• AMA1 has built on Mozambique Government Policy and Regulation for National Content

• .....to put in place a state-of-the-art, fully functioning, National Content Strategy and Implementation Procedures and Programs

• ...which are internationally benchmarked against other countries so as to be optimised for Mozambique
Building on Mozambican Policy and Regulation for National Content
• AMA1 has adopted a ‘**stick-build**’ engineering concept to maximise Mozambican labour
  • alternative is ‘modular’ build in overseas fabrication yards

• AMA1 requires contractors to prioritize **recruitment** to those born in District of Palma and Mocimboa de Praia, and wider Cabo Delgado
  • to date: 46% of Mozambican labour is from Palma

• AMA1 goes **beyond the regulations** in a number of ways, including:
  • making National Content a **competitive part of contract tendering and award**;
  • requiring reporting all national labour and expenditure with **Mozambican-owned suppliers**
Building on Government Policy and Regulation

Policy
• Labor intensive job creation, and longer term technical education and training
• Business incubation, industrial parks at Palma, Pemba and Nacala, linkages between small and big firms,

Regulation
63/2011 – Contracting of Foreign Workers
• restrictions on foreign workers
• endeavour to utilise citizens of the Republic of Mozambique having appropriate qualifications...[and]...carry out an effective training and employment programme for Mozambican employees

Petroleum Operations
• preference to local goods and services when internationally comparable in terms of quality, availability, quantity, at prices no higher than 10% of imported goods

Petroleum Law
• preference to Mozambican products and services when competitive in terms of price and comparable in terms of quality and supply

AMA1 National Content Strategy
• Stick-build LNG concept
• Priority to Palma, Mocimboa de Praia, Cabo Delgado

National Labour
• AMA1 and EPC training progs
• Labour Agreement optimises gas project (eg schedule risk)
• Early Works at 70% nationals
• 1st right of refusal for Labour from Palma and Mocimboa de Praia

Local Supplier Preferences:
• Preference to selective Mozambique-owned supplies if with 10% on price
• Performance reporting of spend with Moz-owned suppliers
AMA1 National Content Strategy and Implementation Procedures: Comprehensive and Fully Functioning
The Project shares the vision of the Government of the Republic of Mozambique ...

...that the prospect **phase-on-phase capital investments** in field development, onshore LNG facilities, infrastructure and associated mid and down-stream industries, as well as cumulative operational expenditure in gas production and processing, offers a **unique opportunity** to build a sustainable skilled national workforce and capable local supplier industry in Mozambique, ...

....and that the focus of these economic opportunities should be directed as far as practicable to the Districts of **Palma** and **Mocimboa da Praia** and the Province of **Cabo Delgado**.
AMA1 Comprehensive Framework for National Content

National Content Strategy

Local Supplier Capabilities Analysis

Tender Procedures to make NC a competition

Major Contracts

Minor Contracts

Recruitment and Training Progs

Local Supplier Pre-Qualification and Development Progs

% Targets for NC as Contractual Commitments

Monitoring Reporting System

Economic Impact Modelling (work in progress)
PILARS Of The STRATEGY

1. ALIGN with PROJECT BUSINESS DRIVERS

2. ALIGN with GOVERNMENT PRIORITIES for NATIONAL CONTENT

3. LEGISLATION, CONTRACTS & REGULATIONS ON NATIONAL CONTENT

4. SHARED VISION ON NATIONAL CONTENT

5. TRAINING OF NATIONALS

6. RECRUITMENT & CAREER PROGRESSION OF NATIONALS
PILARS Of The STRATEGY

7. LOCAL PROCUREMENT SOURCING & SUPPLIER DEVELOPMENT
8. STAKEHOLDER ENGAGEMENT & COLLABORATION
9. PROJECT NATIONAL CONTENT EXECUTION
10. SOCIAL INVESTIMENT to ENHANCE NATIONAL CONTENT
11. NATIONAL CONTENT REPORTING
12. PROJECT RESOURCING & ORGANIZATION to MANAGE NATIONAL CONTENT
3 LNG EPC Contractors: submitted 5 iterative forecasts against 3 scenarios

Demand-side (spend forecasts)

**ENGINEERING**
- Detailed Engineering
- Project Management Team
- In-Country Support Off-site

**PROCUREMENT/MATERIALS**
- Civils and Marine
- Architectural and Structural Steel
- Insulation / Refactory / Fireproof
- Painting
- Mechanical Equipment
- Piping
- Electrical and Instrumentation
- Chemicals / Catalysts / Lubricants

**LOGISTICS**
- Ocean Freight
- Air Freight
- In-Country Freight

**CONSTRUCTION LABOUR**
- Civil and Architectural
- Structural Steel
- Insulation / Refactory / Fireproof
- Painting
- Mechanical Equipment
- Piping
- Electrical Instrumentation
- In-Direct On-Site
- Project Management Team On-Site
- Camp / Catering / Security etc
- Training

**COMMISSIONING**
- Commissioning and Start-Up

Supply-side

(Forecast of $ spend captured by (i) Moz-owned suppliers and (ii) Moz-registered suppliers)

Supplier Devt Program

<table>
<thead>
<tr>
<th>National Content Plan</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
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<tr>
<td>2.</td>
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<tr>
<td>3. Supplier Development Program</td>
</tr>
<tr>
<td>4.</td>
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<td>5.</td>
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<td>6.</td>
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</tbody>
</table>

EPC LNG Contractor Award Named May 2015
National Content Made a *Competition* in Contract Tenders

**LNG EPC Contract Tender**

1. Investments in Fixed Assets
2. Nationals in Workforce
   - Management
   - Professional
   - Supervisory
   - Skilled
   - Semi-skilled
   - Unskilled
3. Training of Nationals
4. Recruitment & Training Plan
5. Local Procurement
6. Supplier Devt Program
7. Investments in Universities, Education and local R&D
8. Value Added to Economy

**Off-shore in-Country Contract Tendering:**

1. Nationals in Workforce
   - Management
   - Professional
   - Supervisory
   - Skilled
   - Semi-skilled
   - Unskilled
2. Training of Nationals
3. Local Procurement

**Evaluation Criteria**

- Contractual Commitment
- % score

% score for National Content factored into Contract Award decision
### AMA1 Initiatives

#### Training and Education Programs - Construction

<table>
<thead>
<tr>
<th>Skilled</th>
<th>Semi-skilled</th>
<th>Unskilled</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPC Contractor – Construction Skills Development Program (beginning after FID)</td>
<td>AMA1 - 5 x 10 week Craft Trade courses. 200 graduated by Dec 2013</td>
<td>AMA1 – Work Readiness training: 300 graduated TO DATE. 720 by Dec 2013</td>
</tr>
<tr>
<td>AMA1 – SME skills training and business development (initial market analysis complete)</td>
<td>AMA1 – skills training for labour opportunities in construction of Resettlement village</td>
<td>Ongoing HSE training</td>
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- **Skilled**
  - EPC Contractor – Construction Skills Development Program (beginning after FID)
  - AMA1 – SME skills training and business development (initial market analysis complete)

- **Semi-skilled**
  - AMA1 - 5 x 10 week Craft Trade courses. 200 graduated by Dec 2013
  - AMA1 – skills training for labour opportunities in construction of Resettlement village

- **Unskilled**
  - AMA1 – Work Readiness training: 300 graduated TO DATE. 720 by Dec 2013
  - Ongoing HSE training
AMA1 Initiatives
Professional Training and Education Programs - Operations

<table>
<thead>
<tr>
<th>Professional</th>
<th>Supervisory</th>
<th>Skilled</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMA1 - UEM Petroleum Engineering Masters Program</td>
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<tr>
<td>• $4m investment in curriculum development – 70% COMPLETED</td>
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<tr>
<td>• $2m investment state-of-the-art virtual facilities - COMPLETED</td>
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<tr>
<td>• Back-to-back US-MZ professors – 6 MZ professors engaged, with 2+ to begin in coming months</td>
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<td>• 7 faculty currently in program (training for future PE faculty)</td>
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<tr>
<td>• 125 graduates will have enrolled in Masters program by 2018</td>
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<tr>
<td>AMA1/ENI – Nationalization Plan for Operations (in progress)</td>
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</tr>
</tbody>
</table>

| AMA1 – Engineers and technicians trained in Mozambique and USA (started in March 2013) |
| AMA1/ENI – Operations training for technicians, craft and service trades: training facility in Pemba, with OTJ training onsite (beginning after FID) |
| Ongoing SME Development Programs |
Local Supplier Development: KEY MESSAGES

• **AMA1 Local Supplier Development Program**
  
  • Pre-qualification/Certification
  • Technical and business skills training
  • Market Linkages
  • Joint Venture/Partnerships and Networking Events
  • Mentoring and Peer Exchanges
  • Adopt-a-Company... Grow-a-Local-Supplier

• **LNG EPC Contractor** contractually committed to implement a program of supplier development targeted to **Mozambican-owned vendors**
LNG EPC Contractor Supplier Development Program

- **Upgrade** of Moz-owned suppliers to meet international standards for HSE and quality;

- **Train employees** in technical and business skills

- Support for **best-performing** Mozambican-Owned suppliers to grow their business, eg to competitively replace imports and market themselves post contract;

- **Facilitate strategic alliances/partnerships/consortia** that enable Mozambican-Owned suppliers to competitively win more work and move up the value chain

- **Tender Alerts**: provide information through appropriate communication channels that alerts Mozambican-Owned partners and suppliers to other forthcoming tenders, and guides in how to navigate the vendor registration, pre-qualification and tendering process;

- **Prioritize community-based suppliers** located in, or source labour or materials from, communities in the following priority areas: 1st - District of Palma; 2nd - District of Mocimboa; 3rd - Province of Cabo Delgado, 4th – Mozambique
National Content Program – 2015

- **Maintain engagement, influence and visibility**
  - Develop and Implement a Supplier Evaluation System with Scorecard and Certification
  - Enhance the Capacity of Mozambican Suppliers to Fulfill AMA1-related Goods and Service Requirements through Training and Technical Assistance
  - Support IPEME-COrE as Key Partner for Provision of Targeted Enterprise Development Solutions to Local Suppliers
  - Develop in house capacity in order to attain the proposed objectives
Obrigado