

Financing Africa's Energy Companies - Spotlight on Independents and Indigenous Operators

Driving Growth, Energy Security, and Sustainability



Abiodun Ogunjobi, FNAPE
Group Chief Technical Officer, Pan Ocean-Newcross Group
President, Nigeria Association of Petroleum Explorationists (NAPE)



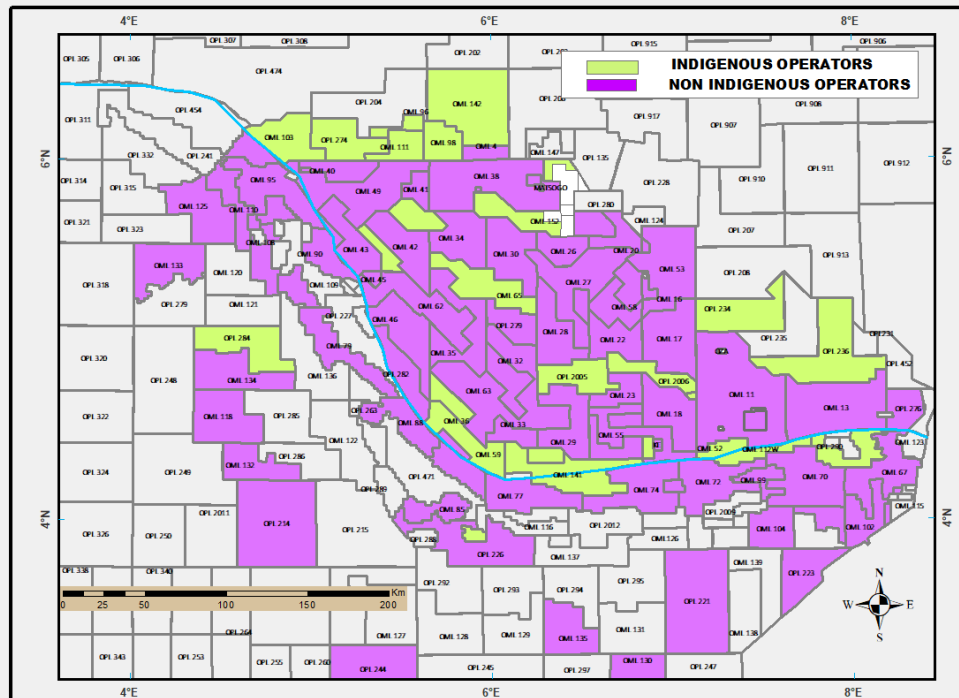
SAIPEC

Sub Saharan Africa International
Petroleum Exhibition and Conference

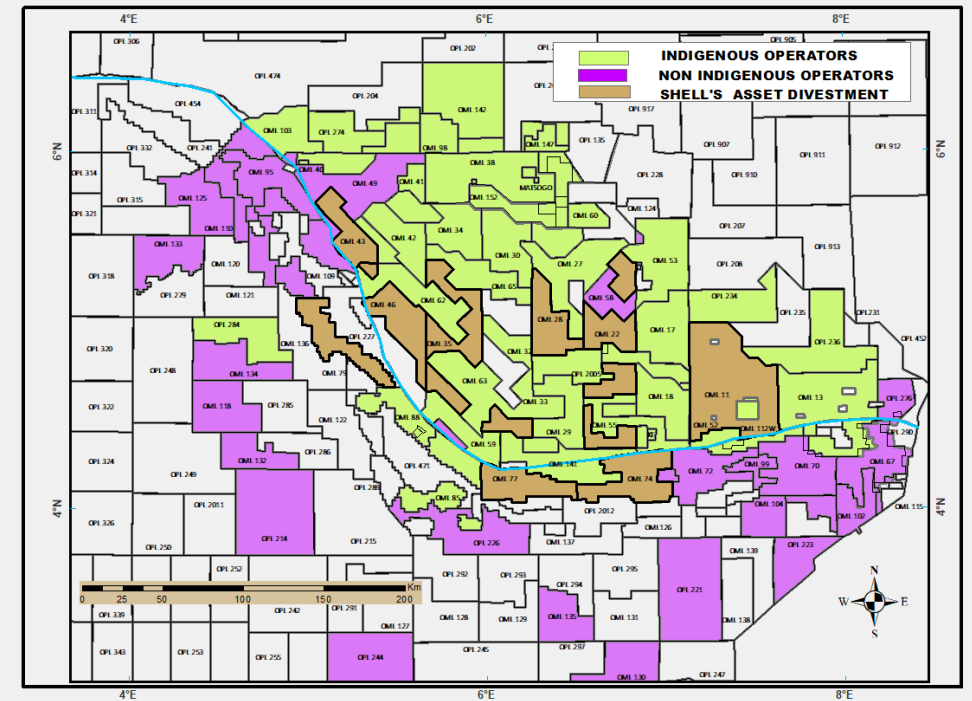
Charting a New Course

- The scenery is changing!
 - Indigenous companies have emerged as the leading powers in both the onshore and shallow water sectors.

2010



2024



The increasing involvement of African independents and indigenous operators in the energy sector drives.....

Reserves and Production Growth: almost 40% of Nigeria's oil and 32% of its gas reserves are controlled by Indigenous Companies.

- The indigenous players' contribution to crude oil production has increased to over 31% of the total.

Economic Growth: Indigenous operators contribute to local economies through job creation, tax revenues, and technology transfer, fostering economic growth and development.

All-Inclusive Activities: The involvement of local companies promotes diversity and inclusivity within the sector, empowering local communities and promoting equitable access to opportunities..

Gas Supply: about 60% of the current gas supply to the domestic market is by indigenous.

Increased Energy Security: With a greater presence of local companies, there's a reduced dependency on international oil companies (IOCs), thus enhancing energy security for the region.

Increasing the Value Chain: Indigenous are increasing local refining capacity.

- More investment opportunities

Independent and indigenous companies can capitalize on emerging prospects across Sub-Saharan Africa through various financial structures

- **Equity Financing:** Raising capital through the sale of shares to investors, venture capitalists, or private equity firms.
- **Joint Ventures:** Collaborating with other companies, including foreign investors, to share resources, risks, and expertise in developing energy projects.
- **Project Financing:** Securing funding for specific energy projects based on their projected cash flows and assets, often involving multiple stakeholders and lenders.

Challenges faced by independent and indigenous companies in securing and operating IOC divested assets



Access to Capital: Limited financial resources and difficulty in accessing funding compared to IOCs.



Compliance Issues : Navigating complex regulatory environments and legal frameworks with limited skills and experience compared to the IOCs.



Infrastructure Constraints: Inadequate infrastructure, such as transportation and storage facilities, hindering efficient operations.



Low Investors' appetite for fossil fuel investment.

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Independents
are building
value and
promoting
investment
through
capacity
building

Investing in Training and Development: Offering training programs and skill-building initiatives for local talents to enhance technical capabilities and managerial skills.

Technology Transfer: Partnering with international companies to transfer knowledge, technology, and best practices to improve operational efficiency and effectiveness as well as corporate governance.

Community Engagement: Engaging with local communities through social responsibility initiatives, education, and job creation programs to foster goodwill and support for their operations.

Government Initiatives to empower and enhance operational competitiveness?



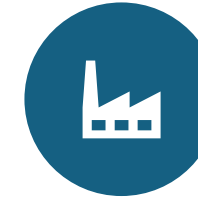
WITH EXISTING IOCS, INDIGENOUS COMPANIES ARE BEST POSITIONED TO PICK UP THE TAB. PASSION TO INVEST IN-COUNTRY, WITH LIMITED CONCERN ABOUT COUNTRY RISK.



LOCAL CONTENT POLICIES: IMPLEMENTING REGULATIONS THAT PRIORITIZE THE PARTICIPATION OF LOCAL COMPANIES IN ENERGY PROJECTS AND SUPPLY CHAINS.



ATTRACTIVE FISCAL REGIME: PROVIDING INCENTIVISED FISCAL TERMS TO PROMOTE INVESTMENT AND GROWTH IN THE ENERGY SECTOR.



INFRASTRUCTURE DEVELOPMENT: INVESTING IN INFRASTRUCTURE PROJECTS TO SUPPORT ENERGY OPERATIONS AND FACILITATE BUSINESS GROWTH.



PARTNERSHIP OPPORTUNITIES: OFFERING PARTNERSHIP OPPORTUNITIES WITH NATIONAL OIL COMPANIES OR GOVERNMENT AGENCIES TO SUPPORT THE OPERATIONS OF LOCAL COMPANIES



INDUSTRY REFORM: WIDESPREAD INDUSTRY REFORM, POST THE PIA WILL USHER IN NEW INVESTMENT OPPORTUNITIES ACROSS THE INDUSTRY.



PROGRESSIVE POLICIES, REGULATIONS THAT MINIMISE THE CHALLENGES IN THE OPERATING ENVIRONMENT.



CONSISTENCY IN THE LICENSING ROUND/MINIMIZE BUREAUCRACY.



*Thank
you!*