

## ANALYZING THE BENEFITS OF THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT ACT 2010

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### Abstract

*No doubts the enactment of the Nigerian Oil and Gas Industry Content Development Act in 2010 has positively impacted hugely on the development of the oil and gas industry in Nigeria. Its impacts are seen in the areas of job creation, reduction in capital flight, utilization of Nigerian indigenous companies and Nigerian made goods and services. There is reduction in the engagement of expatriates. The Act made provision for succession plans for positions not held by Nigerians to be occupied after the expiration and exit of the expatriates on the job after four years of Nigerians learning on the job from the expatriates. The Act has also put Nigerians and Nigerian made goods and services first by the establishment of the first consideration principle which is provided in the Act. However, low compliance level of the international oil companies and indigenous oil and gas companies to the NOGICD Act; Lack of sustainable financing and low patronage of Nigerian services are factors believed to have impeded on the effective implementation of the Act. However, this study was able to reveal the unique opportunities drivable from the Act in creating awareness to Nigerians in terms of First consideration principle which provides that Nigerian independent operator are given first consideration in the award of oil blocks and oil field licenses. Nigerians are given opportunities in training and employment, first consideration as given to Nigerian goods and services.*

**Keywords:** Analysis, Benefits, NOGIDC Act 2010, Oil & Gas Industry, and Nigeria.

### 1.0. Introduction

Oil was first discovered in Nigeria in the year 1958 in Oloibiri in the Oil rich Bayelsa State. Prior to the promulgation of the NOGICD Act, the Nigerian Oil and Gas Industry hereinafter referred to as the “Industry” used to be the exclusive preserve of the international oil companies in areas such as exploration, production, refining and retailing of petroleum products. Although the oil and gas industry accounted for 90% of Nigeria’s revenue, it contributed less than 38% to the Nation’s GDP. In other words, the absence of local capacity in the industry had resulted to capital flight of the majority of the \$10 billion yearly average industry spend into foreign bank accounts abroad. An expatriate workforce largely dominated the local strategic positions in the industry and most of the industry’s lucrative contracts were carried out in foreign

fabrication yards, ultimately leading to adverse effects on labour creation and the growth of the domestic economy as a whole.<sup>1</sup>

The Nigerian Government in a bid to ensure that its citizens take ownership and control of their natural resources for exploitation and transformation into economic development, in 2010 promulgated the Nigerian Oil and Gas Industry Content Development Act; hereinafter referred to as the “NOGICD Act or the Nigerian Content Act.” As a forerunner to the enactment of the NOGICD Act, the Federal Government of Nigeria was making deliberate efforts to domesticate a significant portion of economic offshoots from the Industry by encouraging the development and deliberate utilization of Nigerian indigenous human and material resources in the Oil and Gas Sector, such efforts led to the formulation of a number of local content friendly policies, including the establishment of the Nigerian Content Division of the Nigerian National Petroleum Corporation (NNPC) to monitor and implement the Nigerian Content (NC) Agenda.

These activities stirred up the consciousness in Nigerian Indigenous Companies to participate actively in activities within the industry.

Ultimately the Nigerian Oil and Gas Industry Content Development Act 2010 was therefore signed into law on April 22<sup>nd</sup> 2010 and aims to increase indigenous participation in the oil and gas industry by prescribing minimum thresholds for the use of local services and materials and to promote the transfer of technology and skill to Nigerian labour in the industry.<sup>2</sup> Fortunately, since the enactment of the Act, the industry and Nigeria at large had witnessed tremendous growth and development, following the benefits accruable from the local content Act 2010. It is on these grounds that the aim of this study came into play.

Therefore, the essence of this paper is to analyze the benefits of the Nigerian Oil and Gas Industry Content Development Act. This study was able to reveal the unique opportunities drivable from the Act which many Nigerians are not aware of in terms of; First consideration for training and employment of Nigerians, first consideration to Nigerian goods and services; Succession plans for positions not held by Nigerians; NCDMB approval before application to expatriate quota is made. This paper is apt and contemporary considering the uniqueness of the subject matter under consideration and the novel approach implored by the researcher.

## **2.0. The Nigerian Oil and Gas Industry**

Oil and gas refer to crude oil and raw natural gas extracted from the ground by drilling. They are the products of the transformation of mixtures of sedimentary rocks known as shale and organic particles, which is as a result of the combined effects of prevailing pressure and temperatures underground. Oil and gas, collectively known as petroleum has been defined by the Petroleum Act<sup>3</sup> as “mineral oil (or any related hydrocarbon) or natural gas as it exists in its

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<sup>1</sup> ‘Overview of the Nigerian Oil and Gas Industry Content Development Act (2010), Energy Mix Report’ <https://www.energymixreport.com> accessed 24 May 2019 5:5pm

<sup>2</sup> Noma Garrick <https://www.energymixreport.com> accessed 24 May 2019

<sup>3</sup> Section 15, Petroleum Act Cap P10 LFN 2004

natural state in strata and does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation.” It is the term applied to the mixture of hydrocarbons that occurs under the earth’s surface, primarily within the pore spaces of sedimentary rocks, in liquid, gaseous or solid forms.<sup>4</sup>

The Oil and Gas industry, one of the largest sectors of the world economy, extends to all petroleum operations from the starting point of exploration and production to the processing and refining of petroleum products and eventually its reach to the consumers or end users, and also, the provision of services relevant to each aspect of the industry.

The Nigerian Oil and Gas Industry Content Development Act 2010 defines the Nigerian Oil and Gas Industry as “all activities connected with the exploration, development, exploitation, transportation and sale of Nigerian oil and gas resources including upstream and downstream oil and gas operations.”<sup>5</sup>

The oil and gas industry structure are broadly divided into: Upstream, Midstream and Downstream operations. The Upstream sector involves operations such as exploration, production and drilling, the Midstream sector involves the transportation, storage and processing of oil and gas away from the initial exploration and drilling sites, while the Downstream sector involves the refining of crude oil and purification of natural gas, marketing and commercial distribution of products to consumers or end-users. The oil and gas industry also consists of the service sector which is to make available the required services for each stage in the production such as exploration support services, drilling services, production services, transportation services, financial services, among others.

## **2.1. The Nigerian Oil and Gas Content Development**

Nigerian content in the oil and gas industry refers to the active participation of human and material or technical resources in the different aspects of the industry without compromising quality, health, safety and environmental standards, with the aim of promoting the continued growth and development of indigenous capabilities. Nigerian Content is also referred to as local content and may be defined as the quantum, amount, level, degree or percentage of the component (measured in terms of monetary value, technology, expertise or man-hours) in any goods, services or operational activity that is Nigerian, locally sourced or made.<sup>6</sup> The Nigerian Oil and Gas Industry Content Development Act 2010 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 oil and gas industry”<sup>7</sup>

## **2.2. The Nigerian Oil and Gas Development**

The concept of development is multidimensional and multi-faceted and can be said to be the act of raising to the highest value, the Gross National Product through the process of

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<sup>4</sup> Y. Omorogbe, *The Oil and Gas Industry: Exploration and Production Contracts* (Malthouse Press Ltd 1997)

<sup>5</sup> Section 106

<sup>6</sup> G. Etikerentse, *Nigerian Petroleum Law* (2<sup>nd</sup> Ed, Dredew Publishers 2004) 221

<sup>7</sup> Section 106

accumulating capital and industrialization. Oghator & Okoobo (2000) pointed out that development goes beyond the increase in per-capita income or economic growth, but also includes sustainable improvements in the living standard of the people, which is guaranteed through the provision of gainful employment, coupled with the presence and availability of social and economic infrastructures. Chrisman (1984) views development as a process of societal advancement, where improvement in the wellbeing of people are generated through strong partnerships between all sectors, corporate bodies and other groups in the society.<sup>8</sup> It is worthy of note that the concept of development is not to be limited to an economic viewpoint, and in fact, some indicators of development include higher quality of life, better education, higher standards of health and nutrition, cleaner environment, higher income, more equal opportunities, greater individual freedom and richer cultural life among citizens of a given state.<sup>9</sup>

In relation to the present discourse on the oil and gas industry, the concept of development may be construed as the sustained improvements over time, within the oil and gas industry, which, not only leads to sustained increase in per-capita income but also extends to overall advancements in the quality of life, environment, technological and social infrastructures.

### **3.0. Benefits of the Nigerian Oil and Gas Industry Content Development Act.**

Following the enactment of the Nigerian Oil and Gas Industry Content Development Act in 2010, the Act has accrued numerous benefits leading to the Development of the Oil and Gas Industry. The Act establishes a comprehensive local content regime that enshrines legal measures which promote the patronage of Nigerian products and services by operators in the Nigerian oil and gas industry. Some local content achievements have been recorded in Nigeria, as some indigenous firms have sometimes risen to tackle the challenges of the industry, while some others are now exporting their expertise to neighboring African countries.<sup>10</sup> The Act has also served as a model in Africa, and beyond.<sup>11</sup> Some of the benefits of the Local content Act are discussed below:

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<sup>8</sup> Lawal & Oluwatoyin p. 238

<sup>9</sup> B. A. Adah & U. D. Abasilim, Development & Its Challenges in Nigeria: A Theoretical Discourse” Mediterranean Journal of Social Sciences p. 277

<sup>10</sup> For example, Sahara Energy, an indigenous Nigerian firm, has a presence in Africa, the Caribbean, Asia, and Europe. Sahara Energy, ‘About Us’, available online at <[http://www.sahara-group.com/about\\_us.html](http://www.sahara-group.com/about_us.html)>, accessed 20/02/2019; while Televeras also has operations in Equatorial Guinea and Ivory Coast, M Nsehe, ‘Nigerian Energy Group Televeras and ExxonMobil Win Oil Blocks in Equatorial Guinea’ Forbes (7 June 2017) available online at <<https://www.forbes.com/sites/mfonobongnsehe/2017/06/07/nigerian-energy-group-taleveras-and-exxonmobil-win-oil-blocks-in-equatorial-guinea/>>, accessed 20/02/2019; similarly, Atlas-Oranto Petroleum has operations in Equatorial Guinea, Ghana, South Sudan, Benin, Senegal, Sao Tome, and Uganda. See Oranto Petroleum, ‘Portfolio’ available online at <<http://atlas-oranto.com/portfolio/>>, accessed 20/02/2019

<sup>11</sup> See Ghana’s Petroleum (Local Content and Local Participation) Regulation, 2013. The same approach is being mulled by Uganda, Kenya, Congo Brazzaville, and other African countries: NCDMB, ‘Kenya, others to emulate Nigeria’s Local Content Policy’ (2015) available online at <http://www.ncdmb.gov.ng/index.php/newsupdates/news-updates/6604-kenya-others-to-emulate-nigeria-s-local-content-policy>, accessed 21/02/2019.

### 3.1. Human Capital Development

The establishment of NCDMB was principally to implement NOGICDA. This was as a result of challenges with implementation of the Local Content Policy from the Nigerian Content Division (NCD) of Nigerian National Petroleum Corporation (NNPC).<sup>12</sup> NCDMB upon creation set out policies and guidelines towards improving the Nigerian Content through capacity building initiatives.<sup>13,14</sup> The following listed effects on human development and public good are vital to assessing the impact since establishment.

#### i. Provision of training and development of Nigerians

A key project of the NCDMB upon establishment was the institution of the Nigerian Content Employment Initiative (NCEI). It requires operators and oil servicing companies to identify newly hired Nigerians for them to be trained using the Nigerian Content Development Fund (NCDF). This will prepare them with appropriate skills for future projects and opportunities.

Moreover, in order to attract foreign service providers to establish facilities in Nigeria, an Equipment Components Manufacturing Initiative (ECMI) and Original Equipment Manufacturer (OEM) was instituted in 2011. By the year 2012, up to 52 certificates had been issued to equipment manufacturers that met the requirements of NCDMB. This was to bring about \$500 Million in-country investment and create 10,000 training opportunities.

Major progress that has been made in training and development of Nigerians are:

- AAFac (Adopt a Faculty) initiative that links academia with oil and gas industry through learning and knowledge exchange, coupled with alignment of curriculum to industry needs and research (NCDMB, 2019)
- The establishment of Akwa Ibom Oil and Gas Training and Research Centre by Halliburton Energy Services Nigeria through partnering with the Government of Akwa Ibom State and Hobart Group of Companies (Ajayi, July 1, 2018)

#### ii. Support the establishment of key energy resource facilities

The recent award of contract from NLNG for the building of a new Liquefied Petroleum Gas (LPG) ship to a fully indigenous company, E.A Temile Development Company is a testament

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<sup>12</sup> Ukwu, A (2020). How NCDMB upholds ethical aspect of energy resource development by support of human development and overriding public good. Being A Continuous Assessment Paper on Energy, Petroleum, Business Law, Policy & Regulations & Ethics, Emerald Energy Institute for Petroleum & Energy Economics, Policy & Strategic Studies, University of Port Harcourt.

<sup>13</sup> Ovadia, J. (2013). Measurement and Implementation of Local Content in Nigeria - A Framework For Working With Stakeholders To Increase The Effectiveness Of Local Content Monitoring And Development: [Published for Project MFP030703]

<sup>14</sup> Ovadia, J. S. (2014). Local content and natural resource governance: the cases of Angola and Nigeria. Extr. Ind. Soc., 1 (2) (2014), pp. 137-146.

to NCDMB's determination to empower indigenous contractors. The vessel is expected to enhance the delivery of LPG into the domestic market for improved availability.<sup>15</sup>

**iii. Fostering incorporation of indigenes and businesses residing in oil producing areas into mainstream of industry economics activity.**

The oil and gas sector in Nigeria recently celebrated the successful completion of the 44<sup>th</sup> subsea tree for Total Egina field development project. This project was carried out by Technip FMC with 75 percent of the components assembled at their Onne support base in Rivers State. This is a high display of Nigeria Content being integrated into the mainstream oil business in Nigeria.<sup>16</sup> The fabrication of the biggest Offshore Loading Terminal (OLT) Buoy was made in Nigeria by an indigenous firm named Aveon Offshore. It is to be used by Total Exploration and Production Nigeria for offloading crude oil from the Egina Floating Production Storage and Offloading vessel. The procurement and project management of the constructed buoy was managed in-country while 98 percent of the engineering was done in Nigeria.

### **3.2. Petroleum Upstream Sector Development**

Participation in the petroleum industry used to be the exclusive right of International Oil Companies such as Shell, who discovered oil in commercial quantity in Oloibiri in 1956, and ExxonMobil, Chevron and Agip (Shell History, 2020). The landscape has however changed since Nigeria developed the Local Content Policy in 2010: Nigeria has had about 41 independent and marginal field producers from 2010 to 2017, producing as much as 89 MMbbls in the year 2013.<sup>17</sup> The number of operating and servicing companies have increased to 79 and 7,893 in 2021.<sup>18</sup> Further, companies like Oando and Seplat Petroleum Development Company have been able to carve a niche for themselves in the industry and compete favorably.<sup>19</sup>

<sup>15</sup> Ajayi, O. (2018, June 23). NCDMB hails NLNG's award of LPG ship contract to local coy. Retrieved from <https://ncdmb.gov.ng/2018/06/egina-executive-secretary-commissions-biggest-olt-buoy/>

<sup>16</sup> Ajayi, O. (2018, June 23). NCDMB hails NLNG's award of LPG ship contract to local coy. Retrieved from <https://ncdmb.gov.ng/2018/06/egina-executive-secretary-commissions-biggest-olt-buoy/>

<sup>17</sup> Adenikinju, A. (2018). *Local content development in the Nigerian oil and gas industry: A model for indigenisation*. Ibadan: Seplat Petroleum Development Company.

<sup>18</sup> Being a paper on "Expounding the Local Content Philosophy for the Legal Community in the Academia" Presented by Engr. Simbi K. Wabote FIPS, FNSE, Executive Secretary, Nigerian Content Development & Monitoring Board during a *Capacity Building Workshop for The Academia held from 25<sup>th</sup> to 27<sup>th</sup> October, 2021* at Emerald Energy Institute, University of Port Harcourt, Rivers State, Nigeria.

<sup>19</sup> Being a paper on "Impact of The NOGICD Act in The Nigerian Petroleum Industry and Project Milestones" Presented by Naboth Onyesoh, Manager Corporate Communication, Nigerian Content Development & Monitoring Board during a *Capacity Building Workshop for The Academia held from 25<sup>th</sup> to 27<sup>th</sup> October, 2021* at Emerald Energy Institute, University of Port Harcourt, Rivers State, Nigeria.



### 3.3. Use of Nigerian Contractors

Sequel to the enactment of the NOGICD Act in 2010, Eni started making use of local contractors deliberately even before the promulgation of the Act in 2010 with significance achievements made in local fabrication and construction, technology transfer and other operational activities. In country milestones achieved through this include, amongst others, local fabrication of platform jackets for Agbara (1987-1989) and Okpoho offshore oilfields (2002 – 2004) assembled in Nigeria at Wilbross yard, Port Harcourt – Rivers State, pressure vessels for Ogbainbiri Flow Station Upgrade (200-2003) by Dorman Long Nigeria and Subsea Pipeline End Manifold (2015) for Abo Phase 3 project.<sup>20</sup>

### 3.4. Participation of Indigenous Companies in Oil and Gas Development in Nigeria

Before and after the enactment of the Local Content Act, Shell companies have played pioneering roles in onshore, shallow and deep-water developments of Nigerian's Oil and Gas Industry since the company was given the right to explore and exploit oil and gas resources since 1937 in the following areas:<sup>21</sup> First oil well drilled in Nigeria, First producing Nigerian deep-water oil and gas asset Shell's Bonga First and only wholly International Oil Company (IOC)-owned domestic gas distribution Company -Shell Nigeria Gas, First Nigerian Managing Director (MD) of an IOC produced by Shell. Shell Nigerian employees have gone to become captains of industry within and outside Nigeria, First made-in-Nigeria buoy was fabricated by Nigerdock for Shell and 96% of Shell employees in Nigeria are Nigerians. These milestones validate the unique role played by the NOGICD Act.

### 3.5. Increase in Asset Ownership

Before, 2010, Nigerians owned less than five percent of rigs and marine vessels in the industry. This has increased to 40% today (See Figure 4.12). Indigenous asset ownership profile of security patrol vessels (SPVs), platform supply vessels (PSVs), line handling tugs (LHTs), crew boats has increased significantly through the application of marine vessel utilization procedure and provision of funding from the Nigerian Content development Fund. There has also been astronomical increase in the number of rigs acquired by Nigerians since 2010, following the rigorous enforcement of the provision of the Act, which stipulates that oil and gas drilling operations on land and swamp should be reserved exclusively for indigenous service companies.<sup>22</sup>

### 3.6. Offences and Penalties for Defaulters

The penalty section in the NOGICD Act is S.68 which provides that an operator, contractor or sub-contractor who carries out any project contrary to the provisions of this Act, commits an offence and is liable upon conviction to a fine of five per cent of the project sum for each project in which the offence is committed or cancellation of the project. This alludes to the fact

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<sup>20</sup> Local Content Digest- NCDMB stakeholder magazine 2020

<sup>21</sup> Local Content Digest- NCDMB stakeholder magazine 2020

<sup>22</sup> Local Content Digest- NCDMB stakeholder magazine 2020.

that the Local content Act has also been in operation prior to the enactment of the NOGICD Act in 2010 and as such the benefits brought by the NOGICD Act cannot be overemphasized.

### **3.7. Improvement in Provision of Job opportunities for Host Communities**

The enactment of the Nigerian oil and gas Industry Content Development Act 2010 has given great job opportunities for host communities. The Act mandates every company operating in the oil and gas industry in Nigeria to submit its Nigerian content plan which must ensure that Nigerians must be given first consideration for training in the work programme for which the plan was submitted. The Act further provides that the operator or project promoter maintains a reasonable number of personnel from areas it has significant operations.<sup>23</sup> The NOGICD Act has ensured creation of jobs and industrialization of Host communities through the projects and investments that are carried on in their localities by oil companies which would have not been easy to achieve for the Host Communities without the intervention of the instrument of law through the NOGICD Act.

### **3.8. Partnership with other Government Parastatals**

The NNPC in partnership with the NCDMB, and NIMASA resolved to grow Nigerian Content in Crude Oil Lifting. It was estimated in 2013 that the Nigerian economy lost over \$100bn in five decades by allowing its crude oil to be carried exclusively by foreign owned tankers. It was also resolved that companies that have invested in ownership of crude oil lifting vessels are given first consideration in line with the provisions of the Nigerian Oil Industry Content Development (NOGICD) Act. Further, it was agreed at the joint meeting that the utilization of Nigerian service providers by firms selected to lift Nigerian crude had increased from 50 per cent in 2010 to 75 per cent in 2015 and has helped to reduce capital flight, increased in-country spend and created job opportunities for Nigerians.<sup>24</sup> The Nigerian Content Development and Monitoring Board (NCDMB), the Nigerian National Petroleum Corporation (NNPC) and DSV Engineering signed the Final Investment Decision (FID) for the construction of 10,000 tonnes/day methanol production plant by the Brass Fertilizer and Petrochemical Company Ltd (BFPCL), committing equity investment of US\$670m. The facility would be the largest methanol plant in Africa and the first in Nigeria and the construction phase is expected to create 30,000 direct and indirect jobs and additional 5000 permanent jobs during the operations phase. the project according to the Minister of State for Petroleum Resources, Chief Timipre Sylva was part of the strategic efforts to maximize value and monetize the country's vast gas endowments.<sup>25</sup>

### **3.9. Catalyzing Oil and Gas Investment in Nigeria**

The NCDMB Board charged with the responsibility of implementing the Nigerian Content Act entered into an investment project with Rungas for the establishment of LPG cylinder

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<sup>23</sup> Section 10 (1) b, 28 (2) NOGICD Act 2010.

<sup>24</sup> Local Content Digest- NCDMB stakeholder magazine 2020.

<sup>25</sup> Local Content Digest- NCDMB stakeholder magazine 2020.



manufacturing in Polaku, near Yenagoa; with Chimons Gas Limited for the establishment of a 168,000MT/per annum LPG loading and offloading terminal in Koko, Delta State and with Bunorr Integrated Energy Limited, for the establishment of a 48,000 liters/day plant in Port Harcourt for the production of base oil. Further, the Board also launched a revised and simplified Nigerian content reporting template and executed Service Level Agreements (SLAs) with NLNG, OPTS and IPPG.

The NCDMB also has stood very tall in catalyzing oil and gas investments. Following the outbreak of COVID-19 and associated lockdowns, the Board rolled out a number of incentives and stimulus packages to engender resilience and business continuity for service companies. The objective of the stimulus was to prevent job losses and mitigate the impact of COVID-19 pandemic on local businesses. NCDMB also came up with the Nigerian Oil and Gas Opportunity Fair (NOGOF). The second edition was held in 2019, culminating in the publication of a compendium of oil and gas opportunities in Nigeria, with a five-year outlook.

Further, in line with the catalytic role and desire to promote effective resource utilization, NCDMB took equity investment in Waltersmith and Azikel refineries with a clear exit strategy.

### **3.10. Ban on Importation and Encouraging of Nigerian-Made-Products**

Prior to the NOGICD Act, line pipes used in Nigeria's oil and gas industry were all imported, fully coated. Following the establishment of about five world-class pipe coating plants in Nigeria, NCDMB issued circular in 2018 banning importation of coated pipes, which has resulted in capital retention, job creation and skill enhancement for Nigerians. Similarly, all electrical cables used in the Nigerian oil and gas industry were previously imported. This, too, has stopped. Electrical cables required, both for marine and onshore oil and gas operations, are now manufactured in-country.<sup>26</sup>

### **3.11. Rekindling Interest in Research and Development (R & D)**

NCDMB developed an R&D framework and launched a \$50 million Nigerian Content Research and Development fund to boost the growth of indigenous technology and innovation. The Board established an R&D Council comprising stakeholders from the industry, academia and the R&D ecosystem. The essence of this initiative is to rekindle interest in R&D, develop and deploy home-grown solutions and lead innovation.

### **3.12. True Industrialization starts with NOGAPS**

Between 2012 and 2013, NCDMB started conceptualizing the oil and gas parks. The goal was to spur manufacturing of critical oil and gas tools, equipment and accessories in-country. Companies that operate from the parks will be provided with steady electricity. This is expected to significantly promote in-country manufacturing and technology transfer from original equipment manufacturers (OEMs) to their local partner.

## **4.0. The challenges of the Nigerian Content Act**

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<sup>26</sup> Local Content Digest- NCDMB stakeholder magazine 2020.

No doubt, Nigeria has witnessed more indigenous companies coming into the petroleum industry and the local market is developing with the nation boasting of more experts in the field, yet, there are a number of challenges that needs to be overcome in Nigeria;<sup>27</sup>

#### **4.1. Dearth of Undecided Cases in Law**

The Local Content Act in Nigeria is new, it is not sufficiently contested in courts of law, therefore it is challenging to lay hands on cases that have been decided bordering on local content implementation. It is therefore imperative that Nigerians and Nigerian companies who are directly or indirectly impacted by the Act to take the responsibility to contest this law when they perceive a breach on any part of the Act.

#### **4.2.Lack of Collaboration**

A lot of indigenous companies prefer to work in silos than to collaborate and pull resources together in terms of finances, manpower and skills and execute contracts effectively in the industry. While some prefer to exist as ‘one man’ businesses which limits the expansion possibilities, others lack adequate skills required in the industry. There are also issues of poor managerial skills that results in resources being misappropriated and some companies are prematurely shut down.<sup>28</sup>

#### **4.3. Corruption**

Unfortunately, corruption has also slowed down the aim of the Nigerian content policy from being realized. Some of the indigenous companies after bidding for contracts would rather have their foreign counterparts carry out the services completely and get a percentage than make efforts to develop expertise in that field.

#### **4.4. Undeveloped Petroleum Sector**

The anomaly of having a sector that is responsible for 97.7% of the export earnings and 77.5% of the government revenue but only accounts for 9% of the GDP shows that the full potential of the petroleum sector has not been exploited.<sup>29</sup> Both the midstream and the downstream have a lot of potential which when developed, provides much more opportunities for SMEs and the local market. Not being able to fully develop the value chain of the industry is still limiting the gains the local content act set out to achieve.

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<sup>27</sup> Lawuyi, L. (2020). The Nigerian Local Content Policy: The Journey So Far. Being A Continuous Assessment Paper on Energy, Petroleum, Business Law, Policy & Regulations & Ethics, Emerald Energy Institute for Petroleum & Energy Economics, Policy & Strategic Studies, University of Port Harcourt

<sup>28</sup> Ihua, U. B., Ajayi, C., & Eloji, K. N. (2009). Nigerian Content Policy in the Oil and Gas Industry. *Repositioning African Business and Development for 21st Century* (pp. 163-164). Kampala: IAABD.

<sup>29</sup> Adenikinju, A. (2018). *Local content development in the Nigerian oil and gas industry: A model for indigenisation*. Ibadan: Seplat Petroleum Development Company.

## 5.0. Conclusion/Recommendations

This paper concludes that the enactment of the NOGIDC Act has benefited the Nigerian Petroleum industry in particular and the economy of Nigeria in general in the areas of job creation, reduction in capital flight, utilization of Nigerian indigenous companies in terms human and material services and less reduction in employment of expatriates, importation of foreign products; protection of the environment. Before the enactment of the NOGICD Act, in 2010, Nigeria has witnessed an estimated loss of \$380 billion in capital flight, less than 5% Nigeria content value and about 2 million job losses with loads of expatriates occupying the industry while Nigeria continues to export oil and gas resources abroad. The Journey to Success is quite commending; NCDMB's ranking on the PEBEC Ease of doing Business Index moved from 27th in December 2019 to 3rd in June 2020 and has the goal of being the first. Further, a 10-Year Roadmap and Nigerian Content Trajectory showed less than 5% of Nigerian content (NC) in 2010, 35% of Nigerian content (NC) in 2021 and 70% of Nigerian content (NC) in 2027 projected.

Further, this study spotted out some of the weaknesses inherent in the Act which includes the non-amendment of the NOGDIC Act after ten years of its enactment. The recent passage of the PIA has made it imperative for the combination of the PIA and NOGICD Act as an effective tool of regulating the oil and gas industry.

There is need for a more robust working relationship amongst the Government, Industry and Academia to carry out the relevant research areas needed in the industry without taking them outside the shores of Nigeria, this will strengthen our research and development in country.

From the foregoing, this study recommends the following:

The amendment of the NOGICD Act after ten years of its enactment is highly recommended to plug in the loopholes and strengthen it for a better implementation.

An effective collaboration between the Government, Industry and Academia is greatly desired to improve research and development. It is recommended that there should be a data bank warehoused by Government through the NCDMB which will coordinate the IOCs and the Academia where R & D research areas of interests of IOCs and the Academia's expertise are warehoused in a data bank as a one stop shop for research areas in the Nigerian oil and gas industry. The NCDMB as Government will work in synergy with the Academia and compel the IOCs through the implementation of the NOGICD Act to patronize the Nigerian Academic community to carry out the needed research interests in the oil and gas industry while deploying international standard in carrying out the research. This will in turn create jobs for the Academia through capacity building and capital retention in Nigeria which will promote the local content implementation and economic empowerment for Nigerians and Nigeria as a whole.