

Project Finance 2020

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Published by

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First published 2008

Thirteenth edition

ISBN 978-1-83862-144-5

Printed and distributed by
Encompass Print Solutions
Tel: 0844 2480 112



Project Finance 2020

Contributing editors**Alec Borisoff and Aled Davies**

Milbank LLP

Lexology Getting The Deal Through is delighted to publish the thirteenth edition of *Project Finance*, which is available in print and online at www.lexology.com/gtdt.

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on China, Cyprus and Turkey.

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Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Alec Borisoff and Aled Davies of Milbank LLP, for their continued assistance with this volume.



London
July 2019

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This article was first published in August 2019
For further information please contact editorial@gettingthedealthrough.com

Contents

Global overview	5	India	79
Aled Davies and Alec Borisoff Milbank LLP		Santosh Janakiram Cyril Amarchand Mangaldas	
Mining sector: the shift back to project financing	8	Italy	87
Alec Borisoff and Katherine Hannah Milbank LLP		Eugenio Siragusa Nctm Studio Legale	
Angola	10	Japan	93
Irina Neves Ferreira and João Francisco Cunha ALC Advogados		Naoaki Eguchi, Pierre Chiasson and Kosuke Suzuki Baker & McKenzie (Gaikokuho Joint Enterprise)	
Armenia	17	Kenya	101
Artur Hovhannisyan Concern-Dialog Law Firm		Christine A O Oseko, Manzi M Asimwe and Loice B Erambo Oseko & Ouma Advocates LLP	
Australia	23	Korea	110
Ben Farnsworth and Michael Ryan Allens		Michael Chang, Sang-Hyun Lee, Mikkeli Han, Dennis Cho, Seok Choi and Na Yu Shin & Kim	
Chile	31	Mexico	118
José Miguel Carvajal and Myriam Barahona Morales & Besa Ltda		Rogelio López-Velarde and Amanda Valdez Dentons Lopez Velarde SC	
China	37	Myanmar	127
Charles Wu Zhong Lun Law Firm		Khin Cho Kyi, Albert T Chandler and Jessada Sawatdipong Chandler MHM Limited	
Cyprus	46	Panama	135
Stella Strati and Stylianos Trillides Patrikios Pavlou & Associates LLC		Erika Villarreal Zorita Anzola Robles & Asociados	
Dominican Republic	53	Portugal	143
Fabio J Guzmán Saladín, Alfredo A Guzmán Saladín and Alberto Reyes Báez Guzmán Ariza		Teresa Empis Falcão and Ana Luís de Sousa Vieira de Almeida	
England & Wales	60	Sweden	149
Mark Richards, Alexander Hadrill, Alfred Weightman and Helen Miller Bryan Cave Leighton Paisner LLP		Peter Dyer and Andreas Lindström Foyen Advokatfirma	
Germany	73	Switzerland	155
Alexander M Wojtek, Henner M Puppel, Richard Happ and Tim Rauschning Luther Rechtsanwaltsgesellschaft mbH		Thiemo Sturny Walder Wyss Ltd	

Thailand 161

Jessada Sawatdipong, Kobkul Trakulkoed
and Sarunporn Chaianant
Chandler MHM Limited

Turkey 170

Herguner Bilgen Ozeke Attorney Partnership

United States 177

Armando Rivera Jacobo and Victoria G J Brown
Debevoise & Plimpton LLP

Vietnam 184

Pham Ba Linh and Le Lien Huong
Lexcomm Vietnam LLC

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CREATING COLLATERAL SECURITY PACKAGES

Types of collateral

1 | What types of collateral and security interests are available?

Angolan law offers a range of collateral and security types. A borrower may provide guarantee under the form of attachment, preferential credits, special guarantees such as money deposit, debt securities, precious stones or metals, pledge, mortgage or bank guarantee.

Real estate securities

Although the Angolan Constitution recognises private ownership alongside public and community ownership, it also states that the ownership of land originally belongs to the state and that it may, if considered appropriate and in the public interest, transfer it to private individuals or entities. While the Constitution allows private ownership with some latitude, the Land Act is much more restrictive. Hence, the transfer of ownership in some categories of land seldom occurs. The transfer of minor land rights (eg, leasehold, right of customary dominium utile, right of civil dominium utile, right to temporary occupation) is the most usual form of allocation of rights over land. Upon prior authorisation of the holder of such minor land rights, securities over said rights may be awarded. Given that such minor land rights relate to immovable property, the security shall be bestowed in the form of mortgage, and through the execution of a notarial deed and the subsequent relevant registration. It is worth mentioning the possibility of awarding a 'factory mortgage' over a plant, which includes not only the real estate property itself but also its contents (eg, all machines and equipment). Finally, a pledge over equipment may be granted, subject to the execution of a written agreement signed by the parties and duly certified by a notary.

Security over receivables

Under Angolan law the creditor is allowed to secure its rights against the debtor through:

- the grant of a security over receivables;
- the assignment of receivables, rights and credits; and
- the assignment of revenues.

The grant of a security over receivables shall be executed through a written agreement. Both the grant of a security over receivables and the assignment of receivables, rights and credits can only be executed upon notification of the relevant debtor. Through the assignment of revenues – which shall be executed by notarial deed – the debtor can ascribe to the creditor the revenues generated by its immovable and movable assets.

Security over shares

A pledge of shares can be granted over shares of commercial companies incorporated under the laws of Angola. The grant of a pledge of shares of a limited liability company by quotas (where the share capital is

represented by a form of nominative shares) shall be executed through written agreement, and subsequently registered with the competent Commercial Registry Office.

Security over mining rights

The 2010 Constitution of Angola ascribes the ownership of all natural resources within the Angolan jurisdiction to the state. The Angolan jurisdiction comprises the onshore territory of Angola, the internal waters, the territorial sea, the exclusive economic zone and the continental shelf and, therefore, all oil and gas fields located in such areas belong to the public domain of Angola. All mining rights are exclusively assigned to the National Concessionaire. Moreover, all petroleum deposits existing in Angola are an integral part of the public domain, with the National Concessionaire being the exclusive holder of all mineral rights related to such deposits. Pursuant to Petroleum Activities Law, mineral rights are granted to the National Concessionaire, which cannot assign these mining rights, but may associate with an upstanding domestic or foreign company having the necessary technical and financial capacity. The associates of the National Concessionaire neither own the mineral rights nor may be deemed as a concessionaire, thus the provision of a security by a private entity over the mining rights cannot be provided since such rights cannot be encumbered, given that such rights belong to the Angolan state.

Collateral perfecting

- 2 | How is a security interest in each type of collateral perfected and how is its priority established? Are any fees, taxes or other charges payable to perfect a security interest and, if so, are there lawful techniques to minimise them? May a corporate entity, in the capacity of agent or trustee, hold collateral on behalf of the project lenders as the secured party? Is it necessary for the security agent and trustee to hold any licences to hold or enforce such security?

As a rule, Angolan law does not require any special formalities or written documents for the perfection of securities. The exceptions to such principles are covered in question 1. The registry and execution of the documents supporting the grant of securities (namely mortgages) are subject to the payment of a stamp duty tax. The applicable rates may vary between 0.1 per cent and 0.3 per cent. Notarial fees charged by the public notaries, whenever required, may vary according to the specific guarantee to be provided.

Assuring absence of liens

- 3 | How can a creditor assure itself as to the absence of liens with priority to the creditor's lien?

Under the Angolan Civil Code (CC), some credits benefit from prior ranking over others, which means that some credits are paid with

preference over others. Preferential credits may be over movable property or over real estate. Preferential credits over movable property may be general (when they cover all movable assets, as is the case of the credits arising from an employment contract) or special (if, otherwise, the preferential credit targets only certain assets). Conversely, preferential credits over real estate are always special given that they refer to certain real estate property (eg, state credits from property taxes).

As per the Civil Procedural Code (CPC), after the liquidation of the debtor's assets, the creditors shall be paid according to the above-mentioned rules.

Hence, the time of registration of a security is relevant for the purposes of determining the priority of the creditor.

Enforcing collateral rights

4 | Outside the context of a bankruptcy proceeding, what steps should a project lender take to enforce its rights as a secured party over the collateral?

As a rule, the enforcement of guarantees depends on judicial proceedings. However, the CC foresees some mechanisms to enable the creditors to secure their rights outside (or before) a judicial proceeding. For instance, the creditor is allowed to retain the debtor's assets until the latter complies with its contractual obligations. Moreover, if the debtor does not do so, the creditor may replace the debtor in the exercise of its patrimonial rights against a third party (unless, owing to its nature, such rights can only be exercised by the debtor).

Enforcing collateral rights following bankruptcy

5 | How does a bankruptcy proceeding in respect of the project company affect the ability of a project lender to enforce its rights as a secured party over the collateral? Are there any preference periods, clawback rights or other preferential creditors' rights with respect to the collateral? What entities are excluded from bankruptcy proceedings and what legislation applies to them? What processes other than court proceedings are available to seize the assets of the project company in an enforcement?

The bankruptcy legal framework set forth in the CPC was designed to protect creditors (ie, the assets belonging to a company that has been declared bankrupt are seized to protect the creditor's rights). Upon the declaration of bankruptcy by the judgment of a court, the maturity of the company's debts occurs, and all actions carried out by the company affecting the creditor's patrimonial guarantee may be deemed null, void or ineffective, upon the fulfilment of certain requirements. The ranking of the credits is addressed in question 3, being a foreign or national creditor does not influence the ranking.

There are certain entities excluded from bankruptcy proceedings, and others that are subject to special bankruptcy proceedings:

- the Angolan Central Bank (BNA) cannot be declared bankrupt;
- the general preventive means of bankruptcy are not applicable to financial institutions (the regime governing said entities is the one set forth in the Framework Act of Financial Institutions); and
- the Public Business Sector Act is the statute governing the special procedures of liquidation and winding-up of public companies.

Regarding the processes other than court proceedings available to seize the assets of the project company, see question 4.

FOREIGN EXCHANGE AND WITHHOLDING TAX ISSUES

Restrictions, controls, fees and taxes

6 | What are the restrictions, controls, fees, taxes or other charges on foreign currency exchange?

The Foreign Exchange Act governs commercial and financial transactions having an actual or potential impact on the balance of payments of Angola and is applicable to capital transactions and foreign exchange (FX) trading. The FX operations deemed most relevant are the following:

- purchase or sale of foreign currency;
- opening and operation of foreign currency accounts in Angola by FX or non-FX residents;
- opening and operation of local currency accounts in Angola by non-FX residents; and
- settlement of any transaction relating to goods, invisible items of trade or capital.

Payments between FX residents and non-FX residents are subject to BNA's control (either prior authorisation if the amount of the transaction is higher than a certain threshold or subsequent notification). The specific FX rules applicable to currency transfers between a FX resident and a non-FX resident are subject to different requirements depending on whether the underlying transaction relates to invisible items of trade (service fees, royalties, etc), dividends or profits, goods or capital. The import, export or re-export of foreign currency can only be performed by financial institutions duly authorised by the BNA to carry out FX trade. The BNA periodically organises public auctions for the sale of foreign currency (US dollars and euros) to commercial banks. The repatriation of dividends by foreign investors is subject to the approval of a private investment project.

Investment returns

7 | What are the restrictions, controls, fees and taxes on remittances of investment returns (dividends and capital) or payments of principal, interest or premiums on loans or bonds to parties in other jurisdictions?

The remittance of investment returns is only possible under a private investment project approved under the Private Investment Act (PIA).

Once the private investment project has been implemented and upon proof of such implementation, the foreign investor enjoys the right to transfer profits and dividends abroad, as well as other amounts related to the investment made.

The payment of principal, interest or premiums on loans or bonds is classified as a capital operation, under Decree No. 23/98 of 24 July 1998. However, full or partial repayment of loans and other credits (whatever the form, nature or title thereof) is only deemed as a capital operation when it is for a term exceeding one year, with the exception of loans and other credits exclusively civil in nature. Applications for capital operations must be submitted by the interested parties to a financial institution authorised to carry out FX trade, which forwards them to the BNA. Following authorisation of the operation and the issuance of a capital export licence, the applicant may export the capital, which can only be done through banks authorised to carry out FX trade in Angola.

Foreign earnings

- 8 | Must project companies repatriate foreign earnings? If so, must they be converted to local currency and what further restrictions exist over their use?

The PIA allows foreign investors to repatriate the earnings of the relevant private investment project implemented in Angola. However, repatriation is not mandatory. In the case of national investors abroad, the creation of new companies or any branches abroad (as well as buying shares of companies domiciled outside the country) using capital domiciled in Angola is considered a medium or long-term capital operation, and as such is subject to the requirements of prior authorisation by the BNA. The law limits to financial institutions domiciled in Angola the ability to export capital, after authorisation by the BNA. In certain cases, this authorisation may be delegated to credit institutions. The FX authorisation attributed to the holder of a licence to export capital cannot be used for purposes other than those for which it was granted. In these cases, the amounts exported abroad must be subsequently repatriated to Angola. An FX resident may open a bank account in foreign currency, and such account may be credited in foreign currency but the use of such currency is limited.

- 9 | May project companies establish and maintain foreign currency accounts in other jurisdictions and locally?

Foreign currency accounts may be held by FX residents and non-FX residents subject to the limitations established by BNA Order No. 2/17 of 3 February 2017. According to this instrument, foreign currency credit accounts may be held and managed for the following grounds:

- funds that came from abroad; or
- funds arising from financial applications made through financial institutions.

However, foreign currency debit accounts may be held and managed when:

- exercising an exchange operation to pay Angolan nationals in national currency;
- issuing payment or transfer orders abroad;
- transfers in between banks to accounts held by FX residents that are a part of the same group;
- using electronic payment cards or other internationally accepted payment mechanism; and
- paying any encumbrances arising from account maintenance and management.

The aforementioned BNA Order does not apply to FX operations conducted in the petroleum sector. The opening and operation of bank accounts in other jurisdictions is subject to the grant of a special authorisation by the BNA.

FOREIGN INVESTMENT ISSUES

Investment restrictions

- 10 | What restrictions, fees and taxes exist on foreign investment in or ownership of a project and related companies? Do the restrictions also apply to foreign investors or creditors in the event of foreclosure on the project and related companies? Are there any bilateral investment treaties with key nation states or other international treaties that may afford relief from such restrictions? Would such activities require registration with any government authority?

Private investors are entitled to incorporate (or take any parts of) companies before the approval of the private investment project (before the issuance of the Certificate for the Registration of an Investment Project), namely, the practical constraints (the need of having a private investment project approved) over ownership of shares in any undertakings incorporated or registered in Angola by foreign investors are no longer in force. However, the repatriation of profits still depends on the prior approval of a private investment project. The payment of creditors abroad depends, as a rule, upon FX authorisation granted by the BNA under Decree No. 23/98. The ownership of land rights is still limited, being as a foreign person is entitled only to have minor land rights such as surface rights. Even though Angola is a signatory to a few bilateral investment treaties (Cape Verde, Cuba, Italy, Germany, Namibia, Portugal, Russia, Spain and South Africa), these do not provide relief from the requirement to put forward an investment project for an investor intending to repatriate profits outside Angola.

Insurance restrictions

- 11 | What restrictions, fees and taxes exist on insurance policies over project assets provided or guaranteed by foreign insurance companies? May such policies be payable to foreign secured creditors?

The conducting of insurance and reinsurance activities in Angola is limited to entities duly incorporated and authorised under the Insurance Activity Act. Such authorisation is granted by the Ministry of Finance, upon consulting the Angolan Agency of Insurance Regulation and Supervision. The transfer of any amounts abroad under an insurance policy is deemed an FX operation – given that it entails the transfer of money between an FX resident and a non-FX resident. Upon the relevant authorisation of the BNA, insurance policies over project assets can be paid to foreign secured creditors.

Worker restrictions

- 12 | What restrictions exist on bringing in foreign workers, technicians or executives to work on a project?

Presidential Decree No. 43/17 of 6 March 2017, as amended by Presidential Decree No. 78/17 of 24 April 2017, which revoked Decree No. 5/95 of 7 April, regulates the professional activity of non-resident foreign workers, along with the General Labour Law (Law No. 7/15 of 15 June 2015). A quota rule is imposed on companies of all sizes, according to which 70 per cent of the workforce is to be composed of national workers (Angolan or foreign residents) and up to 30 per cent may be non-resident foreign workers. Non-resident workers must be registered, and their salaries can be paid in any currency agreed between the worker and the employer.

Equipment restrictions

13 | What restrictions exist on the importation of project equipment?

The carrying out of import, export and re-export operations, which is made through the Integrated System of External Trade, is subject to prior registration in the Registry of Exporters and Importers (REI) of the Ministry of Commerce. Registration in the REI is mandatory and valid for a period of five years. The applicable law foresees two different regimes of importation: temporary and permanent. Permanent importation of goods into Angola under the general customs regime is subject to the payment of various charges (eg, customs duties, consumption tax and stamp duty). As the payment of the imported goods also entails an FX operation, the procedures applicable to said payments are expressly governed by Order No. 5/18, and Instructive No. 9/18, both issued by the BNA. That being said, the settlement of FX import operations executed between a FX resident and a non-FX resident may be done either by advance payment; document-based remittances; or a letter of credit. The BNA Instructive No. 9/18 establishes that any importation transaction with an amount higher than €100,000 must be performed with the resort of a letter of credit. However, the FX regime also establishes a special regime in which an importer may request the application of different rules and thresholds for the settlement of importation procedures.

Nationalisation laws

14 | What laws exist regarding the nationalisation or expropriation of project companies and assets? Are any forms of investment specially protected (from nationalisation or expropriation)?

According to the PIA, under a private investment project, the investor's ownership rights are protected by the Angolan state and cannot be nationalised or seized, unless a public interest purpose is being pursued. In the event of nationalisation or seizure, both the PIA and the New Private Investment Act (NPIA) foresee that the state undertakes to fairly, promptly and effectively compensate the investor. The 2010 Angolan Constitution provides that the state respects and protects the property and further property rights of natural and legal persons, and therefore the expropriation for public utility is subject to the payment of fair compensation, which is a prerequisite of the effectiveness of the expropriation. The procedures applicable to expropriation are further regulated by the Expropriation Regulations. Said regulations are based on statutes of the pre-independence period, namely Law No. 2030 of 24 October of 1953 – Public Expropriations, and Decree No. 43587 of 8 April of 1961 – Regulations on Public Expropriations. Considering the anachronism of regulations in force, the president of Angola recently approved the creation of the Commission for the Revision of the Legal Regime of Expropriations.

FISCAL TREATMENT OF FOREIGN INVESTMENT

Incentives

15 | What tax incentives or other incentives are provided preferentially to foreign investors or creditors? What taxes apply to foreign investments, loans, mortgages or other security documents, either for the purposes of effectiveness or registration?

Benefits granted under the PIA may be of a fiscal or financial nature. The attribution of benefits and incentives relates to investments of any amount, provided that the investment meets the criteria outlined in the PIL. Tax benefits may consist of deductions from taxable income, amortisations and accelerated depreciations, tax credit, tax exemption

and reduction of taxes (industrial tax, property transfer tax, urban land tax and capital gains tax), contributions and import duties, deferment over time of tax payments and other exceptional tax measures to benefit the taxpayer investor. Incentives are granted automatically, but they are exceptional in nature, meaning 'they are not a rule, and they are limited in time'. Thus, they can only be granted upon request, considering two factors (at least in the case of the special regime, which is referred to below): the priority sectors of activity and the development areas. Specifically, with regard to the location of the investment, the new framework establishes four development areas, once again seeking to attract investment to areas usually less sought after by investors.

For projects approved under the special regime, for four taxes referred above, the PIA specifies which percentages may be reduced and during which period (the zone including Luanda enjoys fewer benefits than the others). In the case of projects approved under the prior declaration regime, there is a specific benefit per type of tax, rather than by areas – these regimes are analysed below.

The registry and execution of the documents supporting loans, mortgages and other securities is subject to the payment of a stamp duty tax – the applicable rates may vary between 0.1 per cent and 0.3 per cent for guarantees, and between 0.1 per cent and 1 per cent depending on the financing operation.

GOVERNMENT AUTHORITIES

Relevant authorities

16 | What are the relevant government agencies or departments with authority over projects in the typical project sectors? What is the nature and extent of their authority? What is the history of state ownership in these sectors?

As already addressed above, private investment projects shall be approved by a sole centralised entity: the Private Investment and Export Promotion Agency (AIPEX). In addition to this approval, other licences or authorisations may be required, depending on the business carried out by the investor. Projects in oil and gas are approved and monitored by the Ministry of Petroleum; projects in the mining sector are approved and monitored by Ministry of Geology and Mining or by the president (projects in such special sectors do not need to have a private investment project approved for foreign investors to repatriate profits). The prerequisites for conducting different activities of course vary, and, therefore, additional or different licences may be required, depending on the activity at stake. As a rule, the finance agreement must be approved by BNA to ensure that the profits may be repatriated with the purposes of repaying any financial obligations undertaken by the project company.

Regarding the history of state ownership in the above-mentioned sectors, it is worth mentioning the following:

- the state is involved in oil and gas and mining sectors through its national concessionaires (Sonangol EP and Endiama);
- within the water treatment sector, EPAL, a public company is engaged in the provision of water treatment services. There are also a number of private companies engaged in the water treatment sector; and
- the distribution and transportation of electricity is secured by the state through public companies.

REGULATION OF NATURAL RESOURCES

Titles

17 | Who has title to natural resources? What rights may private parties acquire to these resources and what obligations does the holder have? May foreign parties acquire such rights?

As mentioned in question 1, the 2010 Constitution of Angola ascribes the ownership of all-natural resources within the Angolan jurisdiction to the state. The Angolan jurisdiction comprises the onshore territory of Angola, the internal waters, the territorial sea, the exclusive economic zone and the continental shelf and, therefore, all oil and gas fields, minerals, water and other resources located in such areas belong to the public domain of Angola.

The state can only transfer rights over land that is part of the private domain. In any case, the transfer of rights almost never entails the transfer of ownership, but merely the transfer of minor land rights (although the applicable law foresees a wider range of land rights that can be assigned, including ownership).

Pursuant to the Petroleum Activities Law, mineral rights are attributed to the National Concessionaire (Sonangol EP), which cannot assign these mining rights, but may associate with a reputed domestic or foreign company having the necessary technical and financial capacity. Such association is usually undertaken through a production sharing agreement, under which the National Concessionaire is entitled to receive part of the profits generated by the petroleum activities.

As per the Mining Code, the mining rights of prospection, exploitation, treatment and trade of minerals are exclusively attributed to the National Concessionaire. Additionally, mining rights may also be granted to natural or legal persons, national or foreign, with proper technical and financial capacity for the performance of the mining activities, through the issuance of one of the following permits:

- a prospecting permit;
- a exploitation permit;
- a mining permit; or
- a mining pass.

Under the Mining Code, the holders of mining rights have a number of obligations connected to health and safety, training, financial commitments, environment protection, use and enjoyment of the land, and use of explosives. The acquisition or exercise of the rights at issue is not affected by the rights of aboriginal, indigenous or other recognised groups of people.

Royalties and taxes

18 | What royalties and taxes are payable on the extraction of natural resources, and are they revenue- or profit-based?

The taxes applicable to the performance of petroleum operations, either by foreign or national entities, are the following:

- petroleum production tax;
- petroleum revenue tax;
- petroleum transaction tax;
- surface area charge; and
- contribution towards the training of Angolan staff.

Furthermore, under the Mining Code all national and foreign entities performing activities of mineral prospection and exploitation in Angola, depending on the developed activity, are subject to the payment of the following taxes:

- revenue tax;
- royalty;
- the surface fee; and
- the artisanal fee.

Export restrictions

19 | What restrictions, fees or taxes exist on the export of natural resources?

See questions 17 and 18. Additionally, under the Mining Code, when so required by the interests of the country, the state may request the purchase of the produced minerals at a market price, to allocate them to the local industry. The Petroleum Activities Law also foresees that in case of national emergency, armed conflict or natural disaster, the government may require all or part of the production of any oil concession and determine that the National Concessionaire and its associate companies increase the production to the maximum limit technically feasible.

LEGAL ISSUES OF GENERAL APPLICATION

Government permission

20 | What government approvals are required for typical project finance transactions? What fees and other charges apply?

A project finance project as already addressed in question 7, (provided that is not focused on the mining or oil and gas sectors) requires the approval of a private investment project under the PIA. In relation to loans and remittances by foreign parties or by local companies owned or controlled by foreign parties, FX and private investment issues must be considered – see question 7. Further operations and transactions are not, in general, subject to any government approvals. However, the specifics of each operation and transaction shall be assessed on a case-by-case basis to evaluate if any relevant authorisations are applicable.

Regarding the applicable fees and charges, see questions 10, 13 and 15.

Registration of financing

21 | Must any of the financing or project documents be registered or filed with any government authority or otherwise comply with legal formalities to be valid or enforceable?

The entity before which the project documents shall be filed will vary according to the nature of the project. If the project is subject to the PIA's scope, project documents shall be filed before AIPLEX. If the project comprises, for instance, the purchase of a participating interest in a certain block (a farm-in operation), then the project documents must be submitted, as a rule, to the Agência Nacional de Petróleo, Gás e Biocombustíveis (ANPG). Regarding legal formalities, the contractual freedom prevails as the general principle under the CC; however, the law imposes notarial intervention for certain specific cases (eg, the execution of agreements for the transfer of real estate require the intervention of a public notary). All documents related to the project shall be in Portuguese. The original documents issued by other states shall be subject to legalisation and recognition procedures (normally before the Ministry of Foreign Affairs and the Angolan consulate of the relevant state).

Arbitration awards

22 | How are international arbitration contractual provisions and awards recognised by local courts? Is the jurisdiction a member of the ICSID Convention or other prominent dispute resolution conventions? Are any types of disputes not arbitrable? Are any types of disputes subject to automatic domestic arbitration?

The Voluntary Arbitration Act establishes that disputes regarding rights that the parties may freely waive, extinguish or assign may be subject

to arbitration, upon agreement of the parties, and under the assumption that such dispute is not mandatorily submitted to the judgment of a judicial court (eg, labour disputes or those connected to real estate) or to necessary arbitration. Conversely, disputes regarding non-disposable rights cannot be subject to arbitration. The applicable law allows the submission of disputes to international arbitration. Although Angola is not a party to the ICSID Convention, the country has, on 6 March 2017, submitted to the Secretary-General of the United Nations the formal instrument of ratification of the New York Convention, which came into force in Angola on 4 June 2017. The application of the Convention is subject to the reservation of reciprocity: Angola will apply the Convention to the recognition and enforcement of awards made in the territory of another contracting state. Furthermore, we note that the Angolan Arbitration Law (which applies to domestic arbitrations and therefore to New York Convention awards) permits the making of a set-aside action to the Supreme Court of Angola and an opposition procedure to the enforcement application itself. Both procedures can only be based, in broad terms, on some specific formal grounds plus one that may be of a substantive nature – any breach of Angolan public policy.

Law governing agreements

- 23 Which jurisdiction's law typically governs project agreements? Which jurisdiction's law typically governs financing agreements? Which matters are governed by domestic law?

Under the general rule provided by the CC, parties are free to choose the applicable law. However, according to our experience, contracts entered with the state are usually subject to Angolan law. Conversely, financing agreements are usually subject to English law.

Submission to foreign jurisdiction

- 24 Is a submission to a foreign jurisdiction and a waiver of immunity effective and enforceable?

Although there are some matters that must be referred to Angolan courts (such as the disputes regarding real estate property located in Angola), the CPC expressly allows the parties of an international economic contract to submit any disputes regarding such contract to the courts of the respective country or to other jurisdiction.

ENVIRONMENTAL, HEALTH AND SAFETY LAWS

Applicable regulations

- 25 What laws or regulations apply to typical project sectors? What regulatory bodies administer those laws?

The Ministry of Environment is the entity responsible for the enforcement of the environmental rules. Depending on the nature of the project at issue, its approval by the competent authority might require the elaboration of an environmental impact assessment study. Additionally, investors shall also consider, throughout the course of their businesses in Angola, the regulations regarding health and security in the workplace, which are enforced by the Ministry of Labour (by the Labour Inspection Department). The Regulation of Environmental Protection in the course of Petroleum Activities sets forth the rules specifically applicable to this sector and provides that the National Concessionaire and all the oil companies must adopt appropriate measures to prevent negative effects of pollution and, as far as possible, mitigate its consequences. Said statute is enforced by the Ministry of Petroleum.

PROJECT COMPANIES

Principal business structures

- 26 What are the principal business structures of project companies? What are the principal sources of financing available to project companies?

Project companies are almost invariably incorporated under the form of private limited liability companies by quotas, or public limited liability companies by shares as special purposes vehicles. The most common structures adopted in Angola are secured by lending syndicates and multilateral institutions.

PUBLIC-PRIVATE PARTNERSHIP LEGISLATION

Applicable legislation

- 27 Has PPP-enabling legislation been enacted and, if so, at what level of government and is the legislation industry-specific?

With a view to intensifying the use of the management capacity of the private sector by the state, and consequently developing public services and rationalising the use of public funds, in 2019 a new Law on Public-Private Partnerships was enacted. The Law on Public-Private Partnerships was approved at national level and is not industry-specific, and the state, the local regions, public institutions, public companies or companies belonging to the state domain, or public funds may enter into PPPs.

PPP – LIMITATIONS

Legal limitations

- 28 What, if any, are the practical and legal limitations on PPP transactions?

The Law on Public-Private Partnerships foresees that the formation of PPPs must be compliant, for example, with the financial planning rules set forth in the State Budget Law. Additionally, the Delimitation of Sectors of Economic Activity Law imposes reservations (absolute, control or relative) in certain economic sectors, such as 'production, distribution and marketing of war material, ownership of infrastructure relating to port and airport activities, basic postal services, transmission and distribution of electricity for public consumption'.

PPP – TRANSACTIONS

Significant transactions

- 29 What have been the most significant PPP transactions completed to date in your jurisdiction?

One good example of a significant PPP is that established between the Angolan government and the company Caioporto for the construction of a deepwater port in Cabinda, with an estimated cost of US\$600 million.

UPDATE AND TRENDS

Key developments of the past year

- 30 In addition to the above, are there any emerging trends or 'hot topics' in project finance in your jurisdiction?

The year 2019 has been very interesting for Angola. The continuation of an in-depth reform in the oil and gas sector brought significant changes to the regulatory outlook. Sonangol EP no longer has the role of 'National Concessionaire' of all mineral resources in Angola: now the

recently created ANPG acts as the regulator. A new PPP law also has been enacted and the government announced a bidding round for 10 oil blocks to occur in October 2019. Power generation infrastructures have also been the focus of increased attention amid government plans to significantly boost the country's power generation capacity by 2025 (special emphasis has been given to renewable projects). The construction of new refineries of crude oil was also announced. The enactment in 2018 of a new private investment law and a competition law were important landmarks of the government's strategy to promote and facilitate foreign direct investment in Angola.

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