

PETROLEUM INDUSTRY GOVERNANCE BILL, 2016.

ARRANGEMENT OF SECTIONS

Section

PART I - OBJECTIVES

1. Objectives

PART 2 - THE MINISTER

2. Functions and powers of the Minister
3. Rights of pre-emption

PART 3 - NIGERIA PETROLEUM REGULATORY COMMISSION

4. Establishment of the Nigeria Petroleum Regulatory Commission
5. Objectives of the Commission
6. Functions of the Commission
7. Powers of the Commission
8. Regulations
9. Decisions and orders made by the Commission
10. Commission to give notice to interested parties
11. Engagement of expertise support
12. Question of law may be referred to the Federal High Court
13. Governing Board of the Commission
14. Functions of the Governing Board
15. General policy directions
16. Remuneration and allowances of members of the Board
17. Disqualification and cessation of appointment
18. Resignation of a member of the Board
19. Vacancy on the Board
20. The Chief Executive Commissioner and Executive Commissioners
21. Appointment, tenure, remuneration and conditions of service of the Chief Executive Commissioner and the Executive Commissioners

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22. Disqualification from appointment
  23. Other staff, etc.
  24. Pensions
  25. Financial provisions
  26. Funding
  27. Power to accept grants
  28. Accounts and audit
  29. Mid-year and annual reports
  30. Exemption from income tax
  31. Limitation of suits against the Commission, etc.
  32. Service of court process on the Commission
  33. Restriction on execution against the Commission's property
  34. Special Investigation Unit
  35. Indemnity of Board members and employees
- PART 4 - ESTABLISHMENT OF COMMERCIAL ENTITIES
36. Establishment of the Ministry of Petroleum Incorporated
  37. Incorporation of the Nigeria Petroleum Assets Management Company and the National Petroleum Company
- PART 5 - NIGERIA PETROLEUM ASSETS MANAGEMENT COMPANY
38. The Nigeria Petroleum Assets Management Company.
  39. Business or objects of the Management Company
  40. Engagement of technical support
  41. Transfer of assets and liabilities
  42. Conclusive evidence
  43. Release from liability or obligation
  44. Enforcement or continuation of any cause of action or proceedings
  45. Transfer not deemed to constitute a breach of contract
  46. Guarantee or surety
  47. Dividend policy
  48. Funding

49. Provision of records etc. to the Management Company
50. Further order amending a Transfer Order
51. Directions to the NNPC on matters related to transition
52. Transfer of employees to the Management Company and conditions of service of transferred employees
53. Exemption from stamp duty and other charges
54. Certain exemption from rates
55. Composition and appointment of the Board
56. Terms of office of members of the Board
57. Management and governance of the Management Company
58. Matters reserved for the shareholders
59. Publication of annual report and annual accounts of the Management Company
60. Protection of land belonging to the Management Company

PART 6 - NATIONAL PETROLEUM COMPANY

61. Shareholding of the National Petroleum Company
62. Exemption from certain laws
63. Initial funding of the National Petroleum Company
65. Retention of revenue and dividend policy
66. Divestment of shares of the National Petroleum Company
67. Transfer of employees, assets and liabilities
68. Conclusive evidence
69. Release from liability or obligation
70. Enforcement or continuation of any cause of action or proceedings
71. Transfer not deemed to constitute a breach of contract
72. Guarantee or surety
73. Provision of records etc. to the National Petroleum Company
74. Further order amending a transfer order
75. Directions to NNPC on matters related to transition
76. Transfer of employees to the National Oil Company

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77. Delisting of assets
  78. Exemption from stamp duty and other charges
  79. Composition and Appointment of the Board
  80. Management and governance of the National Petroleum Company
  81. Terms of office of members of the Board
  82. Matters reserved for the Shareholders.
  83. Publication of annual report and annual account of the National Petroleum Company
  84. Certain exemption from rates
  85. Protection of National Petroleum Company's land

PART 7 - REPEALS, TRANSITIONAL AND SAVINGS PROVISIONS

86. Adaptation of laws
87. Repeals
88. Saving provisions
89. Transfer of staff, etc.
90. Cessation of employment
91. Application of subsisting contracts
92. Interpretation
93. Short Title

SCHEDULES

First Schedule

Second Schedule

Third Schedule

Fourth Schedule

Fifth Schedule

# A BILL

## FOR

AN ACT TO PROVIDE FOR THE GOVERNANCE AND INSTITUTIONAL  
FRAMEWORK FOR THE PETROLEUM INDUSTRY AND FOR OTHER RELATED  
MATTERS

*Sponsor: Senator Omotayo D. Alasoadura*

*Co-sponsors:*

- |                         |                            |
|-------------------------|----------------------------|
| Sen. Barau Jibrin       | Sen. Bassey Albert Akpan   |
| Sen. Gershon Bassey     | Sen. Abubakar A. Gumel     |
| Sen. Francis Alimikhena | Sen. Stella Odua           |
| Sen. Sam O. Egwu        | Sen. Mohammed Hassan       |
| Sen. Olusola Adeyeye    | Sen. Baba-Kaka Garbai      |
| Sen. David Umaru        | Sen. Philip Gyunka         |
| Sen. Abubakar Ahmadu    | Sen. Rilwan Adesoji        |
| Sen. Ibrahim Umar Kurfi | Sen. Danjuma Laah          |
| Sen. Hope Uzodimma      | Sen. Joshua Dariye         |
| Sen. Emmanuel Paulker   | Sen. Ibrahim Danbaba       |
| Sen. Biodun C. Olujimi  | Sen. Philip Aduda Tanimu   |
| Sen. Ahmad I. Lawan     | Sen. Ogolar Foster         |
| Sen. Godfrey Utazi      | Sen. Buhari Abdulfatai     |
| Sen. Abdullahi Adamu    | Sen. Danladi Sani Abubakar |

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of  
Nigeria as follows:

### PART I - OBJECTIVES

- |    |   |            |
|----|---|------------|
| 1  | 1. The objectives of this Act shall be to-                                    | Objectives |
| 2  | (a) create efficient and effective governing institutions with clear          |            |
| 3  | and separate roles for the petroleum industry;                                |            |
| 4  | (b) establish a framework for the creation of commercially                    |            |
| 5  | oriented and profit driven petroleum entities that ensures value addition and |            |
| 6  | internationalization of the petroleum industry;                               |            |
| 7  | (c) promote transparency and accountability in the administration             |            |
| 8  | of the petroleum resources of Nigeria; and                                    |            |
| 9  | (d) foster a conducive business environment for petroleum                     |            |
| 10 | industry operations.  |            |

## 1 PART 2 – THE MINISTER

Functions and  
powers of the  
Minister

- 2 2. -(1) The Minister shall-
- 3 (a) be responsible for the determination, formulation and monitoring
- 4 of Government policy for the petroleum industry;
- 5 (b) exercise general supervision over the affairs and operations of the
- 6 petroleum industry subject to the provisions of this Act;
- 7 (c) report developments in the petroleum industry to the Federal
- 8 Executive Council;
- 9 (d) advise the Government on all matters pertaining to the petroleum
- 10 industry;
- 11 (e) promote the development of local content in the Nigerian
- 12 petroleum industry;
- 13 (f) represent Nigeria at international organizations that are primarily
- 14 concerned with the petroleum industry;
- 15 (g) negotiate and execute international petroleum treaties and
- 16 agreements with other sovereign countries, international organizations and
- 17 other similar bodies on behalf of the Government;
- 18 (h) upon the recommendation of the Commission, grant, amend,
- 19 renew, extend or revoke any licence or lease required for petroleum exploration
- 20 or production pursuant to the provisions of this Act or any other enactment; and
- 21 (i) do all such other things as are incidental to and necessary for the
- 22 performance of the functions of the Minister under this Act.

23 (2) The Minister may in writing delegate to any other person or

24 institution any power or function conferred on him by or under this Act.

Rights of  
pre-emption

25 3.-(1) In the event of a state of national emergency as specified in the

26 Constitution of the Federal Republic of Nigeria, 1999, the Minister shall have

27 the right of pre-emption of all petroleum and petroleum products obtained,

28 marketed or otherwise dealt with under any license or lease granted under this

29 Act or any other enactment.

30 (2) The provisions of the First Schedule to this Act shall have effect in

1 relation to the rights referred to in subsection (1) of this section.

2 (3) Any person, who fails or neglects to comply with a requisition  
3 made by or on behalf of the Minister under paragraphs 1, 2 or 7 of the First  
4 Schedule to this Act, or fails to conform or to obey a direction issued by the  
5 Minister under paragraph 8 of the First Schedule to this Act, commits an  
6 offence and is liable on conviction to a fine not above N10, 000,000.00 or to  
7 imprisonment for a period not exceeding six months or both.

8 (4) Any person who obstructs or interferes with the Minister, his  
9 servants or agents in the exercise of the powers conferred on the Minister  
10 under paragraph 8 of the First Schedule to this Act, shall be guilty of an  
11 offence and on conviction shall be liable to a fine not above N5,000,000.00  
12 or to imprisonment for a period not exceeding six months or to both.

13 (5) The Minister may by regulation increase the financial penalties  
14 imposed under subsections 3 and 4 of this section.

#### 15 PART 3 – NIGERIA PETROLEUM REGULATORY COMMISSION

16 4.-(1) There is established under this Act the Nigeria Petroleum  
17 Regulatory Commission ("the Commission") as a body corporate with  
18 perpetual succession and a common seal and which may sue or be sued in its  
19 corporate name.

Establishment  
of the Nigeria  
Petroleum  
Regulatory  
Commission

20 (2) The Commission shall have power to -

21 (a) enter into contracts and incur obligations;

22 (b) acquire, hold, mortgage, purchase and deal with property,  
23 whether movable or immovable, real or personal; and

24 (c) do all such things as are necessary for or incidental to the  
25 carrying out of its functions and duties under this Act.

26 (3) From the date of the commencement of this Act, without further  
27 assurance, the Commission shall be vested with all assets, funds, resources  
28 and other movable and immovable properties which immediately before the  
29 commencement of this Act were held by the Petroleum Inspectorate, the  
30 Department of Petroleum Resources and the Petroleum Products Pricing

1 Regulatory Agency.

2 (4) As from the date of commencement of this Act-

3 (a) the rights, interests, obligations and liabilities of the Petroleum  
4 Inspectorate, Department of Petroleum Resources and the Petroleum Products  
5 Regulating Agency existing immediately before the Effective Date under any  
6 contract or instrument or at law or in equity shall by virtue of this Act be  
7 assigned to and vested in the Commission;

8 (b) any such contract or instrument covered by subsection 4(a) of this  
9 section shall be of the same force and effect against or in favour of the  
10 Commission and shall be enforceable as fully and effectively as if instead of the  
11 Petroleum Inspectorate, Department of Petroleum Resources or the Petroleum  
12 Products Pricing Regulatory Agency, the Commission had been named therein  
13 or had been a party thereto; and

14 (c) the Commission shall be subject to all the obligations and  
15 liabilities to which the Petroleum Inspectorate, Department of Petroleum  
16 Resources and the Petroleum Products Pricing Regulatory Agency were  
17 subject immediately before the Effective Date and all other persons shall as  
18 from the Effective Date have the same rights, powers and remedies against the  
19 Commission as they had against the Petroleum Inspectorate, Department of  
20 Petroleum Resources and the Petroleum Products Pricing Regulatory Agency  
21 immediately before the Effective Date.

22 (5) The Commission shall be structured into departments as its Board  
23 may, from time to time, deem appropriate for the effective discharge of its  
24 functions under this Act.

25 **5. The Commission shall -**

26 (a) promote the healthy, safe and efficient conduct of all petroleum  
27 operations in an environmentally friendly and sustainable manner;

28 (b) promote the efficient, safe, effective and sustainable  
29 infrastructural development of the petroleum industry;

30 (c) ensure compliance with all applicable laws and regulations



1 governing the petroleum industry;

2 (d) determine and ensure the implementation and maintenance of  
3 technical standards, codes and specifications applicable to the petroleum  
4 industry in line with global best practice;

5 (e) subject to the provisions of this Act, execute Government  
6 policies for the petroleum industry assigned to it by the Minister;

7 (f) promote an enabling environment for investments in the  
8 petroleum industry;

9 (g) ensure that regulations are fair and balanced for all classes of  
10 lessees, licensees, permit holders, consumers and other stakeholders;

11 (h) in consultation with the Ministry of Environment, ensure strict  
12 implementation of environmental policies, laws and regulations as pertains  
13 to oil and gas operations; and

14 (i) implement such other objectives as are consistent with the  
15 provisions of this Act.

16 6.-(1) The Commission shall -

Functions of the  
Commission

17 (a) administer and enforce policies, laws and regulations relating to  
18 all aspects of petroleum operations which are assigned to it under the  
19 provisions of this Act or any regulations made in pursuance of this Act or  
20 under any other enactment;

21 (b) monitor and enforce compliance with the terms and conditions  
22 of all leases, licences, permits and authorisations issued in respect of any  
23 petroleum operations;

24 (c) define and enforce approved standards for design, construction,  
25 fabrication, operation and maintenance for all plants, installations and  
26 facilities utilized or to be utilized in petroleum operations;

27 (d) in consultation with the Ministry of Environment, ensure  
28 adherence to applicable national and international environmental and other  
29 technical standards by all persons involved in petroleum operations;

30 (e) establish, monitor, regulate and enforce health and safety

- 1 measures relating to all aspects of petroleum operations;
- 2 (f) keep public registers of all leases, licences, permits and other  
3 authorizations issued by the Commission or the Minister and any renewals,  
4 amendments, extensions, suspensions and revocations thereof;
- 5 (g) monitor the activities of the holders of leases, licences, permits  
6 and other authorizations issued by the Commission or the Minister to secure  
7 and enforce compliance with the terms and conditions thereof and carry out  
8 enquiries, tests, audits, investigations and any other undertakings deemed  
9 necessary for performance of this responsibility;
- 10 (h) publish reports and statistics on the petroleum industry;
- 11 (i) develop and publish methodologies for tariffs and pricing relating  
12 to third party access to petroleum facilities from time to time by regulation;
- 13 (j) establish the framework for the validation and certification of  
14 national hydrocarbon reserves; and
- 15 (k) advise the Minister on fiscal and other issues pertaining to the  
16 petroleum industry.
- 17 (l) undertake evaluation of national reserves and reservoir  
18 management studies;
- 19 (m) conduct regular audits of the activities of operators engaged in  
20 petroleum operations and oil service companies in order to ensure compliance  
21 with Nigerian laws and requirements for petroleum operations;
- 22 (n) maintain a petroleum industry data bank comprising all data  
23 acquired by or given to the Commission in the exercise of its statutory  
24 functions;
- 25 (o) supervise and ensure accurate calibration and certification of  
26 equipment used for fiscal measures for upstream petroleum operations;
- 27 (p) issue licences or permits and any other authorisations necessary  
28 for all activities connected with, but not limited to the following:
- 29 (i) Seismic,  
30 (ii) Drilling,

- 1 (iii) Design, fabrication, construction, commissioning and  
2 decommissioning of all facilities for upstream petroleum operations, and  
3 (iv) Maximum efficiency rate test and other well test/production  
4 related activities;
- 5 (q) manage and administer all unallocated acreage of crude oil and  
6 natural gas and all upstream petroleum data;
- 7 (r) conduct bid rounds or other processes for the award of any  
8 licence or lease required for petroleum exploration or production;
- 9 (s) make recommendations to the Minister for the issuance,  
10 modification, amendment, extension, suspension, review, cancellation and  
11 reissuance, revocation and / or termination of upstream licences made in  
12 compliance with applicable laws and regulations;
- 13 (t) approve all field development programmes;
- 14 (u) allocate petroleum production quotas;
- 15 (v) develop benchmarks and cost management strategies for  
16 petroleum operations performance monitoring;
- 17 (w) compute, assess and ensure payment of royalties, rentals, fees,  
18 and other charges for upstream petroleum operations; and
- 19 (x) issue clean certificates of inspection at the oil terminals to  
20 exporters of crude oil upon satisfaction that the requirements as to quality  
21 and quantity have been complied with.
- 22 (y) regulate and co-ordinate the activities of the industry in a non-  
23 discriminatory and transparent manner;
- 24 (z) establish the methodology for determining appropriate tariffs  
25 for gas processing, gas transportation / transmission and transportation of  
26 crude oil and bulk storage of oil and gas;
- 27 (aa) develop cost benchmarks for key elements of midstream &  
28 downstream petroleum operations;
- 29 (bb) regulate bulk storage, transportation and transmission of

- 1 crude oil and gas and set rules for the common carrier systems for crude oil and  
2 gas;
- 3 (cc) promote the principles of sustainable infrastructural  
4 development;
- 5 (dd) promote competition and private sector participation;
- 6 (ee) ensure that all economic and strategic demands for gas in the  
7 domestic economy are met;
- 8 (ff) monitor and enforce the actual application of tariffs and pricing  
9 frameworks;
- 10 (gg) monitor market behaviour including the development and  
11 maintenance of competitive markets;
- 12 (hh) arrest situations of abuse of dominant power and restrictive  
13 business practices;
- 14 (ii) inspect the metering of pumps and all other facilities and ensure  
15 their compliance with safety standards as prescribed by the Commission;
- 16 (jj) grant, issue and renew licences, permits and authorisations  
17 including but not limited to licences, permits or authorisations for downstream  
18 gas, petroleum products, storage depots, retail outlets, transportation and  
19 distribution facilities and the design, fabrication, construction, commissioning  
20 and decommissioning of all facilities including those for gas and  
21 petrochemicals and prescribe requirements to be satisfied by applicants for  
22 these purposes;
- 23 (kk) modify, amend, extend, suspend, review, cancel and reissue,  
24 revoke and/or terminate licences, permits and authorisations;
- 25 (II) establish methodology for calculating the fair market value of  
26 petroleum products;
- 27 (mm) regulate and set rules for petroleum products distribution,  
28 petroleum product pipelines, retail outlets and storage depots;
- 29 (nn) ensure security of petroleum products supply, market  
30 development and the development of competition;

- 1 (oo) develop market rules for trading in wholesale gas supplies to  
2 downstream gas distributors;
- 3 (pp) establish customer protection measures;
- 4 (qq) undertake consultation with customers, licensees and other  
5 industry participants, where necessary, for purpose of:
- 6 (i) promoting and protecting the interests of consumers; and  
7 (ii) promoting the principles of sustainable resource and  
8 infrastructural development through the efficient supply and use of  
9 downstream gas and other petroleum products;
- 10 (rr) regulate and ensure the supply, distribution, marketing and  
11 retail of petroleum products;
- 12 (ss) administer and monitor the national operating and strategic  
13 stocks as set by the Minister;
- 14 (tt) monitor and enforce the actual application of petroleum  
15 product pricing formulae or framework for petroleum products;
- 16 (uu) enforce consumer rights in relation to petroleum products and  
17 services;
- 18 (vv) establish appropriate dispute settlement mechanisms relating  
19 to the commercial rights and obligations of operators and customers  
20 pursuant to the provisions of this Act or any other enactment or; regulation,  
21 provided that operators and customers shall reserve the right to resolve  
22 disputes in accordance with the terms of their contracts or approach a court  
23 with jurisdiction in the matter;
- 24 (ww) inspect the metering of pumps and any other facilities at  
25 downstream retail outlets to ensure compliance with safety standards:
- 26 (xx) establish, monitor and regulate health, environmental and  
27 safety measures relating to the management of downstream assets,  
28 including but not limited to refineries, petrochemical plants, lube plants,  
29 petroleum depots & pipelines and downstream gas plants;
- 30 (yy) monitor and ensure the quality and process of conversion or

1 blending of whatever material by whatever method to fuels, bio-fuels or other  
2 petroleum derivatives for automotive use in Nigeria;

3 (zz) Monitor and ensure the quality of petroleum products sold in  
4 Nigeria.

5 (2) In addition to the functions specified above, the Commission  
6 shall:

7 (a) develop open access rules applicable to crude oil and petroleum  
8 products and natural gas transportation pipelines, strategic depots, loading  
9 facilities, transportation, transmission and bulk storage facilities;

10 (b) notwithstanding the provisions of any other law or regulations,  
11 exclusively supervise and ensure accurate calibration and certification of  
12 equipment used for fiscal measures in the industry;

13 (c) undertake by itself or through qualified expertise such other  
14 activities as are necessary or expedient for giving full effect to the provisions of  
15 this Act; and

16 (d) do such other things as are necessary and expedient for the  
17 effective and full discharge of any of its functions under this Act.

18 (3) The Commission shall, in addition to its other functions:

19 (a) promote the exploration of the frontier basins of Nigeria;

20 (b) develop exploration strategies and portfolio management for the  
21 exploration of unassigned frontier acreages in Nigeria;

22 (c) identify opportunities and increase information about the  
23 petroleum resources base within all frontier acreages in Nigeria; and

24 (d) undertake studies, analyse and evaluate all unassigned frontier  
25 acreages in Nigeria;

26 (4) Collaboration and Consultation with other Agencies:

27 (a) In performing its functions as provided in this section, the  
28 Commission shall, where applicable, collaborate with other relevant  
29 Government agencies.

30 (b) Notwithstanding the provisions of any other law or regulation, no



1 Commissioner, the President shall have due regard to a fair representation of  
2 technical, legal and commercial experience.

3 (6) The persons appointed in paragraphs (a) and (b) of subsection (2)  
4 of this section shall hold office for a term of four years in the first instance,  
5 which term may be renewed for another term of four years only on such terms  
6 and conditions as may be specified in their letters of appointment.

7 (7) Appointment to the Board in respect of persons appointed  
8 pursuant to subsection 2 (a) and (b) of this section shall be in a non-executive  
9 and part- time basis.

10 (8) For the avoidance of doubt, the non-executive commissioners  
11 shall not participate in the day to day operations of the Commission;

12 (9) The proceedings of the Board and other ancillary matters shall be  
13 in accordance with the provisions of the Second Schedule to this Act.

14 (10) Subject to subsection (5) of this section, the Board shall have the  
15 power to make standing orders for the regulation of its proceedings and  
16 meetings and acts of the Board shall be deemed to be acts of the Commission.

17 (11) The conflict of interest provisions contained in the Third  
18 Schedule to this Act shall apply to all members of the Board.

Functions of the  
Governing Board

19 **14. -(1)** The Board shall:

20 (a) be responsible for the general direction and supervision of the  
21 Commission;

22 (b) oversee the operations of the Commission;

23 (c) provide general guidelines for the carrying out of the functions of  
24 the Commission;

25 (d) review and approve the business, strategic and operating plans of  
26 the Commission;

27 (e) consider and approve the budget of the Commission and monitor  
28 its performance;

29 (f) approve the audited and management accounts of the Commission



1 and undertake consideration of the management letter from the external  
2 auditors;

3 (g) determine the terms and conditions of service of employees of  
4 the Commission;

5 (h) stipulate remuneration, allowances, benefits and pensions of  
6 staff and employees of the Commission in consultation with the National  
7 Salaries, Incomes and Wages Commission;

8 (i) structure the Commission into such number of departments as it  
9 deems fit for the effective discharge of the functions of the Commission; and

10 (j) carry out such other functions and undertake such other  
11 activities which in the opinion of the Board are necessary to ensure the  
12 efficient and effective administration of the Commission in accordance with  
13 the provisions of this Act or as may be delegated to the Commission by the  
14 Minister.

15 (2) In carrying out their functions all members of the board shall  
16 have a duty to exercise independent judgment.

17 **15.-(1)** The Minister may issue general policy directions to the  
18 Commission on matters concerning the petroleum industry and the  
19 Commission shall implement such directions provided that the directions  
20 are not in conflict with the provisions of this Act.

General policy  
directions

21 (2) The Minister shall cause a copy of any directions given to the  
22 Commission in pursuance of subsection 1 of this section to be published in  
23 the Gazette.

24 (3) The Commission shall, subject to subsection (1) of this section,  
25 be independent in the performance of its functions, duties and the exercise of  
26 its powers.

27 **16.-(1)** Members of the Board shall be paid from the funds of the  
28 Commission such remuneration and allowances as the Commission may  
29 from time to time determine, having regard to the recommendation of the  
30 National Salaries, Incomes and Wages Commission.

Remuneration and  
allowances of  
members of the  
board

1 (2) While making recommendations, the National Salaries, Incomes  
2 and Wages Commission shall have due regard to the following principles:

3 (a) the specialised nature of work to be performed by the  
4 Commission;

5 (b) the need to ensure the financial self-sufficiency of the  
6 Commission; and

7 (c) the salaries paid in the private sector to individuals with equivalent  
8 responsibilities, expertise and skills.

Disqualification  
and cessation of  
appointment

9 17.-(1) A member of the Board may be suspended or removed from  
10 office by the President if the member:

11 (a) is found to have been unqualified for appointment as a member of  
12 the Board pursuant to the provisions of section 22 of this Act or is in a breach of  
13 the conflict of interest provision set out in the Third Schedule to this Act after  
14 his appointment;

15 (b) if he ceases to be an employee of the ministry which he represents  
16 on the Board;

17 (c) has demonstrated inability to effectively perform the duties of the  
18 office;

19 (d) has been absent from three consecutive meetings of the Board  
20 without the consent of the Chairman or when the Chairman is involved without  
21 the consent of the President except good reason is shown for such absence;

22 (e) is guilty of serious misconduct;

23 (2) Prior to the suspension or removal of a Commissioner under  
24 subsection (1) of this section, the President shall inform the Commissioner by  
25 written notice, as soon as practicable, of his intention to suspend or remove the  
26 Commissioner from office and the reasons therefore.

27 (3) The affected Commissioner under subsection (1) of this section  
28 shall be given a reasonable opportunity to make written submissions to the  
29 President within a time period specified in the notice and such time period shall  
not be less than 14 days from the date of the notice.

1           (4) The affected Commissioner may, within the time period  
2 specified in the notice, submit a written submission and the President shall  
3 consider the submission in making his final decision on the Commissioner's  
4 suspension or removal from office.

5           **18.** A non-executive member of the Board may resign his  
6 appointment by giving two months' written notice addressed to the  
7 President.

Resignation of  
a non-executive  
member of the  
board

8           **19.** -(1) A vacancy on the Board shall occur if a member of the  
9 Board-

Vacancy on the  
board

10           (a) dies;

11           (b) is removed from office in accordance with section 17 of this  
12 Act;

13           (c) resigns from office; or

14           (d) completes his tenure of office.

15           (2) A vacancy on the Board shall be filled by the appointment of  
16 another person by the President in accordance with section 13 of this Act.

17           (3) if a member of the Board dies, resigns or otherwise vacates his  
18 office before the expiry of the term for which he has been appointed, there  
19 shall be appointed a fit and proper person in the manner prescribed by  
20 section 13 of this Act to take his place on the Board.

21           **20.** -(1) There shall be for the Commission a Chief Executive  
22 Commissioner who shall be the chief executive and accounting officer of the  
23 Commission responsible for the day-to-day running of the affairs of the  
24 Commission.

The Chief  
Executive  
Commissioner  
and Executive  
Commissioners

25           (2) There shall be for the Commission three Executive  
26 Commissioners who shall be specifically assigned with the responsibility  
27 for leading the regulation of upstream, midstream and downstream  
28 activities in the sector.

29           (3) The persons to be appointed Chief Executive Commissioner  
30 and Executive Commissioners shall have extensive technical or

1 professional knowledge of the petroleum industry with a minimum of fifteen  
2 years' experience with relevant cognate experience at management level.

Appointment,  
tenure,  
remuneration and  
conditions of  
service of the  
Chief Executive  
Commissioner and  
the Executive  
Commissioners

3           **21.**-(1) The Chief Executive Commissioner and Executive  
4 Commissioners shall be appointed by the President subject to confirmation by  
5 the Senate on such terms and conditions as may be set out in their respective  
6 letters of appointment.

7           (2) The Chief Executive Commissioner shall be appointed in the first  
8 instance for a term of five years and shall be eligible for re-appointment for  
9 another term of five years.

10          (3) The Executive Commissioners shall be appointed in the first  
11 instance for a term of four years and shall be eligible for re-appointment for  
12 another term of four years.

Disqualification  
from appointment

13           **22.** A person shall not be appointed as a Commissioner if he or she:

14           (a) has a financial interest in any business connected, either directly or  
15 indirectly with the Nigerian petroleum industry, or is engaged in any activity  
16 (whether for remuneration or otherwise) connected with the petroleum  
17 industry, provided that such person may be appointed if he or she declares their  
18 interest and makes the appropriate arrangements that ensures the avoidance of  
19 a conflict of interest, or is a relative of a person who has such an interest or is  
20 engaged in such an activity, unless the President is satisfied that the interest or  
21 activity is in effect passive and will not interfere with the person's impartial  
22 discharge of his duties as a Commissioner or unless the financial interest is  
23 terminated prior to the appointment taking effect, or

24           (b) has, in terms of the laws in force in any country:

25           (i) been adjudged or declared bankrupt or insolvent and has not been  
26 rehabilitated or discharged, or

27           (ii) made an assignment to or arrangement or composition with his  
28 creditors which has not been rescinded or set aside;

29           (iii) been declared to be of unsound mind;

30           (iv) been convicted of any criminal offence by a court of competent

1 jurisdiction except for traffic offences or contempt proceedings arising in  
2 connection with the execution or intended execution of any power or duty  
3 conferred under this Act; or

4 (v) been disqualified or suspended from practising his profession  
5 by the order of a competent authority made in respect of him personally.

6 23.-(1) The Board may appoint for the Commission such number Other staff, etc.  
7 of persons as employees of the Commission as it may deem necessary.

8 (2) The employment of the Commission's staff shall be subject to  
9 such terms and conditions as may from time to time be stipulated by the  
10 Board and contained in the respective employment contracts.

11 (3) The Board shall determine and review from time to time, the  
12 remuneration and allowances payable to the Commission's staff, having  
13 regard to the recommendation of the National Salaries, Incomes and Wages  
14 Commission.

15 (4) While making recommendations, the National Salaries,  
16 Incomes and Wages Commission shall have due regard to the following  
17 principles:

18 (a) the specialised nature of work to be performed by the  
19 Commission;

20 (b) the salaries paid in the private sector to individuals with  
21 equivalent responsibilities, expertise and skills.

22 (5) The Board shall make staff regulations generally relating to the  
23 conditions of service of its employees and, in particular, but without  
24 prejudice to the generality of the foregoing, such regulations may provide  
25 for-

26 (a) the appointment, promotion, dismissal and discipline of  
27 employees;

28 (b) appeals by the employees against dismissal or other  
29 disciplinary measures; and

30 (c) the grant of pensions, gratuities and other retirement

1 allowances to the employees;

2 (6) Staff of the Commission shall be public officers as defined in the  
3 Constitution of the Federal Republic of Nigeria, 1999.

4 (7) For the purpose of this section, appointment shall include  
5 secondment, transfer and contract appointments.

Pensions

6 24.-(1) Employment in the Commission shall be subject to the  
7 provisions of the Pensions Reform Act and officers and employees of the  
8 Commission shall be entitled to pension and other retirement benefits as  
9 prescribed under the Pensions Reform Act.

10 (2) Nothing in subsection (1) of this section shall prohibit the  
11 Commission from appointing a person to any office on terms that preclude the  
12 grant of a pension or other retirement benefits in respect of that office.

13 (3) Subject to the Pensions Reform Act, and notwithstanding the  
14 provisions of this section, the Commission shall continue to fulfill all  
15 obligations in respect of pensions schemes to which the Department of  
16 Petroleum Resources and the Petroleum Products Price Regulatory Agency  
17 were obliged in respect of its employees, prior to the transfer of assets and  
18 liabilities to the Commission.

Financial  
provisions

19 25.-(1) The Commission shall not later than 30th September or such  
20 other date to be determined by the Ministry responsible for Budgets in each  
21 financial year, prepare and present for appropriation to the National Assembly  
22 through the Federal Ministry responsible for Budgets, a statement of estimated  
23 income and expenditure for the following financial year.

24 (2) Notwithstanding the provisions of subsection (1) of this section,  
25 the Commission may also, in any financial year, submit to the National  
26 Assembly through the Federal Ministry responsible for Budgets,  
27 supplementary or adjusted statements of estimated income and expenditure for  
28 appropriation.

29 (3) The financial year of the Commission shall be a period of twelve  
30 calendar months commencing on the 1st of January in each year.

1                   26.-(1) The Commission shall establish and maintain a fund ('the Fund') from which all expenditures incurred by the Commission shall be defrayed. Funding

2  
3  
4                   (2) The Fund shall comprise monies derived from the following sources:

5  
6                   (a) Such moneys which shall be a percentage of the revenue generated by the Commission for the Government of the Federation as may be determined and appropriated to the Commission from time to time by the National Assembly;

7  
8  
9  
10                  (b) fees charged for services rendered to holders of licences, permits or other authorizations;

11  
12                  (c) penalties and fines levied by the Commission;

13                  (d) income derived from publications produced by the Commission and from reviews of environmental impact assessment reports and environmental evaluation reports and other related activities;

14  
15  
16                  (e) fees for services rendered to non-petroleum producing companies and service companies and for other services performed generally;

17  
18  
19                  (f) fees charged for sale of data acquired by the Commission; and

20                  (g) grants, loans, grants-in-aid or grants of land from communities for facilities for use by the Communities.

21  
22                  (3) The Commission shall apply the proceeds of the Fund established pursuant to subsection (1) of this section:

23  
24                  (a) to meet the administrative and operating costs of the Commission;

25  
26                  (b) to provide for the payment of salaries, wages, fees or other remuneration or allowances, pensions and other retirement benefits payable to staff or employees of the Commission;

27  
28  
29                  (c) for the maintenance of property acquired by or vested in the Commission;

30

1 (d) for purposes of investment, as prescribed by the Trustee  
2 Investments Act, or any other relevant legislation subject to the approval of the  
3 Minister responsible for Budgets; and

4 (e) generally, in connection with the carrying out of any of its  
5 functions under this Act.

6 (4) The Commission shall ensure that all monies accruing from  
7 upstream leases, bonuses, lease renewal fees, assignment fees and concession  
8 rentals charged under this Act or any subsidiary legislation or regulation made  
9 pursuant to this Act are paid into the Federation Account. The Commission  
10 shall also ensure that all other monies accruing from its activities including but  
11 not limited to fines and penalties are paid into the Consolidated Revenue Fund.

12 (5) For any particular year, if monies accruing to the Fund from  
13 appropriation established pursuant to subsection (2) of this section, have not  
14 been fully applied for the purposes provided for in subsection (3) of this  
15 section, such monies shall be paid into the Consolidated Revenue Fund.

Power to accept  
grants

16 **27.**-(1) The Commission may accept grants of money or other  
17 property upon such terms and conditions as may be specified by the person or  
18 organisation making the gift provided, such gifts are not:

19 (a) inconsistent with the objectives and functions of the Commission  
20 under this Act.

21 (b) accepted from persons or organizations regulated by the  
22 Commission.

23 (2) Nothing in subsection (1) of this section or in this Act shall be  
24 construed to allow any member of the Board or staff of the Commission to  
25 accept grants for their personal use.

Accounts and  
audit

26 **28.** The Commission shall keep proper accounts of its income and  
27 expenditure in respect of each financial year and shall cause its accounts to be  
28 audited within six months after the end of each year by auditors appointed by  
29 the Commission from a list and in accordance with the guidelines supplied by  
30 the Auditor-General of the Federation.



1           29.-(1) The Commission shall submit to the Minister, a mid-year  
2 report of its operations and finances not later than 31st August of each year  
3 and an annual report of its operations, performance and audited financial  
4 report of the preceding year not later than 31st May of the following year.

Mid-year and  
annual reports

5           (2) A summary of the annual report and audited financial report of  
6 the Commission shall be published on the website of the Commission for  
7 public notice not later than 31st of July of each year.

8           30. The provisions of any enactment relating to the taxation of  
9 companies or trust funds shall not apply to the Commission.

Exemption from  
income tax

10          31.-(1) Subject to the provisions of this Act, the provisions of the  
11 Public Officers Protection Act shall apply in relation to any suit instituted  
12 against the Commission, any member of the board, an officer or employee of  
13 the Commission.

Limitation of suits  
against the  
Commission, etc

14          (2) No suit shall lie against the Commission, any member of the  
15 board, or any other officer or employee of the Commission for any act done  
16 in pursuance or execution of this Act or any other law or enactment, or of any  
17 public duty or authority in respect of any alleged neglect or default in the  
18 execution of this Act or any other law or enactment, duty or authority, or be  
19 instituted in any court unless it is commenced:

20           (a) within twelve months next after the act, neglect or default  
21 complained of; or

22           (b) in the case of a continuation of damage or injury, within 6  
23 months next after the ceasing thereof.

24          (3) No suit shall be commenced against the Commission, any  
25 member of the board, or any official or employee of the Commission before  
26 the expiration of a period of one month after written notice of the intention to  
27 commence the suit shall have been served on the Commission by the  
28 intending plaintiff or his agent.

29          (4) The notice referred to in subsection (3) of this section shall  
30 clearly and explicitly state the cause of action, the particulars of the claim,

1 the name and address of the intending plaintiff and the relief which he claims.

Service of court  
process on the  
Commission

2           **32.** A notice, summons or other document required or authorised to  
3 be served on the Commission under the provisions of this Act or any other law  
4 or enactment may be served by delivering it to the office of the Chief Executive  
5 Commissioner of the Commission or any of its Commissioners.

Restriction on  
execution against  
the Commission's  
property

6           **33.**-(1) In any action or suit against the Commission, no execution or  
7 attachment of its physical property shall be issued. Any judgment against the  
8 Commission may be enforced through garnishee proceedings provided that not  
9 less than three months' notice of the intention to commence the garnishee  
10 proceedings shall have been given to the Commission.

11           (2) Any sum of money which may by the judgment of any court be  
12 awarded against the Commission shall, subject to any direction given by the  
13 court where no notice of appeal against the judgment has been given, be paid  
14 from the Fund of the Commission.

Special  
Investigation Unit

15           **34.**-(1) For the effective conduct of its functions, the Commission  
16 shall have a Special Investigation Unit.

17           (2) The Special Investigation Unit or an officer authorized on its  
18 behalf shall have powers, with respect to matters under the authority of the  
19 Commission in this Act, to:

20           (a) investigate acts which may constitute offences under this Act or  
21 any other law relating to petroleum operations;

22           (b) collaborate with other Government agencies and persons in  
23 relation to the detection or prosecution of offences under this Act or any other  
24 law relating to petroleum operations;

25           (c) keep surveillance on oil and gas installations, premises and vessels  
26 where it has reason to believe that illegal petroleum operations are going on;  
27 and

28           (d) in conjunction with the Nigerian Police and other relevant law  
29 enforcement agencies arrest with a warrant obtained from a judicial officer, any  
30 person reasonably believed to have committed an offence under this Act.

1           **35.-(1)** Every member of the Board and every employee of the  
2 Commission shall be indemnified out of the assets of the Inspectorate  
3 against any liability incurred in defending any proceeding against the  
4 Commission, whether civil or criminal, if such proceedings are brought  
5 against the person in the person's capacity as a member of the Board or  
6 employee.

Indemnity of board  
members and  
employees

7           **(2)** Notwithstanding the provisions of subsection (1) of this  
8 section, the Commission shall not indemnify any member of the Board or  
9 employee of the Commission for any liability incurred as a result of the  
10 wilful negligence of the member or employee, as the case may be, or  
11 conduct or acts which such person knew or ought to have known to be  
12 unlawful.

13           **PART 3 - ESTABLISHMENT OF COMMERCIAL ENTITIES**

14           **36.-(1)**The Ministry of Petroleum Incorporated is hereby  
15 established as a corporation sole.

Establishment of  
the Ministry of  
Petroleum  
Incorporated  
("MOPI")

16           **(2)** The Ministry of Petroleum Incorporated may sue and be sued in  
17 its said name and shall have perpetual succession and a corporate seal which  
18 may from time to time be broken, changed, altered and made anew as the  
19 Ministry of Petroleum Incorporated seems fit, and, until a seal is provided  
20 under this section, a stamp bearing the inscription "Federal Ministry of  
21 Petroleum" may be used as the corporate seal.

22           **(3)** The Ministry of Petroleum Incorporated shall hold on behalf of  
23 the Government shares in the successor commercial entities incorporated  
24 pursuant to the provisions of this Act.

25           **(4)** The Ministry of Petroleum Incorporated shall have powers to  
26 do all such other things as are incidental to and necessary for the  
27 performance of its functions under this Act.

28           **(5)** All deeds and other instruments requiring the seal of the  
29 corporation shall be sealed, with the seal of the Ministry of Petroleum  
30 Incorporated in the presence of the Permanent Secretary and signed by the

1 Permanent Secretary, and such signing shall be sufficient evidence that the said  
2 seal was duly and properly affixed and that the same is the lawful seal of the  
3 Ministry of Petroleum Incorporated.

4 (6) Any other document requiring the signature of the Ministry of  
5 Petroleum Incorporated shall be signed by the Permanent Secretary.

6 (7) The Minister may, by order, vest in any other authority or company  
7 any property, movable or immovable, for the time being vested in the Ministry  
8 of Petroleum Incorporated and, upon the coming into operation of any such  
9 order, the property to which such order relates shall, without any conveyance,  
10 assignment or transfer whatever, vest in such company or authority for the like  
11 title, estate or interest and on the like tenure and for the like purposes as the  
12 same was vested or held immediately before the coming into operation of the  
13 order.

#### 14 PART 4 - NIGERIA PETROLEUM ASSETS MANAGEMENT COMPANY

Incorporation of  
the Nigeria  
Petroleum Assets  
Management  
Company and  
the National  
Petroleum  
Company

15 37.-(1) The Minister shall, within six months after the Effective Date,  
16 take such steps as are necessary under the Companies and Allied Matters Act to  
17 incorporate two entities -the first may be called the Nigeria Petroleum Assets  
18 Management Company, or such other name as may be available and the other  
19 may be called the National Petroleum Company, or such other name as may be  
20 available, as companies limited by shares, which shall be vested with certain  
21 assets and liabilities of the Nigerian National Petroleum Corporation  
22 ("NNPC").

23 (2) Upon incorporation and the transfer of assets pursuant to this Act:

24 (a) the Nigeria Petroleum Assets Management Company (hereinafter  
25 called the "Management Company" in this Act) shall be responsible for the  
26 management of the assets detailed in the Fourth Schedule to this Act;

27 (b) the National Petroleum Company shall operate the assets  
28 transferred to it as a fully commercial entity.

29 (3) The Minister may, in addition to the incorporation of the entities  
30 above, incorporate other entities, as may be necessary to assume and manage

1 some of the liabilities of the NNPC.

2 (4) The provisions of this Section 37(4) shall apply to any other  
3 successor entities created by the Minister pursuant to Section 37(3) above;

4 (a) The initial shares or other ownership interest of such other  
5 entities shall be held in the ratio of 51% by the Ministry of Petroleum  
6 Incorporated and 49% by the Bureau of Public Enterprises on behalf of the  
7 Government;

8 (b) The entities shall be governed and managed on the basis of the  
9 provisions of the Companies and Allied Matters Act and the Securities and  
10 Exchange Commission's Codes of Corporate Governance;

11 (c) The annual reports and annual accounts submitted to the annual  
12 general meeting shall be published on the entity's website and at least 3  
13 widely circulating National Newspapers;

14 (d) The Minister shall cause the Articles of Association of such  
15 other entities to provide for the composition and appointment of the Board  
16 of the entity on terms similar to the composition and appointment of the  
17 Board of the Management Company with such modifications as may be  
18 necessary or desirable.

19 (5) The Minister shall ascertain outstanding liabilities, including  
20 the amounts of cash call arrears and shall within 12 months of the Effective  
21 Date layout a plan for the settlement of the liabilities.

22 (6) The Minister shall put in place a clear plan and timeline for  
23 transitioning into the new entities to prevent disruption of industry  
24 operations.

25 38.-(1) At the time of its incorporation, the initial shares of the  
26 Management Company shall be held in the ratio of 51% by the Ministry of  
27 Petroleum Incorporated and 49% by the Bureau of Public Enterprises on  
28 behalf of the Government.

Shareholding of  
the Nigeria  
Petroleum Assets  
Management  
Company

29 (2) The Minister shall cause an order to be published in the Gazette

1 stating the date on which the assets of the Management Company are  
2 transferred.

Business or objects  
of the Management  
Company

3 **39. The Minister shall ensure that the Memorandum of Association of**  
4 **the Management Company includes the following objects:**

5 (a) to hold and manage certain petroleum assets on behalf of the  
6 government of the Federation;

7 (b) to ensure maximum value (in terms of return on investments) for  
8 the government of the Federation through prudent management of the assets;

9 (c) to negotiate and enter into new exploration and production  
10 agreements with other petroleum companies as may be required by the  
11 government of the Federation;

12 (d) to monitor the revenue and cost elements of the operation and the  
13 production output of its petroleum contracts and undertake the sale of crude oil  
14 or other petroleum derivatives produced from the assets.

Engagement of  
technical support

15 **40. In carrying out its business or objects, the Management Company**  
16 **shall have the power to enter into any arms-length arrangement with the**  
17 **National Petroleum Company incorporated pursuant to the provisions of this**  
18 **Act, or any other reputable petroleum company or service company to provide**  
19 **the Management Company with technical support and expertise in relation to**  
20 **the performance of its functions including the marketing and sale of the**  
21 **Management Company's share of petroleum received in kind, pursuant to the**  
22 **provisions of its petroleum contracts.**

Transfer of  
employees, assets  
and liabilities

23 **41.-(1) The Minister shall, within twelve months of incorporation of**  
24 **the Management Company, by an order as provided in subsection (2) of section**  
25 **38, require the NNPC to transfer some employees, assets, liabilities, rights and**  
26 **obligations of the NNPC to the Management Company, as specified in the**  
27 **order.**

28 (2) A transfer order shall be binding on the NNPC, the Management  
29 Company and all other persons.

30 (3) Subsection (2) of this section applies despite any general or

1 special Act or any rule of law, including an Act or rule of law that requires  
2 notice or registration of transfers.

3 (4) A transfer order may specify and describe employees, assets,  
4 liabilities, rights or obligations to be transferred:

5 (a) by reference to specific employees, assets, liabilities, rights or  
6 obligations;

7 (b) by reference to any class of employees, assets, liabilities, rights  
8 or obligations; or

9 (c) partly in accordance with subsection (4)(a) of this section and  
10 partly in accordance with subsection (4)(b) of this section.

11 (5) With effect from the date specified in the relevant transfer  
12 order, all bonds, loans, financing agreements, alternative financing  
13 agreements, joint operating agreements, Production Sharing Contracts,  
14 participation agreements, hypothecations, securities, deeds, contracts,  
15 instruments, documents and working arrangements subsisting prior to the  
16 transfer date and relating to the assets to be transferred pursuant to this  
17 section and to which the NNPC was a party shall, on and after the Effective  
18 date, be as fully effective and enforceable against or in favour of the  
19 Management Company as if, instead of the NNPC, the Management  
20 Company had been named therein.

21 (6) A transfer order may:

22 (a) specify the date that the transfer takes effect and any interest in  
23 property that is transferred by the order shall vest in the Management  
24 Company on that date:

25 (b) provide that the transfer shall be deemed to have taken effect on  
26 a date earlier than the date the transfer order is made, but the Effective Date  
27 shall not be earlier than the day on which the Management Company was  
28 incorporated;

29 (c) provide that the transfer specified in the order and other  
30 transactions associated with the transfers shall be deemed to have occurred

1 in a sequence and at times specified in the order;

2 (d) require the NNPC or the Management Company:

3 (i) to enter into any written agreement or execute any instrument  
4 specified in the order; and

5 (ii) to register in accordance with the order any agreement or  
6 instrument entered into or executed under subsection 6(d)(i) of this section;

7 (e) provide that any liability or obligation that is transferred by the  
8 order may be enforced against the NNPC or any relevant successor, the  
9 Management Company, or both of them; and that any right that is transferred  
10 by the order may be enforced against the NNPC, the Management Company or  
11 both of them; or

12 (f) impose conditions on the exercise of powers by the Management  
13 Company that are related to employees, assets, liabilities, rights or obligations  
14 transferred by the transfer order.

15 (7) A transfer order may contain provisions dealing with other matters  
16 not specifically referred to in this Part that the Minister considers necessary or  
17 advisable in connection with a transfer.

18 (8) The Government may thereafter vest in the Management  
19 Company any further assets as the Government may from time to time deem fit.

20 (9) The Minister may by order require the NNPC to transfer certain  
21 employees, assets, liabilities, rights and obligations to any other successor  
22 entity incorporated by the Minister pursuant to subsection (3) of Section 37 of  
23 this Act. Such transfer order shall be binding on the NNPC, such successor  
24 entities and all other persons.

Conclusive  
evidence

25 **42.-(1)** A statement, in a registered document to which the  
26 Management Company is a party, that land described in the document was  
27 transferred to it from the NNPC by or pursuant to a transfer order, or any other  
28 statement in the document relating to the transfer order, shall be deemed to be  
29 conclusive evidence of the facts stated.

30 (2) Nothing in subsection (1) of this section shall create for any person



1 an interest in land that the NNPC did not have.

2 43. Subject to subsection (6) (e) of section 41 of this Act, the  
3 transfer of liability or obligation under this section without any further  
4 assurance other than this section releases the NNPC from any further  
5 liability or obligation in respect of the assets or liabilities.

Release from  
liability or  
obligation

6 44.-(1) Subject to subsection (6) (e) of Section 41 of this Act, the  
7 Management Company shall without further assurance be entitled to  
8 enforce or defend all obligations for or against the NNPC in respect of the  
9 portion of interests transferred pursuant to section 41(1) as if the  
10 Management Company were the original party to such obligations.

Enforcement or  
continuation of  
any cause of action  
or proceedings

11 (2) Any pending action or proceedings in relation to the transferred  
12 assets, brought by or against the NNPC immediately before the initial  
13 transfer date may be enforced or continued, as the case may be, on and after  
14 that date by or against the Management Company in the same way as if this  
15 Act had not been enacted.

16 45.-(1) Notwithstanding the provisions of Section 43:

Transfer not  
deemed to constitute  
a breach of contract

17 (a) no action or other proceeding shall be commenced against the  
18 Management Company in respect of any employee, asset, liability, right or  
19 obligation if, had there been no transfer, the time for commencing the action  
20 or other proceeding would have expired; and

21 (b) the transfer of employees, assets and liabilities to the  
22 Management Company by or pursuant to a transfer order shall not be  
23 deemed to-

24 (i) constitute a breach, termination, repudiation or frustration of  
25 any contract, including a contract of employment or insurance;

26 (ii) constitute a breach of any Act, regulation or by-law;

27 (iii) constitute an event of default or force majeure;

28 (iv) give rise to a breach, termination, repudiation or frustration of  
29 any licence, permit or other right;

30 (v) give rise to any right to terminate or repudiate a contract,

1 licence, permit or other right; or

2 (vi) give rise to any estoppel.

3 (2) Subsection (1)(b) of this section shall not apply to such contracts as  
4 may be prescribed by any regulation made for that purpose.

5 (3) Subject to subsection (2) of this section, nothing in this Act and  
6 nothing done as a result of a transfer by or pursuant to a transfer order, shall  
7 create any new cause of action in favour of:

8 (i) a holder of a debt instrument issued by the NNPC before the  
9 transfer date; or

10 (ii) a party to a contract with the NNPC that was entered into before  
11 the transfer date.

Guarantee or  
surety

12 **46.** Any guarantee or surety which was given or made by the  
13 Government or any other person in respect of any debt or obligation of the  
14 NNPC and which was effective immediately before the transfer of the principal  
15 debt or obligation to the Management Company, shall remain fully effective  
16 against the guarantor or surety on and after the transfer date in relation to the  
17 repayment of the debt or the performance of the obligation, as the case may be,  
18 by the Management Company.

Dividend policy

19 **47.-(1)** The dividend policy of the Management Company shall be as  
20 determined by the Board of Directors in accordance with the provisions of the  
21 Companies and Allied Matters Act and shall be approved by the shareholders.

22 (2) All dividends accruable in respect of the shares held on behalf of  
23 the Government shall be paid directly into the Federation Account.

Funding

24 **48.-(1)** Not later than 6 months from the date of incorporation of the  
25 Management Company, the Minister, after consultation with the Minister  
26 responsible for Budgets, shall present a request for the appropriation of funds  
27 for the initial capitalisation of the Management Company.

28 (2) The Management Company shall pay from its revenue, reasonable  
29 operational expenses which shall be detailed in each annual budget and  
30 operating plan (and annual reports made by the Management Company as set

1 out in section 58(d) of this Act) to be approved by the shareholders and  
 2 which shall at all times be in line with international best practices for  
 3 efficiency and creation of value for the Shareholders and the Government.  
 4 The surplus funds after deducting such reasonable operational expenses  
 5 shall be paid as dividends to the Federation Account in accordance with the  
 6 dividend policy established pursuant to section

7 **49.** The NNPC shall provide the Management Company with all  
 8 records or copies of records, that are in its custody or control and that relate  
 9 to an officer, employee, asset, liability, right or obligation that is transferred  
 10 by or pursuant to a transfer order, including personal information.

Provision of records etc. to the Management Company

11 **50.** The Minister may, at any time within one year after making a  
 12 transfer order, make a further order amending the transfer order in any way  
 13 that the Minister considers necessary or advisable, including such order or  
 14 orders as may be necessary to rectify the transfer of any of the employees,  
 15 assets, liabilities, rights and obligations pursuant to a verification or an audit  
 16 of the employees, assets and liabilities of the Management Company as at  
 17 the date of the relevant transfer order, and this Part applies with necessary  
 18 modifications to the amendment.

Further order amending a transfer order

19 **51.** Prior to the vesting of assets and liabilities of the NNPC in the  
 20 Management Company, the Minister may give the Board of Directors of the  
 21 NNPC directions in writing to ensure the proper transfer of the assets and  
 22 liabilities of the NNPC to the Management Company, and the Board of  
 23 Directors shall, without delay, comply with such directions.

Directions to the NNPC on matters related to transition

24 **52.-(1)** Any employee of the NNPC transferred to the Management  
 25 Company pursuant to section 41 or 50 of this Act shall be transferred to the  
 26 service of Management Company on terms not less favourable than those  
 27 enjoyed by him immediately prior to the transfer.

Transfer of employees to the Management Company and conditions of service of transferred employees

28 (2) The service rendered by an employee transferred pursuant to  
 29 section 41 or 50 of this Act to the NNPC shall be deemed to be service with  
 30 the Management Company for the purpose of determining employment-

1 related-entitlements as specified by the relevant laws of employment in  
2 Nigeria.

3 (3) Until such time as conditions of service are drawn up by the  
4 Management Company-

5 (a) the terms and conditions of service applicable to employees of the  
6 NNPC shall continue to apply to every person transferred to the Management  
7 Company as if every such person were still in the service of the NNPC;

8 (b) an employee may be permitted to continue to contribute towards a  
9 pension he was contributing to when he was in the employment of the NNPC;  
10 and

11 (c) the Management Company shall continue to contribute towards a  
12 pension scheme to which the NNPC was contributing in respect of employees  
13 in the employ of the NNPC prior to the date of transfer.

Exemption from  
Stamp Duty &  
other charges

14 53.-(1) Stamp duty shall not be chargeable under the Stamp Duties  
15 Act in respect of any transfer made or transaction entered into pursuant to this  
16 Part on which, except for the exemption granted under this section, stamp duty  
17 would have been payable and in particular, and without derogation from the  
18 foregoing, no stamp duty shall be chargeable:

19 (a) during the incorporation of the Management Company, and any  
20 successor company created pursuant to section 37(3) or any subsequent  
21 increase to their authorised share capital, prior to the transfer of an interest to  
22 one or more private investors;

23 (b) in respect of any security issued in compliance with a transfer  
24 order issued under section 41(6);

25 (c) where any convertible securities were issued in compliance with a  
26 transfer order issued under section 41(6), in respect of the exercise of the  
27 conversion rights attached to any such security; or

28 (d) in respect of any other transfer of rights and assets pursuant to this  
29 Part.

30 (2) The Corporate Affairs Commission shall not charge any fees with

1 respect to the incorporation of any company pursuant to this Part or any  
2 subsequent increase to their authorised share capital, prior to the transfer of  
3 an interest to one or more private investors.

4 (3) Capital gains tax shall not be chargeable under the Capital  
5 Gains Tax Act, in respect of any transfer made or transaction entered into  
6 pursuant to this Part on which, except for the exemption granted under this  
7 section, capital gains tax would have been payable.

8 54.-(1) Oil pipelines and other installations transferred to the  
9 Management Company shall not be regarded as hereditaments or tenements  
10 to be valued for rating purposes.

Certain exemption  
from rates

11 (2) For the purpose of this section, the expression "oil pipelines and  
12 other installations" include but not limited to floating production, storage  
13 and offloading vessels, oil rigs, refineries, processing plants, power  
14 generating plants, pumping stations, tank farms and similar installations but  
15 shall not include office or residential buildings.

16 (3) Except as provided in subsection (1) of this section, nothing in  
17 this Act shall be deemed to exempt the Management Company from liability  
18 for any tax, duty, rate, levy or other charge whatsoever, whether general or  
19 local; provided that the Management Company shall not be liable to pay any  
20 such tax, duty, rate, levy or charge unless every company involved in similar  
21 activities as the Management Company is also liable for such payment.

22 55.-(1) The Management Company shall be subject to the Code of  
23 Corporate Governance of the Securities and Exchange Commission.

Composition and  
appointment of  
the board

24 (2) The Minister shall cause the Articles of Association of the  
25 Management Company to provide for the composition of the Board as  
26 follows:

27 (a) a non-executive Chairman;

28 (b) the Managing Director of the Management Company who shall  
29 possess relevant experience with at least 10 years' experience at a senior  
30 management position in petroleum exploration and production company;

1 (c) 3 other Executive Directors of the Management Company who  
2 shall possess relevant petroleum exploration and production experience with at  
3 least 10 years' experience at a senior management position;

4 (d) Three non-Executive Directors provided that one of the non-  
5 Executive Directors shall be a person with at least 10 years' experience in a  
6 senior management position in an exploration & production company;

7 (e) A representative of the Ministry of Petroleum Resources who shall  
8 not be below the rank of director.

9 (3) Notwithstanding the provisions of the Companies and Allied  
10 Matters Act or any other enactment, the power of the shareholders to appoint or  
11 remove directors, shall be subject to subsections (4) and (5) of this section and  
12 the approval of the President.

13 (4) For the purpose of making appointments to the Board of Directors,  
14 the shareholders shall constitute an independent committee ("the Board  
15 Nomination Committee") of five persons with proven qualifications and tested  
16 industry experience one of which shall include a representative of the Ministry  
17 of Petroleum Resources who shall not be below the rank of director, to identify  
18 and recommend highly qualified candidates for such positions in a competitive  
19 and transparent manner.

20 (5) the two other non-Executive Directors to be appointed pursuant to  
21 subsection (2) (d) of this section, shall not be appointed to the Board unless  
22 such a person is a holder of a university degree or its equivalent in engineering,  
23 geological sciences, economics, law, finance or related subjects and possesses  
24 at least 10 years' relevant experience.

Terms of office  
of members of  
the board

25 **56.** The Minister shall cause the Articles of Association of the  
26 Company to include the following:

27 (1) An Executive member of the Board shall cease to be a Director of  
28 the Management Company if he ceases to be an employee of the company for  
29 any reason or if otherwise removed in accordance with the provisions of the  
30 Companies and Allied Matters Act.

1 (2) The non-executive members of the Board may serve for an  
2 initial term of 4 years.

3 (3) Upon the expiration of the initial term of any of the non-  
4 executive members of the Board appointed, such member may be eligible  
5 for appointment for another term of 4 years and no more.

6 57. Upon incorporation of the Management Company in  
7 pursuance of the provisions of this Act, the Management Company shall be  
8 organized and managed on the basis of the provisions of this Act and its  
9 Memorandum and Articles of Association.

Management and  
governance of the  
Management  
Company

10 58. The Minister shall cause the Articles of Association to provide  
11 that the Board of Directors of the Management Company shall submit the  
12 following matters to the annual general meeting-

Matters reserved  
for the Shareholders

13 (a) plans for the coming year, as well as outlook for the  
14 intermediate term and significant changes in any of these;

15 (b) main features of the budget for the coming year;

16 (c) principles relating to engagement of managers; and

17 (d) Annual Report and annual accounts in respect of the  
18 participating interests of the State.

19 59. The Board of Directors shall cause the annual reports and  
20 annual accounts submitted to the annual general meeting pursuant to section  
21 58 (d) of this Act to be published on its website and at least 3 widely  
22 circulating National Newspapers.

Publication of  
annual report and  
annual accounts  
of the Management  
Company

23 60.-(1) Land vested in the Management Company shall not be  
24 liable to be acquired compulsorily under any enactment or law; and  
25 notwithstanding anything in any other enactment or law, no mining  
26 operations shall be carried on, in or under any land vested in the  
27 Management Company or any land over which the Management Company  
28 is entitled to rights of support for the benefit of lands so vested except with  
29 the prior consent in writing of the Minister.

Protection of land  
belonging to the  
Management  
Company

30 (2) For the purpose of this section, "land" includes any land under

1 water beyond the territorial waters of Nigeria to which Nigeria is for the time  
2 being entitled to any exclusive rights.

3 PART 5 - NATIONAL PETROLEUM COMPANY

Shareholding of  
the National  
Petroleum  
Company

4 61. At the time of its incorporation, the initial shares of the National  
5 Petroleum Company shall be held in the ratio of 51% by the Ministry of  
6 Petroleum Incorporated, 49% by the Bureau for Public Enterprises on behalf of  
7 the Government.

Exemption from  
certain laws

8 62. The National Petroleum Company shall not be subject to the  
9 provisions of the Fiscal Responsibility Act 2007 and the Public Procurement  
10 Act 2007.

Initial funding  
of the National  
Petroleum  
Company

11 63. Not later than 6 months from the date of incorporation of the  
12 National Petroleum Company, the Minister, after consultation with the  
13 Minister responsible for Budgets, shall present a request for the appropriation  
14 of funds for the initial capitalisation of the National Petroleum Company.

Assessment and  
offset of liabilities  
of the National  
Petroleum  
Company

15 64. The Board of Directors of the National Petroleum Company may,  
16 with the approval of its shareholders, utilize any appropriate mechanism,  
17 including sale of assets and interests, to offset any liabilities of the National  
18 Petroleum Company, meet any of its future obligations or to achieve its  
19 strategic objectives.

Retention of  
revenue and  
dividend policy

20 65.-(1) Notwithstanding the provision of any other law to the  
21 contrary, the National Petroleum Company shall be entitled to retain its  
22 revenue from its operations and shall be entitled to defray from such revenue all  
23 its expenses including its cash call obligations in respect of its joint venture  
24 assets and its petroleum operations and its obligations to lenders and  
25 financiers.

26 (2) The dividend policy of the National Petroleum Company shall be  
27 as determined by the Board of Directors in accordance with the provisions of  
28 the Companies and Allied Matters Act and shall be approved by the  
29 shareholders.

30 (3) All dividends accruable in respect of the shares held on behalf of



1 the Government shall be paid into the Federation Account.

2 66.-(1) Notwithstanding the provisions of section 61 of this Act,  
3 the Government shall within 5 years from the date of incorporation of the  
4 National Petroleum Company, divest, in a transparent manner, not less than  
5 10% of the shares of the National Petroleum Company and within 10 years  
6 from the date of incorporation divest not less than an additional 30% of the  
7 shares of the National Petroleum Company to the public in a transparent  
8 manner.

Divestment of  
shares of the  
National Petroleum  
Company

9 (2) Divestment of shares under subsection (1) above may include  
10 the sale or transfer of shares to institutional or strategic investors.

11 67.-(1) The Minister shall, within twelve months of incorporation  
12 of the National Petroleum Company, by an order, require the NNPC to  
13 transfer employees, assets, liabilities, rights and obligations of the NNPC  
14 (including assets and liabilities held by the NNPC on behalf of the  
15 Government) to the National Petroleum Company, as specified in the order.

Transfer of  
employees, assets  
and liabilities

16 (2) A transfer order shall be binding on the NNPC, the National  
17 Petroleum Company and all other persons.

18 (3) Subsection (2) of this section applies despite any general or  
19 special Act or any rule of law, including an Act or rule of law that requires  
20 notice or registration of transfers.

21 (4) A transfer order may specify and describe, employees, assets,  
22 liabilities, rights or obligations to be transferred:

23 (a) by reference to specific employees, assets, liabilities, rights or  
24 obligations;

25 (b) by reference to any class of employees, assets, liabilities, rights  
26 or obligations; or

27 (c) partly in accordance with subsection (4)(a) of this section and  
28 partly in accordance with subsection (4)(b) of this section.

29 (5) With effect from the date specified in the relevant transfer  
30 order, all bonds, loans, financing agreements, alternative financing

1 agreements, joint operating agreements, participation agreements,  
2 hypothecations, securities, deeds, contracts, instruments, documents and  
3 working arrangements subsisting prior to the transfer date and relating to the  
4 assets to be transferred pursuant to this section and to which the NNPC was a  
5 party shall, on and after the Effective Date, be as fully effective and enforceable  
6 against or in favour of the National Petroleum Company as if, instead of the  
7 NNPC, the National Petroleum Company had been named therein.

8 (6) A transfer order may:

9 (a) specify the date that the transfer takes effect and any interest in  
10 property that is transferred by the order shall vest in the National Petroleum  
11 Company on that date;

12 (b) provide that the transfer shall be deemed to have taken effect on a  
13 date earlier than the date the transfer order is made, but the Effective Date shall  
14 not be earlier than the day on which the National Petroleum Company was  
15 incorporated;

16 (c) provide that the transfer specified in the order and other  
17 transactions associated with the transfers shall be deemed to have occurred in a  
18 sequence and at times specified in the order;

19 (d) require the NNPC or the National Petroleum Company:

20 (i) to enter into any written agreement or execute any instrument  
21 specified in the order; and

22 (ii) to register in accordance with the order any agreement or  
23 instrument entered into or executed under subsection 6(d)(i) of this section;

24 (e) provide that any liability or obligation that is transferred by the  
25 order may be enforced against the NNPC, the National Petroleum Company, or  
26 both of them; and that any right that is transferred by the order may be enforced  
27 against the NNPC, the National Petroleum Company, or both of them; or

28 (f) impose conditions on the exercise of powers by the National  
29 Petroleum Company that are related to employees, assets, liabilities, rights or  
30 obligations transferred by the transfer order.

1 (7) A transfer order may contain provisions dealing with other  
2 matters not specifically referred to in this Part that the Minister considers  
3 necessary or advisable in connection with a transfer.

4 (8) The Government may thereafter vest in the National Petroleum  
5 Company any further  
6 upstream assets as the Government may from time to time deem fit.

7 68.-(1) A statement, in a registered document to which the National  
8 Petroleum Company is a party, that land described in the document was  
9 transferred to it from the NNPC by or pursuant to a transfer order, or any  
10 other statement in the document relating to the transfer order, shall be  
11 deemed to be conclusive evidence of the facts stated. Conclusive  
evidence

12 (2) Nothing in subsection (1) of this section shall create for any  
13 person, an interest in land that the NNPC did not have.

14 69. Subject to subsection 67(6)(e) 0, the transfer of liability or  
15 obligation under this section without any further assurance other than this  
16 section releases the NNPC from any further liability or obligation in respect  
17 of the assets or liabilities. Release from  
liability or  
obligation

18 70.-(1) Subject to subsection 67 (6)(e) of this Act, the National  
19 Petroleum Company shall without further assurance be entitled to enforce or  
20 defend all obligations for or against the NNPC in respect of the portion of  
21 interests transferred in accordance with section 67 as if the National  
22 Petroleum Company were the original party to such obligations. Enforcement or  
continuation of  
any cause of action  
or proceedings

23 (2) Any pending action or proceeding in relation to the transferred  
24 assets, brought by or against the NNPC immediately before the initial  
25 transfer date may be enforced or continued, as the case may be, on and after  
26 that date by or against the National Petroleum Company in the same way as  
27 if this Act had not been enacted.

28 71.-(1) Notwithstanding the provisions of section 69:  
29 (a) no action or other proceeding shall be commenced against the  
30 National Petroleum Company in respect of any employee, asset, liability, Transfer not deemed  
to constitute a  
breach of contract

1 right or obligation if, had there been no transfer, the time for commencing the  
2 action or other proceeding would have expired; and

3 (b) the transfer of assets and liabilities to the National Petroleum  
4 Company by or pursuant to a transfer order, shall not be deemed to -

5 (i) constitute a breach, termination, repudiation or frustration of any  
6 contract, including a contract of employment or insurance;

7 (ii) constitute a breach of any Act, regulation or by-law;

8 (iii) constitute an event of default or force majeure;

9 (iv) give rise to a breach, termination, repudiation or frustration of any  
10 licence, permit or other right;

11 (v) give rise to any right to terminate or repudiate a contract, licence,  
12 permit or other right; or (vi) give rise to any estoppel.

13 (2) Subsection (1b) of this section shall not apply to such contracts as  
14 may be prescribed by any regulation made for that purpose.

15 (3) Subject to subsection (2) of this section, nothing in this Act and  
16 nothing done by or pursuant to a transfer order, shall create any new cause of  
17 action in favour of a -

18 (i) holder of a debt instrument issued by the NNPC before the transfer  
19 date; or

20 (ii) party to a contract with the NNPC that was entered into before the  
21 transfer date.

Guarantee or  
surety

22 72. Any guarantee or surety which was given or made by the  
23 Government or any other person in respect of any debt or obligation of the  
24 NNPC and which was effective immediately before the transfer of the principal  
25 debt or obligation to the National Petroleum Company, shall remain fully  
26 effective against the guarantor or surety on and after the transfer date in relation  
27 to the repayment of the debt or the performance of the obligation, as the case  
28 may be, by the National Petroleum Company.

Provision of  
Records etc. to the  
National Petroleum  
Company

29 73. The NNPC shall provide the National Petroleum Company with  
30 all records or copies of records, that are in its custody or control and that relate

1 to an officer, employee, asset, liability, right or obligation that is transferred  
2 by or pursuant to a transfer order, including personal information.

3 74. The Minister may, at any time within one year after making a  
4 transfer order, make a further order amending the transfer order in any way  
5 that the Minister considers necessary or advisable, including such order or  
6 orders as may be necessary to rectify the transfer of any of the employees,  
7 assets, liabilities, rights and obligations pursuant to a verification or an audit  
8 of the employees, assets and liabilities of the National Petroleum Company  
9 as at the date of the relevant transfer order, and this Part applies with  
10 necessary modifications to the amendment.

Further order  
amending a  
transfer order

11 75. Prior to the vesting of assets and liabilities of the NNPC in the  
12 National Petroleum Company, the Minister may give the Board of Directors  
13 of the NNPC directions in writing to ensure the proper transfer of the assets  
14 and liabilities of the NNPC to the National Petroleum Company, and the  
15 Board of Directors shall, without delay, comply with such directions.

Directions to the  
NNPC on matters  
related to transition

16 76.-(1) Any employee of the NNPC transferred to the National  
17 Petroleum Company pursuant to sections 67 and 74 of this Act shall be  
18 transferred to the service of National Petroleum Company, on terms not less  
19 favourable than those enjoyed by him immediately prior to the transfer.

Transfer of  
employees to the  
National Petroleum  
Company

20 (2) The service rendered by an employee transferred pursuant to  
21 sections 67 and 74 of this Act shall be deemed to be service with the National  
22 Petroleum Company for the purpose of determining employment-related-  
23 entitlements as specified by the relevant laws of employment in Nigeria.

24 (3) Until such time as conditions of service are drawn up by the  
25 National Petroleum Company-

26 (a) the terms and conditions of service applicable to employees of  
27 the NNPC shall continue to apply to every person transferred to the National  
28 Petroleum Company as if every such person were still in the service of the  
29 NNPC;

30 (b) an employee may be permitted to continue to contribute

1 towards a pension he was contributing to when he was in the employment of the  
2 NNPC; and

3 (c) the National Petroleum Company shall continue to contribute  
4 towards a pension scheme to which the NNPC was contributing in respect of  
5 employees in the employ of the NNPC; prior to the date of transfer.

Delisting of assets

6 77. The assets of the subsidiaries of the NNPC listed under the Public  
7 Enterprises Privatisation and Commercialisation Act shall be de-listed from  
8 the Effective Date of this Act and the power of attorney earlier assigned to the  
9 Bureau of Public Enterprises shall stand vacated.

Exemption from  
Stamp Duty &  
other charges

10 78.-(1) Stamp duty shall not be chargeable under the Stamp Duties  
11 Act in respect of any transfer made or transaction entered into pursuant to this  
12 Part on which, except for the exemption granted under this section, stamp duty  
13 would have been payable and in particular, and without derogation from the  
14 foregoing, no stamp duty shall be chargeable:

15 (a) during the incorporation of the National Petroleum Company, or  
16 any subsequent increase to its authorised share capital, prior to the transfer of a  
17 n interest to one or more private investors;

18 (b) in respect of any security issued in compliance with a transfer  
19 order issued under section 67(6);

20 (c) where any convertible securities were issued in compliance with a  
21 transfer order issued under section 67(6), in respect of the exercise of the  
22 conversion rights attached to any such security; or

23 (d) in respect of any other transfer of rights and assets pursuant to this  
24 Part.

25 (2) The Corporate Affairs Commission shall not charge any fees with  
26 respect to the incorporation of any company pursuant to this Part or any  
27 subsequent increase to their authorised share capital, prior to the transfer of an  
28 interest to one or more private investors.

29 (3) Capital gains tax shall not be chargeable under the Capital Gains  
30 Tax Act, in respect of any transfer made or transaction entered into pursuant to

1 this Part on which, except for the exemption granted under this section,  
2 capital gains tax would have been payable.

3 79.-(1) The National Petroleum Company shall be subject to the  
4 Code of Corporate Governance issued by the Securities and Exchange  
5 Commission.

Composition and  
Appointment of  
the Board

6 (2) The Minister shall cause the Articles of Association of the  
7 National Petroleum Company to provide for the composition of the Board as  
8 follows:

9 (a) a non-executive Chairman;

10 (b) the Managing Director of the National Petroleum Company  
11 shall be a person with at least 10 years' experience in a senior management  
12 position in petroleum exploration and production company;

13 (c) 3 other Executive Directors of the National Petroleum  
14 Company shall be persons with at least 10 years' experience in a senior  
15 management position in petroleum exploration and production company;

16 (d) Three non-Executive Directors provided that one of the non-  
17 Executive Directors shall be a person with at least 10 years' experience in  
18 senior management position in a petroleum company;

19 (e) A representative of the Ministry of Petroleum Resources who  
20 shall not be below the rank of director.

21 (3) Notwithstanding the provisions of the Companies and Allied  
22 Matters Act or any other enactment, the power of the shareholders to appoint  
23 or remove directors, shall be subject to subsections (4) and (5) of this section  
24 and the approval of the President.

25 (4) For the purpose of making appointments to the Board of  
26 Directors, the shareholders shall constitute an independent committee ("the  
27 Board Nomination Committee") of five persons with proven qualifications  
28 and tested industry experience one of which shall include a representative of  
29 the Ministry of Petroleum Resources who shall not be below the rank of  
30 director, to identify and recommend highly qualified candidates for such

1 positions in a transparent manner.

2 (5) The two other non-Executive Directors to be appointed pursuant  
3 to subsection (2) (d) of this section, shall not be appointed to the Board unless  
4 such a person is a holder of a university degree or its equivalent in engineering,  
5 geological sciences, economics, law, finance or related subject and possesses  
6 at least 10 years' relevant experience at a senior management level.

7 (6) The provisions of subsection (2) to (5) of this section shall cease to  
8 have effect upon the divestment by the Government of 30% of its shares in the  
9 company on the Nigerian Stock Exchange. Accordingly, the provisions of the  
10 Companies and Allied Matters Act, the Articles of Association of the National  
11 Petroleum Company and any Shareholders Agreement by which the Company  
12 is bound shall apply to the appointment of the directors and the composition of  
13 the Board.

Management and  
governance of the  
National Petroleum  
Company

14 80. Upon incorporation of the National Petroleum Company pursuant  
15 to the provisions of this Act, the National Petroleum Company shall be  
16 organized and managed on the basis of the provisions of this Act, the  
17 Companies & Allied Matters Act and its Memorandum and Articles of  
18 Association.

Terms of office  
of members of  
the board

19 81. The Minister shall cause the Articles of Association of the  
20 Company to include the following;

21 (1) An Executive member of the Board shall cease to be a Director of  
22 the National Petroleum Company if he ceases to be an employee of the  
23 company for any reason or if otherwise removed in accordance with the  
24 provisions of the Companies and Allied Matters Act.

25 (2) The non-executive members of the Board may serve for an initial  
26 term of 4 years.

27 (3) Upon the expiration of the initial term of any of the non-executive  
28 members of the Board appointed, such member may be eligible for  
29 appointment for another term of 4 years and no more.



1           **82.** The Minister shall cause the Articles of Association to provide  
 2 that the Board of Directors of the National Petroleum Company shall submit  
 3 the following matters to the annual general meeting-

Matters reserved  
for the Shareholders

4           (a) plans for the coming year, as well as outlook for the  
 5 intermediate term and significant changes in any of these;

6           (b) main features of the budget for the coming year;

7           (c) principles relating to engagement of managers; and

8           (d) Annual Report and annual accounts in respect of the  
 9 participating interests of the State.

10           **83.** The Board of Directors shall cause the Annual Reports and  
 11 annual accounts submitted to the annual general meeting pursuant to section  
 12 82(d) to be published on its website and at least 3 widely circulating  
 13 National Newspapers.

Publication of  
Annual Report  
and annual accounts  
of the National  
Petroleum  
Company

14           **84.-(1)** Oil pipelines and other installations belonging to the  
 15 National Petroleum Company shall not be regarded as hereditaments or  
 16 tenements to be valued for rating purposes.

Certain exemption  
from rates

17           (2) For the purposes of this subsection, the expression "oil  
 18 pipelines and other installations" include oil rigs, refineries, power  
 19 generating plants, pumping stations, tank farms and similar installations but  
 20 do not include office or residential buildings.

21           (3) Except as provided in subsection (1) of this section, nothing in  
 22 this Act shall be deemed to exempt the National Petroleum Company from  
 23 liability for any tax, duty, rate, levy or other charge whatsoever, provided  
 24 that the National Petroleum Company shall not be liable to pay any such tax,  
 25 duty, rate, levy or charge unless every company involved in similar activities  
 26 as the National Petroleum Company is also liable for such payment.

27           **85.-(1)** Land vested in the National Petroleum Company shall not  
 28 be liable to be acquired compulsorily under any enactment or law.

Protection of  
National Petroleum  
Company's land

29           (2) Notwithstanding anything in any other enactment or law, no  
 30 mining operations shall be carried on, in or under any land vested in the

1 National Petroleum Company or any land over which the National Petroleum  
2 Company is entitled to rights of support for the benefit of lands so vested except  
3 with the prior consent in writing of the Minister.

4 (3) For the purpose of this section, "land" includes any land under  
5 water beyond the territorial waters of Nigeria to which Nigeria is for the time  
6 being entitled to any exclusive rights.

7 PART 7 - REPEALS, TRANSITIONAL AND SAVINGS PROVISIONS

8 86.-(1) The enactments specified in the Fifth Schedule to this Act are  
9 hereby amended to the extent specified therein.

10 (2) For the avoidance of doubt, the relevant provisions of all existing  
11 enactments or laws, including but not limited to the Petroleum Act, Oil  
12 Pipelines Act, Hydrocarbon Oil Refineries  
13 Act and the Companies and Allied Matters Act, shall be read with such  
14 modifications as to bring them into conformity with the provisions of this Act.

15 (3) If the provisions of any other enactment or law, including but not  
16 limited to the enactments specified in subsection (1) of this section, are  
17 inconsistent with the provisions of this Act, the provisions of this Act shall  
18 prevail and the provisions of that other enactment or law shall, to the extent of  
19 that inconsistency, be void in relation to matters provided for in this Act.

20 (4) Any regulatory functions conferred on the Minister pursuant to the  
21 Petroleum Act and the Oil Pipelines Act or on the chief executive of the  
22 Inspectorate pursuant to the Nigerian National Petroleum Corporation Act,  
23 shall be deemed to have been transferred to the Commission.

24 87.-(1) From the Effective Date Petroleum Products Pricing  
25 Regulatory Agency (Establishment) Act, CAP P43, Laws of the Federation of  
26 Nigeria, 2004 is repealed; and

27 (2) The Nigerian National Petroleum Corporation Act CAP N123,  
28 Laws of the Federation of Nigeria, 2004, Nigerian National Petroleum  
29 Corporation (Projects) Act CAPN124 Laws of the Federation of Nigeria, 2004  
30 and Nigerian National Petroleum Corporation Amendment Act N123 shall be

Adaptation of  
laws

Repeals

1 deemed to be repealed on the date that the Minister signifies by legal notice  
2 in the Gazette that the assets and liabilities of the NNPC are fully vested in  
3 successor entities.

4 88.-(1) Any licence, lease, certificate, authority or permit which  
5 was issued by the Department of Petroleum Resources and which had effect  
6 immediately before the commencement of this Act shall continue to have  
7 effect, mutatis mutandis, for the remainder of its period of validity as if it had  
8 been issued by the Commission.

Savings provisions

9 (2) The Minister shall set forward a clear transition plan within 30  
10 days of the passage of the Act to prevent disruption of industry operations.

11 (3) Within three months from the Effective Date, the Minister on  
12 the advice of the Commission or the NNPC, as the case may be, may make  
13 any further transitional and savings provisions as are consistent with the  
14 transitional and savings provisions in this Act.

15 89.-(1) Upon the vesting of assets and liabilities of the Department  
16 of Petroleum Resources in the Commission, the Minister shall make an  
17 order in writing in which he shall give directions to the management of the  
18 Department of Petroleum Resources for the transfer of employees of the  
19 Department of Petroleum Resources to the Commission and the  
20 Management of the Department of Petroleum Resources shall, without  
21 delay, comply with the directions in such order.

Transfer of staff,  
etc/

22 (2) Upon the vesting of assets and liabilities of the Petroleum  
23 Products Pricing Regulatory Agency in the Commission, the Minister shall  
24 make an order in writing in which he shall give directions to the Board of the  
25 Petroleum Products Pricing Regulatory Agency for the transfer of  
26 employees of the Petroleum Products Pricing Regulatory Agency to the  
27 Commission and the Board of Directors shall, without delay, comply with  
28 the directions in such order.

29 (3) Any transfer of services by virtue of the provisions of  
30 subsections (1) and (2) of this section shall be regarded as continuous for the

1 under any contract or instrument at law or in equity which shall have been held  
2 on behalf of or have accrued to or have been incurred for its own benefit or use,  
3 shall by virtue of this Act be assigned to and vested in the Commission;

4 (b) any such contract or instrument as is mentioned in subsection  
5 (6)(a) of this section, shall be of the same force and effect against or in favour of  
6 the Commission and shall be enforceable as fully and effectively as if instead of  
7 the Department of Petroleum Resources, the Commission had been named  
8 therein or had been a party thereto; and

9 (c) Any proceeding or cause of action pending or existing or which  
10 could have been taken by or against the Department of Petroleum Resources  
11 immediately before the Effective Date in respect of any such right, interest,  
12 obligation or liability of the Department of Petroleum Resources may be  
13 commenced, continued or enforced or taken by or against the Commission as if  
14 this Act had not been made.

Interpretation

15 92. In this Act unless the context otherwise requires-

16 "Authorisation" means any authorisation issued by the Commission for any  
17 activity in the petroleum industry;

18 "Board" means the governing board of any of the entities that is the subject  
19 matter of the Part within which the word has been used, unless it is specifically  
20 stated otherwise;

21 "Budget" means estimates of the revenues and expenditure of the Federation  
22 for the next following financial year which the President shall cause to be  
23 prepared and laid before each House of the National Assembly at any time in  
24 each financial year pursuant to Section 81(1) of the Constitution of the Federal  
25 Republic of Nigeria;

26 "Bureau of Public Enterprises" means the Bureau of Public Enterprises as  
27 provided for under the "Public Enterprises (Privatisation and  
28 Commercialisation) Act CAPP38, Laws of the Federation of Nigeria, 2004;

29 "Commission" means the "Nigeria Petroleum Regulatory Commission" as  
30 provided for in Part 3 of this Act;

- 1 "Company" means any entity incorporated under any law in force in Nigeria  
2 or elsewhere;
- 3 "Companies and Allied Matters Act" means the Companies and Allied  
4 Matters Act CAPC20, Laws of the Federation of Nigeria, 2004;
- 5 "Consolidated Revenue Fund" means the Consolidated Revenue Fund  
6 created by section 80 of the Constitution of the Federal Republic of Nigeria  
7 1999;
- 8 "Constitution" means the Constitution of the Federal Republic of Nigeria  
9 1999;
- 10 "Court" means Federal High Court established by section 249 of the  
11 Constitution of the Federal Republic of Nigeria 1999;
- 12 "Department of Petroleum Resources" means the Department of Petroleum  
13 Resources under the Ministry of Petroleum Resources;
- 14 "Effective Date" means the commencement date on which this Act comes  
15 into force;
- 16 "Federal Executive Council" means the Federal Executive Council stated in  
17 section 144(5) of the Constitution of the Federal Republic of Nigeria 1999;
- 18 "Federation Account" means the Federal Account stated in section 162 of  
19 the Constitution of the Federal Republic of Nigeria 1999;
- 20 "Fiscal Responsibility Act" means the Fiscal Responsibility Act 2007;
- 21 "Frontier acreages" means any or all licences or leases located in an area  
22 defined as frontier in a regulation issued by the Commission;
- 23 "Gazette" means the Official Gazette of the Government;
- 24 "Government" means the Federal Government of Nigeria;
- 25 "Management Company" means the Nigerian Petroleum Assets  
26 Management Company to be incorporated further to the provisions of  
27 section 37 of this Act;
- 28 "Minister" means the Minister in charge of petroleum resources and  
29 overseeing the petroleum industry in Nigeria;
- 30 "Ministry" means the Ministry of Petroleum Resources;

- 1 "Ministry of Environment" means the federal ministry in charge of  
2 environmental matters;
- 3 "Ministry of Finance" means the federal ministry in charge of finance matters;
- 4 "Ministry of Petroleum Incorporated" means the corporation sole to be  
5 established by the proposed Ministry of Petroleum Incorporated Act;
- 6 "National Petroleum Company" means the National Petroleum Company to be  
7 incorporated further to the provisions of section 37 of this Act;
- 8 "National Salaries, Incomes and Wages Commission" means the National  
9 Salaries, Incomes and Wages Commission established by section 1 of the  
10 National Salaries, Incomes and Wages Commission Act CAPN72, Laws of the  
11 Federation of Nigeria, 2004;
- 12 "National strategic reserve" means the reserve of petroleum products kept in  
13 certain storage depots and facilities by the Government or on behalf of the  
14 Government to provide for emergency;
- 15 "Nigerian National Petroleum Corporation" or the "NNPC" means the  
16 Nigerian National Petroleum Corporation established by section 1 of the  
17 Nigerian National Petroleum Corporation Act CAP N123, Laws of the  
18 Federation of Nigeria, 2004;
- 19 "Nigerian Police" means the Nigeria Police Force established under section 3  
20 of the Police Act CAPP19, Laws of the Federation of Nigeria, 2004;
- 21 "Pensions Reforms Act" means the Pensions Reforms Act 2014;
- 22 "Permanent Secretary" means the Permanent Secretary having supervision  
23 over the departments of government under the Minister;
- 24 "Petroleum" means hydrocarbons and associated substances as exist in its  
25 natural state in strata, and includes crude oil, natural gas, condensate, and  
26 mixtures of any of them, but does not include coal, bitumen and tar sands;
- 27 "Petroleum Inspectorate" means the Petroleum Inspectorate established under  
28 section 10 of the Nigerian National Petroleum Corporation Act CAP N123,  
29 Laws of the Federation of Nigeria, 2004;
- 30 "Petroleum operations" means upstream, midstream and downstream

- 1 petroleum operations;
- 2 "Petroleum Pricing and Product Regulatory Agency" means the Petroleum  
3 Pricing and Product Regulatory Agency established under section 1 of the  
4 "Petroleum Pricing and Product Regulatory Agency (Establishment) Act  
5 CAPP43, Laws of the Federation of Nigeria, 2004;
- 6 "President" means President of the Federal Republic of Nigeria;
- 7 "Public hearing" means an organised forum for the discussion of issues  
8 relating to a regulation or decision that is to be made by the Commission for  
9 the purpose of receiving public or stakeholders input;
- 10 "Permit" means an official certificate of permission to undertake an activity  
11 issued by the Commission;
- 12 "Production Sharing Contract" means a contract between the NNPC and a  
13 contractor as defined in the Deep Offshore and Inland Basin Production  
14 Sharing Contract Acts (as amended) CAP 03, Laws of the Federation of  
15 Nigeria, 2004;
- 16 "Public Enterprises Privatisation and Commercialisation Act" means the  
17 Public Enterprises (Privatisation and Commercialisation) Act CAP P38,  
18 Laws of the Federation of Nigeria, 2004;
- 19 "Public Procurement Act" means Public Procurement Act 2007;
- 20 "Regulations" mean rules or order having force of law issued by the  
21 competent authority in accordance with the provisions of this Act or any  
22 other enactment;
- 23 "Third party access" means the legal requirement for owners of certain  
24 infrastructure facilities to grant access to those facilities to parties other than  
25 their own customers, usually competitors in the provision of the relevant  
26 services, on terms stipulated in this Act or regulations made pursuant to this  
27 Act;
- 28 "Trustee Investment Act" means the Trustee Investment Act CAP T22, Laws  
29 of the Federation of Nigeria, 2004.





1           5. Any dispute which may arise as to whether a delay is due to  
2 causes beyond the control of the licensee or lessee shall be settled by  
3 agreement between the Minister and the licensee or lessee or, in default of  
4 agreement, by arbitration.

5           6. The price to be paid for petroleum or petroleum products taken  
6 by the Minister in exercise of the right of pre-emption shall be-

7           (a) the reasonable value at the point of delivery, less discount to be  
8 agreed by both parties; or

9           (b) if no such agreement has been entered into prior to the exercise  
10 of the right of pre-emption, a fair price at the port of delivery to be settled by  
11 agreement between the Minister and the licensee or lessee or, in default of  
12 agreement, by arbitration.

13          7. To assist in arriving at a fair price for the purposes of paragraph  
14 6(b) of this Schedule, the licensee or lessee shall, if the Minister so requires-

15           (a) furnish for the confidential information of the Minister  
16 particulars of quantities, descriptions and prices of petroleum or petroleum  
17 products sold to other customers and of charters or contracts entered into for  
18 their carriage; and

19           (b) exhibit original or authenticated copies of the relevant contracts  
20 or charter-parties.

21          8. The Minister may take control of any works, plants or premises  
22 of the licensee or lessee and if he does so, the licensee or lessee and his  
23 servants or agents shall conform to and obey all directions issued by the  
24 Minister or on his behalf.

25          9. Reasonable compensation shall be paid to the licensee or lessee  
26 for any loss or damage caused to him by reason of the exercise by the  
27 Minister of the powers conferred by paragraph 8 of this Schedule.

28          10. Any compensation payable under paragraph 9 of this Schedule  
29 shall be settled by agreement between the Minister and the licensee or lessee  
30 or, in default of agreement, by arbitration.

## 1 SECOND SCHEDULE

2 *Supplementary provisions relating to the proceedings of the*  
3 *Board of the Commission*

4 1. Subject to this Act and the provisions of section 27 of the  
5 Interpretation Act, the Board ('the Board') shall have the power to regulate its  
6 proceedings and may make standing orders with respect to the holding of its  
7 meetings, and those of its committees, the notice to be given, the keeping of  
8 minutes of its proceedings, the custody and production for inspection of such  
9 minutes and such other matters as the Board may, from time to time, determine.

10 2.-(a) There shall be at least one ordinary meeting of the Board in  
11 every quarter of the year and subject thereto, the Board shall meet whenever it  
12 is summoned by the Chairman and if the Chairman is requested to do so by  
13 notice given to him by not less than three other members, the Chairman shall  
14 summon a meeting of the Board to be held within fourteen days from the date  
15 on which the notice is given;

16 (b) Every meeting of the Board shall be presided over by the  
17 Chairman and if the Chairman is unable to attend a particular meeting, the  
18 members present at the meeting shall elect one of the non-executive  
19 commissioners to preside at the meeting.

20 3. The quorum at the meeting of the Board shall consist of the  
21 Chairman (or in an appropriate case, the person presiding at the meeting  
22 pursuant to paragraph 2 of this Schedule) and the majority of the other  
23 members, as appropriate.

24 4. The Board shall meet for the conduct of its business at such places  
25 within Nigeria and on such days as the Chairman may appoint.

26 5. A question put before the Board at a meeting shall be decided by  
27 consensus, and where this is not possible, by a majority of the votes of the  
28 members present and voting.

29 6. The Chairman shall, in the case of an equality of votes, have the  
30 casting vote in addition to his deliberative vote.

1           7. Where the Board desires to seek the advice of any person on a  
2 particular matter, the Board may co-opt a person as a member for such  
3 period it thinks fit, but a person who is a member by virtue of this paragraph  
4 shall not be entitled to vote at any meeting of the Board and shall not count  
5 towards the quorum.

6           8. The Board may constitute one or more committees for the  
7 purpose of carrying out any of its functions as the Board may determine and  
8 report on any matter with which the Board is concerned.

9           9. A committee appointed under this Schedule shall be presided  
10 over by a member of the Board and consist of such number of persons (not  
11 necessarily all members of the Board) as may be determined by the Board,  
12 and a person other than a member of the Board shall hold office on the  
13 committee in accordance with the terms of his appointment.

14           10. A decision of a committee of the Board shall be of no effect  
15 until it is confirmed by the Board.

16           11. The fixing of the seal of the entity shall be authenticated by the  
17 signature of the Secretary or some other person authorized generally by the  
18 Board to act for that purpose.

19           12. A contract or an instrument which, if made or executed by any  
20 person not being a body corporate, would not be required to be under seal,  
21 may be made or executed on behalf of the entity by the Director-General or  
22 the Executive Secretary, as the case may be, or any person generally or  
23 specially authorized to act for that purpose by the Board.

24           13. A document purporting to be a contract, an instrument or other  
25 document signed or sealed on behalf of the entity shall be received in  
26 evidence and, unless the contrary is proved, be presumed without further  
27 proof to have been signed and sealed.

28           14. The validity of any proceedings of the Board or its committees  
29 shall not be affected by-

30           (a) any vacancy in the membership of the Board or its committees;

1 (b) reason that a person not entitled to do so took part in the  
2 proceedings; or

3 (c) any defect in the appointment of a member.

4 **15.** Any member of the Board and any person holding office on a  
5 committee of the Board, who has a personal interest in any contract or  
6 arrangement entered into or proposed to be considered by the Board or a  
7 committee shall-

8 (a) forthwith disclose his interest to the Board or committee, as the  
9 case may be; and

10 (b) not vote on any question relating to the contract or arrangement.

11 **THIRD SCHEDULE**

12 *Conflict of Interest and corporate responsibility*

13 (1) In the discharge of their responsibilities, members of the Board  
14 shall act in utmost good faith, with care, skill and diligence.

15 (2) Members of the Board have fiduciary obligation to the  
16 Commission, and shall not be involved in any decision where their interests  
17 conflict with the interest of the Commission

18 (3) Members of the Board shall adhere to all the duties and obligations  
19 specified for directors under the Company and Allied Matters Act.

20 (4) Members of the Board shall submit a written statement of  
21 disclosure of interests and a statement of absence of conflicts with the  
22 Commission's activities and operations annually to the Board.

23 **FOURTH SCHEDULE**

24 *Assets to be transferred to the Management Company*

- 25 1. OML123
- 26 2. OML 124
- 27 3. OPL 209
- 28 4. OPL 90
- 29 5. OPL 225
- 30 6. OPL 211

1	7.	OPL 125
2	8.	OPL 250
3	9.	OPL 213
4	10.	OPL 247
5	11.	OPL 244
6	12.	OPL 220
7	13.	OPL 318
8	14	OPL 221
9	15.	OPL 222
10	16.	OPL 324
11	17.	OPL 212
12	18.	OPL 219
13	19.	OPL 245
14	20.	OPL 322
15	21.	OPL 320
16	22.	OPL 217
17	23.	OPL 218
18	24.	OPL 242
19	25.	OPL 256
20	26.	OPL 214

## FIFTH SCHEDULE

CAP Laws of the Federation of Nigeria 2004	Short title or citation	Amendments
H5	Hydrocarbon Oil Refineries Act	<p>Section 28(1) shall be amended by substituting all references to "Minister" with "Commission"</p> <p>Section 29 shall be amended by inserting the words "<b>Commission</b>" means the "Nigeria Petroleum Regulatory Commission" as established under the Petroleum Industry Governance Act"; and deletion of the definition of Minister</p>
N123	Nigerian National Petroleum Corporation Act	Sections 10 & 11 are hereby repealed.
07	Oil Pipelines Act	(1) All references to "Minister" under the Oil Pipelines Act Cap 07 of the Laws of the Federation of Nigerian 2004 and any regulations made pursuant thereto shall from the Effective Date be deemed to refer to the Commission and the Commission shall accordingly exercise all the powers and functions of the Minister under the Oil Pipelines Act and all regulations made thereto provided that the Commission shall not be entitled to

PETROLEUM INDUSTRY GOVERNANCE BILL 2016

		<p>delegate its powers to make regulations pursuant to the Oil Pipelines Act.</p> <p>(2) Section 31 of the Oil Pipelines Act CAP O7 of the Laws of the Federation of Nigeria is hereby amended by substituting it with the following new section "The fees payable for applications, permits and licences or its variation under this Act shall be prescribed by regulations issued pursuant to this Act."</p>
P10	Petroleum Act	<ol style="list-style-type: none"> <li>1. Section 2(1) shall be amended by including "and the recommendation of the Commission" immediately after the word "Act".</li> <li>2. Section 3 shall be amended by substituting all references to "Minister" with "Commission".</li> <li>3. Section 4 shall be amended by substituting all references to "Minister" with "Commission".</li> <li>4. Section 5(3) shall be amended by substituting "Minister" with "Commission".</li> </ol>
		<ol style="list-style-type: none"> <li>5. Section 6, 8 and 9 are hereby repealed.</li> </ol>

EXPLANATORY MEMORANDUM

This Bill provides for the governance and institutional framework for the Nigeria Petroleum Industry and creates clear separation between the policy, regulatory and commercial institutions.