



The Nigerian Content Development & Monitoring Board (NCDMB)



“Local Content Implementation: Contracting and Monitoring”

by

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March 02, 2016

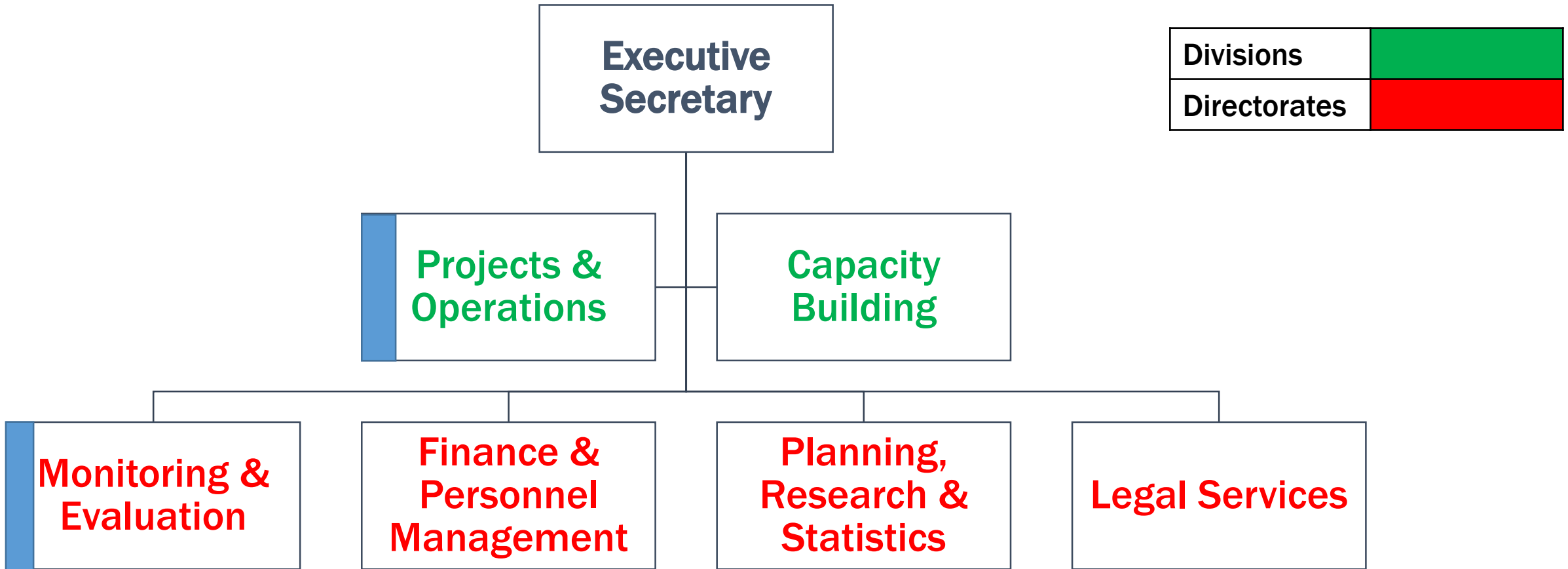


Presentation Outline:

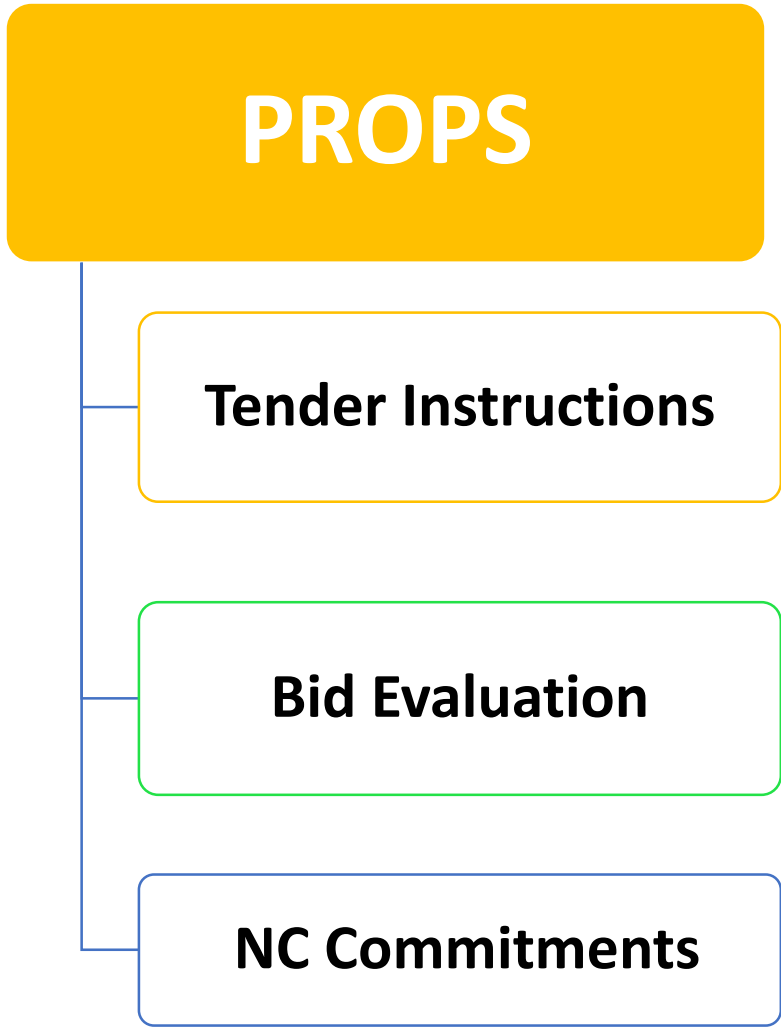


Chapter 1	Introduction and Overview of NCDMB Structure
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Chapter 2	Roles and Responsibility of Projects and Operations (PROPs)
Chapter 3	Contracting Cycle – Contract initiation phase, ITT documentation stage, Bid evaluation stage and NCCC.
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Introduction: NCDMB Overview



Projects & Operations (PROPs)



Key requirement of the NOGICD Act that Empowers PROPS



SECTION OF ACT	ACTIVITY	DESCRIPTION/REQUIREMENTS
2	Nigerian Content Philosophy	All regulatory authorities, operators, contractors, sub-contractors, alliance partners and other entities involved in any project, operation, activity, or transaction in the Nigerian oil and gas industry shall consider Nigerian content as an important element in their overall project development and management philosophy for project execution
7	Nigerian Content Plan	In the bidding for any license, permit or interest and before carrying out any project in the oil and gas industry, an operator shall submit a Nigerian content plan to the Board demonstrating compliance with the Nigerian content requirements of this Act.
8	Certificate of Authorization	The Board shall review and assess the plan and, if satisfied that the plan complies with the provision of the Act, issue a certificate of authorization (the certificate) to the operator for that project.

Key requirement of the NOGICD Act that Empowers PROPS



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Section of Act	ACTIVITY	DESCRIPTION/REQUIREMENTS
11	Minimum Targets NC	As from the commencement of this Act, the minimum Nigerian content in any project to be executed in the Nigerian oil and gas industry shall be consistent with the level set in the schedule of this act.
10(1)	Contents of Plan NC	<p>A plan shall contain provisions intended to ensure that:</p> <ul style="list-style-type: none"> a. first consideration shall be given to services provided from within Nigeria and to goods manufactured in Nigeria (Land and Swamp activities, Marine Vessel tender, Provision of Rigs) b. Nigerians shall be given first consideration for training and employment in the work programme for which the plan was submitted

Roles and Responsibility



Item	Responsibility
Interface	Interface with Nigerian Content (NC) Departments of the Operators to develop Nigerian Content Plan
Prequalification	Ensure that the requirements of NOGICD Act 2010 are inserted in draft prequalification adverts and ITTs before they are issued for tendering.
Documented Commitments	NC Ensure that bidders make required documented commitments in line with the provisions of the NOGICD Act 2010, during prequalification, technical and commercial evaluations.
NCCC	Issue Nigerian Content Compliance Certificate (NCCC) to accompany contract award recommendations.
In-country Capacity	Participate in site visits to confirm in-country capacities & capabilities.

Roles and Responsibility Cont'd



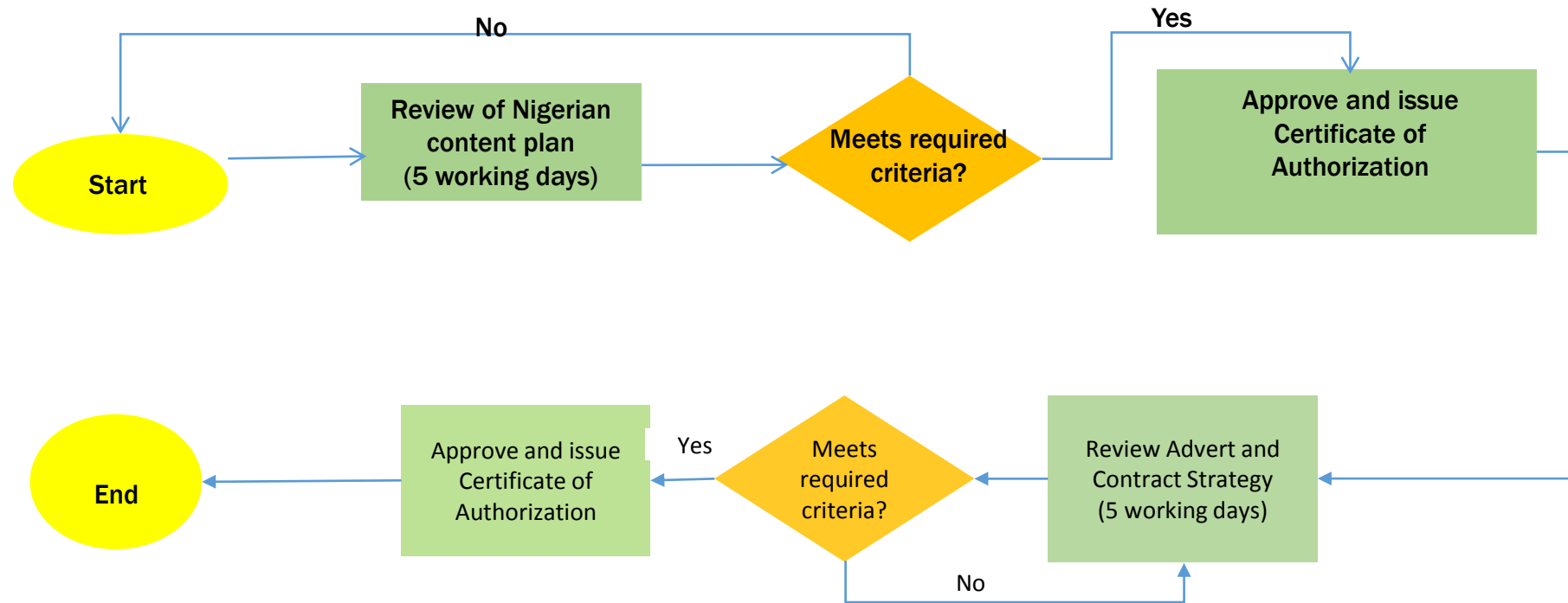
Item	Responsibility
Set Targets	Review minimum set targets and evaluation criteria as occasioned by genuine and verifiable developments in local capabilities and capacities in the supply of goods and services.
NC Documentation	Verification of mandatory documentations from the contracting community.
Guideline Implementation	Implement NCDMB issued guidelines on all projects in the oil and gas industry eg. Marine vessel categorization , R & D, Human Capacity Development and Offshore Rig Acquisition guidelines

Commitments

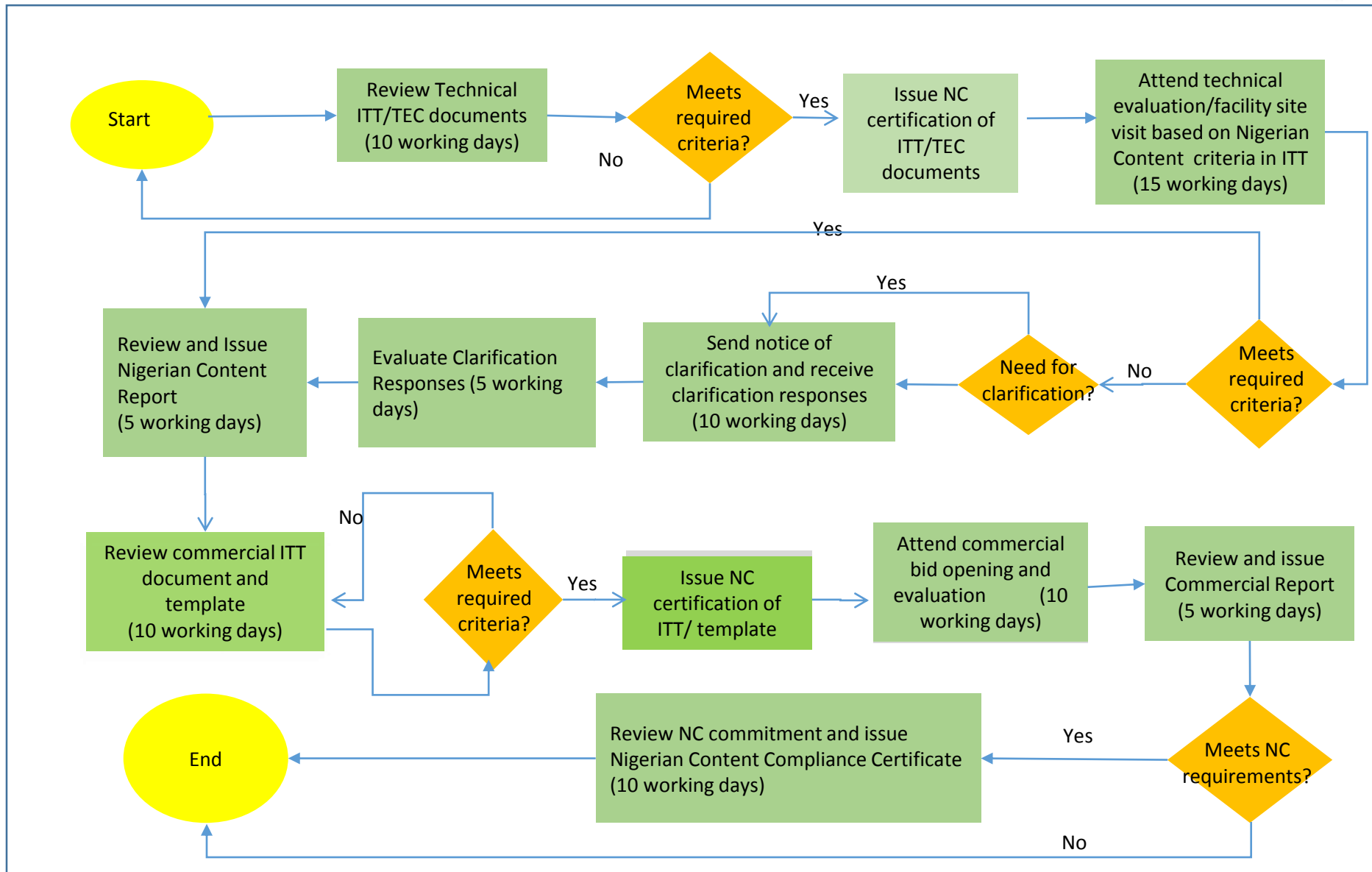
NC commitments on all projects/contracts/services are derived from the Schedule of the NOGICD Act Examples are as follows:

Activity	Local Content Target	Measuring Unit
FEED & Detailed Engineering for Onshore Facilities	90%	Man-Hours
Valves	60%	Number
Subsea Systems (Fabrication)	60%	Tonnage
High Voltage Cables	45%	Length
Geophysical Interpretation Services	90%	Spend

Contracting Cycle : Review of NCP, Advert and Strategy (Contract initiation phase)



Contracting Cycle: ITT Documentation Stage (Pre -award stage)

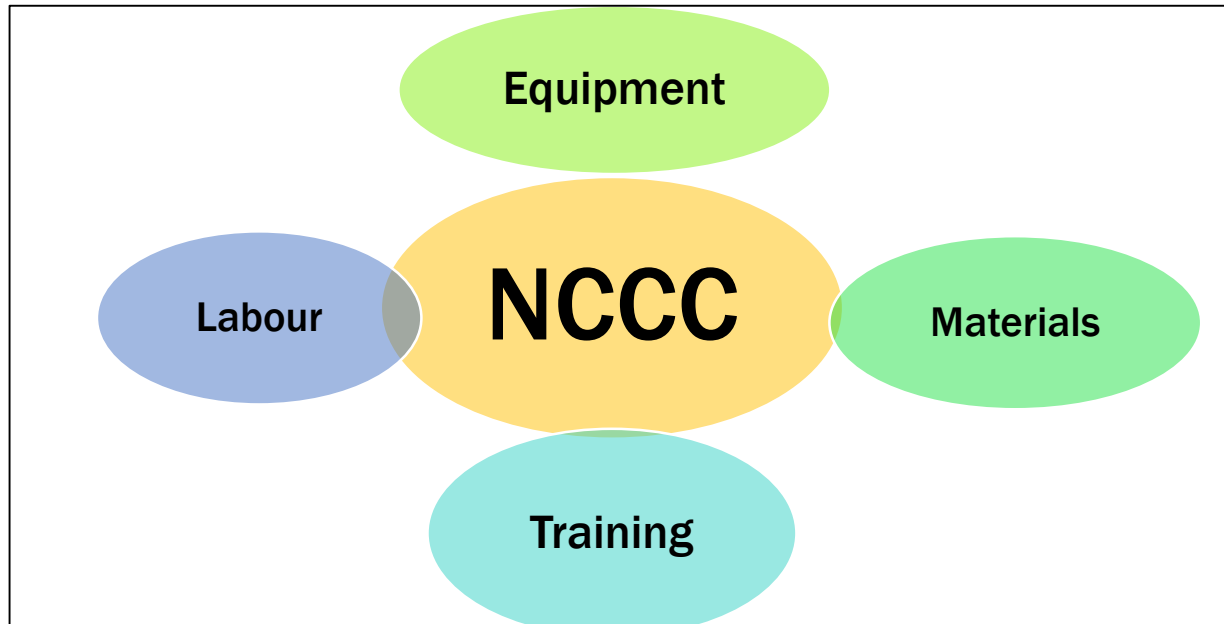


- ❑ The unit of measurement for targets in the schedule are either in man-hours, spend, tonnage, rates or numbers.
- ❑ Key Documents to be requested from bidders include but not limited to the under-listed:
 - **Form C02/C07 (Only indigenous Nigeria company to bid on land and swamp)**
 - **Evidence of In-country presence**
 - **Human Capital Development training**
 - **Memorandum of Agreement with Nigerian Sub-contractors**
 - **Evidence of 50% ownership of equipment**

Nigerian Content Compliance Certificate (NCCC)

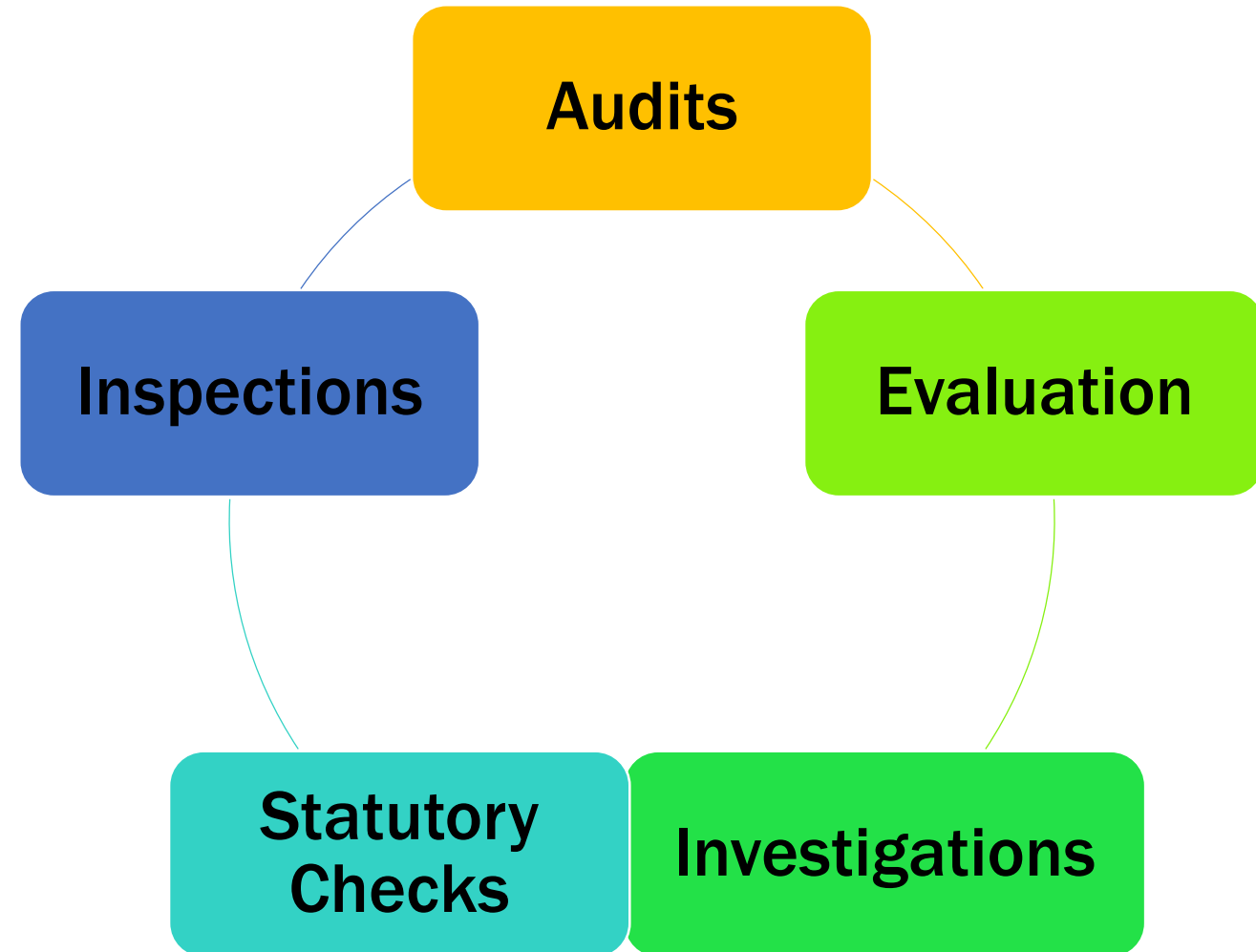
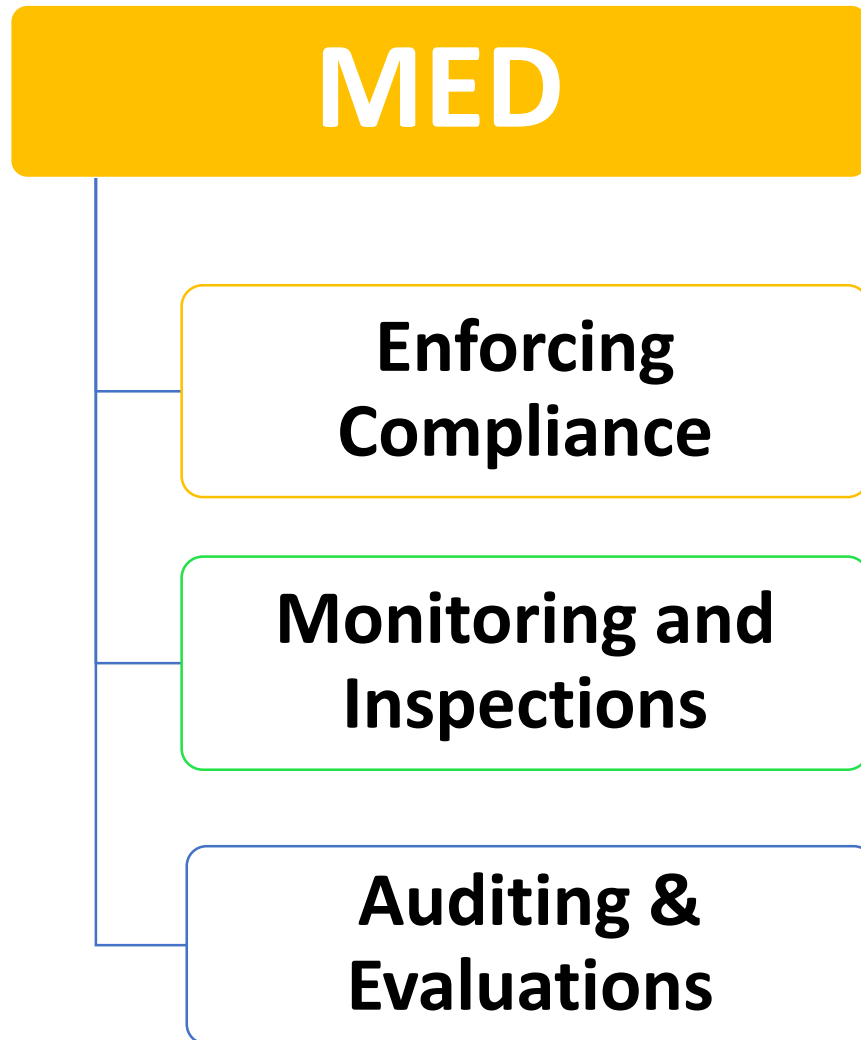


- At the end of the tendering exercise and when a preferred contractor emerges, the Nigerian content commitments of the successful bidder are detailed in the Nigerian Content Compliance Certificate (NCCC), approved by the Board for the minimum level of Nigerian content to be achieved during contract execution.



The details of the commitments in the NCCC include but not limited to:

- The amount estimated to be spent on procurement of made in Nigerian goods and services
- The opportunities for employment of Nigerians and estimated man-hours
- The amount and estimated man-hours to be expended on the training of Nigerians
- The total estimated value of the contract as well as the estimated amount to be retained in the Nigeria economy.

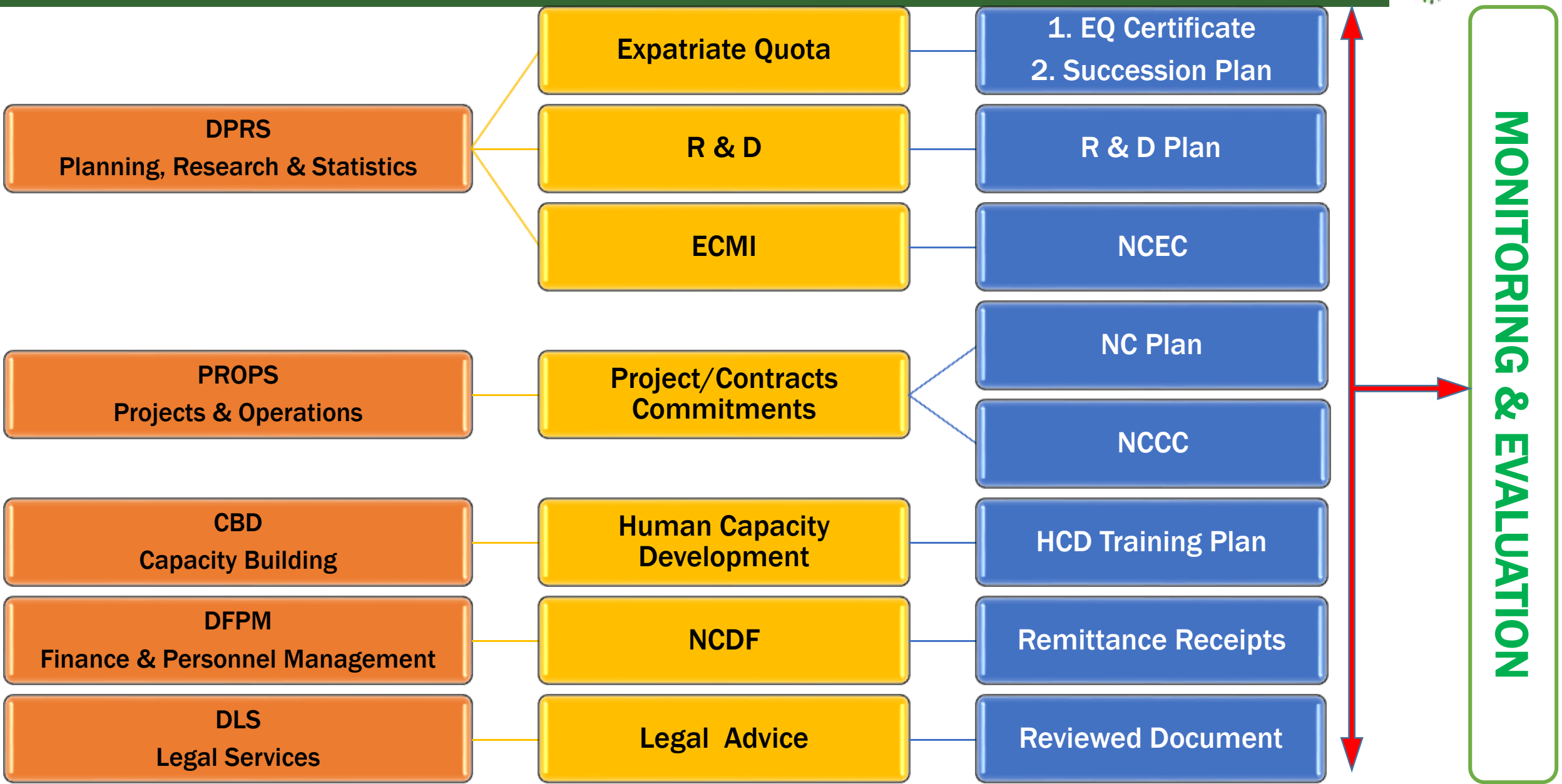


NCDMB Monitoring Mandate



Section of Act	Monitoring and Evaluation Mandate
59	NCDMB shall undertake EFFECTIVE MONITORING of the implementation of the provisions of this Act
62	The Board shall undertake regular ASSESSMENT AND VERIFICATION of Nigerian Content Performance Report filed by all operators in compliance with the provisions of this Act as may be considered appropriate by the Board.
70c	Supervise, Coordinate, administer, MONITOR and manage the development of Nigerian Content in the Nigerian Oil & Gas Industry
70j	MONITOR and coordinate the Nigerian Content Performance of all operators
70k	Make AUDITING procedures and conduct regular AUDITS for the purposes of monitoring and implementing compliances with the Act.
70l	Provide guidelines, definitions and MEASUREMENT of Nigerian content and Nigerian content indicator to be utilized throughout the industry.

OUTPUT FROM OTHER DIRECTORATES/DIVISIONS FORM INPUT FOR MED



Intervention Monitoring

- These are triggered through either of the following:
 - Formal complaints from the industry
 - Whistle blower alert of non-compliance from an industry insider
 - Deviations from NCCC Commitments, discovered by the Board during monitoring audits

Compliance Monitoring

- Ensure that statutory reports stipulated in the NOGICD Act are submitted at required time.
- Review submissions to ensure they meet NC requirements.

Performance Monitoring

- The Board carries out periodic Performance Monitoring Exercises to ascertain the level of compliance with the approved commitments.
- These approved documents are NC Commitments a company is expected to adhere to within a limited period.
- Example of approved documents.
 - Nigerian Content Compliance Certificate (NCCC) per project.
 - Nigerian Content Equipment Certification (NCEC) per equipment
 - Expatriate Quota Understudy Plan

Local Content Measuring Metrics



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Measurement:

Monitoring audits and evaluation are carried out to evaluate local content implementation milestones relative to minimum set targets outlined in the NOGICD Act. Examples are as follows:

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Evolution of Enforcement Strategy

Previous Enforcement Strategy: Carrot & Stick Approach



- Took cognizance of challenges faced with respect to absolute compliance with new law;
- Deployed a guidance and collaborative approach

Latest Enforcement Strategy: Gloves Off Approach



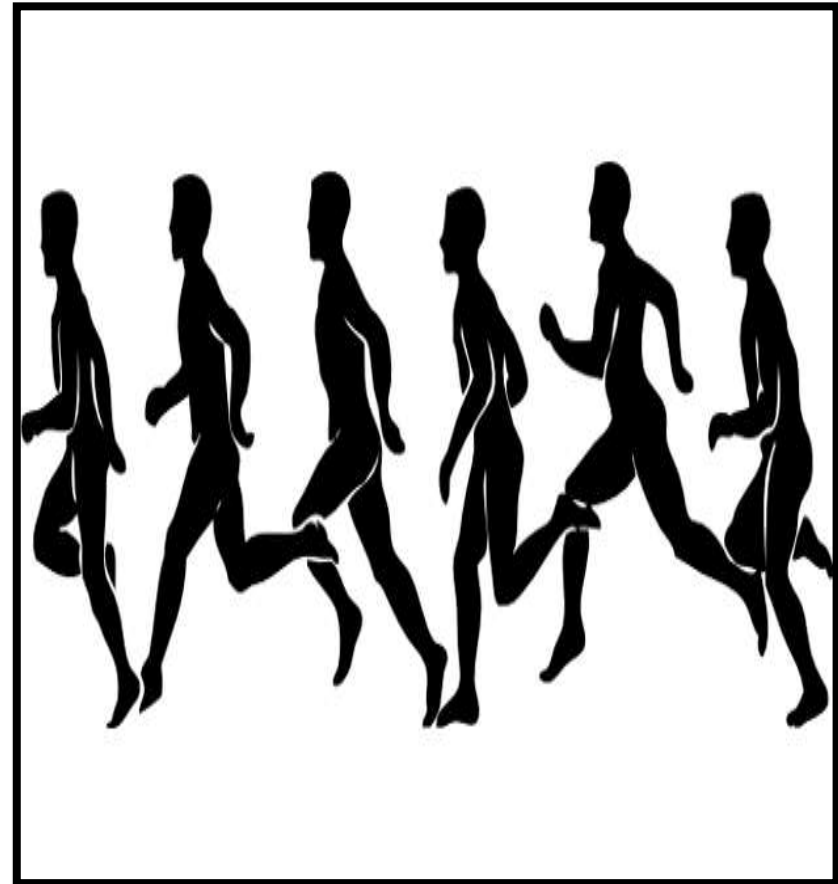
- Enforcement actions are initiated the moment flagrant non-compliance activities are discovered;
- **Stage 1:** Defaulting party blacklisted from participating in bidding and tendering processes.
- **Stage 2:** Processes for Sanctions are initiated

Conclusion:

IN LOCAL CONTENT WE TRUST!!!

- ❑ Though the crash in global oil prices has once again aroused doubts about the business and commercial viability of local content requirements, stakeholders must remain focused and understand that **in-country value addition** is a **major game changer** in the Nigerian petroleum industry.
- ❑ Nigerians deserve a sustainable-development driven oil industry rather than one driven by exploitation.

It's a Marathon (not a sprint)



The End



Any Questions?