

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



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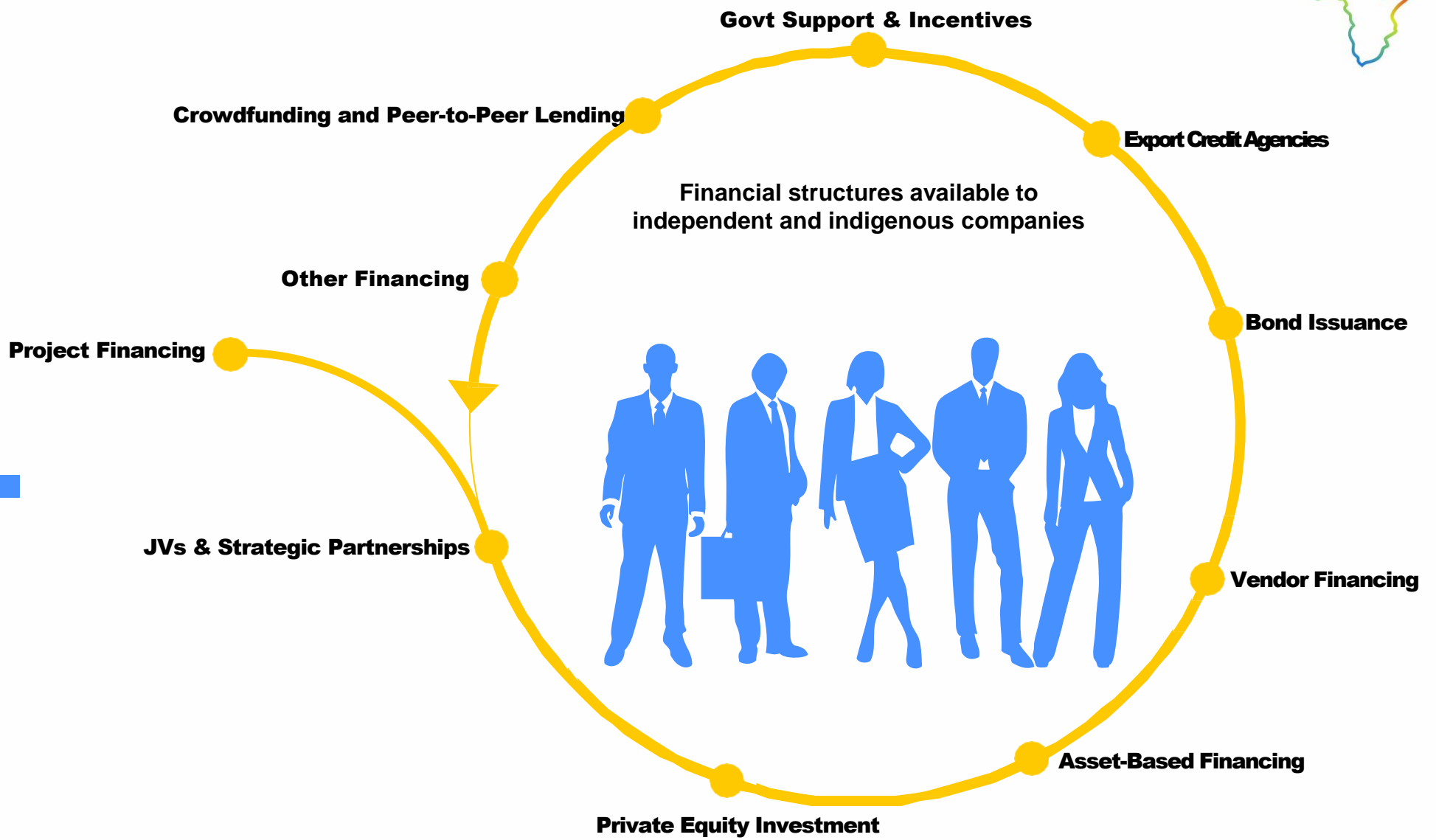
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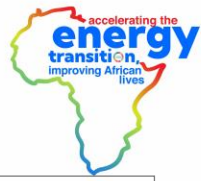
Financial structures available to independent and indigenous companies



Source: Oilserv



Challenges Independent and Indigenous companies face in securing IOC divested assets



Financial Constraints	<ul style="list-style-type: none">• Securing divested assets often requires significant financial resources, upfront payments, investment commitments, & OpEx• Many indigenous companies lack the financial capacity to compete or access financing on favorable terms
Limited Access to Capital	<ul style="list-style-type: none">• Difficulty accessing capital from traditional sources such as banks, private equity firms, or capital markets who prefer Green energy• Limited access to capital hampers ability to fund acquisitions, exploration, development, and operational activities
Tech & Ops Capacity	<ul style="list-style-type: none">• Acquisition requires technical expertise and operational capacity to effectively optimize fields, facilities, and infrastructure• Indigenous companies may lack technical skills, experience, and resources necessary to operate complex assets efficiently
Regulation & Compliance	<ul style="list-style-type: none">• Nigerian oil and gas industry regulations may add complexity to acquiring and operating divested assets• Indigenous companies must navigate these frameworks effectively to secure and maintain ownership of divested assets
Competition	<ul style="list-style-type: none">• Stiff competition from established players• Competitors often have greater financial resources, technical capabilities, and political influence
Political & Security Risks	<ul style="list-style-type: none">• Pose risks to indigenous companies seeking to acquire divested assets• These risks deter potential investors, delay project approvals, increase operational costs, and disrupt development and production
Infrastructure & Logistics	<ul style="list-style-type: none">• Inadequate infrastructure, including transportation networks, power supply, and port facilities• Logistical challenges for indigenous companies operating in remote or underdeveloped areas where divested assets are located
Social Responsibility	<ul style="list-style-type: none">• Complex community relations and social responsibility issues associated with acquiring and operating divested assets• Significant exposure in terms of engagement and security owing to the historical/legacy matters and socioeconomic challenges
Due Diligence & Risk Mgmt.	<ul style="list-style-type: none">• Due diligence and managing risks associated with acquiring divested assets require robust processes, and access to reliable data• Lack of capabilities and resources to perform comprehensive due diligence, assess risks effectively, and implement risk mitigation



Building value and promoting investment through capacity building

hi5 Africa



Embrace

Change

Medium – Long term driver

1 Technical Training and Skills Development

4 Research and Innovation

2 Partnerships and Collaboration

5 Certification and Compliance

Short – Medium term driver

3 Local Content Development

6 Training and Mentorship Programs





NOC and government initiatives to empower and enhance competitiveness



Impact

Recommended practices

Growth

Foundation

5	Petroleum Industry Act <ul style="list-style-type: none"> Reform the country's oil and gas sector and attract investment and create a conducive regulatory environment Promote transparency and accountability, and empower indigenous companies to participate more actively in the sector
4	Marginal Field Development Program <ul style="list-style-type: none"> Allocate marginal oil fields to indigenous companies for exploration and production activities Enable indigenous companies acquire ownership stakes in oil fields
3	Local Content Act <ul style="list-style-type: none"> Promote the participation of Nigerians and indigenous companies in the oil and gas sector Prioritize the use of local goods, services, and personnel in their operations
2	Nigerian Petroleum Exchange (NipeX) <ul style="list-style-type: none"> Electronic marketplace and contracting platform established by NNPC and JV Partners Facilitate the procurement process and bidding processes for contracts and procurement opportunities
1	Nigerian Content Development and Monitoring Board (NCDMB): <ul style="list-style-type: none"> Promotes the participation of Nigerians and indigenous companies in the oil and gas industry Implements policies and programs aimed at increasing local content in the sector



Source: Oilserv

