STATUTORY INSTRUMENTS
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STATUTORY INSTRUMENTS
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THE PETROLEUM (EXPLORATION, DEVELOPMENT AND PRODUCTION) (NATIONAL CONTENT) REGULATIONS, 2016.

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IN EXERCISE of the powers conferred upon the Minister responsible for petroleum activities by section 183 of the Petroleum (Exploration, Development and Production) Act, 2013 these Regulations are made this 6th day of May, 2016.

PART I—PRELIMINARY

1. Title.
These Regulations may be cited as the Petroleum (Exploration, Development and Production) (National Content) Regulations, 2016.

2. Application.
(1) These Regulations apply to national content in petroleum activities.

(2) Every licensee, operator, contractor, subcontractor and any other entity involved in petroleum activities in Uganda shall incorporate and implement national content as an important element of their overall petroleum activities.

3. Purpose of Regulations.
The purpose of these Regulations is—

(a) to promote the training and employment of Ugandans, transfer of knowledge and technology and the provision of goods and services by Ugandan companies, Ugandan citizens and registered entities, in petroleum activities;
(b) to require every licensee, contractor and subcontractor to give priority to the sourcing of goods and services from Ugandan companies, Ugandan citizens and registered entities, where the goods and service are competitive in terms of quality and timely availability;

(c) to require the provision of goods and services not available in Uganda to be provided by a company that has entered into a joint venture with a Ugandan company;

(d) to regulate the provision of goods and services by any other companies wholly owned by non-Ugandans, in exceptional cases where no capacity exists in Uganda, and with the approval of the Authority;

(e) to ensure enterprise development through provision of support to Ugandan citizens and Ugandan companies; and

(f) to promote cooperation between licensees, contractors, subcontractors and Ugandan universities, research institutions and technical institutions.

4. Interpretation.

In these Regulations, unless the context otherwise requires—

“Act” means the Petroleum (Exploration, Development and Production) Act, 2013;

“Authority” means the Petroleum Authority of Uganda established by section 9 of the Act;

“authorised officer” means an officer or other person acting under the authority of the Minister or the Authority under the Act and these Regulations;

“currency point” has the value assigned to a currency point in the Act;

“licence” means a licence issued under the Act;

“licensee” means a person to whom a licence is granted under the Act;
“national content” means—

(a) the level of use of Ugandan local expertise, goods and services, Ugandan companies, Ugandan citizens, registered entities, businesses and financing in petroleum activities; and

(b) the substantial combined value added or created in the Ugandan economy through the utilisation of Ugandan human and material resources for the provision of goods and services to the petroleum industry in Uganda;

“registered entity” means a business owned by Ugandan citizens registered under the Business Names Registration Act or the Partnership Act, 2010;

“technical staff” includes petroleum engineers, petroleum geoscientists, technicians, health, safety and environment personnel, petroleum economists and cost engineers;

“technology transfer” means planned and approved activities and mechanisms aimed at transferring technology by licensees; operator; contractor and subcontractor to the Government,

“Ugandan company” for purposes of section 125 of the Act and these Regulations means a company incorporated under the Companies Act, 2012 and which—

(a) provides value addition to Uganda;

(b) uses available local raw materials;

(c) employs at least 70% Ugandans; and

(d) is approved by the Authority under regulation 9(4).
PART II—MONITORING AND IMPLEMENTATION OF NATIONAL CONTENT

General Provisions

5. National content monitoring.
The Authority shall, in undertaking national content monitoring—

(a) supervise, coordinate and monitor the development of national content in petroleum activities;

(b) appraise and evaluate the national content programmes and reports submitted to the Authority in compliance with these Regulations;

(c) develop and operate the national content evaluation system for licensees, operators, contractors and subcontractors;

(d) assist Ugandan companies, Ugandan citizens and registered entities to develop their capabilities and capacities to further the development of national content in petroleum activities;

(e) develop guidelines for the implementation of national content;

(f) monitor and evaluate the national content performance of licensee in accordance with these Regulations;

(g) develop auditing procedures and conduct regular audits for the purposes of monitoring compliance with these Regulations;

(h) provide definitions and indicators for the measurement of national content;

(i) conduct studies and research that may further the development of national content in petroleum activities;

(j) organise conferences, workshops, seminars, symposia, trainings, road shows and other means of public education to further the development of national content in petroleum activities; and

(k) carry out any other function necessary for national content monitoring and enforcement.
6. **National content during licensing.**
The Minister shall consider national content when evaluating any licence applications under the Act.

7. **Submission of national content programme.**
(1) The licensee shall, within twelve months after the grant of a licence, submit to the Authority for approval, a national content programme stating proposals for—

   (a) the employment and training of Ugandans;

   (b) the required quality, health, safety and environment standards for goods and services to be procured;

   (c) the transfer of technology, knowledge and skills to Ugandan companies, Ugandan citizens and registered entities;

   (d) research and development in Uganda;

   (e) the procurement of goods and services obtainable in Uganda;

   (f) local supplier development;

   (g) partnership with Ugandan companies, Ugandan citizens and registered entities;

   (h) the succession of expatriates by Ugandan citizens;

   (i) support to local education institutions;

   (j) support to partnerships and collaborations;

   (k) services to be provided by Ugandan companies, Ugandan citizens and registered entities; and

   (l) any other information as the Authority may require.

(2) The Authority shall review the national content programme referred to under subregulation (1) and may propose amendments to the programme.
(3) Where the Authority is not satisfied with the national content programme submitted under subregulation (1), the Authority shall return the national content programme to the licensee with comments for improvement and the licensee shall make the necessary amendments to the programme and resubmit the programme to the Authority for approval within twenty one days from the date of receipt of the comments.

(4) Where the Authority is satisfied with the national content programme submitted under subregulation (1) or resubmitted under subregulation (3), the Authority shall approve the national content programme within twenty one days and the licensee shall not amend or deviate from the approved programme without the approval of the Authority.

8. Plan for giving preference for goods and services available in Uganda.

The national content programme submitted to the Authority by the licensee under regulation 7 shall—

(a) contain a detailed plan on how the licensee shall give preference to goods that are locally manufactured or available in Uganda, where the goods meet the quality and timeline for delivery; and

(b) contain a detailed plan, setting out the manner in which the licensee and their contractors and subcontractors shall give preference to services offered by Ugandan companies, Ugandan citizens and registered entities and how the licensee shall ensure that Ugandan companies, Ugandan citizens and registered entities are given preference during the evaluation of bids for the required services.

Local Content Requirements During Procurement

9. Priority of Ugandan goods and services during procurement.

(1) Every licensee, contractors and subcontractor shall give preference to goods and services which are produced and are available in Uganda and services which are rendered by Ugandan citizens and companies.
(2) Where goods and services required by the licensee or contractor or subcontractor are not available in Uganda, the goods and services, shall be provided by a company which has entered into a joint venture with a Ugandan Company.

(3) The Ugandan company referred to under subregulation (2) shall have a participating interest of at least forty eight percent in the joint venture.

(4) A Ugandan company shall, before entering into a joint venture under subregulation (2), be approved by the Authority and shall—

(a) have technical and financial competence and be able to deliver the goods and services in a timely manner;

(b) demonstrate capacity to transfer knowledge and technology to Ugandan citizens; and

(c) have experience in provision of the required goods and services.

(5) The Ugandan company shall take an active participation in the joint venture.

(6) Where a Ugandan citizen, Ugandan company or registered entity is unable to provide the required goods and services due to lack of technical capacity or financial competence, the licensee may, with the approval of the Authority, use any other company to provide the goods and services within a period specified by the Authority.

(7) Where Ugandan citizens and companies do not have the required quality of goods and services, technical capacity or financial competence, the licensee may put in place a suppliers’ development plan which shall be approved by the Authority.
10. **Contracts for goods and services to be exclusively provided by Ugandan citizens and companies.**

(1) Every licensee, operator, contractors and subcontractors shall reserve the contracts for goods and services specified in the Schedule to be supplied by Ugandan companies, Ugandan citizens and registered entities.

(2) Subregulation (1) does not preclude Ugandan companies, Ugandan citizens and registered entities from providing goods and services that are not specified in the Schedule.

(3) Every licensee, operator, contractor and subcontractor shall provide additional and timely information and reduce the size and complexity of the scope of works by unbundling of contracts and formulate work packages which are affordable by Ugandan companies, Ugandan citizens and registered entities.

11. **National supplier database.**

(1) The Authority shall develop a national supplier database for petroleum activities.

(2) A company shall not provide goods, works or services for petroleum activities unless it is in the national supplier database.

(3) The Authority shall, in consultation with the licensees, develop criteria that shall be used for qualification of Ugandan companies, Ugandan citizens and registered entities to the national supplier database.

(4) The Authority shall undertake qualification of Ugandan companies, Ugandan citizens and registered entities on an annual basis by advertisement in newspapers of national and international circulation and in other electronic and print media.

(5) The Authority shall publish the list of Ugandan companies, Ugandan citizens and registered entities that are qualified to provide goods, works and services for petroleum activities in the national supplier database by 31st December of each year.
(6) Notwithstanding subregulation (5), the Authority may update the national supplier database where necessary.

(7) A company that has been qualified under this regulation shall remain on the national supplier database for a maximum period of three years and may reapply to be included in the national supplier database.

12. Principles of bidding to take into consideration national content.

(1) Every licensee, contractor and subcontractor shall ensure that the bidding process includes national content as one of the requirements for qualification.

(2) Every licensee, contractor and subcontractor shall hold quarterly tender workshops to educate Ugandan citizens and companies about the procurement process, requirements, performance standards and lessons from previous bidding processes.

(3) Whenever possible, a licensee, contractor or subcontractor shall provide contract periods that allow other Ugandan companies, Ugandan citizens and registered entities to join the petroleum sector as follows—

(a) for a capital intensive contract, a maximum duration of five years; and

(b) for low cost contracts, a maximum duration of three years.

(4) A licensee, contractor and subcontractor shall provide payment terms that feature more frequent payment milestones, shorter durations and, where possible, up front to help Ugandan companies, Ugandan citizens and registered entities with purchases of materials.


(1) National content shall form part of the bid evaluation criteria and in all circumstances, national content shall be allocated at least ten percent of the total evaluation score, which shall be rated wholly or substantially on—
(a) employment and training of Ugandan citizens;

(b) utilisation of local goods and services; and

(c) the proposals for technology transfer.

(2) Whenever bids are close to each other at financial evaluation stage by five percent, the bid containing the highest level of national content shall be selected over other bids.


(1) Where applicable, before carrying out any work or activity in Uganda, a licensee, contractor and subcontractor shall establish in Uganda, a tender office where information regarding petroleum activities and procurement can be obtained.

(2) The Authority may, in addition to the requirements under subregulation (1) require a licensee to maintain an office in a community in Uganda where the licensee has significant activities.

15. Labour clause.

All contracts whose total budget exceeds US $1,000,000 and are to be executed in Uganda shall contain a labour clause mandating the use of a minimum percentage of Ugandan labour in specific categories as may be stipulated by the Authority.

Employment and Training of Ugandans and Technology Transfer


(1) The licensee shall develop and submit to the Authority for approval, a transparent policy and plan on training and employment of Ugandans, specifying the required minimum qualifications.

(2) The policy referred to in subregulation (1) shall—

(a) ensure that Ugandan citizens are given priority for employment in any petroleum activity executed by any licensee; and

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(b) take into consideration the promotion of participation of specific groups including women, persons with disabilities and persons from different geographical areas or ethnic backgrounds.

17. Plan for recruitment and training of Ugandans.

(1) The licensee shall, within twelve months after the grant of a licence by the Minister, and on each subsequent anniversary of that grant, submit to the Authority for approval, a detailed plan for recruitment and training of Ugandan citizens in petroleum activities.

(2) The recruitment and training plan shall provide for the training of Ugandan citizens in all phases of petroleum activities.

(3) The plan submitted by the licensee in subregulation (1) shall include—

(a) an outline of the—

(i) hiring and training needs of the licensee and the licensee’s major contractors with a breakdown of the skills required;

(ii) the activity-specific training requirements; and

(iii) the anticipated expenditure to be made directly by the licensee in implementing the employment and training plan;

(b) a time frame for employment opportunities for Ugandan citizens for each phase of the petroleum activity; and

(c) any other relevant information that the Authority may require.

(4) The licensee shall ensure that the annual recruitment and training plan takes into consideration the following targets—
(a) for management staff, at least thirty percent of the management staff shall be Ugandan citizens from the start of petroleum activities and the percentage shall increase to at least seventy percent within five years after the start of the petroleum activities;

(b) for technical staff, at least forty percent of the technical staff shall be Ugandan citizens at the start of the petroleum activities, and the percentage shall increase to at least sixty percent within five years after the start of the petroleum activities and ninety percent within ten years from the start of petroleum activities; and

(c) for other staff, at least ninety five percent of support staff and middle level staff shall be Ugandan citizens from the start of petroleum activities.

(5) The licensee shall include in the plan a clearly defined training strategy for Ugandan citizens employed by the licensee, which may be carried out in or outside Uganda and may include scholarships and other financial support.

(6) The plan shall include a commitment by the licensee to maximise knowledge and skills transfer to Ugandan citizens and in accordance with section 127 (2) of the Act, establish in Uganda, management and technical capabilities and any necessary facilities for technical work.

(7) Where a plan submitted under this regulation has been approved by the Authority, the plan shall not be varied without the approval of the Authority.

18. Implementation of plan for recruitment and training of Ugandans.

(1) The licensee shall implement the approved plan for recruitment and training of Ugandans in accordance with Uganda’s training and employment needs and priorities, applicable law, terms and conditions of the licence and guidelines issued by the Authority.
(2) Where Ugandans are not employed due to lack of the required qualifications, the licensee shall ensure that effort is made within a period specified by the Authority to supply the training locally or elsewhere through attachment or other means approved by the Authority and the procedure for its execution shall be contained in the licensee recruitment and training plan.

(3) The licensee shall provide training and knowledge transfer through different means including—

(a) internships and attachment of Ugandan citizens in petroleum activities;

(b) support of the industry enhancement centre including health, safety and environment and quality standards;

(c) support of existing institutions in Uganda by providing knowledge and technology;

(d) mentorships;

(e) scholarships;

(f) sending resource persons to training institutions for purposes of knowledge and technology transfer; and

(g) where necessary, establishing training centers.

(4) The licensee shall, upon request by the Authority, provide industrial training for students and support to education institutions.

(5) Where possible, the training shall be undertaken in Uganda.

(6) The licensee shall submit to the Authority a quarterly report on the execution of the recruitment and training plan for the reporting period and the training report shall state—
(a) the number and names of new employees hired during the quarter;

(b) evidence of fair and transparent recruitment process including advertisement of all vacancies in the local print media;

(c) place of residence at the time of hiring;

(d) qualifications and previous experience;

(e) training report; and

(e) any other information required by the Authority for the purposes of implementing the provisions of the Act and these Regulations.

19. **Training of public officers.**

   (1) A licensee may be required by the Authority or the Minister to provide training of employees of any Government ministry, department or agency.

   (2) The training in subregulation (1) shall be carried out in a manner prescribed by the Authority.

   (3) The Minister may require a licensee to make provision for persons teaching petroleum related subjects in Ugandan educational institutions to gain practical work experience from the licensee’s offices, installations or facilities.

20. **Requirements for succession plan.**

   (1) A licensee shall submit to the Authority for approval a succession plan for all positions not held by Ugandan citizens.

   (2) All positions held by Ugandans shall attract salaries, wages and benefits commensurate to the job description.

   (3) All conditions of service and staff demography for all licensees shall be made available to the Authority.
21. **Work permits for expatriates.**

(1) Every licensee, contractor or subcontractor shall apply for a recommendation from the Authority prior to making any application for work permits for expatriates to the Government ministry, department or agency responsible for immigration.

(2) The application referred to in subregulation (1) shall include—

(a) job titles;

(b) certified or notarised academic transcripts and curriculum vitae accompanied by recommendations certifying the experience and job history referenced;

(c) a description of responsibilities;

(d) the duration of the proposed employment in Uganda;

(e) evidence that Ugandan nationals are not qualified for the job;

(f) list of Ugandans identified for training;

(g) an individual training plan for the replacement of the expatriates; and

(h) any other information required by the Authority for purposes of implementing the provisions of the Act and these Regulations.

22. **Migrant workers.**

(1) A licensee, contractor or subcontractor shall not employ a person whom the licensee, contractor or subcontractor knows to be unlawfully present in Uganda.

(2) A licensee, contractor or subcontractor who contravenes this regulation commits an offence and is liable, on conviction, to a fine not exceeding five thousand currency points and any additional fine of five hundred currency points for each day on which the offence continues.
23. **Technology transfer.**

(1) Every licensee shall submit to the Authority for approval an annual plan, satisfactory to the Authority, setting out details and initiatives aimed at promoting the effective transfer of technology, technical know-how and skills relating to petroleum activities from the licensee to the Government of Uganda, Ugandan companies, Ugandan citizens and registered entities.

(2) The plan submitted in subregulation (1) shall include technology transfer initiatives of the licensee’s contractors and subcontractors.

(3) A licensee shall implement the plan referred to in subregulation (1) and shall not amend or deviate from the plan without the approval of the Authority.

(4) A licensee shall support technology transfer by encouraging and facilitating the formation of joint ventures and partnerships and the development of technology licensing agreements between Ugandan companies, Ugandan citizens and registered entities and foreign contractors and service or supplier companies.

(5) Agreements for joint ventures and partnerships referred to in subregulation (4) shall be sustainable and shall meet the requirements of national content development to the satisfaction of the Authority.

(6) A licensee shall submit to the Authority an annual report describing its technology transfer initiatives and their results.

(7) A licensee shall organise in-country events and trade fairs aimed at establishing contact between international companies and Ugandan companies, Ugandan citizens and registered entities.

(8) A licensee may, upon request by the Authority or on its own initiative, with the approval of the Authority, support the establishment and upgrading of any facility in Uganda for technical, vocational or commercial work and technology transfer.
Research and Development

24. Plan for research and development.
   (1) A licensee may, where necessary, carry out research and development in Uganda or elsewhere as may be approved by the Authority.

   (2) Where a licensee intends to undertake research and development under subregulation (1), the licensee shall submit to the Authority for approval a proposal for the research and development indicating—

   (a) the objectives of the research and development and how it relates to the licensee’s petroleum activities;

   (b) how Ugandan citizens, Ugandan companies, registered entities and education institutions shall participate in the research and development; and

   (c) the estimated cost of the research and development.

   (3) A licensee shall, within one month from the date of completion of the research and development, submit to the Authority a report of the research and development and any other information relating to the research and development as the Authority may require.

PART III—INFORMATION AND REPORTING REQUIREMENTS

   (1) A licensee shall submit to the Authority a quarterly national content performance report covering all its petroleum activities.

   (2) Notwithstanding subregulation (1), a licensee shall submit to the Authority a consolidated annual national content performance report for the year under review within sixty days of the beginning of each calendar year.

   (3) The national content performance report shall specify, national content expenditure, on both a current and cumulative cost basis and shall set out—
(a) the employment achievement in terms of hours or days worked by Ugandan citizens and foreign workers and their status;

(b) the Ugandan citizens trained and employed indicating particulars by name, job and level of training and employment;

(c) the procurement achievement in terms of quantity of locally manufactured materials and materials of foreign origin;

(d) the names of Ugandan companies, Ugandan citizens and registered entities contracted, the contracts awarded, the value of each contract awarded and duration of the contract;

(e) technology transfer initiatives, research and development programs and any training programs provided by the licensee; and

(f) any other relevant information required by the Authority.

(4) The Authority shall undertake regular assessment and verification of the national content performance report filed by a licensee in compliance with these Regulations as may be considered appropriate by the Authority.

Every licensee, contractor and subcontractor shall, during working hours, for purposes of assessment and verification, allow the Authority or an authorised officer, access to their facilities and all documentation and information required for the verification of national content compliance.

27. Communication of national content policies to contractors.
(1) The licensee shall communicate its national content policy, programme, targets and procedures to its contractors and subcontractors and ensure that the contracts signed with contractors and subcontractors have the provision for national content.

(2) A licensee shall ensure that its contractors and subcontractors comply with the licensee’s national content policy.
28. **Reporting by contractors and subcontractors.**

(1) A licensee shall ensure that contractors and subcontractors are contractually bound to report on national content compliance to the licensee and, upon request by the Authority, directly to the Authority.

(2) A licensee shall report to the Authority, on a quarterly basis, in respect of its monitoring and enforcement of compliance by contractors and subcontractors.

(3) A licensee shall allow the Authority or an authorised officer access to their records for the purposes of assessment and verification of national content compliance reported to the licensee or the Authority by the contractor or subcontractor.

29. **Certification.**

Where the Authority under regulation 9(4) has approved a Ugandan company, the company shall be recognised by all licensees, contractors and subcontractors.

**PART IV — MISCELLANEOUS**

30. **Requirement for fabrication and welding in Uganda.**

(1) Where possible, the Authority may require a licensee, contractor, subcontractor and any other entity engaged in petroleum activities in Uganda to carry out fabrication and welding activities in Uganda.

(2) The Authority shall determine and advise on the capacity of the welding industry in Uganda.

31. **Monitoring of national human capacity by Authority.**

(1) The Authority shall, in consultation with industry stakeholders, establish, maintain and operate a national human capacity register which shall be administered in accordance with these Regulations and guidelines issued by the Authority.
(2) The register referred to in subregulation (1) shall constitute a database of available human capabilities and technical skills in Uganda and may be used for recruitment of personnel by licensees, contractors and subcontractors.

32. **Compliance with Regulations.**

(1) Every licensee shall ensure that all their contractors and subcontractors comply with national content requirements under the Act and these Regulations.

(2) A licensee, contractor or subcontractor who fails to comply with the requirements of the Act and these Regulations commits an offence and is liable on conviction to a fine not exceeding five thousand currency points, and an additional fine of five hundred currency points for each day on which the offence continues.

(3) Where a licensee, contractor or subcontractor repeatedly fails to comply with the national content requirements under these Regulations, the Minister may suspend the licence in accordance with section 90 of the Act or withhold approvals or consent for the licensee until the licensee complies with these Regulations.
SCHEDULE

Regulations 10 (1) and (2).

LIST OF GOODS AND SERVICES TO BE PROVIDED BY UGANDAN COMPANIES, UGANDAN CITIZENS AND REGISTERED ENTITIES

(a) Transportation.
(b) Security.
(c) Foods and beverages.
(d) Hotel accommodation and catering.
(e) Human resource management.
(f) Office supplies.
(g) Fuel supply.
(h) Land surveying.
(i) Clearing and forwarding.
(j) Crane hire.
(k) Locally available construction materials.
(l) Civil works.
(m) Supply of locally available drilling and production materials.
(n) Environment studies and impact assessment.
(o) Communications and information technology services.
(p) Waste management, where possible.

IRENE MULONI (MP),
Minister for Energy and Mineral Development.