



**NIGERIAN CONTENT DEVELOPMENT AND MONITORING
BOARD**

{NCDMB}

**EQUIPMENT COMPONENT MANUFACTURING INITIATIVE (ECMI) AND
NIGERIAN CONTENT EQUIPMENT CERTIFICATE (NCEC) IMPLEMENTATION PROCEDURE**

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1. PURPOSE

This document states the objectives of the Equipment Component Manufacturing Initiative (ECMI) of NCDMB and provides the technical requirements and procedures for issuing Nigerian Content Equipment Certificate (NCEC) to vendors supplying equipment or deploying movable equipment in the oil and gas industry. The document also describes the application of NCEC in tenders related to supply of equipment or deployment of equipment for services in the oil and gas industry.

2. INTRODUCTION

The Nigerian Oil and Gas Industry Content Development (NOGICD) Act mandates the Board to directly develop capacity of the local supply and to also develop procedures and put in place enablers that will stimulate investment and assure utilization of locally made goods by the industry.

Schedule to the Act has set minimum Nigerian content targets for procurement of equipment and services requiring the use of equipment in the oil and gas industry.

3. EQUIPMENT COMPONENT MANUFACTURING INITIATIVE (ECMI)

The Board conceived the Equipment Component Manufacturing Initiative (ECMI) in 2011, to address capacity gaps in supply of equipment to the industry from local manufacturers. The scheme has been further expanded to stimulate ownership of movable assets (excluding rigs and marine vessels) by Nigerian entities. The initiative was designed to:

- a. Maximize retention of industry spend on procurement of equipment by promoting establishment of facilities for manufacturing equipment components, spare parts & accessories.
- b. Create enablers that will encourage OEMs to establish facilities in Nigeria (in partnership with their Nigerian representatives) for manufacturing and assembling, testing, blasting and/or painting of equipment, /components, spare parts or accessories
- c. Stimulate equipment ownership by Nigerian entities and enforce utilization of equipment having 50% ownership by the local subsidiary of an international company
- d. Assure sustainability of equipment manufacturing in Nigeria by introducing NCEC requirement in tenders involving supply or deployment of equipment in the oil and gas industry
- e. Establish mechanism for monitoring new investments related to domiciling manufacturing of equipment in Nigeria



4. NIGERIAN CONTENT EQUIPMENT CERTIFICATE (NCEC) PROCEDURE

A key component of the ECMI is a certification requirement which mandates all vendors supplying equipments to the oil and gas industry to obtain a Nigerian Content Equipment Certificate (NCEC) from the Board. The NCEC is a Nigerian content requirement for participation in tenders involving supply of equipment or deployment of equipment for oil and gas services.

1.1. EQUIPMENT CLASSIFICATION

The scope of NCEC covers all equipment, systems and packages covered in the Schedule to the NOGIC Act 2010 and typical EPC packages. The equipment type is classified into two broad categories namely Class A and Class B:

- 1) Class A: Equipment supplied for use - Equipment, systems or packages supplied directly to the industry and/or used to form part of a facility or plant to be installed and /or used in the oil and gas industry. Class A equipment is further classified into two sub-classes.
- 2) Class B: Equipment deployed for oil and gas services - these are movable assets deployed for critical operations in the oil and gas industry.

Type of Certificate	Sub-class	Description	List of equipment (or components of these equipment)
A& B	1	Equipment or component procured or supplied for use in the oil and gas industry with high value in terms of spend and volume <i>Value is in manufacturing equipment component, spare parts or accessories; equipment assembly, testing, blasting and/or painting of the equipment.</i>	<ol style="list-style-type: none"> 1. Turbines, compressors, pumps and other rotating equipment 2. Electrical and instrumentation equipment- switch gears, panels, cables, metering systems etc 3. Static equipment - line pipes, heat exchangers, process equipment, flanges, valves and actuators etc 4. Subsea Equipment- wellheads, Christmas trees, subsea production systems, subsea control systems, umbilical, riser systems etc



Type of Certificate	Sub-class	Description	List of equipment (or components of these equipment)
	2	Huge Equipment, package or system installed in the oil and gas industry with high value in terms of spend and technology development <i>Value is in manufacturing equipment components, spare parts & accessories. Also maintenance, testing & certification and technology know how</i>	<ol style="list-style-type: none"> 1. Gas processing systems 2. Telecommunication systems 3. Substation and transformers 4. Generators and motors 5. Mills 6. Boiler Works 7. Drilling units- separators
C & D		Equipment used to provide a service or deliver critical offshore and onshore operations in the oil and gas industry <i>Value is in ownership of the equipment by Nigerians. Also maintenance facilities and personnel operating the equipment</i>	<ol style="list-style-type: none"> 1. Construction equipment - Heavy lift equipment, heavy duty trucks/loaders, pulverizers, crushers, Cranes, Forklifts, dredging equipment etc. 2. Drilling tools and Equipment - cementing unit, e-line trucks, logging equipment, burner boom, drill bits, drilling pipe, drilling motors, derricks, well monitoring instruments, tubing, blowout preventers, wireline systems, etc 3. Well completion tools and equipment 4. Marine equipment –ROVs, Diving Equipment etc.

1.2. CONSIDERATION OF NCEC APPLICATIONS

Companies seeking NCEC should first and foremost be registered and have an active account on the NOGIC JQS platform on <https://portal.nogicjqs.com>.

Application for NCEC shall include:

- a. A formal application letter addressed to the Executive secretary, Nigerian Content Development and Monitoring Board
- b. A completed template for the category of NCEC being sought. This can be obtained from NCDMB website) and
- c. Relevant documents to support information provided in the template.

1.3. NCEC PROCESSING TIME

The Board shall make a determination on NCEC applications submitted to it within thirty (30) working days of the receipt of the application. However, if it is unable to determine on an application within 30 working days, it shall inform the applicant (via email)



the reasons for the delay and give a definite time within which a determination shall be made. The extended period shall not be more than 15 days after the expiration of the initial 30-day period.

During the period of processing the NCEC, if any applicant is required to present NCEC for a tender, the applicant may present evidence of submission of application to the Board for the purpose of tender documentation. However after the 45 days period it is expected that the applicant will present the certificate to the Operator.

1.4. FEATURES OF THE CERTIFICATE

A Nigerian Content Equipment Certificate (NCEC) consists of three (3) schedules:

- a. Schedule 1 is the sign off page detailing the equipment being certified by the Board and signature of beneficiary indicating commitment to establish manufacturing capabilities ; and authorized signatures of NCDMB staff
- b. Schedule 2 contains the general information about the vendor and vendor's footprints in the oil and gas sector
- c. Schedule 3 describes the committed investment activities and timelines

Each certificate comes with a unique identification number. This unique number can be used to validate the authenticity of the certificate via the service company (equipment) module in NOGIC JQS portal (<http://portal.nogicjqs.com>).

Any vendor found to present a certificate that cannot be authenticated by the Board shall be disqualified in the tender and black-listed from participation in future tenders

1.5. VALIDITY OF CERTIFICATE

A Category "A" certificate will be valid for two (2) years i.e. (24 months) from the date of issue while category "B" and "C" certificates issued by the Board will be valid for one (1) year i.e. (12 months) from the date of issue.

1.6. COMMUNICATION WITH APPLICANT



Designated officers of the Board shall communicate to the applicant once NCEC is approved and ready for collection. The communication will be in the form of an email only.

1.7. COMPLIANCE MONITORING OF INVESTMENT COMMITMENTS

From the date an NCEC is issued, the Board shall undertake inspection visits to assess level of compliance with the milestones contained in the investment commitments made by the NCEC holder. Such visits shall normally be twice in the life of a certificate.

Renewal of a certificate shall depend on satisfactory performance feedback from the monitoring visits.

Withdrawal of certificate shall be initiated if:

- The applicant is found to have submitted wrong information to the Board
- The Service Company does not meet the milestones contained in their investment commitments to the satisfaction of the Board.

The decision to withdraw certificate shall be formally communicated to the service company including the requirements to:

- Terminate the use of the certificate(s)
- Return certificate(s) and copies to NCDMB

1.8. RENEWAL OF CERTIFICATE

A NCEC is eligible for renewal at the expiration of the validity period, upon meeting the following requirements:

- a. Achievement of due milestone(s) for the period upon which NCEC was issued
- b. Consistency in the investment commitment and timeline
- c. Category "B" NCEC holders may apply for upgrade to category "A" if the facility has been commissioned to commence manufacturing activities as at the time of applying for a renewal



- d. Application for NCEC renewal shall be declined by the Board where the holder of the NCEC fails to deliver satisfactorily on the due milestone commitments for the period upon which NCEC was issued; and the holder will be deemed not to have a valid NCEC after the expiration of the current certificate.

1.9. CONDITIONS FOR ISSUING NCEC TO INTERNATIONAL OEMS

NCDMB will be organizing Small and Medium Scale Enterprise (SME) Fairs annually, during which Original Equipment Manufacturers (OEMs) will have the opportunity to identify and enter into partnership with SMEs of their choice for the purpose of venturing into equipment component manufacturing.

OEMs applying for NCEC must show evidence of identifying SME through SME fair organized by the Board or through other channels as precondition for obtaining NCEC from the Board.

1.10. ECMI INTERVENTION BY OPERATING COMPANIES

Operating companies intending to promote the establishment of manufacturing facilities in Nigeria will be required to take the following steps:

- a. Submit their ECMI framework to the Board for input
- b. Obtain approval from the Board to implement scheme
- c. OEM receiving the NCEC is subject to the same requirements as other vendors in the area of utilization of NCEC in tenders, inspection visits and NCEC renewal requirements

A detailed description of the types of certificates issued by the Board, requirements for obtaining the certificate and the application of the certificate in the tendering process are provided in the table below:



CLAS S	CATE- GORY	TYPE	DESCRIPTION	LIST OF EQUIPMENT (OR COMPONENTS OF THESE EQUIPMENT)	TENDER REQUIRE- MENTS
1	Category A	NCEC issued to Facilities that are completed, commissioned and manufactur- ing finished.	<p>Manufacturing Equipment or com- ponent procured or supplied for use in the oil and gas in- dustry with high value in terms of spend and volume.</p> <p><i>Value is in manu- facturing equipment component, spare parts or accesso- ries; equipment as- sembly, testing, blasting and/or painting of the equipment.</i></p>	<ol style="list-style-type: none"> 1. Turbines, compressors, pumps and other rotating equipment 2. Electrical and instrumentation equipment- switch gears, panels, cables, metering systems etc 3. Static equipment - line pipes, heat exchangers, process equipment, flanges, valves and actuators etc 4. Subsea Equipment- wellheads, Christmas trees, subsea production systems, subsea control systems, umbilical, riser systems etc 5. Gas processing systems 6. Telecommunication systems 7. Substation and transformers 8. Generators and motors 9. Mills 10. Boiler Works 11. Drilling units - separators 12. Onshore and Offshore modules. 	Given first and exclu- sive consideration in tenders. Qualified to participate in technical bids in all tenders re- lated to the equipment for which NCEC has been obtained.



CLAS S	CATE- GORY	TYPE	DESCRIPTION	LIST OF EQUIPMENT (OR COMPONENTS OF THESE EQUIPMENT)	TENDER REQUIRE- MENTS
1	Category B	<p>1. Issued to vendors with facilities that are minimum of 25% complete (Specific milestones achieved - land acquisition, design completed, equipment ordered, construction commenced)</p> <p>2. OEMs/ Vendors that have been shortlisted and have committed to participate in the Nigeria Oil and Gas Parks Scheme (NOGaPS) shall be awarded Category B certificates and upgraded to category A when facility/ plan is complete and commissioned.</p>	<p>Equipment or component procured or supplied for use in the oil and gas industry with high value in terms of spend and volume</p> <p><i>Value is in manufacturing equipment component, spare parts or accessories; equipment assembly, testing, blasting and/or painting of the equipment.</i></p>	<ol style="list-style-type: none"> 1. Turbines, compressors, pumps and other rotating equipment 2. Electrical and instrumentation equipment- switch gears, panels, cables, metering systems etc 3. Static equipment - line pipes, heat exchangers, process equipment, flanges, valves and actuators etc 4. Subsea Equipment- wellheads, Christmas trees, subsea production systems, subsea control systems, umbilical, riser systems etc 5. Gas processing systems 6. Telecommunication systems 7. Substation and transformers 8. Generators and motors 9. Mills 10. Boiler Works 11. Drilling units- separators 12. Onshore and Offshore modules. 	<p>All vendors with category B NCEC are given next consideration after Category A vendor to participate in tenders related to equipment which they have obtained NCECs for.</p> <p>Where Category A and Category B NCEC holders are in a tender related to a specific equipment type for which they have obtained the NCEC, the following rules shall apply:</p> <p>The Category B NCEC holder shall be qualified to participate in a tender when the Operator/ Project Promoter has demonstrated to the satisfaction of the Board that there are insufficient Category A holders in the tender.</p> <p>IOCs are required to obtain approval of the Board before entering into any frame agreement with a vendor having Category B Certificate</p>



CLAS S	CATE- GORY	TYPE	DESCRIPTION	LIST OF EQUIPMENT (OR COMPONENTS OF THESE EQUIPMENT)	TENDER REQUIRE- MENTS
2	Category C	<p>All vendors that have demonstrated ownership of a minimum of 50% (by the Nigerian subsidiary of a multinational company or Nigerian indigenous company) of equipment to be deployed on projects for which they have obtained the NCEC.</p> <p>Category C NCEC is also Issued to Nigerian vendors that have valid lease agreements with Nigerian equipment leasing companies which own the equipment to be deployed for a project.</p>	<p>Equipment used to provide a service or deliver critical off-shore and onshore operations in the oil and gas industry</p> <p><i>Value is in ownership of the equipment by Nigerians. Also maintenance facilities and personnel operating the equipment</i></p>	<ol style="list-style-type: none"> 1. Construction equipment - Heavy lift equipment, heavy duty trucks/loaders, pulverizers, crushers, Cranes, Forklifts, dredging equipment etc. 2. Drilling tools and Equipment - cementing unit, e-line trucks, logging equipment, burner boom, drill bits, drilling pipe, drilling motors, derricks, well monitoring instruments, tubing, blowout preventers, wireline systems, etc 3. Well completion tools and equipment 4. Marine equipment – ROVs, Diving Equipment etc. 	<p>All vendors with category C NCEC are given 1st consideration in tenders related to the equipment for which the NCEC has been issued.</p> <p>The vendors with Category C NCEC shall also be qualified to move to the next stage of the tendering process, provided other Nigerian content requirements are met.</p>



CLAS S	CATE- GORY	TYPE	DESCRIPTION	LIST OF EQUIPMENT (OR COMPONENTS OF THESE EQUIPMENT)	TENDER REQUIRE- MENTS
2	Category D	Issued to a Ni- gerian vendor (for a specific equipment type) that has a valid lease agree- ment for equip- ment to be dep- loyed to provide the service and the equipment being leased is owned by a for- eign company.	Equipment used to provide a service or deliver critical off- shore and onshore operations in the oil and gas industry <i>Value is in owner- ship of the equip- ment by Nigerians. Also maintenance facilities and per- sonnel operating the equipment</i>	<ol style="list-style-type: none"> 1. Construction equipment - Heavy lift equipment, heavy duty trucks/loaders, pulverizers, crushers, Cranes, Forklifts, dredging equipment etc. 2. Drilling tools and Equip- ment - cementing unit, e- line trucks, logging equipment, burner boom, drill bits, drilling pipe, drilling motors, derricks, well monitoring instru- ments, tubing, blowout preventers, wireline sys- tems, etc 3. Well completion tools and equipment 4. Marine equipment – ROVs, Diving Equipment etc. 	<p>Category D NCEC holders are given next consideration after Cat- egory C NCEC holders in tenders related to the equipment for which the NCEC has been issued.</p> <p>Where Category C and Category D NCEC holders are in a tender related to a specific service equipment for which they have ob- tained the NCEC, the following rules shall apply:</p> <p>The Category D NCEC holder shall be qualified to participate in the ten- der only where the Op- erator/ Project Promoter has demonstrated to the satisfaction of the Board that there are insufficient Category C NCEC holders in the tender</p> <p>The Category D NCEC holders shall then be qualified to move to the next stage of the ten- dering process, pro- vided other Nigerian Content requirements are met</p>



5. NCEC IMPLEMENTATION

- a) Directorate of Planning, Research and Statistics (DPRS) shall have overall responsibility for issuing all the categories of NCEC as detailed above. DPRS shall perform this role in conjunction with Capacity Building Division. The processing and issuance of NCEC to a vendor and upload of approved NCEC unto NOGIC JQS portal shall be in line with the approved internal procedure for issuing NCEC.
- b) The Directorate of Monitoring and Evaluation (M&E) shall have overall responsibility for monitoring implementation of investment commitments made by vendors at the time of applying for NCEC. The monitoring of investment commitments and recommendation for renewal of an NCEC shall be in line with the approved internal procedure for NCEC compliance monitoring
- c) The Projects and Operations (PROPS) Division shall have overall responsibility for enforcing the NCEC guidelines throughout the contracting cycle
- d) A list of all processed NCEC's shall be compiled bi-monthly and submitted to the office of the Executive Secretary for "Approval to Issue". The summary of processed NCECs shall include name of vendor, type of NCEC category and total investment commitment. No NCEC shall be issued to a vendor or uploaded unto NOGIC JQS portal without the approval of the Executive Secretary
- e) All management staff of the Board shall be included in the notification prompt from NOGIC JQS platform for inspection visits
- f) All NCECs issued by the Board shall be published in NOGIC JQS for viewing and validation by relevant industry stakeholders