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PROEM

The establishment of the Nigerian Content Development and Monitoring Board (NCDMB) in 2010 by the Nigerian Oil and Gas Industry Content Development Act, 2010 (the 'Act') was an initiative designed to drive local content development in Nigeria by the imposition of standards on capacity building, technology transfer and training in the Oil and Gas Industry.

The overall objectives of the following ministerial regulations is to provide pragmatic strategies for the implementation and enforcement of the respective enabling sections of the Act.

Regulation for the Further Growth of Indigenous Capacity 2021. This Regulation sets out targets to ensure full utilization and steady growth of indigenous companies engaged in exploration, seismic data processing, reservoir studies and other facilities.

**NIGERIA CONTENT DEVELOPMENT AND MONITORING BOARD
(NCDMB)**

**REGULATION FOR THE FURTHER GROWTH OF INDIGENOUS
CAPACITY, 2021**



ARRANGEMENT OF REGULATIONS

Regulation :

PART I—OBJECTIVES AND APPLICATION

1. Objectives of the Regulations.
2. Scope of regulations.
3. Application of regulations.

PART II—TARGETS FOR THE GROWTH OF INDIGENOUS CAPACITIES

4. First Consideration for Nigerian Made Goods and Services.
5. Schedule of Targets for the Growth of Indigenous Companies.
6. Waiver Management and Capacity Development Initiatives.
7. Affidavit of Corporate Ownership of Indigenous Companies.

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9. Application of Regulation on Enforcement.

PART IV—MISCELLANEOUS

10. Interpretation.
11. Schedule of Targets.

S. I. No. 30 of 2021

**THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT
ACT (2010 No.2)**

**REGULATIONS FOR THE FURTHER GROWTH OF INDIGENOUS
CAPACITY, 2021**

[26th Day of February, 2021]

Commence-
ment.

In exercise of the powers conferred on the Minister of State for Petroleum Resources by Section 41 of the Nigerian Oil and Gas Industry Content Development Act, 2010, these Regulations.

PART I—OBJECTIVES, SCOPE AND APPLICATION OF REGULATIONS

1.—(1) The Objectives of these Regulations are to—

Objectives
of the
Regulation.

(a) Set targets to ensure full utilization and steady growth of Indigenous Companies engaged in—

- (i) Exploration,
- (ii) Seismic data processing,
- (iii) Reservoir studies,
- (iv) Manufacturing and fabrication of equipment,
- (v) Other facilities as well as the provisions of other support services for the Nigerian oil and gas industry.

(b) Ensure the incremental growth and development of indigenous capability in the Nigerian oil and gas industry ;

(c) Promote indigenous ownership of companies and assets thereby ensuring sustainable value creation, addition and retention in the Nigerian oil and gas industry specifically, the allied sectors and the Nigerian economy in general ;

(d) Promote and expand employment opportunities for Nigerians and utilization of in-country capacity/capabilities, goods and services in the Nigerian Oil and Gas Industry ; and

(e) Prescribe sanctions for non-compliance with these Regulation.

2.—(1) The Minister may require that any other specific industry activity not specified in the schedule to these Regulations be included in the scope of industry activities, in so far as it relates to value creation and addition, as well as the development and sustainable growth of the Nigerian Indigenous Oil and Gas Industry companies.

Scope of the
Regulation.

(2) The Board may, subject to the Act, from time to time, issue further Guidelines aimed at attaining the objectives of these Regulations.

3.—(1) These Regulations apply to Nigerian Content in the Nigerian Oil and Gas Industry and shall be enforceable on all projects, activities and operations of all foreign and local operators, alliance partners, licensees, lessees, contractors and service providers operating in the Nigerian Oil and Gas Industry.

Application
of the
Regulations.

PART II—TARGETS FOR THE GROWTH OF INDIGENOUS CAPABILITIES

4.—(1) Every operator, alliance partner, and contractor in the Nigerian Oil and Gas Industry shall give first consideration to goods produced and services provided by Nigerian Indigenous Companies.

First consideration for Nigerian made goods and services.

5.—(1) The Board shall, from the commencement of these Regulations, take such measures as may be necessary to ensure full compliance with the provisions of Regulation (4)(1), in accordance with the targets set out in the schedule to these Regulations.

Schedule of targets for the growth of indigenous companies.

6.—(1) Where an operator, alliance partner or contractor is of the opinion that the goods or services required are not available locally or cannot be produced by any Indigenous Company, it shall apply to the Board for a waiver to procure the said goods or services from an alternative vendor or supplier. Such application shall demonstrate—

Waiver management and capacity development initiatives.

(a) The efforts made by the applicant to procure the goods or services from Indigenous Companies or from the Nigerian subsidiary of a foreign or multinational Company; and evidence affirming that the said goods and services are not available or produced in-country ; and

(b) How long the goods and services would be required and what Capacity Development Initiative (CDI) the applicant has put in place to promote the development and provision of such goods or services in-country.

(2) The Board shall, upon receipt of the application for waiver—

(a) Review same in line with the Nigerian Content Plan of the Company and verify from its list of registered Companies and service providers, or by any other means as it shall deem appropriate, that the said goods or services cannot be procured from a Nigerian Indigenous Company or the Nigerian subsidiary of a foreign or multinational Company ;

(b) Confirm that the applicant has otherwise been in compliance with its Nigerian Content Development Plan ; and

(c) Confirm that the applicant has demonstrated legitimate plans and satisfactory commitment to promote the development and production of such goods or services in-country.

(3) The Board shall, not later than one (1) month after the receipt of an application under Regulation 6(1), communicate its decision to the applicant. Such response shall either be an approval and issuance of the waiver, a denial of the application, a reference to a list of existing Indigenous Companies willing and able to produce the said goods or services or a request to show further proof.

(4) An applicant whose application is denied under Regulation 6(3) shall have a right to appeal such denial by an appeal made in writing to the Executive Secretary of the Board within seven (7) working days from the applicant's receipt of the denial notice.

(5) The Executive Secretary shall consider the merit of the appeal and, not later than seven (7) days from the receipt of the appeal, reach and communicate its decision to the applicant.

(6) The Board shall refuse an application for waiver only where it has satisfied itself that—

(a) There are Indigenous Companies or a Nigerian subsidiary of an international Company capable of producing the subject goods or services as contained in the waiver application ;

(b) There are existing indigenous goods and services that are a suitable and are industry acceptable alternative to the goods or services as contained in the waiver application ; or

(c) Any other ancillary reasons the Board may provide for the purpose of realizing the objectives of the Act or of this Regulation.

(7) The provisions of the Regulations on the establishment of manufacturing facilities in Nigeria made pursuant to section 47 of the Act in relation to Capacity Development shall apply to the waiver application.

7.—(1) The Board may request any operator, alliance partner or contractor in the Nigerian Oil and Gas Industry to depose to an Affidavit confirming the structure of Beneficial Ownership of such company, listing the beneficial shareholders of at least 51% of the actual shareholding of their companies.

Affidavit of
Corporate
Ownership
of Indigenous
Companies.

(2) The Affidavit under Regulation 7(1) shall be deposited to at the Federal High Court by a Director or the Secretary of the company.

(3) The Affidavit of Beneficial Ownership shall state the names and country of origins of the beneficial shareholders of the companies and must be updated by the Company any time when there is a change in structure of its Beneficial Ownership of Shares.

(4) The Board is empowered to carry out independent verifications to ascertain the veracity or otherwise of the content of the Affidavits.

PART III—MONITORING AND ENFORCEMENT

8.—(1) The Board is empowered to carry out routine site visits to the facilities or offices of any operator, alliance partner, service provider or contractor for the purpose of investigating, assessing, verifying or substantiating any matter or information with respect to the provisions of these regulations.

Powers of
the Board to
investigate
violations
and
complaints.

(2) The Board is equally empowered to investigate a complaint lodged against an operator, alliance partner, service provider or contractor by a third party.

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Application
of
Regulation
on
Enforcement.

9.—(1) The provisions of the Nigerian Oil and Gas Industry Enforcement and Compliance Regulation made pursuant to section 101 of the Act shall apply to any investigations and enforcement for non-compliance by the Board under these Regulations.

PART IV—MISCELLANEOUS

Interpretation.

10. In this Regulation—

“Indigenous Company” An Indigenous Company shall mean a Nigerian company formed and registered under the Companies and Allied Matters Act 2020 with no less than 51% (fifty one percent) of its shares beneficially owned by Nigerians ;

“Nigerian made Goods and Services” Nigerian made goods and services shall mean materials, items, commodities or services provided, produced, manufactured or assembled in Nigeria by an Indigenous Company or the Nigerian subsidiary of a Multinational company where Nigerians beneficially won not less than 51% of its shareholding ; and

“Capacity Development Initiative” Shall include a training plan or local production plan put in place by an Operator, Alliance Partner or Contractor, following an assessment of indigenous capacity gaps in either a catchment area or in Nigeria.

SCHEDULE OF TARGETS

<i>SN</i>	<i>Project Item</i>	<i>Local Content Target</i>	<i>Timeline from Commence-ment of Regulations</i>	<i>Yearly Incremental Targets from Commence-ment of Regulations.</i>
1.	All works and activities in land and swamp.	100% indigenous companies	3 Years	30%
2.	Ownership of all rigs deployed in land, swamp and shallow water exploration.	100% indigenous ownership	10 Years	10%
3.	Ownership of rigs deployed in Deepwater.	100% indigenous ownership	20 Years	5%
4.	FEED and detailed engineering services for all projects.	100% COREN Registered engineering houses	1 Year	100%
5.	Materials and Procurement including : Low voltage earthen cables of 450/750 grade and control, power lighting cables of 600/1000 V grade; line-pipes, sacrificial anodes, electrical switchgear paints, ropes, pigs, heat exchangers and any material or equipment locally available. NCDMB shall within 6 months of the commencement of this regulation ensure that all international codes and standards used in the industry are harmonized to support the utilization of locally manufactured products such as paints, cables, steel pipes, rods, sections etc. and to improve capacity utilisation in local industries.	100% produced in Nigeria. First consideration shall be accorded to indigenous companies that have demonstrated manufacturing capacity.	3 Years	30%
6.	Reservation of Board-defined procurement demands on tender to stimulate investment.	In favour of indigenous companies which have demonstrated capacity to invest in manufacturing of such products	1 Year	100%
7.	Fabrication and integration of all fixed (onshore and offshore) platforms weighing up to 10,000 tons.	100% indigenous companies	5 Years	20%
8.	Fixed platforms (offshore and onshore) greater than 10,000 tons, pressure vessels and integration of topside modules.	100% indigenous companies.	5 Years	20%
9.	Fabrication of all piles, decks, anchors, buoys, jackets, pipe	100% indigenous companies	7 Years	15%

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	racks, bridges, flare booms and storage tanks including all galvanizing works for LNG and process plants.			
10.	Fabrication and fixing of all flowlines and risers.	100% domiciliation (60% indigenous companies)	3 Years	30%
11.	Assembling, testing and commissioning of all subsea valves, Christmas trees, wellheads and system integration tests.	100% domiciliation	1 Year	100%
12.	Fabrication and fixing of flowlines and risers.	100% Indigenous Companies	3 Years	30%
13.	Fabrication and Integration of FPSO Topsides modules.	50% of total tonnage	5 Years	20%
14.	Third party services relating to fabrication and construction including but not limited to NDT, mechanical tests, PWHT as well as certification of welding procedures and welders.	100% domiciliation ; and NIW shall certify all such tests in collaboration with international accreditation bodies.	3 Years	30%
15.	Fabrication of carbon steel pressure vessels.	100% indigenous and domiciliation	2 Years	50%
16.	Fabrication of all concrete barges and concrete floating platforms.	100% indigenous companies	1 Year	100%
17.	All seismic data acquisition projects, all seismic data processing projects, all reservoir management studies and all data management and storage services.	100% indigenous companies	2 Years	50%
18.	Supply of Barite and Bentonite, waste management, onshore and swamp integrated completions, onshore and swamp well simulations, onshore fluid and mud solids control, onshore measurement while drilling (MWD), logging while drilling (LWD) and directional drilling (DD).	100% indigenous companies and 100% domiciliation	1 Year	100%
19.	Coating of line-pipes and threading of all oil country tubular goods (OCTG).	100% indigenous companies or in an approved alliance with non-indigenous companies.	2 Years	50%
20.	Operation and maintenance of offshore production units on FPSO and FSO in particular.	100% domiciliation	1 Year	100%
21.	Cabotage Services.	100 % indigenous companies except as exempted by NCDMB/NIMASA Harmonised Cabotage Act implementation framework pursuant to Section 105 of the Act.	1 Year	100%

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22.	Marine services	100 % indigenous companies except as exempted by NCDMB/NIMASA harmonised categorization scheme.	1 Year	100%
23.	Location of project office, project Management teams and procurement centres.	100% located in Nigeria, of which 50% to be sited in the project catchment area or community.	2 Years	50%

MADE this 26th day of February, 2021.

TIMIPRE SYLVA

Minister of State for Petroleum Resources