

CONSTRUCTION REVIEW ONLINE

Nigeria Grants Fresh Tax Relief to Advance \$20bn Bonga South West Deepwater FID

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Nigeria has approved additional fiscal incentives for the Bonga South West Aparo deepwater oil development project, in a move designed to strengthen the commercial case for one of Africa's largest upstream investments. The new tax relief was sanctioned by President Bola Tinubu's administration with the explicit goal of improving project economics and encouraging Shell to proceed toward a final investment decision, currently targeted for 2027.

The Bonga South West Aparo project carries an estimated price tag of US\$20 billion, placing it among the most capital-intensive upstream ventures on the continent. The scale of the investment underscores both the technical complexity of the development and the degree of fiscal support Nigeria's government has determined is necessary to unlock private capital at this level. The additional incentives follow earlier measures already extended to the project, suggesting that ongoing negotiations between the Nigerian government and Shell have been iterative rather than resolved in a single step.

The granting of supplementary tax relief reflects a broader pattern in Nigeria's approach to deepwater development: large, technically demanding projects require bespoke fiscal frameworks to clear commercial hurdles, particularly in a global environment where operators are selective about where they allocate major capital. For Shell and any co-venturers, the revised fiscal terms are intended to shift the

project's internal rate of return to a level that justifies committing to a multi-billion-dollar development cycle ahead of a 2027 FID.

For the Nigerian upstream sector, a positive FID on Bonga South West Aparo would represent a significant vote of confidence in the country's deepwater basin at a time when Nigeria is competing with other African producers for international capital. The project, if sanctioned, would generate substantial long-cycle demand across the full spectrum of upstream services — from subsea infrastructure and floating production systems to drilling campaigns and well services — extending well into the 2030s.

Norwegian service companies should monitor the trajectory toward the 2027 FID closely. The pre-FID period is precisely when operator and EPCI contractor relationships are established, front-end engineering is awarded, and vendor qualification processes are initiated. Companies that engage early — whether through local partnerships, technical pre-qualification, or direct dialogue with Shell's procurement and engineering teams — will be better positioned when formal tendering commences. The sheer scale of the investment means that subcontracting and supply chain opportunities will be distributed across multiple tiers, creating entry points for both large contractors and specialised niche providers.

Why this matters to partners and clients of Saga

With a 2027 FID target, Norwegian service companies have a credible two-to-three-year window to pursue pre-qualification, establish local partnerships, and position for EPCI and drilling tenders before formal procurement opens. The \$20 billion project scale means demand will span subsea systems, FPSO integration, drilling services, and well completions — all areas of Norwegian industrial strength. Saga recommends partners begin mapping Shell's Bonga South West Aparo vendor qualification requirements now rather than waiting for FID confirmation.

PARTNER ANGLES

- **Subsea/FPSO:** A project of this scale will require extensive subsea infrastructure and a major floating production unit — Norwegian FPSO and subsea contractors should initiate early engagement with Shell's engineering teams and potential EPCI leads ahead of FEED award.

- **Drilling:** A deepwater development of this magnitude will demand a sustained drilling campaign; Norwegian drilling contractors and rig owners should monitor rig procurement timelines that will likely be initiated well before the 2027 FID.
- **Service:** Well services, inspection, and integrity management companies should begin pre-qualification processes now, as Shell typically establishes approved vendor lists during the pre-FEED and FEED phases preceding FID.
- **Pipeline:** Deepwater export and infield pipeline requirements at this project scale are material; Norwegian pipeline contractors should assess scope and identify local partnering opportunities required under Nigerian content regulations.

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