- Course **begins** 08:30am on Wednesday 16th Nov 2016
- Participants **checkout** of residential rooms by 08:45 – Friday 18th Nov
- Course **ends** 16:00 on Friday 18th Nov
- Participants **depart** by 18:00 – Friday 18th Nov (or relocate to alternative nearby hotel for additional nights accommodation)

Participants must make their own travel arrangements to arrive at the training venue (“Greenlands”, Henley-on-Thames) by 20:00 on Tuesday 15th Nov to depart by 18:00 on Friday 18th Nov.

If participants wish to stay in proximity to the venue for the night of **Monday 14th Nov** or the night of **Friday 18th Nov** (ie immediately before or after the period of the course, for which the fees cover accommodation only 15th, 16th and 17th Nov) then they must make their own accommodation arrangements at a separate hotel Recommended local hotels (1.5km from “Greenlands” in Henley-on-Thames) are:

- **The Red Lion Hotel**, 2 Hart Street, Henley-on-Thames, Oxfordshire RG9 2AR, tel: +44 (0) 1491 57216, enquiries@redlionhenley.co.uk
- **Hotel du Vin Ltd**, New Street, Henley on Thames, Oxfordshire, RG9 2BP, tel: +44 (0)1491848 400; info.henley@hotelduvin.com

2.3 Travel Directions

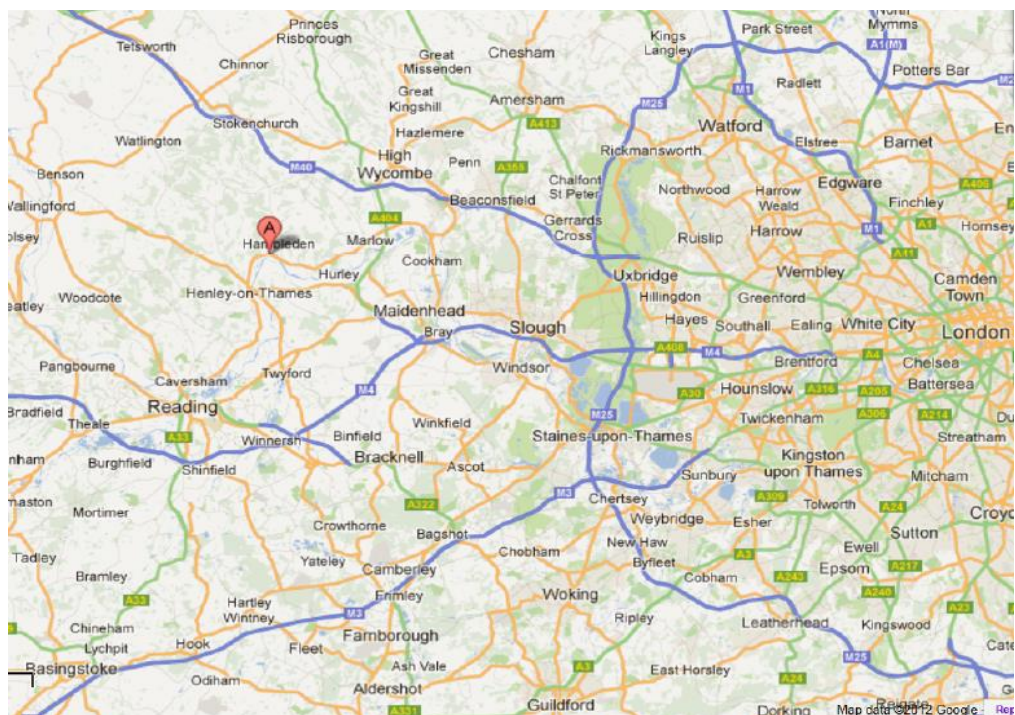
From Heathrow Airport and M4 Motorway

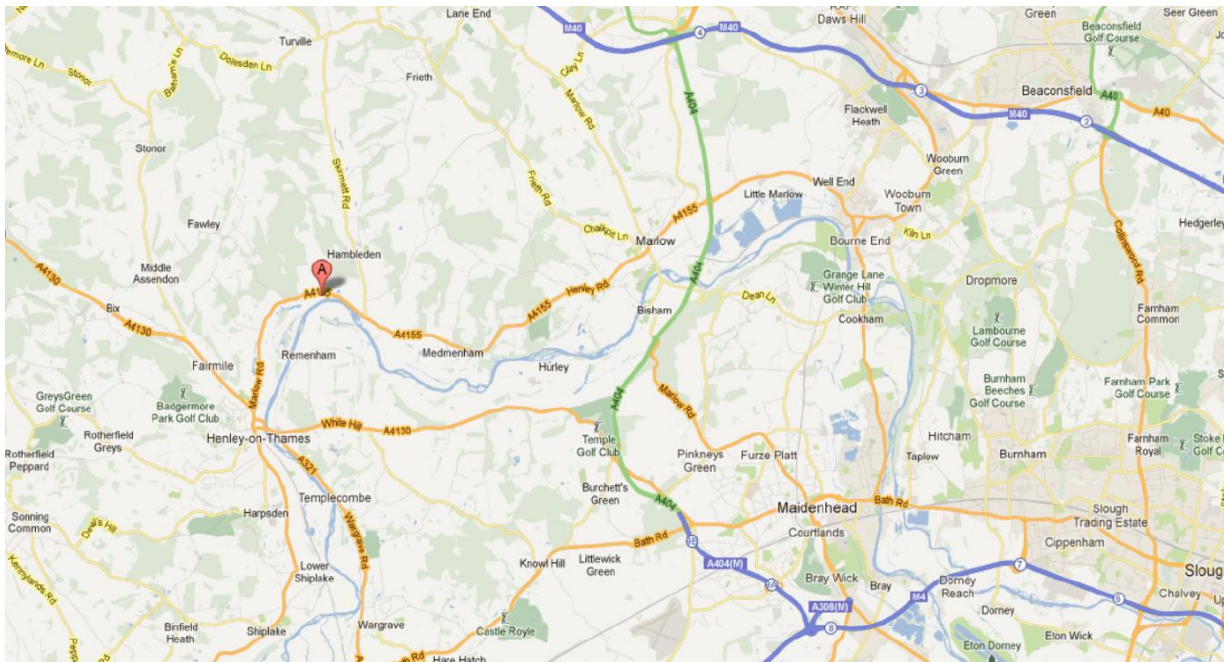
Follow directions out of the airport to the M4 (approximately 3 miles). Follow the M4 west to Junction 8/9 signposted A308M/A404M High Wycombe and take the second exit to join the A404(M). Continue on the A404 for approximately 2 miles, then take A4130 signposted Henley, following the A4130 into Henley.

Once in Henley, drive straight over the bridge into the town centre passing through the first set of traffic lights and up Hart Street. At the second lights, take a right turn (in front of the Town Hall) into Bell Street, and drive through the town for 400m until you reach a mini roundabout. Take the second exit towards Marlow on the A4155. 1.5km after this roundabout is a sign on the left saying "Henley Business School". After another 200m TURN RIGHT into Greenlands/Henley Business School, along a small private road that leads up to the Greenlands facility. A barrier will open automatically, and if coming by taxi, then drive up to the front of the building and off-load. If arriving by private car, turn left into the residents' car park.

From the M40 Motorway

Follow the M40 to Junction 4 signposted A404(M) Marlow. After approximately 6km, leave the dual carriage way, and follow directions to Henley-on-Thames via the A1430. Once in Henley...*follow directions given in paragraph above.*





3. Lead Trainer

The LCS April 2016 Master Class in Local Content is led by Dr Michael Warner.

Michael Warner

Dr Warner has over 25 years' experience aligning business strategy with the economic and social priorities of host countries and communities.

He was Local Content and Sustainability Manager for BG Group between 2008 and 2010, during which time he was architect of BG Group's policy and procurement-based procedures for Local Content management, as well as the Group's risk-based approach to supply chain sustainability. He was formerly Co-ordinator for the Oil, Gas and Mining Secretariat of the World Bank/IFC programme on Business Partners for Development, and prior to this Research Fellow with the Overseas Development Institute where he managed the Business and Development programme. He has a PhD from Imperial College London in Environmental and Socio-Economic Impact Assessment.

Dr Warner has worked across Europe, Africa, Central and S.E Asia, the Middle East and Latin America on consultancy assignments for, amongst many, Shell, ExxonMobil, Oman Oil, Schlumberger, African Petroleum, Newmont Mining, Maersk Group, BG Group, Anglo American, AMEC, Sodexo, World Bank, International Finance Corporation, Department for International Development, United Nations

Development Programme, World Economic Forum. His company - Local Content Solutions - is accredited with the British Accreditation Council to deliver professional development training courses in Local Content. Over 500 regulators and company directors and managers in procurement, personnel, legal and social performance have completed these courses.

Dr Warner has made appearances to discuss business and international development on BBC Newsnight, BBC Radio 4, BBC World Service and CNBC, and is the source of articles in Newsweek Magazine and The Guardian Newspaper. He is the author of books and papers on business and development, including “Local Content in Procurement” published by Greenleaf Publishing in 2012.

Dr Warner is the architect of the market-leading software **LCS Reports** – an on-line, multiple user tool got governments, companies and contractors and to track and report on Local Content performance in the workforce, supply chains and capacity development, and to calculate the economic impact of Local Content in the national economy.

4. Training Support

Cyrille Putz, an Associate to LCS, supports the Master Class in co-facilitating all exercises, making expert interventions, and providing at-table support for participants who need further clarifications of the materials during plenary sessions.

Cyrille specialises in local supplier development and business linkage programmes for remote sites in the mining, oil and gas sectors, with a focus on facilities management and agricultural supply chains, business incubation and workforce vocational training. Cyrille is former Sustainable Development Manager in the Remote Sites Division of Universal Sodexo, where he managed socio-economic impact assessments and developed local suppliers development programmes for Rio Tinto in Madagascar, Barrick Gold in Tanzania, Oxiana in Laos, Newmont in Peru, Shell in Gabon and Europe/North Sea, Total in Angola/Nigeria and BP in Indonesia. He has since worked on local supply chain linkages with the international facilities management company CIS for Avocet Mining in Burkina Faso; Areva in Niger; the Simandou Rio Tinto Project in Guinea-Conakry and most recently with Newmont Mining in Ghana and Xstrata in The Philippines.

5. Personalised Conversations and Guest Speaker

It is the intention of the LCS Master Class to bring participants into contact with a wider set of viewpoints than those offered by the lead trainer alone.

In addition to plenary inputs from the participants during the course, we encourage personalised conversations on the topic of Local Content between the delegates - conversations that would not normally be available in everyday business or in formal

conference settings. Within the limits of commercial and legal confidentiality, it is our hope that these conversations will provide an opportunity to express views and ideas in a safe and private environment. To this end, we ask that Chatham House rules apply to these conversations, meaning that an individual may reference in broad terms the information shared, but neither the identity nor the affiliation of the originator of the information is to be revealed.

6. Course Programme

The Master Class takes place over three days, as follows:

- **Day 1 – Strategic alignment** on Local Content between Regulations, Industrial Policy, Commercial Interests and Sustainable Development
- **Day 2 – Smart Procurement** to Manage Local Content through Contracting Strategy and Tendering
- **Day 3 – The Mechanics of Local Content:** Metrics, SME Development Programmes, Ethics and 'Who Pays?'

Draft timings and session themes follow. The trainers reserve the right to amend this draft programme as required to deliver the highest quality and most relevant training.

Plenary session	Yellow
Break out sessions	Green
Free time	Blue
Social event	Grey

To maintain the relevance of the material, Local Content Solutions Ltd reserve the right to make modifications to this programme prior to the course. Accordingly, a revised course Programme shall be provided to participants.

DAY 1 – Wednesday 16th Nov 2016

Strategic Alignment in Local Content

Timing	Title	Learning Objectives
08:30	Welcome	<ul style="list-style-type: none"> • HSE and Housekeeping • Introductions, incl. expertise in the room
08:45	Aims and Terminology	<ul style="list-style-type: none"> • Understand the Course Aims • What Local Content professionals should know • Understand the terminology used in the training
09:00	Components of Local Content	<ul style="list-style-type: none"> • Understand how Local Content is defined and applied as a practical concept
09:20	Core Concepts	<ul style="list-style-type: none"> • Understand why Local Content Matters? • Understand how Local Content makes a contribution to the Economy • Understand how Local Content fills the ‘economic benefits gap’ • Understand the main economic multipliers in Local Content • Understand how Local Content <i>spills over</i> to the SME Sector
10:00	Local Content Policy and Regulations	<ul style="list-style-type: none"> • Appreciate that Local Content Strategy must align with Policy • Learn the International Trends in Local Content Regulations • Understand the key Regulatory dilemma on Local Content • Compare Local Content Regulations: Angola, Ghana, Kazakhstan, Indonesia, Brazil, Nigeria, Uganda, Tanzania • Understand when protectionism might be Justified
	Exercise #1 – which regulations breach WTO	<ul style="list-style-type: none"> • Understand why different Local Content regulations might be in breach of which WTO principles and rules
10:30	Coffee break	
10:45	Exercise #2 –Local Content Regulation as a Differentiator	<ul style="list-style-type: none"> • Compare key provisions on Local Content across six African countries: Nigeria, Angola, Tanzania, Mozambique, Ghana, Sierra Leone • Determine the impact of different provisions on (i) Local Content performance, and (ii) inward investment
12:15	Exercise #2 – Debrief	<ul style="list-style-type: none"> • Take home key learnings on how to interpret Local Content regulations for determine their relative impact and effect on investment climate
13:00	Lunch	
14:00	Local Content Optimisation	<ul style="list-style-type: none"> • Understand the key Local Content trade-offs • Familiarisation with a Local Content Optimisation model
14:30	Exercise # 3: Local Content Optimisation Modelling	<p>Dedicated model:</p> <ul style="list-style-type: none"> • Learn to optimise Local Content targets to deliver both commercial and national interests: personnel, goods etc. • Appreciate the key trade-offs between Local Content % levels, investments returns, employment and revenues
15:00	Coffee break (roaming)	
16:00	Exercise # 3: Debrief	<ul style="list-style-type: none"> • Learn of other participants perspectives through presentation of modelling results and plenary discussion • Determine for own work the role of such models
16:30	Instruments to Deliver and Manage Local Content	<ul style="list-style-type: none"> • Through video case-studies, understand that different engineering concepts that either support or holdback Local Content • Learn what public policy and private sector instruments contribute to recruitment, training and succession of nationals in the workforce • Understand business models for facilitating foreign/local alliances • Understand how social investment integrates with Local Content • Learn of procurement-driven procedures that leverage Local Content in contract tendering through evaluation of Local Content Plans • Learn how targets and requirements to monitor and report Local Content are a cost-efficient means to improve Local Content
17:50		<ul style="list-style-type: none"> • Learn of other participant’s perspectives on Local Content instruments
19:00	Diner	


DAY 2 – Thursday 17th Nov 2016

Smart Procurement to Manage Local Content

Timing	Title	Learning Objectives
08:45	Local Content and Procurement: Basic Concepts	<ul style="list-style-type: none"> Learn of the basic concepts for integrating Local Content into procurement: The Five Rights, Contracting Strategy, Contractor Selection Process, Large Contracts, Labour Rates, Capability vs Competitiveness
09:30	Expenditure Projection and Local Supplier Market Analysis	<ul style="list-style-type: none"> Understand the demand side of assessing local market capability Understand the supply side in assessing local market capability Learn of the importance of international benchmarking Learn how Brazil approached local supplier competitiveness assessment, and what went wrong Learn what it means to undertake 'comprehensive forecasting' of local market capability, capacity and competitiveness
10:15	Coffee	
10:30	Exercise#4 – Local Market Classification	<ul style="list-style-type: none"> Through an exercise in pairs, learn how to assess the results of local supplier market surveys to begin to forecast the % of expenditure to be captured by local vendors
11:30	Exercise #4 – Debrief	<ul style="list-style-type: none"> Learn the importance of identifying high growth potential suppliers
12:00	Factoring Local Content into Procurement Strategies	<ul style="list-style-type: none"> Learn the pros and cons of work scope bundling and unbundling Through a Worked Example, learn of the different strategic options to control the risks of Local Content through contracting Learn of the four basic compensation arrangements to manage the supply risks associated with Local Content and to drive supplier development
13:00	Lunch	
13:50	Tendering of Major Contracts to Incentivise Local Content	<ul style="list-style-type: none"> Familiarisation with a common framework for tendering Understand the common barriers to local vendor tendering for minor contracts Learn how to integrate Local Content considerations into Pre-Qualification processes for major contracts Learn of the choices for integrating Local Content into major contract Invitations to Tender (ITTs) Learn what to include on Local Content in a dedicated questionnaire as part of an ITT for major contract tenders Learn how to score Local Content Plans
14:10	Exercise #5 – Weighting Local Content in Tender Evaluation	<ul style="list-style-type: none"> Through an exercise, learn how to weight Local Content in bid evaluation for different types of major contract
14:30	Factoring Local Content into the Award Decision	<ul style="list-style-type: none"> Understand the critical importance of the method chosen to integrate the scoring of Local Content within the final award decision Learn of the common clauses in Pro-Forma Terms & Conditions
15:15	Exercise # 6 – Evaluation of Local Content Plan in Major contract tender	<p>Experience the reality of evaluating and scoring a Local Content Plan within a bid from both the client and tenderer perspective</p> <ul style="list-style-type: none"> Simulation #1 – tender for Waste Water Storage Pond (construction) Simulation #2 – tender for Food and Facilities Management contract for remote site (operations)
15:30	Roaming Coffee	
17:30	Exercise #6 – Debrief	<ul style="list-style-type: none"> As the client - be able to make informed judgements about how to establish the scoring and weighting of Local Content in major contract tenders As a bidder – be able to structure bids to meet client expectations and maximise competitive advantage
19:00	Excursion and diner	Visit to Henley-on-Thames town and meal in local restaurant

DAY 3 - Friday 18th Nov 2016

The Mechanics of Local Content

Timing	Title	Learning Objectives
08:00	Check out of rooms by 8:45	
08:45	Exercise #7 – Review of Local Content Metrics	<ul style="list-style-type: none"> Learn of which Local Content metrics apply to you in your work
09:15	Local Content Reporting and Metrics	<ul style="list-style-type: none"> Learn of the building blocks for developing Reporting Systems Understand some of the myths around reporting Local Content Understand the difference between build-down and build-up methods for measuring Local Content Learn about how IncoTerms are used to measure Local Content Understand the methods for calculating Rules of Origin and their use in measuring and reporting Local Content
10:30	Exercise #8 – Local Content performance reporting	<ul style="list-style-type: none"> Experiment with the on-line LCS Reports software platform to analyse and report Local Content in the workforce, procurement and capacity development
		
10:30	Coffee (roaming)	
11:30	Exercise #8 - Debrief	
11:45	Exercise # 9 – Designing Local Supplier/SME Development Programmes (Case-Study)	<ul style="list-style-type: none"> Be able to set up a programme to analyse competitiveness gaps in local manufacturing capability: <ul style="list-style-type: none"> access to markets access to finance business technology and processes management and skills Understand the common obstacles to SME development and what actions might be introduced to overcome these constraints
13:00	Lunch	
14:00	Exercise #9 cont...	<ul style="list-style-type: none"> <i>as above</i>
14:30	Debrief of Exercise #9 (<i>extended</i>)	Through participant presentations and own experiences, learn of other approaches to local SME development
15:15	Ethical Considerations	<ul style="list-style-type: none"> Understand the basic ethical risks associated with Local Content
15:30	Who Pays for Local Content	<ul style="list-style-type: none"> Understand the range of ‘costs’ associated with Local Content: <ul style="list-style-type: none"> Public investment Legal framework/cost recovery Cost savings and risk premiums Social investment Inward contractor investment Learn that the question of ‘who pays’ for Local Content will vary depending on the stakeholder perspective
16:00	End	
18:00	Last departure from Venue	

7. Participants

To stimulate engagement and cross-learning between participants during the Master Class, every effort is made to invite individuals from a range of organisations involved in the discipline of Local Content management. These include:

- from **national and international oil, gas and mining companies**, individuals from commercial departments, contracting and procurement, external and government affairs, human resources, social performance and sustainable development;
- from **national and international companies involved in other capital intensive infrastructure - transportation, renewable energy, utilities and water management etc.** - individuals from commercial departments, contracting and procurement, external and government affairs, human resources, social performance and sustainable development;
- from **government policy-making authorities**, those working at the national or provincial level engaged in industrial policy, private sector development, supply-chain linkage programmes and the promotion of inward investment and exports;
- from **host country regulatory agencies**, those responsible for setting Local Content targets, compiling aggregate demand, assessing local market capability, managing registers of domestic suppliers, engaging in tendering processes (eg on competent authorities on Tender Boards);
- from **international and larger-scale domestic contractors and suppliers**, those who manage local supply chains, source globally and/or have business development interests in emerging economies. Relevant departments would include: business development, account management, marketing, service delivery, production, human resources, social performance and sustainable development;
- from **official development agencies and development finance institutions**, especially those from procurement departments, oil, gas, mining and infrastructure departments and those involved in business linkage advisory services.

8. Course Preparation

Before arriving at the course, it is suggested that participants review their organisation's Local Content and Local Content/supplier development policies, regulations, strategies and procedures. The Lead Trainer may elect to set other preparatory reading before the course, of which you will be notified.



**3 Day Master Class in Local Content:
*Oil, Gas, Mining and Infrastructure Sectors***

For enquiries about the Master Class contact
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