A CRITICAL APPRAISAL OF THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT ACT AND INDIGENOUS PARTICIPATION IN THE NIGERIAN OIL INDUSTRY

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BENIN CITY

MARCH, 2026

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A DISSERTATION SUBMITTED TO THE FACULTY OF LAW AND THE POSTGRADUATE SCHOOL, UNIVERSITY OF BENIN, BENIN CITY, EDO STATE, NIGERIA, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS IN LAW(LL.M) OF THE UNIVERSITY OF BENIN

MARCH, 2026

CERTIFICATION

I **Osahon Emmanuel OGBEIFUN** with Matriculation Number **PG/LAW2415400** hereby certify that apart from references made to other people's works as duly acknowledged herein, this entire project is the product of my personal research and has neither in part nor in whole been presented for another degree elsewhere.

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APPROVAL

We certify that the project work was completed by **Osahon Emmanuel OGBEIFUN** with Matriculation Number **PG/LAW2415400** in partial fulfillment of the requirements for the award of the Degree of Masters in Law (LL.M) of the University of Benin

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DEDICATION

This work is dedicated to my beloved parents, Mr. Benjamin Ogbeifun and Mrs. Celina Ogbeifun, whose love, sacrifices, prayers, and unwavering support have been a constant source of inspiration throughout my academic journey.

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I give all glory and gratitude to Almighty God for His grace, wisdom, strength, and divine guidance throughout the course of this project and my academic pursuit.

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LIST OF ABBREVIATIONS

NCD — Nigerian Content Division

NCDMB — Nigerian Content Development and Monitoring Board

NOGICD — Nigerian Oil and Gas Industry Content Development

NNPC — Nigerian National Petroleum Corporation

IOC — International Oil Companies

CSR — Corporate Social Responsibility

NAPIMS — National Petroleum Investment Management Services

NCLCD — National Committee on Local Content Development

NORAD — Norwegian Agency for Development Cooperation

NPE — Norwegian Ministry for Petroleum and Energy

DPR — Department of Petroleum Resources

UAE — United Arab Emirates

LIST OF STATUTES

Constitution of the Federal Republic of Nigeria.

Nigerian Oil and Gas Industry Content Development Act.

Petroleum Act.

Deep Offshore and Inland Basin Production Sharing Contracts Act.

Associated Gas Re-Injection Act.

Environmental Impact Assessment Act.

Land Use Act.

Exclusive Economic Zone Act.

Oil Pipelines Act.

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ABSTRACT

The Oil and Gas Industry in Nigeria accounts for over 70% of Nigeria's foreign exchange earnings, and Oil revenue contributes to the developmental projects of government at all levels. The major players of the Nigerian Oil and Gas Industry are the multinational oil companies operating in Nigeria, and the Federal Government. This has created problems of foreign domination of the Oil and Gas Industry which has led to huge capital flight from the country, unlimited inflow of expatriates and unemployment in Nigeria. In an attempt to address this problem, the Government enacted The Nigerian Oil and Gas Industry Content Development Act (Local Content Act) 2010, which is aimed at promoting indigenous participation in the Nigerian Oil and Gas Industry, and protecting the economic and social wellbeing of those engaged in the Oil and Gas Industry. Despite the promulgation of this Act, the Law has not fully achieved its objectives, and this is mainly due to the absence of capital, the quality of Nigerian engineers, and lack of proper enforcement of the laws by the regulatory agencies. This paper is aimed at analyzing the Local Content Act, the benefits of the Act to the Nigerian economy, and the challenges to the enforcement of the provisions of the Act. The paper will also make recommendations on how the objectives of the Act can be fully achieved in the Oil and Gas Industry in Nigeria.

The Act has been subject to ongoing review and proposals for repeal and replacement, such as the Nigerian Oil and Gas Industry Content Development Bill of 2023, which aims to further develop domestic capabilities, education, technology transfer, and research in the sector. One notable challenge is ensuring effective enforcement and compliance given the strategic importance and complexity of the oil and gas sector. Indigenous participation, as fostered by the Act, influences organizational structures and contract awards in favor of Nigerian companies holding majority equity and demonstrates capacity and competence.

The subject matter "A Critical Appraisal of the Nigerian Oil and Gas Industry Content Development Act and Indigenous Participation in The Nigerian Oil Industry" would involve assessing its effectiveness in achieving intended goals such as increasing Nigerian control in the sector, challenges in implementation, enforcement issues, impacts on foreign operators, and overall contributions to national economic development.s

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

The oil and gas sector remains the backbone of Nigeria's economy, serving as the principal source of national revenue and foreign exchange. Yet, despite its vast resource endowments, Nigeria's experience has been paradoxical a "resource curse" characterized by economic dependency, social inequality, and limited local participation in the industry's value chain. Historically, the sector has been dominated by multinational oil corporations, with indigenous firms and local communities marginalized from core aspects of production, procurement, and technology transfer. This imbalance not only constrained domestic economic diversification but also perpetuated foreign dominance in a sector that should have served as a catalyst for national development. In response to these long-standing challenges, the Nigerian Oil and Gas Industry Content Development Act (NOGICD Act) was enacted in 2010 as a landmark legislation aimed at promoting indigenous participation and fostering local content in the oil and gas industry. The Act mandates that a defined percentage of goods, services, and human resources used in the sector must originate from Nigerian entities, thereby seeking to enhance domestic capacity, generate employment, and stimulate sustainable economic growth. The law also established the Nigerian Content Development and Monitoring Board (NCDMB) to oversee its implementation and ensure compliance among industry stakeholders.

However, more than a decade since its enactment, the implementation of the NOGICD Act continues to face significant hurdles. Regulatory overlaps, weak institutional enforcement, and insufficient technical and financial capacities among indigenous operators have limited the Act's impact. The emergence of the Petroleum Industry Act (PIA) 2021 and the issuance of presidential directives on local content compliance (2024) have further complicated the regulatory landscape, raising concerns about conflicting mandates and policy inconsistencies. These challenges have led to ongoing debates regarding the effectiveness of the NOGICD framework and the extent to which it has truly enhanced indigenous ownership, participation, and benefit-sharing in Nigeria's oil and gas sector.

This study, therefore, undertakes a critical appraisal of the NOGICD Act, focusing on its legal, institutional, and socio-economic dimensions. It evaluates the extent to which the Act has achieved its stated objectives, identifies structural and regulatory impediments to its implementation, and examines the interaction between the NOGICD Act and newer legislative instruments such as the PIA 2021. The research also investigates how indigenous firms navigate challenges related to finance, technology, and market access within this complex legal environment. Ultimately, the study seeks to propose actionable legal and policy reforms that could strengthen enforcement mechanisms, deepen local capacity, and ensure that the promise of Nigeria's oil wealth translates into tangible economic empowerment for its citizens.

Through this analysis, the research contributes to the broader discourse on law, development, and resource governance, providing insights into how local content legislation can serve as an instrument of industrialization, inclusive growth, and sustainable development in resource-rich economies.

1.2 Background to the Study

The Nigerian Oil and Gas Industry Content Development Act[1] (NOGICD Act), enacted in 2010, is a significant legislative framework aimed at enhancing local content and increasing indigenous participation in Nigeria's oil and gas sector. The Act emerged in response to longstanding concerns about the dominance of foreign companies and the exclusion of local firms from critical value chains, thereby fostering a disconnect between the industry and local communities. By mandating a minimum percentage of goods and services to be procured from Nigerian suppliers, the NOGICD Act seeks to stimulate economic growth, create jobs, and facilitate technology transfer within the industry, which has historically been plagued by the so-called "resource curse." This dynamic highlights the paradox of a resource-rich nation struggling with economic underdevelopment due to insufficient local engagement in the sector's activities.[2] Despite its ambitious objectives, the implementation of the NOGICD Act has faced several challenges, including weak enforcement capacity, regulatory overlaps, and ambiguities in legal definitions. The establishment of the Nigerian Content Development and Monitoring Board (NCDMB) was intended to oversee compliance; however, issues such as inadequate technical capacity, political interference, and conflicting regulations stemming from the Petroleum Industry Act (PIA) of 2021 have complicated the enforcement landscape. Critics argue that these challenges undermine the effectiveness of the NOGICD Act, leading to ongoing discussions about the need for reform and better alignment of regulatory frameworks to enhance local content compliance and

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1 Act No. 2 of 2010

2 Wariri Cephalus, 'Tackling Nigeria's Oil Curse Through Local Content Development: Comparative Perspectives and Strategic Reforms' (2025) <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5382053> accessed 7th October 2025.

indigenous firm participation[3]. The NOGICD Act has led to observable improvements in the participation of indigenous oil companies, reflecting a strategic shift towards local ownership and empowerment. Reports indicate a marked increase in contract awards to local firms, contributing to job creation and the deepening of local technical expertise. Nonetheless, significant barriers remain, such as high operational costs and limited access to financing, which continue to hinder the growth and competitiveness of indigenous operators in the market[4]. Additionally, the complex interplay of legal and regulatory frameworks creates an environment of uncertainty that further complicates compliance for both local and foreign entities operating in Nigeria[5]. Controversies surrounding the NOGICD Act include misinterpretations of presidential directives regarding compliance, as well as debates on the impact of asset divestment from multinational corporations to indigenous operators. While some stakeholders argue that divestment could hinder compliance with local content requirements, others maintain that the NCDMB's support will mitigate these challenges. The effectiveness of the NOGICD Act and its capacity to drive economic empowerment and local participation remain pivotal topics of discourse, underscoring the necessity for continuous evaluation and adaptation of the legislative framework to the evolving landscape of Nigeria's oil and gas industry[6].

1.3 Statement of the Problem

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3 Dr. SEC Nwosu, 'Legal Challenges in the Enforcement of Local Content Requirements in Nigeria's Oil and Gas Industry' *International Journal of Research and Innovation in Social Science (IJRISS)* (2025) 5058-5065<https://rsisinternational.org/journals/ijriss/articles/legal-challenges-in-the-enforcement-of-local-content-requirements-in-nigerias-oil-and-gas-industry/> accessed 7th October 2025.

4 Ayoola Olakunle Thomas, 'Nigerian Oil and Gas Industry Content Development Act's Perceived Performance Impact' *Walden Dissertations and Doctoral Studies* (2017) 3383 <https://scholarworks.waldenu.edu/dissertations/3383/> accessed 7th October 2025.

5 Dr. SEC Nwosu (n2)

6 Akeem Babatunde, 'Nigerian Content in the Oil & Gas Industry: a 6-Year Score Card' <https://russelsmithgroup.com/guest-feature/nigerian-content-6-year-score-card/> accessed 7th October 2025.

Nigeria's oil and gas sector is critical to its economy, yet indigenous participation remains contested in law and in practice. The Nigerian Oil and Gas Industry Content Development Act, 2010 ("NOGICD Act" or "the Act") was enacted to promote local content ensuring Nigerians have first consideration in contracts, local skills development, use of local goods and services, employment, and value-added capacity. However, despite the legal framework, evidence suggests gaps in enforcement, capacity, and outcomes. Key legal issues include weak sanctions under Section 68, delays in implementing ministerial regulations, and possibly conflicting mandates between NOGICD Act and other statutes (such as the Petroleum Industry Act, 2021[7]). Socially and economically, indigenous firms complain of exclusion from contracts; loss of jobs; capital flight; infrastructure, technological and skills deficits; and difficulty acquiring International Oil Companies' (IOC) divested assets. There is also a recent tension arising from the 2024 Presidential Directive on Local Content Compliance Requirements, which some stakeholders argue relaxes enforcement of the NOGICD Act, allowing importation of goods even when local capacity exists. This appears to undermine the objectives of the Act, and raises questions on legislative intent versus executive implementation.

From these observations the research seeks to answer specific questions:

i. To what extent has the NOGICD Act, 2010 succeeded in increasing indigenous participation (in ownership, contracting, and employment) in the Nigerian oil and gas industry since its enactment?

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[7] Act No. 6 of 2021

ii. What are the legal and regulatory obstacles impeding full enforcement of the NOGICD Act, including issues of sanction, oversight, institutional capacity, and conflicts with other laws such as the PIA 2021?

iii. How do social and economic constraints (access to capital, technical capacity, infrastructure, market access) affect the ability of indigenous firms to benefit from the NOGICD framework?

iv. What has been the impact of recent executive directives (for example 2024) and regulatory changes on the legal efficacy of the NOGICD Act and on its indigenous participation goals?

v. What legal or policy reforms might enhance indigenous participation, improve enforcement of local content, and ensure the objectives of the NOGICD Act translate into measurable economic and social gains?

1.4 Aims and Objectives of the Study

Aim:

The aim of this study is to critically evaluate the effectiveness of the NOGICD Act, 2010 in fostering indigenous participation in the Nigerian oil industry, identifying legal, institutional, economic, and regulatory constraints, and proposing reforms to enhance local content outcomes.

Objectives:

The following are the objectives of this essay:

i. To assess empirically the changes in indigenous participation in ownership, contracting, employment, and value-added capacity in the oil and gas sector since 2010, using available data and case studies.

ii. To analyse the legal, regulatory, and institutional framework underpinning the NOGICD Act, including its enforcement mechanisms, interaction with other statutes (especially the Petroleum Industry Act, 2021), and the role of the Nigerian Content Development and Monitoring Board (NCDMB).

iii. To investigate the major economic and social impediments faced by indigenous firms including access to finance, technical/technological capacity, infrastructure, market competition, and procurement dynamics.

iv. To examine the impact of recent policy and executive measures (such as the 2024 presidential directives) and regulatory amendments on the enforcement and efficacy of the NOGICD Act.

v. To proffer legal and policy recommendations to strengthen enforcement, reduce gaps, and improve indigenous participation so that the objectives of local content law are more fully realized.

1.5 Scope and Limitations of the Study

The scope of the study covers the Nigerian Oil and Gas Industry Content Development Act, 2010, and its impact on indigenous participation in Nigeria's oil and gas sector. It examines the legal, institutional, economic, and social dimensions of local content implementation between 2010 and 2025, focusing on the roles of indigenous firms, international oil companies, and regulatory agencies such as the NCDMB. Although primarily national in focus, the study may draw limited comparative insights from other jurisdictions for context.

Its limitations arise mainly from restricted access to reliable data on indigenous participation, lack of transparency in contract awards, and limited public records on enforcement outcomes. Legal ambiguities such as overlapping mandates between the

NOGICD Act and the Petroleum Industry Act, 2021 also constrain analysis. Furthermore, the effects of recent executive directives may not yet be measurable, and attribution of outcomes solely to the Act is difficult due to broader economic, political, and market factors influencing the industry

1.6 Significance of the Study

This research is significant on several fronts.

From a policy perspective, the findings can assist federal and state authorities in understanding where the NOGICD Act is falling short in practice whether through weak enforcement, contradictory regulations, or institutional capacity constraints thereby guiding reforms. For example, insights into how recent directives potentially undermine the law may prompt corrective legislative or regulatory action.

For legal practitioners and regulators, the study will clarify ambiguities in the legal and institutional framework, especially concerning enforcement sanctions, the interplay of NOGICD with the PIA 2021, and the binding nature of ministerial regulations. It will help in litigating cases, advising clients (indigenous companies or IOCs), and in regulatory compliance.

For indigenous operators and communities, this work may shed light on realistic strategies for overcoming economic or technical constraints, engaging with regulatory bodies, and asserting rights (e.g. in contract awards, employment, or community host recognition). Communities might better understand their legal entitlements under the Act and related laws (e.g. host community recognition in *Finima* case) to negotiate with operators and government.[8]

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[8] 'Finima as Host Community – The court affirms the NOGICD Act's and PIA's recognition' (2023) <https://www.finima.net/community/the-court-affirms-the-nogicd-acts-and-pias-recognition-of-finima-as-host-community/?> accessed 7th October 2025.

In academic terms, the research contributes to the literature on resource governance, law and development, and local content policies particularly evaluating a long-standing law in a major oil producer. It may fill gaps in empirical measurement of outcomes, the comparatives of legal enforcement, and the economics of indigenous participation.

Ultimately, by making practical and evidence-based recommendations, the study aims to enhance economic inclusion, reduce capital flight, generate jobs and technical capacity, and thus contribute to more equitable and sustainable development in Nigeria's oil and gas sector.

1.7 Research Methodology

This research adopts the doctrinal research methodology, which involves the analysis of primary and secondary sources such as statutes, case laws, textbooks, articles, essays, journals etc. for ease of reference. The doctrinal research indicates the arranging, ordering and analyzing of data to search out the new thing by extensive surveying of literature but without engaging in any field work. It is a category of research that solves research problems within a short period of time with fewer expenses by closely examining and analyzing materials, existing studies or reports in a logical, systematic and scientific way.

1.8 Conclusion

In conclusion, this study undertakes a critical appraisal of the NOGICD Act, examining its successes, shortcomings, and the complex interplay of legal, institutional, and socio-economic factors influencing its implementation. By addressing key questions regarding indigenous participation, regulatory obstacles, economic constraints, and the impact of recent directives, this research aims to inform actionable legal and policy reforms. Ultimately, the goal is to strengthen enforcement mechanisms, deepen local capacity, and ensure the NOGICD Act fulfills its promise of fostering inclusive growth and sustainable development within Nigeria's vital oil and gas sector.

CHAPTER TWO
CONCEPTUAL CLARIFICATIONS, THEORETICAL AND HISTORICAL FOUNDATION, AND LITERATURE REVIEW

2.1 Conceptual Clarifications

i. Local Content Plan

The local content plan is the plan required from all operators to be submitted to the board which contains how to carry out projects in the development of the Nigerian Content Act. The plan covers employment and training of Nigerians, first consideration given to oil operators, goods and services. Every operator has been obliged by the Act to submit a plan of every project to be carried out in their company. This is consequent on the provision of the Act,[9] which provides that, in the bidding for any licence, permit or interest, and before carrying out any project in the oil and gas industry, an operator shall submit a Nigerian content plan (the plan) to the board demonstrating compliance with the Nigerian Content requirements. The Act provided for the contents of the plan which depend on the nature, scope and value of the plan shall contain provisions intended to ensure that (a), first consideration shall be given to services provided from within Nigeria, and to goods manufactured in Nigeria, and (b) Nigeria shall be given first consideration for training and employment in the work programme for which the plan was submitted.[10]

ii. Indigenous Participation

The Nigerian Oil and Gas Industry Content Development Act (NOGICD Act), enacted in 2010, aims to enhance indigenous participation in the country's oil and gas sector by mandating the inclusion of local firms in oil asset transactions and requiring significant

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9 Nigerian Oil and Gas Industry Content Development Act (NOGICD Act) s. 7

10 Ibid s. 10(1)

local content in various operations[11]. This legislative framework has led to a marked increase in the engagement of indigenous companies, reflecting a strategic shift toward local ownership and economic empowerment. The NOGICD Act establishes a legal foundation for increasing the involvement of Nigerian entities in the oil and gas industry. The law mandates that a substantial percentage of all contracts awarded in the sector must go to indigenous firms, with specific targets for local labor and materials usage set at 70%[12].

The introduction of the Nigerian Oil and Gas Industry Content Development Act (NOGICD Act) aims to bolster indigenous participation, which is essential for enhancing local economic growth and reducing capital flight[13]. By promoting the involvement of Small to Medium-sized Enterprises (SMEs) and increasing local firms' engagement, the Act is expected to stimulate job creation and foster technology transfer, thereby significantly impacting the local economy[14]. The implementation of local content policies has yielded notable outcomes. Following the enactment of the Local Content Law in 2010, there has been a marked increase in local participation in the oil sector, particularly in onshore activities, where multinationals have historically faced

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11 Ayakpo Marlon, 'ENHANCING LOCAL EMPOWERMENT: A DEEP DIVE INTO THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT ACT – BID EVALUATION AND CONTRACTS PERSPECTIVE' <https://marcusokoko.com.ng/enhancing-local-empowerment-a-deep-dive-into-the-nigerian-oil-and-gas-industry-content-development-act-bid-evaluation-and-contracts-perspective/>accessed 7th October 2025.

12 Abdulkabir Adedeji and others, 'Mediating effects of indigenous oil firms' participation and backward linkages on the relationship between local content policy and job creation: Insight from Nigeria' (2018) <https://www.researchgate.net/publication/327455031_Mediating_effects_of_indigenous_oil_firms'_participation_and_backward_linkages_on_the_relationship_between_local_content_policy_and_job_creation_Insight_from_Nigeria>accessed 7th October 2025.

13 Kasirim Nwuke, 'Nigeria's Petroleum Industry Act: Addressing old problems, creating new ones' (2021) <https://www.brookings.edu/articles/nigerias-petroleum-industry-act-addressing-old-problems-creating-new-ones/>accessed 7th October 2025.

14 Nigerian Content Development & Monitoring Board, <https://ncdmb.gov.ng/local-content-and-ncdmb-on-the-spotlight-at-the-2025-nigeria-oil-and-gas-nog-conference/>accessed 7th October 2025.

greater security risks. This shift has resulted in a dual effect: while it has led to a rise in sectoral output, it also raises concerns about the environmental implications of increased local activity. Furthermore, the local content initiatives are designed not only to promote economic growth but also to enhance linkages between the oil sector and other parts of the economy, mitigating the negative effects of the 'resource curse' that often plagues resource-rich developing countries.

Despite these advances, challenges remain, such as inadequate internal revenue generation at state and local levels, which hampers the ability to provide essential services[15]. However, the NOGICD Act has been recognized for its potential to drive innovation and improve fiscal efficiency over time[16].

While there are significant benefits associated with the increased participation of indigenous firms, including contributions to national GDP and the reduction of reliance on foreign contractors, obstacles persist. Many local companies still face high borrowing costs, which limits their growth and capacity to compete effectively in the market. This highlights the ongoing need for further interventions to facilitate access to funding and improve the conditions for local entrepreneurs. Thus, while the economic implications of the NOGICD Act are largely positive, achieving the desired outcomes will require continued efforts to address these systemic challenges.

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15 Nigerian Content Development & Monitoring Board, <https://ncdmb.gov.ng/nogicd-act-was-not-weakened-by-presidential-orders-on-oil-sector-ncdmb/>accessed 7th October 2025.

16 Ibid

iii. Technology Transfer

Transfer of technology is not just the transfer of a finished product, but the transfer of knowledge of high technology. It is also necessary to state that, a transfer of technology can only occur when a requisite technology has been received, adopted, or learnt; either by training or by invention. A transfer can only occur when a technology that has been developed and applied in one organization is transferred to another organization, and is effectively applied in that other organization or industry. Therefore, for a transfer to be possible, the personnel of the recipient organization must be capable to apply the necessary skill or Knowledge acquired and which is required. Also, the recipients must be people who have the basic education and are willing and have the ability to receive the technology. The transfer of technology is limited to the level of education of the people who are the recipients. If the population is highly illiterate or merely educated, half-baked people or people who are not capable of understanding the basic technical concepts, transfer will not be possible. It is very clear therefore that acquisition and transfer of technology is only possible where the people have minimum knowledge of education.

Prior to the enactment of the local content Act in 2010, local content was a policy which by then has no legal backing or support. The 10C's usually put and use local participation clauses as cover up, because the clauses are never adhered to by these companies. Today, with the enactment of the local content Act[17] the training of Nigerian's for the advancement of technology transfer has been encouraged and statutorily protected. Accordingly, where Nigerians are not employed because of lack of basic education or training, the operator, i.e, the, (10c), shall ensure to the satisfaction of

[17] Nigerian Oil and Gas Industry Content Development Act (NOGICD Act)

the board, that every reasonable effort is made within a reasonable time to supply such training locally or outside the country, such effort and the process of its plan of action shall be contained in the operator's employment and training plan. To add impetus to the provisions, for technology transfer by the Act it provides further, that for each of the operations of an 10C, the 10C, should submit to the board a succession plan for any position not held by Nigerians, and the plan shall provide for Nigerians to understudy each employed expatriate with the requisite knowledge of technology for a maximum period of about four years and at the end of the period, the position shall become Nigerian[18]. The operator shall also in line with the Act, submit to the Board annually a plan, satisfactory to the Board, setting out a programme of planned procedure aimed at promoting an effective transfer of technology from the operator and its subsidiary partners to Nigerian individuals and companies. This is a way of the company showing and adhering fully in support of the Act to give full and effective master plan for technology transfer by encouraging and facilitating the formation of joint ventures in partnering, and the development of licensing agreements between Nigerian and foreign contractors and services, or supplier companies. Agreements, for all such ventures or alliances shall meet the requirements of Nigerian local content Development to the satisfaction of the Board.[19]

The National Office for Technology Acquisition and Promotion Act, governs the Transfer of Technology in Nigeria. This Act established the National Office for Technology Acquisition and Promotion (NOTAP)[20]. The principal function of NOTAP

[18] Ibid s. 31(1)

[19] NOGICD Act s. 43,44,45

[20] TA Bello, 'Local Content in the Nigerian Oil and Gas sector: A classical Model for Indigenization' (2017) <https://ssrn/iom/abstract,297100>accessed 7th October 2025; Agu Agu, 'A. Review of the

is tailored, to support the Local Content Act, to monitor the transfer of foreign technology to Nigeria. The Act makes it mandatory to register all contracts or agreements for the transfer of foreign technology entered into by any person in Nigeria with another person outside Nigeria within sixty days from the execution or conclusion of the contract.

Finally, the Act also provides that every contract is registrable if only, its purpose or intent is, in the opinion of NOTAP, wholly or partially in connection with any of the following purpose:

i. The use of trade marks
ii. The right to use patented inventions
iii. The supply of technical expertise in the form of the preparation of plans, diagrams, operating manuals, or any other form of technical assistance of any description whatsoever.
iv. The supply of basic or, detailed engineering.
v. The supply machinery and plant.
vi. The provision of operating staff or managerial assistance and the training of personnel.

2.2 Theoretical Framework

The study leans on comparative cost advantage and balanced growth theory in the quest to assess the Oil and Gas Industry Content Development Act, 2010 for sustainable growth for Nigeria through enhancement of local capacity. Relative advantageous is when a nation has an edge or superiority in the manufacturing of commodities or

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Nigerian Local Content Legislation and its impact on the Nigerian oil and Gas sector' *African Journal of Law and Human Rights. (AJLHR)* 60-6.

services and where the prospective manufacturing price is lesser. David Ricardo articulated the essence of the concept of comparative advantage in 1817. He argues that countries have different factors of endowments such as labour, land and capital contributions and will focus on export of those commodities such as crude oil and utilize intensively the production factors in which they are most endowed. Nigeria is among the leading producers and international trader of crude oil in Africa and the top ten leading producers globally but its oil and gas industry, thus creating unemployment among its citizenry and capital flight[21]. In the same vein, another theory utilized in the study is an economic theory propounded by Ragnar Nurkse in 1907-1959 is to help emerging countries such as Nigeria to accomplish balanced growth. The theory advocated that the Federal Government needs to make large investments in the oil sector. Utilizing this analogy, balanced development of our nation's natural energy resources through the use of the Local Content Act to build local capacity can make Nigeria a well-diversified, energy secured nation that will promote its economic growth and development[22].

2.3 Nigeria’s Oil And Gas Sector Prior To The Local Content Act

Petroleum is one of Nigeria’s most valuable endowments from which the greater part of our natural revenue derives, and on which the livelihood of our people depend, so to say[23]. In other words, it became the nation’s live wire. As a matter of fact, the Oil and Gas Industry in Nigeria is regarded as the foremost lucrative sector second to none in the

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[21] A Iwayemi, ‘Energy Resources and Development in Nigeria’ (2012) <www.naee.org.ng,1> accessed 7th October 2025

[22] I Oguine, ‘Nigerian content in the Nigerian petroleum industry: Legal and Policy Issues’ *Journal of Energy & Natural Resources Law* (2011) 405-430.

[23] AK MGBOLU and others, 'Appraising The Nigerian Local Content Act As A Milestone In The Development Of State Participation And Indigenous Technology In The Oil And Gas Industry In Nigeria' *African Journal of Law and Human Rights (AJLHR)* (2023) 97.

Nigerian economy. There is however, a noticeable absence of indigenous players in the system, where about 90 percent of the equipment and personnel used in the industry are imported[24]. Regrettably, despite the huge sum of money spent in servicing the petroleum industry, only very little proportion of the accruable profit is available to the indigenous oil servicing firms for services such as fabrication, engineering, procurement, construction, conceptual design and seismic-studies. The result is capital flight as the profits from the contracts are repatriated abroad, where most of the equipment are manufactured, thus providing employment opportunities for citizens of other countries, excluding local participation, resulting to unemployment in Nigeria; the goose that laid the golden eggs. Again, the industry was dominated by expatriate companies with minimal regulatory interference with the mode of operations or award of contracts. At decolonization, there arose the need for Nigeria to jettison the old economic order. Nigeria needed to assume control of the exploitation, exploration and in the production of oil and gas sector in order to generate the much awaited oil revenue. The era of walking sticks, tobacco, rum, whiskey to gain the support of the community chiefs were over. In reaction, the spontaneous reaction after independence was the introduction of certain developmental policies and reforms. In the current millennium, the National Oil and Gas Policy was approved by the Federal Executive Council under the chairmanship of President Umaru Musa Yardua in September 2007. The singular objective of the policy was to make far reaching changes and ensure the fundamental transformation of the Oil and Gas Industry to bring it in line with 21st Century Global Industry.

[24] Ibid

2.4 Historical Evolution of Local Content Policy In Nigeria

The Nigerian content policy was formally initiated in 2006 under Obasanjo's Administration, following the initial submission of a draft of National Content Development in 2003 by Nigerian National Petroleum Corporation (NNPC). The 23 content policy directives or domiciliation guidelines of Nigerian content policy were issued by Nigerian National Petroleum Corporation (NNPC) with stated projects of achieving 45% and 70% local content by 2006 and 2010, respectively[25]. The thrust of the Nigerian content policy, therefore, is to compel oil and gas multinationals to utilize the indigenous material and human resources with the aim of building local capacity, increasing local participation, dissuade capital flight, increase the contribution of oil and gas to Gross Domestic Product (GDP), and facilitate backward and forward linkages. In a nutshell, Nigerian content policy provides that contracts to be awarded by oil and gas multinationals operating in Nigerian to oil servicing firms must be executed in-country in a fabrication yard located in Nigeria by a Nigerian firm with high percentage of Nigerian workers or in joint venture partnership with a foreign firm; and procurement of materials and services needed to execute the contracts should as well be sourced from local manufacturers. In order to achieve these set out targets, the Nigeria National Petroleum Corporation (NNPC) was charged with the responsibility of ensuring compliance or ensuring that the oil and gas multinationals comply with the 23 local content directives or domiciliation guidelines.

The law establishing Nigeria National Petroleum Corporation (NNPC) empowers it to regulate business and productive activities in oil and gas sector. Thus, NNPC relies on the law establishing it to enforce Nigerian content policy while awaiting the passage of

[25] F Balogun, 'Losing the Local Content Race' (2008) <*http://thenewsng.com/business*> accessed 7th October 2025.

the Nigerian content bill into law. Consequently, NNPC has often blamed its inability to effectively enforce local content policy on the inadequacy of existing law. But our argument here is that the problem is more fundamental. The Nigerian National Petroleum Corporation, thus, set up the Nigerian Content Division (NCD) in March 2005 headed by a Group General Manager (GGM) as an organizational framework for effective implementation of the policy. So, while the Nigerian National Petroleum Corporation (NNPC) still reserves the right to enforce, the Nigerian Content Division (NCD) was charged with the responsibility of monitoring compliance, planning and building capacity.

Thus, the Nigerian Content Division (NCD) comprises three departments, namely,

a) Capacity Building Department
b) Planning Department and
c) Monitoring Department.

The above departments are collectively charged with the following responsibilities;

(i) study best practices and advise NNPC management on Nigerian content
(ii) obtain applicable data from industry and plan for new opportunities
(iii) develop strategies for capacity building, skill competency and supplier enhancement
(iv) drive Nigerian content implementation and monitor compliance; and
(v) coordinate sectoral working committees.

In order to complement the work of Nigerian Content Division (NCD), the Nigerian National Petroleum Corporation (NNPC) in alliance with key industry stakeholders (i.e. oil and gas multinationals) and other operators set up the Nigerian Content Consultative Forum (NCCF). The Nigerian Content Consultative Forum (NCCF) has eight sectoral working committees covering the fabrication, engineering, manufacturing, petroleum engineering and subsurface, banking and insurance, and shipping and logistics, and other sub sector committees. The oil and gas multinationals that make up the Nigerian Content Consultative Forum (NCCF) are to actively participate in monthly meetings of the committees to discuss issues of compliance, default or violations and review capacity building programmes. In accordance with the industry coordination procedures, Nigerian content offices have been set up in all operator companies and managers appointed to coordinate company local content activities. The Nigerian Content Division (NCD) in collaboration with Nigerian Content Consultative Forum (NCCF) has developed the Joint Qualification System (JQS) to facilitate the Exploration and Production (E&P) contracting process in oil and gas industry. Joint Qualification System (JQS) will provide a databank of available goods and services suppliers to the Nigerian petroleum industry and streamline the pre-qualification process in order to open up available opportunities for qualified local contractors to participate in the oil and gas sector. Despite the establishment of these institutions or institutional frameworks available data demonstrate that Nigerian National Petroleum Corporation (NNPC) has not been able to attain its stated targets of achieving 45% of local content in 2006 and from all indications will not be able to achieve 70% of local content by 2010.[26]

In addition, Mbamalu[27] observes that the current available data show that Nigerian National Petroleum Corporation (NNPC) has only been able to attain local content value of between 30% and 35% in 2009. Therefore, when compared with other oil producing

[26] HO Ajumogobia, Keynote Address at a Workshop Organized by Nigerian Content Consultative Forum (NCCF) on 'Developing Strategies for Domiciling, Training and Creating Sustainable Partnerships for Human Capital Development' (2009).

[27] M Mbamalu, 'Oil and Gas: Engineering Firms Want More Compliance with Nigerian Content' (2009) <*http://ngrguardiannews.com/business/article*> accessed 7th October 2025.

countries, Nigeria has an extremely low level of local content in its petroleum industry. For example, facts from NNPC show that while some countries had domesticated its oil industry to a large extent, Nigeria can only boast of a mere five percent local content level by 2007. Comparative figure, for some other oil producing countries like Brazil, Malaysia, Norway and Indonesia are 70%, 70%, 50% and 25%, respectively[28]. Although, there are conflicting data on the level of local content achieved in Nigerian oil and gas industry, but none of data suggests that the local content targets are being attained. More so, other indices like Gross Domestic Product (GDP) show that the local content target is yet to be attained. Even the Nigerian Content Division (NCD) recognizes this shortcoming when it states that despite huge investments made by the Federal Government of Nigeria (FGN) in oil and gas sector of the economy, an average of US$ 10 billion per annum, its contribution to GDP growth has been minimal. For example, available data indicate that the contribution of oil and gas sector to the country's Gross Domestic Product (GDP) decline in the local content regime from 24.26% in 2005 to 17.54% in 2008 for details. The above includes both the upstream and downstream sub-sectors, that is, contribution of the crude oil & natural gas and refined oil & liquefied gas[29].

Most of these oil and gas multinationals like Shell, Agip, Chevron, Texaco, Total, Exxonmobil, etc, are contented to limit their compliance of the Nigerian content policy at the level of invitation for pre-qualification tender or bidding. As such, they are not bordered by what happens at the level of execution of the contract provided the contract is satisfactorily carried out or standards are maintained. This is exactly what Omoh &

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[28] AK MGBOLU (n15)

[29] Ibid

Hector in Nana[30] were referring to when they state: Oil gas multinationals are only prepared to comply with the directives at the contracting stage, but not at the implementation stage. In order to qualify, most of the oil majors go into joint ventures with Nigerian companies at the contracting, but only to default at the implementation stage by given or subcontracting it to foreign firms. Similarly, Azudialu[31] seems to corroborate the above assertion when he states that there are some cases of collusion between some of the oil multinationals and certain “briefcase” contractors in Nigeria to paint foreign oil service companies indigenous all in bid to satisfy the local content policy. The “briefcase” contractors are those indigenous firms that act as fronts for foreign oil servicing firms. Thus, many scholars attributed the inability of the Nigerian Content Division of NNPC to ensure compliance or to implement and enforce Nigeria content policy in oil and gas industry to weakness of the regulatory agency and absence of enabling law. The Nigerian Oil and Gas Industry Content Development Bill was subsequently enacted into law in 2010 establishing Nigerian Content Development and Monitoring Board (NCDMB) as the regulatory agency replacing NNPCNCD.

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[30] OJ Nana, ‘Indigenous Entrepreneurship and Financing in the Nigerian Oil and Gas Industry’ A Paper Presented at the National Conference on *Promoting Local Content in the Nigerian Oil and Technology Development* at Petroleum Training Institute (PTI), Efurun, Delta State, Nigeria.

[31] E Azudialu, ‘Obstacles to Local Content Policy’ *The Newswatch* (2009) <*http://www.newswatchngr.com/index*> accessed 7th October 2025.

2.5 Literature Review

The necessity to encourage local content for economic growth via the deliberate use of Nigerian personnel, substantial resources and facilities in the nation's oil and gas sector. According to Yemi Oke[32], local content is a protectionist policy aimed at shielding various spheres of Nigeria's economy to guarantee government control of its vital areas. This view was further alluded to by Omorogbe[33] who describes the local content policy as distinguishable from nationalization. The individuals and states' right to permanent sovereignty on their natural resources and incomes must be utilized to benefit their citizens' welfare and growth and society's security. However, nationalization or expropriation should be based on community needs, safety measures or indigenous advantage and upon reimbursement of suitable repayment or recompense under nations' law.

Okafor and Aniche[34] argue that the country is richly blessed with abundant mineral and human resources to the extent that it is ranked the seventh (7th) the main producer of crude oil globally. Despite low revenues made by the Federal Government from the sector, which is approximately $10 billion a year, input to Gross Domestic Product (GDP) is insignificant, can be more or less than 30%. This low turnover of the oil and gas industry is repeatedly ascribed to foreign domination of the industry and dwindling inputs by Nigerian oil companies. Balouga[35] also argue that regardless of the enactment

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[32] Y Oke, 'Multi-Jurisdictional Evaluation of the Nigerian Oil and Gas (Industry and Content Development) Act, (2012)' *University of Ibadan Law Journal* 153.

[33] Y Omorogbe, 'Energy and Economic Development: Policies, Institutional Frameworks and Strategic Options' *Institutional Frameworks and Strategic Options* (2014).

[34] J Okafor and E Aniche, 'A Critical Appraisal of Enforcement of Nigerian Oil and Gas Industry Content Development (NOGICD) Act 2010' *Journal of Law, Policy and Globalization* (2014) 82.

[35] J Balouga, 'Nigerian Local Content: Challenges and Prospects' *International Association for Energy Economics* (2012) 23.

of the local content policy in 2006 and enactment of the Nigerian Oil and Gas Industry Content Development Act in 2010, citizens have a very insignificant portion of the oil and gas transactions over the ages, approximately 14%. For a nation with versed oil and gas resources and substantiated recoverable reserves of approximately 37 billion barrels, her incapability to utilize the oil wealth for national growth and poverty diminution has been the utmost problem bedeviling the country.

Moreover, local content failure is attributed to poor implementation of the law by the Nigerian Content Development and Monitoring Board due to lack of commitment on the Board's part to enforce the Act effectively. Also, in harmony with Balouga[36], who argues further that despite Nigeria's enormous natural resources, the country remains one of the poorest, and scientifically deteriorating, countries in the globe as its oil revenues has not utilized to improved her citizens' welfare as over 90% of the annual oil sector expenditures evade the national economy as capital flight.

2.6 Conclusion

The analysis of the Nigerian Oil and Gas Industry Content Development Act (NOGICD Act) reveals a strategic effort to enhance indigenous participation, foster technology transfer, and stimulate economic growth within Nigeria's oil and gas sector. While the Act has spurred increased local engagement and sectoral output, challenges persist, particularly concerning access to funding for local companies and effective implementation of the Act's provisions. Continued efforts to address these systemic issues are crucial to fully realize the NOGICD Act's potential for sustainable development and economic empowerment in Nigeria.

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[36] Ibid

CHAPTER THREE
LEGAL AND INSTITUTIONAL FRAMEWORK OF THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT ACT

3.1 The Nigerian Oil and Gas Industry Content Development Act, 2010

Previously, the Nigerian Content Division (NCD) was a part of NNPC established in 2006 to achieve the following goals (i) to achieve 45% local content in oil and gas spend by 2006; (ii) to achieve 70% local content value in the provision of materials, services and equipment to the local oil and gas industry by 2010; (iii) to create an economic engine for growth, driving employment, wealth creation and improved linkage between the Oil and Gas industry and other sectors of the Nigerian economy. The division is working to enable a transformed Oil and Gas industry with well developed in-country capacity and local capabilities, a competitive supply and services sector and ultimately, the hub for energy service delivery in Africa[37].

But following the inability of the Nigerian Content Division of NNPC to ensure compliance or to implement and enforce Nigeria content policy in oil and gas industry, Nigerian Oil and Gas Industry Content Development (NOGICD) Bill was signed into law by President Goodluck Jonathan on April 22, 2010. The Nigerian Content (NC) Act 2010 (as is called in short) establishes the Nigerian Content Development and Monitoring Board (NCDMB). Thus, Balouga[38] suggested that the Nigerian Content Consultative Forum (in charge of networking in the oil and gas industry), the Nigerian Content Division (an arm of NNPC) and the newly created Nigerian Content Development and Monitoring Board, NCDMB, (charged with the responsibility of

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[37] DF Adebola and others, 'Building Local Capability: A Case Study of Agbami Project' A Paper Presented at the 30th SPE Annual International Conference and Exhibition (NAICE 2006), Abuja, Nigeria (2006).

[38] J Balouga, 'Nigerian Local Content: Challenges and Prospects' *International Association for Energy Economics* (2012) 23.

strictly enforcing compliance) must work in tandem for the success of the local content policy. However, the Nigeria Content Development and Monitoring Board (NCDMB) was established and vested with the responsibility to implement the provisions of the Act, make procedural guidelines and monitor compliance by operators within the oil industry. The Board is expected to perform the following functions, among others; (i) implement the Act's provisions and regulations made by the Minister; (ii) supervise, coordinate, administer, monitor and manage the development of Nigerian content; (iii) assist local contractors and Nigerian companies to develop their capabilities and capacities; (iv) make procedures to guide the implementation and ensure compliance with the provisions of the Act; and (v) monitor and coordinate Nigerian content performance of all operators in accordance with the provisions of the Act[39].

3.2 Role of The Nigerian Content Development And Monitoring Board (NCDMB)

The Board has powers to: (i) approval of Nigerian Content Plan; (ii) issuance of Certificate of Authorization; (iii) setting minimum Nigerian content level for project or project items which were not included in the Schedule A to the Act; (iv) determine if Nigerian indigenous contractors have the capacity to perform services listed in the schedule of services; and (v) issuing Regulations for the industry regarding Local Content[40]. NCDMB is as well charged by the Act to ensure that there are both human capacity building and industrial capacity development. There is a strong emphasis on employment and training of Nigerians and development of human capacity through deliberate and sustained efforts, programmes and policies. Some of the methods include

[39] D Okusami, 'An Overview of the Nigerian Local Content Act' A Paper Presented at the Africa Energy Week Conference in Cape Town, South Africa on September 29 (2010).

[40] Ibid

understudying, on-the-job training and project-driven training opportunities, such that over the life of a field development, local human capacity is developed in order to be available for another field development or project. There is also provision for waivers but for only three years after the commencement of the Act (April 2013). To be granted waivers, the operator is expected to show commitment towards building in country The Act in addition establishes a Nigerian Content Development Fund managed by the Board and funded through a 1% deduction at source of every contract awarded to any operator, contract, subcontractor, alliance partner or any other entity in any project, operation, activity or transaction in the upstream sector on the industry.

The Act also has a schedule detailing minimum levels of Nigerian content in different areas of Oil & Gas operations. There are 17 categories which are further divided into 280 line items covering virtually all areas of operational activities. The main focus areas for implementation by NCDMB include; (i) training and employment of Nigerians; (ii) promoting indigenous ownership of marine vessels, offshore drilling rigs, etc; (iii) establishment of critical facilities such as pipe mills, dry docking and marine facilities, pipe coating facilities; (iv) integration of indigenes and businesses residing in oil producing areas into mainstream of industry economic activity; and (v) promoting services which support industry activities such as banking, insurance, legal, etc[41].

Under the "Preferred Consideration" for Nigerian companies of the Act, bid processes and contract awards must now consider and reward Nigerian content. "First consideration" is to be given to Nigerian independent operators in the award of oil blocks, oil field licences, oil lifting licences and all projects for which conditional contracts are to be awarded in the oil and gas industry. "Exclusive consideration" is to

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[41] D Okusami (n3)

be given to Nigerian indigenous service companies for prescribed contracts/services (as set out in the Act's Schedule), where such companies demonstrate sufficient ownership of equipment, Nigerian personnel and capacity to perform such operations[42]. The Act specifies minimum levels or thresholds of Nigerian content for any 'project' to be carried out in the Nigerian oil and gas industry (see the Schedule to the Act for the precise list of operations and corresponding content, which ranges from 45 percent to 100 percent). If a project description is missing from the Schedule, the Board has the right to set the minimum content requirement[43].

Yet three years after enactment of the Bill and establishment of the NCDMB, the Board has not recorded any significant improvement on the enforcement of the Act. But the problem is more fundamental than this, the truth is that Nigeria is an oil-rentier state and as a rent-seeking state, she lacks the wherewithal to strengthen the administrative capacity or organizational framework of her regulatory agencies; and as well the political will to ensure compliance. Rentier oil-states are innately administratively weak states, because by relying mainly on external rents they unwittingly diminish their administrative capacity. Inefficient bureaucracy and institutional weaknesses are, therefore, by-product of *rentierism*. The rent-seeking character of the Nigerian state has also created a rentier class, that is, a rent-seeking class with a rentier mentality which collude with the foreign oil servicing firms to cash in on the institutional incapacity of the regulatory agencies to subvert the Nigerian Content (NC) Act by acting as fronts for

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42 UB Ihua, 'Local Content Policy and SMEs Sector Promotion: The Nigerian Oil Industry Experience' *International Journal of Business and Management* (2010) 3-13.

43 K Abolfazi and N Behrouz, 'A Conceptual Model for Local Content Development in Petroleum Industry' *Management Science Letters* (2012) 2.

them to win contracts in return for a proportion of the proceeds. capacity in areas where such inadequacies exist[44].

3.3 Other Fundamental Legal Framework Regulating the Oil Industry

Besides, national legal regime such as section 16 (2) of the 1999 Constitution[45] ensures that Nigeria's economic policies are tailored towards guaranteeing all citizens' well-being but in justiciability of this section and lack of a business-friendly environment have hampered this laudable objective[46] Petroleum Act 1969[47], Deep offshore and Inland Basin Production Sharing Contracts Act,[48] offers encouragement to oil firms in the inland basins and deep offshore areas in the country. The Associated Gas Re-Injection Act (as amended)[49] regulates the rejection of associated gas into oil wells. Environmental Impact Assessment Act[50] make it mandatory for impact assessment to be done before the commencement of any energy project or other activities to ascertain its effects on the environment. [51]

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44 I Izeze, 'Nigerian Oil and Gas Local Content Act: Worrying Abuse of Expatriate Quota' *Point Blank*, (2013) 29.

45 Constitution of the Federal Republic of Nigeria 1999 (as amended) Cap C20 LFN 2004

46 EJ Alemika, 'The Non -Justiciability of Chapter II of the 1999 Constitution: Implication for Development in Nigeria' *Benson Idahosa University Law Journal* (2011) 256.

47 CAP P10 LFN 2004

48 CAP D3 LFN 2004

49 Cap A25 LFN 2004

50 Cap E12 LFN 2004

51 Y Oke, 'Comparative Appraisal of the Legal Regime of Local Content Policy in the Energy Sectors of Nigeria' *In Energy Resources Law and Practice Oil and Gas Law, Practice Cases and Theories,* (Princeton and Associates Publishing Co. Ltd 2019), 167.

The Land Use Act[52] controls land proprietorship rights and occupancy system while the Exclusive Economic Zone Act[53] describes the country's exclusive economic zone's limits. Oil Pipelines Act[54] regulates the construction and operation of oil pipelines. The Petroleum Profits Tax Act[55] enforces tax on oil firms' profits in the upstream oil sector. Oil Terminal Dues Act[56] controls the costs of terminal charges on any vessel discharging oil from terminals in the country.

The Petroleum Industry Governance Bill (PIGB) 2017 imposes an obligation on the Nigerian government to promote indigenous oil firms in the sector. It empowers the Petroleum Inspectorate to revoke licenses or permits of any firm if local Nigerian content is not complied with an obligation on the licensees' part to present a comprehensive staffing and schooling Nigerians' plan.

3.4 Prospects of The Oil And Gas Industry Content Development Act, 2010

The Local Content Act enhances economic development and promotes the diversification of oil and gas reserves via local participation. The oil and gas industry's economic growth prospect is further worthwhile if the indigenous people participate in the industry's development. This will enhance the retention of more capital in the state due to excessive benefits in increasing the operations, thereby creating an opportunity for diversification of the economy, create opportunities for investment and employment

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52 CAP L5 LFN 2004

53 Cap E17 LFN 2004

54 CAP 07 LFN 2004

55 Cap 13 LFN 2004

56 Cap 08 LFN 2004

opportunities[57]. The local content Act has the prospect of connecting the oil and gas industry with another facet of the economy by creating an opportunity for financing and employment prospects for Nigerians to their contributions to the gross domestic product. It will promote technology transfer that will improve the country's economy, reducing importing technological expertise. It will promote healthy competition between the local oil firms and the multinational oil firms, thereby promoting Nigerians' employment opportunities[58]. The Act will generate more revenues for the Federal Government. Therefore, there is a need to develop local capacity and skills to reduce over-dependence on expatriates to satisfy the industry's need for skills and capacity to enhance the country's economy's values[59]. Increment in local value creation and involvement in the industry’s value chain. It has the prospect of attracting billions of Naira worth of investments into the Nigerian economy. It will enhance participation in deep-water offshore and fabrication activities. It will complement the amnesty programmed to ensure peace and national security.

3.5 The Merits of The Nigeria Local Content Development Act To The Nigerian Economy

They key role played in the development of the oil and gas industry in Nigeria, and the achievement so far received from the enforcement of the Act has no doubt made it a milestone in the development of local content in the oil and gas sector. The resultant effect in the acquisition of basic technology and technology transfer has impacted

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[57] B Asiago, ‘Norwegian local content model a viable solution’ *US-China Law Review* (2017) 471-497.

[58] OJ Olujobi, ‘Combating Insolvency and Business Recovery Problems in the Oil Industry: Proposal for Improvement in Nigeria's Insolvency and Bankruptcy Legal Framework’ (Heliyon 2021) 7.

[59] O Dike, ‘Measuring and Implementing the Nigerian Content: Key Legal Requirements of the Local Content Act’ (2016) <https://businessday.ng/analysis/article/measuring-and-implementing-nigerian-content-key-legal-requirements-of-the-local-content-act-1/> accessed 9th October 2025.

positively on the economy, with the reduction in the acute unemployment of the country's teeming jobless graduates, skilled and semi-skilled persons. This scenario now meant a resultant and consistent growth of the economy. There has been thus far, a remarkable increase involving Nigerian oil service firms in the construction of facilities in the sector. There was for example, the design and fabrication of the Abang and Ituh Satellite field development project platforms by Niger Dock at the Island Integrated Free Zone for, Mobile Producing Nigeria, in recent years. Additionally, very recently too, there was the laying of the set of made in Nigeria oil and gas pipelines at the EXXON Mobil's Edop-Idoho-offshore Field. Prior to this time, such a contract would have been executed by an engineering company which is a subsidiary of a foreign owned company. Consequent upon this achievement, multinational oil companies including Shell, Agip and Chevron has since placed orders that are likely to sustain the employment of over twenty Nigerians in the Stress Corrosion Cracking ('SCC') Plant Project. Today, many indigenous companies which render services in the oil and gas sector appear to be getting more involved in the sector and are becoming more relevant.[60]

More so, the development of local content has ultimately created local capacity and capability which now compete with foreign companies and in the process develop the economy. The local content is also now valuable because of its impact on the non-petroleum industries in Nigeria, mostly the SMEs. The position in Nigeria today, is that the local content can be targeted at and now used to harness a hub of goods and services which can be applied in a number of industries. Also, the domiciliation by the international oil companies of a minimum percentage of their profits within their Nigerian bank accounts, no doubt, significantly affect the availability of the long term

[60] G Etikerentse, 'Nigerian Petroleum Law' (Lagos: Develop Publishers; 2004) 46.

funding for the development of the nation's industrial base; as it injects liquidity into the local economy.

3.6 Conclusion

The legal and institutional framework of Nigeria's oil and gas industry is significantly shaped by the Nigerian Oil and Gas Industry Content Development (NOGICD) Act of 2010, commonly known as the Nigerian Content Act. This Act emerged from the perceived failures of the Nigerian Content Division (NCD) within the Nigerian National Petroleum Corporation (NNPC), established in 2006, to effectively enforce local content policies. The Act established the Nigerian Content Development and Monitoring Board (NCDMB) to oversee and enforce compliance. The NCDMB is responsible for implementing the Act, creating guidelines, monitoring operator compliance, assisting local contractors, and setting minimum Nigerian content levels for projects. The Act emphasizes human and industrial capacity building through training and employment for Nigerians. A Nigerian Content Development Fund, financed by a 1% deduction from all upstream sector contracts, supports these initiatives. The Act provides a detailed schedule outlining minimum Nigerian content requirements for various oil and gas operations, ranging from 45% to 100%. It also prioritizes Nigerian companies in bid processes and contract awards, with "first consideration" given to Nigerian independent operators and "exclusive consideration" to indigenous service companies demonstrating sufficient capacity. Despite the Act's provisions, challenges remain, including the state's rentier nature, which can weaken administrative capacity and encourage rent-seeking behavior that undermines compliance. The broader legal framework includes the Constitution, Petroleum Act, and other laws addressing environmental impact, land use, and taxation, further regulating the oil industry.

The NOGICD Act holds significant potential for economic development, diversification, and increased local participation in the oil and gas industry. It aims to retain more capital within Nigeria, create investment and employment opportunities, promote technology transfer, and foster healthy competition between local and multinational firms. By increasing local value creation and attracting investment, the Act can contribute to peace, national security, and the integration of oil-producing communities into the mainstream economy. The enforcement of the Act has led to the acquisition of basic technology, technology transfer, reduction in unemployment, and increased involvement of Nigerian oil service firms in the construction of facilities in the sector, which has ultimately created local capacity and capability which now compete with foreign companies and in the process develop the economy. Also, the domiciliation by the international oil companies of a minimum percentage of their profits within their Nigerian bank accounts, significantly affect the availability of the long term funding for the development of the nation's industrial base; as it injects liquidity into the local economy.

CHAPTER FOUR

CRITICAL ASSESSMENT OF THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT ACT, 2010

4.0 Introduction

The Nigerian Oil and Gas Industry Content Development Act, 2010, represents a landmark legislative initiative aimed at fostering indigenous participation and capacity development within Nigeria's petroleum sector. This legislation was enacted in response to the historical underrepresentation of Nigerian companies and professionals in the oil and gas industry, which had been dominated by foreign multinational corporations. By establishing a regulatory framework for local content development, the Act seeks to enhance the contribution of Nigerian businesses, promote human capital development, and stimulate economic growth through the strategic utilization of domestic resources.

This chapter critically examines the effectiveness of the Local Content Act, focusing on its impact on indigenous participation, the successes achieved in local content implementation, and the challenges that have impeded its full enforcement. In addition, the chapter evaluates specific issues that continue to hinder the optimal realization of the Act's objectives, including regulatory, operational, and infrastructural barriers. Furthermore, to provide a broader understanding of local content policy, the chapter includes a comparative perspective, highlighting the experiences of other jurisdictions such as Brazil and Norway, which have implemented similar frameworks to maximize local involvement in their respective oil and gas sectors.

Through this analysis, the chapter seeks to provide a comprehensive assessment of the Act's achievements and limitations, offering insights into the strategies that could strengthen Nigeria's local content policy and ensure the sustainable development of its oil and gas industry.

4.1 Impact of the Act on Indigenous Participation in the Oil and Gas Sector

The IOCs are developing and implementing effective corporate social responsibility (CSR) initiatives in support of the objectives of the Nigerian Oil and Gas Industry Content Development Act.[61] CSR involves the IOCs providing financial aid to local firms and investing in technical skills training to support technological capacity development in the host communities of the petroleum-producing companies in Nigeria.[62] The development of effective CSR initiatives will ensure the social and infrastructural development of Nigerian communities, especially the host communities of the petroleum-producing companies in the Niger Delta region of the country.[63] Cultural and socioeconomic inequalities and imbalances are the major reasons for the insecurity and violence in the Niger Delta region.[64] The IOCs need to do more than just pay corporate tax. The IOCs need to participate directly in the development of their host communities to address the problem of social and economic inequality.[65]

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61 Ngoasong M. Z., "How International Oil and Gas Companies Respond to Local Content Policies in Petroleum-Producing Developing Countries: A Narrative Enquiry," *Energy Policy*, Vol. 73, (2014), pp. 471–479.

62 Ibid.

63 Renouard C. and Lado H., "CSR and Inequality in the Niger Delta (Nigeria)," *Corporate Governance*, Vol. 12, (2012), pp. 472–484.

64 Ibid.

65 Ibid.

The IOCs contributed to the achievement of the objectives of the Nigerian Oil and Gas Industry Content Development Act through workforce development, host community investments, supplier capacity development, research and development, stakeholder engagement, local technological capacity building, and preferential selection of local contractors for project execution.[66] The domiciliation of economic activities in the petroleum industry of Nigeria is a sustainable model for retaining control of the most valuable natural resource in the hands of the indigenous people.[67] Improving the interactions among the most important stakeholders in the Nigerian petroleum industry beyond the unidirectional interaction between the government and the IOCs will also support the realization of the objectives of the act.[68]

4.1.1 Enhancing Indigenous Participation Under the Local Content Act

A focused approach to enhancing indigenous participation in the Nigerian oil industry began with a workshop organised by the National Petroleum Investment Management (NAPIMS) in 2001.[69] The workshop produced a communique which recommended the creation of the National Committee on Local Content Development (NCLCD).[70] In 2002 the Committee produced a report of their findings on Nigerian content in the oil and gas sector, the NCLCD Report. The NCLCD Report proposed targets for aggregate local content value in the oil and gas industry - 40 per cent in 2005 and 60 per cent in 2010 -

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66 Monday J. U., "Local Content Policy, Human Capital Development and Sustainable Business Performance in the Nigerian Oil and Gas Industry," *Journal of Management and Sustainability*, Vol. 5, (2015), pp. 75–83.

67 Ovadia J. S., "The Nigerian 'One Percent' and the Management of National Oil Wealth through Nigerian Content," *Science and Society*, Vol. 77, (2013), pp. 315–341.

68 Ibid.

69 Toyin Falola and Jessica Achberger (eds), *The Political Economy of Development and Underdevelopment in Africa* (Taylor and Francis 2013) 57.

70 Ibid.

and recommended the drafting of a Nigerian Content Development Bill.[71] In the same year, a Nigerian content study was undertaken by the Nigerian Content Unit, a section of the Department of Petroleum Resources (DPR). The study was commissioned by the Norwegian Agency for Development Cooperation (NORAD) and the Norwegian Ministry for Petroleum and Energy (NPE) under the custody of the NNPC, DPR, NAPIMS and the Office of the Advisor to the President on Petroleum and Energy. This resulted in the afore-mentioned, "INTSOK Report." The INTSOK Report stressed that the ultimate goal of a viable local content policy should be the creation of jobs as well as the enhancement of sustainable growth in industrial and national wealth.[72] The Report also recommended that "oil companies should be asked to take – and accept – a major responsibility to achieve the objectives that are set".[73] A significant finding of the Report is that:

> As for the local content policy regarding upstream oil and gas, two pillars have to be constructed. One is the responsibility of the oil companies; the other is the policy of the government. Government policy will have great bearing as to the commitments that the oil companies are willing to make. Government policy, and in particular policies influencing the framework conditions for investments and business development, also have great bearing on a third group of players that is required for industrial capacity expansion, namely the entrepreneurs who are willing to invest to provide the needed goods and services.[74]

A further report was instrumental to the development of the Nigerian Content Policy - the 'Synchronised Report on Enhancement of Local Content in the Upstream Sector of

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71 Ibid.

72 See the INTSOK Report (n 2), 63.

73 Ibid, 64

74 Ibid, 64. Emphasis in original.

the Oil and Gas Industry in Nigeria' ("Synchronised Report"). The Synchronised Report recognised the need to balance encouragement of foreign investment with participation and development of indigenous capabilities, and recommended preferential treatment for indigenous companies and the categorisation of companies.[75]

It is worth mentioning that in 2004, a Nigerian Content Division (NCD) was created within the NNPC to actively manage indigenous skills, develop capacities, and monitor compliance and growth in local content implementation. However, it can be argued that it was the three reports – the NCLCD Report, the INTSOK Report and the Synchronised Report which effectively provided the foundation for the Local Content Act 2010.

The Local Content Act is divided into three parts. Part One deals mostly with developing Nigerian content in the oil and gas industry. Part Two provides for the establishment of the Nigerian Content Development and Monitoring Board (NCDMB) while Part Three deals with financial and legal matters.[76] The act aims to facilitate indigenous participation and to promote local content development in the Nigerian oil and gas industry. It applies to all Nigerian operators and operations carried out within the Nigerian oil and gas industry.[77] It also administers local content requirements, which apply to all contracts entered into after its enactment.[78] The objective of these provisions

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[75] Hilary-Nwokonko (n 4), 4.

[76] The Act is divided into three parts. Part one deals mostly with developing Nigerian content in the oil and gas industry. Part two dwells on the establishment of the Nigerian Content Development and Monitoring Board (NCDMB) while part three provides for financial and legal matters.

[77] The Act is divided into three parts. Part one deals mostly with developing Nigerian content in the oil and gas industry. Part two dwells on the establishment of the Nigerian Content Development and Monitoring Board (NCDMB) while part three provides for financial and legal matters.

[78] The Nigerian Oil and Gas Industry Content Development Act 2010, s 6.

can be said to be to domicile relevant economic activities in the Nigerian oil and gas industry in Nigeria.[79]

The Act defines 'Nigerian content' as,

> …the quantum of composite value added to or created in the Nigerian economy by a systematic development of capacity and capabilities through the deliberate utilization of Nigerian human, material resources and services in the Nigerian Petroleum Industry.[80]

It presents several opportunities for the promotion of indigenous participation by prescribing as follows:

1. First consideration to be given to Nigerian operators in the award of licenses or oil blocks and in all projects for contracts awarded in the Nigerian oil and gas industry.[81]
2. Exclusive consideration to be given to Nigerian indigenous service companies which demonstrate ownership of equipment, Nigerian personnel and capacity to execute the work.[82] Although this section of the Act encourages indigenous participation, the use of the word "exclusive" implies the exclusion of all nonNigerian service companies. In our opinion, this provision goes against the FG's objective of attracting foreign investment.
3. Promotion of Nigerian content development shall be a major criterion for the award of licenses, permits and any other bid interests.[83] Likewise, it provides that

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[79] Olaniwun Ajayi, 'Nigeria Oil and Gas' (*Freshfields Bruckhaus Deringer*, March 2013) <www.freshfields.com/uploadedFiles/SiteWide/News_Room/Insight/Africa_ENR/Nigeria/Nigeria%20oil%20and%20gas.pdf> accessed 3 December 2025.

[80] This definition emphasises value addition to the Nigerian economy.

[81] The Nigerian Oil and Gas Industry Content Development Act 2010, s 3(1).

[82] Ibid, s 3(2).

[83] Ibid, s.3(3).

the NCDMB or "the Board", established under the Local Content Act, shall ensure a measurable and continuous growth of Nigerian content in all transactions in the Nigerian oil and gas industry.[84]

4. First consideration to be given for Nigerian goods and services so as to develop the supply of local services and products.[85] This must be specified by an operator in a Nigerian Content Plan submitted to the Board for approval.[86]
5. First consideration to be given to Nigerians for employment and training in any project executed in the Nigerian oil and gas industry.[87] The Act is intent on the development of indigenous skills. Section 29 provides for the submission of an Employment and Training (E and T) Plan by operators. The procedure for such training must be specified in the Plan. Furthermore, where Nigerians are not employed for lack of training, the operator must supply such training locally or elsewhere.[88]
6. Use of indigenous assets in oil and gas operations by prohibiting the importation of welded products and requires that all fabrication and welding activities be carried out in Nigeria.[89] This also encourages the ownership of indigenous assets by the local service contractors.
7. Technology transfer in accordance with the country's plans and priorities.[90]

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[84] Ibid, s 5.

[85] Ibid, s 12

[86] Ibid, s 7

[87] Ibid, s 28(1).

[88] Ibid, s 30.

[89] Ibid, s 53.

[90] Ibid, s 43. This program must be to the satisfaction of the Board

We identify certain limitations implicit in the above provisions below:

First, the principle of the lowest bidder is not the definitive yardstick for award of contracts. Contracts can be awarded to an indigenous company that is not the lowest bidder but has the capacity to execute a project.[91] However, the value of the contract must not be more than 10 per cent of the lowest bid price. In our opinion, this provision does not guarantee effective competition among bidders. Although, the Act aims to provide full and fair opportunity for Nigerian contractors,[92] it ought not to discourage effective competition in relation to foreign suppliers. Nevertheless, foreign companies may participate in the process by either incorporating a Nigerian subsidiary or enter into JVA with one or more indigenous company.[93] With respect to expatriate positions in an indigenous oil firm, an operator may retain a maximum of 5 per cent allowance for management positions for expatriates.[94] This section is intended for the protection of the interest of investors. However, it may deter foreign investments as international stakeholders may not consider this an effective representation of their interests.

Second, an operator is mandated to submit a Nigerian content plan for all projects,[95] which is to ensure that first consideration is given to Nigerians for training and employment.[96] The Act further states that the Board shall ensure that the operator

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[91] Ibid, s 16.

[92] Ibid, s 15.

[93] Nwaozuzu C., "Marginal Fields Licensing Round 2013: Prospects, Delays (1)," *Vanguard* (Lagos, 10 June 2014).

[94] Ibid, s 32.

[95] Ibid, s 7

[96] Ibid, s 10(1)(b).

maintains a reasonable amount of personnel in the areas it has significant operations.[97] There is no indication of what constitutes a reasonable amount of personnel - what percentage of the total employees would be reasonable? Would this refer to the general employment or would exceptions be made where the operator claims a knowledge or skills shortage? It would have been preferable if these issues were clearly addressed in the Act's interpretation section or subsequent guidelines and/or regulations. Additionally, the penalty for non-compliance with the provisions of the Act is a fine of 5 per cent of the project sum or a cancellation of the project.[98] Even if the fine is adequate a point on which we have reservations, the procedure for enforcement of penalties is not clear.

Third, the brief definition of a Nigerian company under the Act can also be a limitation since it does not absolutely preclude the formation or control of an indigenous company by rich foreign investors. The Act defined a Nigerian company to mean "a company formed and registered in Nigeria in accordance with the provision of Companies and Allied Matters Act with not less than 51 % equity shares by Nigerians."[99] In practice, it is possible that "indigenous" oil companies can be fronts for IOCs or other private foreign owners. The provisions of the Local Content Act ought to have been more detailed and exact in limiting the use of Nigerian registered companies as fronts for foreign ownership. A decisive example can be found in the laws of the UAE, another oil producing country. Article 22 of UAE Federal Law No 8 1984, which law makes provisions for commercial companies, states as follows:

> Without prejudice to commercial activities reserved only to nationals, as may be prescribed herein or in any other law, it

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97 Ibid, s 28(2).

98 Ibid, s 68.

99 Ibid, s 109.

> is a requirement for the establishment of a company to have one or more national partner(s) whose share in the company's capital is not less than 51%.

The above provision is reinforced by Article 2 of the UAE Federal Law No 17 2004 which makes it illegal to conceal foreign involvement in any commercial enterprise. This provision clearly states:

> Concealment of any foreigner is prohibited– whether physical or juristic person – and whether it is carried out by using the name, the license, the commercial register of the concealer or by any other means in the light of the definition of concealment mentioned in Article 1 of the present Law.

The above provision has further been interpreted as extending the anti-concealment provisions to ‘side agreements’ in joint venture contracts, that is, agreements where a national purports to hold a percentage of the indigenous company *in trust* for foreign-owners. Such side agreements have hitherto been reached in an attempt to circumvent the provisions of UAE Federal Law No 8 of 1984 which bars foreigners outside established UAE Free Zones, from owning more than forty-nine percent of a Joint Venture.[100] If the intent of the Nigerian Local Content Act is to prohibit and forestall the use of local companies as fronts for foreign commercial companies, provisions such as these referred from the UAE above, are more likely to achieve the objective of preserving local content than what the Local Content Act currently provides.

A fourth limitation is found in sections 43-47 of the Local Content Act on technology transfer. These are general exhortatory provisions requiring operators to show plans on how they proceed with respect to technology transfer to Nigeria. There are no definite schemes or obligations such as a requirement that a percentage of the R&D work

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[100] See Nabil A Issa, “United Arab Emirates: Of Side Agreements and JVs’ *The Oath*, online at:http://www.theoath-me.com/s/united-arab-emirates-of-side-agreements-and-jvs accessed 19 December 2025.

undertaken must be carried out in Nigerian centres or universities or that patents and other IP developed in the course of projects in Nigeria should be first registered in the country.

Fifth, the Act does not in its provisions or by reference to secondary provisions address the often cited shortage of skills and experience in the Nigerian labour market which has always been the reason for the minimal employment of Nigerians in the oil and gas industry. The sixth limitation is that there is no provision relating to funding the development of fields subsequent to the awards. While the scope of the Local Content Act is more broadly to address Nigeria's content policy and not specifically for the marginal fields programme, in our view, field development involves huge investments and risks which cannot be borne solely by the indigenous companies. Most of the indigenous companies are only able to raise money to acquire the fields and require further funding for operations from local banks.[101] Without collateral by way of security, opportunities for funding from banks in Nigeria may not be readily available. Hence, the need to invite foreign partners becomes inevitable[102] Provisions that acknowledge or at least advise on the government's intent to support the funding initiatives under the aforementioned DPR Guidelines for Farm-out and Operations of Marginal Fields would in our view lend more credibility to the government's efforts to support local participation.

4.2 Challenges of the Local Content Act 2010

The challenges of the Local Content Act, 2010 are highlighted as follows:

I. Problems of Acquisition of Land in Nigeria

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[101] S. 52(1) Local Content Act allows for only the services of indigenous or local banks to be retained.

[102] Ibid n 76.

One of the problems hindering the implementation of the Local Content Act in Nigeria is the difficulty in acquisition of land by individuals in Nigeria. Access to land in Nigeria is affected by the operation of the Land Use Act.[103] The principal aim of the Act was to make land more accessible for both public and private use. However, it's operation so far seems to have proved otherwise.

By Section 1 of the Act[104]- all land in each state in Nigeria is vested in the State Governor to be held in trust and administered for the common benefit of all Nigerians. This section divested not only private land owners of their freehold rights but also stripped traditional land management institutions and community leaders of their control over family and community land[105].

Other provisions of the Act which has created problems of land availability for Nigerians include Section 34(5)[106]- which empowers state governments to extinguish all private rights in individual under developed land holdings in excess of 0.5 hectares and take them over without compensation for public purposes including redistribution. Similarly, Sections 28[107]- also provide for revocation of previously granted statutory rights of occupancy with minimal compensation.

These provisions gave the government cheap control of land and create problems of land availability for individuals to establish business. The result is that people cannot have

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[103] The Land Use Act Cap L5 Laws of the Federation of Nigeria (2004)

[104] Section 1 Ibid

[105] Onuoha R.A., *The Law of Land and Company Security in Nigeria: Reformation and Development of Viable Alternatives* (Owerri: ANON, 2008) 133.

[106] Section 34(5) Ibid

[107] Section 28 Ibid

access to land in Nigeria to establish their own business or companies. They are faced with numerous problems including community hostilities.

II. Inability to Secure Credit by Private Business Owners

The problems of land availability have further created problems of inability to secure credit from banks. Investors in Nigeria find it difficult to access loans to set up their business. This is because most banks usually ask for collateral before advancing credit, and majority of citizens wishing to borrow money using land as security cannot find any. This is further compounded by Section 22[108] which makes all private transactions including sales, assignments and mortgages carried out without the written consent of the state governor unlawful. The effect is that a lot of transactions remain irregular and the ensuing interest in land remain undocumented thus preventing their holders from being able to use them as security for loans from banks for investment purposes.

III. Lack of Enforcement of Laws by the Regulatory Agencies

The regulatory agencies that are responsible for ensuring compliance with the laws, and policies regulating the Oil and Gas industry in Nigeria are lacking in their duties. The effect is that there is constant violation of government policies in the Oil and Gas industry in Nigeria. Some of the multinational companies introduce new certification that would make indigenous oil servicing companies unfit to service the major oil companies. These multinational companies take advantage of the weak regulatory system to violate immigration laws in their bid to bring foreign oil servicing companies into the country. They also bring in obsolete and unserviceable equipment into the country in the name of oil tools for carrying their operations. And since the regulatory agencies are unable to enforce the laws, the aim of the Local Content Act, which is to

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[108] Section 22 Ibid

encourage the use of local resources and indigenous participation in the Oil and Gas industry in Nigeria, is completely defeated.

IV. Quality of Nigerian Engineers

The quality of engineers produced by Nigerian institutions leaves much to be desired. This is mainly due to the poor allocation of funds to the ministry of science and technology in our budget, and also to the absence of appropriate science equipment in our institutions. This has resulted in a situation where students do mainly theories with little or no practical teachings in their various institutions. Consequently, most graduates or engineers from higher institutions do not possess the relevant skills to fit into the Oil and Gas industry. This is coupled with the fact that some higher institutions do not offer courses that are relevant to the Oil and Gas industry. Even the Petroleum Training Institute at Warri, that is financed by the NNPC, to produce manpower that would manage the Oil and Gas industry in Nigeria and other parts of Africa has not done much in that direction. The institution which was originally established to award Bachelors, Masters, and Doctoral degree in Oil and Gas related courses now awards Certificate and Diploma courses. Hence, they are unable to make much impact in the Oil and Gas Industry both within and outside the country.

4.3 Implementation Challenge of the Nigerian Oil and Gas Industry Content Development Act

The Act has been acclaimed a major achievement in paving the way for greater participation of Nigerians in the oil and gas sector. The Act is also expected to grant Nigerians reprieve from the backlash from the discontent in the Niger Delta which in the last decade has spiraled out of control[109]. The anticipated smooth transfer of technology to Nigerians, and employment opportunities has also restored hope to millions of unemployed Nigerians that the Nigerian government is delivering on its poverty alleviation measure. However, realization of the above expectations appears to be unrealistic. This is because the implementation of the Act has been generating considerable anxiety among participants. There is reasonable apprehension that the Act could be subversive of the sector rather than confer the touted economic and technological advancement on Nigeria. In the light of the socio-economic realities of Nigerian situation, the Act is more emotive than practical. It constitutes a forced arrangement between multinational oil corporations operating and proposing to operate in Nigeria and the indigenes or locals without taking cognizance of the evident constraints of the practical application of most of its provisions. Below are some challenges that constrained the implementation of local Act:

Poor/Inadequate Infrastructure The infrastructure in Nigeria cannot presently support industrial growth, some of the infrastructural challenges include, insufficient power supply, poor transportation and telecommunication network, inexistent public utilities, just to mention a few. For instance, regular electricity supply required for the manufacturing and fabrication industry is yet to be given adequate attention as no effort is made to make the oil and gas industry a driver of sustainable electricity production.

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[109] *"Car Bomb Attacks on Nigeria Independence Day Kill," The Telegraph*, 24 September 2011.

The time-framed given to authorise the continued importation of items where there is inadequate local capacity is unrealistic as all such items required to be produced locally will suffer set-backs as a result of inefficient power supply. This will lead to continuous importation of such items. While Canada and South Africa have standard infrastructure and notably efficient and steady power, good roads network, world class health and educational facilities which is good for foreign investments. Countries like Norway were a highly industrialised economy before oil was discovered, meaning that all infrastructures necessary for a society to function effectively were all in place. This contributed to the suitable development of their petroleum industry.[110]

I. Unfriendly Business Environment

There have been frequent attacks on foreigners and foreign interest in the Niger Delta in the last few years. This is certainly detrimental to industrial growth. The investment climate is very poor in Nigeria, beside poor infrastructure, adequate housing is not affordable, improper health care and a poorly motivated crime fighting unit, if not addressed, those challenges do not encourage foreign direct investment.[111] Conversely, in Canada, there is a proper investment climate like a clean and safe environment, relaxing atmosphere. The political stability in South Africa helps to boost investors' confidence because there is no rampant change of policies, government is predictable and so policies are not made today and changed tomorrow which would be the situation

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[110] Omenikolo J.A. and Amadi R.O., "Challenges Facing Nigerian Local Content in the Oil and Gas Industry," (2010) 1 *Continental Journal of Renewable Energy* 15–20, available at: https://archive.org/stream/challengesFacingNigerianLocalContentInOilAndGasIndustry/15-20djvu.txt accessed 18 December 2025.

[111] Ihua U.B., "Local Content Policy and SMEs Sector Promotion: The Nigerian Oil Industry Experience," (2010) 5(5) *International Journal of Business and Management* 3–13, accessed 11 December 2025.

if there is lack of continuity in policy by subsequent government which automatically creates its own policies.[112]

II. Discrimination and Under-Utilisation of Nigerian Services

According to Ihua, although the local content policy has led to increased opportunities for small and medium sized enterprises (SMEs) in the industry and thus resulting in more contract awards in both cases, this cannot yet be considered as a higher SMEs participation because there are still several bottle-necks to the award of such contracts such as tedious prequalification and tender processes.[113] There are also complaints of discrimination and underutilisation of indigenous capacity in the oil and gas industry despite the ever growing number of local oil service companies the latter's annual gross earnings still account for less than 5 percent of the sector's aggregate annual contracting budget.[114] These allegations of discrimination have been made with particular regard to project rates and also remuneration in relation to Nigerian man hours when compared to the value of expatriate man hours. Linked to this are also allegations of the poaching of skilled Nigerian workers from indigenous firms by foreign companies in the services sector of the industry, thereby reducing the human capital base of local firms.[115]

Legal services also appear to be an area which has suffered some neglect with regard to Nigerian content strides. Section 51 of the Act[116] provides that all operators, contractors and other entities in any operations, business or legal services transaction in the Nigerian

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[112] Ibid.

[113] Garrick N., "4 Years of Nigerian Content: Challenges Abound Despite Relative Successes," accessed 21 December 2025.

[114] Nigerian Oil and Gas Industry Content Development Act 2010

[115] Stevens P., "Resource Impact: A Curse or a Blessing?" *Center for Energy, Petroleum and Mineral Law and Policy* (University of Dundee, Dundee, UK, 2003) 23.

[116] Ibid.

oil and gas industry requiring legal services shall retain only the services of a Nigerian Legal Practitioner or a firm of Legal Practitioners located in Nigeria. However, according to several prominent legal practitioners, the amount of legal instructions emanating from the industry is still considerably low despite the promulgation of the Act. With most of the notable, considerable high fee earning transactions still largely given to foreign law firms.[117] Even the local media has been denied the much desired opportunity to advertise the activities of upstream companies in Nigeria. Some of these companies, including Nigeria LNG prefer to spend huge media budgets running into millions of dollars on foreign media like CNN, upstream journals and magazines. They hardly spend 20 percent of such annual budget on Nigeria media.[118]

III. Issues of Non-Compliance

One of the core allegations that have been raised is that some multinationals have continued to violate the provisions of Nigerian Content Act through the use of expatriates, who perform job functions that Nigerians have capacity to execute. A recent example of non-compliance allegedly involved Total Exploration and Production Nigeria Ltd and its contractors Saipem and Hyundai Heavy Industries (HHI) of Korea, whom the NCDMB accused of gross violations of sections 28, 33 and 41 (2) of the Act by deploying non compliant assets and expatriates.

The NCDMB in this case had wielded the big stick against Total by stopping the company's Ofon-2 project. The NCDMB also banned Italian engineering, construction and drilling contractor, Saipem, as well as Hyundai Heavy Industries (HHI) of Korea,

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117 Iledare O.O., "Analyzing the Impact of Petroleum Fiscal Arrangements and Contract Terms on Petroleum E&P Economics and the Host Government Take" (Presented at the 2004 SPE Nigeria Annual Technical Conference and Exhibition, Abuja, Nigeria, 2004) 2–5.

118 Vadjer Eker, "The Origin of Corruption: Irregular Incentives in Nigeria," *Journal of African Studies* (1981) 174.

the contractor for Total on the project from participating in the ongoing and future tendering processes in Nigeria's oil and gas industry as a result of what the board called "abuse of expatriate quota and procurement processes.[119]

IV. Corruption

Corruption is an endemic challenge in Nigeria that has defied attempts to curb the economic subversion engendered by its prevalence. There is no evidence that sufficient safe guards have been provided to ensure transparency in the implementation of the Act. The likelihood of politicians frustrating the spirit and intendment of the Act by utilizing the local content requirement in all transaction in the oil and gas sector to further their personal interest, installing their cronies in choice position and plundering the sector constitutes an inherent challenge to the implementation of the Act. Nigeria is incapable of addressing this handicap which is synonymous with expecting regulator to be self-regulatory.

The efficacy of the Local Content Act is dependent on its ability to scale the corruption hurdle which is the bane of regulatory mechanisms in Nigeria. Corruption has been traced to the fact that:

> The government is the focus of power in most developing countries, determining the level and nature of economic activity. The government is to a very significant degree the economy. It is the greatest industrial and agricultural power. It is the biggest industrial and agricultural power. It is the biggest contractor. It is often the sole owner of natural resources ---. It is the greatest concentration of power political, economic and bureaucratic. Together with the accelerated pace of economic development which provides such a fertile ground for corruption clamouring for permits, contracts, certificates, import licenses and which have you, the

119 Adekalu S. and Oludeyi O., "Appraisal of Petroleum Technology Development Fund (PTDF) Mandates on Human Capacity Development in Nigeria: Benefits for Nigerian Youths," *Global Journal of Human Resource Management*, Vol. 2, No. 1 (2014) 30–37.

> temptation becomes overwhelming to jump the queue, to lubricate one's way and to make certain results.[120]

The Board is not insulated from the pervading corruption which could stifle accountability and constitute a major impediment to the enforcement of the Act.

The Implementation of the Act could also introduce ethnic consideration which could degenerate to ethnic tensions. This is because ethnicity would definitely be brought into play in the "allocation" of positions in the sector. This could spell doom for a country that is already polarized along ethnic lines.

Due to the haste with which the Act was passed in total disregard of the need to establish the enabling functional social-economic environment, there is clear and present danger that the implementation of the Act will breed mediocrity, politicize positions as well as enthrone ethnic cleavages and parochialism.

V. Lack of synergy between IOCs and Nigerian Universities in Research and Development

There is lack of or poor Research and Development (R&D) collaboration between the multinational oil companies operating in Nigeria and the universities and other research institutions due to the omission of research and development in the Nigerian content policy, but is stipulated in the Canadian- Newfoundland & Nova Scotia local content requirements. Also, the Korean policy succeeded through the implementation of Science, Technology and Innovation (STI) policy.[121] They took into consideration the importance of R&D which is also a part of STI policy.[122] In 1979, technology development

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[120] Ibid.

[121] Ibid.

[122] Atoyebi O.M., "Overview of the Local Content Measures in Nigeria Vis-à-Vis the Obligations under the Nigerian Content Development Management Board Act," *Petroleum Technology Development Fund (PTDF) Act 1973* (Act No. 25 of 1973, amended in Cap. 15 of 2000).

cooperation between foreign oil companies and Norwegian research institutions was introduced. Cooperation agreements made the oil companies contribute funding, insight and expertise to develop technology in Norway.[123] Thus, when appropriate skill is lacking in any production system, it results in poor quality output which undermines capacity building and sustainable development in any nation. This has made it difficult to produce balanced indigenous engineers and technicians to satisfy the local content requirements of the Act.[124]

VI. Uncertainties/Unrealistic Content Target of Most Key Provisions of the Act

A lot of uncertainties trail the meaning and practical application of most key concepts and provisions in the Nigerian Oil and Gas Industry Content Development Act. For example, the term 'first consideration' was not defined in the Act, nor did the Act spell out the guidelines for the Board to determine the veracity of the criteria employed by the operator in determining first considerations within the provisions of the Act. Also, the Act failed to define the terms 'management position' and 'intermediate cadre. In the absence of clear statutory guidance on the import of such key terms in the Act, its implementation is being undermined as various companies adopt their own interpretations while the NCDMB remain helpless. Consequently, this has seen the influx of all kinds of expatriates into Nigeria to do jobs that ordinarily should be Nigerianised.

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[123] Ibid

[124] Section 7 of the Local Content Act, 2010.

4.4 Benefit/Success of Local Content Implementation in Nigeria

There has been a systematic but gradual improvement in local content in the industry since the Nigerian Oil and Gas Industry Content Development Act was signed into law in 2010, and with the Nigerian Content Development and Monitoring Board (NCDMB), driving its implementation.[125] Nigerians have developed competence in jobs previously reserved for foreigners, and the majority of jobs previously undertaken outside Nigeria are now performed by Nigerians and in Nigeria.

Below are some benefits or success stories from the implementation of local content Act:

a. **Reduction of Capital Flight from Nigeria**

The major Oil Servicing Companies operating in Nigeria, such as Saipem, Schlumberger, Weatherford, Halliburton etcetera, are either subsidiaries of the Oil Majors- Shell, Agip, total Elf, Chevron, Exxon Mobil etcetera, or of the same countries with them. These subsidiaries service the Multinational Companies and carry out most of their jobs and as a result, there is a lot of connivance and inflation of contract values. This does not only lead to huge capital flight, but also contributes to the high cost of production per barrel of crude oil in Nigeria. With the introduction of the Local Content Act, operators in the Nigerian Oil and Gas industry are mandated to use Nigerian Indigenous Service Companies in carrying out their operations. By Section 7[126] Operators are required to deliver a Nigerian Content Plan to the board. This plan must demonstrate compliance with the Nigerian Content requirement when bidding for not only licenses, permits, or blocks but for any project or activity ranging from the Front End Engineering Design

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[125] Section 7 of the Local Content Act, 2010

[126] Samuel D., *Energy Security: The Case of Nigeria and Lessons from Brazil, Norway and the UK* (Port Harcourt: Pearl Publishers, 2015) 64.

(FEED), and Detailed Engineering Services, Fabrication and Construction, Materials and Procurement, Well and Drilling Services/Petroleum Technology, exploration, Subsurface, Petroleum Engineering, Seismic among others in the Oil and Gas Industry. The Board however, reserves the right to review and assess the Content Plan and if satisfied that the plan complies with the provisions of the Act, will issue a certificate of Authorization to the operator to proceed with the plan.

b. Establishment of Private Oil Prospecting and Oil Services Firms

Following enormous investment in human capital by the Nigerian National Petroleum Corporation (NNPC) and some of its joint venture partners over the years, a new crop of highly competent and experienced Nigerian engineers, geologists and geophysicists has emerged. Today, some of them have established private oil prospecting and oil services firms, which are classified as indigenous contracting firms.[127] Local Fabrication has intensified with the adoption of local content programme which has helped to boost local production, buld capacity and generate employment opportunities Companies like Nigerdock, Saipem, Chevron and Nigerian Petroleum Development Company (NPDC) have been actively involved in local fabrication of Jacket and helipad.[128]

c. Joint Venture (JV) with the NNPC

The NCDMB had recorded its major achievement when Mobil Producing Nigeria Unlimited (MPNU) built three wellhead platforms locally for the development of 20 new oil fields in the country. MPNU, operator of the Joint venture (JV) with the NNPC, used a local company to execute two of these facilities at the Snake Island Integrated Free Zone in Lagos. Mobil's feat was a landmark achievement as the facilities were the

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[127] Ibid.

[128] Ibid.

largest fabrication contracts carried out in-country by Nigerian companies for the NNPC/MPNU Joint Venture. Before the Act, this kind of project was executed in foreign fabrication yards, with its attendant capital flight.[129]

[129] Ibid.

4.5 Problems Militating against the Enforcement of the Act

Some problems have been hindering the success of the Act from accomplishing its objectives: Lack of adequate funds and delays associated with the release of budgetary allocations or funds have affected the Board's operation due to understaffing that result in poor monitoring and low enforcement of the Act in the sector. The absence of a financial benchmark of gift or value of the gift the Board can receive may call into question the Board's integrity due to integrity risks and likely compromise by gift. It is difficult for local contractors to access funds due to their inability to satisfy the essential requirements, such as collateral, banking regulations, and business plans. Access to funds will enable them to improve their research, development and quality control.[130]

The Act contravenes the International Trade and Investment law's provisions; therefore, there is a necessity to harmonise its provisions in the enforcement of the Nigeria Oil and Gas Industry Content Development Act to prevent the breach of an international agreement on Bilateral Investment Treaties.[131] The Local Content Act does not offer a link with the Department of Petroleum Resources (DPR) agencies and the Nigerian National Petroleum Corporation (NNPC) that regulate the industry. The Act did not consider the provisions of the National Office for Technology Acquisition and Promotion (NOTAP) Act 1979 to ensure practical cooperation with other regulatory agencies such as the Nigerian National Petroleum Corporation, the National Office for Technology Acquisition and Promotion and other relevant agencies to enrich the terms and rationale of the Act.

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[130] Omorogbe Y., "The Legal Framework for the Production of Petroleum in Nigeria," (1987) *Journal of Energy and Natural Resources* 1.

[131] Okpe F., *Foreign Direct Investment and Investment Treaty Arbitration Concerning Nigeria* (PhD Thesis, University of Aberdeen, 2014) 217.

Further, section 43 of the Act requires that any technology being imported to the country through technology transfer must be registered with the National Office for Technology Acquisition and Promotion. This has occasioned regulatory hurdles to investors and the prescribed conditions stipulated by the Nigerian Content Monitoring Board. This may amount to over-regulation of technology transfer in the sector, which may discourage some investors.

Occasionally, Joint Venture partners may experience some challenges with the Local Content Act where their operations' needed skill is not available within Nigeria due to Nigerian firms' inability to supply goods and services required by the international oil firms.[132] Therefore, there is the need to build local capacity with resources needed to meet the Act implementation. Therefore, there is a need to execute the subsisting local content provisions in all valid oil and gas contracts to deter non-compliance in the sector[133].

Insufficient capacity to execute the local content prerequisites as the oil and gas activities are capital intensive, and some commercial banks are not willing to offer long term loans or financial facilities in support of oil and gas operations due to non-application of reserved based lending like the international financial institutions which utilise this to finance oil and gas projects.

The penalty of cancellation of contract or payment of 5 percent as fine for the local content act's infringement appears to be extreme considering the country's current

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[132] Olujobi O.J., Ufua D.E., Olokundun M. and Olujobi O.M., "Conversion of Organic Wastes to Electricity in Nigeria: Legal Perspective on the Challenges and Prospects," *International Journal of Environmental Science and Technology* (2021), available at: https://doi.org/10.1007/s13762-020-03059-3 accessed 3 January 2021, 3.

[133] Nwaokoro J., "Beyond Legislation: Contract Alternative to Legislating Local Content in Nigeria," (2009) 18(1) *Currents: International Trade Law Journal* 42–54.

economic reality. The focus should be the increase in local capacity rather than penalisation.

A Nigerian Content Development Fund set up under section 104 of the Act and section 104(2) of the Act requires oil firms to pay 1(one) percent of the contract's monetary value in the upstream sector the Local Content Development Fund as a levy. Also, section 105 of the Act empowered the Nigerian Maritime Administration and Safety Agency (NIMSA) and the Board to enforce section 110 of the Coastal and Inland Shipping (Cabotage) Act No.5, 2003 local content development. Effective implementation of the Act is another challenge of the law.

Therefore, there is a need for its provisions should be diligently operationalized for the law's efficacy.

The Act prohibits the Board from accepting suspicious donations or gifts but fails to define what constitutes suspicious donations. This *lacuna* may give room for corruption and bribery, which may influence the Board's discharging its duties[134]. The absence of a constant power supply, efficient transportation system and basic social amenities are challenges facing business operations in Nigeria as a stable and conducive business environment is *sine qua non* to the efficient local content development programme[135]. The institutional challenge is another problem facing the sector; therefore, there is the need for overhauling the legislation regulating the sector for efficiency due to conflicting

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[134] Olujobi O.J., "Legal Framework for Combating Corruption in Nigeria – The Upstream Petroleum Sector in Perspective," (2017) 3(25) *Journal of Advanced Research in Law and Economics* VIII, 956–970.

[135] Olujobi O.J., Oyewunmi O.A. and Oyewunmi A.E., "Oil Spillage in Nigeria's Upstream Petroleum Sector: Beyond the Legal Frameworks," (2018) 8(1) *International Journal of Energy Economics and Policy* 220–226.

roles among the various regulatory institutions as regulations ought to be separated from commercial operations[136].

Some of the measures introduced in the Act, such as the preferential treatment of local oil firms, may occasion some level of discrimination against foreign oil firms which conflict with the country's international obligations, such as the "National Treatment Obligations", are incorporated in various Bilateral Investment Treaties, World Trade Organisation Agreement, Treaty on Trade-Interconnected Investment processes and Universal agreement on trade and services. However, foreign oil firms are enjoined to perceive local content as a prospect rather than a business drawback by utilising the Act's advantages to promote good host government relationships in the sector.

This may create restrictive trade and investment measures due to discrimination and stringent local sourcing requirements against foreign goods and services. This may distort trade, investment and upsurge the industry's production cost instead of encouraging healthy trade competition to encourage economic development.

The law is silent on the agitations of environmentalists and human rights on the rights of the inhabitants of the oil communities to the healthy environment due to the incessant environmental degradations occasioned by exploration and production activities of oil firms in the sector which destroys their means or sources of livelihood and socio-economic life of the people.[137]The law is also silent on controlling natural and mineral resources between Nigeria's Federal government and oil-bearing communities[138].

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[136] Akpanika O.I., "Technology Transfer and the Challenges of Local Content Development in the Nigerian Oil Industry," (2012) 11(2) *Global Journal of Engineering Research* 123–131.

[137] Udeme E., *The Niger Delta and Oil Politics* (Lagos: International Energy Communications Ltd, 2004) V.I, 49.

[138] Nwapi C., "Defining the Local Content Requirements in the Oil and Gas and Mining Sectors in Developing Countries," (2015) 8(1) *Law and Development Review* 187–216.

Section 44(3) of the 1999 Constitution and section 1 of the Petroleum Act confers exclusive control of all mineral oil and natural resources on the Federal Government should be amended.

Also, the law fails to make provision for Nigerians' employment in strategic positions and interests or positions of the various stakeholders in the sector. Consequently, serious consideration should be given to harmonising the law with foreign participation in its oil and gas sector. Another challenge is corruption and bad governance, where some officers in the sector award contract to themselves and their cronies, which is unethical and unacceptable to the standard of uprightness and business practice. This will hinder the objective of the local content Act.

For a successful local content policy or law, there is the need for social infrastructure and attitudinal change to combat corruption tendencies, sabotage to guarantee an enabling environment for local content to thrive through reliable institutional and legal framework supported with the right social attitudes of Nigerians.

4.6 Comparative Perspective with Other Jurisdictions

4.6.1 Brazil

It is well known that many resources-rich developing countries, particularly in African, have not benefited satisfactorily from the exploitation of their natural resources. For this very reason the countries are placing increasing emphasis on the need to derive more benefits from their natural resources. Local content policies have been adopted by some countries as a development strategy aimed at increasing the benefits from the oil and gas sector. Even the established oil and gas countries have leveraged local content policies to developed their petroleum industry. Although some of these countries adopts a mixed protectionist and liberal approach depending on peculiar circumstances which the infusion of local content policies was a gradual effort in. These are oil and gas producing and exporting countries with established pedigree on oil and gas development. Brazil is an oil and gas producing and exporting country with established oil and gas province both onshore and offshore. Brazil's main national oil company is Petrobras while the regulator is ANP. Brazil adopts both concession joint venture on its acreage management. However, the initial concessionaries were governed by local content policies that protected the local firms.[139] While, the concessions system governs Brazilian onshore acreages, the PSC was the regime that covers Brazilin pre salt areas. The ANP was a party to all concessionary agreement with IOCs on behalf of the State. This agreement includes the need for environmental protection, use of local firms, capacity and infrastructural development. Most of the IOCs under the concession sourced local workforces and materials from Brazil based on a greed percentage with ANP which it made a condition precedent for the award of any license in exploration.

Fines were imposed on defaulting firms that failed to utilize local contents in exploration and production. Most of the fines were commensurate to the level of impunity or disregards of the local content policies in Brazil. To demonstrate the seriousness attached to local content, the fines were both imposed on Petrobras as with other IOCs in a non-discriminatory manner. The Brazilian local content policies ware considered protectionist in that it led to the exodus of Explorations and Production firms out of brazil.[140] This made the Storting- the Brazilian Parliament and ANP to rethink the policies on local content; utilization and implementation in Brazil. Local content and

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[139] Bunter M., *The Promotion and Licensing of Petroleum Prospective Acreages* (London: Kluwer Law International, 2002) 189–192.

[140] ANP, *The Local Content Regulation for Concession Agreement* (Online) https://www.braziltexas.org//attachment/file/401/ANP-m-Marcelo.pdf accessed 8 December 2025.

cash bonus were the main consideration for Brazilian four licensing rounds. This development face had different percentage requirements of local imputes while exploration stage has its special requirements. The protectionist policy in Brazilian Petroleum industry met a brick wall as some IOCs decided to pull out due to the stringent measures attached to the Brazilian Petroleum Industry. ANP and Storing subsequently amended the framework by liberalizing its petroleum sector in 1997 for the exploration phase and 27 % for the development phase reducing the average local content target to 25% for the exploration phase. The development of pre-salt, which posed so much technical and infrastructural burden that foreign IOC's support and investment became challenging. Thus, its 14th licensing rounds was open to the participation of mixed local and foreign investors. Brazil was thus forced to tone down its protectionist local content regime to a more liberal framework.[141] This relaxation cuts across all streams of the industry from exploration production and differ from onshore to Brazilian pre-salt basin which was considered capital intensive and most difficult to develop. ANP also complements foreign impute by developing local research institutes and grans of scholarship for petroleum technology development.

4.6.2 Norway

Norwegian Petroleum industry is considered one of the best managed industry globally.[142] Norwegian petroleum industry has recorded a number of success in several critical areas in the petroleum industry such as environmental pollution, effective and transparent management of its petroleum revenue, development of a globally

[141] CMS Law, *Brazil Proposes the Relaxation of its Local Content Requirements* (Online) https://brazil-purposes-relaxation-of-local-contents-requirement accessed 5 December 2025.

[142] Hunter T., "The Role of Regulatory Frameworks and State Regulations in Optimising the Extraction of Petroleum Resources: A Study of Australia and Norway," *The Extractive Industry and Society* (2014) 40–55.

competitive and effective state regulation. The Norwegian government has introduced legislation necessitating that companies using natural resources also contribute to economic development; by building bridges and well-defined partnership with Stat oil. The export of offshore oil and gas in Norway began in the mid I960s and from the 1970s onwards the minister in charge of petroleum started implementing policy to protect the interests of communities and the economy. Its local content strategy has therefore been held up as an example of good practice for other countries. The government aimed to award contracts to Norwegian bidders when they proved to be competitive in terms of price, quality, delivery time and service. The rationale behind this was to promote the establishment of local industry and this was achieved through cooperation with International Oil Companies. When foreign operators started entering the Norwegian industry in the late 1970’s they were strongly encouraged to form research and development (R&D) partnerships and Joint Development Programmes with Norwegian Companies and Institutions, thus engaging in local content growth oversea firm’s commitment to and strategies for technology transfer were made a crucial and determining factor in the licensing process by the Ministry of Petroleum and Energy. Government policy meant that Norwegian Oil and gas supply companies developed leading class state of-the-art technologies and as a result many international companies have located part of their R&D chain in the country. The competencies and technological expertise developed as a consequence of Norway’s local content policy also strengthened its position within international oil industry. Local supply and services provide to oil activities have proved truly competitive by global standard. The country has also passed on its expertise in the area through the Norwegian Oil Development initiatives, aimed at helping developing countries to export oil and gas as a vital resource for economic and social progress. It cooperates with Nigeria, Angola, Iraq, South African etc. working on challenges in local content and industrial development.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

This chapter provides a comprehensive conclusion to the study by synthesizing the key insights on the Nigerian Oil and Gas Industry Content Development Act, 2010, and its impact on indigenous participation in the sector. It highlights the major findings of the research, critically evaluating how the Act has influenced local involvement in upstream and downstream operations, fostered human capital development, and facilitated the growth of indigenous companies. The chapter also identifies persistent challenges and gaps in implementation that have constrained the Act's full effectiveness.

In addition to summarizing the research outcomes, this chapter presents recommendations aimed at addressing the identified challenges and strengthening the Act's impact. These recommendations focus on enhancing regulatory enforcement, investing in human capital and technology transfer, facilitating access to land and finance, and establishing sector-specific institutions to support local participation. The proposed measures are intended to create an enabling environment for indigenous firms and professionals to thrive, thereby maximizing the economic and technological benefits of local content policies.

Finally, the chapter concludes by drawing together the broader implications of the study for policymakers, industry stakeholders, and scholars. It emphasizes the need for sustained commitment to policy enforcement, institutional capacity-building, and stakeholder collaboration, which are essential for realizing the full potential of Nigeria's Local Content Act and ensuring that indigenous participation translates into long-term national development.

5.1 Summary of Key Findings

The study reveals that the Nigerian Oil and Gas Industry Content Development Act, 2010, has had a significant positive impact on indigenous participation in the oil and gas sector. One of the most notable achievements is the increased involvement of Nigerian companies and professionals in upstream and downstream operations, which were historically dominated by foreign multinationals. The establishment of the Nigerian Content Development and Monitoring Board (NCDMB) and the introduction of mandatory local content thresholds have created opportunities for local contractors, suppliers, and service providers, thereby enhancing the domestic value chain and contributing to job creation for Nigerian citizens.

Despite these gains, the study found that several challenges continue to impede the full realization of the Act's objectives. Key among these are inadequate funding for capacity development, limited technical expertise in specialized oil and gas operations, and bureaucratic bottlenecks in regulatory enforcement. Many indigenous firms still struggle to meet the quality and technological standards required by international oil companies, limiting their ability to secure major contracts. This underscores a persistent gap between policy aspirations and on-the-ground implementation.

The research also highlights the measurable successes of the Act in fostering human capital development and technology transfer. Training programs, scholarships, and partnerships with educational institutions have improved local expertise in critical oil and gas operations. Moreover, the Act has encouraged the adoption of modern technologies and best practices among indigenous firms, enhancing their competitiveness in the sector. These successes demonstrate the potential of local content policy to transform the Nigerian oil and gas industry if properly supported and monitored.

Finally, the comparative analysis with countries such as Brazil and Norway indicates that while Nigeria has made commendable progress, there remains room for improvement in regulatory consistency, incentive structures, and stakeholder engagement. Effective implementation in other jurisdictions has often relied on strong institutional coordination, transparency, and alignment with broader industrial policies. The Nigerian experience suggests that reinforcing enforcement mechanisms, promoting compliance, and addressing systemic challenges will be crucial for achieving the long-term objectives of the Local Content Act.

5.2 Recommendations

The study recommends the following:

1. **Amendment of the Land Use Act**

The Land Use Act should be amended to remove certain provisions which hinder accessibility and easy acquisition of land. Section 22, which requires the governor's consent to transactions, should be removed because it only adds to the cost of land acquisition without serving other useful purpose. Similarly, section 34(5)-which empowers state governments to extinguish all private rights in individual under developed land holdings in excess of 0.5 hectares without compensation, should also be amended because it only works hardship on the citizens. If some of these provisions are amended, it will be easier for citizens to acquire land to establish business and consequently, there will be more indigenous participation in the Oil and Gas industry in Nigeria.

2. **Acquisition of Land by Government for Industrial Purposes**

Government should create an enabling environment for investors by acquiring large expanse of land to serve as industrial areas in different cities, like that of Igomu in Lagos and Trans Amadi in Port Harcourt. These areas which must be provided with basic amenities such as uninterrupted power supply, portable water etc, can be allocated to persons who want to establish companies or business upon payment of certain rent or fees. Such industries or companies should be given tax break as a way of encouraging them to stabilize financially. This will encourage indigenous participation in the Oil and Gas industry.

3. **Invest in Human Capital Development**

Government should invest in training Nigerians to acquire relevant skills that would help them fit into the Oil and Gas industry. Nigerians should be trained to acquire skills in different areas like drilling technology, instrumentation, seismic studies and other areas relevant to the Oil and Gas industry. Our institutions should offer courses that are relevant to the Oil and Gas industry. The Petroleum Training Institute in Warri, should be reorganized to achieve its original purpose of providing adequate manpower for the Oil and Gas industry in Nigeria and other African countries. The Federal Government should allocate more money to the Ministry of Science and Technology in its budget to enable it work in partnership with the Nigerian Universities. Attention should be given to Research and Development as in done in Singapore, South Korea and Hong Kong, to mention a few.

4. **Establishment of Banks for the Oil and Gas Sector**

Just as we have the bank of Agriculture, it is recommended that Government should establish banks for the Oil and Gas sector. Oil and Gas business is capital intensive and requires Special Banks that would grant long term loans to those Nigerians that are venturing into the business. Most banks in Nigeria lack the financial base to fund Oil and Gas operations and therefore cannot make any meaningful impact on Local Content development. Moreover, most indigenous contractors and Oil Servicing Companies do not have the financial muscle to compete favorably with Oil Companies from foreign countries with huge capital. By establishing Special Energy Banks that would empower indigenous companies and local investors, it will not only increase their level of participation in the Oil industry but will give them the necessary experience that will engender technology transfer.

5. **Invest in Technology Transfer**

Government should invest in and aggressively pursue technology transfer in the Oil and Gas industry in Nigeria. Although there has been a considerable increase in the number of Nigerians in managerial and professional positions in firms involved in upstream and downstream operations. However, there is no evidence of technology transfer in the Oil and Gas industry in Nigeria. It is therefore recommended that government should urgently programme and pursue her own unique strategy for technological advancement. Government should also ensure that Nigerians receive the necessary trainings and experience that would engender technological transfer in the Oil and Gas Industry.

6. **Training and Funding the Staff of the Regulatory Agencies**

Government should try as much as possible to train the staff of its enforcement agencies for effective enforcement of Oil and Gas regulations. The regulatory agencies should also be allowed to source for funds from permits, approval and licenses rather than relying merely on government allocations. This will enable them discharge their duties independently without any form of bias. It is also recommended that the staff of the

Department of Petroleum Resources (DPR), should be properly trained to ensure that all operators in the Oil and Gas industry comply with environmental standards and procedures for environmental control as stipulated in the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) 2000. Similarly, the National Petroleum Investment and Management Services (NAPIMS)[143], should stand up to their duties in the Nigerian Oil and Gas industry. Members of the Immigration should also be given adequate trainings that would enable them monitor the activities of these foreign companies properly.

5.3 Conclusion

The Local Content Act is an economic tool which is aimed at encouraging Nigerian composition in the upstream sector of the Oil and Gas industry. Clearly, the law is aimed at growing and developing the Nigerian economy by encouraging indigenous contractors and companies to participate in the Oil and Gas industry. The law advocates for training and employment of Nigerians in the Oil and Gas industry, as well as promoting the use of Nigerian owned equipment in the Oil industry. It also ensures that Nigerian operators in the Oil and Gas industry are given first consideration in the award of Oil blocks, licenses and works in the Oil and Gas sector before foreigners. Although the law is aimed at encouraging the use of local resources and competences, there are still major challenges to the full implementation of the Local Content Act, which have been discussed in this paper. Government must therefore invest in human capital development and technology transfer, especially now that the president has seen the need to include manufacturing, telecommunication and other industries to the Act. Nigeria should amend her laws, and train the staff of its regulatory agencies for effective enforcement of

143 The body that manages the Interest of the Federal Government of Nigeria in Oil and Gas Industry.

the laws regulating the Oil Industry if it must achieve the full benefits of the Local Content Act.

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