



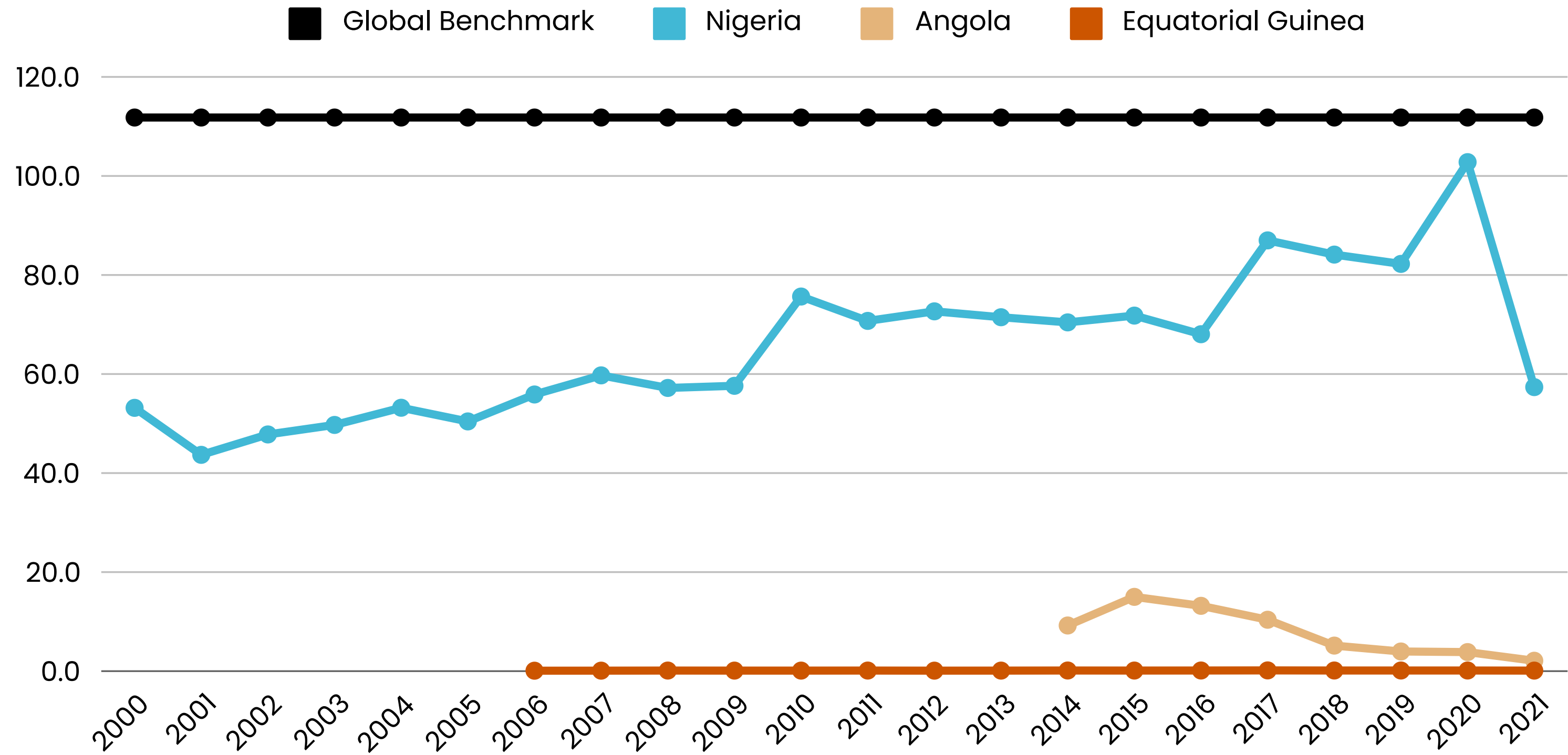
M  NEDA

  
INO HARITH CAPITAL  
STIMULATING ECONOMIC GROWTH

# Capacitating SMEs to provide services to the O&G sector

Namibia Oil & Gas Conference, 2024

# Why?



Value retained per barrel produced (%); >100% means value was added (e.g. refining), <100% means value was lost

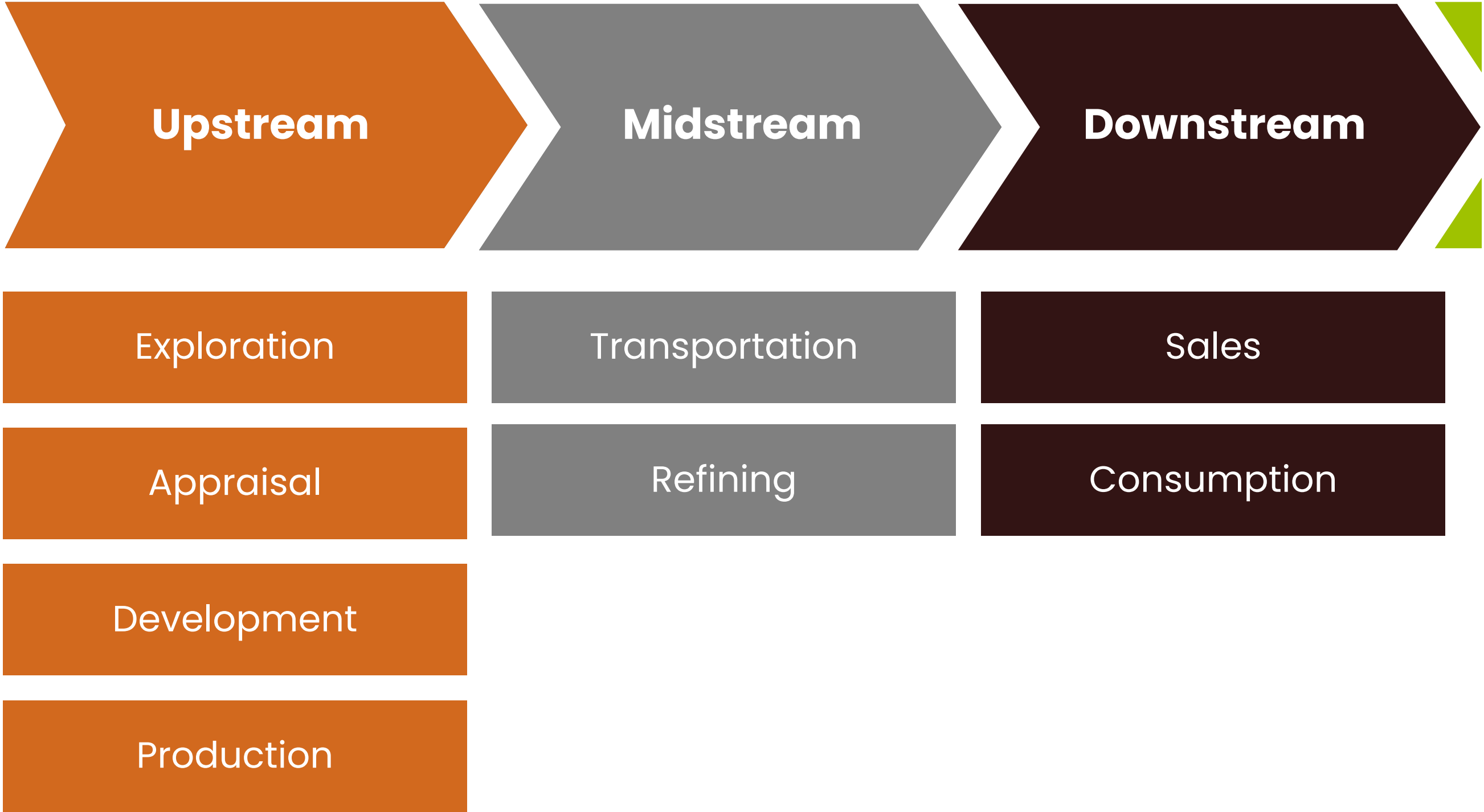
# Why?



- Value retained from oil and gas by African producers has performed significantly lower than the global benchmark over the last couple of years.
- This is estimated by the value of crude oil produced by the country (using Brent price of the day) vs the industry contribution to country's GDP.
- Nigeria's rise in value retention coincides with the implementation of its local content laws in 2010 but however dipped between 2020 and 2021 – largely attributed to the impact of COVID on businesses.
- Countries like Angola and Equatorial Guinea still largely remain flat with respect to retaining value from the oil and gas industry.
- In effect, much value is created from our oil and gas resources but this does not reflect on our economies.

# The Oil and Gas Value Chain

Value creation in the oil and gas industry follows this process.



# Contract Opportunities for SMEs

## Exploration & Appraisal

### Procurement/Supply

- Chemicals
  - Bentonite
  - Barite
  - Cement
  - Completion fluid
- Fuel
  - AGO
- Equipment
  - Drill bits
  - Well heads

### Services

- Site preparation
- Provision of Manpower
- Catering services
- Well Services
  - Well logging
  - Cementing
  - Fishing
- Engineering Services
  - Reservoir engineering
  - Well test analysis

# Contract Opportunities for SMEs

## Exploration & Appraisal

### Procurement/Supply

- Well accessories
- Oil Country Tubular Goods (OCTG)
- Blow-out preventer (BOP)
- Health, Safety & Environment
  - Personnel Protective Equipment (PPE)]
  - Fire extinguishers
  - Sprinklers
  - Gas detectors

### Services

- Logistics
  - Land logistics
  - Marine logistics
- Health Safety & Environment
  - Cleaning services
  - Waste management
  - Water treatment
- Electrical services
  - Installation
  - Repair

# Contract Opportunities

## Development & Production

### Engineering

- Geology & Geophysical Studies
- Front End Engineering Design
- Reservoir Engineering/Modelling
- Environmental Impact Assessment
- Reserve Estimation & Hydrocarbon accounting
- Project Management
- Well Testing Analysis
- Crude Oil Assay

### Procurement

- Pumps, Compressors
- Pipes & Pipe fittings
- Manifolds
- Flanges, Valves & accessories
- Electrical
  - Cables & accessories
  - Electrical panels
- IT Infrastructure
  - Computers, accessories
  - Telecomms

Contract opportunities available during exploration & appraisal are also available during development & production

# Contract Opportunities for SMEs

## Development & Production

### Construction

- Fabrication
  - Pressure vessels (separators, scrubbers, contactors etc.)
  - Storage Tanks
- Civil Works
  - Roads, Helidecks
  - Skids
  - Sheds
  - Accommodation/Portacabins & accessories (including plumbing, waste management etc.)

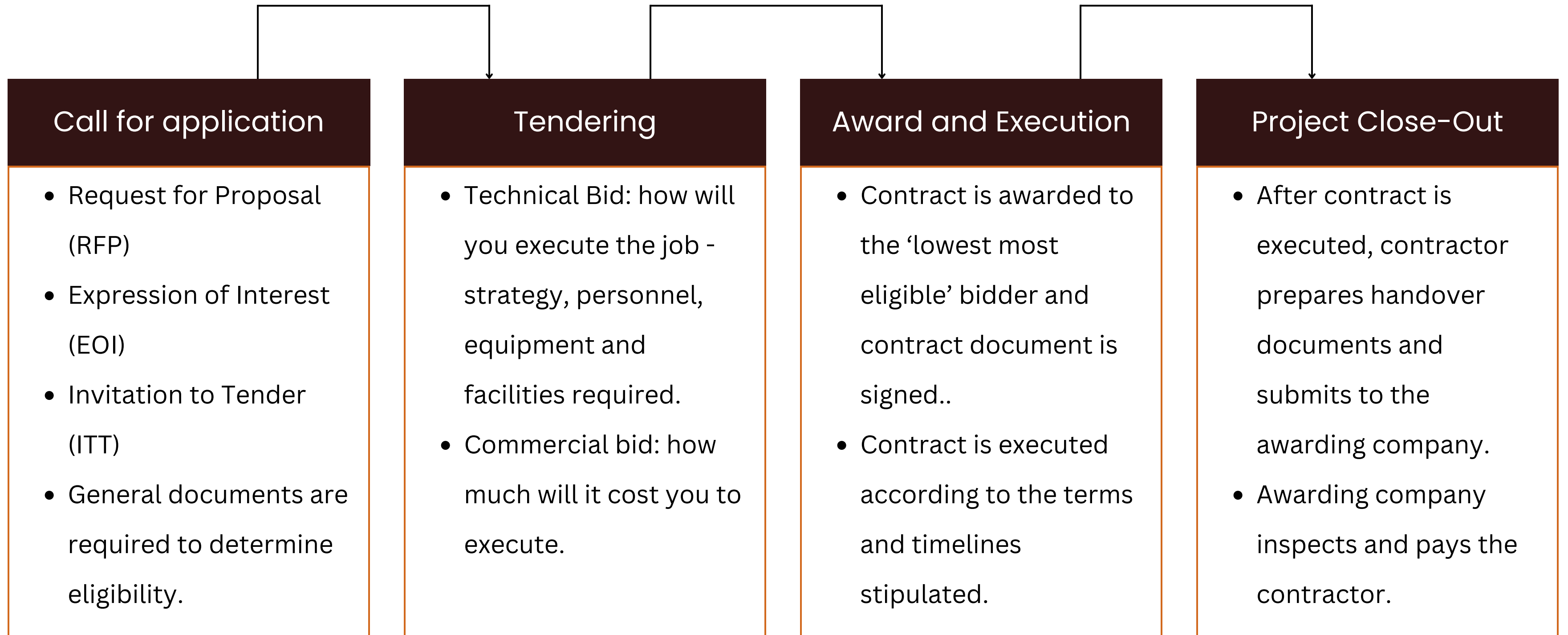
### Maintenance

- Fabric Maintenance
  - Corrosion control/Cathodic Protection
  - Insulation
- Inspection
  - Non-destructive testing (NDT)
  - Leak detection
- Repair
- Pigging
- Heat Ventilation and Air Conditioning (HVAC)
- Provision of Manpower

Contract opportunities available during exploration & appraisal are also available during development & production



# Contract Process Flow



# What do SMEs Need



## Capital

No-limit funding to execute contracts.



## Training

Hard and soft skill development



## Policies

Favourable regulation like LCP



## Infrastructure

Availability of infrastructure for efficient operations



## Partnerships

Leveraging strengths and overcoming weaknesses



## Network

Access to a pipeline of contract opportunities

# Summary



- The oil and gas is a highly capital intensive yet lucrative industry. In 2023, TotalEnergies spent **US\$400 million** in Namibia, Galp's budget for 2024 is **US\$161 million**.
- As we have seen with other countries, these investments can lead to the creation of substantial value but it is possible for this value to not be felt in the economy especially if there is no local participation.
- There are a number of opportunities SMEs can access across the lifecycle of oil and gas projects in order to effectively participate in the industry and be part of the success story.
- To access these opportunities, SMEs need to develop capacity to better prepare themselves for the industry.
- Key areas of development for SMEs include - access to capital and capability to execute.
- All stakeholders have roles to play in achieving this.



Q&A