

Approval of the Local Content Law in Mozambique

Law No. 9/2026 of 3 June was published in the Official Gazette, approving the Local Content Law and establishing, for the first time in Mozambican law, a specific and binding legal framework that makes the participation of national companies and workers in projects and ventures in the oil and natural gas sector mandatory.

1. Purpose of the Law

The Local Content Law sets out the legal framework applicable to the procurement of goods, the contracting of services and the employment of national labour in projects and ventures within the oil and gas industry, with the aim of promoting the national economy's participation in the sector.

The Law aims to ensure that operators give priority to national human resources, in accordance with the Petroleum Law, thereby enhancing the generation of economic, industrial, technological and social value in the country through the strengthening of local content.

The Law is based on five general principles, set out in Article 4: *(i)* safeguarding the national interest; *(ii)* capacity-building and integration of Mozambican entrepreneurs; *(iii)* the employment of national labour and the transfer of knowledge and technology; *(iv)* encouraging the establishment of business partnerships; and *(v)* transparency in the procurement of goods and services

2. Scope of the Law

Under Article 3, the Law applies:

- a) to holders of the right to carry out petroleum operations under the Petroleum Law;
- b) to holders of rights arising from concession contracts for oil exploration and production;
- c) to third parties carrying out petroleum operations under the Petroleum Law; and
- d) to legal persons and special-purpose entities, directly or indirectly established by the Concessionaires.

The entities covered must ensure, through contractual mechanisms, that their subcontractors comply with the applicable provisions on Local Content, failing which they shall be jointly and severally liable for non-compliance, in accordance with regulations to be issued. Subcontracting carried out by private employment agencies is excluded from the scope of the Law.

3. Key New Provisions of the Law

3.1. Local Content Authority (Article 10)

The Law establishes the Local Content Authority, a legal entity governed by public law with administrative, financial and patrimonial autonomy, under the supervision of the Minister responsible for the petroleum sector, constituting the central authority for the regulation, coordination, supervision, sanctioning and decision-making regarding the implementation of Local Content in the petroleum sector.

The Council of Ministers is responsible for approving the statutes and operating procedures of the Local Content Authority within 90 days of the date of publication of the Law. The Authority is headed by a Chair of the Board of Directors appointed by the Council of Ministers.

Among its main powers, as set out in Article 13, the following are particularly noteworthy:

- a) Ensuring compliance with Local Content regulations;
- b) Proposing development policies and standards relating to Local Content activities;
- c) Ensuring the implementation of the provisions of the Law; and
- d) Processing and approving the plan for the procurement of goods, the contracting of services and the hiring of national labour. The Authority is also responsible for creating and maintaining an up-to-date register of suppliers.

The Local Content Authority must publish, via a public portal, all approved procurement plans, the list of certified national suppliers and, annually, the list of services by category.

3.1.2. Procurement Regimes for Goods and Services (Article 25)

The legislation provides for three procurement regimes for goods and services, in accordance with Article 25:

1) Exclusivity Regime (Article 28): goods and services must be procured within the national territory if they cumulatively meet the following criteria: *(i)* production using at least 80 per cent domestic factors of production; *(ii)* Mozambican companies in which at least 20 per cent of the capital is held by Mozambican nationals; and *(iii)* a workforce in which at least 50 per cent of the total wage bill is paid to Mozambican nationals. The goods and services to be procured under this regime are set out in the list annexed to the Law and are updated by Decree of the Council of Ministers;

2) Preference Scheme (Article 26): this scheme gives preference to Mozambican natural and legal persons with the majority of their share capital held by Mozambicans and resources produced using domestic factors of production, provided that the price, including taxes, does not exceed that of a qualified foreign supplier by more than 20 per cent. Under Article 16(2), where tenders are closely matched during the evaluation phase, the tender containing the highest percentage of Local Content must be selected, provided that the purchase price is not more than 20 per cent higher;

3) Free Market Regime (Article 29): this applies when the requirements for procurement under the preference and exclusivity regimes are not met, whereby the rules of supply and demand among suppliers apply. Under this regime, the contracting authority may procure goods or contract for services from domestic or foreign suppliers, or from business partnerships, and must, as a general rule, use the public tender procedure.

3.1.3. Minimum Procurement Targets within the National Territory (Annex II)

The Law sets minimum percentages for domestic procurement across various sectors, specifically:

Sector / Product	Minimum %
Petroleum products, fishery products and timber products	85%
Catering and cleaning services	80%
Legal services	70%
Accountancy services	60%
Construction, dredging, coastal shipping and the aggregates sub-sector	50%
Drilling services, banking and insurance services	30%
Business partnerships	20%
Welding and painting services	15%

3.1.4. Business Partnerships (Article 17)

The legislation stipulates that the establishment of business partnerships between nationals and foreign nationals must comply with the minimum requirement that 20 per cent of the share capital be held by nationals, in accordance with Article 17(5).

Partnerships exclusively between nationals enjoy a right of preference. With regard to partnerships involving foreign participation, preference is given to those involving a higher percentage of national ownership.

Furthermore, Article 27 establishes preference quotas for the communities concerned: 30 per cent of the goods covered by the exclusivity regime must originate from the province where the project operates, and 15 per cent of semi-skilled jobs must be reserved for residents of the districts concerned.

3.1.5. Human Resources Development Plan (Article 32)

Entities covered by Article 3(1) must submit their Human Resources Development Plans to the Local Content Authority by the deadline for submitting activity and budget plans.

These plans must contain, amongst other elements: the areas of operation envisaged for the period; a description of labour requirements and the necessary profiles; a demonstration of the process for integrating Mozambicans; a definition of the knowledge and skills to be transferred to Mozambican staff; a specification of training activities; and a plan for the inclusion of Mozambicans in project management positions.

3.1.6. Certification (Article 21)

Goods and services containing national components are subject to certification, to be carried out by bodies accredited by the Local Content Authority, which certify the percentage of Local Content in accordance with the criteria and procedures laid down in the Law and the relevant regulations. A

national natural or legal person is classified as a national supplier of goods and services upon presentation of the relevant certificate.

4. **Conclusion**

The Local Content Law represents a historic milestone for Mozambique by establishing, for the first time, the mandatory integration of domestic goods, services and labour into oil and gas projects.

The establishment of the Local Content Authority, the exclusivity and preference schemes, the minimum local procurement percentages and the robust penalty regime demonstrate the legislator's clear intention to transform mega-projects into effective drivers of national development.

For companies and operators, the Law imposes new obligations regarding planning, reporting and partnership with national bodies, the failure to comply with which may result in serious consequences — including fines ranging from USD 50,000.00 to USD 300,000.00, the cancellation of concession contracts and a ban on participating in future tenders. It is recommended that existing contracts be reviewed immediately and that plans be put in place to ensure compliance with the new legal requirements.

It should also be noted that the Council of Ministers has 90 days from the date the Law comes into force to issue implementing regulations, and the entities concerned should closely monitor subsequent regulatory developments. The Law came into force on the date of its publication.

For further information and updates please contact JLA Advogados, the LEX Africa member in Mozambique, on maputo@jlaadvogados.com or visit <https://www.jlaadvogados.com>.