KEY ELEMENTS OF THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT (NOGICD) ACT 2010

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KEY ELEMENTS OF THE NOGICD ACT, 2010

Order of Presentation

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1. Introduction

- The Nigerian Oil and Gas Industry Content Development (NOGICD) Act was enacted on 22\textsuperscript{nd} April, 2010.

- The Act established the Nigerian Development and Monitoring Board (NCDMB) with a clear mandate to superintend over all matters pertaining to Nigerian content development in the Nigerian oil and gas industry.

- The NCDMB is to continuously transform the oil and gas industry by developing in-country capacity and indigenous capabilities of high international standards to result in significant employment creation, technology transfer (acquisition rather!), GDP growth and wealth creation.
2. Overview of the Act

- The Act comprises of three parts (107 clauses) and one Schedule.
- Main thrust of Act may be summarized under four sub headings:
  > Organisation and implementation framework
  > Indigenous and community participation
  > Development and utilization of local capacity
  > Nigerian Content (NC) targets, compliance, monitoring and enforcement
- The role of the NCDMB which is very clearly set out
3. Parts of the Act
3.1. Part 1 – NC Development in the Nigerian oil and gas industry

There are 68 Clauses dealing with the provision and application of the law. For implementation purpose, these are compressed into the following 11 reports, plans, etc:

- NC plan
- Quarterly procurement report
- Employment & training plan
- Research & development plan
- Technology transfer plan
- Insurance programme
- Legal services plan
- Financial services plan
- NC performance report
- NOGICD JQS
- NC Consultative Forum (NCCF)
3.2. Part II – Establishment of NCDMB (21 Clauses covering the structure, role and activities of NCDMB are dealt with under the following sections:

- NCDMB
- Governing Council
- Executive Secretary
- Staff, recruitment, welfare
- Etc

3.3. Part III – Financial provisions (18 Clauses)

- Funding, NCDF
- Budget
- Audit
- Regulations
- Review of the Schedule
3.4. The Schedule

- The NOGICD Act-2010, has a Schedule of 17 categories of activity areas which are further broken down into a total of about 284 sub activity areas. Each sub activity area has a percentage of LC value ranging from 30% to 100% of spend; man-hour; tonnage; volume; number, or length as of the date of enactment of the Act in April, 2010. The idea is for NCDMB to monitor the operators and contractors to move with continuous growth of Nigerian content to 100% and sustain the 100% level in areas that have attained it solely for indigenous Nigerian companies.

- An indigenous Nigerian company is defined as one with 51% Nigerian equity and/or asset ownership.

- Within a category or activity area the same set of criteria are used in the Joint Qualification System (JQS) to measure member companies’ performances.

- Major oil companies and contractors are monitored on their NC compliance both on time (operating year plan) and on projects. Good performers are rewarded, while poor ones are sanctioned.
4. MAIN THRUST OF THE ACT

4.1. Organisation And Implementation Framework

- Creates and integrates NCDMB into planning and contracting process to ensure Nigerian Content COUNTS.
- Empowers Honourable Minister to make regulations; Board to issue procedure guides.
- Mandates utilization of electronic platform to cover upstream, midstream, downstream, independents, etc.
- Requires increased stakeholders’ engagements in the NCCF to create linkages to other sectors of the economy, including professional services.
4. Main Thrust Of The Act Cont’d

4.2. INDIGENOUS AND COMMUNITY PARTICIPATION

- Requires increased participation by indigenes and defines indigenous company
- Creates opportunity for integrating Oil Producing Communities into mainstream Industry activity.
- Mandates Enlightenment and Awareness Programmes
4.3. Development and Utilization Of Local Capacity

- Promotes Education, Employment, Training, Research and Development.
- Requires multinationals to domicile proportion of assets in Nigeria
- Promotes indigenous ownership of equipment
- Mandates local capacity development – Cap analysis; design and implement interventions.
- Provides dedicated NC Development Fund for capacity building

4.4. NC targets, Compliance Monitoring And Enforcement

- Sets steep targets for specific work items to be executed in Nigeria
- Empowers Hon Minister to grant waiver under specific conditions
- Provides for monitoring, measurement and tracking compliance
- Stipulates penalty for non-compliance
5. The role of the NCDMB:

a) To ensure the enforcement of the provisions of the Act and secure envisaged benefits.
b) To facilitate the effective implementation of the Act

The Board is playing these roles through

- Supervision, coordination, administration, monitoring and management of the development of Nigerian content in the Nigerian oil and gas industry.
- Setting up, administering and managing the industry’s e-market place.
- Establishment and maintenance of the Joint Qualification System (JQS)
- Public education and enlightenment.
- Doing legally anything necessary to carry out the Board’s functions.
THANK YOU