

# Nigerian Local Content Update

KPMG in Nigeria

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## Introduction

This publication provides information on current developments in the Nigerian Local Content (NLC) space. We hope that you find the insights in the publication useful.

### 1. 10th anniversary of the Nigerian Oil and Gas Industry Content Development Act, 2010 (NOGICDA)

By April 2020, the NOGICDA would have been in force for 10 years. The Act has been instrumental to the promotion of the development and utilization of indigenous capacities in Nigeria, and we expect that the progress made will be consolidated for greater impact in the years to come.

### 2. Imminent repeal of the NOGICDA

A Bill has been proposed for an Act to repeal the NOGICDA and enact the Nigerian Content Development and Enforcement Act.

The Bill seeks to, among others, extend the application of the local content principles and philosophy to the following key sectors of the economy - Information and Communications Technology, Power, Solid Minerals, and Construction.

We are reviewing the Bill and will issue a detailed newsletter on it in due course. In the interim, it is important that the industries that may be impacted by the new legislation closely follow this development.

### 3. The Nigerian Content Development and Monitoring Board (NCDMB or “the Board”)’s 2020 focus

At the beginning of the year, the NCDMB via its website, [www.ncdmb.gov.ng](http://www.ncdmb.gov.ng), outlined the following as its focus areas in 2020:

- Technical capability (including commissioning of a 5,000bpd modular refinery and training of 1,000 teachers in Science, Technology, Engineering and Mathematics education);

- Compliance and enforcement (including the roll-out of a local content implementation recognition programme);
- Sectoral and regional market linkages (extending its collaboration with other sister agencies and MDAs with a view to improving patronage of local companies);
- Enabling business environment (including commencement of an annual stakeholder survey);
- Organisational capability (further developing the capacity and capability of staff members);
- Regulatory environment (working with the Office of the Minister of State for Petroleum Resources for sign-off of the Ministerial Regulations, and the Nigerian Content Committees in the Senate and the House of Representatives for extension of coverage of the NOGICDA);
- Collaboration and stakeholder engagement;
- Funding (implementing modalities to extend the Nigerian Content Intervention Fund to selected targeted stakeholder groups), and
- Research and development.

The execution of these initiatives will go a long way towards the attainment of the objectives of the Board’s 10-year strategic roadmap, one of which is to achieve 70% local content by 2027.

### 4. Submission of statutory reports for 2020

The NCDMB has issued a Public Notice detailing the statutory NLC reports to be submitted by the relevant stakeholders in the Nigerian oil and gas industry for 2020, and the frequency of reporting (consistent with the provisions of the NOGICDA). Operators and service providers in the industry are advised to take note of the reports and the timelines, to facilitate compliance with the provisions of the NOGICDA.

You can access the public notice [here](#) and the reporting templates [here](#).

## 5. Establishment of the Polaku cooking gas cylinders manufacturing facility

The NCDMB is partnering with a gas production and manufacturing company for the establishment of 400,000 per annum Type 3 LPG composite cylinder manufacturing plant in Polaku, Bayelsa State. This is in line with its resolve to develop facilities that will improve Nigeria's ability to meet domestic gas demand.

## 6. NCDMB and the Oil Producers Trade Section (OPTS) to develop marine vessels standards for the oil and gas industry

The NCDMB will be partnering with the OPTS to develop marine standards for the vessels that operate in the Nigerian oil and gas industry. The standards, which will be applied in marine tenders, will state uniform technical specifications that the marine vessels must meet to be eligible to operate in the industry.

## 7. Ongoing NCDMB forensic audit

The NCDMB, through its consultants, is currently conducting forensic audits on companies' accounting records from 2010 to 2017 financial years, to ascertain their level of compliance with the deduction and remittance of the one percent Nigerian Content Development (NCD) levy, pursuant to the provision of Section 104(2) of the NOGICDA.

The penalties for defaulters include investigation by the Economic and Financial Crimes Commission (for grievous defaults), prohibition from tendering for upstream contracts and non-approval of Expatriate Quota requests, amongst others.

These penalties reinforce the Board's resolve to enforce the deduction of the NCD levy on contracts in the Nigerian oil and gas industry. It is, therefore, important for companies to review their records and determine their level of compliance prior to a forensic audit by the NCDMB.

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**For further enquiries, please contact:**

**Wole Obayomi**

[NG-FMTAXEnquiries@ng.kpmg.com](mailto:NG-FMTAXEnquiries@ng.kpmg.com)

[home.kpmg/ng](http://home.kpmg/ng)

[home.kpmg/socialmedia](https://www.kpmg.com/socialmedia)

