



Nigeria: Local Content - Shell, Banks Create U.S.\$5 Billion Fund for Contractors

BY ERNEST CHINWO, 17 SEPTEMBER 2012

The Shell Petroleum Development Company (SPDC) and five banks have signed a Memorandum of Understanding (MoU) to create a \$5 billion fund to ease access to loans by local contractors.

The company said the initiative tagged, Shell Contractors Support Funding Scheme, is aimed at placing its contractors at the frontline for service delivery to the oil and gas industry and actualise the Nigerian local content target.

Speaking during the official launch of the scheme, weekend, Managing Director of SPDC, Mr. Mutiu Sunmonu, said Shell would continue to support local vendors through the award of contracts and capacity development.

Sunmonu noted that five of its partnering Nigerian financial institutions, namely, **First Bank of Nigeria Plc, Citi Bank, Access Bank Plc, Fidelity Bank Plc and Standard Chartered Bank, would each contribute \$1 billion to the fund, while David L Ross Associates would be the technical partners.**

He said: **"The scheme we are launching today is worth much more than \$5 billion.** So I will therefore expect that we stretch our delivery and performance far beyond what was achieved by the Americans when they landed on Mars.

"I want to see Nigerian contractors build the first floating production storage and offloading vessel in Nigeria. I want to see Nigerians undertaking daunting technological challenges," noting that the skills abound in the country.

The SPDC boss explained that with the scheme, financing of projects, which presents a major challenge to contractors' growth and participation in the delivery of goods and services to the oil and gas industry, would be greatly reduced.

"The banks have committed to relaxing the collateral security requirement, reducing interest rates and shortening the processing time. The lower interest rate should enable contractors to establish their competitive advantage and become global players," Sunmonu said.

He charged contractors not to default on loan repayments and to apply the funds to agreed-upon projects, saying, "At full capacity, Nigeria operations can contribute a significant proportion of the global energy requirement and that the \$5 billion fund would play a key role in achieving the desired aspirations."

Sunmonu pointed out that Shell companies in Nigeria remain committed to supporting the Federal Government's efforts to reform the industry and in particular, through the local content policy.

In his remarks, the Executive Secretary, Nigeria Content Development and Monitoring Board, Mr. Ernest Nwapa, said Shell was the leading IOC partner in implementing the local content law.

Nwapa, who was represented by the Head, Downstream Division of the Board, Mr. Ginah O Ginah, stated, "If other companies commit as much as what Shell is doing, the Federal Government's 20:2020 vision would be achieved."

Responding on behalf of the Shell contractors, Managing Director of Skyward Resources Limited, Mr. Enahoro Eta, acknowledged that many contractors had been frustrated in their bid to create value in the oil and gas industry because of finance.

He described the scheme as a 'bold step' that would support indigenous companies in the oil and gas sector.

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Services Limited**

INVITATION:

Low Interest Rate International Financing and Procurement



DLR Nigeria signs local content financing MoU with Shell Petroleum Development Corporation

On Saturday, Sept. 15th, 2012 – DLR Integrated Business Services Limited (DLR Nigeria) signed a Memorandum of Understanding at a ceremony with Mr. M.O.A. Sunmonu, Managing Director and Country Chairman of Shell PDC of Nigeria.

DLR Nigeria is a Nigerian company with offices in Port Harcourt, Lagos, New York, Washington DC, and San Antonio. We provide international financing and procurement services to companies that have purchase orders from IOCs between \$1 million - \$250 million USD. We look forward to meeting and financing your purchase orders from the IOCs with below market lending rates.

We invite you to visit our offices at
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