Nigerian Content Development and Monitoring Board (NCDMB)

Investment Opportunities in the Nigerian Oil & Gas Industry

Presented by:
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Executive Secretary, NCDMB

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Outline

- Introduction/ Background
- Opportunities in Oil & Gas
- Incentivizing Investments
- Nigeria – UK Partnership Results
- NCDMB Capacity Development
- National Incentives for Investments
# Africa’s Largest Economy…

<table>
<thead>
<tr>
<th>Oil</th>
<th>10th Largest proven reserve in the world (1st January 2016 EST) *</th>
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<tbody>
<tr>
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<td>2nd Largest proven reserve in Africa*</td>
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<td>Reserve – 37.07 billion bbl * (2015 EST)</td>
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<tr>
<td></td>
<td>Production - 1.940 mbpd</td>
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<td><a href="http://www.tradingeconomics.com">www.tradingeconomics.com</a></td>
</tr>
<tr>
<td>Gas</td>
<td>Reserve – 180 TCF (International Gas Union) - 9th in the world</td>
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<tr>
<td>Population</td>
<td>186,053,386 (July 2016 Est)*</td>
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<td>Coastline</td>
<td>853km*</td>
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<td>GDP (PPP)</td>
<td>$1.089 trillion (2014 est.) *</td>
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<td>24th largest in the World *</td>
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<td>National Aspiration: Nigeria Vision 20: 2020</td>
<td>Become one of the top 20 economies in the world by the year 2020</td>
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*Source: CIA World Fact book
Exploration activities in Nigeria is shifting towards deep offshore terrain
Local Content policy introduced as an economic development imperative in exploration of hydrocarbon resources in Nigeria

Pre – NOGICD Act 2010....
Emphasis on generating revenue from oil

Consequences
• Creation of jobs & investment abroad
• Lost investment in infrastructure
• Capital flight
• Little care for community, escalation of hostilities in oil producing communities
• Less than 20% contribution to GDP
• <10% local content

NOGICD Act 2010...
Emphasis is on in-country value creation

Local Content Investment value Levers

1. In-country manufacturing
2. Skilled manpower/job creation
3. Technology Development
4. Revenue Retention
5. Research & Development
6. Sectorial linkages/Industrialization
7. In-country services

Local content stimulate investment in the Nigerian economy
Deepwater Project Opportunities…

Etan & Zabazaba Project

Bonga South West, Aparo Project
Highest value is derived from procurement of manufactured goods, thus the need to focus on in-country manufacturing.
Opportunities for UK Partnership on Sub Sea System…

- Manufacturing of component parts, equipment, spare parts, accessories, Line pipes, PPEs, etc.
- Manufacturing of drilling fluid, chemicals
- Installation and Commissioning of Facilities
- Maintenance of facilities, equipment etc.
- Manifold
- Xmas Tree
- Subsea Umbilical Termination Unit
- Hydraulic flying leads
- Electrical flying leads
- Subsea stab plates etc.
- Subsea Training
Incentives for Investors ....
The Petroleum Industry Roadmap (7 Big Wins) launched

1. Niger Delta and Security
   - Environment and Security
   - Infrastructure
   - Capacity Building and Economic Empowerment
   - Comprehensive Rehabilitation of Existing Refineries
   - Refineries Co-location

2. Policy and Regulation
   - National Oil Policy
   - National Gas Policy
   - Downstream Policy
   - Fiscal Reform Policy
   - Petroleum Industry Reform Bill

3. Business Environment and Investment Drive
   - Upstream
   - Midstream
   - Downstream

4. Transparency and Efficiency
   - Transparency
   - Capacity Building
   - Institutional Strengthening and Governance Model
   - ICT and Automation
   - Performance Management

5. Stakeholder Management
   - Communication Strategy
   - Stakeholder Relationship Building and Management
   - International Energy Relations
   - Bilateral Cooperation

6. Gas Revolution
   - Gas Infrastructure Development
   - Gas Revolution Projects
   - Promotion of Domestic Utilization of LPG and CNG
   - Reduction of Gas Flaring
   - Gas Commercial Framework Implementation
   - Gas to Power

7. Refineries and Local Production Capacity
   - Refineries Co-location

Key Focus Areas
Incentives for Investors ….
Equipment Component Manufacturing Initiative

- Nigerian Content Equipment Certificate (NCEC): issued to manufacturers and OEMs that commit to and or set up a factory for the purpose of manufacturing or assembling components, spares, equipment, systems and packages that are utilized in the Nigerian oil and gas industry
- NCEC is a criterion in the Technical Evaluation of bids
- Section 12 of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act of 2010 gives manufacturers and OEMs possessing NCECs priority consideration during the contracting process

<table>
<thead>
<tr>
<th>Company Categorization</th>
<th>Description</th>
<th>Tender Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category A</strong></td>
<td>Nigerian Companies currently in the business of manufacturing/-assembling/coating/threading etc. of equipment/components of equipment. Certificate is valid for 2 years from the date of issuance.</td>
<td>Given first and exclusive consideration in all tenders related to equipment for which NCEC was obtained. In the event that no service provider with category A submits bids, or supply capacity of all participating category A companies have been exhausted, category B companies shall be given consideration.</td>
</tr>
<tr>
<td><strong>Category B</strong></td>
<td>Companies that are OEM representatives with no in-country manufacturing/assembling facilities, but propose to assemble/manufacture/fabricate components and parts etc.</td>
<td>Category B vendors are given next consideration in the event that no vendor with Category A submits bids or supply capacity of all participating category A companies have been exhausted.</td>
</tr>
<tr>
<td><strong>Category C</strong></td>
<td>Companies that deploy equipment for operations such as dredging, survey, drilling, construction etc. Certificate is valid for one (1) year. Equipment are expected to satisfy at least 50% ownership by Nigerians.</td>
<td>In a situation where category C &amp; D certified companies are into a tender, then Category C vendors shall be given first consideration. Category D vendors are to be considered only when the capacities of category C vendors have been exhausted.</td>
</tr>
<tr>
<td><strong>Category D</strong></td>
<td>Companies that deploy equipment for operations such as dredging, survey, drilling, construction, catering etc. Certificate is valid for one (1) year.</td>
<td>Category D vendors are to be considered only when the capacities of category C vendors have been exhausted or when there are no category C certified companies in the bid exercise.</td>
</tr>
</tbody>
</table>
Incentives for Investors …. Nigeria Oil and Gas Park Scheme

- NCDMB is establishing Oil and Gas park that will serve as manufacturing hubs in each of the Oil producing States
- The parks are located close to gas corridors, power plants, water ways
- Interested OEMs should indicate interest to take up space within the parks

Planning Phase
2012 - 2015

- Conceptualization
- Blueprint
- Approval
- Training
- Architectural concept design

Development Phase
2016 - 2018

- Site selection
- SME fair
- Formation of SME/OEM JVs
- Physical construction phase 1

Operations Phase 1
2019

- Physical construction phase 2
- Manufacture of spare parts, equipment components, chemicals, PPEs

Operations Phase 2020

- Manufacture of equipment components, equipment assembly

Nigerian Oil & Gas Park
Incentives for Investors ....  
Shortening the contracting cycle

As part of Government’s effort to improve the Oil and Gas business and operations landscape all key Stakeholders are working towards streamlining the contracting cycle to not more than six (6) months.

<table>
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<tr>
<th>Phases</th>
<th>Project Justification &amp; Approval</th>
<th>Bid document preparation</th>
<th>Bid document Approval</th>
<th>Technical and commercial Tender</th>
<th>Bid evaluation</th>
<th>Contract Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible</td>
<td>Operator</td>
<td>Operator</td>
<td>NAPIMS</td>
<td>NipeX</td>
<td>NipeX</td>
<td>NipeX</td>
</tr>
<tr>
<td></td>
<td>NAPIMS</td>
<td>NCDMB</td>
<td>Contractors</td>
<td>NAPIMS</td>
<td>NAPIMS</td>
<td>NAPIMS</td>
</tr>
<tr>
<td></td>
<td>NCDMB</td>
<td>Operator</td>
<td>NipeX</td>
<td>Contractor (winner bidder)</td>
<td>NCDMB</td>
<td>Contractor</td>
</tr>
<tr>
<td>Role of NCDMB</td>
<td>Approve Nigerian Content plan and issue Certificate of Authorization Duration: 30 days</td>
<td>Not involved</td>
<td>Review and approve ITT before publication Duration: 5 days</td>
<td>Not involved</td>
<td>Evaluate Nigerian Content section of bid Duration: Not defined</td>
<td>Not involved</td>
</tr>
</tbody>
</table>
Incentives for Investors ….
National Incentives for Investments

No longer business as usual

- Streamlining regulatory agencies
- Simplifying business registration process
- Streamlining incentives
- Pioneer status for investors in sub-sea, fabrication, ship building/maintenance, manufacturing and other key activities in the oil and gas sector

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Partnership between NCDMB and Agencies of Government in the U.K ...

Partner with UKEF in funding industry intervention programmes especially manufacturing
Thank You for Listening