

Review of Nigerian Experience in Oil Resource Control and Local Content Development

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Abstract

The agitation for oil resource control by the Niger Delta States of the Southern Nigeria reached its crescendo after Ken Saro Wiwa and his Ogoni compatriots were tried and executed. The States which took over the agitation later got 13 percent derivation and setup development agencies for the application of the fund for the development of the oil communities in the states. But it bungled up and never brought satisfaction rather it became an eye opener for other forms of agitation. Local content development is one such aftermath-agitation. It was pitched against the multinationals and premised on the need to develop a legal regime that could ensure that oil and gas associated economic activities had local content bottom-lines. In other words, the human and material resources of oil communities must be deliberately factored into project execution by the oil majors so as to create youth employment and skill acquisition in the sector. Has the Local Content Law achieved this? This paper which adopts the doctrinal method reviews the historical and empirical circumstances of resource control agitations and their relationship with and impact on the legal regimes of local content development in the oil and gas sector of Nigeria. It finds that while there are elaborate provisions in the law for the development of local content, not much has been achieved in practice. The nature of foreign (ownership) interests and technology dynamics in oil business; weak institutions have not enabled content development in the sector.

Keywords: Local Content, Resource Control, PTDF, Multinational Company, Oil Refining, Local Content Vehicles.

Introduction

In November 2001, a National Committee was inaugurated to deliberate on the level of local content in the Nigerian oil and gas industry (Mohammed, 2007, p. 11). Two years later, in August, 2003, a second committee spearheaded by INTSOK under the auspices of the existing memorandum of understanding between the Governments of Norway and Nigeria delivered a report on the state of local content in Nigeria. The main findings of both committees were that the Nigerian content development initiative requires an exhaustive systematic approach that would assess local content levels, identify constraints, develop clear policies and processes to stimulate local content growth, and define clearly the roles and responsibilities of stakeholders.

In line with the recommendation of these committees on local content development, the PTDF management in 2004 set up a Nigerian Content Desk with the aim of creating the necessary enabling environment for the Fund's intervention in facilitating the assessment

of local content levels, identify constraints, develop clear policies and processes to stimulate local content growth, define clearly the roles and responsibilities of the PTDF in relation to other stakeholders. Subsequently, the Fund commissioned an industry-wide skills audit and survey in 2004 to determine existing capacity vis-à-vis the existing gaps in order to put in place, a training regime in fulfillment of the mandate of the Fund in the following areas: fabrication, engineering, welding, drilling, project management and seismic data acquisitions (Mohammed, 2007, p. 10).

Statement of the problem

In the midst of so much wealth, the Niger Delta is a theatre of poverty and want leading to the persistent quest for resource control by the people and their state governments. The taking of hostages and demand for ransom by militants (representative of the violent angle of the struggle) are all too reminiscent of the tactics of terrorists; and not surprisingly, the present situation in the delta, and indeed Nigeria, is being interpreted along these lines. Local Content on the other hand, requires that engineering jobs irrespective of their international partners should be done locally to create employment opportunities as such jobs were previously domiciled abroad. Even if the work had to be done locally by expatriates, a percentage of work-force should be Nigerians, who would through same, acquire relevant experience and technical know-how; and thereby stave off the population of unemployed army of youths surging into the militant camps. But, has this been realized?

Theoretical framework

Internationalist theory of oil business

In as much as a nation like Nigeria desires to develop independently, nationally and technologically, foreign support in local content development is imperative. To Eric Solhelm, Norwegian Minister of International Development, (as cited in Hassan, 2007, p. 60) the Nigerian oil and gas industry, especially the upstream sector, is one of the fastest growing in the world and in Africa as a whole. In fact, the future of the global oil market lies in Nigeria because of the potentials the country possesses. Manpower development is thus highly needed to jumpstart the potentials and Nigerian engineering potentials must be equally developed to realize it. Foreign assistance is needed in the areas of training engineers if the development of Nigerian local content is to be successful.

This is largely because deepwater exploration which holds the future of the Nigerian oil and gas industrial production involves the use of state-of-the art techniques and systems available only to a few world class oilfield services companies. Such systems, technologies, processes and applications are immensely expensive and operations are in very difficult terrain. Participation by local, indigenous companies in the value added chain will be severely limited despite government demands for rapid local content development unless a conscious national strategy is evolved along the following lines: operator and contractor collaboration is integrated into major deep offshore development; plans and programmes are made for industrial training and education of Nigerians in specialized programmes; and

capacity building programmes to ensure a rapid transfer of technology through the development of collaborative partnership between operating companies and local companies are evolved.

Resource Control and State Repression theory:

The war in the Niger Delta has not been appropriately situated hence solutions have not been efficacious. It is not a new war. It started long before the current actors were born. Dovetailing from war in palm oil to war in crude oil, what is happening in the modern Nigeria State is a modern edition of an age long struggle for economic space by the people of the region. Fredrick William Koko, the 8th King of Nembe Kingdom, had prosecuted a war on 28 January, 1895. The campaign captioned the Akassa Raid, was an attack on the operational headquarters of the Royal Niger Company in Akassa, an Ijaw settlement on the Atlantic coast in the present Bayelsa State. The reprisal attack by British forces, a month later, was most disproportionate and devastating. Instead of a raid, the British replied with a full scale war that sacked the kingdom.

In 1897, another ugly incident in the Niger Delta occurred when Oba Ovoranvwen of Benin Kingdom crossed path with the British resource hunters. The Oba of Benin did not only loose his kingdom, he later died in Calabar where he was deported after his deposal. Nana Olomu of Itsekiri also had his kingdom conquered by the British. King Owhe of Agbarha kingdom lost his throne. Jaja of Opobo also capitulated over resource control hegemony and rivalry. Then, it was colonial, now it is post-colonial. Then, it was State against State or Kingdom against Kingdom. Now, it is people against Country or citizens against State (Ogbodo, 2007, p. 15).

The theory of class struggle

The Niger Delta question has become unstructured and diffused. It is possible for any gun-toting youth to proffer a struggle-solution under whatever guise. Even robbers and kidnappers are finding accommodation in the infinitely elastic equation of the struggle. Thus, the activities of non-state-actors create a serious problem of theoretical formulation. They combine criminality and legitimate emancipatory flavour together even to the extent that it has led to the 'commoditization' of the Niger Delta struggle and this has become a fundamental challenge to the peoples' quest for justice in the Federation. For Sofiri Peterside, the militant movement was a creation of the State. It was a response to the repressive tendency of the Nigerian State that is unleashed on the people as a result of the issuance of the Kaiama Declaration of 1998. For the Guardian, the restiveness is a direct consequence of the politics of neglect and injustice which has promoted disaffection among the various federating units. The operations of militant youths in the area and regular protests by the people include a resort to desperation inducing despondency and marginalization.

For Onyekakeyah (2006, p. 64), the factors that have given rise to the current armed unrest, kidnapping, disruption and destruction of oil facilities are as old as the oil industry in the

Delta. The militancy is not a recent development. It has been ignored for long. The development of the Delta ought to have started since 1957 when Shell discovered oil at Oloibiri. This was never to be. As colonial economic adventurers, the preoccupation of Shell and the colonial government was to exploit the oil for the benefit of their home country. As a result, Shell from the onset did nothing to alleviate the abject condition of the people in the oil communities. If the colonial administration had put forward a policy to adequately address the needs of the oil communities, it would have provided a framework for the upcoming independent Nigerian governments to follow and the discontent that followed would have been nipped in the bud.

At independence, the Tafawa Balewa government neither inherited any blue print nor did it develop any to address the emerging ugly scenario. The situation was compounded by the fact that the nation lacked the technological capacity to take full control of the oil industry the result of which was that the entire industry remained in the hands of foreigners. Before long, displeasure began to creep into the sub-consciousness of some aggrieved persons. The Nigerian civil war was essentially fought over oil. The political crisis in parts of the northern and western regions in which many easterners were murdered only served as a convenient platform to vent the pervading angst and give meaning to the war for oil control. According to Ademiluyi (2000, p. 45), the 13 percent derivation revenue allocation from crude oil which the 1999 Constitution of the Federation of Nigeria granted oil producing States of Nigeria was first announced by the government of Gen. Sani Abacha following widespread unrests and agitations by the people after the Ogoni leader, Ken Saro Wiwa and eight others were hanged in 1995. It took more than three years for the money to get into the kitty of the States and when it eventually did, the most vocal of the States, Delta and Bayelsa, discovered and claimed that the grant fell short of their expectations and was too meager in the face of the problems to be tackled. They further argued that what they received was not 13 percent of all the revenue derivable from crude oil export sale accruing to the Federation Account but seven percent. In other words, it was not more than 13 percent of 60 percent being the onshore revenue as a result of the onshore offshore dichotomy. By the dichotomy, oil producing States were only entitled to the oil wells on their land onshore and not oil wells in the coastal waters of the continental shelf offshore which is federal property.

Conceptual clarification

Defining local content

Nigerian content development in the oil and gas sector is the quantum of composite value added or created in the Nigerian economy through the utilization of Nigerian human and material resources for the provision of goods and services to the petroleum industry within acceptable quality, health, safety and environmental standards in order to stimulate the development of indigenous capabilities. In this regard, an integrated approach has been

adopted for the implementation of the Nigerian Content Policy involving legal and operational frameworks with functioning structure to ensure compliance.

Nigeria content law

The Nigerian Content Bill has equally been processed into law while the organizational framework for ordered implementation has been established. A full-fledged Nigerian Content Division has been created in NNPC Ltd while the International Oil Companies and National Suppliers Associations interface in a consultative forum. Measure metrics for tracking performance have been issued while monitoring cycle visits to all operators have been instituted. Various regulatory reforms aimed at creating sustainable environment for growth in oil and gas operations are being proposed including the Down Stream Gas Bill, the National Gas Master Plan Bill and the Nigerian Content Bill later passed into law by the National Assembly.

Nigerian content guidelines

The State's directive on Nigerian content development mandates all contractors to create value in the country with targets of 45 percent by the end of 2010 in terms of total monetary expenditure through the deliberate utilization of Nigerian human and material resources without sacrificing safety, health and environmental standards. In line with the directive, the insurance sector is to arrange coverage and policy for any and all operations associated with the exploration, development, producing refining, marketing and processing of hydrocarbons in accordance with the Insurance Act, 2003. Thus all insurance policies for the Nigerian oil and gas operations were to be issued by a registered Nigerian insurer or consortium of Nigerian co-insurers as appropriate.

According to the guidelines, the negotiation of appropriate insurance quotas, terms and conditions of Nigerian oil and gas operations shall be conducted by the insured or its broker. Besides, the appointment of an overseas reinsurance broker, when and if necessary, shall be made by the lead co-insurer or broker duly registered under the Insurance Act in consultation with the insured. The overseas reinsurance broker so appointed shall also work in collaboration with local reinsurance brokers registered under the Act. Also, NAICOM (National Insurance Commission) shall only grant approval to a lead co-insurer or broker to effect reinsurance overseas where it can be convincingly demonstrated that the participation of local insurers and reinsurance are fully maximized in accordance with the local content objectives of the Federal Government.

However, the industry had been challenged to mobilize resources to be able to build adequate capacity to participate in the oil and gas sector in the light of government's reservation of 10 percent local content market. This was to disallow flight of a greater proportion of the premiums that should be retained locally for the benefit of the industry. Previously, the industry and the economy had lost a lot in terms of capital flight which should have been retained locally (Nze, 2004, pp. 15-16).

Literature review

Prior to 2001, politicians and government oil agencies had paid lip service to local content development. It was the opinion of many experts in the industry and government circles that a formal policy backed by law was required to correctly define local content to avoid complications in its implementation and its actual meaning: whether it means local contracts or naira currency content (Okpue, 2007, p. 24). Although the oil industry has made some progress in building up the capacity of local firms in recent years, much more progress is required from successive governments because at the end of the day, it will contribute to the GDP, technological know-how and capacity building and as canvassed by Maigida (as cited in Omoh & Dayo, 2007, p. 23), it is not as if the nation does not have qualified engineers to carry out some of the jobs in the oil and gas industry but, it has been tilted to the advantage of expatriates.

Chevron, Elf and ExxonMobil examples

For Chevron Nigerian Limited, Nigerian content implies that contractors shall create value with targets of 45 percent by the end of 2006 and 70 percent by the end of 2010 in terms of total monetary expenditures through the deliberate utilization of Nigerian human and material resources without sacrificing safety, health and environmental standards. All 'front-end engineering and detailed design' for all projects are to be performed in Nigeria. All project management teams and procurement centre are to be located in Nigeria. Only Nigerian companies registered with the Department of Petroleum Resources are to be considered in award of contracts and any contractor that does not score a minimum of 60 percent in Nigerian content criterion would not be allowed to participate in bidding processes. In other words, expatriates are to be considered only in positions that no Nigerian is available to fill (Vanguard, 2007, p. 24).

On inviting for prequalification on OFON Phase 2 project on OML 102 offshore Nigeria, Elf Petroleum Nig. Ltd, operator of the NNPC/EPNL joint venture, saw Nigerian content as submission of the bidding company of proposed utilization of Nigerian material and human resources; percentage of the company workforce that are Nigerians in operations and in management positions; details of company's onshore (Nigeria) assets; plan to increase Nigerian content over another three years; detailed training plans for Nigerians specific to the project scope; submission of documented evidence of training provided in the past for Nigerians; provisions of details of ownership and shareholding structures in the company (The Guardian, 2007, p. 33).

In line with the Federal Government policy of increasing the Nigerian content value in the oil and gas sector and ensuring its growth, ExxonMobil, one of the country's leading upstream companies, had entered, according Adeoye (2007, p. 26), into partnership with seven engineering companies signing an Engineering Services Agreement (ESA) call off contract worth over 60 million US dollars. The seven companies - Amazon Energy; Cakasa Nig. Ltd; National Engineering and Technical Company Ltd (NETCO); ILF Engineers Nig.

Ltd; Point Engineering; Crestville Engineering and Technology; and Delta Afrik Engineering Ltd – were allowed to undertake close to three million man hours of engineering activity, developing and challenging local suppliers till the contract period of four years elapses with an option to renew the call off contract for another one year. To Joseph Akande, the Deputy General Manager NNPC Local Content, (as cited in Adeoye, 2007, p. 26) the requirements in the call off contract with the seven indigenous Nigerian companies entails that all engineering jobs irrespective of its international partners should be done locally to create better employment opportunities in the industry as such jobs were previously domiciled abroad. Even if the work had to be done locally by expatriates, a percentage of work-force would be Nigerians, who would through same, acquire relevant experience and technical know-how.

However, as has been canvassed by Okpue (2007, p. 24) petroleum exploration and production responds largely to economic logic and the dynamics of technology. It follows that the centre ground of any action to mitigate the constraints of local entrepreneurs in the oil and gas services sector, must not only aim at the enactment of a progressive local content policy but also at a specific set of policies and action programmes to invigorate the existing clusters in the oil and gas sector in the country.

Challenges of underwriting local content vehicles

Bala Zakariya'u (as cited in Nze, 2007, p. 79) has observed that the problems that are involved in underwriting oil and gas business in Nigeria are that the business is operated like a cartel mainly by the major international oil companies. The major oil producing companies have captive insurance companies which they consider viable to underwrite their businesses. And according to Teju Ogunjimi, Chief Executive Officer, International Energy Insurance Company Ltd, (as cited in Nze, 2007), what the local Nigerian insurance industry was losing before the Nigerian Local Content Directive and Initiative was enormous pointing out that using the NNPC as case study, the local industry could only take 7.5 percent of the risk for the Nigerian market which ran to a little over 4 billion dollars. It was only imaginable, what the 45 percent of the outstanding 92.5 percent could have been for the local insurance market. For efficient monitoring and adherence to the guidelines, oil and gas companies and concerns were to make available to Nigeria Content Division of NNPC, DPR, NAPIMS, where applicable, and NAICOM, full details relating to any insurance package being proposed together with the identities of the parties (Nze, 2007).

Planks of local content

For Austin Avuru (as cited in Yakubu, 2007, pp. 60-61) local content campaign has two planks. One is domiciliation of activities which means the multinational companies should do the jobs in Nigeria to create more local value instead of doing the jobs outside Nigeria in their own countries. Two is to use Nigerian resources, human and material, to do the jobs. That is, those ones the company can have Nigerians actually do, it targets them for

Nigerians to execute and those ones that only multinationals can execute, they should be allowed to continue with them but, as much as possible, they should be domiciled in Nigeria. In 2005, when Nigerian Local Content was reviewed, fabrications and integration of all fixed offshore and onshore platforms weighing up to 10,000 tons were to be carried out in Nigeria. Fabrication and integration of all piles, decks, anchors, bridge flare booms, storage tanks including all galvanizing works for liquefied natural gas and processed plants were to be done in Nigeria.

Project Management teams and procurement centers for all projects in the Nigerian oil and gas industry must be located in Nigeria. Front End Engineering Designs (FEED) and detailed engineering design for all projects were thenceforth to be domiciled in Nigeria. Operation and maintenance of offshore production units, FPSO and FSO in particular, were also to be performed by Nigerian companies while all operators and service providers were required to make provisions for targeted training and understudy programmes to maximize utilization of Nigerian personnel in all areas of their operations. Service providers must also submit detailed training plans for each project and their operations. All projects in the oil and gas industry were also directed to demonstrate strict compliance with the Cabotage Act (Adeoye, 2006, p. 44).

In a bid to ensure implementation of the local content policy of the Federal Government, the Bayelsa State Government had requested all oil companies doing business in the State to furnish it with their nominal rolls for verification as the issue of unemployment was a major source of conflict in the Niger Delta adding that government was determined to address the problem frontally especially through the policy (Etim, 2006, p. 6).

Local Content Vehicles

The idea of local content vehicle is to introduce Nigerian indigenous operators like Conoil, Moni Pulo, AMNI etc, into high technology areas, like the deepwater where they cannot operate on their own so as to partner the big ones and further build capacity and widen their horizon of operation (Yakubu, 2007) The aim of the local content bill was to give local or indigenous companies and other independent operators priority in the award of oil blocks, oil field and lifting licenses. In other words, compliance with the bill is one of the criteria for award of licenses, permits and any other interests in bidding for exploration, production and development or any other operations in the sector. The bill was sponsored by the PTDF to promote full and fair opportunity for participation of Nigerians and enhance their access to the expertise, wealth and income of the oil and gas industry, while ensuring international competitiveness of the materials, equipment and services provided by the Nigerian companies (Alifa, 2006, p. 2).

PTDF and Stakeholders

The PTDF had been having an existing strategic collaborative relationship with the following stakeholders: Nigerian Mining and Geosciences Society, National Association of

Petroleum Explorationists, Society of Petroleum Engineers and National Mathematical Centre. The collaboration with these organizations includes sponsorship of their publications, annual conferences, participation in international conferences and dissemination of information relating to geosciences, mathematics, petroleum and related courses.

The Fund has also provided some form of assistance to professional bodies like: the Petroleum Technology Association of Nigeria and the Nigerian Association of Indigenous Petroleum Explorers and Producers. Furthermore, in the area of overseas industrial training, a programme designed to build capacity and competence in industry personnel within the public sector, the Fund has over the years undertaken the training of personnel of public sector agencies in or allied to the oil and gas industry. The benefiting stakeholders are: Ministry of Petroleum Resources, Office of the Honourable Minister of Energy, Petroleum Equalisation Fund, Department of Petroleum Resources, relevant National Assembly Committees and several others related to the operations of the industry. In 2006 alone, the Fund spent 730,560.00 US dollars, 274,243 pounds and N213,531,215.00 (Mohammed, 2007, p. 11).

In other words, the PTDF was established to serve as a vessel for the development of indigenous manpower and technology in the petroleum sector, especially through local and overseas programmes for technology acquisition, training and capacity building of Nigerians to qualify as graduates, professionals, technicians and craftsmen in the fields of engineering, geology, science and management in the oil, gas and solid minerals sectors. It is very necessary to further note that science development is the foundation for technology acquisition. The establishment of PTDF became necessary in view of the fact that the petroleum sector will continue to be the backbone of the Nigerian economy as well as the biggest foreign exchange earner, contributing over 90 percent of the nation's foreign exchange earnings and over 80 percent of the GDP. Irrespective of this imperative, the sector depends substantially on imported technology, equipment and manpower for its activities. In view of the strategic importance of the industry to the nation's economy, the development of highly skilled indigenous manpower to participate actively in the activities of the industry to redress the foreign dominance of the sector has become imperative (Anuforo, 2006, p. 64).

It is an arm of government established to promote human resource development in the oil and gas industry. The Fund went into the Petroleum Training Institute with the decision to rehabilitate, rebuild laboratories, lecture halls, student hostels and install modern ICT equipment bringing in 60 workshops and laboratories to be sourced from all over the world. Under organizational upgrade, about 70 strategic senior staff of PTI has been taken to Aberdeen, United Kingdom, an oil and gas centre in Europe, for training and retraining. Another 250 were brought to Abuja and experts have been invited from all over the world to train and retrain them (Binniyat, 2007, p. 8).

The fund is equally said to have signed a 3.94 billion naira fabrication deal in the oil and gas sector with Norway. It has broadened overseas scholarship scheme and carried out projects

in the Niger Delta area mainly in the education sector running to about N4.2 billion. This does not include N1.32 billion in physical infrastructures, and information and computer technology development centre in 102 Unity Schools in Nigeria. It has also been involved in facility upgrade of 16 Nigerian Universities for teaching petroleum and solid minerals related courses.

Local content and refineries

It is clear that the State's main policy objectives in embarking on oil exploration are to maximize its foreign exchange earnings from petroleum resources, create employment opportunities, train its nationals to acquire technical know-how in the industry and achieve economic development and improved standard of living. As it was comprehensively put by Anyanwu et al (1997, p. 56), the specific policy objectives of the Nigerian State with respect to petroleum and mining are: active government participation in mining operations, diversification of mineral products, the organization and regulation of the development of mineral resources so as to optimize their contribution to the overall national development effort, the conservation of the country's mineral resources, research into efficient extraction methods and wider application and use of minerals manpower development and accelerated transfer of technology, achievement of internal self-sufficiency in the supply and effective distribution of petroleum products, export of petrol-industry products, commercialization of gas and the control of the environmental problems of oil production. In spite of all its improved bargaining advantage against the multinationals, State's attempts at achieving its policy objectives on local content development have remained unsuccessful because, according to Gidado (as cited in Aniko, 2006, p. 6), the petroleum contracts and government policies towards the development of hydrocarbons are not adequately designed to facilitate local control or full participation as well as to have effective transfer of oil technology. Thus, as long as the industry is controlled by the multinationals, the full potentials of the industry in local content development cannot be realized by the State as only effective control can facilitate the task of integrating the oil sector into the other sectors of the economy and minimize the losses of the earnings from oil. To be able to exert full and effective control, the State needs besides ownership, the necessary technical and managerial know how in the industry that would be acquired deliberately since technology is 'better stolen' than easily transferred. Having ex-rayed the industry via the NNPC as the key player standing in for Nigeria, Aniko's observation reveals that for over 30 years of State's participation in the industry, the entire control of the industry is still in the hands of the multinational oil companies. The required technology to operate the sector is still very much dependent on foreign support and its transfer remains a far cry.

For Okpue (2007, p. 24) the Nigerian National Oil Corporation established in 1971 was transformed into NNPC in 1977 and reorganized in 1988 as a commercially integrated oil company and in 2022 incorporated as a limited liability (NNPL) with a mission statement to

profitably explore, develop, produce, process and market crude and refined petroleum and its by-products and derivatives at internationally competitive prices both at home and abroad. But it would hardly be an understatement to say that the NNPC has not accomplished this mission not even to consider the critical issue of local content. Its underperformance in the downstream sector where it had had a virtual monopoly has been a cause of serious national concern due to the negative impact it has had on the vital sectors of the national economy particularly local content development. Its wholly owned exploration and production subsidiary, NPDC established in 1988 has production assets of less than 50,000 bpd even this, in association with foreign multinational companies. Why NNPC has not been able to secure achievements comparable to those of developing oil producing countries in content development is because it is principally controlled by the Federal Government (Okpue, 2007).

Disinterest in local content development

To Yar'Adua Abubakar (as cited in Olayinka, 2007, pp. 1&4) foreign oil companies are only interested in the upstream oil sector which is more financially rewarding than the downstream sector where local content is desired on a large scale. He canvassed before the National Assembly, that it would be difficult to have private refineries (which is a significant index of content development) in Nigeria because the oil majors are not interested. They are interested in the upstream sector which offers more money on investment and does not employ or require local content. Building a refinery would take about 4 years and requires about 700 workers with the implication that the refinery would help to generate employment and which the oil majors are averse to.

The foregoing arguments and submissions informed the position of Edmund Daukoru, (as cited in Igbikiowubo, 2007, p. 23) Energy Minister in 2007 when he felt concerned about the manner the multinationals were going about implementing the downstream objectives and by extension, local content. The State claimed that it had an agreement in place in which the expectations were that the development of the oil blocks won in the 2005 and 2006 bidding rounds would be benchmarked with particular downstream projects and that the government would stick to the letters of the production sharing contract agreements reached and that in the event where the operators' efforts do not tally with the benchmark, the process for the revocation of the oil blocks would be signaled. The State had claimed that it had been very tolerant and what the majors were doing in Nigeria by not developing the downstream sector and local content are intolerable elsewhere and that the days when the multinationals could do anything they liked and get away with it was becoming numbered. The State thus gave indications that it had concluded plans to withdraw oil blocks of multinationals operating in the country over failure to develop downstream projects and local content in line with initial agreements. Government also gave indication to the energy operators to domesticate their upstream operations as a means of deepening local content and technical expertise in the sector.

On the contrary, Zira Maigida (as cited in Omoh & Dayo, 2007, p. 23), argues that it is untrue that oil majors are uninterested in local content and local refining of oil products. There are refineries in the country that are not working or operating due to vandalization of pipelines supplying them crude oil. For instance, when the pipeline that supplies crude to Warri and Kaduna refineries was vandalized, it became impossible to reach the location to effect repairs due to hostage taking and kidnapping of oil workers. It is not feasible to set up refineries until the socio-political situation in the Niger delta is resolved and this has negative implication for local content development.

Yet, the State is also not forthcoming in building refineries and content in spite of the law in place. Responding to the question why Government cannot build more plants to refine petroleum, the Public Affairs Department of the NNPC submitted that in the first place, Government should not engage itself in such businesses because past experience has shown that Government cannot manage it properly. This also has negative implication for content development.

Conclusion

The era of resource control agitation is yet to be over. The conditions which led to the agitations have not been sufficiently addressed. The token measures taken by the State in the formulation of the local content legal regimes to grapple for underdevelopment of the Niger Delta area have not brought succor to the people. The laws instituted to promote local content are kept more in breach than implementation. The multinational oil companies have not even encouraged the development of the region or the enforcement of the legal regimes on local content development.

Recommendation

- The government should review its stance on the refineries and take a decisive position either to let them operate or to let them be sold.
- The implementation of the legal regimes on local content development should be intensified.
- The enabling legislative environment to deepen the participation of local content vehicles in the upstream and downstream sectors and gas should be provided as the oil majors and the State have failed in building refineries and other local content indexes.
- The roles being played by the PTDF in the oil and gas sector in local content development initiatives should be encouraged and supported.

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