Motivation

- Most important LNG discovery in the last 20 years
- Ensure local market development while attracting foreign investment
- Lack of legislations to ensure domestic security, and enforcement mechanisms (transparency)
- Falling GDP, exchange rates and growth rate
- Avoid Resource curse & Dutch Disease

Research Questions

- What areas are most pertinent to the development of a successful local content theory for Mozambique?
- Impact of noncompliance penalties
- Impact of price volatility

Methodology

- Case Study
- Net Present Value Calculation
- Sensitivity Analysis & Monte Carlo

Results

Mozambique has soft fiscal regime and Local Content requirement (comparison).
Investor yields positive rents even with LCP sanctions for non compliance.
NPV above Profitability index: 0 or 0.3.

Conclusion

Mozambique can adopt local content policies and adopt enforcement mechanisms with little NPV effect.

Must have: Domestic supply security, training requirement, R&D, Partnership with local firms.

Room for tax increases (sensitivity analysis).

History of noncompliance – Low sanctions can discourage compliance. Financial sanctions need to be regressive to remain viable.