



SPDC PORTFOLIO STANDARDISATION AND CLUSTERING INITIATIVE
MEETING WITH NAPIMS

	Start Time: 9:30hrs Date: 26 th January, 2021 Venue: Virtual Meeting	Action Party	Target Date
	Attendance: Muhammed Z. Ali – NAPIMS: - GM Supply Chain Abiola Falowo – GM NipeX NAPIMS Mustapha M. Yusufu – NAPIMS Lawrence Amaeshi-NAPIMS Moses. K. Tsado-NAPIMS Rotimi Feyisetan-NAPIMS Habu A. Adamu-NAPIMS Tochi Nkwoji-NAPIMS Chineyem Ohaji– NAPIMS Daniel Bako – NAPIMS Emike Ivowi-NAPIMS Ogogome Ekpecham - TEPNG Mojisola Adeyinka – TEPNG Bimbo Osifeso – TEPNG Aribim Atebe – TEPNG Stephen Yusuf - TEPNG Oki Emmanuel – NAOC	Elisha Ezekiel-Hart – SPDC Akhibi Gregory – SPDC Martyn Turner – SPDC Onochie Obiajulu - SPDC Subramanian Ganesh – SPDC Festus Olami – SPDC Ndibueze Uju - SPDC Sunny Okoye – SPDC Ibie Elliot - SPDC Balogun Oluwaseun - SPDC Sesan Oloniboko - SPDC Oyetunde Toni - SPDC Eforuoku Nonye – SPDC	
	Meeting Objective: To co-create and further update the clustering strategy with NAPIMS and JV Partners towards reaching an alignment on the overarching concept for NAPIMS management support.		
	General: The meeting commenced with a safety briefing by SPDC. The key objective of the workshop was to provide an overview of the standardization and clustering initiative and co-create the contracting strategy for alignment and onward progression for approval. Discussion Highlights: An overview of the standardization and clustering initiative was given. ❖ <u>Key Contracting Changes Proposed:</u> <ul style="list-style-type: none">Contracting for portfolio instead of projectsLonger term contracts of 5 yearsCall-off contracts as default in place of Lumpsum contracts (EPC): ❖ SPDC explained that the concept aims to use standard archetypes and call-off contracts on a portfolio basis with potential schedule and cost savings. ❖ The substantial change in the market and the effect on the supply chain globally was sighted and how this has necessitated creativity and solution driven approach in our contracting strategies. ❖ SPDC highlighted how feedback from NAPIMS at the earlier engagement on the 4 th of December 2020 has been incorporated into the contracting quilt option by creating a quilt for EPC. This option cedes the Detailed Engineering Design aspects of the scope of services to the local contractors for local capacity building. ❖ NAPIMS thereafter noted the following: <ol style="list-style-type: none">NAPIMS requested clarification on what complex scopes meant, following the presentation on the Archetype 3 (epC + EPC) for bespoke scopes. It was clarified that complex scopes refer to scopes different from the typical Drill/fill + hook-up to bulkline which comprise over 70% of SPDC’s project portfolio,	All/Info	

	<p>and that these types of scope are not typical /anticipated within the current maturation funnel.</p> <ol style="list-style-type: none"> 2. NAPIMS enquired on if the standard process for managing call-off contracts will be followed. It was clarified that the existing structure/Work Order Management will be maintained. It was also clarified that NIPEX and JOA procedures and requirements will be adhered to. 3. NAOC enquired if NIPEX requirements and JOA procedures will be followed in the new initiative, to which SPDC confirmed that there would be no contradictions to the existing processes and procedures, in addition, JV governance approval processes will remain unchanged. 4. NAPIMS and the JV Partners highlighted the recurrent risk of poor contractor performance, stemming from funding challenges and competence issues and enquired on how this will be managed. 5. NAPIMS highlighted the potential for variations over 60% of contract value if proper pre-work is not done especially in estimating and describing the tie-in/brown field scope elements. NAPIMS also proposed that upfront work be done to anticipate and incorporate variations. 6. TEPNG suggested the inclusion of flexible price clauses in-contract to allow for flexibility to renegotiate contract rates within the contract duration in line with the evolution of the market considering the longer-term (5 year) duration proposed for the contracts. The suggestion was acknowledged to be taken onboard. 7. TEPNG also enquired on the Vision for implementation and timeline. 8. NAOC requested for preliminary ballpark figures regarding the cost saving and schedule optimization expected from the initiative. SPDC in response indicated about 15% and 30% respectively (preliminary estimates). <ul style="list-style-type: none"> ❖ SPDC acknowledged NAPIMS concerns on managing poor contractor performance. It was highlighted that the division of the scope into smaller element per contract (i.e. call-off vs EPC) reduces the risk and financial burden on each contractor and consequently the likelihood of poor performance. However, additional measures will be built into the technical evaluation criteria to ensure robustness to screen for contractor financial strength and past experiences. This will be combined with other measures such as the use of advance payments where required and Financial Risk assessment tools in-house as required. Thorough measures will be put in place to manage contractor performance. ❖ SPDC also clarified that the Clustering initiative has the potential to improve contractor performance as contractors are given scopes that fit their skillset, eliminating risks they are not able to manage. The longer-term contracts proposed will also allow for contractors to make investments in their competences and equipment as required. ❖ SPDC acknowledged the potential for variations in brownfield scopes, and highlighted the following measures in addition to measures proposed by the partners will be applied to minimize variations: <ul style="list-style-type: none"> ○ Detailed engineering handled by the contractors will ensure alignment and buy-in by the contractors before taking on the Engineering scope ○ Robust scope development and description front-end to minimize uncertainty and changes. ○ Recognizing the difficulties upfront, anticipating them and incorporating them in formulating the contract pricing terms and structures. ❖ SPDC shared the major milestones and timeline for the project, culminating in the award recommendation endorsement by partners in October 2021. It highlighted that SSAGS3A&3B will be the pilots on this initiative, with the Contracting Strategy Workshop for the pilots coming up in a few weeks. It highlighted that alignment with partners will enable the achievement of this timeline, and that a detailed timeline will be shared in subsequent workshops. 		
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