

UNCTAD
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Recommitting to commodity sector development
as an engine of economic growth and poverty reduction

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**Contribution of the energy sector
to economic growth and development**

By

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CONTRIBUTION OF THE ENERGY SECTOR TO ECONOMIC GROWTH AND DEVELOPMENT

- An illustration with the Moho Nord project in Congo
- IECD-TOTAL partnership to support Small and Micro enterprises (SME) in Nigeria

Jean-Marc FONTAINE
E&P Vice-president HSE
Sustainable Development Coordination





LOCAL CONTENT

AN ILLUSTRATION WITH THE MOHO NORD PROJECT IN CONGO

Léa Judith Ndombi, TEP Congo

Catherine Sanchez, Projet Moho Nord



TOTAL E&P CONGO IN A NUTSHELL



- ▶ Creation of Total E&P Congo in 1969
- ▶ First oil producer in Congo : operates 60 % of the national production
- ▶ First foreign investor in the Country



- ▶ Launch of a new offshore development : Moho Nord Project

ACTIVITIES OF TOTAL E&P CONGO HAVE A STRONG IMPACT ON THE ECONOMIC AND SOCIAL DEVELOPMENT



- ◆ First private employer in the Republic of Congo : 1 214 employees
 - ◆ 22% of annual spend is with local companies. 380 local sub-contractors / providers.
 - ◆ Nevertheless, important challenges remain :
 - High expectations from local stakeholders regarding employment and local subcontracting
 - Recruitment of qualified employees
 - Local companies working at international standards
- ➔ **To address these challenges, Total E&P Congo has put in place strong policies in favour of social and economic development**

ECONOMIC AND SOCIAL CONTRIBUTION OF TOTAL E&P CONGO



→ Support to education and professional training

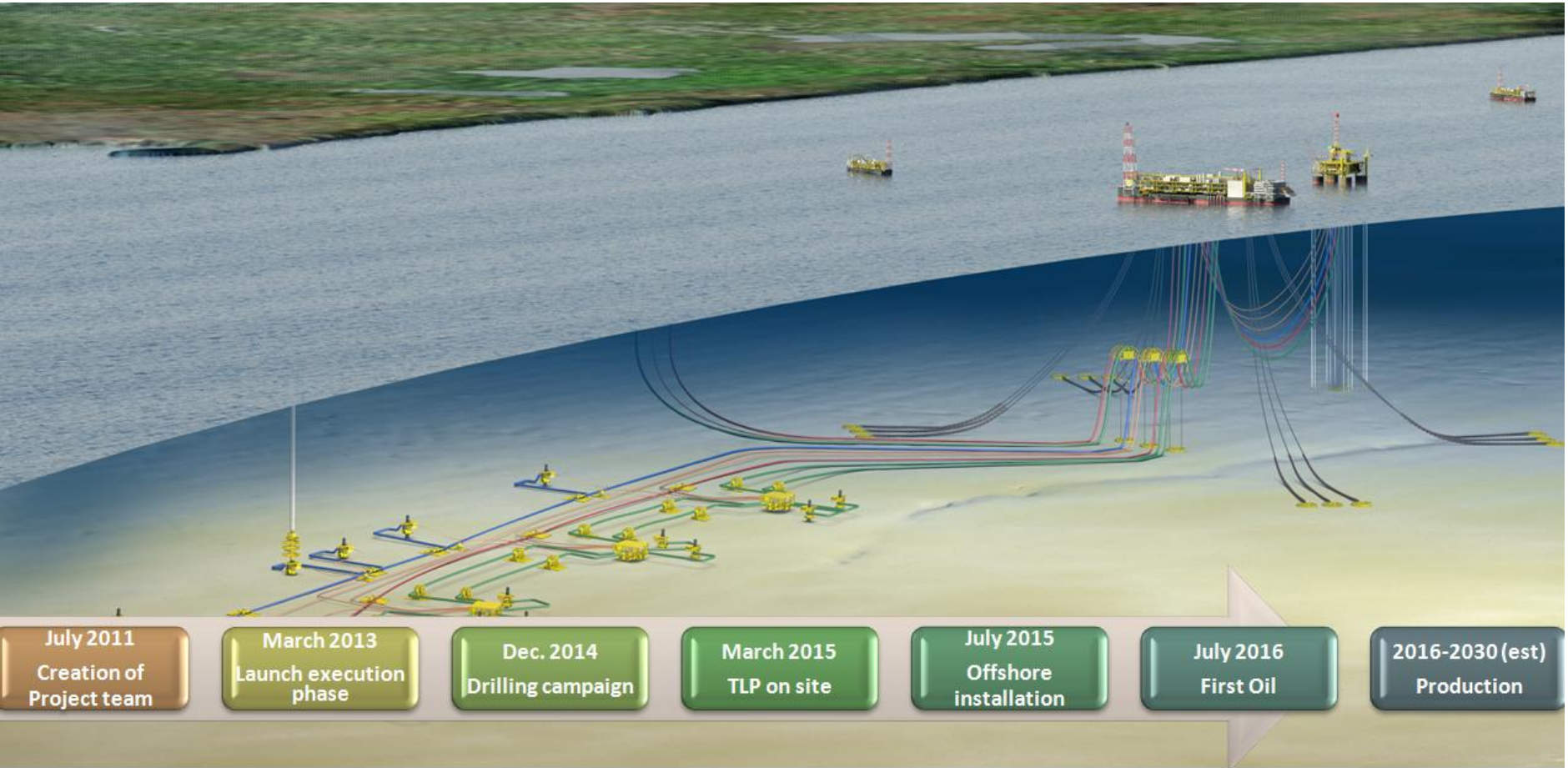
- Support to education: « Excellence Classes » at Augagneur High School in Pointe-Noire (improved academic level and support to the best pupils through scholarships)
- Support to professional training (first-degree course & in-service training) through the « Institut Technologique d’Afrique Centrale » (ISTAC)

→ Support to local SMEs for participation in Total E&P Congo activities

- Communication & information on TEPC goods & services procurement processes
- Evaluation of the Compliance of local enterprises
- Capacity building for local entrepreneurs through the APNI - various support to the Industrial Association of Pointe-Noire (APNI), platform for the development of SMEs and SMLs
- Communicate, follow-up and support to level up the QHSE standards of Congolese enterprises.

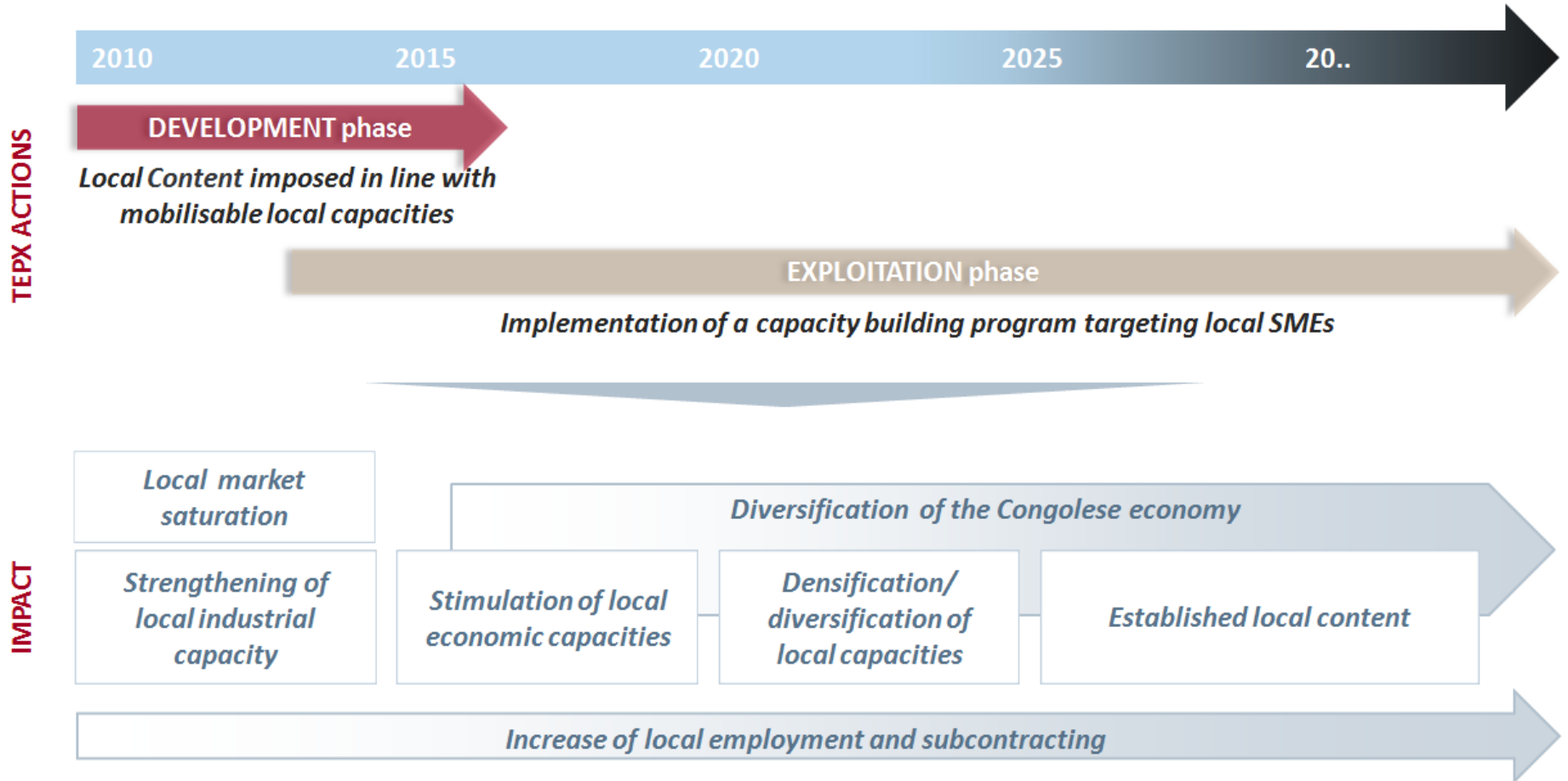


MOHO NORD : BIGGEST OIL DEVELOPMENT TO DATE IN CONGO



- Moho Nord will account for 30 % of the national oil production
- How to maximize impact on the local economy in the context of an ill-adapted local industry?

MOHO NORD : AN INTEGRATED APPROACH TO DEVELOPING LOCAL CONTENT

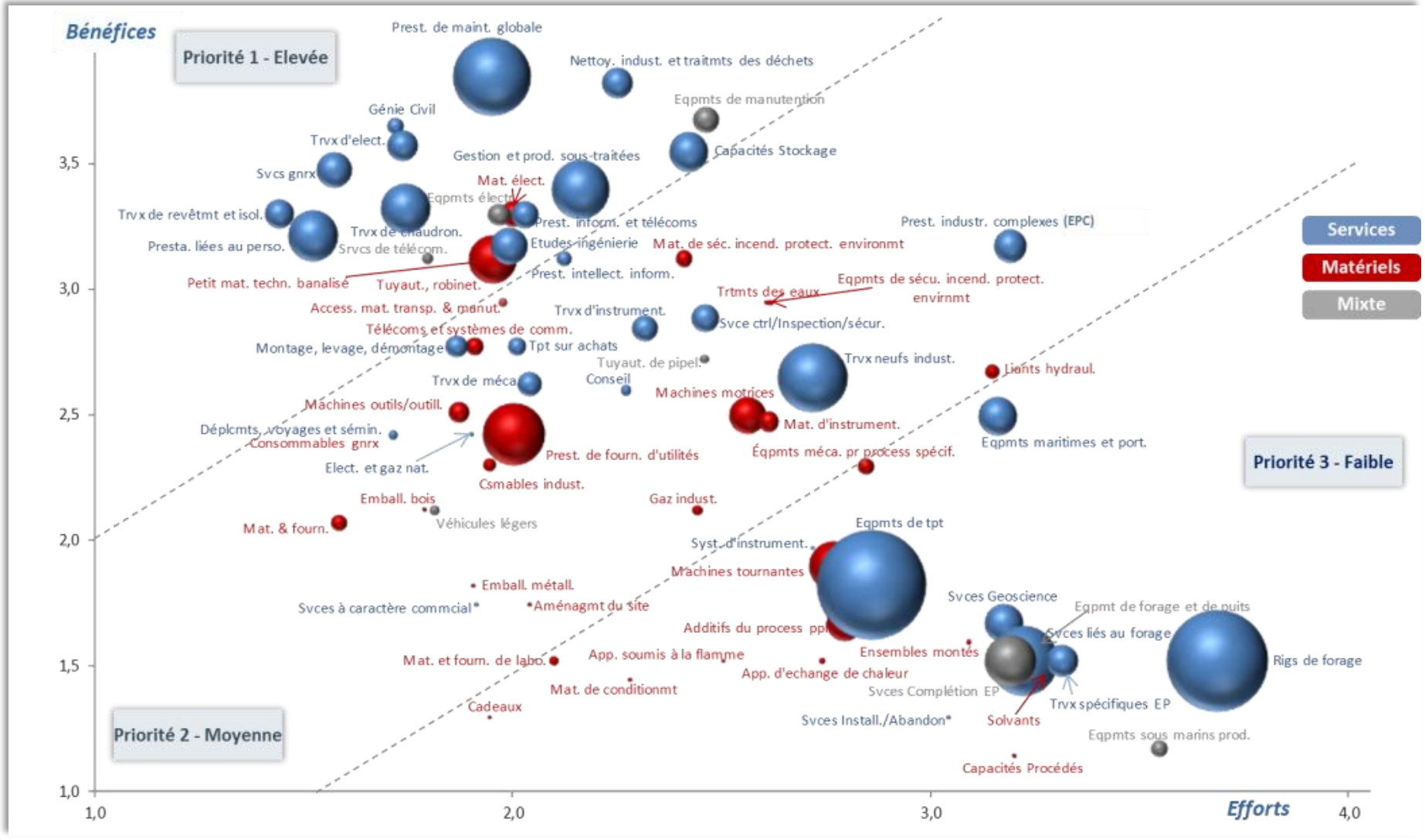


METHODOLOGY TO BUILD AN INTEGRATED APPROACH



- ▶ Analysis of TEPC procurement/subcontracting spends and establishment of a 10 year projection for all procurement categories
- ▶ Calculation of current level of local content per procurement category
- ▶ Evaluation of risks and opportunities associated with the « Congolisation » of procurement categories
- ▶ Integration of opportunities linked to the national economy diversification plan
- ▶ Identification of procurement categories to develop in priority
- ▶ Establishment of a strategy and action plans for strategic economic sectors

OUTCOME : EFFORT / BENEFIT MATRIX



ACTIVITIES IDENTIFIED FOR PRIORITY DEVELOPMENT

LOCAL CONTENT – DEVELOPMENT PHASE

FPU, TLP, SPS, UFR

- **Fabrication of structures and piping (piles, spools, jumpers, boat landing, ...)**
- **Congolese personnel for offshore installation**

Drilling & Completions

- **Waste management**
- **Brine filtration**
- **Adaptation works on drilling rigs**
- **Congolese personnel for drilling rigs**

Integrations Djéno & Nkossa

- **Engineering works**
- **E&I works**
- **Civil engineering and construction works**
- **Fabrication of structures and piping**

Integrations to FPU Alima

- **Fabrication of structures and piping**
- **Integration of new equipments onto superstructures: separator, diesel generator, ICSS**
- **Various on & offshore works (structure, ...)**
- **Congolese personnel for offshore installation**

Other

- **Catering services (Offshore & Onshore)**
- **Consultancy services (ie ESIA, ...)**
- **Logistics services**
- **Maintenance services**

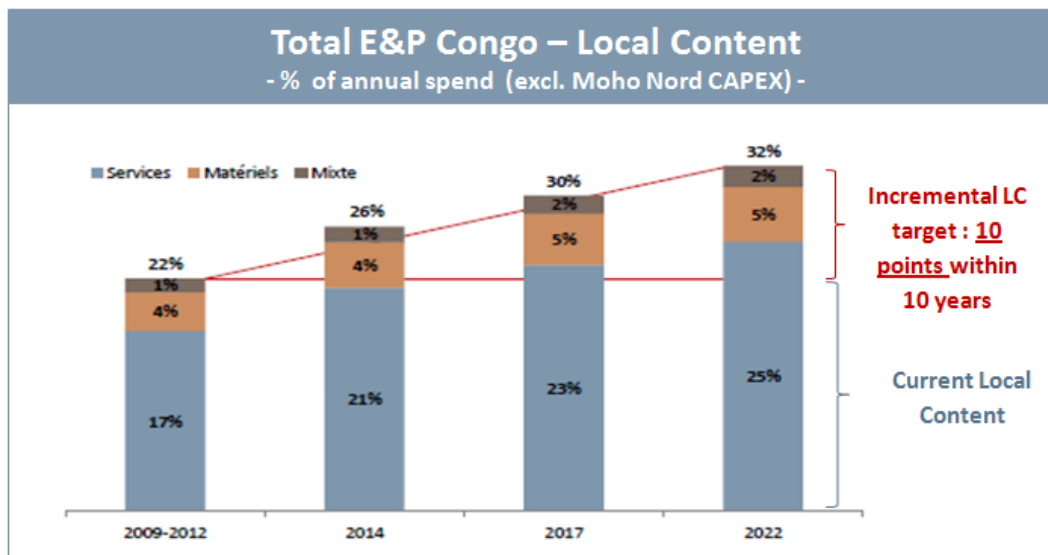
LOCAL CONTENT – EXPLOITATION PHASE

- **Accessories for transportation and handling equipment**
- **Storage & warehousing capacities**
- **Consultancy services**
- **Handling equipment**
- **Electrical equipment**
- **Fire control and environmental protection equipment**
- **Engineering studies**
- **Civil engineering & Construction**
- **Subcontracted production and management**
- **Electrical consumables**
- **Montage, levage, démontage**
- **Industrial cleaning & waste management**
- **Basic technical tools**
- **Global maintenance services**
- **IT & Communication services**
- **IT engineering**
- **Prestations liées au personnel (restauration)**
- **Control, inspection and security services**
- **General services**
- **Telecommunications & IT services**
- **IT and Communications systems**
- **Electrical works**
- **Piping & plumbing accessories**
- **Piping & structural works**
- **Insulation and coating works (painting, ...)**

MOHO NORD, A FOOTBRIDGE FOR LOCAL ECONOMIC DEVELOPMENT

PROJECT PHASE (2014-2016)

EXPLOITATION PHASE



- Implementation of partnerships between selected international and local companies, ...
- Strong focus on competence and technology transfers

- Continuation of the capacity building process of selected local SMEs
- Establishment of frame agreements with the Affiliate to secure medium/long term business



A CSR EXPERIENCE IN NIGERIA :

IECD-TOTAL PARTNERSHIP TO SUPPORT SMALL AND MICRO ENTREPRISES (SME)

Alexis Beguin, Institut Européen de Coopération et de Développement



Institut Européen de Coopération et de Développement

MAP OF THE OML 58 PROJECT



CONTEXT: EGI COMMUNITIES RELIANCE ON OIL & GAS SECTOR

◆ Key role of MSEs in the Nigerian economy:

- Representing nearly 75% of the employment base in urban areas
- Potential for jobs creation and improved living conditions

◆ Egi communities heavily dependent on Oil & Gas sector

◆ 200 MSEs in Egi

- Activities: equipment/construction (42%);
shops and community services (34%)
crafts (15%)
- Business challenges: No business plan, poor bookkeeping, poor marketing approach, low savings capacity



TOTAL Oil & Gas facilities

◆ SMEs: a real opportunity for the sustainable development of Egi communities.

◆ SME Development Network created in 2011 to support and stimulate SME development

→ **NEED: Strengthen microentrepreneurs businesses through the empowerment of the SME DN Center**

SUPPORT TO SMES IECD EXPERTISE IN AFRICA

CAMEROON



- Launched in 1998
- 6 Management Services Centers
- 820 entrepreneurs trained per year

CONGO Kinshasa



- Launched in 2007
- 4 Management Services Centers
- 440 entrepreneurs trained per year

IVORY COAST

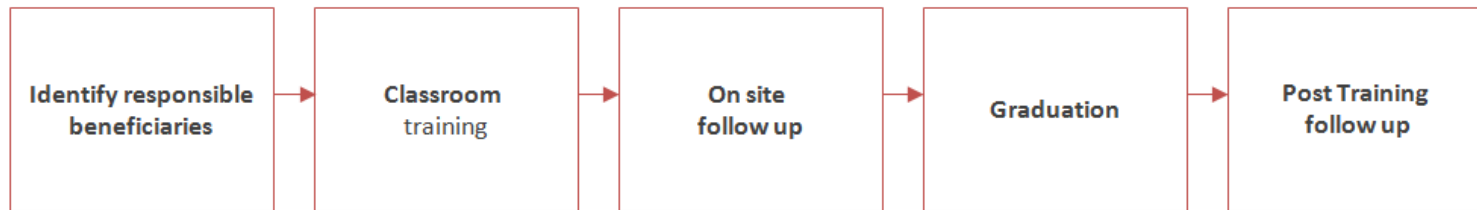


- Launched in 2010
- 2 Management Services Centers
- 480 entrepreneurs trained per year



**PARTNER LICENCE: GUIDELINES TO FOLLOW TO
IMPLEMENT PROPERLY THE SME PROGRAM**

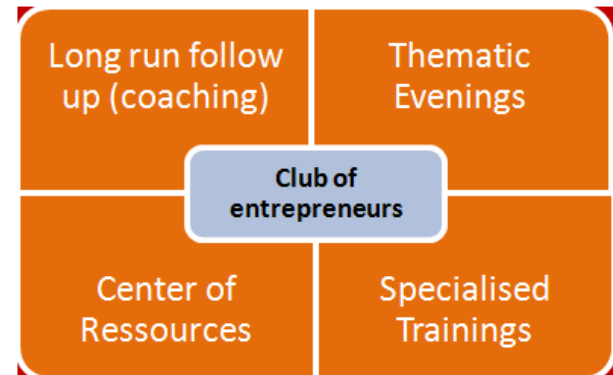
BASIC MANAGEMENT TRAINING : 5 STEPS



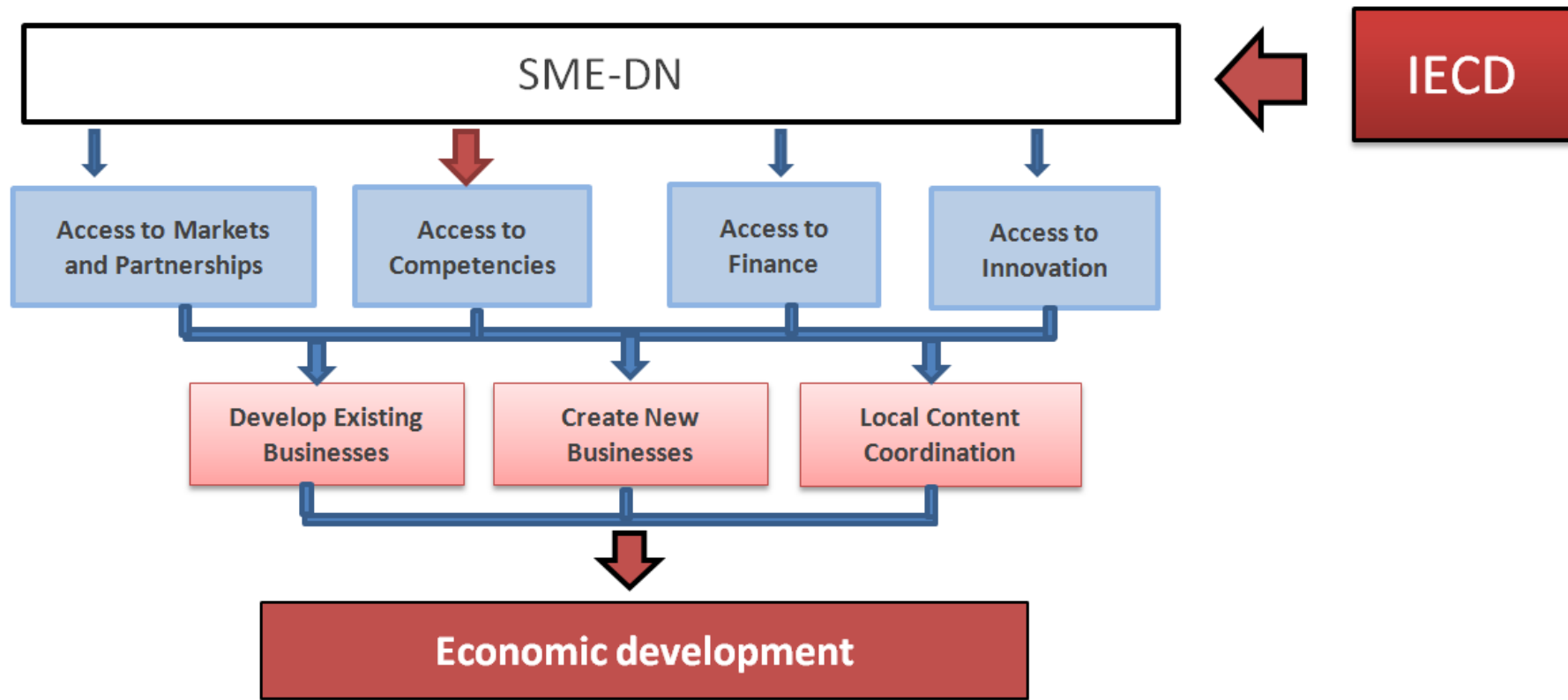
- The training combine theoretical sessions with hands-on practice (5 field visits/entrepreneur)
- It aims to make the beneficiaries accountable through financial participation, training contract and examination

CLUB OF ENTREPRENEURS: 4 PILLARS

- Follow-up with the entrepreneurs in the long run (1 visit/ trimester)
- Organize in-depth training session a year in management, marketing, ICT and for start-ups
- Provide the members with access to documentary and IT resources
- Organize thematic evenings on managerial issues



IECD ACTION AS PART OF AN INTEGRATED ECONOMIC DEVELOPMENT STRATEGY



ACHIEVEMENTS AND PROSPECTS

2011

1

• Batch

22

• Beneficiaries

132

• Follow-up visits

2012

3

• Batches

60

• Beneficiaries

438

• Follow-up visits

2013

4

• Batches

90

• Beneficiaries

660

• Follow-up visits

Economic impact :

Six months after the training, entrepreneurs **increased their revenues on average by 25%**, thus improving their living conditions. **Diversification** of business activities .

Social impact: Micro-entrepreneurs recruited new employees and trainees (**1 recruitment for 2 entrepreneurs trained**). Employees' salaries were paid on a regular basis; working contracts were signed and respected; and many employees were registered to the national social security

Impact on the formalisation of SMEs: after the training, **+34% micro-entrepreneurs started paying taxes**. Beneficiaries usually **registered their MSE** to regional or national chambers of trade. They also put their **savings into a bank account**.

TESTIMONY OF TWO BENEFICIARIES



“The trainings enabled me to be more efficient in the financial follow-up and price setting and to improve my accounting and customer relations. After the training my revenues increased, I started to save money and I got access to microcredit. Soon, I will be able to develop my activity with a wider geographical coverage and hire new staff.”

*Eze Victoria, founder and manager of Nkengo
Make-up Unisex Salon, Ogbogu Town*



“The trainings helped me to build a strategic vision for my business thanks to the knowledge I have acquired particularly in business plan, savings and trade relations. SME-DN training center should be implanted all over Nigeria in order to encourage students to become entrepreneurs and not just employees as well as promote an economy supported by enterprises.”

*Abraham Ojo Ugonna, manager of Acasat Venture
(farming business), Erema Town*