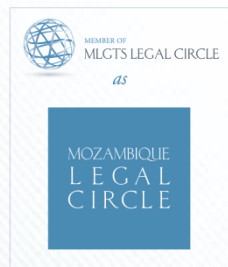




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LOCAL CONTENT IN MOZAMBIQUE



IN ASSOCIATION WITH GREENFIELD TRAINING

28TH SEPTEMBER 2017



TRAINING PROGRAM

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INTRODUCTION

TYPOLOGY OF LOCAL CONTENT PROVISIONS

- a) Inexistence of legal definition of Local Content (“LC”);
- b) Protection of Mozambican resources;
- c) Allocation of natural resources to internal consumption;
- d) Procurement of products and services provided by Mozambican entities;
- e) Increase of participation of Mozambican capital in public tenders for provision of services to the State – Preferential rights;
- f) Increase of local workforce in projects financed by foreign entities;
- g) Transfer of skills; and
- h) Social corporate responsibility.

LC UNDER MOZAMBIQUE LAW

LAND



- a) Prohibition of private ownership of land;
- b) Use and enjoyment of land right (DUAT);
- c) Limitations on the granting of a DUAT; and
- d) Limitations on the transfer of a DUAT.

LC UNDER MOZAMBIQUE LAW

OIL & GAS



- a) Restrictions on the nationality of holders of rights to carry out petroleum operations;
- b) Granting of preferential rights in case of association with Mozambican entities;
- c) Inclusion of local content provisions in concession contracts; and
- d) Registration of companies in the Mozambican Stock Exchange.

LC UNDER MOZAMBIQUE LAW

OIL & GAS



Preference to local products and local services

Association of foreign companies with Mozambican entities for provision of services to oil and gas industry

Obligation to channel quota of 25% of oil and gas produced in Mozambique towards internal consumption

LC UNDER MOZAMBIQUE LAW

OIL & GAS – ROVUMA BASIN



Specific Purposes Entities (“SPEs”) must be incorporated in Mozambique and be subject to Mozambican legislation (exceptions apply)

Preferential treatment for Mozambican suppliers of goods and services or those in association with Mozambican entities

Local content plan must be submitted to the Mozambican authorities

LC UNDER MOZAMBIQUE LAW

MINING



Preference to local products and local services

Association of foreign companies with Mozambican entities for those wishing to provide services to mining title holders is mandatory

Quota of 10% of mining production carried out in Mozambique may be sold to the Mozambican Government

LC UNDER MOZAMBIQUE LAW

MINING



Restrictions on the nationality of holders of rights to carry out mining operations

Inclusion of local content provisions in concession contracts

Registration of companies in the Mozambican Stock Exchange

LC UNDER MOZAMBIQUE LAW

PROCUREMENT OF PUBLIC WORKS, GOODS AND SERVICES



Clear differentiation between National and Foreign bidders

Preferential margins for national bidders taking into account the value of the contract

The Contracting Authorities may establish the participation of national bidders when the value of the contract is reduced (between MZN 3.5M and MZN 5M)

LC UNDER MOZAMBIQUE LAW

PUBLIC PRIVATE PARTNERSHIPS (“PPP”)



The implementing entities of a PPP, PGD or CE must incorporate a local company in Mozambique

The PPP contract must include local content provisions relating to benefits for Mozambican economy, work environment, professional training, social responsibility, reinvestment in national territory, etc.

A stake of no less than 5% and no more than 20% of the implementing company shall be reserved for sale, through the stock market, in favour of economic inclusion, preferably to Mozambican entities

LC UNDER MOZAMBIQUE LAW

CONSTRUCTION



- a) All companies must be licensed by the Ministry of Public Works and Housing
- b) Licensing requirements include minimum Mozambican licensed technical staff, equipment and share capital
- c) Restrictions apply for foreign entities wishing to carry out construction works in Mozambique
- d) Construction contracts are subject to Mozambican law

LC UNDER MOZAMBIQUE LAW

EMPLOYMENT & TRAINING



- a) Limitation on hiring foreign workforce, subject to quotas or authorization, otherwise only allowed for a short period and on an exceptional basis
- b) Special regime for oil and gas and mining sector includes:
 - longer period allowed for short term work
 - professional training of Mozambican workforce is mandatory, subject to supervision

LC UNDER MOZAMBIQUE LAW

EMPLOYMENT & TRAINING – ROVUMA BASIN



Rovuma Basin projects are implemented under Development Plans, which must include the corresponding Workforce Plan and Local Content Plan

The Workforce Plan is reviewed annually and the Local Content Plan every three years

Simplified hiring procedure of foreign workforce

- a) Promotion of local market by determining that goods and services must be manufactured in whole or partially resourcing to national means of production
- b) Determination of the applicable exceptions
- c) Exclusivity rights for importation and supply of final goods and services in the national territory
- d) Certification of national production and services
- e) Monitoring and enforcement of statutory compliance
- f) Penalties yet to be defined

MONITORING AND ENFORCEMENT

LC FRAMEWORK AND LC BILL



LC framework

- Ministry responsible for each sector, such as Energy, Natural Resources, Public Works and Housing, among others
- National Petroleum Institute

LC Bill

- INNOQ
- INAE

ACTUAL TENDENCIES

COMPARATIVE ANALYSIS



Nigeria

- Minimum thresholds for the use of local services and materials
- Transfer of skills

Cape Vert

- Preferential treatment to national providers of goods and services

Angola

- Restrictions on hiring of foreign workforce
- Transfer of skills
- Restrictions for foreign entities to bid in public tenders

Ghana

- Mandatory participation of nationals in companies wishing to carry out petroleum operations
- Restrictions on hiring of foreign workforce
- Restrictions on hiring services abroad

WHAT ELSE DO YOU NEED TO THINK ABOUT?

FINAL CONSIDERATIONS

- Increase of supervision of implementation of LC measures
- Diversification of structures
- National workforce training

THANK YOU

For any questions, please contact:

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