



NIGERIAN CONTENT POLICY ON PROCUREMENT OF BARE LINE PIPES

Preamble

The Nigerian Content Development and Monitoring Board (NCDMB) is mandated to develop capacity of the local supply chain through Direct Capacity Development Interventions or support to investors to set-up manufacturing facilities in-country. NCDMB has a key responsibility to ensure that these investors are protected in line with the intents of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act.

The policy intervention by the Board to encourage such investments is to mandate stakeholders to prioritize the utilization of in-country manufacturing facilities in the procurement of all bare line pipes, OCTG and associated goods. In compliance with Sections 4, 5, 6, 11, 12, 13, 15, 41, 53 and 70 of the NOGICD Act of 2010, procurement of all bare line pipes, OCTG and associated goods shall be granted only to vendors certified by the Board, in line with this policy.

Policy

- A. To maximise in-country capacity for the manufacturing of line pipes and OCTG in Nigeria, all operating companies and buyers of line pipes and associated goods for the Nigerian oil and gas industry shall ensure that only companies qualified by the Nigerian Content Development and Monitoring Board (NCDMB) and having a valid Nigerian Content Equipment Certificate (NCEC) shall be considered for all bare line pipes, OCTG and associated goods procurement.
- B. To qualify to be issued a valid Nigerian Content Equipment Certificate (NCEC) for the supply of all bare line pipes, OCTG and associated materials in the oil and gas industry, a company must:
 - a. Be a Nigerian Company as defined by the NOGICD Act 2010 and CAMA Act.
 - b. Own a line pipe manufacturing mill in Nigeria, or
 - c. Be in the advanced stages of the process of completing the establishment of a line pipe manufacturing facility to the satisfaction of the Board, or,
 - d. Own existing pipe coating or threading facilities in Nigeria.
- C. Where the required line pipe specification is manufactured in Nigeria, all operating companies and buyers of line pipes and associated goods for the Nigerian oil and gas industry shall ensure the right of first refusal for the supply of such pipe specification for the pipe manufacturing company in the Tender.
- D. Where the required line pipes are not manufactured in-country, all operating companies and buyers of line pipes, and associated goods for the Nigerian oil and gas industry shall ensure that 60% of the total quantity of the pipes required in a Tender shall be supplied by

vendor(s) that own line pipe manufacturing mill in Nigeria, while the remaining 40% shall be supplied by vendors that own pipe coating or threading facilities in Nigeria.

- E. Where all vendors that own a line pipe manufacturing mill in Nigeria decline to participate in a Tender for supply of bare line pipes, consideration shall be given to any of the following vendors to supply such pipes:
 - a. Own either pipe coating or threading facilities in Nigeria.
 - b. Be in the advanced stages of the process of completing the establishment of a line pipe manufacturing facility to the satisfaction of the Board.
- F. The implementation and enforcement of this policy shall be the sole responsibility of the Board and project/promoters in line with the provisions of the NOGIC Act of 2010.

This Policy shall take effect from October 1, 2022

Consequences of violating this policy

The consequences of violating this policy shall include the following:

- i. Refusal of the Board to issue Certificate of Authorization to the operator, project promoter and contractor.
- ii. Refusal of the Board to participate in the Operator's Tender or issuance of Nigerian Content Compliance Certificate (NCCC).
- iii. Denial of the issuance of Nigerian Content Equipment Certificate for the production and supply of locally produced bare line pipes, OCTG and associated materials in the Nigerian Oil and Gas Industry for a period to be determined by the Board.
- iv. Initiation of penal sanctions as provided in Section 68 of the NOGICD Act.
- v. Invoking of administrative sanctions in line with Section 70 (i) and (p) of the NOGICD Act.
- vi. Any other penalties determined and deemed fit by the Board in line with the provisions and aspirations of the NOGICD Act.

This policy is approved and published for compliance dated this 15th of August 2022.

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Executive Secretary