



NEW RULES AND PROCEDURES FOR TENDERS IN THE PETROLEUM SECTOR

Presidential Decree no. 86/18 was published on 2 April. This Presidential Decree approves the Rules and Procedures for Tenders to Acquire the status of Associate of the National Concessionaire and for Procurement of Goods and Services in the Petroleum Sector. Like Decree no. 48/06 of 1 September, which is now repealed, this new piece of legislation addresses two fundamental issues in the Angolan E&P sector: (i) acquisition of the status of Associate of the National Concessionaire and (ii) procurement of goods and services in the petroleum sector. We provide a summary description of these issues below.

In general terms, new statute aims to bring greater dynamism to the process of awarding the status of Associate of the National Concessionaire and to speed up the timings for dealing with the process, thus also increasing the limits for approval of contracts by the National Concessionaire.

I. ACQUISITION OF THE CAPACITY OF ASSOCIATE OF THE NATIONAL CONCESSIONAIRE ("ASSOCIATE")

The status of the Associate of the National Concessionaire ("Sonangol") continues to be acquired by direct negotiation or public tender. The requirements for both operators and non-operators are defined and, broadly, they remain the same. The main changes in this context relate to the framework of the public tender to acquire the status of Associate. By way of example, the public tender may be limited to small or medium oil companies in areas of minor risk investment. They may also be fully or partially limited to Angolan companies.

The tender announcement must be preceded by an announcement of the intention tender and it must be published at least 120 days before the actual launch of tender, and it must specify (i) the date of launch of the tender, (ii) the areas subject to bidding, and (iii) the scope of the public tender.

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II. TENDERS TO CONTRACT SERVICES AND ACQUIRE GOODS

- **Up to USD 1 million (inclusive)** - The procurement of services in the acquisition of goods necessary to execute petroleum operations up to the amount of USD 1 million is «free». In other words, it does not depend on the authorisation of the National Concessionaire and it does not require any public tender. However, even in this case, the operator must carry out a prior consultation with different entities in order to respect the principle of competitiveness, which is in line with the rules previously in force.
- **Contracts with a value exceeding USD 1 million and up to USD 5 million** - For contracts with a value exceeding USD 1 million and up to USD 5 million, the operator must launch the public tender. However, it is not necessary to have the prior approval of the National Concessionaire. There is an express provision that this rule applies to contracts with a maximum duration of five years. The legislation is silent as to what rules would apply to contracts that may have a longer duration.
- **Contracts with a value exceeding USD 5 million** - For contracts with a value exceeding USD 5 million, it will be necessary to launch the public tender and formally involve the National Concessionaire. In this context, the National Concessionaire assumes a prevailing role in the procurement process. It has the power to approve the list of entities that can bid and the right to reject the operator's award proposal, subject to the issuance of a justified decision for this purpose.
- **Exceptions** - In addition, no public tender process is necessary for contracts which, regardless of their value, (i) arise from emergencies, or (ii) involve goods or services that can only be guaranteed by a single supplier.

The Presidential decree came into force on 2 April 2018.



LHOSVANNY - ANGOLA

S /título, 2009 (detail)

Acrílico s/ tela

100 x 100 cm

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