THE OMANI PARTNERSHIP FOR DEVELOPMENT (PFD) PROGRAMME UPDATE

PRESENTATION TO THE
2018 GICC CONFERENCE

PARIS
APRIL 2018
THE SULTANATE OF OMAN

INSIGHT OF 2018 BUDGET:

➢ GDP projected to grow by 3%.
➢ Issuing the new public private partnership (PPP), foreign capital investment and bankruptcy laws to foster private sector participation.
➢ Oil and gas revenue represents 71% of the total government revenue.

PRIORITY:

➢ Diversification from Oil and Gas
➢ Employment of Omani Youth

DIVERSIFICATION:

1- Fisheries
2- Logistics
3- Manufacturing
4- Mining and Minerals
5- Tourism
MANUFACTURING: 19 initiatives on 4 main sub-sectors: Chemicals and Petrochemicals, Metal and Non-Metals, Food And Drinks, Furniture and Wood.

LOGISTICS: Oman’s share of logistics activity in the region increasing by 33% (fastest growth in the GCC countries). 15 initiatives, Land Transport, Air Transport, and Sea Transport.

TOURISM: 15 initiatives on 4 Focus area: World Nature and Adventure Activities, Culture and Heritage, Activities, Conferences and Exhibitions, Entertainment.

FINANCE AND CREATIVE FINANCING SECTOR: 11 initiatives to improve and develop 2 main sub-sectors: Project finance, and Improving the business environment.

Current Oman Tourism sector contribution: 3.2% of GDP.

Oman ranked 9th in Safety and Security (Ref: World Travel and Tourism Council - 141 Countries)

Oman Offers: Sandy beaches, sea, sun, tranquility, desert, mountains, culture and history.
OMAN'S ASSETS

Oman Talent Pool

➢ 520,000 + Registered school students.
➢ 34,000 students enrolled in higher education.

Infrastructure

➢ Special Economic Zones: Sohar, Salalah, Duqm.
➢ Industrial Estates: Rusail, Salalah, Sohar, Nizwa.
➢ Ports: Sohar, Duqm, Salalah, Mina Qaboos.
➢ World Class International Airport In Salalah (And Nearing Completion In Muscat).
➢ First Class Road Network.
➢ Good Telecommunications.

Market

➢ Over 1 Billion Consumers on Oman's doorsteps.
Focus areas (or themes) of academia and research will be:

- Faculty of Energy & Sustainability
- Faculty Of System Design & Technology
- Faculty of Medical Sciences & Public Health

Project formed by Royal Decree issued in 2011
# University of Oman & Science & Technology City

**Faculty**

- **Faculty of Energy & Sustainability (ES)**
- **Faculty of Systems Design & Technology (SDT)**
- **Faculty of Medical Sciences & Public Health (MSPH)**

**Common Base Curriculum:**
Mathematics, Statistics, Literature, History, Arts, Social Sciences (economics, public policy, sociology, etc.), ethics, and philosophy

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<tr>
<th>Undergrad</th>
<th>Graduate</th>
<th>PhD</th>
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<tbody>
<tr>
<td>100% Disciplinary BS Programs</td>
<td>80% Multi-disciplinary MS Programs 20% Disciplinary</td>
<td>100% Multidisciplinary PhD programs (Directly linked to Research Agenda)</td>
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**Center for Business & Entrepreneurship**
(Management, finance, human resources, etc.)
OAPFD KEY OBJECTIVES

A Diverse and Sustainable Economy

1. Enhancing military and Security capabilities

2. Human resources development & knowledge transfer

3. Strengthening the private sector
PFD (OFFSET) IN OMAN

In Oman Offset is known as Partnership for Development (PFD).


Management of PFD Programme moved to the MOCI.

On 3rd February 2014 a Royal Decree issued by His Majesty Sultan Qaboos
created an autonomous National Authority: ‘The Omani Authority for Partnership for Development’ (OAPFD).
OAPFD to take ownership of, and manage, the Programme.
Applies to all procurements by Defence & Security Units and for Civil Infrastructure projects.
Applicable to all Government Ministries and Government-owned companies where the Government holds >50% stake (currently more than 38 units).
OMAN PFD REGULATIONS PRINCIPLES

ADDITIONALITY
proposals must reflect incremental or new business.

SUSTAINABILITY
project must be sustainable beyond the obligation period.

RESPONSIBILITY
the fulfillment of any PFD Obligations lies solely with the Obligor – the use of third-party providers, although allowed, is not encouraged.
KEY ELEMENTS OF PFD REGULATIONS

APPLICATION

- PFD is mandatory and applies to contracts given to foreign suppliers by any Government Ministry and/or Private Companies with >50% Government ownership
- PFD is applied to all Defence and Security procurements as well as to all Major Infrastructure Projects
- OMR 5 million per single contract or cumulatively over 24 months
- PFD Obligation does not form part of tender evaluations - yet

LEVEL OF OBLIGATION

- Nominally 50% of the Supply Contract Value but in practice factors such as ICV and local content are taken into account when determining the actual level of obligation to be delivered.
KEY ELEMENTS OF PFD REGULATIONS

TERM (DURATION)
8 years with a grace period at the discretion of the Authority.

MILESTONES
Year 2 (20%) / Year 5 (60%) / Year 8 (100%).

GUARANTEES
Corporate Guarantee acceptable but Bank Guarantee will be called for if Obligor fails to meet any Milestone.

ADMINISTRATION FEE
Set at 0.125% of the Contract Value and triggered by the signing of the Contract Payable within 60 days of signing the Contract.
KEY ELEMENTS OF PFD REGULATIONS

AWARD OF PFD CREDITS
PFD Credits awarded on an Input and Output (Achievement) basis

MULTIPLIERS
On Inputs: Between x1 and x5
On Outputs: Between x1 and x5 dependent on the level of achievement

BANKING OF CREDITS
Banking of credits will be considered on a case-by-case basis and at the sole discretion of the Authority.

PFD AGREEMENT
PFD Agreement to be signed prior to signing the Contract.
NEW INITIATIVES TO STREAMLINE PROCESSES
PFD CAPABILITY ENHANCEMENT PROGRAMME (PFD-CEP)

SYSTEMS INCLUDE:
- INSTALLING PFD PERFORMANCE AND MONITORING TOOL
- DIRECT PFD / ICV SYSTEM (INDUSTRY MAPPING)

TRAINING INCLUDES:
- PFD (OFFSET) TRAINING SUPPORT PROGRAMME
- PFD WORKSHOPS AND CONFERENCES
- STAFF SECONDMENT: INTERNAL AND EXTERNAL
INTERNATIONAL COMPANY (OBLIGOR)
PFD PARTNER
- PFD Project
- Selects company
- Audits all selected local companies
- Selects preferred local company

LOCAL COMPANY
- Registers online and completes questionnaire
- Specifies industry group
- Works with international company

DEVELOPMENT PLAN
- Subcontract / work packages for credits
- Actions identified to work towards closing gaps of preferred local company for credits
- Plan agreed with OAPFD
- Plan shared with local company
- Regular reviews & feedback
TOURISM VIDEO
Thank You