



LEGAL X-RAY OF THE NIGERIAN CONTENT DEVELOPMENT & MONITORING BOARD (NCDMB) REGULATIONS: ITS BENEFITS AND CHALLENGES

Desmond O.N. Agwor* & Ogorchukwu Igila**

ABSTRACT

This study examines the Nigerian Content Development and Monitoring Board (NCDMB) regulations, highlighting their benefits and challenges in promoting local participation in the oil and gas sector. It traces the evolution of Nigeria's Local Content Act, 2010, enacted to enhance indigenous capacity, technology transfer, and economic growth by reducing dependence on foreign expertise. The study adopts the doctrinal research methodology, relying on primary sources such as statutes and regulations, and secondary sources including textbooks, journal articles and reports. The findings reveal that the NCDMB regulations have stimulated job creation, capacity building, and the establishment of fabrication yards and manufacturing hubs, contributing to local industrialization and capital retention. However, the study also identifies major challenges, including non-compliance by multinational companies, corruption, inadequate infrastructure, and ambiguous statutory provisions that hinder enforcement and transparency. In conclusion, while the NCDMB regulations remain crucial for achieving Nigeria's economic diversification and sustainable development goals, implementation weaknesses continue to limit their impact. The study recommends strengthening monitoring mechanisms, improving infrastructure, enhancing funding through the Nigerian Content Intervention Fund (NCIF), promoting local research and innovation, and expanding training programs to bridge the skills gap ensuring the full realization of Nigeria's local content objectives in the oil and gas sector.

KEYWORDS: Local Content, Petroleum Industry and Capacity Building in Nigeria

1. INTRODUCTION

Many nations in their quest to build local capacity and create employment for the locals have formulated local content policy to maximize the benefits from their natural resources endowment, by so doing improve the lives of their citizens as well as the economy. In like manner, adaptation of local content in the oil and gas sector in Nigeria, has also helped in the improvement of the nation's economy. This is an improvement as this was not the case in the past where the oil and gas industry was dominated by major international oil companies (IOCs) that came with large number of expatriate workers deployed to carry out projects in various onshore and offshore locations in the country. This preponderance of expatriate workers has resulted in a paucity of jobs, skills development, capacity building and under-utilisation of the indigenous workforce and in the long run, a lack of sustained national economic development.¹ In a bid to stem the tide of frequent use

* Ph.D, LL.M, LL.B (RSU, Port Harcourt), BL (Abuja), DIP (Port Harcourt), MCIArb; Lecturer at Law, Department of Jurisprudence and International Law, Faculty of Law, Rivers State University, Nkpolu-Oroworukwo, P.M.B. 5080, Port Harcourt, Nigeria.

Tel: +2348035425341, E-mail: desmond.agwor3@ust.edu.ng; desmondnoa@gmail.com

of expatriate workers to handle jobs that would have been ordinarily carried out by indigenous workers, the federal government in 2010 enacted the Local Content Act to promote indigenous participation in the value chain of oil and gas industry in Nigeria.² The adoption of the local content is seen as a strategy to boost the participation of indigenous oil firms in the supply chain of the sector and also to create more employment opportunities for the local workforce.³ The Act also established the Nigerian Content Development Board and vested it with the responsibility of making procedures to guide, monitor, coordinate and implement the provisions of the Act.⁴ It is also to implement the provisions of the Act with a view to ensuring a measurable and continuous growth of Nigerian Content in all oil and gas arrangements, project operations, activities or transactions in the Nigerian oil and gas industry.⁵ Any operator interested in bidding for any license, permit or interest in the Nigerian oil and gas industry mandated to submit a Nigerian content compliance plan to the Board before carrying out any project and the Board if satisfied that the plan is in compliance with the provisions of the Act, issue a certificate of compliance with the Nigerian content requirement of the Act⁶ to the operator. The NCDMB regulations are designed to enhance indigenous capacity, technology transfer, and economic growth, thereby reducing overreliance on foreign expertise. However, despite its achievements, the implementation of these regulations faces several challenges that hinder their full potential. This article proceeds in four parts: it clarifies the conceptual framework underpinning local content and capacity building; examines the substantive provisions of the NCDMB regulations; evaluates their benefits and challenges; and concludes with recommendations for reform.

2. CONCEPTUAL CLARIFICATIONS

2.1 Local Content

Local content is a multidimensional concept with no universally accepted definition.⁷ From a narrow perspective, local content requirement is concerned with the natural resources extractor creating value for people around the proximate regions of extractive sector, and from a broader view it considers the nationality of the natural resources extracting company or the location of its

** Ph.D, LL.M, LL.B. (RSU, Port Harcourt), B.L (Abuja), DIP (RIVCAS, Port Harcourt); Lecturer at Law, Department of Jurisprudence and International Law, Faculty of Law, Rivers State University, Nkpolu-Oroworukwo, P.M.B. 5080, Port Harcourt, Nigeria. Tel: +2348141311720, Email: ogorchukwu.igila@ust.edu.ng

¹T Obuaya, *Local Content Implementation in Nigeria: A Road Map* (Being a Paper Presented at the Nigerian Oil and Gas Conference, Abuja Nigeria, 2012) 76.

² S Dike, *Energy Security: The Case of Nigerian and Lessons from Brazil, Norway and the UK* (Pearl Publishers, port Harcourt 2015) 64.

³A N Adedeji, 'The Role of Local Content Policy in Local Value Creation in Nigerian Oil Industry-A Structural Equation Modeling (SEM) Approach' <<https://www.sciencedirect.com>> accessed 16 October 2025.

⁴Local Content Act, 2010 s 4

⁵*ibid*, s 5

⁶ *ibid*, s 7 & 8.

⁷I Ramdoo, 'Unpacking Local Content Requirements in the Extractive Sector: What Implications for the Global Trade and Investment Frameworks' 'International Centre for Trade and Sustainable Development & World Economic Forum 2015) <<https://doi.org/10.13140/RG.2.1.4943.5129>> accessed 16 October 2025.



headquarters.⁸ In the analysis of a global industry, the definitions of local content vary in context from the purchase of inputs from a foreign-owned company that is locally based to a purchase from a company that is based abroad but locally owned.⁹ Kazzazi and Nouri¹⁰ defined local content requirement on the basis of value addition within a country through local personnel and using local services and facilities. Local content is also defined as the engagement of Nigerians as employees, the participation of Nigerian investors in the industry and the use of Nigerian contractors in the execution of contracts.¹¹ This definition was provided in line with the idea of value addition. Local content is seen as a set of deliberate orientation and actions to build domestic capacity relevant for service and product delivery comparable within that industry and an opportunity to locally build a sustainable culture of service quality and capabilities exceeding customers' expectations and comparable to international standards through key local personnel and management.¹² Though simple, Obuaya's definitions reflect on some important indices to examining the concept of local content such as 'deliberate orientation', 'capacity building', 'sustainable capability', 'product deliverability systems' and 'comparability.' Local content is about securing direct and indirect opportunities for employment and procurement to home nationals, at the same time as fostering the development of local skills, technology transfer, and use of local manpower and local manufacturing in capital projects.¹³ Kolstad and Kinyondo¹⁴ viewed local content as the occurrence of domestic inputs (e.g., labor, capital, intermediate products) at different points in the value chain. Local content requirement is also considered to be a statutory social investment project imposed by a host government and which creates legal obligation between the host government and the investor.¹⁵ Local content is a subset of industrial policies concerned with measures aimed to derive localized values that encompass participation of national labor, services, goods, and capital.¹⁶ Accordingly, local content development policies should focus on developing linkages in the local economy, be anchored on available industrial supply base, and be supported by clearly defined and acceptable benchmarks.¹⁷

⁸ Ramdoo (n 7)

⁹ S Eikeland and T Nilsen, 'Local Content in Emerging Growth Poles: Local Effects of Multinational Corporations' Use of Contract Strategies' [2016] (70)(1) *Norsk Geografisk Tidsskrift-Norwegian Journal of Geography*, 13-23.

¹⁰ A Kazzazi and B Nouri, 'A Conceptual Model for Local Content Development in Petroleum Industry' [2012] (2)(6) *Management Science Letters*, 2165-2174

¹¹ B Ogbeifun, 'How Content is Local Content?' <www.ganji.com> accessed 16 October 2025; O I Akpanika, 'Technology Transfer and the Challenges of Local Content Development in the Nigerian Oil Industry' [2012] (11)(2) *Global Journal of Engineering Research*, 123-131.

¹² T Obuaya, 'Local Content Implementation in Nigeria: A Road Map' (Being a Paper Presented at the Nigerian Oil and Gas Conference, Abuja, Nigeria 2005).

¹³ T Haidar, '4 Ways in Which Local Content Can Lead to Local Contentment' <<https://www.oilandgasiq.com/oil-and-gas-production-and-operations/articles/4-ways-in-which-local-content-can-lead-to-local-co>> accessed 16 October 2025.

¹⁴ I Kolstad and A Kinyondo, 'Alternatives to Local Content Requirements in Resource-rich Countries' [2017] (45)(4) *Oxford Development Studies*, 409-423.

¹⁵ B C Asiago, 'Rules of Engagement: A Review of Regulatory Instruments Designed to Promote and Secure Local Content Requirements in the Oil and Gas Sector' [2017] (6)(3) *Resources*, 46.

¹⁶ T Acheampong and Others, 'An Assessment of Local-Content Policies in Oil and Gas Producing Countries' [2016] (9)(4) *Journal of World Energy Law & Business*, 282-302.

¹⁷ *ibid.*

2.2 Capacity Building

The concept of capacity building also referred to as capacity development, centres on a conceptual approach to development that focuses on understanding the obstacles that inhibit people from realizing their development goals while enhancing the abilities that will allow them to achieve measurable and sustainable results. Hence, capacity building often refers to strengthening the skills, competencies and abilities of people and communities in developing societies so they can overcome the causes of their exclusion and suffering. Invariably, one of the important tools of capacity building is training. Training to remove people from obstacles that inhibit their well-being and that put them in poverty.¹⁸ The World Customs Organization,¹⁹ defines capacity building as “activities which strengthen the knowledge, abilities, skills and behaviour of individuals and improve institutional structures and processes such that the organization can efficiently meet its mission and goals in a sustainable way. Capacity building is also the “process of developing and strengthening the skills, instincts, abilities, processes and resources that organizations and communities need to survive, adapt, and thrive in the fast-changing world.”²⁰

2.3 Corporate Social Responsibility

An understanding of corporate social responsibility is relevant to this discussion because operators sometimes conflate their CSR spend with local content compliance, a conflation which the Regulations for the Establishment of Operations in Nigeria, 2021 expressly reject by excluding CSR initiatives from qualifying investment. The idea behind corporate social responsibility (CSR) is the recognition that firms do have ethical obligations and that they must also respond pragmatically to social pressures. The range of appropriate responses has, however, expanded dramatically over the past several decades. Although the debate on the relationships between business and society, and the implied responsibilities, has been on-going for decades, there is still no consensus on a commonly accepted definition of CSR.²¹ Carroll²² providing some substance to the argument that CSR involves going beyond the law argued that a definition of social responsibility, if it is to fully address the entire range of obligations business has to society; it must embody the economic, legal, ethical and discretionary categories of business performance. Bowen stated that CSR ‘refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values

¹⁸ O T Iyade, ‘Technical Capacity Building for Youths Empowerment and Poverty Reduction in Nigeria’ [2017] (5)(6) *British Journal of Education*, 57-65.

¹⁹ World Customs Organization, *Customs Capacity Building Strategy* (Brussels, Belgium: WCO Publication Unit, 2010).

²⁰ A Philbin, *Capacity Building in Social Justice Organizations* (New York: Ford Foundation, 2004).

²¹ A B Carroll, ‘The Pyramid of Corporate Social Responsibility: Towards the Moral Management of Organizational Stakeholders’ [1991] (34)(4) *Business Horizons*, 39-48; T M Jones, ‘Instrumental Stakeholder Theory: A Synthesis of Ethics’ [1995] (20)(2) *The Academy of Management Review*, 72-98; T Jones and A Wicks, ‘Convergent Stakeholder Theory’ [1999] (24)(9) *Academy of Management Review*, 206-221.

²² A B Carroll, ‘A Three-Dimensional Conceptual Model of Corporate Social Performance’ [1979] (4)(4) *Academy of Management Review*, 497-505.



of our society'.²³ According to Eells and Walton,²⁴ CSR refers to the problems that arise when corporate enterprise casts its shadow on the social scene, and the ethical principles that ought to govern the relationship between the corporation and society. Hemphill²⁵ summarizes these four components of CSR as striving to make a profit (economic), obey the law (legal), be ethical (ethics) and be a good corporate citizen in its relationship with stakeholders (philanthropic).

3. NIGERIA CONTENT DEVELOPMENT & MONITORING BOARD (NCDMB) REGULATIONS

The Nigerian Oil and Gas Industry Content Development (Local Content Act) 2010 was enacted to promote the indigenous participation in the Nigeria's oil and gas industry for the purpose of improving the economic and social well being of those engaged in operating in the oil and gas industry. The Act provides for the development of Nigerian content in the Nigerian oil and gas industry, Nigerian content plan, supervision, coordination, monitoring, and implementation of the Nigerian content. The Act stated the requirement of any company or organization that intends to operate in the Oil and Gas Industry in Section 2 of the Local Content Act, which states that "all regulatory authorities, operators, contractors, subcontractors, alliance partners and other entities involved in any project, operation, activity or transaction in the Nigerian oil and gas industry shall consider Nigerian content as an important element of their overall project development and management philosophy for project execution". In fulfilling this objective, Section 4 of the Local Content Act established the Nigerian Content Development and Monitoring Board (NCDMB), which is vested with the responsibility of making procedures to guide operators, monitor compliance, and coordinate and implement the provisions of the Act within the industry. The Local Content Board is empowered to execute its duties under the Act to ensure that all provisions contained in the Act are complied with. The NCDMB is responsible for reviewing and evaluating content plans in Nigeria and, if satisfied that the plans comply with the provisions of the law, issues certificates of approval to operators of specific projects.²⁶ In this regard, NCDMB is required to complete the evaluation and issue the certificate within 30 days from the evaluation start date.²⁷ Sections 12, 13, 29, 31, 38, 44, 49 and 51 require businesses to submit information to the NCDMB demonstrating how they have implemented Nigeria's content requirements. Further to sections 47 and 101 of the Local Content Act, the Minister of State for Petroleum Resources issued the Regulations for the Establishment of Operations in Nigeria, 2021 (the Regulations), which empower the Minister of Petroleum to require any operator or company in the Nigerian oil and gas Industry to invest in, or to establish any facilities in Nigeria for production, manufacturing or the provision of any services that would otherwise have to be imported into Nigeria, and to prescribe minimum

²³H R Bowen, *Social Responsibility of the Businessman* (New York: Harper and Row 1953) 63.

²⁴S Eells and T Walton, 'The Path to Corporate Responsibility' [2004] *Harvard Business Review*, 125-132.

²⁵T A Hemphill and others, 'Corporate Social Responsibility, Country Reputation and Corporate Reputation: A Perspective on the Creation of Shared Value in Emerging Markets' [2018] (27)(4) *Multinational Business Review*.

²⁶ Local Content Act 2010, s 8.

²⁷ *ibid*, s 9.



standards for achieving this. Such investment excludes community development and corporate social responsibility initiatives undertaken by such operators and companies.²⁸ The Regulations aim to enhance the attainment of Local Content objectives including the facilitation of the transfer of technology to indigenous operators and companies; increased participation of indigenous companies in Industry supply chains and value chains; the advancement of Nigeria's industrial development through increased indigenous ownership and operation of Industry facilities and assets; and the utilization of Nigerian goods, services, equipment, labour, and other resources to develop in-country Industry capacity and capability, all in keeping with paragraph 5.6 (Capacity and Capability Development) of section 4.1.2 (Nigerian Content Plan) of the Handbook of Operational Guidelines issued by the Nigerian Content Development and Monitoring Board (the NCDMB).²⁹ First consideration principles, as an integral element of Nigerian content, require that Nigerian companies, goods, services, and employees be prioritised and accorded preference in bids for contracts, jobs, and operations in the Industry, consistent with the minimum Nigerian content prescriptions specified in the Schedule to the Local Content Act, which the NCDMB is empowered to modify pending legislative prescription where a project description is not specified in the schedule to the statute. First consideration also means that where a Nigerian company can demonstrably provide required goods or services operators may utilise them without seeking authorisation.³⁰ The NCDMB has the discretion to withhold approvals for Local Content plans and operations of any operators or companies that do not comply with the Regulations. Such persons shall be ineligible for the grant of a certificate of authorisation, will not be allowed to carry on operations in the industry, and shall be ineligible to continue on the JQS or e-market. The NCDMB may also apply sanctions stipulated in its Handbook of Operational Guidelines, and any aggrieved operator may lodge a complaint with the NCDMB's Executive Secretary for a review of any sanctions imposed on the basis of its Handbook of Operational Guidelines.³¹

(i) Benefits of NCDMB Regulations

The Local Content Act is a veritable economic policy that encourages the use of indigenous resources in the Nigerian Oil and Gas Industry.³² Since the signing into law of the Nigerian Oil and Gas Industry Content Development Act in 2010, and with a visionary and dynamic agency, the Nigerian Content Development and Monitoring Board (NCDMB) driving its implementation, there has been a systematic but gradual improvement in local content in the industry. With Nigerians developing competence in jobs that were the exclusive preserve of expatriates, most of the jobs that

²⁸ F Elias-Adebowale and others, 'Ministerial Regulations-Nigerian Oil and Gas Industry: An Overview of the Regulations for the Establishment of Operations in Nigeria' <<https://uubo.org/wp-content/uploads/2023/02/MINISTERIAL-REGULATIONS-NIGERIAN-OIL-AND-GAS-INDUSTRY-CONTENT-DEVELOPMENT-ACT-An-Overview-of-the-Regulations-for-the-Establishment-of-Operations-in-Nigeria-1.pdf>> accessed 16 October 2025.

²⁹ Local Content Act, 2010, s 41-45

³⁰ *ibid*, s 10 and 12

³¹ Elias-Adebowale and others (n 28).

³² O Jegede, 'Overview of Nigerian Local Content Law in Oil and Gas Industry in Nigeria' <<https://www.monday.com>> accessed 16 October 2025.



were executed outside Nigeria are now being performed by Nigerians and in Nigeria. This has led to the retention of a large chunk of the industry expenditure in-country, with the attendant positive impact on employment generation and growth of Gross Domestic Product (GDP). Indigenous service companies stand to benefit tremendously from the provisions of the Local Content Act. This is because they are one of the key targets of the Nigerian content policy. Historically, most jobs in the Oil and Gas industry in Nigeria were handled by expatriates, a trend attributable to decades of neglect of human capital development, which left many Nigerians without the specialised training required for certain technical positions and jobs in the Oil and Gas industry. The Local Content Act thus presents Nigerians the opportunity to acquire the requisite training, skills and knowledge that would enable them take positions and jobs that had hitherto, been handled by expatriates. The Local Content Act strongly advocates for training and employment of Nigerians in the Oil and Gas industry. Section 10 (1) (b) of the Local Content Act provides that- Nigerians shall be given first consideration for training and employment in the work programme for which the content plan was submitted. Where Nigerians are not employed because of their lack of training, the operator shall ensure, to the satisfaction of the Board, that every reasonable effort is made within a reasonable time to supply such training locally or elsewhere and such effort and the procedure for its execution shall be contained in the operator's employment and training plan.³³ Section 31 of the Local Content Act provides that for each of its operations, the operator shall submit to the Board a succession plan for any position not held by Nigerians and the plan shall provide for Nigerians to understudy each incumbent expatriate for a maximum period of four years and at the end of the four year period the position shall become Nigerianised. The operators are further mandated to submit annually, a plan satisfactory to the Board, setting out a programme of planned initiatives aimed at promoting the effective transfer of technologies from the operator and alliance partners to Nigerian individuals and companies.³⁴ These provisions are aimed at enhancing human capital development and training Nigerians to acquire relevant skills in the Oil and Gas industry. Furthermore, the promotion of technology transfer has improved local technical expertise through partnerships and training. The Board's initiatives have also boosted industrialization, as seen in the establishment of fabrication yards, modular refineries, and manufacturing hubs in states like Bayelsa and Rivers. Lastly, the regulations encourage capital retention, ensuring that a greater portion of oil and gas revenue circulates within Nigeria's economy.

(ii) Challenges of NCDMB Regulations

Despite these successes, the implementation of NCDMB regulations faces several challenges. Some of these challenges will be examined below:

³³ Local Content Act 2010, s 30.

³⁴Ibid, s 44.

(a) 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.³⁵ The atmosphere of relative peace, security and stability will attract foreigners to the country while insecurity and political instability will discourage foreign investors from investing in the Nigerian business climate.³⁶

(b) Discrimination and Under-Utilisation of Nigerian Services

According to Ihua,³⁷ 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. There are also complaints of discrimination and underutilization 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.³⁸ 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.³⁹

(c) 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 noncompliant assets and expatriates. The NCDMB responded

³⁵ J A Omenikolo and RO Amadi, 'Challenges facing Nigerian Local Content in the Oil and Gas Industry' [2010] (1) Continental J. Renewable Energy, 15 – 20.

<<https://archive.org/stream/challengesFacingNigerianLocalContentInOilAndGasIndustry/15-20.djvu.txt>> accessed 16 October 2025.

³⁶ S I Afegbua, 'Conflicts and Political Instability in Nigeria: Causes, Consequences and Prospects' [2010] (2) *Journal of Social Science and Public Policy*, 10-18.

³⁷ U B Ihua, 'Local Content Policy and SMEs Sector Promotion: The Nigerian Oil Industry Experience' [2010] (5)(5) *International Journal of Business and Management*, 3-13.

³⁸ Ihua (n 37).

³⁹ N Garrick, '4 years of Nigerian Content: Challenges Abound despite Relative Successes' <<https://www.energymixreport.com/4-years-nigerian-content-challenges-abound-despite-relative-successes/>> accessed 16 October 2025.



by suspending 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, 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".⁴⁰ Although the board uses the Joint Qualification System (JQS) for awarding contracts, they lack the impetus to deploy officers for site visits to monitor compliance at the implementation phase of the project to curtail sharp practices.⁴¹ Poor implementation was due to the unwillingness of multinational companies to adhere to the Nigerian LCP initiatives.⁴² The non-adherence of multinationals and the inefficiency of the NNPC to enforce compliance is due, primarily, to the lack of legal backup which forces the NNPC to depend on the existing laws which are insufficient to ensure effective enforcement.⁴³

(d) 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.⁴⁴

(e) 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. The time-framed given to authorise the continued importation of items where there is inadequate local capacity is

⁴⁰O O Iledare, 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 held in Abuja, Nigeria. 2004) 2-5.

⁴¹Ibid.

⁴²C Amanze-Nwachukwu, 'Nigeria Local Content-Oil Firms May Miss 2010 Target' *Thisday Newspaper* (3 March 2016) <www.thisdayonline.com> accessed 16 October 2025.

⁴³J Okafor and E Aniche, 'A Critical Appraisal of Enforcement of Nigerian Oil and Gas Industry Content Development (NOGICD) Act, 2010' [2014] (31) *Journal of Law, Policy and Globalization*, 82.

⁴⁴I Yusuf, 'Nigerian Oil and Gas Industry Content Development Act: An Assessment of Implementation Challenges' [2024] (10) *African Journal of International Energy & Environmental Law (AJIEE)*, 130 – 144.



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.⁴⁵

(f) 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 given to Nigerians.⁴⁶ While it is evident that the enactment of the Local Content Act is a welcome initiative in Nigeria's quest for better resource management through the promotion of local content policy, a few concerns and issues have been raised bordering on the effectiveness or otherwise of the Act in achieving the Nigerian governments objectives for local content, as a result of manifest vulnerabilities in the provisions of the Act. One of such vulnerabilities, as pointed out, is contained within the provisions of section 92 of the Local Content Act which allows the Nigerian Content Monitoring Board to accept gifts of money, land or other properties made by persons or organizations, as long as the acceptance of such gift do not carry conditions which are in conflict with the boards' functions.⁴⁷ This provision has been stated to create a conflict of interest on the part of the board and provides ample opportunities for bribery and corruption, seeing that the board is allowed to accept gifts from parties over whom it is supposed to exercise supervisory functions and considering as well, the broad discretionary powers of the board.⁴⁸

4. CONCLUSION

States typically impose local content requirements on businesses to aid in the achievement of national economic goals such as economic diversification, reduction of import dependency, promotion of indigenous participation in strategic economic sectors, promotion of exports, facilitation of technology transfers, skills acquisition and job creation, and advancement of social and environmental objectives. The NCDMB regulations remain a cornerstone of Nigeria's efforts to achieve economic diversification and sustainable development. The NCDMB plays a pivotal role in monitoring and enforcing compliance, ensuring that local content objectives are realized. For operators, compliance is not merely a legal obligation but a strategic advantage. While the

⁴⁵ I Yusuf (n 44).

⁴⁶ Yusuf(n44).

⁴⁷ Nigerian Oil and Gas Industry Content Development Act 2010, s 92 (1) & (2).

⁴⁸ C Nwapi, 'Corruption Vulnerabilities in Local Content Policies in the Extractive Sector: An Examination of the Nigerian Oil and Gas Industry Content Development Act, 2010' [2015] (46) *Resources Policy*, 92-96.



benefits such as job creation, capacity building, and industrial growth are evident, the challenges cannot be ignored. Addressing funding gaps, improving infrastructure, and strengthening monitoring mechanisms will enhance the Board's effectiveness. A collaborative effort among government, industry operators, and local firms is essential to ensure that Nigeria fully harnesses the potential of its oil and gas resources for long-term national development.

5. RECOMMENDATIONS

The paper makes the following recommendations:

1. The government and NCDMB should intensify investment in training and skill development programs for Nigerian engineers, technicians, and artisans. Partnerships with universities, technical institutes, and international oil companies can help bridge the skill gap and ensure that local professionals meet global industry standards.
2. Access to finance remains a major barrier for Nigerian companies. The federal government should strengthen funding schemes such as the Nigerian Content Intervention Fund (NCIF) to provide low-interest loans and grants to qualified local firms. This will enable them to compete effectively and execute large-scale projects.
3. NCDMB should adopt modern monitoring tools, including digital reporting systems and periodic audits, to ensure full compliance by oil and gas companies. Strict penalties should be enforced against non-compliant operators to maintain the integrity of the local content policy.
4. Nigeria should promote local research and innovation by establishing partnerships between oil companies, research institutions, and indigenous entrepreneurs. This will drive homegrown technological solutions and reduce dependence on foreign technologies.
5. To enhance the efficiency of local operations, government should prioritize infrastructure development particularly in power supply, roads, and ports around oil-producing regions. Improved infrastructure will support fabrication yards, refineries, and other industrial hubs promoted by NCDMB.