

MODEL LOCAL CONTENT LEGISLATION

Prepared by: Georgetown Chamber of Commerce & Industry

Arrangement of Sections

PART I - Preliminary

Scope
Interpretation

PART II – Guyanese Local Content Development

Application
Local Content Development
 A. Private Sector Development
 B. Human Capital Development

PART III – Monitoring and Accountability

Monitoring
Accountability
Penalty for non-compliance

PART I – Preliminary

Scope

An Act intended to promote the development of Guyanese companies and Citizens of Guyana involved in the petroleum sector.

Interpretation

1. In this Act, unless the context otherwise requires –
 - a. ‘Citizen of Guyana’ or ‘Guyanese’ means a native person who has been born in the Cooperative Republic of Guyana or who is born of parents of native descent OR a citizen of Guyana as defined in Guyana Citizenship Act of 1967

- b. 'Foreign company' means companies that are defined as 'External Companies' in Part IV, Division A of the Companies Act of 1991
- c. 'Guyanese company' means companies that are registered in Guyana where fifty-one percent of the share capital are owned by Citizen(s) of Guyana; where the board meetings of the said companies are held in Guyana; the head office of the company is located in Guyana and; seventy percent of the workforce of the company follows suit with the definition of a Citizen of Guyana as defined in Guyana Citizenship Act of 1967
- d. 'Local content' means the level of usage of Guyanese goods, services, people, businesses and financing
- e. 'Minister' means the Minister with responsibility for Upstream Petroleum Activities
- f. 'Operator' means any enterprise – state, Guyanese, foreign or international operating in the sectors covered by this Act under any contract, agreement or alliance
- g. 'Contractor' means a third party to whom the operator has entered into a contract, agreement or alliance with for the provision of services for petroleum operations

PART II – Guyanese Local Content Development

Application

- 2. The following applies to Local content with respect to Petroleum Activities.

Local Content Development

A. Private Sector Development

- 3. An Operator or Contractor must ensure that first consideration be given to Guyanese companies in the provision of goods and/or services directly related to the Petroleum Industry.

4. In the event that a Guyanese company is not selected to provide a good and/or services, the burden of proof lies with the relevant party in the form of the operator or contractor to demonstrate why the Guyanese company has not been selected.
5. The Guyanese company should be informed in detail by the operator or contractor, within a reasonable time period, on the reason(s) for their non-selection in the provision of a good and/or service.

B. Human Capital Development

6. Citizens of Guyana shall be given first consideration for employment and training in any project executed by any operator or contractor in the Petroleum Sector.
7. Citizens of Guyana possessing the necessary and/or adequate qualifications and, having the requisite expertise and experience shall be given preference for employment in all phases of operations in all the Petroleum Sector and in accordance with the national labour laws.
8. An Operator or Contractor with operations in the petroleum sector shall not import unskilled labour for conducting its operations undertaken under a right, licence, permit, contract or concession.
9. The Minister shall, for the purpose of the development of the human capital, ensure that there is adequate training to improve the capacity of Guyanese in the Petroleum Industry through education and other training activities.

PART III – MONITORING & ACCOUNTABILITY

Monitoring

10. An Operator or Contractor with operations in the petroleum sector shall submit to the Minister a Report on the use of Local content in its operations. This Report shall contain the nominal value (denominated in Guyana dollar and United States dollar) of Local content to its operations as well as in percentage terms.

Accountability

11. The Operator or Contractor shall effectively communicate its Local Content policies and procedures to its Contractors and to monitor and enforce their compliance.

Penalty for non-compliance

12. Any operator or contractor who carries out any contract contrary to the provisions of this Act, commits an offence and is liable upon conviction to a fine of ten percent of the contract sum for each contract in which the offence is committed.