

Azerbaijan's local content solutions

Representing tomorrow

Azerbaijan's local content rules

Azerbaijan has started to implement local content requirements for companies working in the oil and gas industry. This programme aims to create jobs, strengthen Azerbaijani suppliers, increase Azerbaijani ownership in the industry, promote enterprise development, accelerate the transfer of skills and technologies and prioritise the employment and training of Azerbaijani citizens. Local content has therefore become a major issue for Azerbaijan's petroleum industry – presenting both challenges and opportunities.

Companies operating in the oil and gas industry will be faced with issues related to transformation into an Azerbaijan legal entity, finding a joint venture partner, undertaking business valuations and due diligence, developing feasibility studies, training of local personnel, replacing expatriates with national citizens and special procedures for obtaining work permits for foreign nationals involved in different projects.

Developing a local content strategy

Successful local content developments are shaped by a clear understanding of the business benefits and a well-defined strategic plan. A detailed understanding of the local context is essential, and that means avoiding prescriptive solutions.

Understanding the local context

A thorough knowledge of the region enables companies to understand the importance of the local context, in terms of demand-side requirements, supply-side capabilities, and the barriers that limit local worker and local company participation. These factors vary by location, the nature of the project and the stage of the project life-cycle.

Workforce development

Employing local staff is a well-established goal for the petroleum industry. However, in order to meet this goal, companies must develop comprehensive competency-based development systems to ensure that local employees can perform effectively and safely in complex and hazardous environments.

Summary – key success factors

Developing a skilled local workforce and competitive local suppliers, able to perform to the exacting standards of the industry, is a difficult and time consuming process. These challenges are compounded by factors outside of an employer's direct control, such as the quality of local educational systems, the business regulatory environment, the availability of local financing and the condition of national infrastructure.



We can provide your business with local content solutions that will allow you to face the current and future regulatory environment with confidence:

- Assistance in selecting the right legal and organisational structure for your operations
- Completing legal registration of your entity and obtaining the required permits and licenses
- Transferring employees and assets from an existing entity to a new one
- Assigning contracts with suppliers and clients
- Developing feasibility studies, business plans and market studies

- Undertaking financial, tax and legal analysis of commercial tenders
- Conducting financial, tax and legal due diligence investigations any associated M&A support
- Training for local personnel in areas such as finance, accounting, tax and legal
- Providing comprehensive legal and tax support

You can have confidence that Deloitte professionals will develop and guide your local content strategy, allowing you to focus on the needs and opportunities in your core operations.

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