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ANGOLA

NEWS

New legal framework on local content for the oil sector

The draft for the Presidential Decree that will regulate the legal framework on local content for the oil sector (the "**Draft**") is under public consultation. The current legal regime is regulated by Order 127/03 of 25 November 2003.

The Draft introduces new concepts and substantial changes in the oil & gas contracting paradigm and how E&Ps interact with their suppliers and service providers.

From the proposed changes we highlight:

- (i) Only two regimes: (a) exclusivity and (b) competition;
- (ii) The exclusivity regime is only accessible to Angolan companies and the Ministry of Natural Resources and Petroleum must define the list of goods and services that are included in this regime;
- (iii) Introduction of the concept of "National Added Value" that assumes a paramount role in characterizing goods as a "national", requiring a national incorporation of 60% in the case of goods and 40% in the case of services;
- (iv) Foreign technical assistance contracts should contain new elements related to training and capacity building of the national workforce;
- (v) Mandatory certification of national and foreign suppliers and providers, which is to be made by an entity that will manage local content;
- (vi) Subcontracting of national companies by foreign companies must be made for a minimum of 90% of the total value of the contract;
- (vii) Creation of an evaluation committee for public tender purposes.

Most of the rules regarding the procedure for hiring are already contained in Presidential Decree 86/18, of 2 April 2018, which include public tenders and are expressly mentioned in the Draft.

The Draft maintains the definition of a national company based on the majority of the share capital, but from the outset specifying a majority of at least 51%.

Note: The above text is purely informative and was based on a Presidential Decree draft to which we had access to and should not be considered as final and / or used for any legal purpose.