



NIGERIAN CONTENT DEVELOPMENT

LOCAL CONTENT IMPLEMENTATION – 10 KEY LESSONS

1. **Local Content is major change from importer to producer – will be resisted globally and locally.**
2. **Must be championed from top. Tied to National Agenda – Chairman Governing Council is member of FEC and direct report to President.**
3. **Structured consistent approach. Show results and resistance will reduce.**
4. **More development, less focus on regulations – Collaboration with stakeholders.**
5. **Create enabling data management systems to handle information and analysis**
6. **Contracts give monetary gains. Manufacturing provides jobs – creates linkages to other sectors. Introduces Research and Development activities.**
7. **Asset ownership and yard developments attract investments. Investors follow opportunities. Legacy facilities on the back of projects (EGINA spin-offs)**
8. **Local banks can fund substantial portion of investments.**
9. **Training and employment connects the local communities.**
10. **Drive impacts to host community level – Nigeria Oil and Gas Industrial Parks Scheme.**

Local Content is major game changer

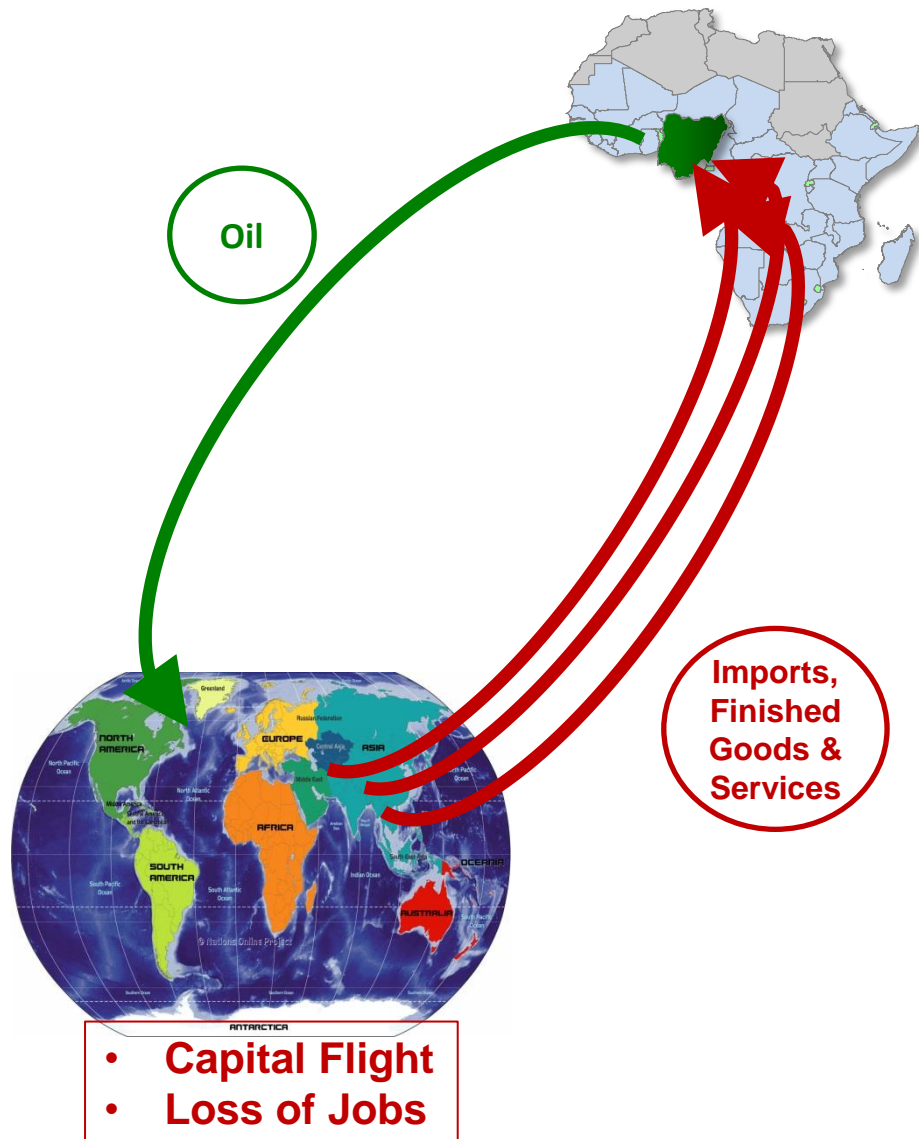
Objective:

- Promote in country value
- Retain more spend in country
- Get more locals involved

Will be resisted locally and globally due to:

- Cost
- Schedule
- Quality
- International free trade agreements
- Other stakeholder interests – Shareholders, Governments etc

CHANGING THE PRE – NOGICD ACT FOOTPRINT



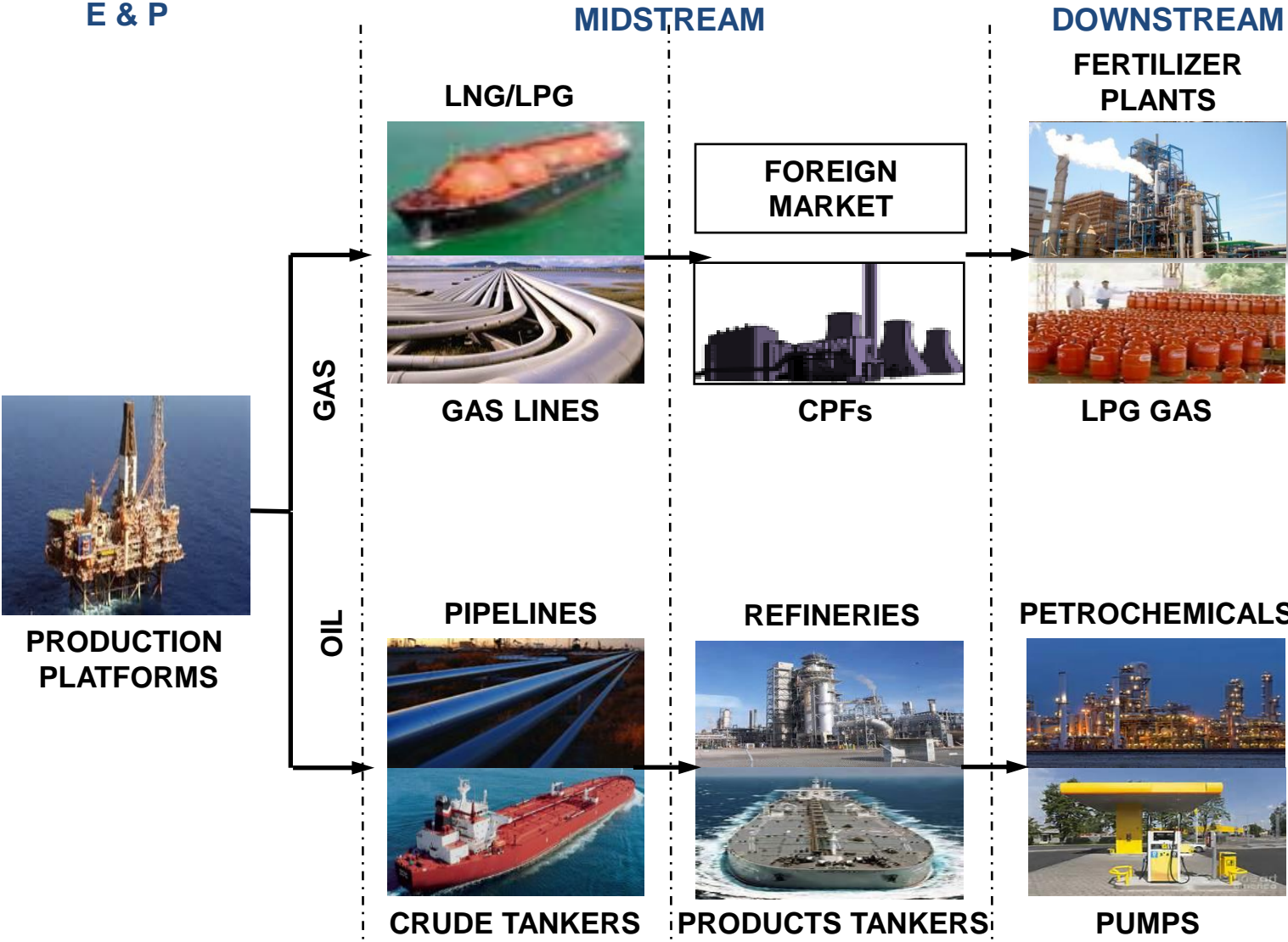
NIGERIA

- Oil Reserves = 36 billion barrels
- Daily Production = 3m bbls/d
- Gas Reserves = 5 trillion cubic metres
- Nigeria is amongst highest ranking oil producers but not a high ranking oil and gas country.

KEY LEGISLATIONS

- .NOGICD Act – Consistent philosophy, focused on developing incountry capacity
- PIB will create further opportunity for the capacities
- National Assembly working on Nigerian Content legislation to cover other sectors.

DRILLING IN-COUNTRY-VALUE (ICV) OUT OF THE O & G CHAIN

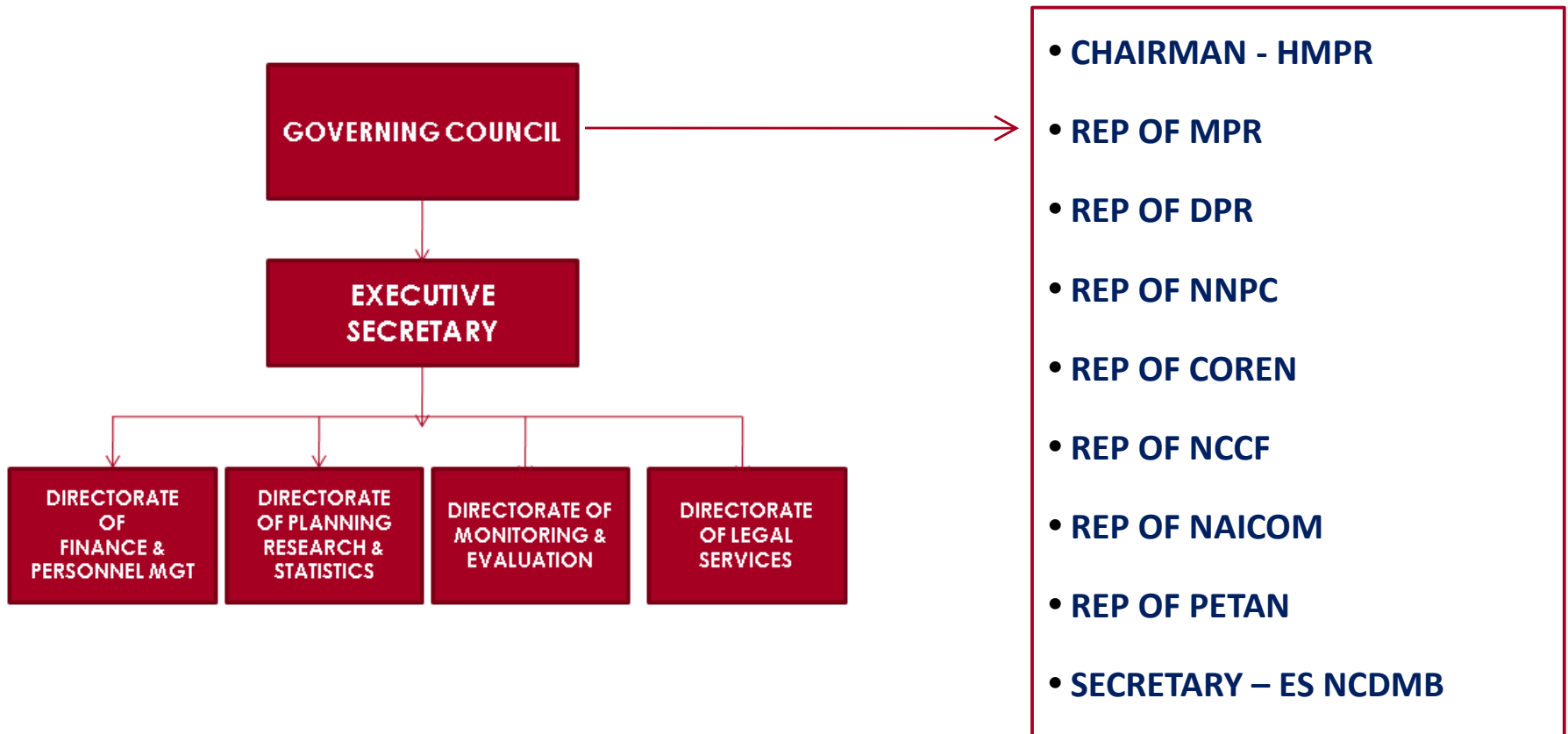


We need to maximize value from these activities

LOCAL CONTENT IMPLEMENTATION – LESSON 2

- **Must be championed from the top**
- **Tied to a strong National agenda – Transformation**
- **Chairman of the Governing Council is member of the Federal Executive Council and direct report to His Excellency, Mr. President**

COMPOSITION OF THE GOVERNING COUNCIL AND NCDMB



LOCAL CONTENT IMPLEMENTATION – LESSON 3

- **Structured consistent implementation**
- **Show results, resistance will reduce**
- **Awareness workshops, enlightenment programs**

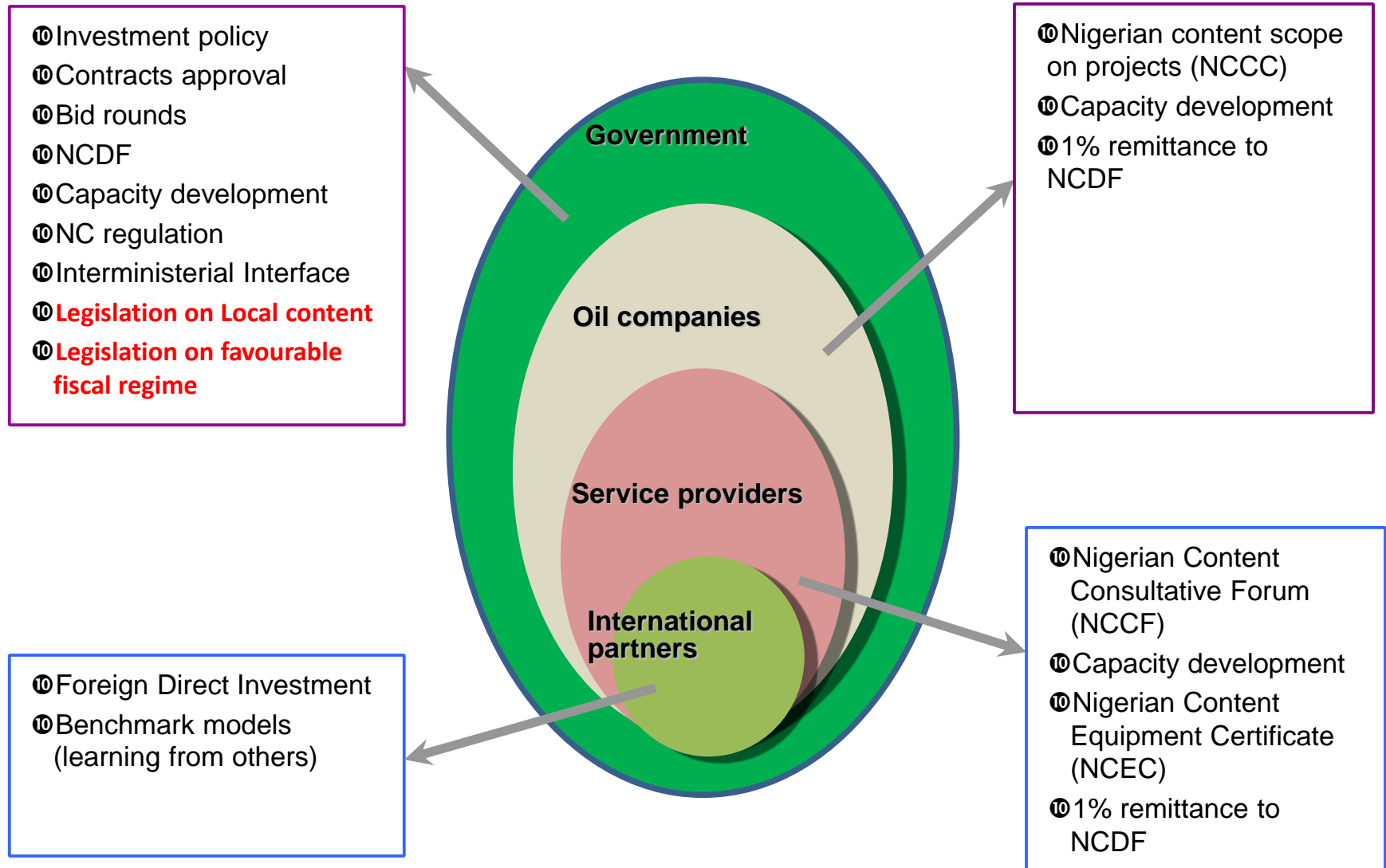
IMPACT OF IMPLEMENTATION AND RESULTS

- Major fabrication yards upgrading their facilities to accommodate increased workloads.
- New yards being developed – Daewoo, Kaztec, EWT
- Existing pipe mill fully booked uptill 2015.
- New pipe mill projects are in construction phase – Technova
- Indigenous marine vessel operators are acquiring vessels to take advantage of opportunities from marine vessels utilization strategy.
- OEMs setting up manufacturing plants – Siemens, ABB for electrical products, Baker screens, GE panels, Neway valves.
- Indigenous Offshore Rig companies are acquiring and deploying rigs, multinationals are keying into the Offshore Rig Acquisition Strategy to develop indigenous capacity.
- R&D clusters are being setup and budgets channeled to fund research and capacity building to address technology and environmental issues.

LOCAL CONTENT IMPLEMENTATION – LESSON 4

- **More development, less regulation**
- **Collaboration with key stakeholders**

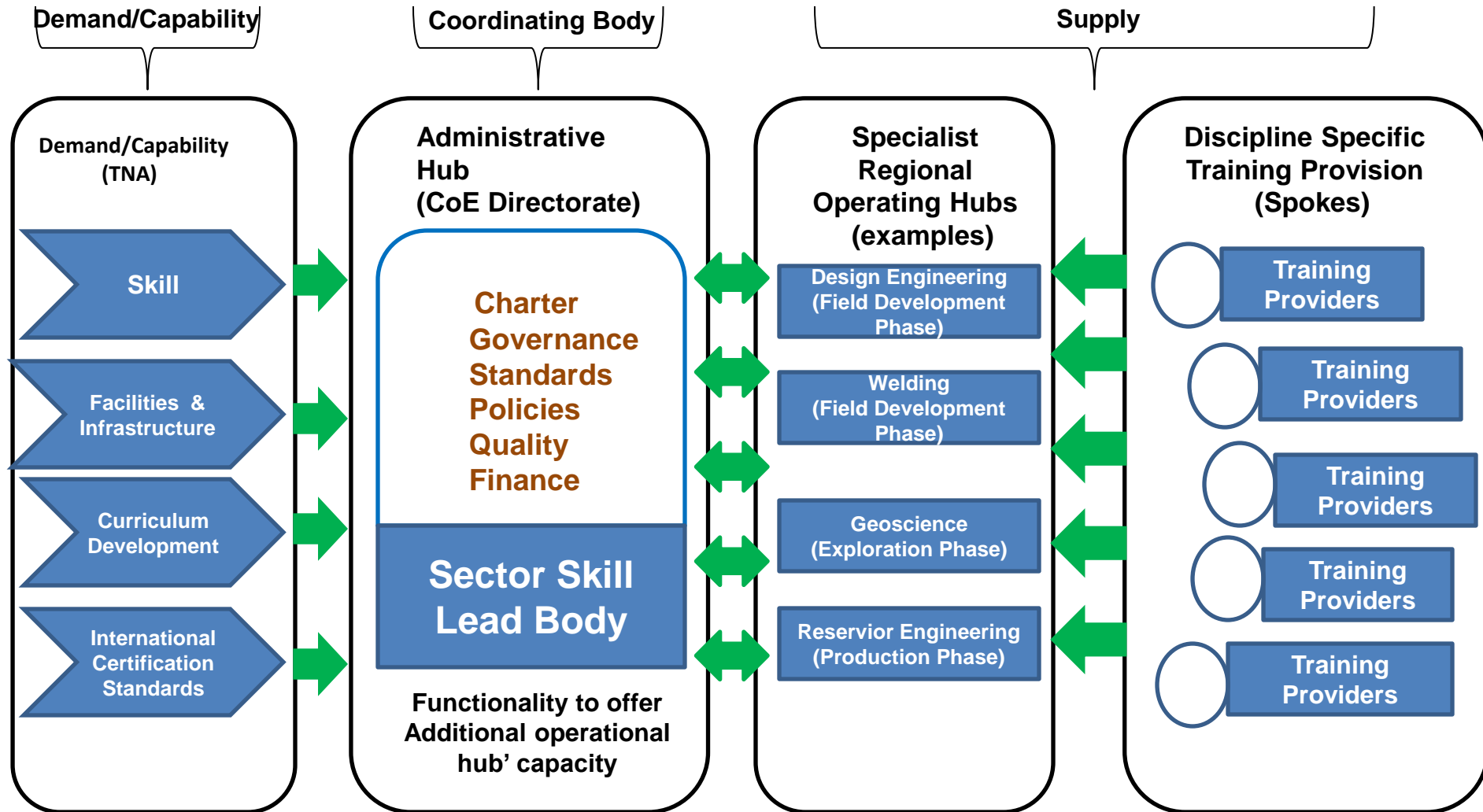
STAKEHOLDER COLLABORATION IMPLEMENTATION MODEL



NCDMB act as facilitator, bringing together a broad array of stakeholders

OIL AND GAS TRAINING CENTRE OF EXCELLENCE

We are developing TCEs to provide industry standard training within Nigerian facilities



PETROFAC + OGTAN COLLABORATION

Credible pupillage program, identify institutions and upgrade to TCEs

Sustainable training, attachment and employment opportunities for Nigerians in Nigeria

LOCAL CONTENT IMPLEMENTATION – LESSON 5

- **Create enabling data management systems to handle information and analysis**
- **NOGIC JQS system – Capturing industry capacity, categorization, training, employment and expatriate quota management data**

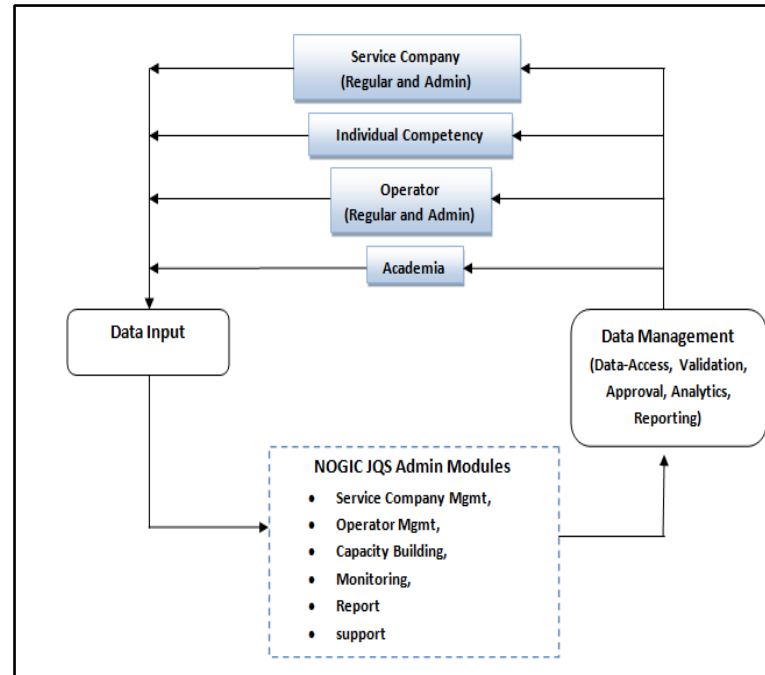
STRATEGIC INTERVENTIONS

Nigeria Oil & Gas Industry Content Joint Qualification System



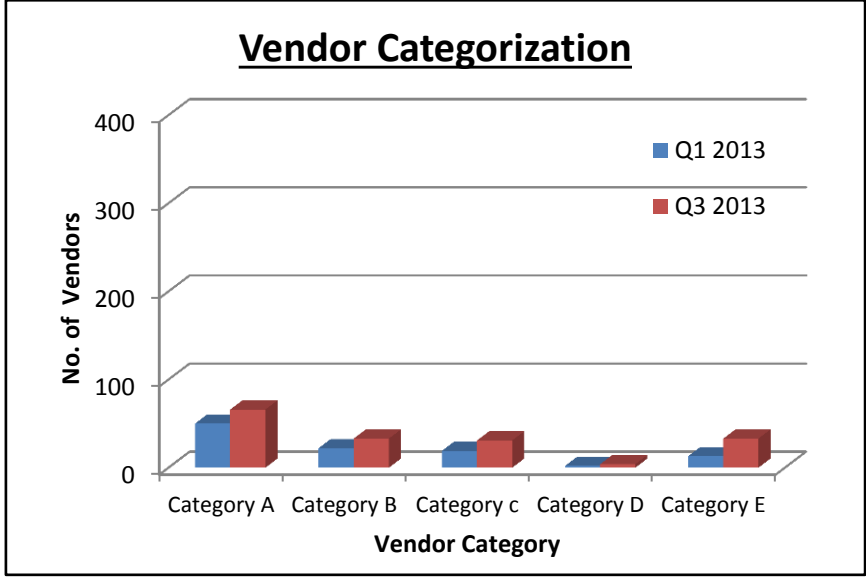
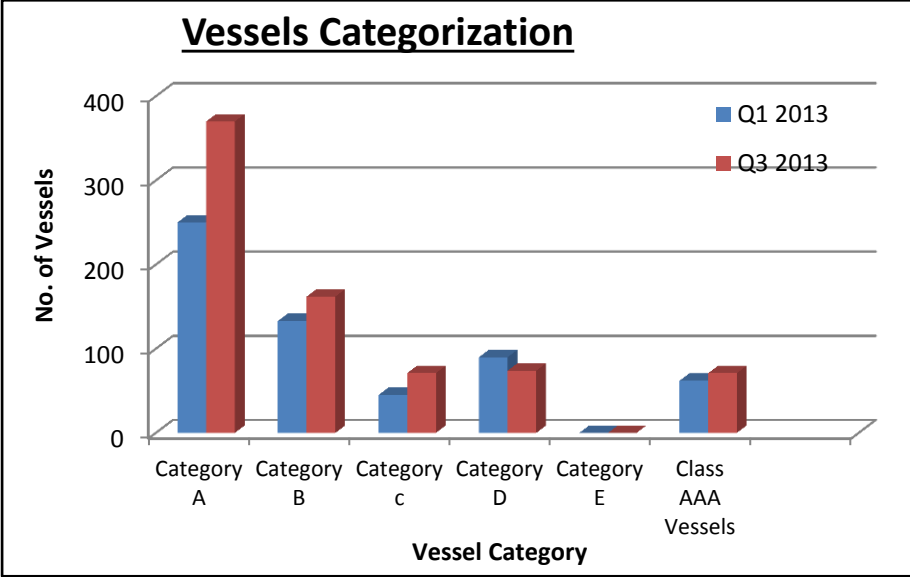
NOGIC JQS

- Expatriate Quota Utilization and Succession data
- Marine Vessels data
- Contract Processing data
- Equipment Ownership
- Nigerian Content Compliance Certificate Data
- Skill Base Tracking
- Training and Employment data
- Nigerian Content Plans and reports repository



1. Categorization of oil and gas service companies
2. Industry data base for skills verification.
3. Verification of available in-country capacity
4. Effective information exchange across stakeholders
5. Compliance Monitoring
6. Test data uploaded
7. Launch Q2 2012

MARINE VESSELS CATEGORIZATION



- Q1 2013**
- Class AAA vessels = 62
 - Vessels captured = 518
 - Category A vessels = 250 (48%)
 - Vendors captured = 106
 - Category A vendors = 50 (47%)

- Q3 2013**
- Class AAA vessels = 71
 - Vessels captured = 677
 - Category A vessels = 370 (55%)
 - Vendors captured = 106
 - Category A vendors = 66 (40%)

LEGEND	DESCRIPTION
CLASS AAA	Classification for Nigerian built vessel and flagged vessel
CATEGORY A	Nigerian Indigenous Companies that own marine vessels/ Nigerian owned vessels
CATEGORY B	Nigerian company that is into long term bare boat lease of foreign owned vessel
CATEGORY C	New Entrants with plans to own vessels and/or short term lessee of foreign-owned vessels
CATEGORY D	A foreign company operating in Nigeria with wholly owned foreign vessels
CATEGORY E	Companies that have submitted no documents or inadequate documentation

EXPATRIATE BIOMETRIC DATA CAPTURE SCHEME (EBDCS)

EBDCS launched as a tool for monitoring manpower utilization in the industry

The screenshot shows a web application interface for modifying an expatriate record. The title is 'Modify Expatriate Record'. The form contains the following fields and values:

Unique ID No.	S/20562	Intended Duration of Stay (In days)	1461
Last Name	CHRISTIE	Cummulative Yrs Spent in Nigeria	6
First Name	KEN	International Passport No.	761223930
Middle Name			
Gender	Male		
Country of Origin	United Kingdom		
Company Category	International Oil Company (IOC)		
Company Name	SPDC		
Project	BONGA		
Job Title/Position	SENIOR WELL ENGINEER		
Date of Birth	19 February 1953		
Registration Date	26 September 2013		
Educational Qualification	BSc		
Industry Certification	N/A		
Yrs of Work Experience	7		
Nature of Employment	Permanent		
Present Location/Exact Deployment	LAGOS		
Date of First Quota Grant	11 July 2013		
NCDMB Approval Date	01 July 2013		
FMI Approval Date	11 July 2013		
Date of Entry Into Country	14 February 2007		
Expiry Date of Current Quota	10 July 2015		
PC Serial Number	4CB2113M3H		
Modified By	EMMANUEL ABAKPA		
Modifiers ID	11126		

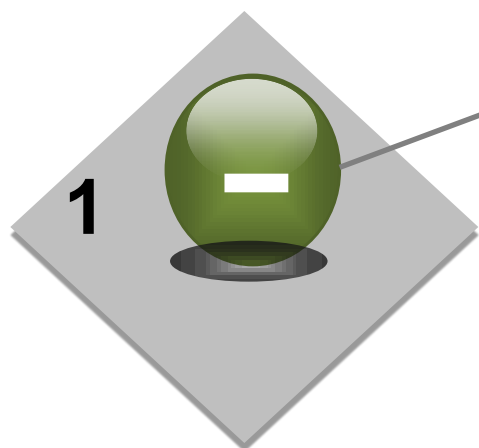
Additional features include a 'Passport Photo' section with a 'Take Photo' button and a 'Disable Expatriate' checkbox. A 'Fingerprints' section includes a fingerprint image and an 'Acquire Fingerprints' button. At the bottom, there are buttons for 'Modify Record', 'Print Card', 'Write to Card', 'Clear Data', and 'Verify Record'.

- Registration of Expats by Operators and other companies ongoing
- Expat id generated serves as compliance monitoring tool at project sites
- EBDCS system ensures that only expatriates needed operate in the industry

LOCAL CONTENT IMPLEMENTATION – LESSON 6

- **Contracts give monetary gains.**
- **Manufacturing provides jobs – creates linkages to other sectors.**
- **Introduces Research and Development activities**

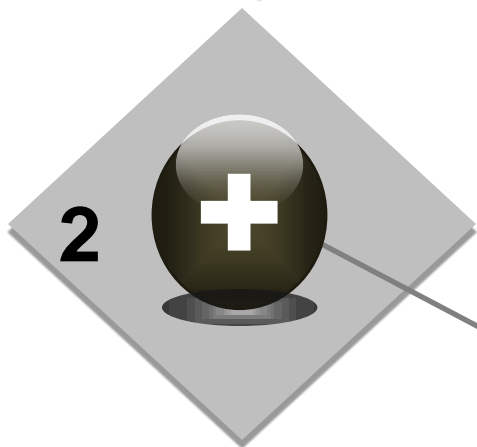
TWO STRATEGIC DEVELOPMENT OPTIONS



Revenue - Focused

- Operators seek cheapest fastest route to first oil.
- Govt uses Taxes & Royalties for Devt
- Little attention to value addition from operations

Promotes import of Goods & Services



In-Country-Value (ICV) - Focused

- Operators consider long term value
- Govt takes lower revenue for higher ICV
- Greater attention to life cycle support for ops
- Progression from supplier syndrome to manufacturer and then exporter

Promotes devt & use of local capacity

NIGERIAN CONTENT MEASUREMENT

Partial NC

Based on proportion of value of contracts awarded to Nigerian Companies

**NC VALUE
(70% - 87%)**

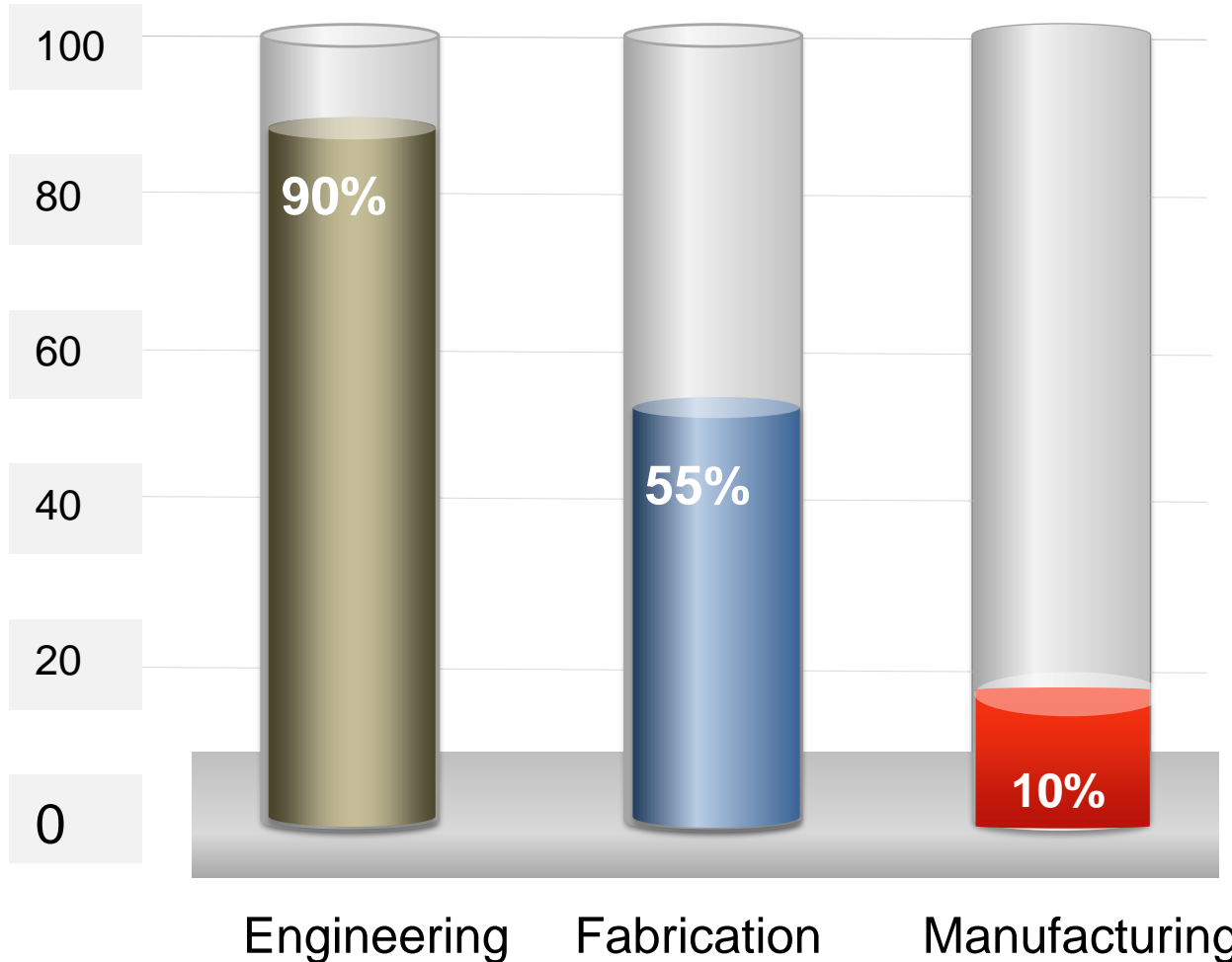
Real NC

Based on proportion of contract sums spent on Nigerian made goods

**NC VALUE
(12% - 18%)**

- There is marked increase in contract award to Nigerian companies
- Spend proportion in Nigeria has peaked
- Without manufacturing, no further NC Growth – steel products major input in manufacturing
- Local value addition drives employment growth
- Strong stakeholder collaboration and local value addition framework required to achieve real NC

CURRENT PERFORMANCE LEVELS



- **Sub-optimal utilization of locally made goods by industry**
- **Case for strong linkage between manufacturing and oil and gas industry**
- **NCDMB as facilitator of growth**

RESEARCH AND DEVELOPMENT FRAMEWORK



MAJOR OPPORTUNITY:

- i. Guidelines requiring Companies to source for R & D solutions in-country as first port of call
- ii. R & D clusters being developed
- iii. MoAs to be signed by Operators/ Service Providers with R & D clusters.

LOCAL CONTENT IMPLEMENTATION – LESSON 7

- **Asset ownership and yard developments attract investments.**
- **Investors follow opportunities.**
- **Legacy facilities on the back of projects (e.g EGINA spin-offs)**

FPSO Topside Integration Facility

- TUPNI committed to EGINA topside integration
- Integration Facility set by 2014
- Cost of \$150m to \$200m
- Generate 30000 jobs
- Training opportunities



Pipe Mills

- Consolidate existing Mill
- 3 new Pipe mills
- Start Production by 2015
- Cost of \$150m each
- Generate 15000 Jobs
- 3000 training opportunities



Dock Yards

- NLNG, BLNG focus
- LNG carrier size Dockyard
- Complete by 2015
- Cost of \$250m
- Generate 55000 Jobs
- 20 000 training opportunities

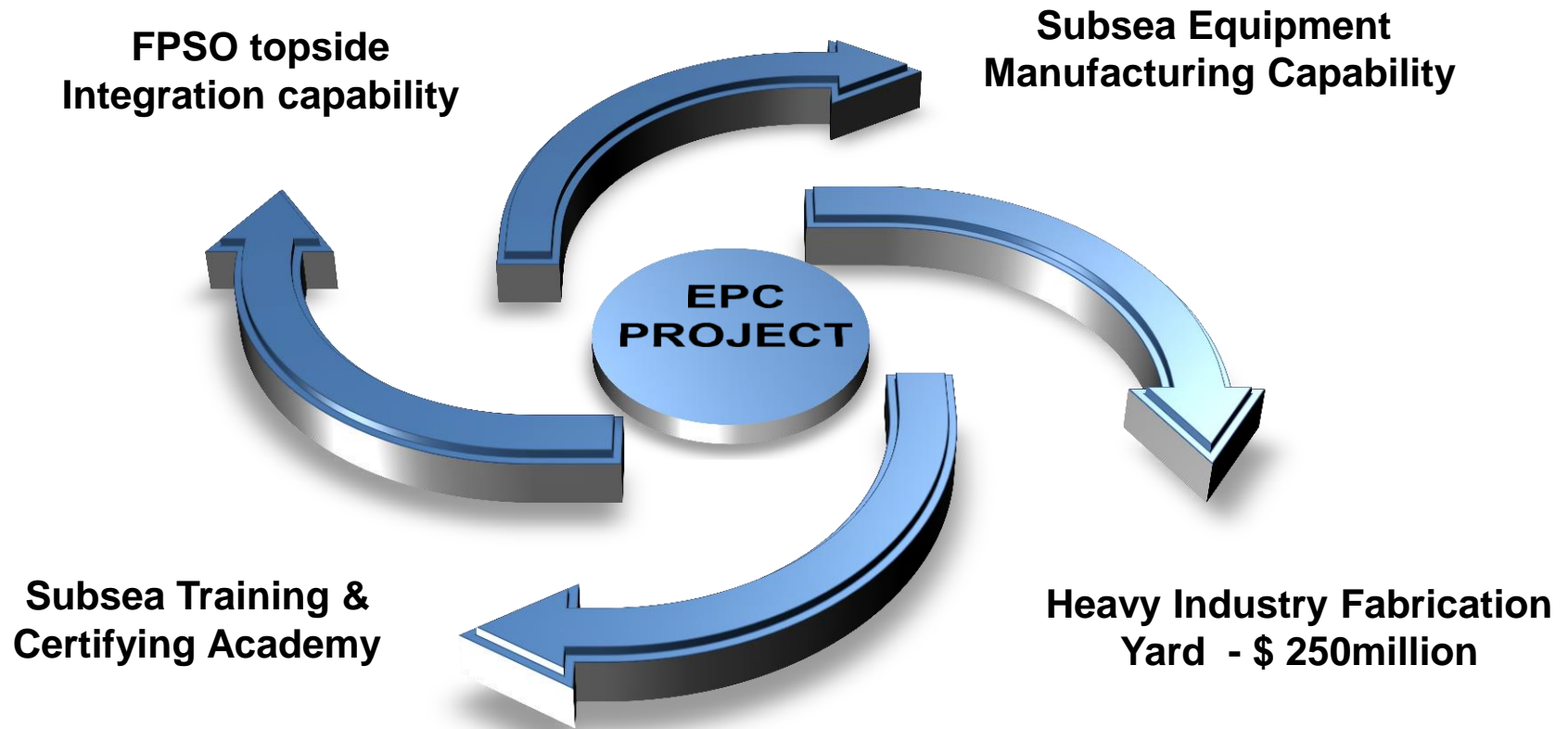


Subsea Equipment Manufacturing Complex

- Erha North/ Egina
- Umbilical facility & Tree assy
- Start Production by 2015
- Cost of \$250m each
- Generate 5000 Jobs
- 2000 training opportunities



Typical Project Spinoffs



FABRICATION YARD ASSESSMENT



OBJECTIVE:

- a. identify new and existing fabrication yards incountry.
- b. Capture yard capabilities and progress
- c. Establish matrix for yard selection in tenders

TIER	1	2	3
A	Fully Established with loadout capabilities/ Executiing Work	Development/ Construction Phase (<3year timeline)	Development phase (>3year timeline or investment yet to commence)
B	Fully established but landlocked to do structural members, spools. Land locked	Facility exists but out of service or moribund	Bare Facility

TRANSPORTATION OF NIGERIAN CRUDE BY NIGERIAN VESSELS



OMTS – INDIGENOUS OWNED CRUDE TANKERS

Value Lost:

- No Nigerian Tanker fleet or Nigerian carrier
- Nigerian crude export volumes sufficient to sustain Nigerian tanker fleet

Status:

- Requirement under NOGICD Act and Cabotage for Nigerian equity ownership
- Presidential Initiative for inter agency collaboration to enforce by 2014
- Transportation of Nigerian Crude by Nigerian
- Proposals to Govt to revert from FOB to CIF for crude shipping

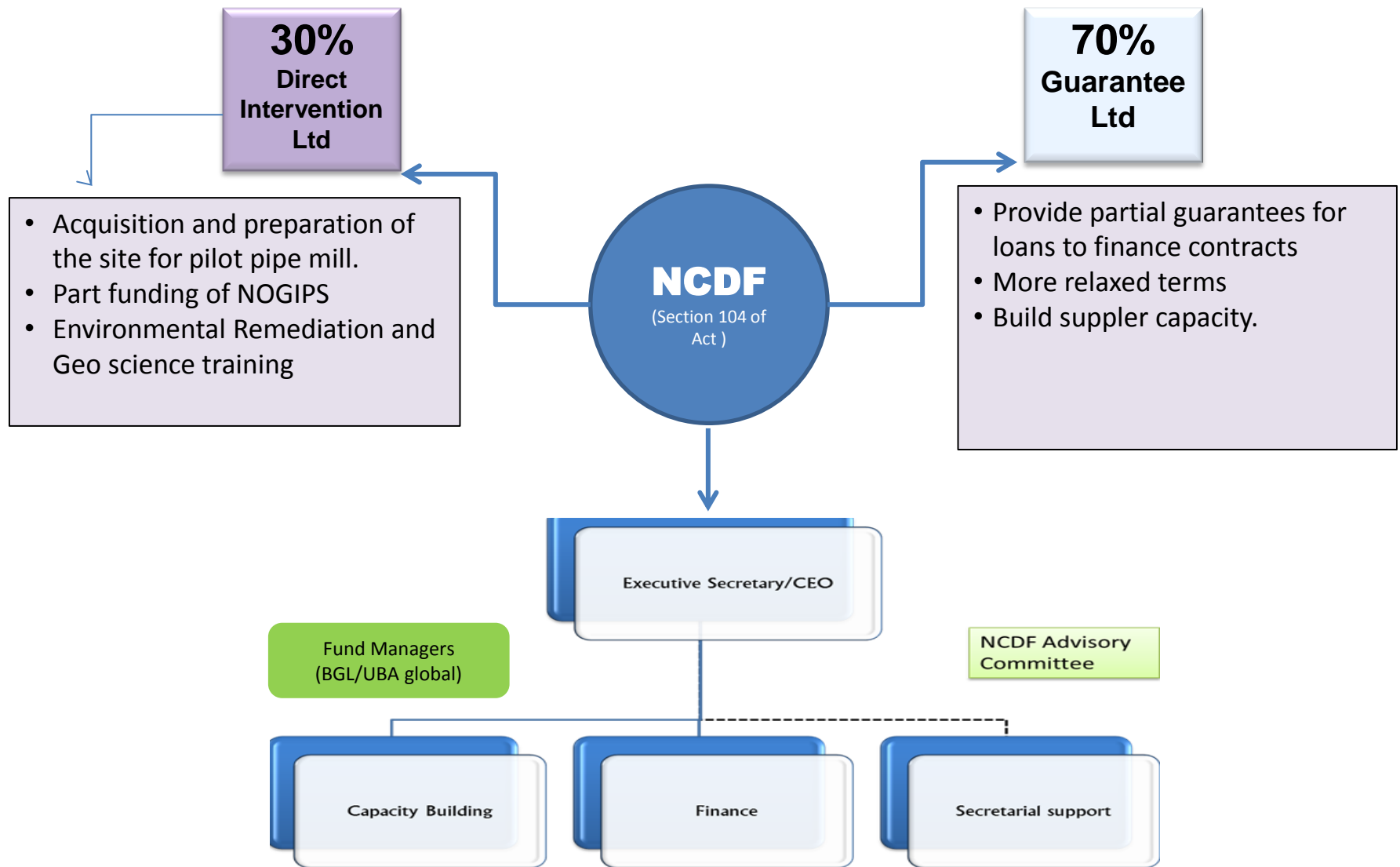
Local banks can fund substantial portion of investments

Several initiatives aimed at providing competitive funding for development –

- **Nigerian Content Development Fund (NCDF)**
- **Shell Kobo Fund**
- **Private energy financing initiatives**

NIGERIAN CONTENT DEVELOPMENT FUND MODEL

Implemented to support working capital and loan requirements of the local supply chain



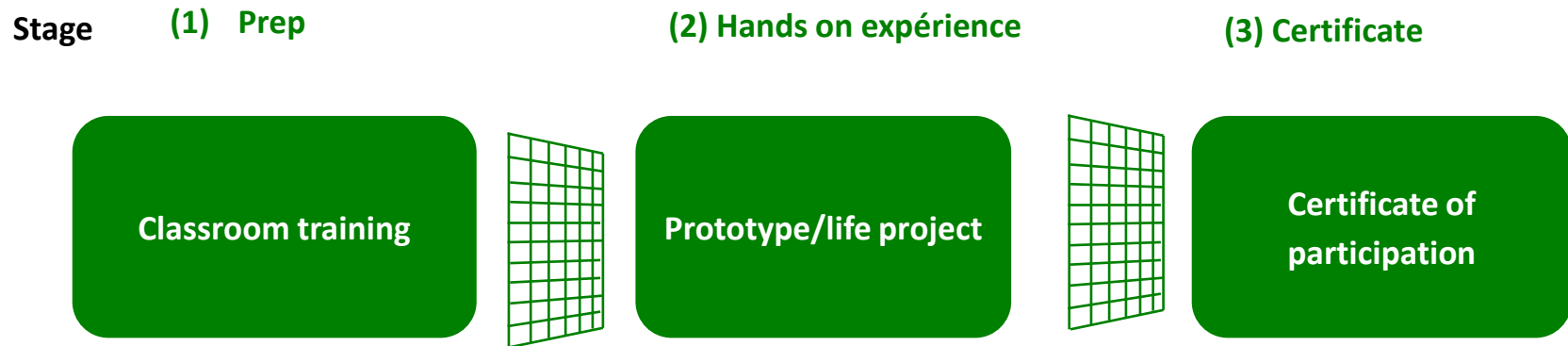
SPV setup to strengthen Governance

Training and employment connects the local communities

- **Project based training earmarks slots for indigenes of oil producing communities**
- **Direct intervention training and attachments**
- **Enlightenment and awareness workshops**
- **Skilled training on Government capital projects.**

DIRECT TRAINING INTERVENTIONS

Funding, Organizing and Supervising programs to develop local skills

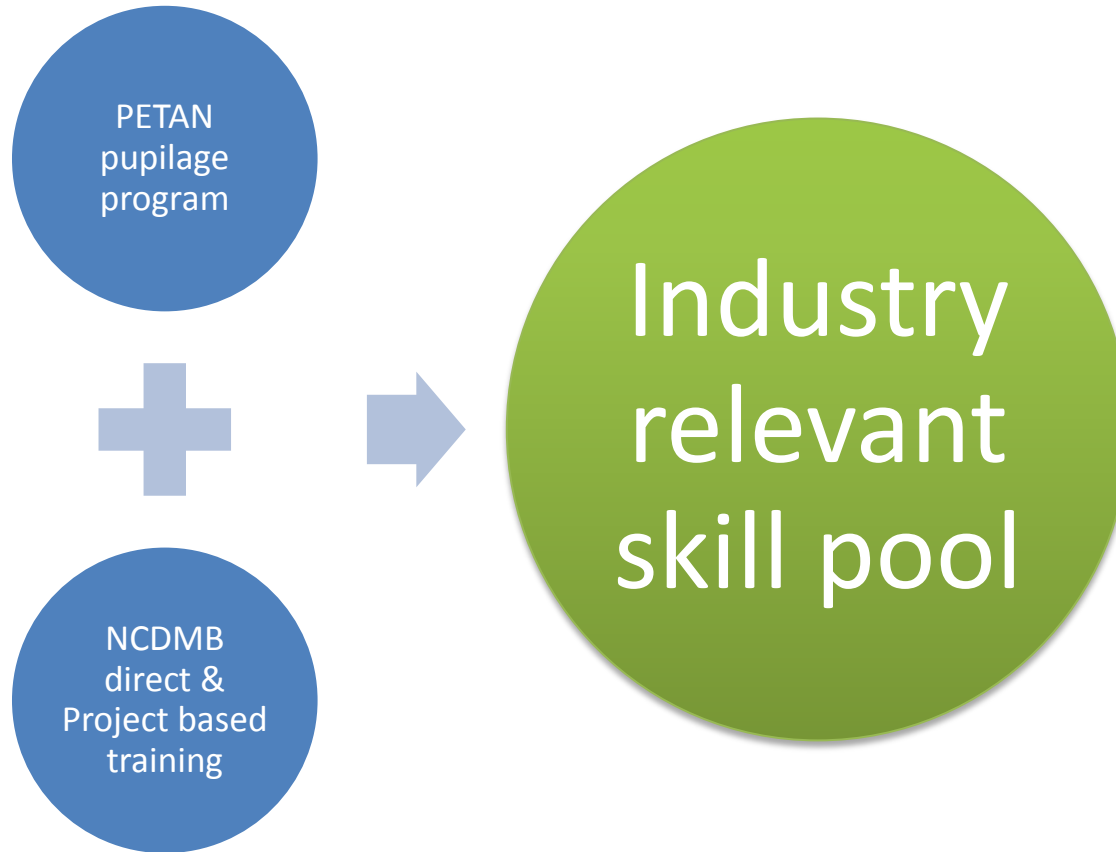


Geosciences, Environmental Remediation , Construction Skills

1. High end and low end training opportunities
2. Hands on experience assured
3. Priority consideration for catchment areas

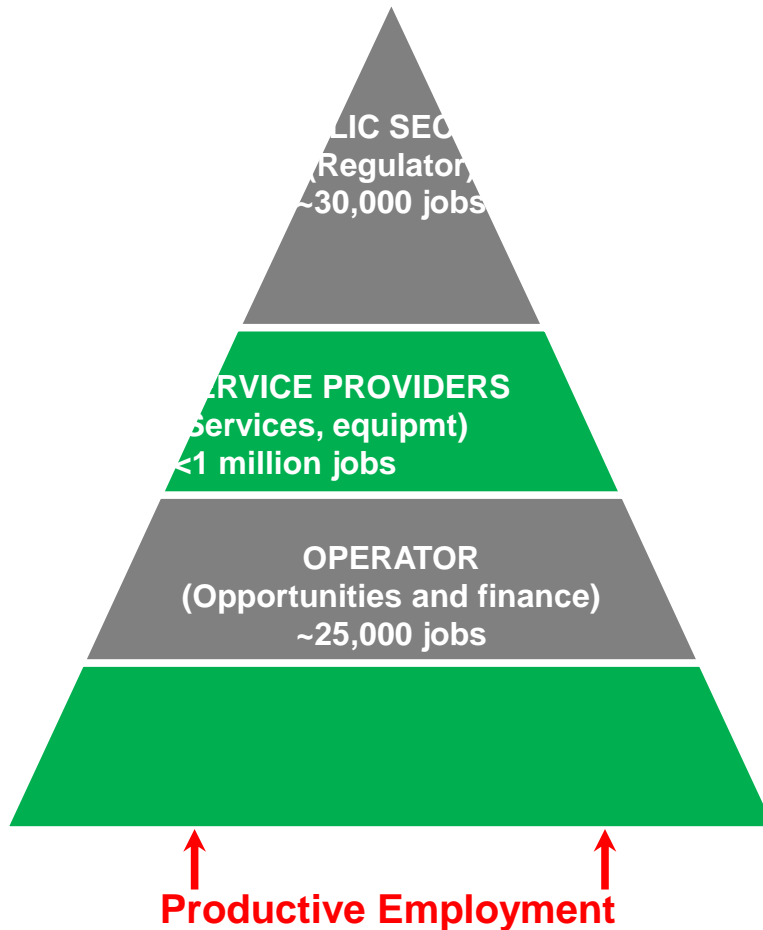
Nigerian Content Employment Initiative

Synergy between NCDMB and PETAN to deepen industry relevant trainings



1. MOU signed between NCDMB and PETAN, commits PETAN to engage trainees
2. NC training packages result in international certification
3. Creates attachment and job placement slots for Nigerians post training
4. Opportunity for skills development in exploration, field development and production phases – Geosciences, Environmental training, electrical & instrumentation, welding,drilling
5. NOGICJQS is platform for candidate sourcing (<http://portal.nogicjqs.com>)

Social Employment



INTERVENTIONS:

1. (NOGETTS) Project Based Training and Attachment -

- Over 12,000 candidates captured on JQS Platform
- Over 2,000 attached to O & G Projects

2. NCDMB Direct Intervention Pilot Training Programs –

- 50 candidates have commenced Geosciences Training and Attachment
- Environmental remediation training of 250 community indigenes to commence
- E&I, civil, mechanical, scaffolding training to commence

3. Institutional Development -

- Established OGTAN
- Establish Engineering Academy with PPP
- NIW Welding Technology Complex (NIW/NCDMB/Shell)
- Establish Subsea Academy

4. Expatriate Quota Management -

- EQ allocation supported by robust succession planning
- Monitor utilisation of EQ slots

- **Drive impacts to host community level – Nigeria Oil and Gas Industrial Parks Scheme**

Equipment Component Manufacturing Initiative (ECMI)

we have adopted 2 pronged approach to stimulate manufacturing culture and enhance use of made in Nigeria goods

Developing a thriving oil and gas based manufacturing

1. Macro - line pipes, Umbilicals, pumps etc



1. NCEC a requirement in equipment supply tenders
2. IOC collaboration
3. High employment and revenue retention impact
4. Technology transfer

2. Micro - flanges, chemicals, PPEs, bolts & nuts etc

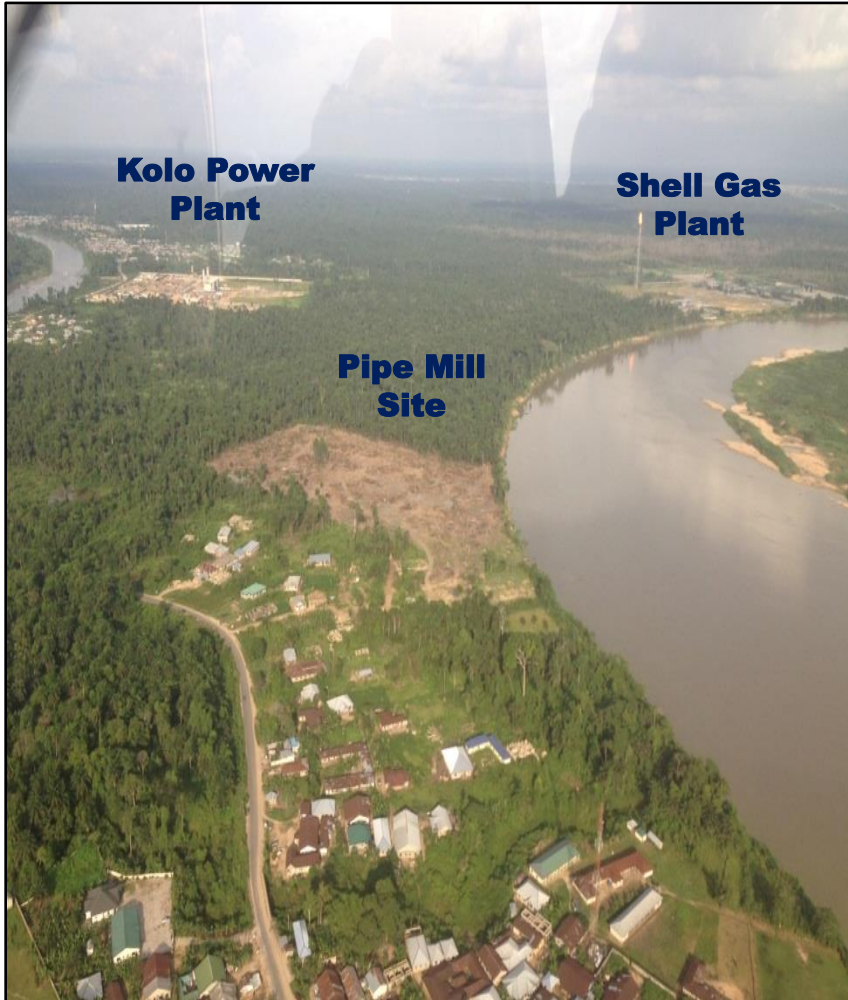


1. Nigeria Oil and Gas Industrial Park Scheme (NOGIPS)
2. State/community participation
3. Skilled and semi skilled employment
4. Low cost manufacturing solution

PILOT PIPE MILL PROJECT

We are directly involved in promoting establishment of a PipeMill to close steel line pipe supply gap

Polaku aerial view

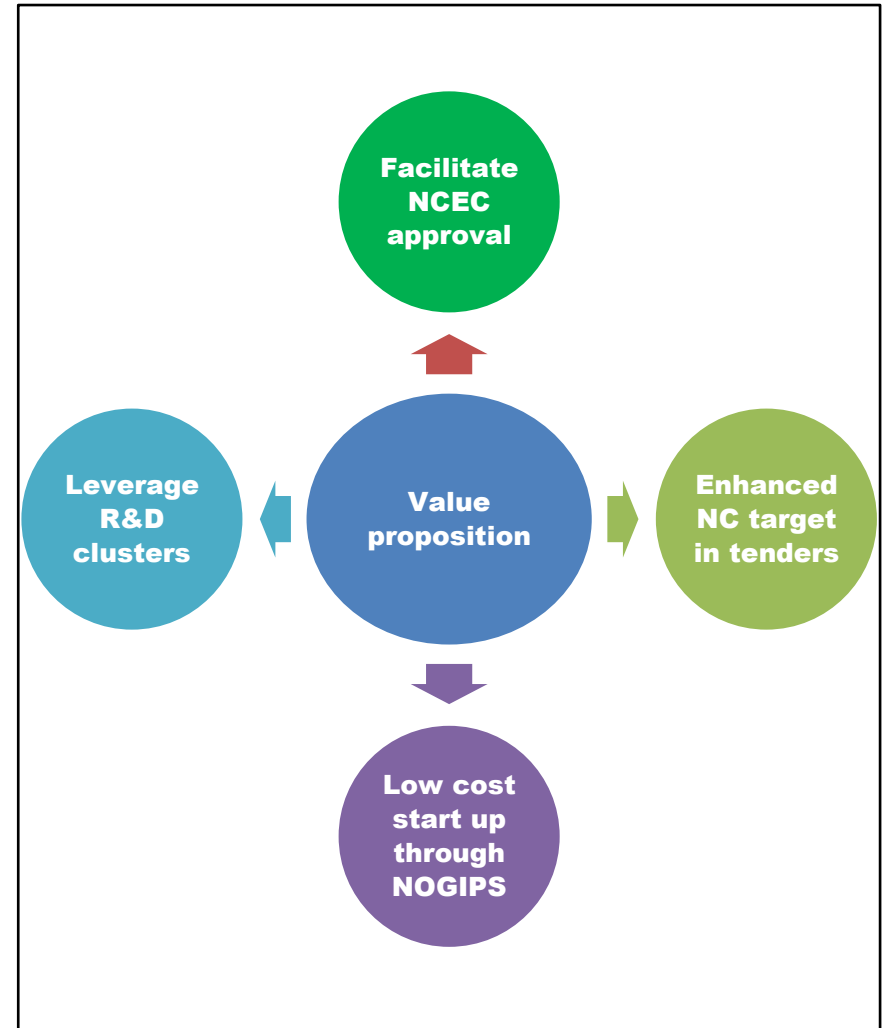


Site preparation ongoing



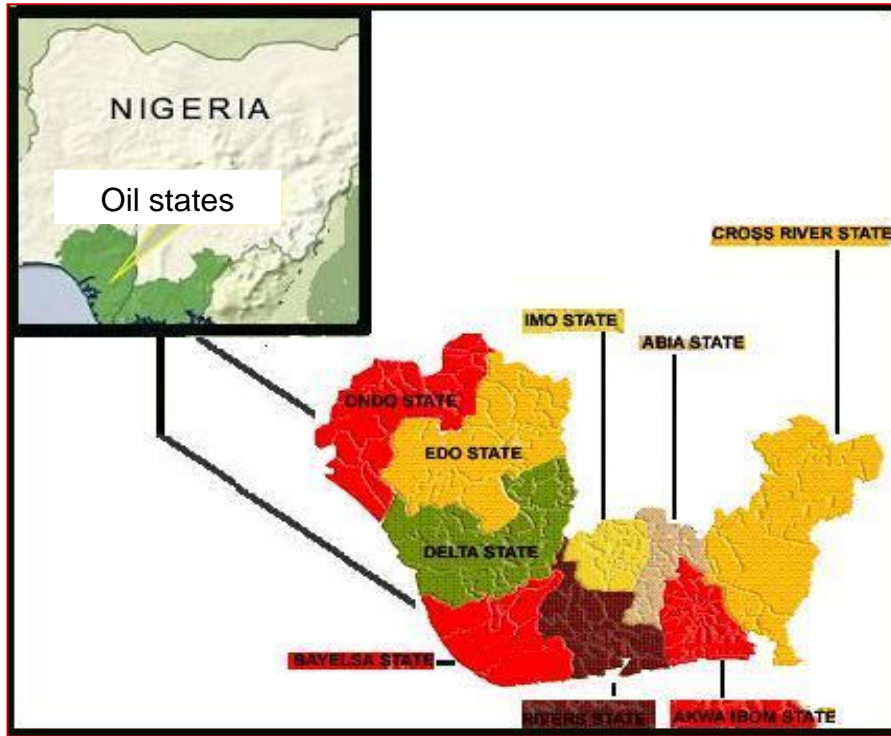
Equipment Component Manufacturing Initiative (ECMI)

Our value proposition to OEMs that set up manufacturing facilities in Nigeria



NIGERIAN OIL AND GAS INDUSTRIAL PARK SCHEME

Scheme will provide a range of made in Nigeria goods for the oil and gas industry



The built up area of each park shall consist of the following businesses at the minimum:

- Manufacturing (eg Brackets, switch gear, panels, etc.)
- Maintenance and repairs workshop
- Utilities base -power plant, water supply, waste management, telecommunications
- Parking space
- Warehouse and distribution center
- Security post
- Financial services center
- Training and Research & Development center
- Clinic
- Canteen
- Office accommodation

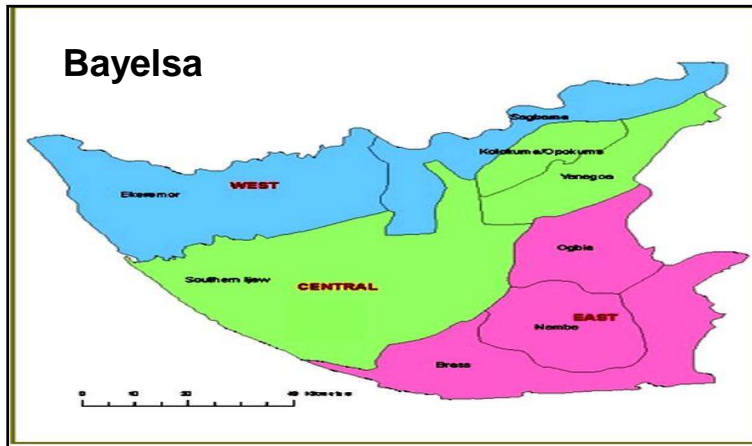
Attributes:

- Proximity to gas corridor
- Attract SMEs in partnership with international OEMs
- Nearness to power source
- Availability of skilled labour
- Availability of raw material base
- Critical product demand by oil and gas industry



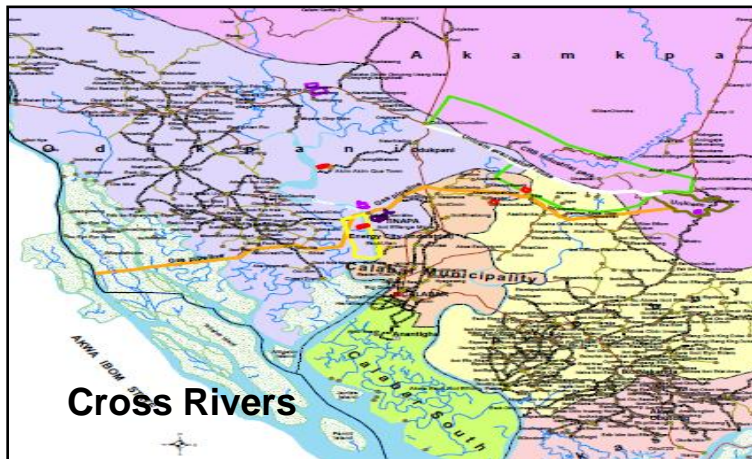
NIGERIAN OIL AND GAS INDUSTRIAL PARK SCHEME

Scheme will provide a range of made in Nigeria goods for the oil and gas industry



STATUS:

- Received offer from Bayelsa and Cross Rivers for proposed site that meet criteria.
- Advert/ RFP for Industrial Park Development Consultants published.
- SME fair planned for Q4 2013
- Benchmarking visits scheduled for Q4 2013
- Collaborations with UKTI, Industry to promote partnerships



TECHNOVA PIPE MILL COMPLEX

BACK FILLING



SITE CONSTRUCTION



FOUNDATION WORKS



FENCING OF COMPLEX



KAZTEC SNAKE ISLAND FABRICATION YARD/ INDUSTRIAL COMPLEX

KAZTEC LEASED FABRICATION FACILITY



KAZTEC FABRICATION SITE UNDER CONSTRUCTION



HEAVY FABRICATION

BEFORE

AVEON OFFSHORE FABRICATION YARD

TODAY



BEFORE

SAIPEM JUMBO FABRICATION YARD

TODAY



HEAVY FABRICATION

BEFORE



TOTAL PREMIER



TODAY

BEFORE



SUDELETTRA



TODAY

OFFSHORE SUPPORT VESSELS

MV OSAYAME



MV AFRICAN VISION



BRORON – DSV AVIANNA



C&I – MV ELIEZER



RIG ACQUISITION AND RIG MAINTENANCE

SEAWOLF - ONOME



OANDO - OES RESPECT



RIGS & VESSEL MAINTENANCE AT LADOL

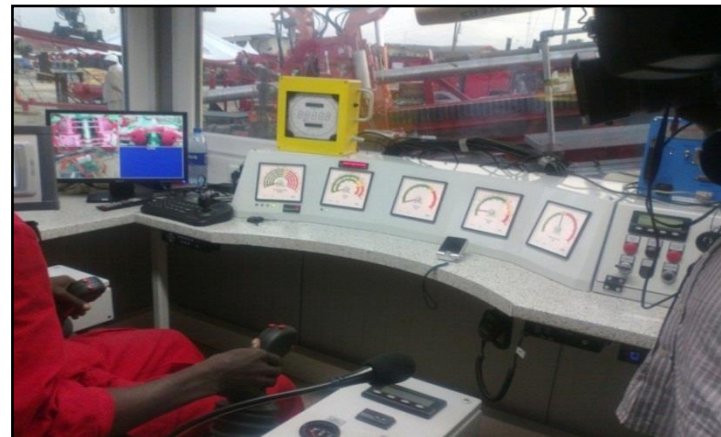


INDIGENOUS CAPACITY FOR OFFSHORE CONSTRUCTION

NIGERIAN OWNED PIPE LAY BARGE - AKPEVWEOGHENE



HORIZONTAL DIRECTIONAL DRILLING EQPT AT FENOG



DRYDOCKING AND NIGERIAN BUILT VESSELS

BEFORE

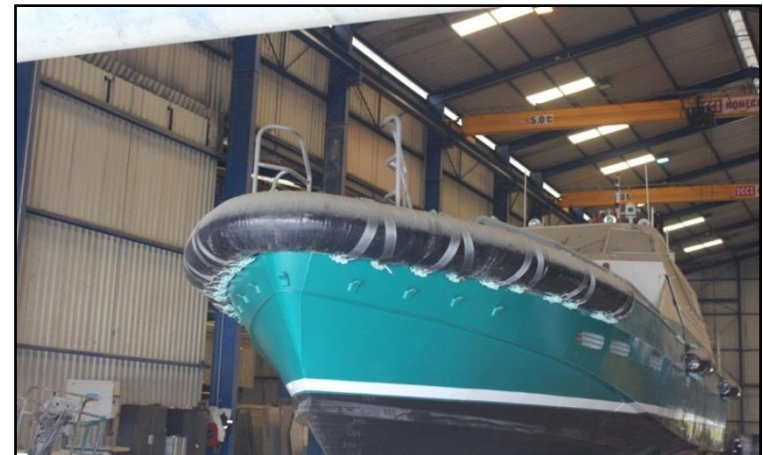


NIGERDOCK



TODAY

WEST ATLANTIC SHIPYARD





**CLOSING REMARKS
&
THANK YOU**