

# Petroleum Services in Angola

**MC JURIST**  
ADVOGADOS ATTORNEYS-AT-LAW



Roadmap to Successful Bids and  
Effective Contracts Performance

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# Who is the speaker?

Nuno M. Catanas

- FOUNDING PARTNER
- HEAD OF OIL & GAS

Angola Oil & Gas

(+21 years experience)

MC Jurist law firm


**Head Office:** Luanda  
**Liaison Support:** Lisboa  
**Team:** 22 members

## SECTORS

- Petroleum Services
- Private Equity

## PRACTICE AREAS

- Corporate and Commercial
- Tax and Forex
- Employment



**Surprise**  
**We have a**  
**special guest!**

# Surprise We have a special guest!

## Grégory Simão

**Regional Director Africa  
Country General Manager\***  
\*acting



**PREZIOSO**  
ANGOLA



### Africa Oil & Gas

#### EXPERIENC E

- **Involved in Angola since 2016**  
Cabinda Project  
Manager  
(approx. 10 years)
- **+15 Years of Experience in Africa**
  - Congo
  - Algeria
  - Ivory Coast
  - Equatorial Guinea
  - Cameroon



How to  
prepare  
successful  
bids



How to achieve  
contracts  
performance  
efficiency

What are we going  
to talk about?

# Main factors to consider under the Angola Legal Framework



Local content regulations

Your company will not be eligible to bid and be awarded contracts for reasons related to shareholding structure. It is also imperative to comply with the training and hiring plans for Angolan nationals

Employment / Immigration regulations

Ensure industrial peace with Angolan workforce. Implement adequate hiring and recruiting policies and secure work visas for your expatriate personnel in Angola

Foreign exchange regulations

You may end-up with cash trapped in Angola

Permanent establishment

You may expose your overseas group entity to local taxation...

# WHY

# Local Content Regulations

What is it:  
Set of rules enforced by ANPG to promote:

(1) the involvement/hiring of Angolan businesses; and

(2) the training, development and retention Angolan personnel

Who needs to comply:

- primarily E&P Companies / Block Operators in (1) the award of contracts and (2) training/hiring Angolan personnel
- services providers suppliers in (2) training/hiring Angolan personnel

Definition of Angolan company:

**Before:**

Local company held by more than **50%** Angolans

**Now:**

Local company held **100%** by Angolans

Categories of services:

- **Exclusivity** – only Angolan companies (100%)
- **Preferential** – Any company if no matching bids from “Angolan companies”
- **Competition** – Any company irrespective of shareholding/ownership structure
- \* List of Services – issued and updated by ANPG **annually**

E&P Companies and Service contractors **MUST** prepare and submit Development and Training Plans and maintain [or plan with that goal] a ratio of 70/30 between expatriate and Angolan personnel

# Employment / Immigration Regulations

- Angolan personnel should be hired under appropriate types of employment agreements
- Use of appropriate employment contract types and VERY IMPORTANT - Collective Bargaining Agreement (industrial peace)
- Performance of expatriate personnel in Angola – requires Work Visas (including international seafarers)
- **Dual Employment Structure:** Coexistence of international employment agreement and Angolan employment agreement
- **Dual Income Payment:** Remuneration of expatriate personnel segregated between international income and Angolan income





# Foreign Exchange Regulations

- **E&P Companies / Block Operators** must import foreign currency funds into Angola to:
  - Pay international suppliers
  - Pay local suppliers
  - Pay taxes

**IMPORTANT:**  
Intra-group Technical Support agreements and/or split of scopes are essential

- **E&P Companies** may process payments to outside Angola without any prior approval from banks/Central Bank

- **All other payments** due and payable by local companies (e.g., service providers) to overseas suppliers are subject to prior approval from commercial banks and other FX requirements
- **In-country payments** between local entities must be in local currency (AKZ)



# Permanent Establishment

## THE FOLLOWING CIRCUMSTANCES MAY TRIGGER A PE IN ANGOLA

- Foreign company maintains a **“fixed place”** or **construction or installation site** or such other similar site, when its duration **exceeds 90 days**, in any 12-month period;
- Foreign company **delivers services with a physical presence in Angolan territory for more than 90 days** in any 12-month period (*boots on the ground*); and
- Foreign company holds a **“dependent agent”**

## THE RISK OF HAVING A PE IN ANGOLA WILL TRIGGER THE FOLLOWING CONSEQUENCES

- Angolan **taxpayer number**
- **Taxation** in Angola
- In-country **local accounting rules and records**
- **Invoicing** the scope of services as “In-country scope”
- **Payments** only in local currency

# Main factors to consider under the Angola Legal Framework



Local content regulations



Employment / Immigration regulations



Foreign exchange regulations



Permanent establishment



## CUSTOMERS PROFILES

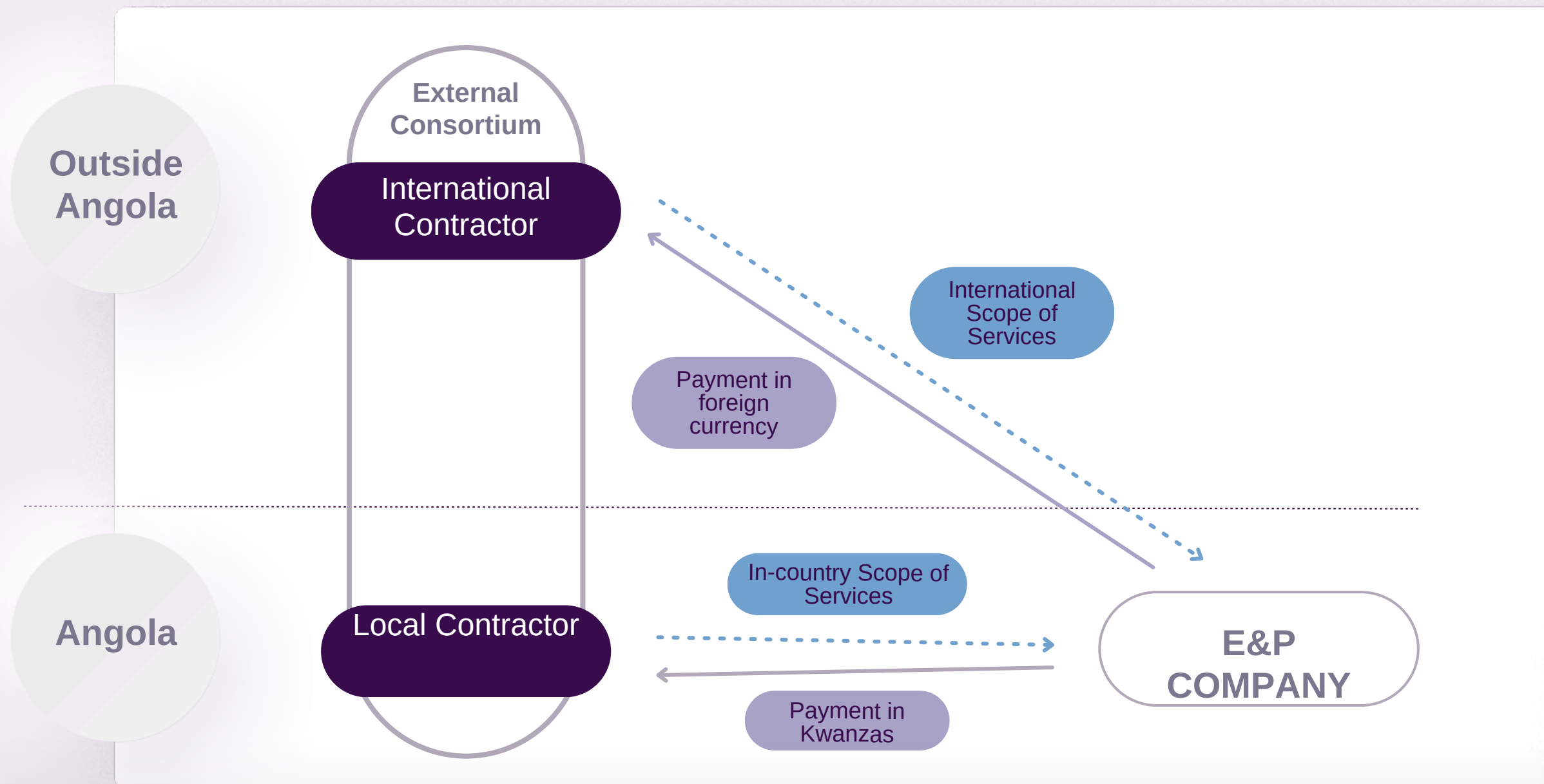
**1 - Petroleum companies** (all qualify as TAX/FX residents); **E&P Companies/Block Operators**

**2 - Angolan-based Services Contractors**

**3 - Overseas Services Contractors**

# Customer: E&P Company / Block Operator

## Option A: External Consortium



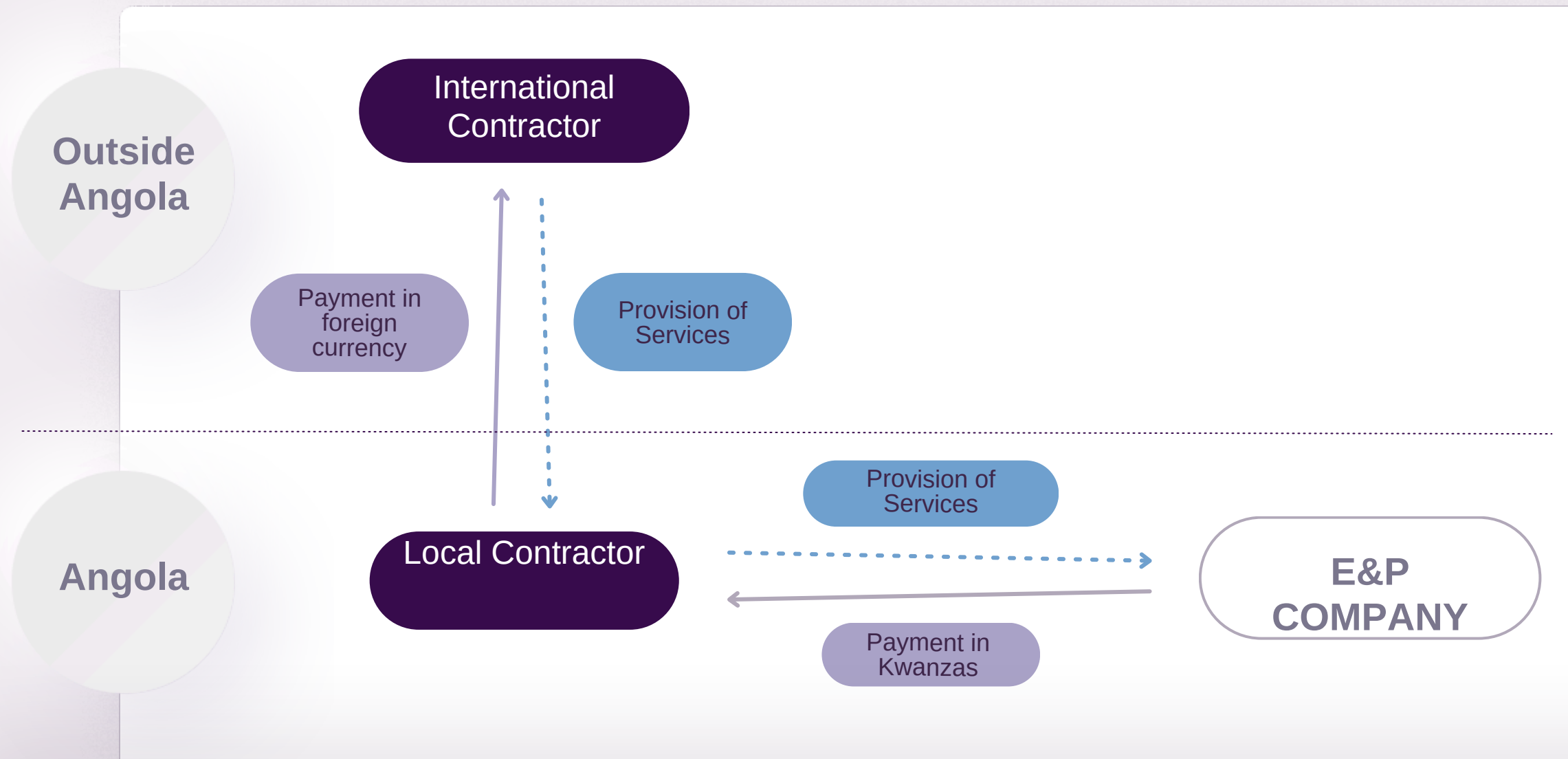
- **Association between International Contractor and Local Contractor:**
  - Submit bids jointly
  - Segregate scopes of work to be performed by each member contractor
- **Out-of-country work** – all actions that occur outside Angolan territory
- **In-country work** – all actions that occur in Angolan territory.
- International contractor will perform the out-of-country work and invoice for that work
- As a result international contractor will be paid outside Angola in USD (or other currency)
- Local Contractor will perform the In-country work and invoice for that work
- As a result local contractor will be paid in Angola in AKZ

**ATTENTION:** Submit the bid jointly and Segregate/divide the scope (In-country vs out-of-country) to be performed by each Provider)

# Customer: E&P Company / Block Operator

Option B: 100% in-country services / sub-hiring

- Services contract between the local contractor, which is the **sole contracting entity with a link to client**
- All payments will be in local currency in Angola



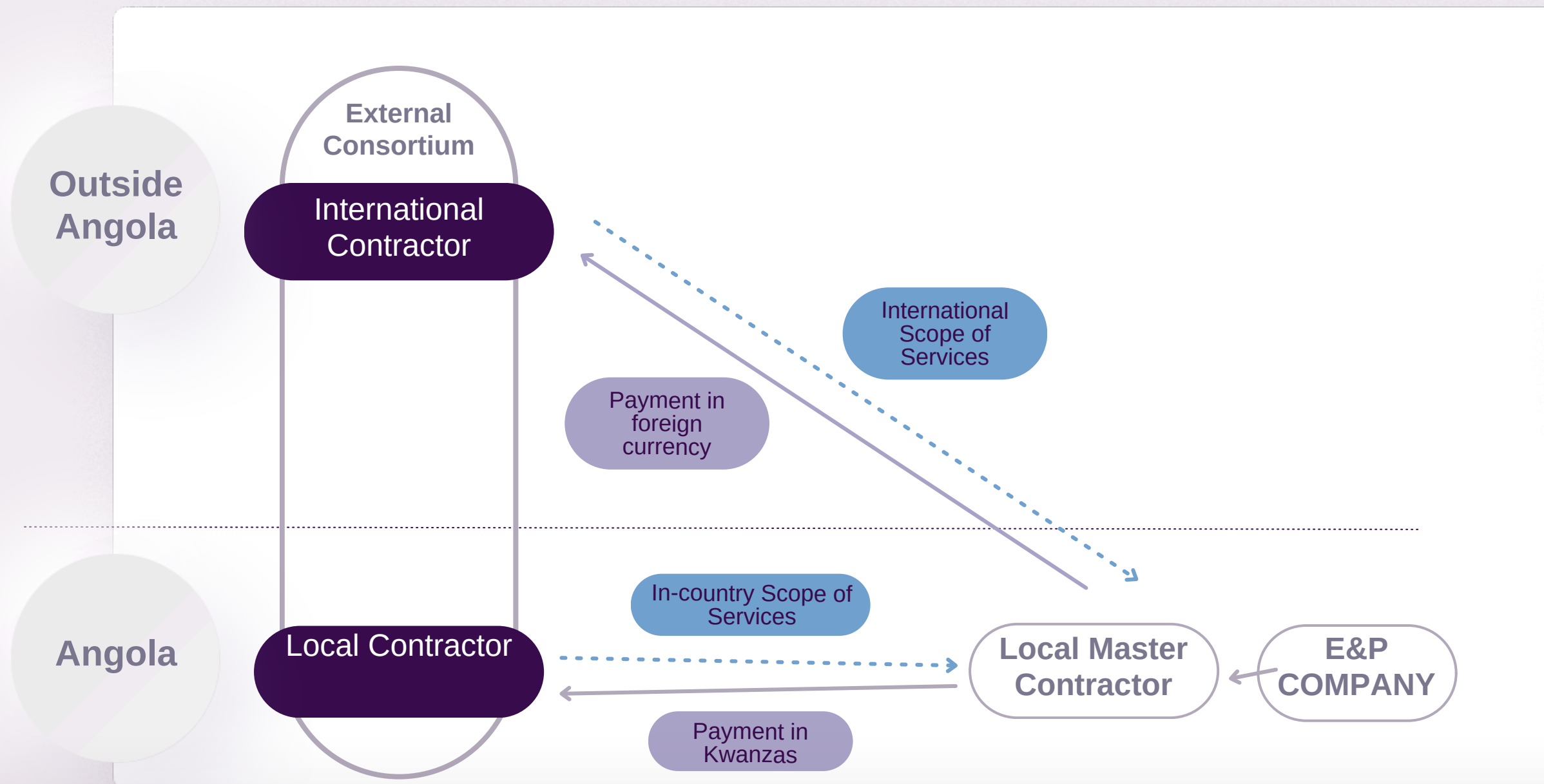
**RISK:** Cash accumulated in Angola with delayed extraction + devaluation while waiting to be extracted

- Sub-contracting agreement between xx local contractor and the international must be approved by banks

**ATTENTION: Plan ahead** execute and obtain approval for the sub-contracting agreement before contract with client starts being performed

# Customer: Angolan Services Contractor

## Option A: External Consortium



- The principles and structure are the same as in Scenario 1A (E&P Company)
- The main difference is that the payments by the Local Master Contractor are subject to (i) bank's approval and (ii) access to foreign currency

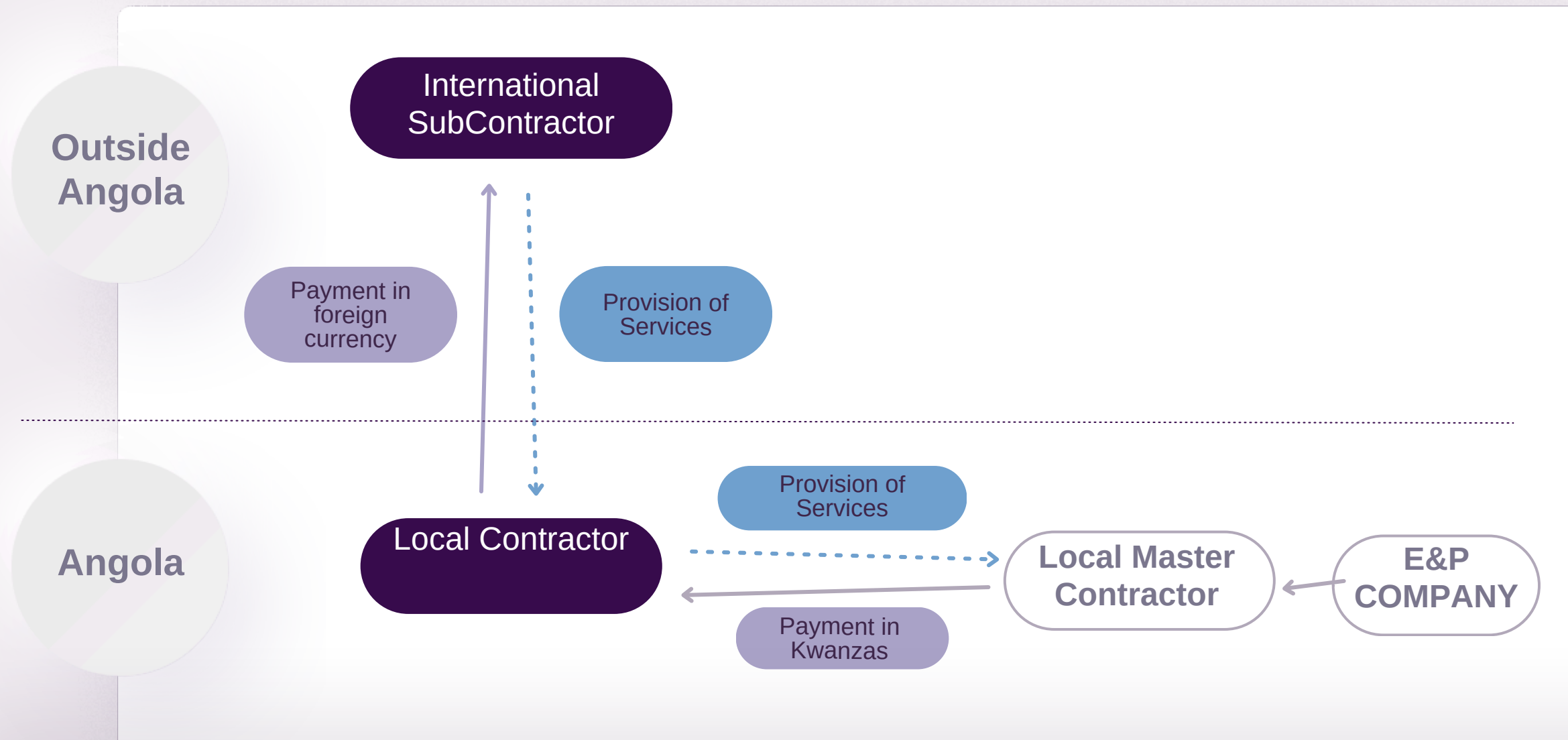
**ATTENTION:**  
Contract must be approved by banks

### Important

- CPs – must be approved to become effective
- Clauses that regulate any delays

# Customer: Angolan Services Contractor

Option B: 100% in-country services / sub-hiring



- The principles and structure are the same as in Scenario 1B
- All payments are in local currency (AKZ)
- Sub-contracting Support services MUST be approved by local banks

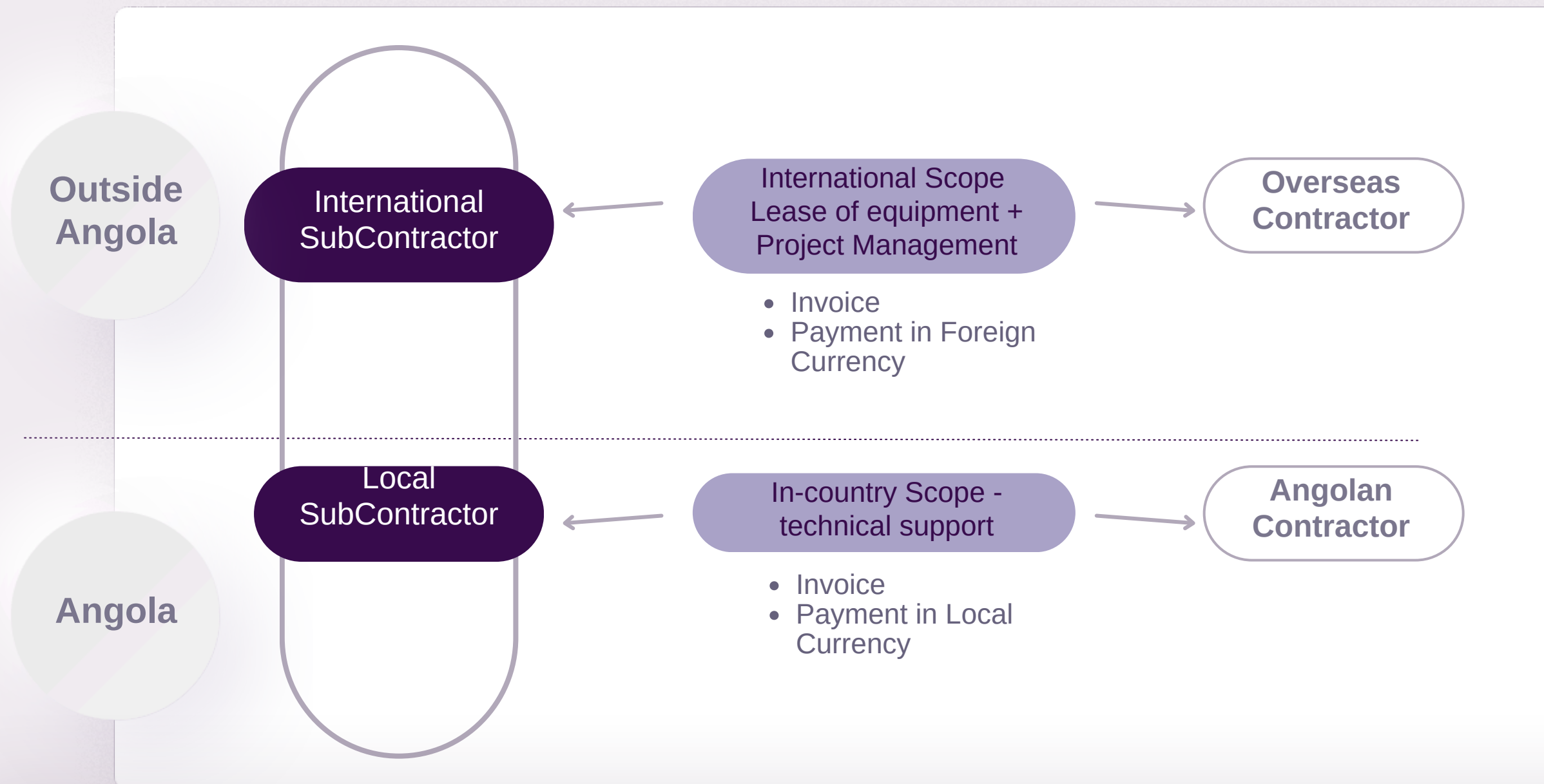
- Must be approved
- Potential delays in payments to International Subcontractor

### Important Caveats:

**Plan ahead:** execute and obtain approval for the sub-contracting agreement before contract with client starts being performed

# Customer: Overseas Services Contractor

## Option A: Split of Contracts



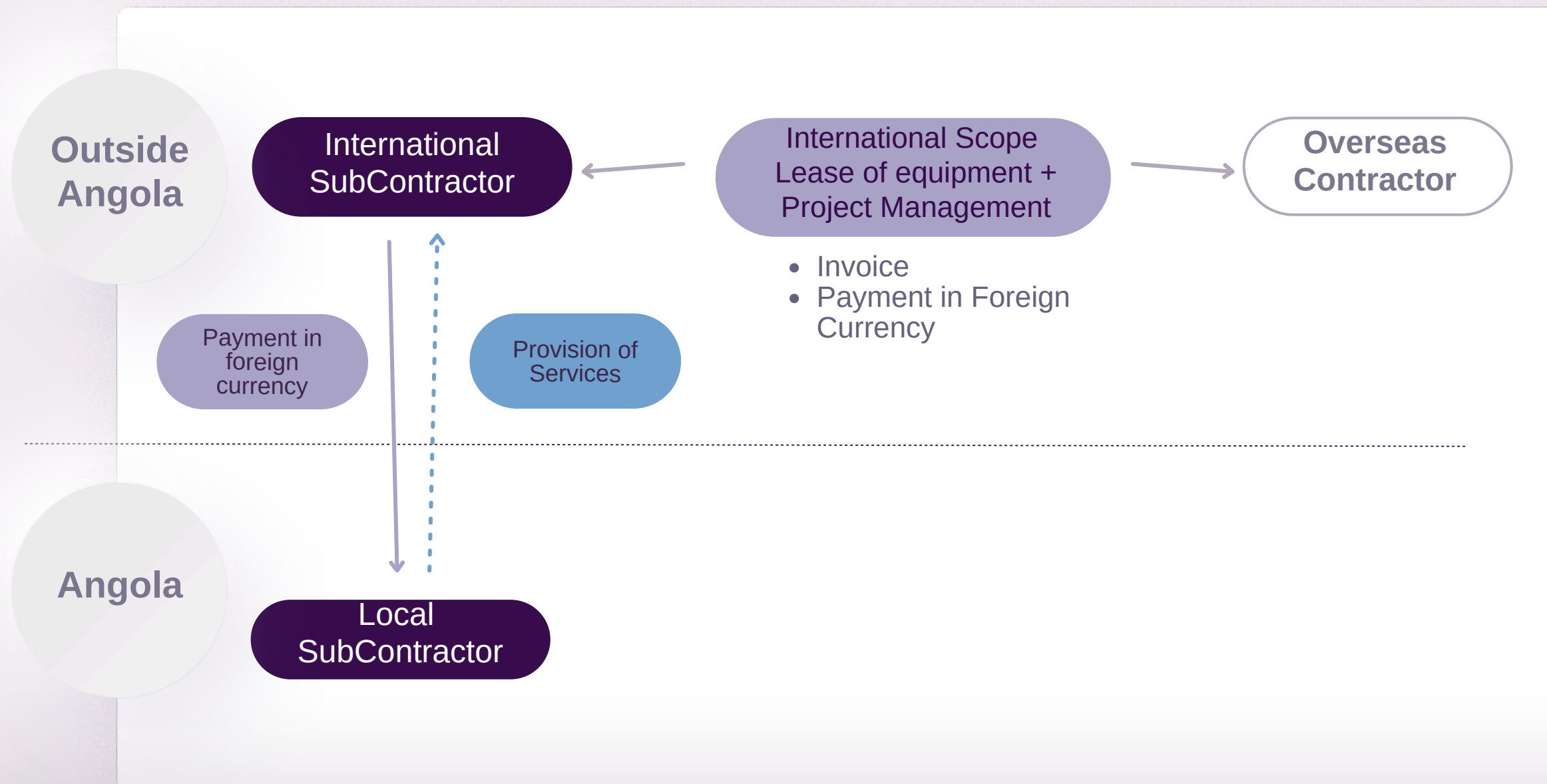
Under this structure, there are two (2) separate contracts, as follows:

- **International Scope Contract** entered between Overseas Contractor and International SubContractor
- The services are rendered outside Angola, and thus all payments due and payable would be settled in foreign currency. NO Angolan taxation would be triggered
- **Local/In-country Scope Contract** entered between Angolan Contractor and Local SubContractor
- The services are rendered in Angola, and thus all payments due and payable would be settled in local currency in a local bank account. Angolan taxation would be triggered



# Customer: Overseas Services Contractor with local presence

Option B: International Sub-contracting structure



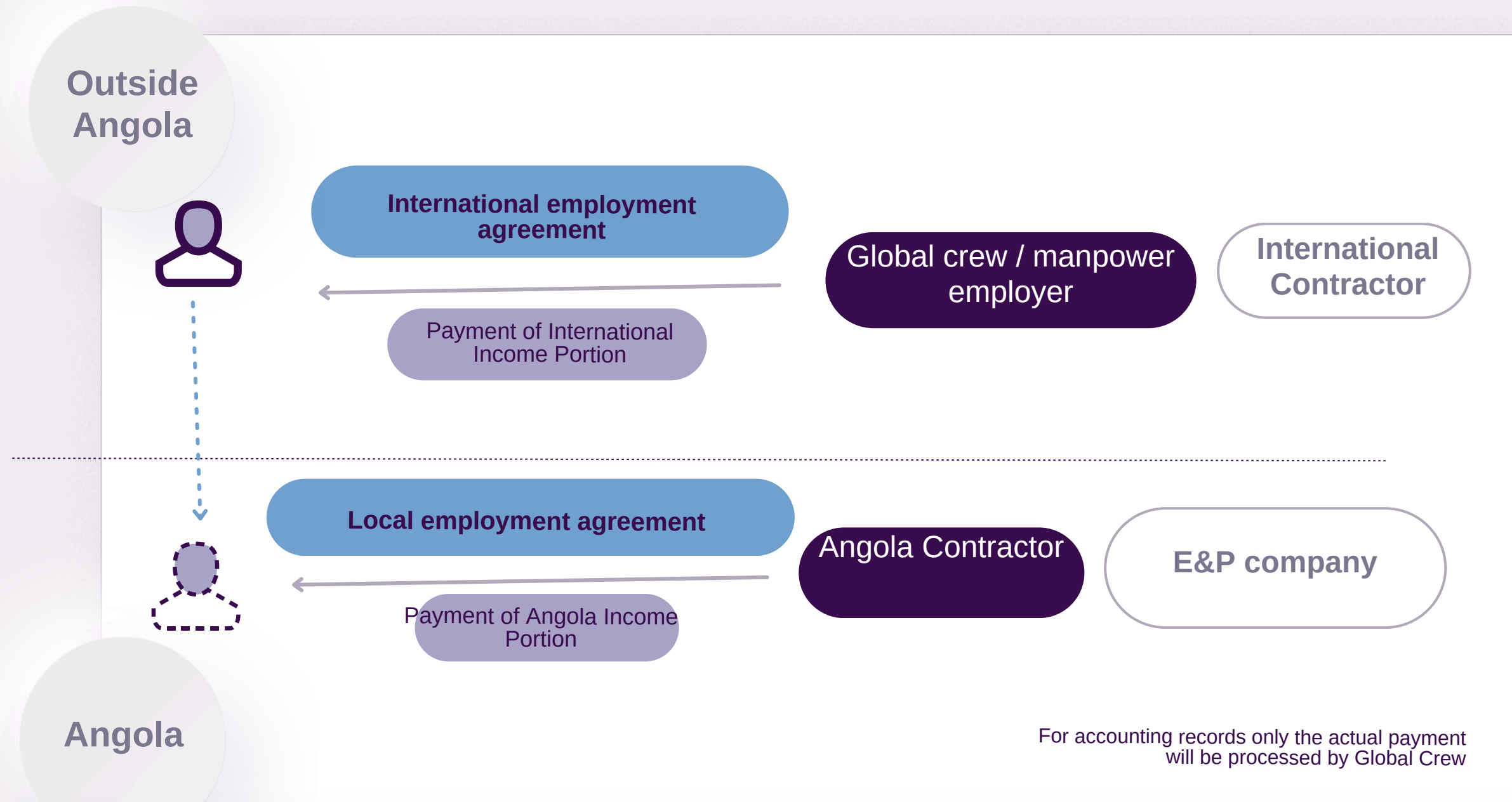
Under this structure, **only the International SubContractor will be hired by the Overseas Contractor**

- All payments due and payable would be settled in foreign currency and into a bank account domiciled outside Angola. NO Angolan taxation would be triggered
- For actions that may require a physical presence in Angola, the International SubContractor should sub-hire the Local SubContractor to provide local support services (e.g. hire Angolans and deploy expats and import equipment)
- Payments due and payable by the International SubContractor to the Local SubContractor would be settled in foreign currency and into a bank account domiciled in Angola

# Expatriate Personnel: Dual employment structure

[efficiency + legal compliance]

- Expatriate personnel are required to hold work visas and Angolan employment agreements to perform work in Angola
- Expatriate personnel not holding work visas subject to fines and may trigger PE



### Dual Employment Structure:

Coexistence of International employment agreement and Angolan employment agreement

### Dual Income Payment:

Remuneration of expatriate personnel segregated between international income and Angolan income

Angolan market is

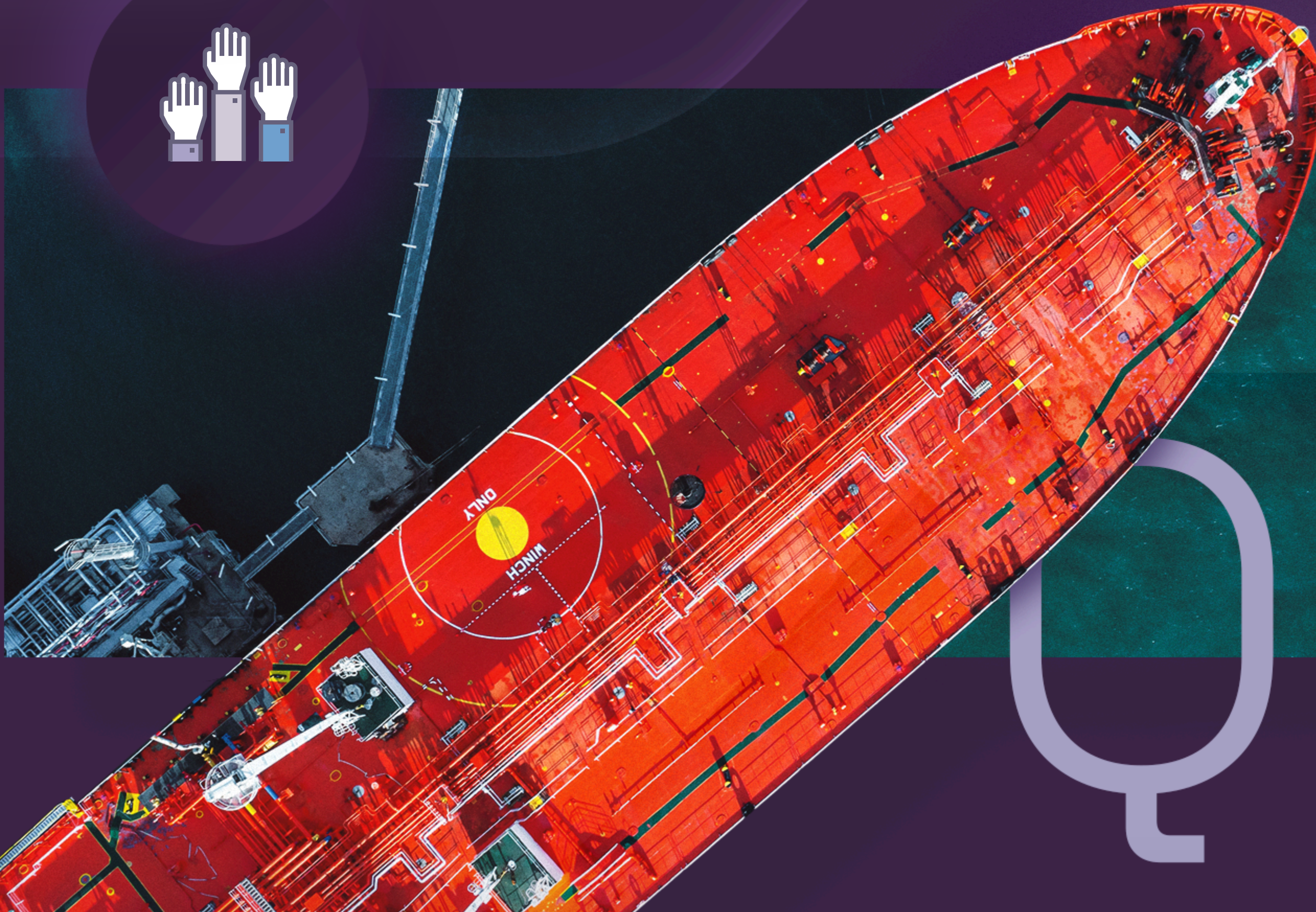
challenging,

but...

# IF YOU PLAN AHEAD AND CONSIDER THE FACTORS DISCUSSED



It can  
be very  
rewarding!



# Q & A



Thank  
you

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