



**CHECK LIST FOR QUALIFICATION TO ACCESS
FINANCIAL INTERVENTION BY NCDMB FOR MODULAR
REFINERY PROJECTS**

30th April, 2018

Objective

The objective of NCDMB's intervention in the development of Modular refineries as part of its specialized project scheme is to support qualified indigenous entrepreneurs through funding to profitably build modular refineries that meet internationally acceptable environmental standards and to eliminate the menace of illegal refineries in the Niger Delta region with the attendant negative impact on the environment, security, and socio-economic activities of the area.

In furtherance of this strategic intent, the following checklists of requirements have been prepared to aid/guide entrepreneurs and project promoters in the preparation and submission of proposals to the Board for support/partnership in the establishment of modular refineries. For ease of reference, the checklists have been grouped into the following 4 areas: A) Technical, B) Financial/Commercial, C) Regulatory, and D) Project Delivery

Checklist of Requirements

A. TECHNICAL

- Location/Operating Environment
- Accessibility
- Land requirements/ status of acquisition
- Nameplate capacity
- Feedstock Sourcing
- Process layout & description
- Finished products yields & Evacuation
- Bye-products & bye-products evacuation
- Safety, Health & Environment

B. FINANCIAL & COMMERCIAL

- Banking/Bankers Details
- Project funding partners/Current Equity Structure
- Current Debt Profile
- Current capitalization
- Capital requirements for the project
- Specific offer/participation required from NCDMB
- The Market- marketing, strategy & sales
- Financial summary/projections

C. REGULATORY

- Corporate Profile/Structure
- Corporate Registration Details
- Management Team
- DPR Approvals - License to Establish (LTE), FEED, Approval to Construct (ATC), etc
- EIA/Social Impact Analysis Approvals

D. PROJECT DELIVERY

- Contracting strategy
- Project delivery schedule
- Risk analysis
- Technical partner/OEM

The following should also be noted in the preparation of the proposals.

1. **Ownership and Operations:** The Modular Refinery Company must have at least 51% Nigerian Ownership and must be promoted by a company which is already in business as a going concern in the Oil and Gas Industry.
2. **Capacity:** The range of capacities of modular refinery projects within the scope of consideration shall in the range of a minimum of 1,000bopd and a maximum of 5,000bopd. The project promoters shall be specific on the capacity of the modular refinery they seek to establish.

3. **Location:** The project must be located in any part of Nigeria, but preferably in the Niger Delta region for the following reasons:
 - To reduce capital outlay
 - To ensure nearness to crude oil sources/feedstock
 - To reduce the risks of disruption of production through pipeline vandalism.
4. **Target Market:** The target market for the refined products must be primarily local and international where the need arises.
5. **Business Plan:** As part of the proposal, the Company must provide a well-articulated and satisfactory business plan and financial projections which clearly demonstrate the viability of the business. This is meant to further provide full appreciation of the business model, concepts, operations, risks and opportunities, management, and other pertinent information that will aid the review of the proposal.
6. **Financial Highlights:**
 - Payback period should not exceed 5 years with a moratorium period of 2 years for construction. (Tenor not exceeding 7 years all in)
 - Equity contribution of at least 20-25%
 - Minimum Acceptable Debit/Equity ratio shall be 80%/20%
 - IRR of at least 25-30%
7. **NCDMB Equity Contribution:** NCDMB will not be expected to make equity contribution that is greater than the promoters of the project. Exceptional cases will require the consent of the Governing Council of the Board.
8. **Local Content Level:** A minimum of 30% in the value of goods and services for the project must be provided by local sources or indigenous Nigerian businesses.

9. **Board and Management-** The members of the Board and top management of the Modular refinery must be people with the following attributes:
- Technically qualified and experienced professionals.
 - Provide evidence of a proven track record in the Oil and Gas or Refining industry.
 - They will be required to provide satisfactory credit rating from approved Credit Bureaus in Nigeria.
10. **EPC/Technical Partner and OEM:** The modular refinery will be required to have an internationally recognized EPC or Technical Partner. In addition, the OEM for the inner battery of the refinery must be recognized and have a proven track record.

***Disclaimer:** The Board has put in place mechanisms for the review and evaluation of submitted proposals from project promoters including securing requisite approvals from supervising authorities. The outcome of such evaluations will be communicated to the project promoters at the various points of the review process. It is important to highlight that the submission of a proposal to the Board does not constitute a contract, commitment to partner, or support for the establishment of a modular refinery.*

Thus NCDMB and its management are not responsible for, and expressly disclaim all liabilities for, or damages of any kind arising out of compilation of data, documents, studies, designs, acquisitions, commitments, or investments arising out of the decision of project promoters to prepare and submit proposal to the Board for the establishment of modular refinery.