

Document name: Local content and local participation bill  
Document date: 2018  
Copyright information: Proprietary and used under license  
OpenLearn course: Rising China and Africa's development: oil  
OpenLearn url: <https://www.open.edu/openlearn/society-politics-law/rising-china-and-africas-development-oil/content-section-overview>

## Local content and local participation bill

Ackah, C.G. and Mohammed, A.S. (2018) 'Local content law and practice: the case of the oil and gas industry in Ghana', *WIDER Working Paper 2018/152* [Online]. Available at <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2018-152.pdf>

Document name: Local content and local participation bill  
Document date: 2018  
Copyright information: Proprietary and used under license  
OpenLearn course: Rising China and Africa's development: oil  
OpenLearn url: <https://www.open.edu/openlearn/society-politics-law/rising-china-and-africas-development-oil/content-section-overview>

The Local Content and Local Participation Bill is aimed at developing local capacities in the petroleum industry's value chain for sustainable economic development. The bill is linked to the Petroleum (Exploration and Production) Act 2016 (Act 919), which mandates that qualified Ghanaian citizens are to be given the opportunity of employment in all aspects of the petroleum industry.

Local content refers to the use of Ghanaian local expertise, goods and services, people, businesses, and financing in oil and gas activities. The government hoped the regulation will help achieve at least 90 per cent local participation in all aspects of the petroleum value chain by 2020. The bill mandates that every Petroleum Agreement or petroleum licence between Ghana and a foreign company must have at least 5 per cent equity participation of indigenous Ghanaian companies. It is also meant to increase the capability and international competitiveness of domestic businesses and to create petroleum and related support industries to sustain Ghana's economic development. The bill also provides that entities in the petroleum industry must submit plans for their compliance with local content requirements regarding the provision of goods and services. In addition, it requires entities in the petroleum sector to transfer advanced technology and skills related to the petroleum activities and their recruitment and training programmes to the Ghana National Petroleum Corporation (GNPC) or the Petroleum Commission.

The development of local content is premised on these key objectives:

- Maximizing the patronage of Ghanaian goods and services and thereby increase in-country spend;
- Increased employment of Ghanaian Professionals by ensuring the localization of job opportunities;
- Facilitate Technology and Skills Transfer through Training, Research and Development;
- Local Participation by encouraging Ghanaians to have equity ownership and management participation in upstream petroleum activities; and
- Develop Local Capacities resulting in increased capabilities and competitiveness of indigenous Ghanaian companies and individuals.

Every contractor, sub-contractor and any other allied entity engaged in petroleum activities is required by the bill to incorporate local content as an important element in their project execution and management philosophy. Every petroleum project, activity or transaction must have a Long-Term and Annual Local Content Plan which would be assessed and approved by the Petroleum Commission.