

## INVESTMENT PROPOSAL

### SUMMARY INFORMATION

Business unit and company	Shell Nigeria Exploration and Production Company Limited (SNEPCo)																				
Group Interest	100% in SNEPCo, which holds 55% in OML-118 under a PSC agreement. SNEPCo is the Operator.																				
Other shareholders/partners	Esso Exploration & Production Nigeria Limited (an affiliate of ExxonMobil): 20%; TotalFinaElf 12.5%; and Nigeria Agip Oil Company (NAOC) 12.5%.																				
Business or Function	Social Performance																				
Amount	\$17,840,000 (NGN2,674,340,000) Shell Share (SS) \$32,430,000 (NGN4,862,440,000) 100%. Spend is spread over a 4-year period 2012-2015.																				
Project	<ul style="list-style-type: none"><li>Construction of 54 units of fit out Information and Communication Technology (ICT) Centres in 54 locations across the country geo-political regions and over a four year period 2012-2015.</li><li>Shell Share of project cost is \$17.84mln Money of the Day (MOD).</li><li>These projects are a major part of SNEPCo’s Social Performance program.</li><li>Project is in two phases: Phase I was delivered between 2007 and 2011 at cost of \$2.83mln. Phase II will be delivered from 2012-2015.</li></ul>																				
Main commitments	Apart from \$2.83mln spent on completed projects in Phase I, no expenditure commitment has been made on Phase II, which is the subject of this proposal.																				
Source and form of financing	Project will be financed by Co-venturers. Annual spend will be recovered as cost oil under the PSC.																				
Summary cash flow	<div><p style="text-align: center;"><b>ICT Centres in 54 Locations in Nigeria</b></p><table><caption>Estimated Cash Flow Data (in \$mln, RT12, SS)</caption><thead><tr><th>Year</th><th>Opex</th><th>Cum RT CF 0%DR</th><th>Cum RT CF 7%DR</th></tr></thead><tbody><tr><td>2012</td><td>-2.5</td><td>-2.5</td><td>-2.5</td></tr><tr><td>2013</td><td>-6.5</td><td>-9.0</td><td>-9.0</td></tr><tr><td>2014</td><td>-7.5</td><td>-16.5</td><td>-16.5</td></tr><tr><td>2015</td><td>0.5</td><td>-16.0</td><td>-15.5</td></tr></tbody></table></div>	Year	Opex	Cum RT CF 0%DR	Cum RT CF 7%DR	2012	-2.5	-2.5	-2.5	2013	-6.5	-9.0	-9.0	2014	-7.5	-16.5	-16.5	2015	0.5	-16.0	-15.5
Year	Opex	Cum RT CF 0%DR	Cum RT CF 7%DR																		
2012	-2.5	-2.5	-2.5																		
2013	-6.5	-9.0	-9.0																		
2014	-7.5	-16.5	-16.5																		
2015	0.5	-16.0	-15.5																		
Summary economics	<ul style="list-style-type: none"><li>Based on the 1993 PSC and existing fiscal terms, the incremental expenditure has a Net Present Value<sup>7</sup> of -\$5.21mln Real Term 2012, SS.</li><li>Entire project cost (\$17.84mln MOD, SS) is treated as Opex and fully recoverable as cost oil under the PSC. Project does not generate any revenue for SNEPCo but is an enabler for SNEPCo business.</li><li>The project was included in BP’11 and have been included in BP’12 based on amounts stated in the proposal.</li></ul>																				

## DETAILED INFORMATION INCLUDING MANAGEMENT SUMMARY

### SECTION 1: THE PROPOSAL

This proposal seeks support for the total investment of \$17.84 million (SS) for the construction of fit-out Information and Communications Technology (ICT) facilities in fifty four (54) locations across the six geo-political regions of the country. The projects are in three categories:

1. ICT centre for tertiary institutions – this is tagged “e-learning” centre, and will contain 100 computer units. Centre will be sited in 24 universities across the country.
2. ICT centre for state governments – this is tagged “e-library”, and will contain 100 computer units. Project will be sited in 12 selected state capitals.
3. ICT centre for secondary schools – tagged “e-development” centre. Project has 20 computer units, and will be sited in 18 secondary schools across the country.

Advancement of computer literacy has been an integral part of national development strategies in many global societies because of its impact on productivity and economic development. Therefore knowledge of ICT has become a platform for broad-based development and poverty reduction.

Due to the importance of computer literacy to the national development and its relevance to achieving the Millennium Development Goals (MDGs), the Federal Government of Nigeria, through the Ministry of Communications Technology, developed a blueprint for the penetration of e-knowledge across the country. On its part, SNEPCo, through its ICT empowerment program, has already made some modest contributions towards enhancing e-literacy in the country, especially amongst students in secondary and tertiary institutions, under its Phase I successful deployment of 28 ICT centres at a cost of \$2.83million.

SNEPCo commenced its Social Performance ICT program in 2007 and, under Phase I, delivered the projects in 18 secondary schools, and 10 universities at a cost of \$2.83mln (SS) as at December 2011. These projects were executed using minor contracts within SNEPCo approval threshold. On completion of the proposed Phase II 54 centres, SNEPCo’s footprints will be in 82 locations throughout the country, with a total investment cost of \$20.67mln (SS) investment on its ICT program.

	No	Total		Shell Share	
		Nmln	F\$mln	Nmln	F\$mln
Phase I (deployed)	28	721.31	5.15	396.72	2.83
Phase II (Proposed)	54	4,862.44	32.42	2,674.34	17.84
Total	82	5,583.75	37.56	3,071.06	20.67

This proposal is to deliver a further 54 ICT projects over a 4-year period, using a competitive tendering process in order to achieve a more effective contract and project management, optimal HSE performance, commerciality, and image enhancement for SNEPCo. We commenced the initial contracting process in Q4, 2010 and have involved both NAPIMS and Nigerian Content Development Monitoring Board (NCDMB) at every stage of the process. Evaluation of commercial bids for civil works has been concluded with NAPIMS. However contract award process will be progressed only when all necessary approvals for contract implementation are obtained. Only the vendors that satisfy SNEPCO’s International Due Diligence (IDD) certification will be used in project execution. Contract duration approved in the contract plan/strategy is four years, which includes one year extension option to allow for the completion of any outstanding works by the contractors at no incremental financial exposure to SNEPCo.

In order to address the future sustainability of the projects, SNEPCo recently held a meeting with the Hon. Minister for Communications Technology, Mrs. Omobola Johnson. The purpose of this meeting was to explore possible benefits from the process the Ministry has developed for sustainability of its numerous ICT centres that are spread across the country. Thereafter SNEPCo initiated collaborative discussions with the agencies in the Ministry to develop models for sustainability of its ICT centres.

Currently SNEPCo is a member of the committee set up by the Honourable Minister to develop a policy for deployment and management of ICT centres across the country. Furthermore, the IT team has initiated discussions with local computer assemblers and internet service providers, with a view to enhance the local content of the program.

This proposal is seeking the requisite approvals to spend \$32.43mln (\$17.84mln, SS) for the construction of 54 fit out ICT centres across the country over a period of 4 years.

### ***Scope of Project***

A 100-computer ICT centre will consist of:

- A storey building (with provisions for physically challenged users), fully furnished with 100 computer units, offices, toilet facilities, and borehole.
- A generator house and 200KVA soundproof Perkins engine generator.
- Supply and Installation of 100 Personal Computers (PCs) with stabilisers and Uninterrupted Power Supply (UPS) systems.
- Supply and Installation of one Server, one colour multifunctional printer and one black & white printer
- Internet connectivity via VSAT
- Provision of 24hrs x 7 days 1M/512Kbps internet connectivity with 3 years subscription

A 20-computer ICT centre will consist of:

- A bungalow (with provisions for physically challenged users), fully furnished with 20 computer units.
- A generator house and 27KVA soundproof Perkins engine generator.
- Supply and Installation of 20 PCs with stabilisers and UPS systems.
- Supply and Installation of one Server, one colour multifunctional printer and one black & white printer
- Internet connectivity via VSAT
- Provision of 24hrs x 7 days 512k/256Kbps internet connectivity with 3 years subscription.

The table below shows the annualized summary of volumes and types of infrastructure and hardware.

<b>ANNUALIZED SUMMARY OF VOLUMES AND TYPES OF INFRASTRUCTURE AND HARDWARE</b>				
Commencement year	2012	2013	2014	2015
Number of 100-Unit Centre	14	13	9	
Number of 20-Unit Centre	5	7	6	
<b>Civil Infrastructure/Hardware</b>	<b>Estimated Volume</b>			
Two Storey Buildings (Average completed)		14	13	9
Bungalow		5	7	6
200 KVA Soundproof Perkins Engine Generator		14	13	9
27 KVA Soundproof Perkins Engine Generator		5	7	6
Borehole Units		14	13	9
<b>IT Infrastructure/Hardware</b>				
Desktops		1500	1440	1020
Coloured Printers		19	20	15
Black and white Printers		19	20	15
VSAT Installation		19	20	15
Number of annual internet subscription payment		19	39	54

IT equipments to use are those branded by the respective manufacturers. NAPIMS approval is to use computers that are locally assembled in line with NCD Act/policy. SNEPCo will ensure that the equipments are bought in the names of the respective beneficiaries, while the maintenance/servicing of IT equipments for 12 months will form part of the contractual agreement with the vendors.

Appropriate and other licensed educational interactive software will be provided for the units and basic IT training to be provided by the contractors will be given to 10 people selected by the institution/State Government. The software packages includes: Microsoft office, Encanta applications, Mavis typing tutors, Past question papers for secondary school leaving examinations, and Internet monitoring & flittering applications (Cybercafe type).

Responsibility for management of the centre is fully transferred to each beneficiary entity 12 months after commissioning, at which time the maintenance/contractual agreement between SNEPCo and the vendor would have lapsed. However as part of its post-completion project evaluation, SNEPCo will occasionally give guidance to the beneficiaries on sustainability of the project, though without any further future liability and commitments to SNEPCo.

### ***Sustainability steps for ICT centres***

- Proposed beneficiary demonstrates ability to sustain project before project location is confirmed.
- Engagement/involvement of beneficiary during pre-construction and construction stages.
- Maintenance of IT system for one year & 3 year subscription for internet facility from date of commissioning assures of SNEPCo's support for the period.
- Appropriate guidance on project sustenance will be given to the beneficiaries.
- Training of ten (10) members of staff as trainers for others.
- Installation of commercial (cybercafé) software to enable beneficiary generate income for maintenance of the centres.
- For effective management of cybercafé and in order to save funds for subsequent sustenance; beneficiaries will appoint and pay credible consultants to manage cybercafés on its behalf during the 3 year subscription period.
- Income generated from cybercafé to be expended on maintenance aspects of centre, such as provision of diesel for generator, payment for internet subscription (post 3 year subscription) and replacement of obsolete IT equipments.
- Operational terms between beneficiary and consultant to be defined in a Memorandum of Understanding witnessed by SNEPCo on a no-liability basis.
- Regular contact with beneficiaries as post construction evaluation process, and evaluation of project at 2-3 years post commissioning to assess effectiveness of the centres as well as identify learning that can be useful for future deployment of program.
- There will not be future liabilities/commitment for SNEPCo.

### ***Project Location***

Selection of location for university e-learning centre is based on review of the report from earlier assessment of computer availability and capability in the Nigerian tertiary institutions. The assessment was carried out, prior to scope expansion of SNEPCo's ICT empowerment program, in 2008 having commissioned an IT consultant, New Horizons Limited. For secondary schools, SNEPCo considered the strength of the alumni and ability to maintain the facilities. Project location is limited to public institutions only. Security, accessibility to good road, and public power supply are imperative for project locations. The locations were approved by SNEPCo's Social Performance Board (SPB) and NAPIMS in April 2011 and June 2011 respectively. Below is a list of proposed locations for the new 54 centres.

SHELL NIGERIA EXPLORATION AND PRODUCTION LIMITED PROPOSED LOCATIONS FOR COMMUNITY DEVELOPMENT ICT PROJECT S			
Project	2012	2013	2014
E-Learning Centre for Universities	1. University of Port Harcourt 2. Enugu State Univ of S&T 3. University of Abuja 4. Adekunle Ajasin University 5. Ambrose Alli University 6. University of Uyo 7. Abia State University 8. Obafemi Awolowo University 9. Benue State University	1. Rivers State University of Science &Tech 2. University of Benin 3. Petroleum Training Institute Warri 4. Ebonyin State University 5. Nnamdi Azikiwe University 6. Lagos state University 7. Ladoke Akintola University 8. Kogi State University 9. University of Ilorin	1. Katsina State University 2. University of Ibadan 3. Gombe State University 4. Ado Bayero University 5. Usman Dan Fodio University 6. Abubakar Tafawa Balewa University
E-Library for State Government	1. Asaba, Delta State 2. Yenagoa, Bayelsa State 3. Owerri, Imo State 4. Awka, Anambra State 5. Lagos, Lagos State	1. Port Harcourt, Rivers State 2. Calabar, Cross Rivers State 3. Abeokuta, Ogun State 4. Umuahia, Abia State	1. Benin, Edo State 2. Ondo, Ondo State 3. Abuja FCT
ICT Centre for Secondary Schools	1. Port Harcourt River State 2. Enugu, Enugu State 3. Abeokuta, Ogun State 4. Onitsha, Anambra State 5. Abuja FCT	1. Calabar, Cross Rivers State 2. Uyo, Akwa Ibom 3. Osogbo, Osun State 4. Umuahia, Abia State 5. Akure, Ondo State 6. Minna, Niger State 7. Lafia, Nasarawa State	1. Kaduna, Kaduna State 2. Jalingo, Taraba State 3. Dutse, Jigawa State 4. Damaturu, Yobe State 5. Yola, Adamawa State 6. Katsina, Katsina State

## SECTION 2: VALUE PROPOSITION AND STRATEGIC AND FINANCIAL CONTEXT

This program falls within the SEPCiN social investment strategy of contributing to achieving the Federal Government of Nigeria's aspirations for the Millennium Development Goals (MDGs) and ICT transformation agenda. The completion of the ICT projects will add significant value to SNEPCO's Social Performance delivery, contribute to IT skills development of students, and subsequently result in job creations and poverty alleviation.

It is an effective social investment that delivers business value, by helping to receive a 'license to operate' from government and stakeholders, through demonstrable commitment to economic and social development. The program is valuable in protecting the company's reputation, including those of partners and shareholders by engaging and building relationships with key external stakeholders. Furthermore the wide spread of projects will endear the PECTEN, and the logos of Co-venture partners to the hearts and minds of future leaders.

The program is planned to increase the company's local content rating by its being 100% local content in terms of delivery. Under an arrangement with respective state governments, the e-libraries could be a platform to train manpower for Nigerian Content Development (NCD) delivery.

### *Summary of costs*

The total value of \$32.43mln has been derived from Estimated Contract Value (ECV) for IT services of \$1.90mln and for civil works of \$28.67mln, and the cost of \$1.86mln for providing the Project Management Services for duration of construction works.

The amount required in 2012 is \$4.71mln (\$2.59mln, Shell Share), and included in the BP'11 of \$5.93mln. In Q2 the Budget Control & Commitment (BCC) Committee reduced the BP'11 of \$5.93 mln to LE of \$3mln with a commitment to review upward once CD projects are due to execute. Therefore approval for an upward review will be obtained before award of Yr1 projects for execution. Expenditure for this project was approved as OPEX by the Co-venturers at the Operating and Management Committee Meeting (OCM) of 30 Nov 2011. Also we obtained NAPIMS' approval for the project and budget during the Management Committee Meeting (MACOM) of 05 Mar 2012. Costs are recovered as spent on annual basis.

The table below summarises the phasing of project costs over the 4-year period.

FIGURES IN \$million	100%					Shell Share 55%				
	2012	2013	2014	2015	Total	2012	2013	2014	2015	Total
Civil Works	4.42	10.92	13.33		28.67	2.43	6.01	7.33	-	15.77
Procurements and Installations of IT Equipment		0.72	0.69	0.49	1.90	-	0.40	0.38	0.27	1.05
Project Management Services	0.29	0.70	0.61	0.26	1.86	0.16	0.39	0.34	0.14	1.02
Total	4.71	12.34	14.63	0.75	32.43	2.59	6.79	8.05	0.41	17.84

Detail is shown in Appendix 1.

### SECTION 3: RISKS, OPPORTUNITIES AND ALTERNATIVES

HSE Risk: Medium & Mode 3; Contract Risk: Medium

The principal risks associated with this proposal are:

1. HSE Risk
  - HSE hazards and Interface problems with existing habitation.
  - Management of the environment.
  - Motor Accidents
  - Security risks at proposed locations of projects
2. Risk of Sustainability and continued operation of the centre.
  - Inability to run and maintain the generator after handover.
  - Beneficiary's inability to pay for internet and license subscriptions after 3 years of SNEPCo's support.
  - Beneficiary's inability to replace the IT equipments when they become obsolete.
3. Commercial Risk
  - Contractor failure and poor performance.
  - Project delay due to inadequate budget.
4. Technical Related
  - Lack of adequate expertise to supervise the projects during execution due to their number and spread.
  - Copyright, piracy of IT software and Intellectual Property issues.
  - Compliance with Nigerian Communications Commissions (NCC) regulations.
5. Stakeholder Relationship Management
  - Reputational risk due to delay in contract award

A tabulated detail of risk descriptions and mitigation measures is shown in Appendix 2

### SECTION 4: CORPORATE STRUCTURE, AND GOVERNANCE

This project fits within the existing SNEPCo corporate structure and governance.

### SECTION 5: FUNCTIONAL SUPPORT AND CONSISTENCY WITH GROUP AND BUSINESS STANDARDS

This is a Social Investment project and has the full support of the Sustainable Development and HSE Departments. IT support was given during project conception and contract packaging. Also support is obtained from Technical, Finance, Treasury, Tax, Legal, Contracting & Procurement, and Security departments. The proposal complies with Group and Business policies and standards.



## **SECTION 6: PROJECT MANAGEMENT, MONITORING AND REVIEW**

The overall accountability for SNEPCo SP lies with the SNEPCo MD, while the SNEPCo SP Lead is responsible for SP deliverables. The technical aspect of the project will be managed by SNEPCo Facility Infrastructure. Project delivery process will be overseen by a competent Project Management Services (PMS) consultant who reports on regular basis to an infrastructure technical expert within SNEPCo Infrastructure department. This arrangement has received the approvals of NAPIMS, and SNEPCo SP project Decision Review Board (DRB). The PMS cost is included in this proposal. Also there will be periodic Management Facility Inspection (MFI) visits to project sites by members of SNEPCo management team.

## **SECTION 7: BUDGET PROVISION**

The 54 projects and budgets required for their execution have been approved by NAPIMS and the Co-venturers as part of SP plan for 5-year period 2012-2016. Project budget for 2012 was included in SNEPCo's BP'11, while the budgets for 2013-2015 have been included BP '12 and the 5-year strategic plan.

## **SECTION 8: GROUP FINANCIAL REPORTING IMPACT**

There is upfront funding required by SNEPCo and partners, however spend is fully recoverable as cost oil under the PSC. There is a small impact of Shell share of profit oil.

## **SECTION 9: DISCLOSURE**

Material disclosures, if any, will be done in line with the Group and SNEPCo Disclosure policies and guidelines.

## **SECTION 10: FINANCING**

Project will be funded as OPEX by the Co-Venturers and fully recovered annually as cost oil under PSC during expenditures.

## **SECTION 11: TAXATION**

Taxation is in line with general SNEPCo taxation of OPEX. No unusual Tax features.

## **SECTION 12: KEY PARAMETERS**

The key parameters of the proposal for which considered sound support is sought are:  
Construction of 54 fit out E-Learning Centres in 54 locations, requiring Shell share of \$17.84m over four years (2012-2015). Expected spend for 2012 is \$2.59 SS.

**This proposal is submitted for consent to undertake the project.**

**Initiated by:** Dejo Oluwaniyi, UIG/S/RS

**Approved by:**

.....  
**Bernard Bos**  
**Vice President Finance, Africa**

**Date** ...../...../.....

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**Tony Attah**  
**Vice President, Africa**  
**Safety, Environment, SD & CX**

**Date:** ...../...../.....

**APPENDIX 1: ANALYSIS OF PROJECT COSTS FOR CONSTRUCTION OF 54 ICT CENTRES OVER A 4-YEAR PERIOD**

	2012	2013	2014	2015	
<b>100 Computers ICT Centre</b>	<b>YR1</b>	<b>YR2</b>	<b>YR3</b>		<b>TOTAL</b>
No of projects to commence in year X	14	13	9		36
Estimated Contract Value (ECV) of projects to commence in year X (NGN'M)	1,513.26	1,469.00	1,017.00		3,999.26
ECV of projects to commence in year X (F\$'M)	10.09	9.79	6.78		26.66
Likely achievable average milestone spread for 14 Yr.1 projects	40%	60%			100%
Likely achievable average milestone spread for 13 Yr.2 projects		40%	60%		100%
Likely achievable average milestone spread for 9 Yr.3 projects			100%		100%
Annual ECV required for project execution (NGN'M)	605.30	1,495.56	1,898.40		3,999.26
Annual ECV required for project execution (F\$'M)	4.04	9.97	12.66		26.67
<b>20 Computers ICT Centre</b>	<b>YR1</b>	<b>YR2</b>	<b>YR3</b>		<b>TOTAL</b>
No of projects to commence in year X	5	7	6		18
ECV of projects to commence in year X (NGN'M)	82.27	117.69	99.99		299.95
ECV of projects to commence in year X (F\$'M)	0.55	0.78	0.67		2.00
Likely achievable average milestone spread for Yr.1 projects	70%	30%			100%
Likely achievable average milestone spread for Yr.2 projects		100%			100%
Likely achievable average milestone spread for Yr.3 projects			100%		100%
Annual ECV Required for project execution (NGN'M)	57.59	142.37	99.99		299.95
Annual ECV Required for project execution (F\$'M)	0.38	0.95	0.67		2.00
Estimated Annual Budget Required to execute Civil Works(NGN'M)	662.89	1,637.93	1,998.39	-	4,299.21
Estimated Annual Budget Required to execute civil works (\$F'M)	4.42	10.92	13.33	-	28.67
SHELL SHARE of 55% (NGN'M)	364.59	900.86	1,099.11	-	2,364.56
SHELL SHARE of 55% (F\$'M)	2.43	6.01	7.33	-	15.77
Estimated Contract Value for provision of IT Equipments (NGN'M)		107.95	103.64	73.41	285.00
Estimated Contract Value for provision of IT Equipments (F\$'M)		0.72	0.69	0.49	1.90
SHELL SHARE of 55% (NGN'M)	-	59.37	57.00	40.38	156.75
SHELL SHARE of 55% (F\$'M)	-	0.40	0.38	0.27	1.05
Cost of Project Management Services (NGN'M)	43.28	105.11	90.89	38.95	278.23
Cost of Project Management Services (F\$'M)	0.29	0.70	0.61	0.26	1.86
SHELL SHARE of 55% (NGN'M)	23.80	57.81	49.99	21.42	153.02
SHELL SHARE of 55% (F\$'M)	0.16	0.39	0.34	0.14	1.03
Estimated Annual Budget Required to execute all projects (NGN'M)	706.17	1,850.99	2,192.92	112.36	4,862.44
Estimated Annual Budget Required to execute all projects (\$F'M)	4.71	12.34	14.63	0.75	32.43
SHELL SHARE of 55% (NGN'M)	388.39	1,018.04	1,206.11	61.80	2,674.34
SHELL SHARE of 55% (F\$'M)	2.59	6.79	8.05	0.41	17.84



## **APPENDIX 2: RISKS, ISSUES, AND MITIGATIONS**

The principal risks associated with this proposal and key mitigation measures are tabulated below:

<b>S/ N</b>	<b>Risks Category</b>	<b>Risk Description</b>	<b>Mitigation/Remedial Effort</b>
1	HSE Risk	<ul style="list-style-type: none"> <li>• HSE hazards and Interface problems with existing habitation.</li> <li>• Management of the environment.</li> <li>• Motor Accidents</li> <li>• Security risks at proposed locations of projects - Terrorism, Kidnapping, theft of materials or equipment.</li> </ul>	<ul style="list-style-type: none"> <li>• Use of Hazard and Effect Management Programme (HEMP) and other tools to identify, assess risks and control hazards to As Low As Reasonably Practicable (ALARP).</li> <li>• Approved HSE plan for the management of construction worksite hazards</li> <li>• Work Instructions/toolbox meeting; Use of Qualified Personnel; Pre-mob Equipment; Use recommended specifications; Company Site Representative to inspect materials before use; Appropriate Personnel Protective Equipment (PPE); Ensure contractor has Workmen's Compensation insurance and General Third Party Liability insurance.</li> <li>• Roll out of Life-Saving Rules to contractor during kick-off meeting; Ensure contractor has third-party &amp; passenger liability insurance; Contract Holder (CH) to obtain contractor's Journey Management plan and ensure compliance; Ensure no night-driving policy</li> <li>• SNEPCo journey management procedure will be strictly complied with for visits to project locations by any staff.</li> <li>• Projects will commence at locations approved for access by the company's security team.</li> <li>• Appropriate security clearance will be obtained before a visit is made to site by a SNEPCo staff.</li> <li>• Site security plan to be owned by the contractor will be reviewed and approved by SNEPCo security lead.</li> <li>• There will be security briefs as part of kickoff procedure. Contractors consent to comply will be obtained, and CH will mandate contractor to evacuate site where insecurity is perceived.</li> <li>• Contractor will be responsible for security of materials and tools.</li> </ul>
2	Sustainability and continued operation of the centres.	<ol style="list-style-type: none"> <li>1. Inability to run and maintain the generator after handover.</li> <li>2. Beneficiary's inability to pay for internet and license subscriptions after 3 years of SNEPCo's support.</li> </ol>	<ul style="list-style-type: none"> <li>• Proposed beneficiary demonstrates ability to sustain project before project location is confirmed.</li> <li>• Engagement/involvement of beneficiary during pre-construction and construction stages.</li> <li>• Maintenance of IT system for one year &amp; 3 year subscription for internet facility from</li> </ul>

		<p>3. Beneficiary's inability to replace the IT equipments when they become obsolete.</p>	<p>date of commissioning assures of SNEPCo's support for the period.</p> <ul style="list-style-type: none"> <li>• Appropriate guidance on project sustenance will be given to the beneficiaries.</li> <li>• Training of ten (10) members of staff as trainers for others.</li> <li>• Installation of commercial (cybercafé) software to enable beneficiary generate income for maintenance of the centres.</li> <li>• For effective management of cybercafé and in order to save funds for subsequent sustenance; beneficiaries will appoint and pay credible consultants to manage cybercafés on its behalf during the 3 year subscription period.</li> <li>• Income generated from cybercafé to be expended on maintenance aspects of centre, such as provision of diesel for generator, payment for internet subscription (post 3 year subscription) and replacement of obsolete IT equipments.</li> <li>• Operational terms between beneficiary and consultant to be defined in a Memorandum of Understanding witnessed by SNEPCo on a no-liability basis.</li> <li>• Regular contact with beneficiaries as post construction evaluation and evaluation of project at 2-3 years post commissioning to assess effectiveness of the centres as well as identify learning that can be useful for future deployment of program.</li> <li>• Ongoing collaboration with the Ministry of Communications Technology to fashion out a commercial model for sustainability of ICT facilities deployed by both Government and private companies</li> </ul>
3	Commercial	<p>4. Contractor failure and poor performance.</p> <ul style="list-style-type: none"> <li>• Project delay due to inadequate budget.</li> </ul>	<ul style="list-style-type: none"> <li>• Technical evaluation of vendors was done to ensure vendor's capability.</li> <li>• SNEPCo MD to have a pre mobilization engagement with all contractors to highlight/inform them on the effect of performance and/or default in the execution of the contract.</li> <li>• SNEPCo will ensure that contractor's key personnel are qualified and experienced for the project execution.</li> <li>• Supervision of contractor's activities using available project management methods and tools. Project Management Services (PMS) to be engaged by SNEPCo will be deployed for project supervision.</li> <li>• Two different contracts (Civil works and IT services) will be used for each project execution to ensure the benefit of certified experts.</li> <li>• SNEPCo's standard contract terms as</li> </ul>

			<p>reviewed and approved by the appropriate teams will be applicable.</p> <ul style="list-style-type: none"> <li>• Only one project will be awarded to a vendor at a time. Additional project will be awarded to any vendor who delivers the earlier awarded one to time and quality.</li> <li>• Project delivery is divided into milestones, and payments will be made on the basis of milestones completed and certified.</li> <li>• Relevant contract clauses will be invoked where underperformance is observed, including termination if and when required.</li> <li>• Obtain approved budget from the Co-Venturers and NAPIMS over the phase of the projects.</li> </ul>
4	Technical - Civil	5.SNEPCo lacks adequate expertise to supervise the projects due to their number and spread.	<ul style="list-style-type: none"> <li>• Use of specialist PMS to supervise all aspects of projects.</li> <li>• Certify the PMS operating model and staff before their deployment.</li> <li>• Certified verification of materials and equipment before usage.</li> <li>• Periodic site visits by SNEPCo management staff.</li> </ul>
	Technical – Information Technology (IT)	<p>(a) Copyright, Piracy of IT software and Intellectual Property issues:</p> <p>(b) Compliance with Nigerian Communications Commissions (NCC) regulations.</p>	<ul style="list-style-type: none"> <li>• Computers will be bought, and all installed software must be licensed, in the name of beneficiary.</li> <li>• Vendors provide evidence of license and SNEPCo to verify credibility of licences from manufacturers.</li> <li>• Vendors to provide evidence of, and SNEPCo to verify NCC approval for bandwidth/frequencies supplied, and Internet Service Provider category.</li> </ul>
5	Stakeholder Relationship Management	<ul style="list-style-type: none"> <li>• Reputational risk due to delay in contract award</li> </ul>	<ul style="list-style-type: none"> <li>• Regular engagement and communication with internal and external stakeholders to facilitate prompt receipt of necessary approvals.</li> <li>• Ensure early commencement of due diligence check</li> </ul>