**CAPE 3 SERVICES LIMITED**

**Attachment 1**

**Local Content Development Plan**

**[](http://www.cape3og.com/index.php)**

1. **INTRODUCTION**

The demonstrated commitment of successive governments in Ghana to ensure that local companies and personnel are actively involved in the exploitation of the country’s extractive resources across all the value chain has placed within the reach of local businesses and individuals limitless opportunities to develop their capacity and enhance their competitiveness in the supply of goods and services within the industry. Delivering local benefits in the communities where extractive companies operate is no longer a choice. It is a commercial necessity and one that is increasingly mandated by law. In the new competitive landscape of waning supply and increasing demand for energy and mineral resources, companies in the extractive industries face rising expectations to do more than simply mitigate negative impacts, serve as sources of revenue, and act as good neighbours.

Today, all over the world especially in developing countries endowed with extractive natural resources, business success depends very upon the ability of companies to develop local talent, build a competitive local supplier base, and deliver lasting socio-economic benefits to the areas where they operate. The growing number of reported cases of project or contract interruptions due to non-technical exposure to dangers such as stakeholder pressures, socio-economic conditions and national politics confirms in no uncertain terms the assumed relevance of local content for the continuous survival of companies engaged in “specialised” industries backed local content laws. As an organisation providing vital support services to companies in the oil and gas industry, remaining committed to all applicable laws and safeguarding the interest of the companies (as far as practicable within the scope of our engagement) we serve through our continuous interface with the regulatory authorities is a non-negotiable principle that underlines our service delivery.

1. **COMPANY INFORMATION**

|  |  |  |
| --- | --- | --- |
| **Contracting Entity Name:** | CAPE 3 SERVICES LIMITED: OIL AND GAS | |
| **Ownership Composition:** | Cape 3 Services is a wholly owned Ghanaian Company incorporated under the laws of the Republic of Ghana in 2009. | |
| The Ownership of the Company is evidenced by the following documents: | |  |

* Certificate of incorporation - refer to attachment 3 incorporation
* Certificate to commence business – refer to attachment 4 Commence Business
* Permit from the Petroleum Commission dated **December 19, 2015 – refer to attachment 5 PC permit**
* other regulatory and professional bodies – refer to attachment 7 labour permit
* Document to support equity composition/share structure (Company Regulations – Forms 3 and 4) – refer to attachment 6 form 3 &4
* Document/Certified binding agreement/contract to support JV relationship whether incorporated or not. Such documentation should indicate each JV partner’s contribution to the business relationship in terms of quantum/resources and cost/value.- refer to attachment 6 form 3 &4
* AMA Business Operating Permit
* Please state your company’s location if you have a physical presence/office/workshop/service centre/warehouse in Ghana and indicate what functions you are or will be performing in this facility. Indicate which functions/activities will be performed outside of Ghana and explain why so.
* **Physical Address:** 2nd Osu Badu Street, Airport West Residential Area, Accra - Ghana
* **Telephone Number:** 030 278 5683
* **Office Use:** This is the head office of the company where both administrative, logistics and supply chain activities are coordinated.
* **Takoradi Logistics Base:** We also have a logistic base in Takoradi to ensure end point delivery of procurement, supply chain and logistics services to the end point.
* The table below provides a summary Ghanaians currently employed at Cape 3 Services Limited including managed contract staff seconded to companies in the oil and gas industry, and the various levels of their employment:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Managerial** | **Supervisory** | **Technical** | **Administrative** | **Other** |
|  |  |  |  |  |

1. **STATEMENT OF COMMITMENT**

Cape 3 Services Limited is committed to maximising local content for Ghanaian suppliers, workforce and talent. To achieve this, Cape 3 Services Limited will explore all options within the framework of this local content plan to ensure that at all times, it is operationally feasible and economically viable to optimise the use of local subcontractors, suppliers, goods and services. We pledge therefore to provide comprehensive, equitable and reasonable opportunities to capable and willing Ghanaians in our employment and procurement drives. In effect, Cape 3 Services Limited to committed

1. providing procurement plans and capability requirements to local businesses at an early stage; and
2. passing local content requirements to contractors and sub-contractors and/or to weight bids to favour local content development without compromising on performance quality.
3. **APPLICATION**

This policy shall apply to the procurement of goods and services and the employment of both administrative and client logistics support staff either on permanent, temporary or casual basis in relation to all projects that Cape 3 Services Limited shall undertake. It also applies to all sub-contractors and sub-suppliers.

1. **PURPOSE AND SCOPE**

At Cape 3 Services, we recognise that our procurement and employment strategies can generate momentum to drive the local content agenda that is being pursued by the government. Particularly, the scope of our local content plan will defined by the following

1. Our employment strategy
2. How we stimulate the sourcing of goods and services.
3. How we actively engage local resources
4. How our local content plan is cascaded along the supply chain

In order to ensure that this translates into our daily operations and administrative workflow must align with this plan.

1. **PLAN OWNERSHIP AND PROCUREMENT PROJECTIONS**

To ensure full compliance with the specific deliverables outlined herein, this plan will be co-owned by the procurement department and the Human Resource Department. Consequently, these two departments shall be responsible for considering local content requirements, under the guidance of the project Manager during project design, development and implementation. The Operations manager shall be responsible for analysing local content requirements under the law, the regulatory obligations, the opportunities as well as the associated risks.

1. **MARKET INTELLIGENCE**

To ensure that projects are carried out according to schedule without delay, a prior-contract engagement process is conducted to understand the unique capabilities and competencies of potential vendors/contractors. This we do through vendor pre-qualification process to provide a list of suppliers who meet certain specified criteria necessarily required for the execution of various contract. This is done in recognition of the fact that a procurement process is required to determine which supplier/vendor offers best value for money, keeping in mind our commitment to give preference to Ghanaian vendors where they demonstrate the minimum capabilities and competence required, we go the extra mile to ensure that our needs are well explained to the full understanding of local vendors. This is done through vendor engagement meetings during which we also seek further understanding of their capabilities. The process begins by identifying potential vendors for specific scopes of work and sending out to them a vendor qualification form. The pre-qualification process requests potential vendors to supply information ranging from basic business details to more comprehensive details including:

* the capability of the supplier
* management and operating systems used by the supplier
* financial capacity
* areas of expertise/skills/resources and
* past performance.

Specific to the scope of work in this tender, we have already searched through our vendor register and identified about 20 wholly owned Ghanaian companies with experience, competencies and capabilities to execute various aspects of the scope of work. Our vendor pre-qualification process is depicted by the flow below.



1. **FACILITIES AND CAPITAL INVESTMENT**

The table below provides details of facilities and capital investment to be dedicated to this project. These will be provided through outright procurement by Cape 3 Services Limited from vendors already prequalified in our vendor register.

|  |  |  |  |
| --- | --- | --- | --- |
| **Item Description** | **Quantity** | **Cost/Value** | **Date of Acquisition** |
| Silver Star | 1 | $20,000 | Q1, 2016 |
| Toyota Ghana | 2 | $50,000 | Q2, 2015 |
| Mechanical loyd | “ | “ | “ |
| “ | “ | “ | “ |

Towards the realisation of the proposed expenditure, we have concluded agreements in principle with the companies named above. Each of them has committed to meeting the timelines provided as they appreciate that time is of essence in this.

1. **EMPLOYMENT PROCESS AND JOB PROGRESSION**

Our recruitment process is governed by transparency, fairness and integrity. We seek to recruit the best talents within the industry to manage our administrative, operational and supply chain needs to ensure continuous growth and development. Generally, we plan to achieve 100% local employment over a period of five years following the operationalization of every project for which we enter into a contract. As provided above (under company information, a substantial majority of positions within Cape 3 Services Limited is occupied by Ghanaians. The strategy for staff or Ghanaian employee progression is as follows

1. Review current position for changes or create a new position description.
2. Providing staff/Ghanaian employees with training needs tailored to suit their unique potentials to equip them for high responsibility roles either within Cape 3 Services or in another company.
3. Where after years of service and training, the employee demonstrates the leadership required, he/she is considered to lead projects. Our staffing needs are based on performance and knowledge of the responsibilities involved in the roles.
4. Giving preference to workers to fill vacant internal positions by advertising internally to facilitate staff professional development. Where we find no suitable candidate within Cape 3 Services Limited owing to the unique qualifications required for the job, our next line of action is to place an external advertisement to invite submission of applications for screening. Again as stated earlier, preference is given to Ghanaians who ultimately find themselves on the list of eligible candidates.

Over the duration of the contract, our staffing plan is as follows.

* Dedicated Project Manager – Ghanaian (Either reassigned from within or to be employed from the register of potential employees)
* Dedicated Assistant Project Manager – Ghanaian
* Project Support Staff – Ghanaians
* Drivers, Janitors etc – Ghanaians
* This will be done by undertaking annual/year –on-year performance reviews. Where management is satisfied that an employee has acquired the requisite degree of skill and knowledge, the employee is considered for promotion to a higher role of responsibilities. However, this is subject to the need for promotion and not necessarily to satisfy an employee expectation.

Within the next three years, we plan to achieve at least 100% local employment for Ghanaian citizens in relation to the project. This is consistent with our history.

1. **EMPLOYEE DEVELOPMENT AND TRAINING**
2. At Cape 3 services, we recognise that developing an effective employee training schedule is not an easy process, but it is necessary for the long term success of our corporate training program. The schedule is implemented because it helps to provide organizational and time management support for the entire training program while providing clear information of our policies to all participants. To do this, our training schedules are designed to cover issues such as:

* Job Functions
* Training Goals
* Company Philosophies
* Training Subjects
* Identification of Critical Areas of Studies

1. Our training schedule for the year is a combination of in-house soft skills training, collaborative training programs with other companies within the oil and gas industry, special training programs identified by staff as well targeted training programs based on the recommendations of managers on the 2015 appraisals.
2. Below is our training schedule for 2016

| Title | Prerequisites | Roles | Objectives | Duration |
| --- | --- | --- | --- | --- |
| Web-Based Training | | | | |
| 1. <Curriculum Title> | 1. <List the prerequisite skills needed to take the training. E.g. basic computer skills> | 1. <Identify the roles that would be required attend the training> | 1. <List the objectives of the individual training> | 1. <Identify the length of the training> |
|  |  |  |  |  |
|  |  |  |  |  |
| Instructor-Led Training for all staff/Department/Unite | | | | |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Job Aid Training | | | | |
|  |  |  |  |  |
|  |  |  |  |  |
| Staff Requested Programs | | | | |
|  |  |  |  |  |

1. **LOCAL SOURCING**

Our pre-qualification is conducted because of the existing of the following factors within the unique context of Ghana vendors with often patent weakness and limitations in completing competitive tendering.

* Generally the procurement activity relates to a range of goods and services that are purchased on a regular basis
* the exact scope and nature of individual procurements in a category of goods and services may not be fully defined but there is an indicative program (generally over a 3+ year period) of future requirements of a common nature
* there are numerous ‘credentialed’ players in the procurement related market sector(s) that satisfy the test of financial diligence
* the procurement activity is low/medium risk
* the register will streamline procurement processes, and the organisation has the capability to establish, manage the risks and achieve the benefits expected

|  |  |  |
| --- | --- | --- |
| Goods and Services Sourced from Foreign Companies | Goods and Services to be sourced Locally | % of Goods and services to be sourced locally |
| None | Servicing of cars  Repairs  Washing Bay  Tyres  Fire Extinguishers  First Aid Box  Cars | 100% |

1. **VENDOR TRAINING AND DEVELOPMENT PLAN**

In our commitment to contribute to the development and improvement in the capabilities of local contractors/suppliers/vendors, we plan to undertake the following on being awarded the contract

1. **Situational Assessment –** Cape 3 Services shall provide an opportunity for the systematic observation of the vendor’s work behaviours in an environment which reflects a realistic employment site and that can provide information concerning work adaptability, performance, skills, aptitudes, interest, and work habits, as well as, potential job objectives and other related capabilities and needs.
2. **Work Adjustment Training –** Cape 3 services shall provide planned and structured training in a work setting in order to assist vendors/local contractors/suppliers in the development of general work habits, attitudes, and behaviours appropriate for a work environment, the specific emphasis of which shall be based on the objectives in the scope of work
3. **Skills Training –** Cape 3 Services Limited shall provide occupational skills training based on the specific supplier needs/skills/qualification that utilizes qualified training personnel. Skills’ training is an organized program in which a person acquires the skills necessary for a specific job family. Examples of types of skills that we identify apply to this scope of work are as follows: Environment, Health and Safety skills, stevedoring operating skills, heavy duty vehicle driving skills and ethics
4. In addition, Cape 3 Services plans to collaborate with the relevant regulatory agencies to sponsor local suppliers, contractors or vendors to Jubilee Technical Training Centre (JTTC) for a defined period of time during which they shall take a course in instrumentation, mechanical, electrical and machining training.
5. **SUSTAINABILITY**

Generally we believe that the Business Environment in Ghana can be further developed by the continuous inflow of Foreign Direct Investments (FDIs). In view of this, we are of the firm belief that progressively every activity can practically be done in Ghana. This notwithstanding, we note the following:

* As far as our experience in the industry is concerned, and our engagement with local contractors reveal, we note that it may be impracticable to comply with some aspects of the Local Content Regulations because of the implications of such compliance on the budgets of the companies. For instance, under sub-regulations (2) and (3) of regulation 12 of the Local Content Regulations, economic efficiency, cost effectiveness and value for money considerations which are the key considerations in the award of contract may make it practically difficult comply. This is mostly owing to the market within which local contractors and suppliers find themselves in. Most banks in Ghana charge high interest rates ranging from 20% to 30% on loans. They have often revealed that they cannot do any business and make profit and pay back a loan of such a rate. Consequently, local suppliers demand pre-refinancing of contracts awarded them. While we have remained very supportive and assisted in this sense to promote businesses, in difficult economic environments to sustain this.
* During periods of global falling prices which force companies to cut back on the expenditure and employment, and even sometimes embark on employee retrenchment, it will be difficult to ensure the continuous progression of local employees.
* The requirement under the Act to submit proposed contracts to the commission has often led to undue delays in project execution, leading extra costs in the form of leasehold rents and demurrage payments.

1. **ASSESSMENT OF BARRIERS TO GHANAIAN LOCAL CONTENT**

Business cannot be helped unless they are willing to help themselves. Globalization has permuted the world into a small global village; one in which there is an ever high spurt of dissensions and competitions among organizations. Consequently organizations are operating in an increasingly complex and dynamic environment. It is observed that, arguably Leadership is a very critical factor to the performance of any organization. Our assessment of the Local Content Law in Ghana thus far reveals that there are some fundamental leadership weaknesses dressed in institutional bureaucracy that may hamper the smooth implementation and voluntary compliance of the law. It is therefore a collective responsibility of all companies involved in the exploitation of the country’s hydrocarbons to commit resources, both financial and time to ensure that there are no institutional weaknesses potentially hampering the direct transfer of economic benefits to the people of Ghana.

Additionally, the design of corporate tax and its related matters can potentially discourage companies from voting part of their revenue to develop the capacity of local companies.