



**Namibia**

Oil and Gas Conference

Session 4: Oil and Gas Learnings & Case Studies

# Nigeria Local Content Policy and Practice

*Presented by*

**Engr. Simbi K. Wabote FIPS, FNSE**

ES NCDMB

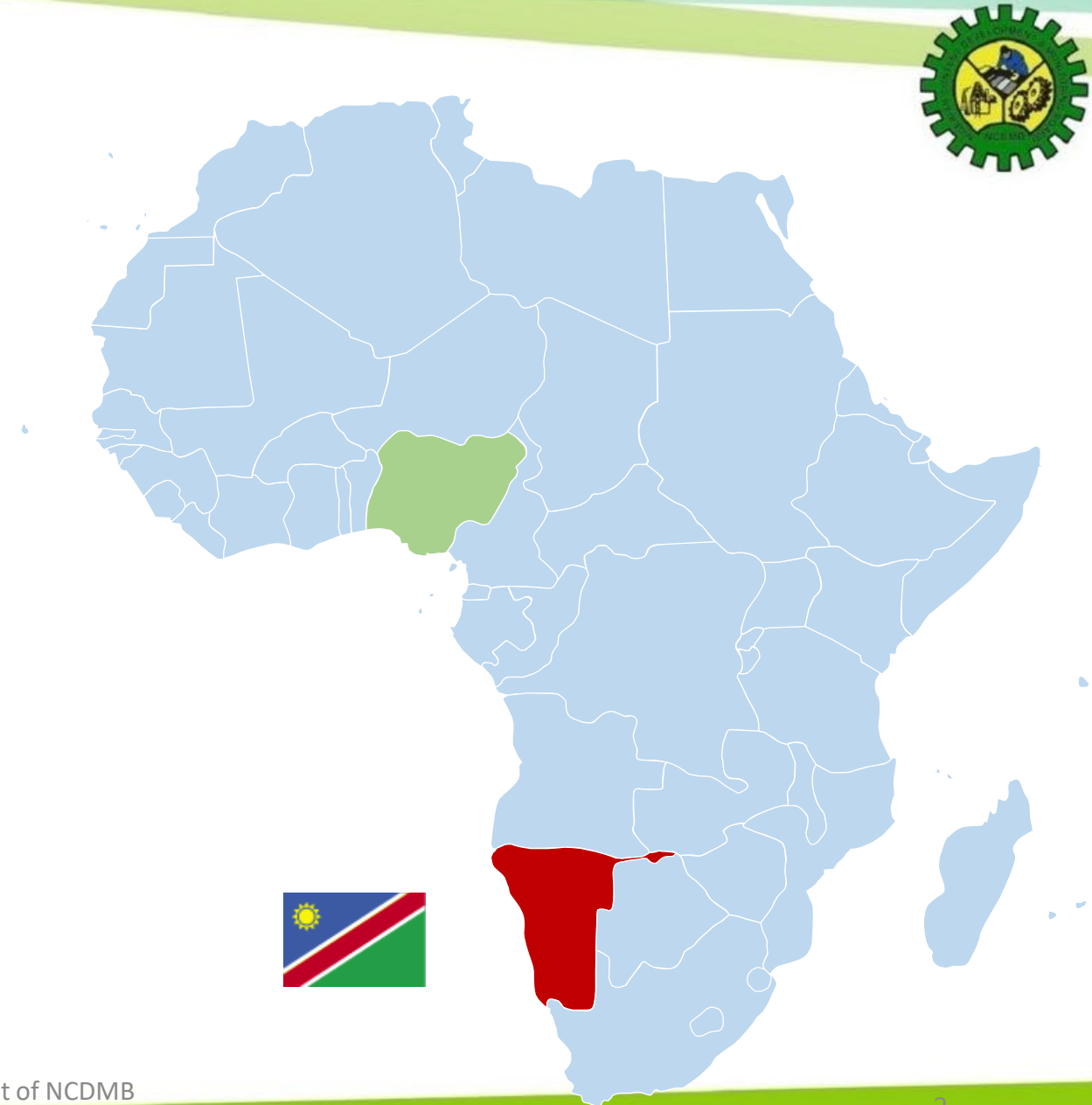
# Namibia

Population: 2.5million (2020)

Major oil and gas discoveries in recent years

Discovery of light oil in the ultra-deepwater: estimated 11billion barrels of oil reserves

Natural gas onshore - resource estimate of 22.4tcf



# Outline...

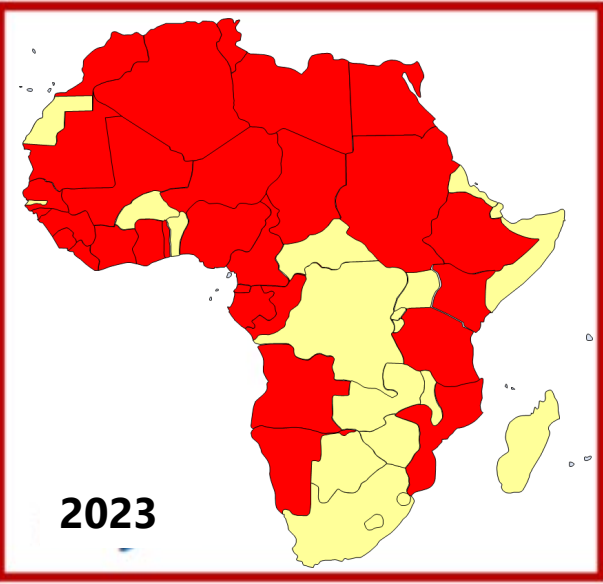


- Provide an overview of Nigeria's hydrocarbon resource base
- Highlight the key parameters of Local Content practice
- Describe how Nigeria has deployed these parameters in the Oil & Gas sector
- List out the achievements so far realised and
- Share the Lessons Learnt in our Local Content journey



# Background

# Africa Hydrocarbon Map



**Resource  
Rich  
Continent**

10% of the global  
crude oil reserves

4% of the global  
crude oil  
consumption

# Sustainable Local Content Practice

**Route to in-  
country value  
addition**

Local Content Definition:

The **quantum of composite value added to or created in a local economy** by a systematic development of capacity and capabilities **through the deliberate utilization of the local human, material resources, and services'**



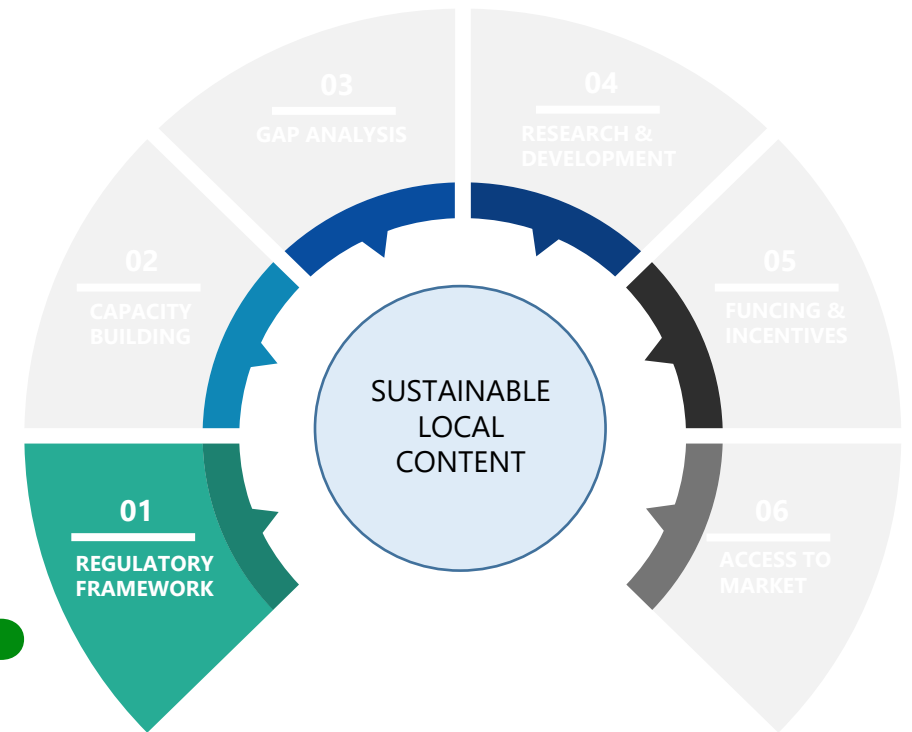
# Key Parameters for Sustainable Local Content





## 1st Parameter:

# Regulatory Framework...





# Regulatory Framework – Our Mandate



## Nigerian Oil & Gas Industry Content Development (NOGICD) Act (2010)

The NOGICD Act of 2010 establishes NCDMB as the sole agency of the Federal Government that is responsible for driving Nigerian Content in the oil and gas industry

### Our Vision

“To be a catalyst for the industrialization of the Nigerian oil and gas industry and its linkage sectors”

### Our Mission

“To promote the development and utilization of in-country capabilities for the industrialization of Nigeria through the effective implementation of the Nigerian Content Act.”

### Our Values

“Professionalism, Patriotism, Passion, Integrity, Creativity, Team Spirit.”





# First Consideration

shall be given to

- **Nigerian** operators in award of blocks and licenses,
- **Nigerian** goods and services in the evaluation of bids, and
- The employment and training of **Nigerians**

**Blocks & Licenses**

**Goods & Services**

**Employment &  
Training**

# Lessons in Regulatory Framework

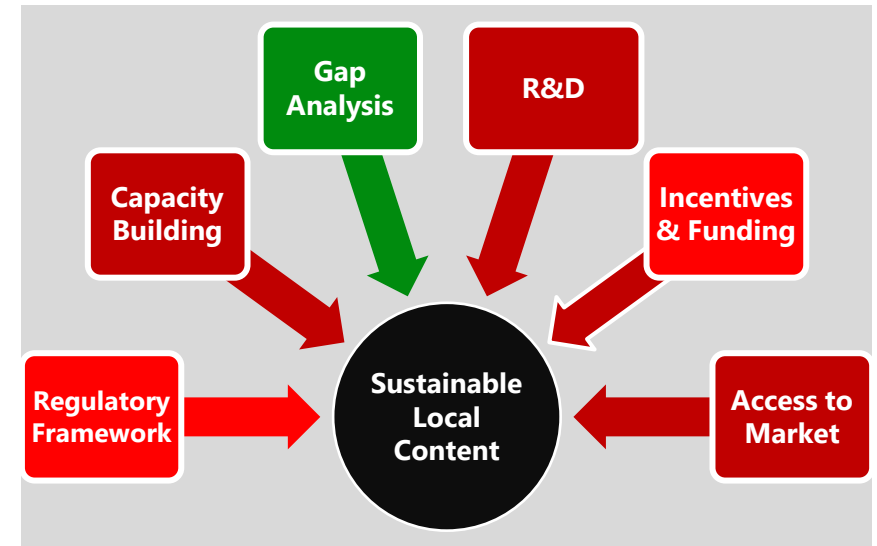


1. Law must **promote and enable** investments
2. Recognize the **local peculiarities** of the law-making processes
3. **No law is perfect.** Put the law in place and amend the law as necessary
4. Provisions should be made in the law to address any **lacuna** that are not fundamental; and
5. Consideration should be given to **other key sectors** of the economy rather than just oil and gas
6. As a regulator, you must be **pragmatic** in applying the law



## 2nd Parameter:

# Gap Analysis...



# Gap Analysis

## NOGICD Act Schedule

A Compendium of  
Opportunities

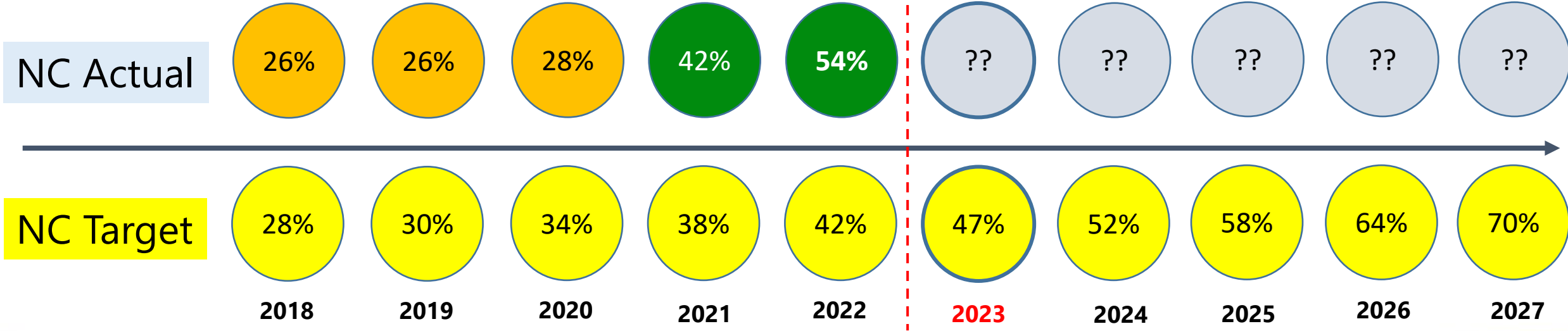
- **17 services and 278 targets – each an opportunity on its own**
- Covers the search, development, production, and utilisation of Hydrocarbons (full life cycle) and beyond



# Our Vision: 10-year Strategic Roadmap



NC Level moved from 26% in 2018 to 54% in 2023



# Lessons in Gap Analysis

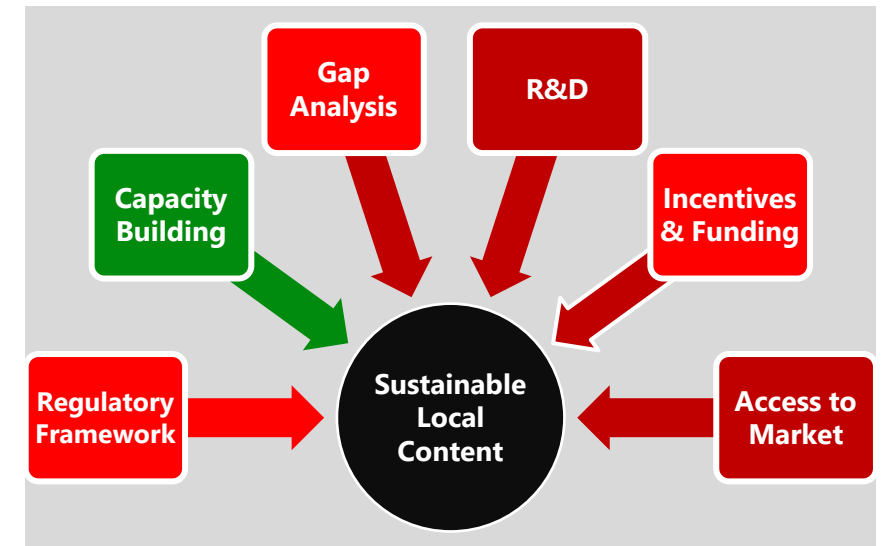


1. It is good to have **baseline data** of available in-country capacities and capabilities to identify the gaps and set the targets for **gap closure**
2. Strike a balance between **aspirational goals and realistic target setting; and**
3. Put in place a credible action plans and initiatives to close the gaps identifies driven by a functional **Project Management Office (PMO)**
4. **All gaps cannot be closed overnight**
5. Provide **legal instrument** to protect and give effect to the goals



## 3rd Parameter:

# Capacity Building...





# Local Content Achievements



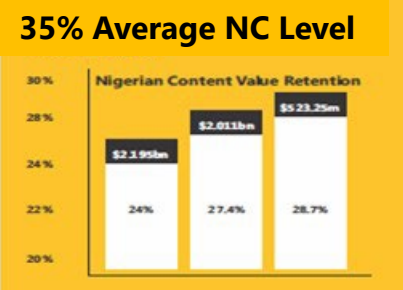
- SAIPEM
- AVEON
- NIGERDOCK
- EWT NESTOIL
- SHI-MCI (LADOL)
- COLEMAN
- NEXANS
- SCC
- YULONG
- SOLEWANT
- PIPECOATERS
- AFRICOAT
- FMC
- CAMERON
- BHGE

**> 15mIn**  
**training man-hours**  
**(over 7,000 trainees)**

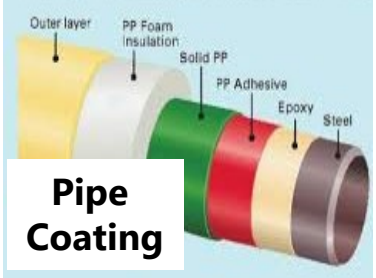
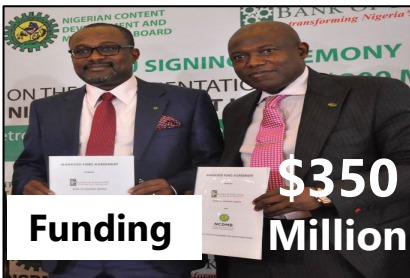
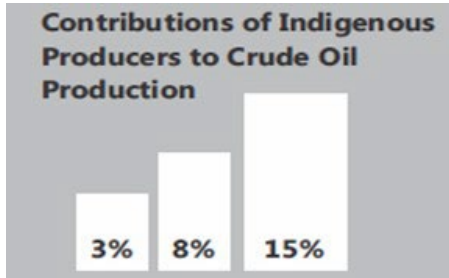
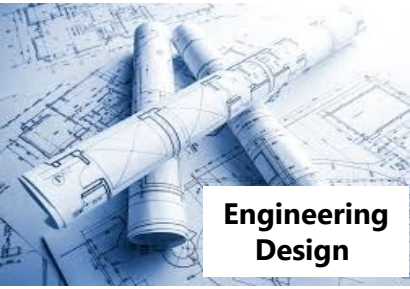
**420 MTa**  
**Pipe Mills**  
**including 2 World Class**  
**mills in Abuja & Lagos**

**NOGIC JQS**

241,658 Individual accounts	7,893 Service company accounts	79 Operator portal accounts
-----------------------------------	---	--------------------------------------



**40% of**  
**marine**  
**vessels**





FPSO Integration Yard – SHIMCI, Lagos

# Lessons in Capacity Building

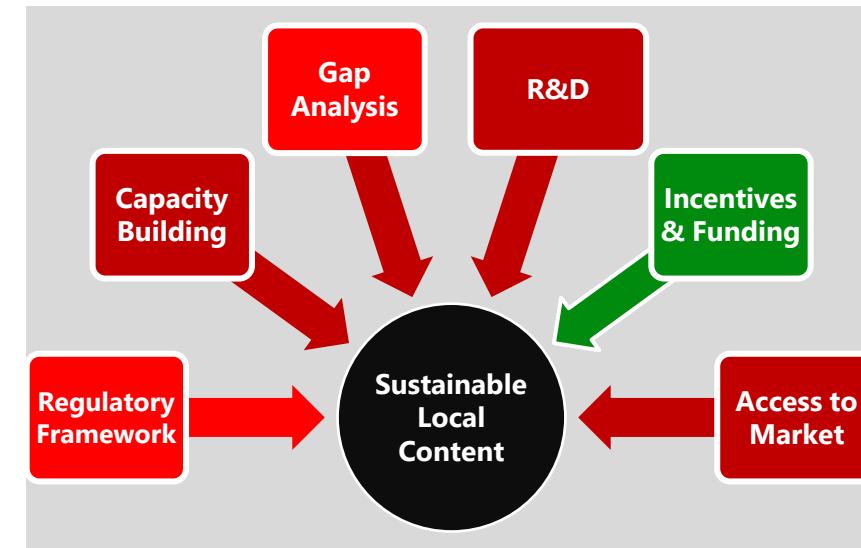


- 1. Implementation of major projects** are very important in the development of in-country capacities and capabilities
- 2. Capacity Development Initiatives (CDI's)** are very important tools in closing identified capacity gaps
- 3. Project Based trainings** are important element of Human Capacity Development
- 4. Continuous and well sequenced stream** of major projects are important to sustain established capacities and attract additional ones



## 4th Parameter:

# Funding & Incentives...



# Funding & Incentives



Funding and incentives are essential to implement Local Content programs, develop infrastructure, attract new investments, and keep existing businesses afloat

**NCDF** is established by Section 104 of the Nigerian Oil & Gas Industry Content Development (NOGICD) Act of 2010

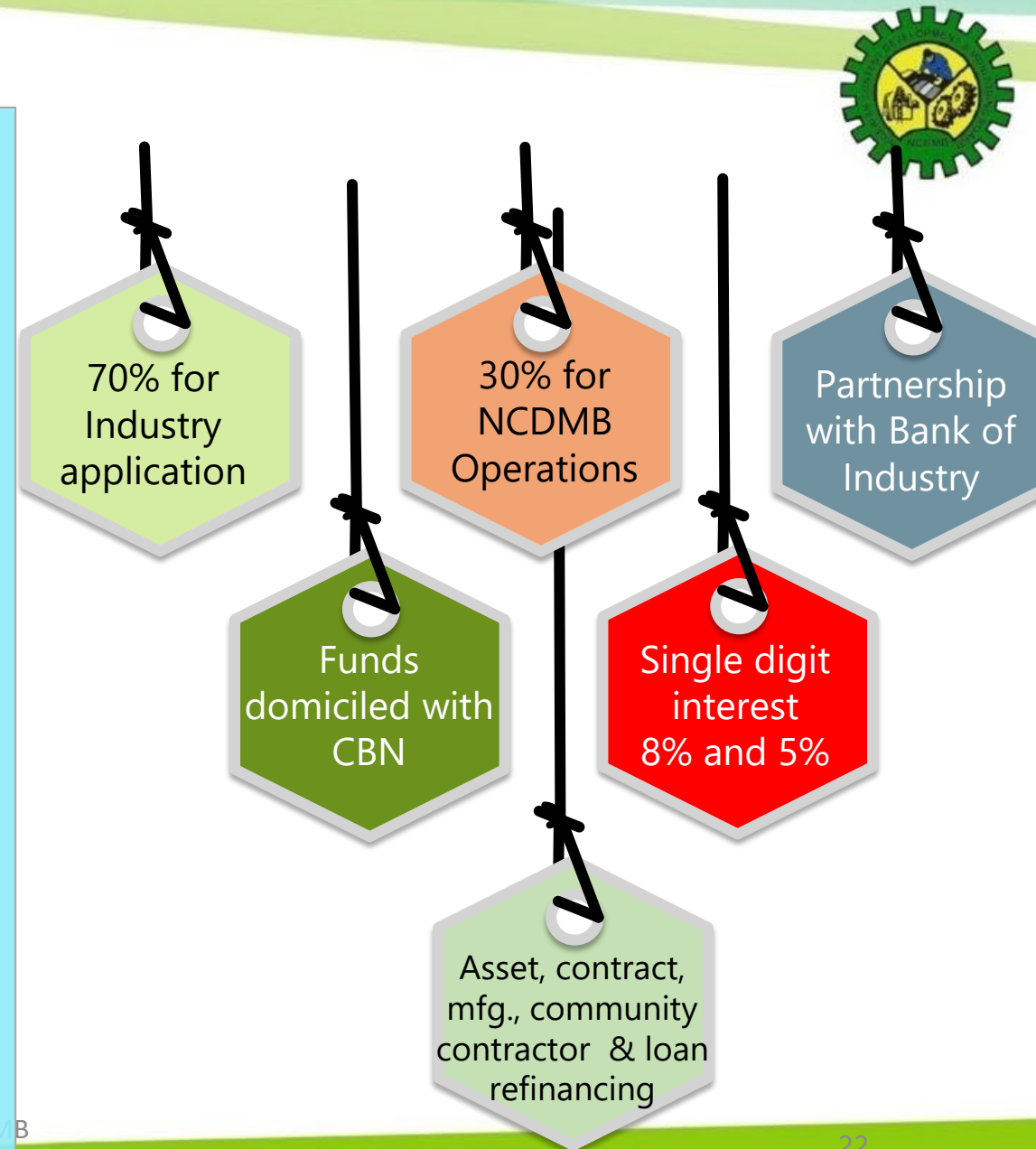
**1%**

**Of every contract in the upstream sector**

Gives the Board the mandate to manage the Fund and employ it for activities directed at increasing NC in the Oil & Gas Industry

# NCDF Utilization

- a. Launch of the **\$350million** Nigerian Content Development Fund in partnership with the BOI
- b. Ongoing development of **Nigerian Oil and Gas Parks Scheme** as manufacturing hubs
- c. Construction of the new **17-storey** headquarters building and **1000-seater** Conference Center
- d. **Partnership with project promoters** in the establishment of modular refineries, LPG terminals, manufacturing of LPG Cylinders, and others.
- e. We have also become **self-funding** and exited the yearly budget request from the treasury to support our programs.



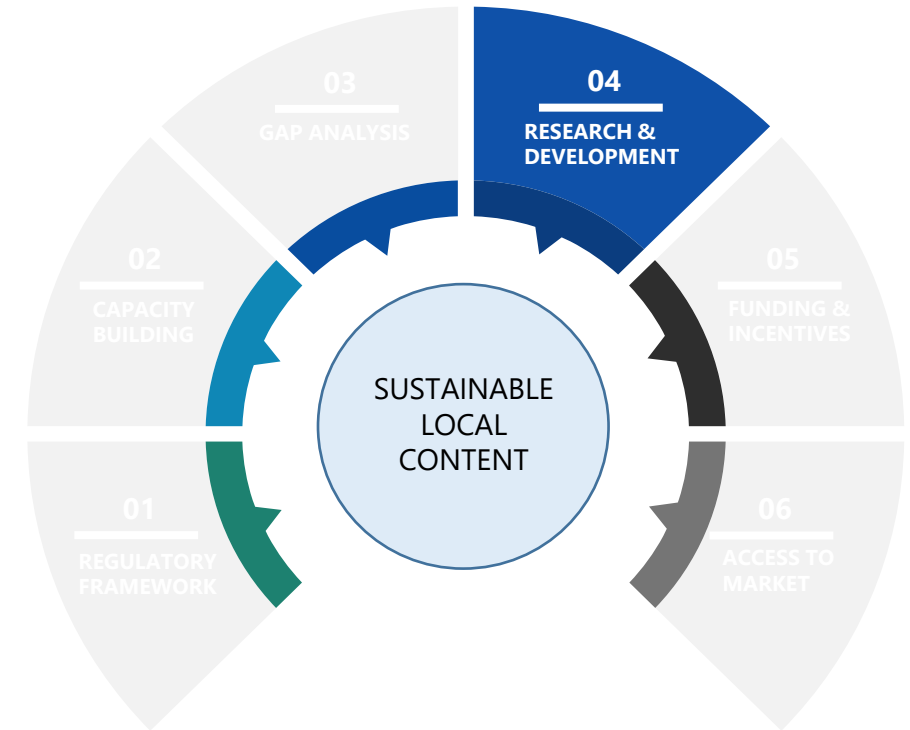
# Lessons in Funding/Incentives



1. A clear, **unambiguous source of fund** provision backed by law is in place
2. A clear **remittance framework** is in place with the responsibility for deduction at source
3. A period of time was allowed for the **Fund to accumulate** into a reasonable size before deployment
4. Clear strategy was put in place on **utilisation of the Fund** within the outline provided by the law and lastly
5. Not everyone will pay willingly or when due. Carry out **Forensic Audit** of remittances every 2 to 3 years



# 5th Parameter: Research & Development...





# R&D Spend



**Local content thrives where there is robust R&D focus to drive development of home-grown technology**













**Brazil – 1.8%**  
**28<sup>TH</sup> Position**



**South Africa – 0.8%**  
**43<sup>RD</sup> Position**

## R&D Spend as % of GDP – Top 10

Country/Region	Expenditures on R&D (billions of US\$, PPP)	% of GDP PPP
 Israel	16.888	4.9
 South Korea	100.055	4.6
 Taiwan	42.945	3.5
 Sweden	17.722	3.4
 Japan	172.614	3.2
 Germany	131.932	3.2
 Austria	14.945	3.2
 Finland	7.2	3.2
 United States	612.714	3.1
 Denmark	8.2	3.1

# Nigerian Content R&D Fund

**\$50 million**

**Nigerian Content  
Research & Development  
Fund**

**1**

**Basic Research**

**2**

**Research  
Commercialisation**

**3**

**R&D Centres of  
Excellence**

**4**

**University  
Endowments**

# Lessons in Research & Development

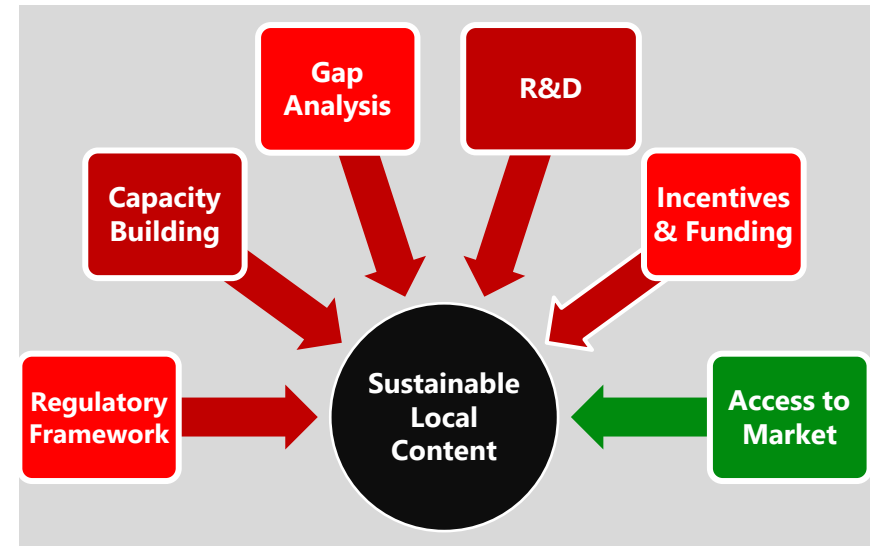


1. R&D initiatives **requires dedicated source of funding**
2. **R&D Fairs** provide a good platform for the academia, researchers, product developers and inventors to showcase their break-through for development and commercialization.
3. Research and Development **requires focus, tenacity, and patience** to nurture it to fruition.
4. It is important to see useful research efforts to the **commercialization stage**

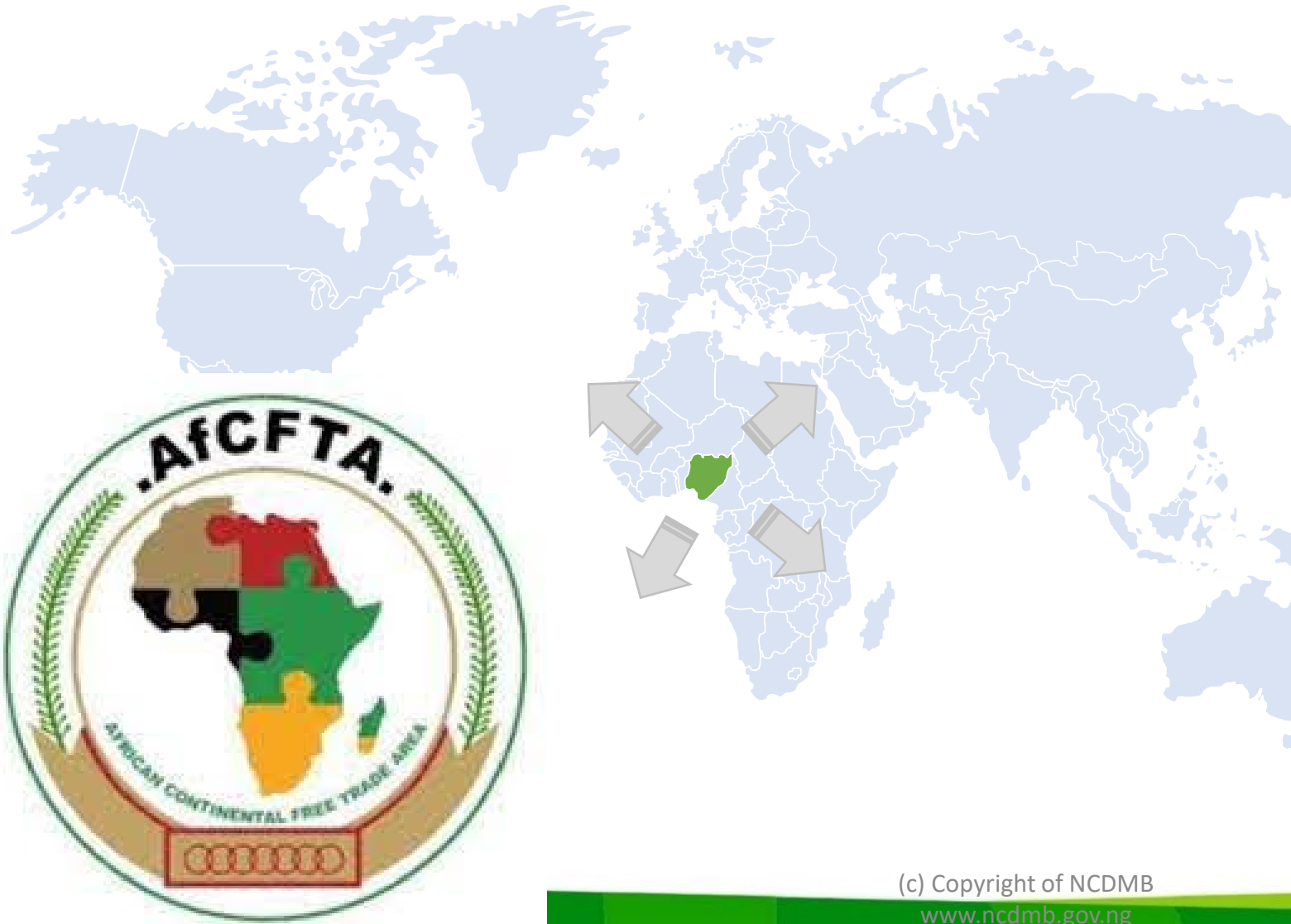


## 6th Parameter:

# Access to Market



# Creating Access to Markets



## NC Plan

- Review and approve work program that details use of in-country capacities & capabilities

## NCCC NC Compliance Certificate

- Issue NCCC on tenders that comply with the Act wrt Equip, Materials, Labor, and Training

## NCEC NC Equipment Certificate

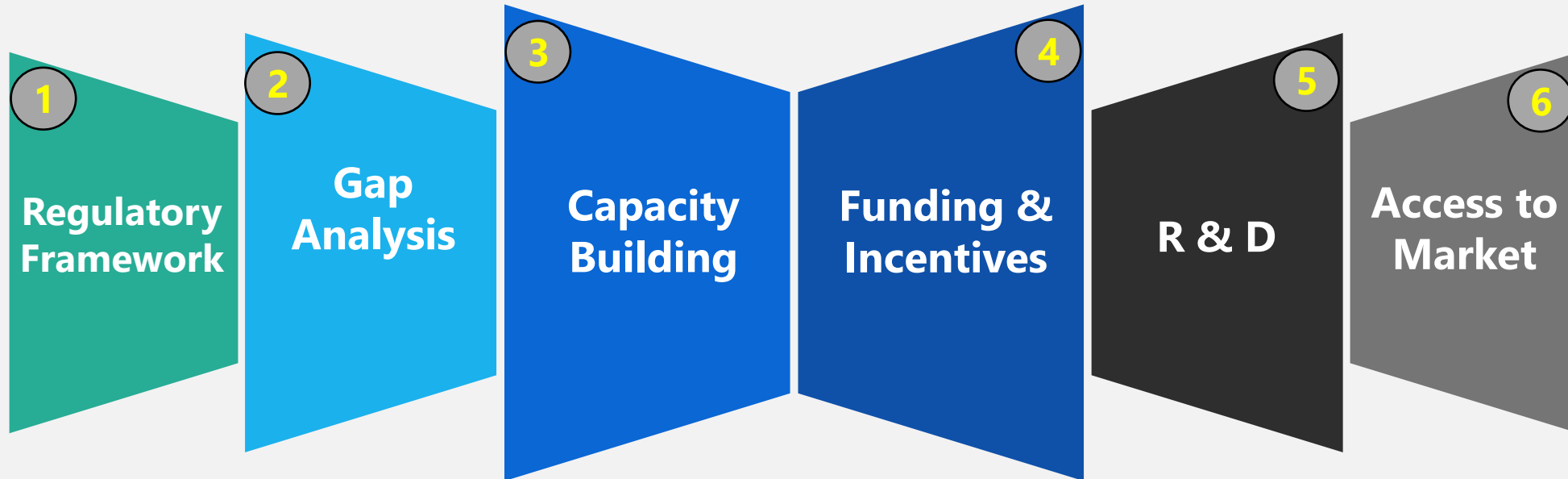
- Issue NCEC with various categories reflecting ownership structure of equipment

# Lessons in Access to Market



- 1. Start with in-country opportunities** before exploring regional/continental markets
- 2. Have robust tools and processes** in place to drive supply chain and contracting processes
- 3. Challenge stereotyping** of local enterprises and continuously widen the boundaries of their participation
- 4. Encourage collaboration and partnerships** amongst local businesses to take on bigger opportunities

# Conclusion



In summary, a sustainable Local Content practice requires that the right regulatory framework is put in place, regular gap analysis and the setting of targets for gap closure. Funding and incentives are required to build capacities and capabilities. R&D are the key drivers to bring in innovation and avoid obsolescence. Access to market ensures developed capacities are utilized.



# Closing...



# Avoid 'Dutch Disease'



- Rapid development of your oil and gas industry must not lead to a decline in other sectors of the Namibian economy
- Mining, fishing, agricultural, and tourism sectors of the economy are still important
- Namibia must put in place mechanisms to prevent factors that cause negative sectorial shift in the economy



- **Big Thanks to the organizer of this event**
- **I wish Namibians wonderful outcomes as they deepen local content practice in the country.**



Nigerian Content Tower  
Yenagoa, Bayelsa State  
Nigeria

# Thank You for Listening



**Contact us**



[info@ncdmb.gov.ng](mailto:info@ncdmb.gov.ng)



@officialncdmb



@officialncdmb



[www.facebook.com/officialncdmb](https://www.facebook.com/officialncdmb)



officialncdmb



070000ncdmb