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**PRESIDENTIAL DIRECTIVE ON REDUCTION OF PETROLEUM
SECTOR CONTRACTING COSTS AND TIMELINES, 2024**



ARRANGEMENT OF PARAGRAPHS

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1. Financial approval thresholds
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S. I. No. 3 of 2024

PRESIDENTIAL DIRECTIVE ON REDUCTION OF PETROLEUM
SECTOR CONTRACTING COSTS AND TIMELINES, 2024

[28th Day of February, 2024]

Commence-
ment.

WHEREAS, comparative analysis has shown that the contracting cycle within the Nigeria's petroleum sector exceeds global industry standards by 4 to 6 times and adversely affects our competitiveness for potential investors ;

WHEREAS, the Federal Government of Nigeria (FGN), with a view to promoting transparency and efficiency, and to encourage investment in the petroleum sector, aims to —

- (a) shorten the procedure for getting approval for contracts to which companies in the petroleum sector and companies controlled by the FGN are parties ; and
- (b) give effect to and reinforce the provisions of the Business Facilitation (Miscellaneous Provisions) Act, 2022 and enhance the ease of doing business within the petroleum sector ;

WHEREAS, there is the urgent and compelling need to reform the contracting process in petroleum sector by —

- (a) simplifying and compressing the contracting cycle to a period of not more than six months, in alignment with global industry practice ;
- (b) raising contract approval thresholds to account for the rate of inflation ; and
- (c) raising the duration for third party contracts from three to five years with the option of renewal for an additional two years ;

AND WHEREAS, the FGN is committed to improving the investment climate and positioning Nigeria as the preferred investment destination for the petroleum sector in Africa.

NOW THEREFORE, pursuant to the powers conferred upon me by section 5 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), section 3 of the Petroleum Industry Act, 2021 and section 100 of the Nigerian Oil and Gas Industry Content Development Act, 2010, I, **Bola Ahmed Tinubu**, GCFR, President, Federal Republic of Nigeria and Minister of Petroleum Resources, direct the Ministry of Finance Incorporated (MOFI) and Ministry of Petroleum Incorporated (MOPI), as shareholders of the Nigerian National Petroleum Company Limited (NNPCL), and the Nigerian Content Monitoring and Development Board (NCDMB) as follows —

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Financial approval thresholds

1.—(1) Where the provisions of Production Sharing Contracts (“PSC”) or Joint Operating Agreements (“JOA”) provide financial value thresholds for the prior consent of the NNPC for the awards of contracts and procurement, MOFI and MOPI are hereby directed to take steps to procure NNPC to amend the PSC or JOA to raise the contract approval thresholds to not less than US\$10,000,000 or the Naira equivalent determined at the NAFEX FMDQ exchange rate or any other platform determined by the Central Bank of Nigeria (“CBN”).

(2) MOFI and MOPI shall ensure that this threshold will be reviewed and adjusted in line with the rate of consumer inflation as disclosed by the National Bureau of Statistics on a yearly basis.

Consent timelines

2.—(1) NNPC and Nigerian Upstream Investment Management Services Limited (“NUIMS”) shall, in collaboration with the NCDMB and industry stakeholders, simplify the contract approval process and adopt a single level of approval by NUIMS and NCDMB at each contract stage including prequalification, technical, commercial and final approval stages.

(2) The NNPC and NUIMS shall ensure that all approvals or consents required to be given by it for contracts and procurement for each contract stage pursuant to the terms of PSCs or JOAs are issued within 15 days from the date of submission of application by the relevant party to the PSC or JOA.

(3) The NNPC and NUIMS shall communicate its decision to the applicant within the time-frame stipulated under subparagraph (2) of this paragraph.

(4) Where the NNPC and NUIMS fails to communicate its decision within the aforementioned timeline, the approval or consent shall be deemed granted.

(5) Where an applicant’s submission is deemed insufficient or inadequate, NNPC and NUIMS shall request additional information or clarification during the initial review period.

(6) The applicant is required to furnish such additional information or clarification within seven days.

(7) Following the submission, NNPC and NUIMS are obligated to respond to the applicant within the subsequent seven days and failure to do so will result in the approval or consent being deemed granted.

(8) The NCDMB shall review any Nigerian Content Plan (“NCP”) submitted to it pursuant to section 7 of the Nigerian Oil and Gas Industry Content Development Act within the 10 days stipulated in the Act.

(9) Where the NCDMB fails to communicate its decision within the 10 days period, the NCP shall be deemed approved.

(10) Where an applicant's submission is deemed insufficient or inadequate, NCDMB shall request for additional information or clarification during the initial review period.

(11) The applicant is required to furnish such additional information or clarification within seven days.

(12) Following the submission, NCDMB are obligated to respond to the applicant within the subsequent seven days and the failure to do so will result in the approval being deemed granted.

(13) The NCDMB shall direct an application for expatriate quota to the Ministry of Interior or any other relevant Ministry, Department or Agency (MDA) within 10 working days, provided all supporting documents are in place.

(14) Where any matter requires the approval, satisfaction or consent of the NCDMB and no timeline is provided under the Nigerian Oil and Gas Industry Content Development Act, the NCDMB shall communicate its decision on such matter within 15 days of receiving a request to that effect, failing which the NCDMB shall be deemed to have approved, satisfied or consented to such matter.

3. The duration for third-party contracts awarded pursuant to a PSC or JOA is increased from three years to five years with the option of renewal for an additional two years after the expiration of the initial five years. Third-party contract duration

4.—(1) This Directive shall take effect immediately.

Effective date and implementation

(2) The MOFI, MOPI and NCDMB shall comply with this Directive within 30 days, and shall work out the modalities for its implementation.

6. This Directive may be cited as the Presidential Directive on Reduction of Petroleum Sector Contracting Costs and Timelines, 2024. Citation

ISSUED at Abuja this 28th day of February, 2024.

BOLA AHMED TINUBU, GCFR
President, Federal Republic of Nigeria