

STRENGTHENING CONTENT CAPABILITY IN THE NIGERIA OIL AND GAS INDUSTRY

The Nigerian Content Development Act which came into force in 2010 was meant to reinvigorate indigenous participation in the Nigerian oil and gas industry. Nigerian content is defined in the Act 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 oil and gas industry.” The Act provides elaborately for the utilization of Nigerian goods and services as well as promoting transfer of skill and technology to Nigerian staff and labour in the industry.

Under the Act, the Nigerian independent operators are to be given first consideration in the award of oil blocks, oil field licenses, oil lifting licenses and in all projects for which contracts are to be awarded in the oil and gas industry.

Also the Nigerian indigenous service companies which demonstrate ownership of equipment, Nigerian personnel and capacity to execute such work to bid on land and swamp operating areas of the Nigerian oil and gas industry shall be given exclusive consideration for contracts and services contained in the Schedule to the Act.

The Act requires operators in the oil and gas industry to undertake the training of Nigerian personnel where the personnel lack the requisite training and to have a succession schedule or plan for Nigerians by which they understudy the incumbent expatriate for a period of four years after which the position will become Nigerianised. The operators are also mandated to employ only Nigerians in their juniors and intermediate cadre or any

other corresponding grades. All projects or contracts whose total budget exceeds \$100 million (USD) are required to contain a "Labour Clause" mandating the use of Nigerian labour in specific cadres as may be stipulated by the Board.

The types of goods and services listed under the Act requiring a quantum of Nigerian content ranges from legal, finance, insurance, communication, fabrication, construction, maintenance, research, exploration, well and drilling works, marine and transportation, procurement, health etc.

One can conclude that the intendment of the law maker, was to have a law that will be capable of stimulating and strengthening the Nigerian local capabilities, engineer the desired economic growth and capable of enhancing Nigerian capacity to manage the oil and gas industry which for more than 50 Years now has been the main stay of the Nigerian economy. It may be right then to say that the Act is a step ahead in the "Nigerianization" of the country's most lucrative sector of the economy.