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Overview of Local Content Regulatory Frameworks in Selected ECCAS Countries

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OVERVIEW OF LOCAL CONTENT REGULATORY FRAMEWORKS IN SELECTED ECCAS COUNTRIES

by

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Introduction

It is well-known that many resource-rich developing countries, particularly in Africa, have not benefited satisfactorily from the exploitation of their natural resources. Though they receive significant fiscal benefits from the export of natural resources, the development linkages to other economic sectors remain marginal in terms of domestic value added and employment creation. For this reason, the countries are placing increasing emphasis on the need to derive more benefits from their natural resources.

Local content policies have been adopted by African countries as a development strategy aimed at increasing the benefits from the oil and gas and mining sector. In this context, we define local content as the extent to which the output of the extractive industry generates further benefits to the economy beyond the direct contribution to the Gross Domestic Product (GDP) and government revenues, through its linkage to other domestic production sectors. Therefore, the objective of local content policy is to transform the short-term benefits of natural resource extraction into long-term local economic development outcomes through capacity strengthening, institutional building and strategic policy tools to promote domestic economic linkages, job creation and the participation of local Small and Medium Scale Enterprises (SMEs) in the value chain via the supply of goods and services to the sector.

Countries that adopt local content as a development strategy for their extractive sectors usually start by developing local content frameworks that encompass policies, laws and institutions to manage and monitor the outcomes of the policies. While a well-developed local content framework is a valuable starting point, there are other factors that can shape their successful implementation. Mapping these factors is challenging since each country exists under particular conditions and these factors might function differently depending on the context.

The paper is divided into three parts. The first part will examine contributions of the oil and gas sector to the economies of five selected countries (i.e. Angola, Chad, Congo, Equatorial Guinea, Gabon) from the Economic Community of Central African States (ECCAS). The second part will assess the effectiveness of regulations, policies, and schemes for monitoring and measuring local content implementation in the ECCAS region. The final part will provide policy recommendations to strengthen local content regulatory frameworks for creating sustainable domestic production linkages in the ECCAS region and improve regulatory compliance with a view to enhance the benefits of the oil and gas industry to the economies of resource owners.

1. Contributions of the Extractive Industry in Selected ECCAS Countries

In the five selected countries (Angola, Chad, Congo, Equatorial Guinea and Gabon), the extractive sector is very significant in view of their dependence on the sector. This is reflected in the percentage contribution of extractives to the Gross Domestic Product (GDP) and exports as percentage of total exports, as indicated in table 1. All five countries surveyed showed oil and gas exports as a key source of revenue and economic activity.

Table 1: Key contributions of Extractive Industry in selected ECCAS Countries (2016)

Country	Contribution of Hydrocarbons and Mining to GDP (%)	Oil and Gas Exports as % of Total Exports	Thousands of Barrels Produced Daily	Proven Reserves in Billions of Barrels	R/P Ratio in Years*
Angola	46	95	1807	11.6	17.5
Chad	27	63	73	1.5	56.1
Congo	70	85	238	1.6	18.4
Equatorial Guinea	78	98	280	1.1	10.7
Gabon	45	80	227	2.0	24.1

Sources: African Economic Outlook, 2016 and BP Statistical Review of World Energy, 2017.

*Reserves to production ratio is obtained by dividing the reserves remaining at the end of any year.

One interesting observation from the table is the low level of proved reserves to production ratios among the countries, except in Chad. This ratio indicates that, given the maturity of the oil fields, the reserves will be depleted in a few years if production were to continue at the current rate and there are no significant new discoveries. For example, in Gabon the R/P ratio is 24.1 years - new discoveries have been rare and production levels have dropped from a peak of 370,000 barrels per day in 1997 to 227,000 bbl/d in 2016. The U.S. Energy Information Administration notes that the fields are matured and are in decline. Based on the R/P assumption, it is comprehensible that countries need to diversify their economies away from the current high dependence on the extractives industry for both GDP and revenues. The adoption of local content policies could facilitate the exploitation of oil, gas and mining resources to generate sustainable social and economic benefits to the society. Part 2 briefly outlines the policies and regulatory frameworks adopted by the countries in their local content strategies.

2. Policies and regulatory Frameworks for Local Content in the ECCAS region

Laying a solid foundation for the implementation of local content policies through appropriate legal and regulatory framework is imperative if the desired outcomes are to be achieved. The desire by natural resource endowed countries to use the extractives sector to promote local production sectors has been around for a long time. The only missing link that hindered the expected impact of past measures taken to boost local production sectors has been the glaring absence of a well-designed and properly implemented legal, regulatory and institutional mechanisms to support the policies. In the selected ECCAS countries (Angola, Chad, Congo, Equatorial Guinea, Gabon), it is only in recent times that concerted efforts have been made to design the legal and institutional framework for the development of local content in the oil, gas and mining sector. To date, there are no dedicated monitoring and evaluation mechanisms, or institutions empowered with regulatory authority and autonomy to implement the policies are in place in these countries.

Table 2: Local Content Requirements in LC Policy Frameworks in ECCAS Countries

Country	Employment Requirements	National Industry Participation	Training	Technology Transfer	Monitoring Implementation*	NOC Participation
Angola	Yes	Yes	Yes	Yes	No	Yes
Chad	Yes	Yes	Yes	Yes	No	Yes
Congo	Yes	Yes	Yes	Yes	No	Yes
Equatorial Guinea	Yes	Yes	Yes	Yes	No	Yes
Gabon	Yes	Yes	Yes	Yes	No	Yes

Source: Author's analysis.

*Monitoring of local content policies is carried out by oil, gas and mining ministries and not an independent agency dedicated to monitoring and evaluation of the policies.

To achieve the objectives of local content policies, the five ECCAS countries reviewed in this study have introduced local content requirements into their legal framework, mostly through legislation, regulations, contracts and bidding processes. These requirements are expected to generate benefits from the exploitation of their natural resources. Table 2 presents a summary of local content requirements in LC policy frameworks in the selected countries. The table shows that the frameworks explicitly indicate the various countries' desire to use their oil, gas and mining resources to promote local economic development through domestic employment generation, national industry participation, skills development, national companies and technology transfer. The policies have been effective in the employment of nationals with the required skill and local procurement of some goods and services. However, a noticeable weakness of the frameworks is an absence of an effective institutional mechanism or independent regulatory body to monitor and evaluate the results of LC policies to ensure that the intended goals are achieved and for necessary policy adjustments be made when necessary. The example of regulatory bodies like the Nigerian Content Development and Monitoring Board (NCDMB) in Nigeria and the National Agency of Petroleum, Natural Gas and Biofuels (ANP) in Brazil for monitoring local content results could serve as a model that can be adopted by the countries for effective monitoring and evaluation of the policy frameworks. A summary of the local content policies in the countries is presented in Annex 1.

The following section examines the policies, legislation and regulatory frameworks for local content with respect to three key elements in the countries under study: i) Employment generation; ii) Skills development; and iii) National Industry participation in the selected countries

Angola

In the early years of the oil and gas industry in Angola, citizens did not derive many benefits from the exploitation of the resources due in part to limited employment opportunities, capacity limitations and very low national industry participation. This was basically a result of the country's structural problems including high poverty rates, inequality in income distribution, highly unskilled labour force, lack of infrastructure, high bureaucracy and corruption. These challenges were the driving force behind the implementation of a local content policy to achieve positive development outcomes using the oil and gas resources. The Angolanisation policy framework was developed on the back of the Petroleum Decree – Law 20/80 promulgated in 2002. It stipulates that oil companies operating in the country are required to develop their Angolan workforce from 70% to 90% as well as develop the local supplier market by 2010. The employment targets are based on specific requirements for different categories of staff in the sector with 100% requirement for unskilled

workers; 80% for middle level workers and 70% for higher level workers in the industry. Unfortunately, the Angolanisation targets were not achieved due to inadequate local capacity and general low level of expertise in some key priorities areas set out in the policy. Nonetheless, despite the capacity and skills constraints, the policy has made some impact on the economy in the three key elements of employment, skills development and national industry participation.

- a) **Employment:** The objective of the government to use the local content policy to promote local employment was pursued with the establishment of an Enterprise Support Centre (Centro de Apoio Empresarial, CAE) in 2005. CAE received support of the National Oil Company (Sonangol) and International Oil Companies, including British Petroleum, Chevron, ExxonMobil and Total. The mission of the Centre, as stated on its official website, is *“to develop local content in the oil and gas sector, enabling Angolan companies through technical assistance and commercial management opportunities to participate more actively and with greater success in the industry”*.¹ It was given the responsibility to train Angolans for employment in the oil and gas industry. As at 2014, CAE reported that more than 2,600 Angolan-owned business enterprises participated in its programme through training and technical assistance out of which 276 companies were certified to supply goods and services to the oil and gas industry. During the same period, it generated more than USD\$350 million in oil industry contracts and generated over 3,800 jobs for Angolans in the oil and gas industry.
- b) **Skills development:** Angola has achieved some results in skills development. Some of the Small and Medium Enterprises (SMEs) that passed through the training and technical assistance programmes of CAE have grown into larger-scale operations to meet oil and gas industry needs. For example, NASA Commercial Import and Export Ltd, an Angolan company dedicated to supplying Personal Protective Equipment (PPE) such as uniforms and boots to the oil industry, participated in CAE training courses in topics including, inter alia, financial management, bids and contracts, and marketing. This helped in transforming the company into a leading supplier of Personal Protection Equipment and Steel to the Oil and Gas industry in Angola, Similarly Luafanda Reparacoes (LDA), a Luanda-based electrical and plumbing company received training from CAE's business training and advisory services consultants and one-on-one technical assistance to strengthen management capacity. CAE's assistance helped to build the requisite business skills and acumen to grow LDA to become a respectable service provider in provide high quality electrical and plumbing maintenance provider. The establishment of the National Petroleum Institute to promote capacity building, education and skills development among the national workforce has also contributed to the progress made in capacity development in the oil and gas industry in the country.
- c) **National industrial participation:** To encourage the participation of local industries in the oil and gas industry, the government created the Sonangol Industrial Investments (SIIND) as a subsidiary of the National Oil Company. SIIND coordinated the establishment of 73 factories in the Viana Special Economic Zone, investing USD\$50 million in the first eight factories which opened in 2011. Six more factories were opened in 2012 at a cost of USD\$78 million and all the factories are producing goods for the oil and gas industry, thereby creating domestic production linkages in both the upstream and downstream segments of the industry. The factories which were predominantly owned by local investors carried out activities in assembling imported components but there was no local production to create value added to the economy. Nonetheless, they helped to develop backward and forward

¹ See [www.http://caeangola.com](http://caeangola.com)

linkages in the Subsea Umbilicals, Risers and Flowlines (SURF) sub-sector. A more favourable business environment and effective local content policy implementation would probably have resulted in a more impactful domestic production linkages in the country.

Angola has made important progress in the implementation of the local content policy and regulatory framework. The policy would have had more impact on the economy if it was accompanied by a dedicated and functional institutional mechanism for monitoring, evaluation and measuring outcomes as well as a more favourable business environment. The potential for employment generation, skills development and national industry participation remains enormous in Angola if the government can prioritize the support for SMEs through investment incentives and the creation of a more favourable and enabling business environment for local enterprises.

Chad

There was no concerted local content policy framework developed by Chad at the inception of its oil and gas industry development. Local content policies were based on general policy provisions contained in the National Development Plan (NDP) and Poverty Reduction Strategy Papers (PRSPs). The Constitution also provided the framework, outlining the responsibilities regarding the exploitation of natural resources in the country. These documents set out the general provisions and national priorities regarding employment, skills development and national industry participation in the country. Based on the general policy in the documents, foreign firms operating in Chad adopted Corporate Social Responsibility (CSR) strategies which included commitments to extensive training of local staff, procurement of local goods and services and donating equipment to charities or local governments. Despite the absence of a deliberate local content policy framework, Chad made significant progress with respect to employment generation, skills development and national industry participation since the onset of its oil and gas industry.

- a) **Employment:** The oil and gas sector development in Chad was guided by the National Development Plan (NDP) which contains general provisions and national priorities that focused on nurturing local employment to support the emerging oil and gas industry. Chad also had the support of development partners such as the World Bank in negotiations with International Oil Companies (IOCs) to ensure that contracts include the employment of nationals in project execution. For example, in 2009, the construction of the Chad-Cameroon pipeline project provided thousands of jobs in both countries. In Chad, project employed 5,747 nationals many of whom were unskilled labourers. In spite of the lack of local policy and legislation, the project opened the opportunity for many Chadians to work in the oil and gas sector which had never happened before in the industry.
- b) **Skills development:** The development of skills of Chad nationals to meet the needs of the oil and gas industry was also promoted by the Chadian government. With the support of the international development partners, an ExxonMobil-led oil industry consortium, sub-contractors, international non-government organisations (NGOs) and the Chamber of Commerce, the country was able to support local skills development through technical assistance to small and medium enterprises (SMEs) and building linkages between an oil industry consortium and local suppliers. As highlighted, the Corporate Social Responsibility programmes of the oil companies included providing extensive training of nationals to enable them to participate in the oil and gas sector. Moreover, the labourers engaged in the pipeline project received training that upgraded their skills, thereby helping to prepare them for future employment opportunities in the oil and gas sector.
- c) **National industry participation:** To foster the participation of the local industry in the oil and gas sector, the government with the support of the development partners established

an Enterprise Centre to build the capacity of local companies to win contracts and supply goods and services to the oil and gas industry. According to the International Finance Corporation (IFC), a subsidiary of the World Bank, as of June 2009, 102 local companies have been assisted in electronic bidding and 30 contracts worth over USD\$56 million have been awarded to the local firms.² The World Bank pipeline project was estimated to have purchased goods and services of over USD\$3 billion from local suppliers in Chad and Cameroon with Chad accounting for about two thirds of the deals. In 2010, the management of the Enterprise Centre was transferred to the Chamber of Commerce and personnel were assigned to deliver enterprise training and support services, such as electronic procurement for oil companies, management training, business planning and access to finance. Furthermore, public expenditure and investment of oil revenues in infrastructure, education, health and livestock production were aimed at providing employment opportunities for local people. These investments are expected to contribute to enhancing domestic backward and forward linkages between the oil and gas sector and the economic sectors, thereby increasing the benefits of the sector to the country.

Chad has made remarkable progress in promoting employment, skills development and national industry participation despite the absence of a local content policy framework. Nonetheless, there is need to develop and implement a well-designed local content policy framework that will set clear priorities in terms of policies and legislations. It should also include a robust monitoring and evaluation mechanism that will improve the sustainability of implementation and strengthen the outcomes going forward. In designing this framework, all stakeholders in the oil and gas industry should be involved to ensure transparency and consensus for its implementation. Chad could also learn from the experiences of other countries such as Angola and Nigeria.

Congo

The oil and gas sector is very important to the economy of the Republic of Congo, accounting for around 70 percent of GDP and 85 percent of the country's export. Thus, the diversification of the Congolese economy away from high dependence on the petroleum sector is a major priority of the government and this is clearly stated in the National Development Plan (NDP) 2017-2021.³

The legal and regulatory framework of Congo's oil and gas sector was previously governed by Law no 24-94 dated 23 August 1994 (Hydrocarbons Code), as well as several application decrees including the decree no.2008-15 dated 11 February 2008 which outlines the processes and procedures for obtaining oil and gas permits. On 12 October 2016, a new hydrocarbons code no. 2016-28 was promulgated by the government. The new code has specific provisions for local content development under heading number 7 and articles 139 to 147. The articles provide detailed instructions for local content requirements on all activities along the hydrocarbons value chain with respect to the utilization of local human and material resources, training and local capacity development, technology transfer, utilization of local goods and services, and the creation of additional and measurable value added to the local economy. The new code takes into consideration the aspirations of Congo to use local content development for promoting employment, skills development, technology transfer and national industry participation.

Employment: To generate employment through the exploitation of the oil and gas resources, holders of exploration and exploitation permits are required to give priority to Congolese nationals

²Statement released in December 2009, by its Advisory Services Global Linkages Unit of the Corporate Advise Department, p.2. See www.commdev.org/Chad-Linkages-Highlights-dec2009.pdf.

³ The NDP is an economic diversification blueprint which was developed to transform the country into an emerging economy.

in project implementation. Although no quotas are contained in the new regulatory framework (the Petroleum Code), minimum amounts to be contributed to training of nationals are stipulated in the relevant permits.

- a) **Skills development:** Capacity limitations have been a constraint for the participation of Congolese nationals in the oil and gas activities. To develop the necessary skills required by the industry, oil and gas operators are required to set up training programmes for Congolese employees. For example, Total has been contributing to skills development through the various supports to the Industrial Association of Pointe-Noire (APNI) which is a platform created for the development of the capacity of Small and Medium Scale Enterprises (SMEs).
- b) **National industry participation:** The NDP has a strong local content development policy that will ensure national industry participation in the oil and gas sector through the domiciliation of part of the annual spend of the operators in the local economy. For example, Total is the major player in the industry and its annual spend with local companies is about 22 percent of total inputs through procurement from 380 local sub-contractors and local goods and services providers. To ensure national industry participation, the economic diversification plan seeks to promote private sector growth and investment in the non-oil sectors through investment climate reforms and support to enterprise development and investment promotion. The aim is to improve Congolese economy's competitiveness and prospects for industrialization. This intention was demonstrated in the implementation of the Moho Nord Gas development mega project, commissioned by the government in May 2017. In executing the project, local SMEs and service providers partnered with international companies in the construction and installation works and thus created employment opportunities as well as backward and forward linkages with the broader economy.

The government of Congo is vigorously pursuing the reform of its local content policy frameworks to ensure the achievement of the economic diversification objectives stated in its National Development Plan. To this end, Congo is reaching out to countries like Nigeria to learn about its development and monitoring board with a view to adopting it so as to ensure the effectiveness of its local content development policy frameworks.

Equatorial Guinea

The government of Equatorial Guinea sees local content development as critical to economic growth and development of the country. Therefore, when the oil and gas industry started, the government sought an instrument to ensure that international companies contribute to the economic development of the country. This desire led to the enactment of the Ministerial Order 1/2014 which provides the general policy framework for the regulation of oil and gas activities in the country. The law stipulates that all agreements must have local content clauses and provisions geared towards employment, skills development and national industry participation. It allowed the regulatory authority (the Ministry of Mines, Industry and Energy, MMIE) to make the hydrocarbons law that was passed in 2006 more effective in the implementation of local content policies. Moreover, a National Directorate of Local Content was established for the implementation and monitoring the progress of the policy framework. This is to ensure that the oil and gas resources are used for socioeconomic development through employment generation, skills development and national industry participation and provide domestic linkages to other sectors of the economy.

- a) **Employment:** The main purpose of the oil and gas industry regulatory framework is to diversify and boost the economy to allow an acceptable level of national companies participating in the country's oil and gas industry. The 2014 regulation sets out the benefit to be gained from oil and gas exploitation such as building the capacity of Equatoguineans

leading to greater participation of nationals in the sector. The law obliges oil and gas companies to hire local employees whenever possible. The policy is giving local employees the opportunity to participate in the oil and gas industry. In the past it was mostly the foreign workers that held skilled positions in the industry, but legal and policy frameworks have been put in place to ensure that locals are provided with training and skills needed to play a more significant role in the sector.

- b) **Skills development:** The government recognizes the challenge posed by inadequate skills required for the participation of local companies in the oil and gas sector and included capacity building in the regulatory framework. Most local companies are not competitive with the international companies but through the capacity building programmes of the government in collaboration with the international companies, there has been a significant improvement in the level of local enterprises skills and ability to deliver quality goods and services to the industry. To build local capacity, Equatorial Guinea Liquefied Natural Gas (EGLNG) helps local suppliers develop business skills to improve their operations. Since 2008, local companies participated in 18 courses organized by EGLNG in computer skills, finance and accounting, marketing and customer service, and human resource management. In 2014, Marathon Oil launched its commercial skills programme in the country to train mid to senior level nationals and expatriate employees from the private sector as well as employees from government agencies. The programme content was designed specifically for its in-country operations to include topics such as contract negotiations, contract law and other business skills. Since its launch, the number of local employees receiving training has increased from 2 to 20 annually. In another skills development programme, the government in collaboration with the oil companies, created the National Technological Hydrocarbons Institute to produce technical workers for the oil and gas industry. The purpose of the Institute is to develop capacity and train capable technicians that can compete for positions in line with the full standards and requirements from any company operating in the oil and gas industry. Between 2010 and 2013, Marathon Oil hired 42 graduates from the Institute for operations, construction, engineering, document control, mechanical, plumbing, welding and other jobs, thereby increasing local employees' participation in the oil and gas industry.
- c) **National industry participation:** Local content policy frameworks have encouraged local industry participation through joint ventures between local and international companies in the country. Through such projects, for example the Aseng Oil and gas-condensate project and the planned development of a petrochemical complex, local companies will gain investment, growth opportunities and expertise and eventually, be in a position to independently undertake projects in the oil and gas industry. To enhance access to finance, a manual was developed to guide small and medium scale businesses in obtaining funds through partnership with the National Bank of Equatorial Guinea. These are some of the measures taken by government and the operators to increase domestic linkages with the oil and gas sector and thereby promote national industry participation for higher local value addition.

Equatorial Guinea is making progress in the implementation of its local content policy framework with the collaboration of the national and international oil and gas companies. Nonetheless, there is the need to create an independent monitoring and evaluation institutional mechanism that will involve all the stakeholders in the industry and ensure the effective implementation of the policy frameworks.

Gabon

Gabon is aiming at becoming an emerging economy by 2025 in line with the objectives of its strategic plan, Plan Strategique Gabon Emergent (PSGE). The plan outlines the diversification of the economy through increasing domestic processing of raw materials, increasing foreign direct investment and making industrial services competitive, as well as sustainable management of natural resources to promote local content. Developing local content through the Gabonisation of the oil and gas industry is one key strategy of the Plan for diversifying the economy. Gabon's new Hydrocarbon Law came into force on 15th, September 2014 to replace oil and gas legislations dating back to 1962 and the Petroleum code of 1983. The new law sets out to improve the regulatory framework for the country's oil and gas industry, to encourage greater transparency as well as increasing local benefits through employment generation, skills development and national industry participation.

- i. **Employment:** Employment requirements in the new law are of high importance to the Gabonese people. The law reasserts principles in the Gabonese labour legislation in terms of priority in hiring for members of the local workforce with equivalent skills and qualifications and progressive replacement of foreign workers. Priority is to be given to Gabonese nationals that are of equal skill and qualifications to expatriates in the hiring for personnel in the oil and gas industry, and training must be provided to Gabonese employees.
- ii. **Skills development:** The government was conscious of the need to upskill and transfer skill to its nationals to enable them to participate in the oil and gas industry activities. The new hydrocarbons law reflects this with its principles in developing skills and hiring of the local workforce with equivalent skills and qualifications to replace foreign workers on a progressive basis. Some successes were recorded in capacity building through the establishment of institutions such as the Centre for Professional Specialization which is financed by Total Gabon, and the Oil and Gas Institute. Both institutions provide local oil and gas workers with training and skills development. According to the World Bank through their activities as well as other employment promotion initiatives, 25,000 Gabonese people are expected to benefit from new jobs and skills by 2019⁴. In 2016, The World Bank approved US\$100 million to assist the government of Gabon in developing skills and creating employment for youth in the country⁵.
- iii. **National industry participation:** In line with its policy of increasing local transformation of its natural resources, Gabon is pursuing the development of downstream hydrocarbon projects such as fertilizer plant and a new refinery to facilitate domestic linkages with other sectors in the country. In the new law, there are sustainable development initiatives for investment set at 1% and 2% of a percentage of annual turnover of the operators for the promotion of domestic linkages and community development. Gabonese sub-contractors employing at least 80% Gabonese nationals are given priority in the procurement of goods and services for the oil and gas sector to ensure national industry participation in the industry.

Gabon is determined to use its local content development policy framework for the promotion of employment, development of the required skills and national industry participation to generate increased value added in the country. It recognizes that due to the declining production of oil and gas resources there is the need for a vigorous and committed implementation of the local content policy to achieve the objectives of its economic diversification plan.

⁴ World Bank Press Release, 11 March 2014, <http://www.worldbank.org/en/news/press-release/2014/03/11/world-bankhelps-gabon-diversify-economy-create-new-jobs-women-youth>.

⁵ See [www.http://www.worldbank.org/en/news/press-release/2016/02/10/gabon](http://www.worldbank.org/en/news/press-release/2016/02/10/gabon).

3. Recommendations

The countries reviewed (Angola, Chad, Congo, Equatorial Guinea, Gabon) have put in place legislations and regulatory frameworks to induce the contribution of the oil and gas sector to national economic diversification and development through local content development strategy. The policy frameworks examined in these countries have achieved significant improvements in the contribution of the oil and gas sector to their national economies beyond a narrow benefit of revenue generation and export earnings. For example, the adoption of local content policies has resulted in increased employment opportunities and enhanced development of skills and capacities of individuals and local small and medium scale enterprises. It has also expanded the participation of national industries in the sector through capacity enhancement for sub-contracting, construction and supply of goods and services to the oil and gas industry.

Notwithstanding these achievements, there is room for improvement in policies and the legal and regulatory policy frameworks to promote effective compliance and sustainable domestic linkages to other economic sectors that will create broader economic value addition for the countries. There are still organizational gaps in the enforcement of the policies due to the absence of institutions that will provide adequate monitoring, evaluation and measurement of the policies to determine their impact on the achievement of local content objectives and targets. The monitoring and enforcement of the policies are still domiciled with the Ministries responsible for oil and gas sector, thus combining the responsibilities for regulation with policy implementation often leads to inefficiencies in the process because of inadequate staffing. The following recommendations are proposed to strengthen the policy frameworks and promote sustainable domestic linkages which are the expected dividends of the investment in the implementation of local content strategy in the countries.

i. Strengthening legislation to increase local employment and skill development

Inadequate local capacity has been a major constraint to the impact of policies aimed at increasing access to opportunities through employment and the supply of goods, services. There is the need for complementary specific regulations and policies for the transfer of know-how and skills related to oil, gas and mining operations by the international companies to local enterprises and workers where the skills are available. A related strategy should be to encourage and incentivize local companies to form joint ventures with foreign companies to ensure a more direct way of knowledge and technology transfer to local enterprises. The strategy should include details such as metrics to measure the performance of the international companies in delivering know how and skills so that compliance by the foreign companies can be monitored.

ii. Promoting sustainable domestic production linkages through policy interventions

All the countries reviewed expressed clearly that the adoption of local content development strategy was the result of the desire outlined in their National Development Plans to increase domestic production linkages through the exploitation of oil, gas and mining resources. They recognized that developing backward and forward linkages will enhance employment, skills development and national industry participation of local enterprises in the sector. However, a common regulatory policy adopted by the countries is predominantly reflected in domestic ownership rather than creating domestic linkages with other sectors, thereby limiting local value added. To promote sustainable domestic production linkages, the countries must put in place effective monitoring mechanisms to ensure that incentives provided are used for creating local enterprises that contribute to local value addition in the country. In this regard, building a conducive business environment will enhance the confidence of local and international investors and boost

their participation in the sector. This could lead to expanding linkages between the sector and the broader economy.

iii. Establishment of Enterprise Development and Vocational Training Centres

All the countries reviewed have created enterprise development and vocational training centres with the support of the foreign oil and gas companies. In most cases, these centres focus their programmes and activities on short-term capacity building to meet the immediate needs of the oil, gas and mining companies without a well-developed strategy for a long-term sustainable vocational training for skills development and the creation of employment opportunities in the industry. Enterprise development and vocational training centres should be spread across the countries rather than being concentrated mostly in the capital cities to give opportunities to talents that are outside their locations and thereby increase the participation by the population in oil, gas and mining activities.

iv. Partnership among stakeholders for local content development

For local content policies to achieve its intended impact on the local economy there is need for partnership between the government, industry and civil society organisations, particularly in, skills development and local supplier development programmes. Such partnership will create opportunities for small and medium enterprises to access skills development programmes, technical mentoring and support for the development of business management skills. It will also enhance access to finance as well as institutional strengthening that will create an enabling environment for local SME development. The role of government can be to provide institutional infrastructures and incentives required by the industry to promote employment and skill development programmes. The civil society organisations can mobilise industry support for these programmes through advocacy while the industry will use its technical knowledge and expertise to implement the programmes. This partnership can also help to strengthen regulatory compliance through human capacity building and a constructive oversight of companies' local content plans and achievements.

v. Access to finance by local small and medium scale enterprises

There is the need to complement the capacity building of local small and medium enterprises with access to finance that will enable them to expand their activities and better compete with foreign firms operating in the oil, gas and mining industries in the various countries. Even though countries like Angola, Chad and Equatorial Guinea have put in place some measures to enable SMEs access finance from financial institutions, the local banks are still reluctant in granting the needed working capital to local enterprises. Therefore, there is need for a deliberate policy by the government to provide loan guarantee and insurance schemes to SMEs so that banks will be encouraged to lend to SMEs operating in the oil, gas and mining industry.

vi. Regional markets and strengthen regional cooperation

There are tremendous opportunities for the ECCAS countries to strengthen regional cooperation through participation in the regional market. These countries can take advantage of their common membership of the Economic Community of Central African States and the uniform legal framework by the Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA) to explore regional market opportunities. In addition, the OHADA platform can provide a means of coordination of local content development efforts and information sharing on the experiences and challenges of implementing the regulatory frameworks in the countries. Though, the countries reviewed are at different levels of experience in the development and implementation of local content policies, regional cooperation can provide a peer review mechanism which can assist countries that are lagging in creating the relevant institutional mechanism for the implementation of local content. Moreover, it will contribute to the ECCAS Secretariat in developing a region-wide

policy framework for regional local content development that will consider the specific comparative advantages of each country and the available skills and technical know-how in the region.

vii. Learning from the experience of successful countries in Africa and beyond

ECCAS countries can cooperate with countries in Africa (e.g. Angola - See Box 1, Nigeria) that have implemented successful local content policies which have promoted domestic linkages with other economic sectors. Learning the experiences of these countries will enable them to strengthen their regulatory and monitoring mechanisms to ensure maximum impact on employment, skills development and national industry participation. Recently, Congo signed a technical cooperation memorandum of understanding with Nigeria. Oil and gas professionals undertook a learning tour of the country to understudy the operations of Nigerian Content Development and Monitoring Board.

Box 1. Angola and local content policy implementation

The Angolanisation programme was the main driver for local content policy implementation in Angola. The programme consists of a process established to transfer expatriate job positions to Angolans. For a successful and sustainable transfer of know-how, a gradual process of knowledge transfer from expatriate personnel to identified Angolan staff was adopted. Since its launch in 2010, the Programme has been effective in promoting and recognizing local competences. It is based on Competence Assurance System (CAS) and consists of an enhanced training plan including conventional training action and formal internal on the job training and coaching, as key points to improve competence and the transfer of know-how. The programme involves first the mapping of the knowledge and experience requirements for every position. Once validated, the map is followed by interviews and tests to determine the existing gaps between competences held by a specific person and those required by the job he or she should fill. A programme is then set up to fill the gaps with specific training actions. As part of a local value generation strategy, cooperation with local universities and institutes results in an increased capacity to meet the needs of qualified personnel by industry operators.

With support from government, industry operators also developed initiatives to boost local skills for their operations. One such initiative is the “Talentissimo” Programme launched by Saipem in the country in 2015 to connect universities and the company by organizing specific training, workshops, design case-studies and competitions to enable the most motivated talents gain access to internships and be exposed to technical know-how. Moreover, the establishment of the Centro de Apoio Empresarial (CAE) boosted the development local subcontractors for industry participation. With the support and cooperation of industry operators, the CAE has been training and building the capacity of potential subcontractors to meet the requirements of bidding for jobs in the oil and gas industry. For instance, in 2015, CAE cooperated with Saipem to identify about 120 potential subcontractors that were trained for qualification to participate in the Kaombo project and other issues specific to the oil and gas industry.

The Angolanisation programme has facilitated the contribution of industry operators to local content development in Angola. According to Saipem, one of the major industry operators in the country, a total of USD472 million in direct expenditure in terms of local purchasing, salaries and taxes has been contributed to the economy. The largest recipients of this amount are local businesses (61%) and households (22%). In terms of employment, its activities generated 10,230 jobs while USD23 million of local employees’ salary gains and effect in the economy were achieved in 2011⁶.

⁶ Saipem (2016); Local content for sustainable development: Saipem solutions for effective local content implementation and value creation.

Conclusion

In the ECCAS countries considered in this report, the development of legal and regulatory frameworks is a necessary but not sufficient condition to promote an effective and sustainable local content development. There is the need to put in place institutional structures to follow up on implementation of local content regulations. In Africa, Nigeria, has made serious efforts to ensure that oil and gas companies are creating the needed domestic production linkages that will ensure that the extractive industry make significant contributions to economic growth and acceleration of development in the countries.

The paper also raises a very important issue of the need for an effective local content drive to go beyond increasing local participation in the target industries. That is, to achieve broader economic development from the exploitation of oil, gas and mineral resources in the selected countries, policy makers should focus on two key objectives: (1) strengthening local participation within these industries and (2) diversifying the economy away from high dependence on oil, gas and mineral resources. Most local content policies tend to focus on (1). However, diversification is crucial because of volatility of commodity prices and global drive to reduce fossil fuel consumption, due to climate change concerns. Diversification is also more urgent for some countries than others. For, example, diversification is rightly of more strategic importance to Congo and Gabon than strengthening indigenous participation in an industry that is in decline. These will enhance sustainable economic and social development of the countries.

Appendix 1. Summary of Legal and Regulatory Frameworks in Selected ECCAS Countries.

Angola

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
Local Employment	General	<p>The Angola National Development Plan contains general provisions regarding employment. Vision 2025 contains objectives related to value work, entrepreneurship and savings</p> <p>Key Institutions:</p> <ul style="list-style-type: none"> • Ministry of Petroleum • Established the Enterprise support Centre (CAE) • Sonangol Industrial investment (SIIND) • National oil and gas companies (SONANGOL). 	<p>National Constitution, Article 76(1) states that work is the right and duty of all.</p> <p>Labour Law (Law No.2/00) provides significant protection and benefits to workers including the right to strike and bargain collectively</p>	<p>Contractor groups to comply with decree No.20/82 of 17th April 1992 and ancillary regulations regarding the recruitment, integration and Training of Angolan personnel (Risk services between SONANGOL and CIE Angola Block 9 LTD and others of 2010, and VAALCO Angola (Kwanza) INC of 2006). Mandatory hiring and training of Angolan citizens in accordance with decree 20/82 and Law 17/9.</p>
	Sector Specific (related to the oil and gas sector)	<p>Policy objectives defined by the National Assembly 2003 include Angolanisation of the workforce and the requirement that companies should have a workforce consisting of at least 70 percent Angolan nationals</p> <p>Centro de Apoio Empresarial (CAE) established in 2005. to promote the participation and sustainable development of SMEs in the oil and gas industry, through i) mapping of the oil and gas industry needs with the capacity of Angolan businesses in supplying goods and services; ii) promotion of partnerships between Angolan businesses and foreign companies in order to encourage their</p>	<p>Decree 20/82 laid the foundation for local content in Angola’s oil and gas workforce. Policy instruments outlined by the decree cover the recruitment training and career progression of the local force.</p> <p>Key legislation governing the oil and gas sector includes the Petroleum Activities Law 2004 (PAL) and the Petroleum Taxation Law 2004 (PTL).</p> <p>Decree 13/10 grants protection to national workers against discriminatory recruitment and remuneration practices.</p>	<p>The model Petroleum Sharing Agreement (PSA) sets out production sharing terms.</p> <p>Specific Article (35) outlines the mode of recruitment, integration and training of Angolan personnel.</p>

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
		technical development and competitiveness; iii) management of the database of Angolan registered certified enterprises. ⁷		
Skills Development	General	The National Plan 2010-2011 states that the government is responsible for stimulating the domestic private sector and national entrepreneurs. The Angolan Popular Liberation Movement's Election programme for 2009-2012 emphasized its commitment to building and training human resources.	Act 76(2) of the Angolan Constitution states that every worker shall have the right to vocational training, fair pay, rest days, holidays, protection, workplace health and safety in accordance with the law	Contractor groups to train all the Angolan personnel directly/indirectly involved in petroleum corporation with the purpose of improving their knowledge and professional qualifications in order that the Angolan Personnel gradually reach the level of knowledge and professional qualification held by contractor groups' foreign workers. Risk services agreement between SONANGOL and CIE Angola Block 9 Ltd and others of 2010, and VAALCO Angola (Kwanza) INC of 2006.
	Sector Specific	CAE collaborates with foreign companies to provide technical training to SMEs to boost their competitiveness	The PAL and the PTL mandates the provision of capacity building programmes by operating companies, Companies must develop annual training plans and obtain approval from the Ministry of Petroleum before implementation.	PSAs set out specific requirements in terms of level and area of training for Angolan workers, and extends training requirements to subcontractors providing services to the contractor for more than one year.
National Industry Participation	General	The National Plan 2010-2011 includes objectives to foster industrial production to accelerate import substitution and stimulate domestic private sector and national entrepreneurs.	Article 92 of the National Constitution – the State guarantees the coexistence of the public-private and cooperative sectors in accordance with Law 92(2) the state recognizes and protects the right of rural communities to use and benefit from the means of production	Oil companies are expected to source certain products and services exclusively from Angolan companies meaning companies with majority Angolan ownership. SONANGOL and its associates are required to acquire equipment, machinery and consumer goods of national production where appropriate (Risk services agreement between

⁷ Angola Chamber of Commerce

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
				SONANGOL and CIE Angola Block 9 Ltd and others of 2010, and VAALCO Angola (Kwanza) INC of 2006).
	Sector Specific	<p>Second major objective of local content policy is domestic sourcing of goods and services</p> <p>Tax incentives for Angolan exploration and production companies</p> <p>Regulations requiring the use of Angolan banks and local currency</p> <p>Promotion of investments in manufacturing and oil services through a subsidiary of the SONANGOL, the Sonangol Industrial Investments (SIIND).</p>	<p>PAL and PTL</p> <p>Secondary legislation for local content in procurement is Ministerial Order No. 127/03 on contracting of services and goods from Angolan companies. Angola uses 10 percent as the margin of preference to domestic suppliers</p>	<p>Article 16 of Decree 48/06 sets out different procedures on the procurement of goods and services depending on the value or amount of the contract.</p> <p>Articles of petroleum operations detail involvement of local contractors, subcontractors and procurement of goods and services within Angola.</p>

Chad

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
Local Employment	General	<p>The National Development Plan (NDP) contains general provisions regarding employment and national priorities regarding employment</p> <p>2010 Chad Poverty Reduction Strategy Paper and the NDP 2013-2015 provide for promotion of employment to reduce poverty</p>	<p>Several laws have opened the door for local content provisions to be included in contracts. These include:</p> <p>The National Assembly adopted an Oil Revenue Management Law (Law001/PR/99)</p> <p>The National Assembly adopted Law 002/PR/06 which modified the regime established by 001/PR/99.</p> <p>Ordinance No.001/PR/2010 approves a model Production Sharing Contract (PSC) regulating the activities of exploration and</p>	<p>Production Sharing Contract (30 June 2011) between the Republic of Chad and The ERHC ENERGY (BVI) LTD COMPANY incorporated under US Law and headquartered in Houston Texas. Only the amendments to the PSC exist. The contract sets out commitments for personnel and training by international oil companies, employment of Chadian people is recognized as key in the development of oil and gas sector</p>

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
			<p>production of liquid and gaseous hydrocarbons.</p> <p>Decree No. 796/PR/PM/MPE/2010 implementing the Petroleum Law.</p> <p>Constitution of Chad article 31/32 recognizes right to access public employment and right to work.</p>	
	Sector Specific (related to the oil and gas sector)	No local employment policies in the oil and gas sector	The Petroleum Law and the model PSC include local content requirements relating to employment	<p>The contractor must prioritize the recruitment of qualified Chadian employees over qualified foreign employees</p> <p>The contractor submits an annual work plan with a programme and budget for recruiting Chadian personnel. For example, the contract between Petro Chad and SPIE Oil and Gas Services includes provisions for pre-conditioning and training of local personnel (37 expatriates and 53 Chadians)</p>
Skills Development	General	The NDP provides for development of human resources through education	The National Assembly adopted an Oil Revenue Management Law (Law001/PR/99) and then Law 002/PR/06 modified it. These Laws opened the doors for the subsequent legislations to be made in the oil and gas sector	
	Sector Specific	No policies relating to skills development in the oil and gas sector	<p>Ordinance No. 001/PR/2010 approves a model production sharing contract regulating the exploration and production of liquid and gaseous hydrocarbons.</p> <p>Decree No. 796/PR/PM/MPE/2010 implementing the Petroleum Law.</p>	The contractor submits an annual work plan with a programme and budget with a training programme for Chadian personnel so that they may access any position from qualified worker to executive and director. The contractor must also submit a report

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
			The petroleum legislation and the model production sharing contract include local content requirements relating to training of Chadian people as a key element of skills development in the oil and gas sector	describing the nature and costs of actual training provided to Chadian employees.
National Industry Participation	General	Industrial promotion policy focuses on the following major economic activities: agriculture and livestock, construction, and oil-industry infrastructure including pipelines.	<p>The Constitution of Chad provides a framework on how the state is responsible for natural resources. Every citizen has the right to participate in protecting and exploiting natural resources in accordance with the law. Private property is inviolable and sacred (article 41/52/57 of the Constitution)</p> <p>The Constitution also encourages private sector exploration and exploitation on natural resources where the State grants this right</p>	No provisions relating to national industry participation
	Sector Specific	<p>In the absence of specific local content policies, foreign firms operating in Chad acknowledge Corporate Social Responsibility (CSR), particularly those in the petroleum and telecommunications sector. This includes commitments to purchase local goods and donate excess equipment to charities or local governments.</p> <p>The International Finance Corporation (IFC) partnered with an oil industry consortium, sub-contractors, international NGOs and Chad's Chamber of Commerce to support local SMEs and build linkages between the oil industry consortium and local suppliers.</p>	<p>The petroleum legislation and model PSC include local content requirements relating to procurement which improves opportunities for local companies to compete to supply goods and services to the oil and gas industry. Several laws open the door for local companies to participate in the sector, including:</p> <p>Chad's Oil Revenue Management Law as adopted by the National Assembly in January 1999 (Law 001/PR/99). In December 2005, the National Assembly adopted the Law 002/PR/06 which modified the regime established by Law 001/PR/99.</p>	<p>Petroleum contracts have been negotiated and signed on the basis of model production sharing contracts which state that a foreign petroleum company must incorporate a national Chadian company.</p> <p>The contractor and its sub-contractors must give priority to Chadian companies for construction and service contracts, subject to equivalence of conditions in respect of quality, price, quantity, timing for delivery, payment conditions, offered guarantees and after-sales service.</p>

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
			<p>Ordinance No. 001/PR/2010 approving a model production sharing contract regulating the exploration and production of liquid and gaseous hydrocarbons.</p> <p>Decree No. 796/PR/PM/MPE/2010 implementing the Petroleum Law.</p>	

Equatorial Guinea

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
Local Employment	General	<p>The National Development Plan 2020 provides for job creation to improve income levels.</p> <p>Key Institutions:</p> <ul style="list-style-type: none"> • Ministry of Industry, Mines and Energy • Directorate of National Content • National oil and gas companies (GEPetrol and SONAGAS). 	<p>Article 5 of the 1995 Constitution, which was amended in 2012, provides for protection of labour</p> <p>Article 10 of the constitution declares that the right to employment shall be recognized and exercised as stipulated by the law.</p> <p>Article 25 states that work is a right and social obligation and that the State shall recognize its role in improving well-being and developing national resources to eradicate poverty, misery, and shield citizens from need.</p>	No information available
	Sector Specific (related to the oil and gas sector)	<p>Hydrocarbons sector regulations stipulate that all agreements must have local content clauses and provisions for local employment</p> <p>All companies must inform the Ministry of Mines and Energy (MME) of any vacancies or jobs they intend to create, so the</p>	The Hydrocarbons Law No. 8/2006 requires companies to abide by provisions pertaining to employment	<p>Article 23(2) of the PSA provides for employment of adequately qualified Equatoguinean personnel in all levels of the organisation.</p> <p>Expatriate personnel may only be employed if the contractor and its sub-contractors have exhausted all possibilities of recruiting adequately qualified</p>

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
		Ministry may disseminate this information to potential national candidates.		Equatoguinean personnel in the required area of specialization
Skills Development	General	The 2020 NDP provides for skills development, including improving academic education, vocational training, and access to information and communication technologies (ICTs)	Article 6 of the National Constitution provides for promotion of scientific and technological research Articles 27 to 32 of the Hydrocarbons Sector Regulation address the integration, funding and development of Equatorial Guinean personnel in the sector.	Chapter 9 of the Hydrocarbons Law gives details for the award of contracts for goods and services required in exploration and production operations.
	Sector Specific	Oil and gas companies are required to submit a programme for the development of local content, as well as an education and training plan for each national citizen employed.	Article 88 of the Hydrocarbons Law states that the government and contractors shall contribute to the study, design, construction, equipment, operation and maintenance of the Hydrocarbons Technological Institute of Equatorial Guinea and the creation of training centres for Equatorial Guinean nationals working in petroleum operations or operations related thereto, regardless of their promotion, support and development of other training centres with similar purposes in existence in Equatorial Guinea, Article 92 states that contractors shall train and integrate national personnel into all levels of their organisations in accordance with this law and the terms of their contracts. In addition to the above, the contractor will contribute to the training of Ministry personnel. To that end, the contractor shall provide the Ministry with an annual sum in USD during the exploration and production periods.	Article 23(2) of the PSA provides for training of Equatoguineans to enable them to qualify for any position relating to petroleum operations. Article 23(2) (2) – contractors other than the NOC shall pay annual monies to provide a mutually agreed number of Ministry and NOC personnel with on-the-job training in the contractor’s operations in Equatorial Guinea and overseas and/or practical training in institutions abroad, particularly in the areas of natural earth sciences, engineering, technology, accounting, economics and other fields related to oil and gas exploration and exploitation.

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
			This amount shall be determined by the Ministry.	
National Industry Participation	General	<p>One of the goals of the National Economic and Social Development Plan (PNEDS) is to diversify the economy to free it of its dependence on hydrocarbons and turn the country into an emerging economy by 2020.</p> <p>Equatorial Guinea is expected to take part in Global Value Chains and to promote industrialization of the economy by improving competitiveness, notably by setting up a one stop shop for investors.</p>	<p>Article 27 of the National Constitution states that the economy shall function under:</p> <p>a) The mix economy sector which integrates public and private capital for enterprises;</p> <p>b) The private sector, which integrates companies owned by one or more physical persons or corporate bodies with private rights and, more generally, companies that do not fall under the sectors mentioned above.</p>	Chapter 21 of the Hydrocarbons Law sets out local content requirements for parties involved in contracting matters related to hydrocarbon production. Parties must comply with these requirements to remain in good standing with the Ministry.
	Sector Specific	Policy of establishing National Oil and Gas companies to ensure the participation of national industries.	Article 89 of the Hydrocarbons Law No.8/2006 states that the Ministry shall adopt measures to guarantee, promote and encourage investment in the hydrocarbon sector by Equatoguinean companies and shall create the condition necessary for such purposes. As such, contractors and their associates will comply with the measures adopted by the Ministry regarding the involvement of the national companies in hydrocarbons sector projects. Article 12 of the Regulation of Equatorial Guinea states that contractors are required to give preference to companies owned by citizens of Equatorial Guinea.	PSA 23.1 Preference to Equatoguinean Services. The contractor and its sub-contractors undertake to give preference to Equatoguinean services, materials, equipment, consumables and other goods whose quality and time of delivery are comparable to those available internationally, provided that the cost in Equatorial Guinea is no more than ten percent (10%) above the cost of similar services, materials, equipment, consumables and other goods available internationally.

Gabon

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
Local Employment	General	<p>Gabon's strategic plan "Plan Strategique Gabon Emergent" (PSGE) is aimed at diversifying the economy through increasing domestic processing and making industrial and services sector more competitive as well as the sustainable management of natural resources.</p> <p>Gabon's labour code recognizes the right of workers and provides that no Gabonese should be discriminated against at work because of sex, race or disability.</p> <p>Key Institutions:</p> <ul style="list-style-type: none"> • The Mines, Oil and Hydrocarbons Ministry • The General Directorate of Hydrocarbons • Gabon Oil Company <p>Advisory Bodies (National Commission on Petroleum Product Prices and the Petroleum Revenue Monitoring Commission).</p>	<p>The hydrocarbon sector was originally regulated by the 1962 Mining Code, as modified in 1968 by Law 16/68. Further changes were made by the Mining Code of July 2000. A new hydrocarbons law came into force on 15 September 2014.</p>	<p>National Constitution, Article 1(7) states that work is the right and duty of all.</p> <p>Labour Law (Law No.39/93 of 15 February 1994 provides significant protection and benefits to workers including the right to strike and bargain collectively</p>
	Sector Specific (related to the oil and gas sector)	<p>The policy directives that:</p> <p>a) priority must be given to Gabonese nationals with the same level of qualification and skills as foreign labour to fill available jobs</p> <p>b) hiring specialized foreign labour only exceptionally when national labour is lacking;</p>	<p>Gabon's new hydrocarbons law came into effect on 15 September 2014. The "New Law" sets out to improve control in Gabon's oil and gas industry to encourage greater transparency as well as increase local benefits.</p>	<p>The new law introduced several major changes to the regime governing upstream activities and in particular hydrocarbon contracts.</p>

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
		c) progressively replacing foreign labour with national labour with the same qualifications		
Skills Development	General	Contractors conducting hydrocarbon activities in Gabon must effectively contribute to efforts to train Gabonese nationals in the hydrocarbon industry. They are required to submit to the hydrocarbons minister and the labour minister every year a training programme that specifically meets the requirements of the new law.	The requirements for skills development are set out in the new hydrocarbon law. Preference in allocating petroleum subcontractors is to be given to approved Gabonese companies whose personnel in Gabon consists of at least 80% Gabonese nationals.	The new Hydrocarbons Law sets out local content requirements for parties involved in contracting matters related to skills development for the oil and gas industry.
	Sector Specific	The policy to increase the portion of value added produced and consumed in Gabon by the oil and gas industry through: a) increase the level of expertise of Gabonese personnel b) train Gabonese national personnel in hydrocarbon industry skills c) transfer technology and skills to Gabonese nationals and Gabonese companies.	The new hydrocarbons law adopted by parliament on July 11 and 14 2014 gives specific provisions for skills development by contractors and subcontractors operating in the oil and gas sector in Gabon.	No information
National Industry Participation	General	The state is entitled to participate in a project company holding an exclusive exploitation authorization up to a maximum of 20% of its share capital. In addition, the State must have at least a 20% participating interest in all exploration and exploitation contracts	The new hydrocarbons law adopted by parliament on July 11 and 14 2014 gives specific provisions for national industry participation by Gabonese in the oil and gas sector.	

Overview of Local Content Regulatory Frameworks in selected ECCAS countries

Measures	Provisions	Policies and Institutions	Legislation	Specific Requirements
	Sector Specific	<p>The establishment of the Centre for Professional Specialization and the Oil and Gas Institute which provide local oil and gas workers with training and skills to take opportunities in the sector.</p> <p>The policy to increase the competitiveness of Gabonese companies called upon to perform work or services or to supply goods to the oil and gas industry.</p>	<p>The new Hydrocarbon Law created new local content obligations for national participation in both upstream and downstream activities.</p> <p>The new Law also provides for local supply obligations according to which any refinery, petrochemical or lubricant plant must give priority to Gabonese suppliers of goods and services.</p>	No information

