



PRESENTATION BY THE EXECUTIVE SECRETARY, NIGERIAN
CONTENT DEVELOPMENT AND MONITORING BOARD (NCDMB)

7th SAIPEC SUB SAHARAN AFRICA INTERNATIONAL
PETROLEUM EXHIBITION AND CONFERENCE

***Topic: Sub-Saharan Africa Local Content Collaboration
Strategy***

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Protocols.

1. I am delighted be a part of this year's SAIPEC event to deliver my remarks on the African Local Content Collaboration Strategies here in Lagos.
2. Whether you believe in the celebration or not, it is an everyday coincidence that we are here on a Valentines' Day to demonstrate our love and affection for the oil and gas industry especially as it pertains to the development and growth of the service providers across the continent.

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3. Even though the relationship has been bitter-sweet, we have seen crude oil prices steadily trend upwards from \$63 per

barrel in 2021 to \$90 per barrel in 2022. It now oscillates within the range of \$80 to \$90 thus providing some level of stability in the last two years.

4. The ongoing war situation in Europe continues to put to test this stability as oil and gas supply continues to tighten thereby putting pressure on oil and gas prices.
5. The question is what would be the price one year from now? Most analyst believe many countries are more concerned about energy security and diversity of source of supply against the backdrop of geo-political dynamics.
6. These relatively high price levels and upswing potentials provide opportunities for African oil and gas service providers to partake in the development and maintenance of oil fields.

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7. As per the practice since the last three (3) editions of SAIPEC, the focus of my address is to utilize this platform to highlight the “Sub-Saharan Africa Local Content Collaboration Strategies”.
8. The main objectives are to explore ways to breakdown barriers, promote cross-border collaboration amongst governments and businesses, provide peer review mechanisms, and share experiences and ideas on industry sustainability and growth.
9. I will use the next few minutes to highlight the collaboration strategies in respect of the following areas:
 - a. Legal Framework,
 - b. Funding,
 - c. Infrastructure,
 - d. Human Capacity Development, and

e. Research and Development.

10. I will also highlight the efforts that the Nigerian Government through NCDMB has made in these areas and identify the opportunities that African countries can harness considering the vast hydrocarbon resources available within the continent.

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11. The first parameter I would talk about is a legal framework. Just as creating an enabling legal or regulatory framework is essential to drive and develop local content sustainability, such a framework would also be required to forge a collaborative Africa local content strategy.

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12. In this regard, the African Continental Free Trade Agreement (AfCFTA) is one critical legal framework that can be leveraged to achieve the collaborative local content strategy in Africa
13. The advent of AfCFTA created the world's largest free trade area by integrating **1.3 billion** people across 54 African countries, with the objective of tapping into a combined Gross Domestic Product (GDP) of over **\$3 trillion**.
14. This is indeed a very huge collaboration platform that will present tremendous gains to the entire African continent.
15. It is in recognition of the enormous opportunities that AfCFTA presents that Nigeria has started working towards unleashing the collaboration potentials.

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16. For instance, President Muhammadu Buhari has recently approved the appointment of Mr. Olusegun Awolowo as the

Secretary of the National Action Committee on the African Continental Free Trade Area (AfCFTA) for a tenure of four years.

17. One of the objectives of this appointment is to ensure that the National Action Committee on the AfCFTA effectively coordinates all relevant stakeholders toward the attainment of Nigeria's strategic national interest and this, I believe, is a proactive step in the right direction.

18. As I mentioned during last year's SAIPEC event, the AfCFTA is the practice of Local Content on the continental level and I must once again commend the foresight of the League of African Leaders who adopted AfCFTA in 2012 at the 18th Ordinary Session of the Assembly of Heads of State and Government of the African Union (AU) in Addis Ababa, Ethiopia.

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19. The second parameter I want to talk about is infrastructure.

Investment in infrastructure has a significant impact on the economic growth of any nation.

20. A study carried out in the year 2020 by **GI Hub** found that the economic multiplier for public investment (including infrastructure) is one and a half times greater than the initial investment in two to five years. This is much higher than other forms of public spending.

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21. For instance, the Dangote Integrated Refinery and Petrochemical Company - with an installed capacity of 650,000 barrels per day (bpd) which is expected to come on stream within the year will afford Nigeria and other African

countries the partnership opportunities for sourcing petroleum products and fertilizer.

22. Also, the recently commissioned Lekki Free Zone and facilities like the SHI-MCI FPSO Fabrication/ Integration in Lagos present opportunities for collaboration for the construction of FPSO and other offshore oil and gas facilities.
23. These infrastructures and others that exist in various parts of the African continent provide massive opportunities for cross-border energy collaboration among African countries.
24. Similarly, infrastructure like the West Africa Gas Pipeline (WAGP) and the ongoing AKK gas transmission infrastructure provides a means for serving regional and African markets.
25. The developmental strategies to start from a cluster within a country and grow organically across borders continue to

work well in the provision of roads, gas pipelines, fiber-optic cables, railways, and other infrastructure across the continent.

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26. The Nigerian oil and gas industrial parks we are developing across seven (7) locations in Nigeria represent one of the ways we are providing infrastructure for the manufacturing of components to serve local and regional markets in a collaborative way.

27. We are on track to complete major construction works at the sites by end of this year. Let me use this opportunity to invite interested businesses and investors in the area of manufacturing in any of these industrial parks to contact the Board for allocation of plots for development.

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28. Another major collaboration area is **Funding** which is critical for executing major oil and gas projects.
29. It will be recalled that during the **African Local Content Roundtable** held in June 2021 in Yenagoa, Bayelsa State, NCDMB promoted the need for African countries to come together and create an **Africa Local Content Bank** that would support it in its energy development quest.
30. Subsequently, the African Petroleum Producers Organization (APPO) has welcomed the suggestion and they have since taken it on board much to our delight.

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31. APPO has signed a Memorandum of Understanding (MOU) with the African Export–Import Bank (Afreximbank) for the creation of an Africa Energy Bank to address the financing challenges of Oil and Gas projects caused by the paradigm

shift from fossil energy to renewable energies in the era of the Energy Transition during the 8th African Petroleum Congress and Exhibition (CAPE VIII) held in Luanda, Angola

32. NCDMB is currently supporting APPO on how to make the funds available.
33. When operational, the Africa Energy Bank will foster the development of major energy projects across Africa.

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34. Human Capacity Development is pivotal to the successful implementation of local content as every intervention will be powered by humans – either through intellect, skill set or both.
35. The Nigerian experience regarding human capacity development is that Nigerian youths are very eager to learn

and acquire new skills. Their willingness is so much that some of them are willing to pursue education and training abroad.

36. With this realization, we have put in place several capacity-building initiatives including vocational skill acquisition as a means of empowering them.
37. Our intent is to develop and groom our required workforce and even export the workforce to other regions.
38. There is however the need to effectively harness this pool of workforce and one means through which that can be achieved is for us African countries to come up with a framework that will enable skill or workforce exchange program so as to leverage the available African skills as a means for developing local content in the African Energy sector.

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39. Lastly, R&D is one parameter that should be given considerable attention as it is pivotal for achieving sustainable development in Africa
40. Africa's Energy sector has its inherent challenges just like any other region does. However, we all come together and focus on R&D with the intention of taking a critical look at the challenges and coming up with economical home-grown solutions that will address those challenges in a sustainable manner
41. Such solutions can even be exported to other parts of the world.

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42. These collaboration strategies are underpinned by the fact that the continent of Africa is blessed with enormous human

and natural resources which together make the continent a preferred destination for investors.

43. The African continent currently holds 7% and 13% of the world's proven crude oil and gas reserves respectively. This underscores the fact that Africa stands to play a major role as the world seeks energy security and stability.

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44. With Crude Oil reserves exceeding **125 billion barrels** and gas reserves of more than **500 trillion cubic feet**, there is still a lot of refining potential that remains untapped as the combined crude oil refining capacity in Africa is currently about **1.7million** barrels/day for a continent that requires refining capacity of at least 10 million barrels/day.

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45. At the sub-surface level, there are immense collaboration opportunities in exchange of data in respect of geological formation spanning across several countries. Some of these partnerships have resulted in the creation of Joint Development Zones amongst countries in the regions.

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46. At the World LNG Summit held in Athens, Greece in November 2022, the consensus amongst delegates was there is need to reverse under investments in gas development and the LNG projects to the much needed flexibility, resilience, and stability in the energy eco-system.

47. At the core of the consensus is the need to have supply diversification so that there is no room for an hostage situation to a single supplier.

48. This provides a huge opportunity for African countries able to negotiate and put in a place a win-win model for gas processing investments for exports and in-country utilization.
49. This will greatly enhance in-continent utilization of produced energy to address energy poverty and improve quality of life for the African people.

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50. In Nigeria, we have put in place the **Decade of Gas** initiative to promote the development and utilization gas resources within the country. We are working on LPG penetration to the last mile, CNG for power and Autogas, flares commercialization, and domestic LNG plants.
51. We believe as we address these challenges in Nigeria, we continue to see the pathways to neighboring countries into the regions and across the continent.

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52. In closing, I would like to take a moment to appreciate the efforts of PETAN – the Petroleum Technology Association of Nigeria for graciously hosting and dutifully organizing this auspicious event year after year.

53. This year’s event is the 7th edition and I believe it has now become a notable event on the oil and gas industry calendar especially as it plays a key role in showcasing the Africa energy sector.

54. I commend all members and the current and past executives of PETAN for keeping the flag flying since the formation of the Association in 2005. You have grown your members over the years and it was a delight to be part of the dignitaries that commissioned your new Head Office in Port Harcourt late last year.

55. PETAN prides itself an association of Nigerian Indigenous Technical Oilfield service companies in the upstream and downstream sectors of the Oil industry. The association was formed to bring together Nigerian Oil & Gas entrepreneurs to create a forum for the exchange of ideas with the major operators and policy makers.
56. One of the ideas I want you to look into is how to develop and showcase indigenous technology at SAIPEC. I believe you are more than just a group of businesses or service providers looking for contracts or leasing of equipment imported from overseas.
57. The letter 'T' in PETAN stands for TECHNOLOGY. Let's partner with you to develop, test, validate, or commercialize products or tools that we could put the PETAN seal upon as one of your notable contributions to the oil and gas industry.

58. Our Research and Development Fund is set up for this purpose and we are already making progress in the development and commercialization of gas leak and smoke detectors, printed circuit boards, and others.

59. I call on you to join us in the R&D journey and make your mark.

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60. Our collaboration with industry practitioners and various stakeholder groups has led us into a remarkable performance in the implementation of our 10-year strategic roadmap. We currently at **54%** Nigerian Content out of the 70% Nigerian Content target by the year 2027.

61. We are pleased to note that this performance is recognized within the African continent and amongst global institutions such as the **World Bank**.

62. We continue to render support to sister African nations based on referrals and direct contact as they develop their unique Local Content framework, and I am pleased to note that we are using this platform to showcase one of such collaboration with the signing of MoU with the delegation from Republic of Senegal.

63. This is collaboration in action and it is my pleasure to welcome my brother from Republic of Senegal for the signing ceremony.

64. I thank you all for your attention.

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