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**STRUCTURING BANKABLE
OIL & GAS DEALS IN ANGOLA :
MAXIMIZING OPPORTUNITIES
WITHIN THE EVOLVING LEGAL
FRAMEWORK**

ANGOLA



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As Angola celebrates 50 years of independence, the oil and gas sector is poised for its next phase of growth. From deepwater mega-projects that cement Angola's position as a leading African oil producer to new opportunities in marginal field developments, investment interest in Angola's energy sector is booming. But in a market shaped by competition and complex regulation, structuring oil and gas deals requires more than recognizing geological potential, it demands legally sound, commercially viable, and fiscally balanced frameworks that align with Angola's development goals.

Deal structuring in the oil and gas sector is not merely about closing transactions; it is also about aligning with local legal frameworks to foster sustainable, mutually beneficial relationships between the government, investors, and local stakeholders. This approach ensures that projects are not only commercially viable in the long term but also contribute to the broader national development goals.

I. Regulatory Bedrock: Navigating Angola's Legal Framework with Precision

Every successful oil and gas deal in Angola is anchored in the Petroleum Activities Law (Law No. 10/04, as amended by Law No. 5/19) and the suite of regulatory instruments that define the State's ownership of petroleum resources and the framework for exploration and production rights. The law outlines the principles governing petroleum operations, the licensing system, and the roles and obligations of operators.

The National Oil, Gas and Biofuels Agency (Agência Nacional de Petróleo, Gás e Biocombustíveis ANPG) acts as both concessionaire and regulator, holding exclusive rights over petroleum operations and negotiating agreements on behalf of the State. For investors, engaging with the ANPG early and constructively is crucial, as it sets the tone for compliance, approvals, and operational oversight.

Contract selection, whether Production Sharing Agreements, Risk Service Contracts, or Joint Operating Agreements, is a legal decision as much as a commercial one. The Petroleum Activities Law outlines mandatory terms for each structure, but these can be negotiated within defined parameters to reflect project-specific realities.



Angola's Local Content Law (Presidential Decree No. 271/20) is not an add-on but a core structural consideration. It mandates the use of Angolan companies, workforce development, technology transfer, and local procurement, all backed by reporting obligations to the ANPG. Contracts that fail to integrate local content requirements from the outset risk penalties, delays, or even contract termination.

Environmental compliance is equally critical. Presidential Decree No. 194/11 on Environmental Impact Assessment requires detailed studies before the approval of any petroleum activity. These obligations should be embedded into the project timeline, financing model, and risk allocation clauses to avoid operational bottlenecks or disputes.

In addition to the Petroleum Activities Law, some of the following legal statutes are also noteworthy:

- Law 11/04, of 12 November 2004, which approves the petroleum customs law and establishes the customs regime for petroleum operations for all the entities that carry out petroleum operations (oil and gas companies and service providers);
- Law 13/04, of 24 December 2004, as amended by Law 6/19, of 18 April 2019, which approves the petroleum activities tax law and systematises the different tax regimes related to petroleum activities;
- Decree 1/09, of 27 January 2009, which approves the regulations for onshore and offshore petroleum operations;
- Law 2/12, of 13 January 2012, which approves the foreign exchange regime for the petroleum sector;
- Presidential Decree 86/18, of 2 April 2018, which



approves the public tendering for the oil sector, the rules and procedures of the public tenders and to acquire the quality of associate of the National Concessionaire, for contracting services and acquiring goods in the petroleum sector;

- Presidential Decree 91/18, of 10 April 2018, which establishes the rules and procedures for the abandonment of wells and the decommissioning of oil and gas activities in Angola;
- Presidential Legislative Decree 5/18, of 18 May 2018, which approves the legal regime on additional exploration activities in the petroleum concession development areas, regulating additional exploration within these areas, cost recovery and deduction, production sharing, procedures, tax, foreign exchange and customs regime;
- Presidential Legislative Decree 7/18, of 18 May 2018, which approves the legal and fiscal regime applicable to the activities of prospection, exploration, appraisal, development, production and sale of natural gas in Angola; and
- Presidential Decree 271/20, of 20 October 2020, which approves the local content regime in the petroleum sector.

2. **Balanced Fiscal Framework:** Aligning Investor Returns and State Revenues

The fiscal regime in Angola blends royalties, cost recovery ceilings, and profit oil sharing, shaped by the Petroleum Taxation Law and the specific terms of each PSA. Investors must also navigate Petroleum Tax, transaction bonuses, and indirect taxes such as customs duties and VAT.

A well-structured deal must strike equilibrium between investor profitability and Angola's need for steady public revenues. This balance is achieved through rigorous economic modelling, assessing the impact of different oil price, production, and cost scenarios. Stability clauses, tax exemptions, and currency convertibility guarantees are tools that can safeguard fiscal predictability, but they must be carefully drafted to withstand both legal scrutiny and political shifts.

In our experience, Angola's most competitive deals are those that lock in fiscal stability without undermining the State's capacity to respond to extraordinary market changes.

3. **Bankability from the Outset:** Making Deals Finance-Ready

International financiers will only back projects with clear legal certainty. This means:

- Clear title to rights and assets under Angolan law.
- Well-defined dispute resolution clauses, often international arbitration under ICSID or UNCITRAL rules, with enforcement mechanisms that are compatible with Angola's domestic legal order.
- Governing law provisions that ensure contractual enforceability without creating conflicts of laws.

Bankability also requires aligning contractual terms with lender security requirements, for example, by providing step-in rights in the event of default, collateral over certain project assets, and clarity on abandonment funding obligations. Structuring these provisions early prevents renegotiations that can derail financing timelines.

4. **ESG and Local Content:** Legal Compliance as a Commercial Advantage

The Local Content Law is more than a compliance requirement; it is a driver of industrial development. Successful deal structures incorporate local participation targets into joint venture agreements, vendor contracts, and procurement schedules.

Environmental, Social, and Governance standards are increasingly embedded in lender requirements, shareholder expectations, and community relations strategies. Contracts that pre-emptively address environmental safeguards, community engagement, and governance transparency will not only secure smoother approvals but also enhance project resilience.

5. Flexibility and Adaptability: Building Resilience into the Contract

The oil and gas industry is inherently volatile. Market cycles, geopolitical developments, and technological shifts can alter project economics overnight. Angola's legal framework allows for certain adaptive mechanisms, from price reopener clauses to renegotiation triggers, which can be negotiated into the deal.

From Resource Wealth to National Legacy

As Angola enters a new phase in its oil and gas journey, the ability to structure bankable deals will be the defining factor in attracting sustainable investment. In Angola, and across Africa, the next era belongs to deals that create lasting impact. The country's next 50 years in oil and gas will be measured not only by the number of barrels produced, but by the value created for its people and economy.

Achieving this requires legal agreements that go beyond immediate extraction and embed capacity building, infrastructure development, and economic diversification into the very structure of the deal. Success will depend on balancing commercial viability with national development objectives, building resilience into contractual frameworks, and anticipating the regulatory and market shifts that shape long-term outcomes.

Investors and operators who approach Angola with a clear understanding of its legal landscape, a commitment to local participation, and the foresight to build adaptability into agreements will be best placed to turn today's opportunities into lasting value for both their stakeholders and the Angolan economy.



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For personalized support, reach out to our team of expert lawyers and business advisors at CLG via info@clgglobal.com.

We are dedicated to seamlessly guiding our clients through Africa's vast and promising investment landscape.



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