



NIGERIAN CONTENT DEVELOPMENT AND MONITORING BOARD

GUIDELINES ON IMPLEMENTATION FOR INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES IN THE OIL AND GAS INDUSTRY

REV	DATE	REASON FOR ISSUE	PREPARED	CHECKED	VETED BY	RECOMMENDED	APPROVED
Rev 1		Guidance & Compliance for Industry use	PRS Directorate	Manager ICT	Coordinator Legal Services	Director PRS	Executive Secretary
							
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NIGERIAN CONTENT DEVELOPMENT AND MONITORING BOARD

Definitions

- Act - Nigerian Oil and Gas Industry Content Development Act
- NCDMB - Nigerian Content Development and Monitoring Board
- ES - Executive Secretary
- IOC - International Oil and Gas Companies in Nigeria
- ICT - Information and Communications Technology
- NNPC - Nigerian National Petroleum Corporation
- DPR - Department of Petroleum Resources
- Industry - Oil and Gas Industry
- Operators - Operators, Contractors, Subcontractors and Alliance Partners
- OEM - Original Equipment Manufacturer (foreign International/ Multinational ICT Companies)

1.0 INTRODUCTION

The Nigerian Oil and Gas Industry Content Act ("Act") was signed into law on 22nd April, 2010, by His Excellency, President Goodluck Jonathan. The Act provides for the development of Nigerian Content in the Nigerian oil and gas industry, Nigerian Content plan, supervision, coordination, monitoring and implementation of Nigerian Content. Section 69 of the Act established the Nigerian Content Development and Monitoring Board ("NCDMB") which is *inter-alia* empowered to supervise, coordinate, administer and monitor the implementation and development of Nigerian content as specified in the Schedule to the Act on the operations of operators, contractors and all other entities in the Nigerian oil and gas industry. Furthermore, section 70(L) empowers the Board to provide Guidelines, definitions and measurement of Nigerian Content and Nigerian Content Indicators to be utilized throughout the industry.

2.0 OBJECTIVES

The objectives of these Guidelines are to:

- a) Encourage the development and deliberate utilization of Nigerian human and material resources in the Nigerian Oil and Gas Industry.
- b) Promote the enforcement of the provisions of the NOGICD Act by specifying criteria for engaging Nigerians with capacity to provide ICT products and services required in the Nigerian Oil and Gas Industry.
- c) Deliberately encourage the development of the capacity of Nigerians and Nigerian ICT companies, within timeframes approved by the Board, to render services in identified areas of the oil and gas sector where such capacities do not currently exist.
- d) Encourage the achievement of the Information and, Communications Technology targets set out in the Schedule to the Act.
- e) Encourage acquisition of ICT equipment and components for manufacturing and assembly of ICT equipment by indigenous ICT companies.
- f) Encourage indigenous software development.
- g) Promote and strengthen the indigenous ICT human capital development in the Industry generally.

2.1 APPLICATION

These Guidelines are issued in pursuant to the enabling provisions of the Nigerian Oil and Gas Industry Content Development Act, 2010 ("Act") for the purpose of achieving the targets for Information and Communications Technology services as spelt out in the schedule to the Act. All Operators in the Nigerian Oil and Gas Industry and OEM companies in ICT carrying out business in the Nigerian Oil and Gas Industry are required to comply with the Guidelines in the design, procurement, deployment and implementation of Information and communication Technology Services.

2.2 SCHEDULE

The Design, Procurement, Deployment/Installation and Support of ICT based services to be executed in the Nigerian Oil and Gas Industry by operators and service companies must be done to meet the following Nigerian Content levels.

	Activities/Services	Nigerian Content Level (%)	Measured Unit
1	Network Installation/support services	85%	Spend
2	Software Development and Support services	45%	Spend
3	Computer based modeling services	51%	Spend
4	Computer based simulation/training programs services	51%	Spend
5.	CAL/CAP services (Client Access license)	51%	Spend
6	Hardware installation or support services	50%	Spend
7.	Operating system installation/support services	50%	Spend
8.	User support/help desk services	60%	Spend
9.	Library services	70%	Spend
10.	IT management consultancy services	50%	Spend
11.	Data management service	50%	Spend
12	Telecommunication installation/support services	60%	Spend
13	Data and message transmitting services	60%	Spend
14.	Rental of communication lines	75%	Spend
15.	Telecommunication subscription service	85%	Spend
16	Public address system services	95%	Spend
17	Other information system (IS)/information Technology (IT) services as may be determined by the Board	75%	Spend

3.0 REQUIREMENTS FOR INTERNATIONAL OEMS TO ENGAGE IN THE PROVISION OF ICT PRODUCTS AND SERVICES IN THE OIL AND GAS INDUSTRY

- a) All foreign ICT OEMs interested in the provisions of goods and services in the Oil and Gas industry shall carry out their sales engagements and execution, including product sales, services, licensing and all such business transactions and/ or Consultancy services through registered Nigerian Indigenous ICT companies, Nigerian subsidiaries of the OEMS and Nigerian partners of the International ICT Original Equipment Manufacturers.
- b) Revenue and proceeds from engagements by the operator and service company with the OEM on ICT products, services and solutions shall be through the registered Nigerian subsidiary of such ICT OEM, and shall be paid in local currency.
- c) All operators, OEM ICT companies, contractors, subcontractors in Nigeria Oil and Gas Industry shall comply with these Guidelines with respect to the membership of relevant government Agencies and possession of requisite licenses for them to engage in the provisions of ICT goods and services in the Oil and Gas industry.
- d) The registered Nigerian Subsidiary of such Multinational ICT Original Equipment Manufacturers shall be responsible for all Nigerian ICT engagements of the Operators. Multinational ICT Companies are prohibited from going against the schedule of the Act.

4.0 Capacity Building and effective monitoring of ICT OEMs Companies In order to ensure effective monitoring and compliance with this Guideline:

- a) All foreign operators, OEM ICT companies, Contractors, Subcontractors in the Oil and Gas Industry that provide ICT related services shall not be qualified to carry out or perform any other ICT related contracts or activities unless such a company has submitted and received approval from the Board on its Nigerians employment, training and expatriate succession plans.
- b) The employment, training and succession plans for Nigerians shall include ICT skills required, the number of Nigerians needed, and the timeframe for the skills acquisition.
- c) No Nigerian ICT company shall be denied opportunity to undertake contracts and projects or the award of sub-contracts due to lack of past experience in the oil and gas industry.
- d) All IOCs providing ICT goods and services in the oil and gas industry shall show evidence of an approved and current local content development plans.
- e) All IOCs shall submit data on all ICT contracts previously undertaken, ICT projects allotted and completed within the past five years.

5.0 COMPLIANCE MONITORING

- i. NCDMB, in accordance with the provisions of Section 59 and 62 of the Act shall establish a mechanism for monitoring compliance with the Guidelines, which may include but not limited to unscheduled visits to offices or job sites of the companies, as it deems necessary.
- ii. All operators and OEM-ICT companies shall, in compliance with Section 60 of the Act, submit their annual Nigerian Content Performance Report to NCDMB not later than 1st March of every year. The report shall cover compliance performance on the above Guidelines for the year under review.

6.0 COMPLIANCE TRACK-RECORDS

Evidence(s) of past compliance to these Guidelines and provisions of the Act shall be a Nigerian Content requirement for Invitations to Tender.

7.0 EFFECT OF NON-COMPLIANCE

7.1. Any act of a non-Nigerian incorporated company carrying out business in contravention of Section 4.0 of this Guidelines shall be void; and the company shall be guilty of an offence under Section 55 of the Companies and Allied Matters Act and liable on conviction to a fine of not less than N25,000,000; and every officer or agent of the company who knowingly and willfully authorizes or permits the default or failure to comply shall, whether or not the company is also convicted of any offence, be liable on conviction to a fine of not less than N5,000,000 and where the offence is a continuing one, to a further fine of N250,000 for every day during which the default continues.

7.2. An operator, OEM-ICT company, contractor or subcontractor who carries out any project involving Information System / Information Technology/Communication Services in the oil and gas industry in contravention of this Guidelines commits an offence and is liable upon conviction to a fine of 5% of the project sum for each project in which the offence is committed and shall not be allowed to do business for at least five (5) years or cancellation of the project.

7.3. The failure, delay and/or refusal on the part of any operator, project promoter, contractor or other stakeholder in the Industry to comply with and adhere to these Guidelines shall attract sanctions in accordance with the implementation and enforcement process established by the Board.

7.4. The Board shall first duly notify the operator or other stakeholder concerned of any identified default(s); and shall specify the step, action and/or remediation required to correct the non-compliance indicating the necessary timeframes within which compliance must be achieved to the satisfaction of the Board.