



Local Content Policy: An Impetus for the Attainment of Sustainable Green Economy and Industrialization in Nigeria

Tsenkwo Bholla Mairiga Joseph & Goshit Gideon Gokum¹

Department of Economics,
Faculty of Social Sciences,
University of Jos,
Nigeria.

Abstract

This paper examines the emerging use of local content framework as an increasing common tool to shifting economies towards low-carbon, resource-efficient and socially-inclusive bases so as to stimulate sustainable green economy and industrialization. The paper adopts descriptive and ex-post factor research design methodology and outline the following findings: The laudable potential of the policy to generate 30,000 jobs within the next five years of its operation was a mere rhetoric and did see the light of the day; The Local Content Policy taken cognizance of the past has spelt clearly rules and policies that impose quantitative requirements on companies in form of legally binding targets in favour of the locals, and secondly the aspect of skills and technology transfer or training of staff. However not much has been provided to cater for the already damaged environment and no provision made to mitigate further destruction. The paper argues that, the legislation enacted should see the light of the day and its implementation carried out to the later. Though the policy may appears to be a form of protectionism, but is highly needed in an infant economy like Nigeria to encourage the local technologies and create jobs in highly paid and technical sectors like the gas and oil.

Keywords: Local Content, Sustainable Green Economy, Industrialization.

JEL Classification: L52, L59, L88, Q01, Q34

Contribution/Originality:

This study is one of the very few studies which have investigated the local content policy so as to attain sustainable green economy and industrialization in Nigeria. It demonstrates the potential value of local content policies and local content requirements. It also documents existing literature on green economy for environmental policies.

1.0 Introduction

Resource based countries have in recent times intensified efforts on the enactment and enforcement of local content policies. The concept is not entirely new, in the hay days of protectionism, emphasizes was on indigenization policies, where attention was geared towards local ownership and management. However in the current debate and especially following the economic crisis of 2008, the implementation of local content policies experienced an upward trend, as political leaders sought to grapple with the consequences of the crisis by channelling business to domestic firms, creating more jobs and enhancing the benefits from resource endowments. Since the onset of the crisis, over 100 new local content requirements have been introduced, amongst others by Australia, Canada, the United States, Argentina, Brazil, China, India, Indonesia and Kazakhstan. (Kaplinsky, 2011).

Historically, local content have been associated more with government procurement, although they can assume numerous forms, including price preferences awarded to domestic firms that bid on government procurement contracts, mandatory minimum percentages required for domestic goods and services used in production, import licensing procedures designed to discourage foreign suppliers and discretionary guidelines that both encourage domestic firms yet discourage foreign firms(Weiss, 2016; Adedeji, Sidique, Rahman & Law, 2016). This is coming not only from advanced countries like the case of Canada, but also countries on the African continent like Nigeria, Angola, Libya and

¹ Corresponding Author's Email and Phone: gideongoshit@gmail.com; +234 (0) 803 605 5243.

Ghana. This paradigm shift is borne out of the recognition that local content policies in this resource based countries can help derive more benefits from their resource wealth, foster industrialization through gradual process of using local technologies and has come at a period where the emphasizes is on how to integrate environmental issues in the process of production, and particularly when green economy and local content linkages is viewed as a tool for development. As a process, Olsen (2008) rightly observed that local content is a means and not a goal. The purpose of which is to step up national wealth through economic growth and the creation of jobs for locals. Considering it as process, it is instructive to internalize and institutionalize laws regarding local and environmental requirements in the drawing up of the policies.

A careful survey of the sectors where local content policies loom so high is in the energy sector (i.e., the oil and gas sectors), followed by manufacturing (automobile) and mining (gold). The predominance practice of countries adopting the policy is found in developing countries owing to their natural resources endowment. However, the global experience is replete. While there is a paucity of recent global surveys, a mid-1980s UNIDO study of the use of local content requirements found that in just a single sector (automobiles), 27 (mostly developing) countries out of 50 employed local content guidelines to boost domestic value-added. In 1989, a study conducted by the United States Trade Representative (USTR) found that 23 of 31 developing countries (and one-third of developed countries) surveyed applied some form of local content requirements. A follow-up study in 2002, based on WTO notifications, found that large developing countries used local content guidelines in a range of industries (particularly automobiles). In some industries, such as the automotive sector, the use of performance requirements is particularly prevalent, with virtually every developed country using (at one point or another) local content requirements, export performance requirements or local equity requirements to build indigenous industrial capacity. Further studies however have found that – in part as a response to WTO commitments – the overall global trend is a move away from strict local content targets, with both developing and developed countries tending to rely more on requirements linked.

Almost four decade of Nigeria's ownership and production of the oil and gas particularly, the composition of the technical and the managerial staffing are skewed in favour of the expatriates. This has deprived the growth of indigenous and managerial technologies, in addition to the devastation done on the environment to the effect that the source of the community's livelihood which is farming has been destroyed. The increasing use of Local Content Requirements (LCRs) reflects the changing focus in the policy debate regarding the way in which the extractive sector has traditionally contributed (or not) to a country's development. It however, calls for finding an economic and political balance in seeking to increase the benefits derived from the extractive sector, while maintaining incentives for investment and the competitiveness of the sector. Commodity extraction and commodity revenues have made little positive impact in the lives of most people in these countries. In fact the mode of production involved does not internalize environmental concern in its pricing mechanism.

For this reason, there has been growing recognition in the past decade that commodity extraction alone cannot fuel economic development and at the same time provide protection to the environment to make it ever green and to sustained agricultural activities. A broader policy is needed in order to foster diversification, linkages and spill over effects to the local economy. In order to achieve these objectives, a growing number of countries have implemented and are still implementing local content policies (LCPs). Following the above introduction in section one, the rest of the paper is structure as follows. Section two explores some basic definitions of the key concepts and theoretical review adopted in this work. Section III discusses the methodology used for the study. The promotion of

local content in developing countries setting particularly Nigeria to achieve sustainable green economy and industrialization will be the crux of section IV. While section V. summaries and draw conclusion respectively.

2.0 Conceptual and Theoretical Review

2.1 Local Content

In the tradition of an intellectual discourse of this nature, certain concepts may warrant definition and explanations to convey the understanding of the issues involve. Local content policies and local content requirement henceforth referred as LCP and LCR are employed in this work interchangeably and has become almost synonymous with energy sector and has attracted a lot of interest by technocrats, policy makers, and the academia and thus providing an all-inclusive definition is worthwhile to set discussion clearer. While there is little disagreement over the reasons why countries chose to encourage the use of local content, there is no agreed definition of what “local” actually covers, nor is there a full consensus on what “content” should be. It is therefore necessary to unpack the concepts. As countries’ experiences suggest, policy implications are likely to be different, depending on how the scope and depth of the concept is defined. Local content refers to a set of policies that increases the utilisation of national human and material resources in the oil sector and domiciles in-country oil-related economic activities previously located abroad. Local content policies usually target (local) industrial and technological development, value creation or addition, wealth increase, employment creation and the development of backward, forward and sideways linkages along the value chain (Stone *et al.*, 2015, Ernst & Young, 2014, Ramdoo, 2016, Ovadia, 2015).

Although, there is no agreed definition of local content, this concept is generally understood to be a set of policy instruments put in place by national governments to ensure that a certain share of factors of production (such as labour, supplies, technology, knowledge) required at each stage of the value chain is sourced from the domestic economy. Ramdoo (2016), Kuntze & Moerenhout (2013) define local content policies as also define them as policy measures, implemented at the state, sub-state or regional level, but assert that they require foreign or domestic investors to source a certain percentage of intermediate goods from local manufacturers or producers.

According to Ramdoo (2015), there is no universal definition of what constitutes “local content”. It is a multi-dimensional concept whose scope and depth vary substantially. In the extractives context, local content has an intrinsic spatial dimension that needs to be underscored. Narrowly defined; it is viewed as value created around the region that immediately surrounds the extractive sector. In Ghana, Newmont gives more priority to “local” companies, that is, those businesses situated in the vicinity of mining operations. More broadly defined, it involves the recognition of the “nationality” of capital or location of companies’ headquarters. Companies may therefore be considered as local if (a) they are locally based and locally owned; (b) locally based but foreign owned; or (c) locally owned but foreign based.

The following criteria are frequently used in various definitions of LCR.

- (i) Ownership, notably requiring foreign firms to enter into joint ventures with local firms or to open equity to local partners to obtain licenses. The aim is to ensure that sectors of national interests are not entirely foreign owned or to help the development of “national champions” through transfer of skills, know-how, or technology. In Norway, ownership of a company is not a determining factor. Brazil now accepts foreign ownership, but prefers partnerships, while Nigeria, Angola, Ghana, and Uganda consider local ownership as determinant (Weiss, 2016).
- (ii) Maximisation of local procurement and preferences given to sourcing from local companies, as an opportunity to localise supply chains where varying technologies and inputs are needed and

used. If competitive, this may have considerable impact on reducing companies' operating costs while at the same time increasing the value that can be captured by local businesses. The International Finance Corporation (IFC; 2011) suggests different criteria for the definition of "local", including the size of local companies involved in the supply chain.

- (iii) A percentage of raw materials to be further transformed or beneficiated locally, notably through forward linkages. Countries such as Australia, Mongolia, Brazil, Nigeria, Zambia, and more recently South Africa have strong policies in this regard
- (iv) Local employment at different stages of the value chain and of different levels of competencies. This is often accompanied by requirements to enhance local capabilities of employees and suppliers, through training, skills and expertise development, and transfer of know-how and technology.
- (v) Requirements to bring some level of technology or perform research and development (R&D) in the country so that companies can perform competitively by using latest state-of-the-art technology, or for local companies to benefit from technology transfer

The above definition and elaborate explanation by Ramdoo has provided succinct multi-dimensional approach to the subject matter and the coverage in LCP particularly in the extractive sector. Similarly, UNCTAD (2007) gave an operationalized meaning to the word. Local content requirements as the case may be are provisions (usually under a specific law or regulation) that commit foreign investors and companies to a minimum threshold of goods and services that must be purchased or procured locally. From a trade perspective, local content requirements essentially act as import quotas on specific goods and services, where governments seek to create market demand via legislative action. They ensure that within strategic sectors – particularly those such as oil and gas with large economic rents, or vehicles where the industry structure involves numerous suppliers – domestic goods and services are drawn into the industry, providing an opportunity for local content to substitute domestic value-addition for imported inputs. Thus – in contrast to the traditional protected export platform proposed by many development advocates in the 1960s and 1970s – local content requirements seek to attract foreign direct investment (FDI) by firms.¹ Moreover, through local content requirements; government can achieve these goals often without sharing in the risk of commercial undertakings.

2.2 The Concept of Green Economy

The concept Green Economy (GE) has been defined by UNEP (2012) as one that 'results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities'. In short, an economy that is low carbon, resource efficient and socially inclusive. However, the concepts of 'Green Economy' and 'Green Growth' are still quite vague in the African context as they are discussed and defined in different ways by different institutions. Additionally, many actors interviewed expressed their concerns about the similarities to the original concept of sustainable development. Furthermore, they are also concerned that industrialized countries will use higher environmental standards only to protect their own markets. The concept of a Green Economy suggests new opportunities for future growth worldwide while acknowledging and attempting to reduce major environmental pressures.

As Green Growth is largely an agenda that has its origins in the West, there have been concerns emanating from African nations about how it will affect economic development on the continent, particularly as advanced economies are in a stronger position with respect to the development of Green Economy technologies, which African economies cannot compete against. Many African countries also question whether Green Economy solutions can be inexpensively adopted at scale, as

opposed to cheaper fossil fuel solutions, through which countries already possess a comparative advantage. Examining the political economy of Green Growth in Southern Africa, In an argument, Resnick (2012) noted that Green Growth policies often encourage developing countries to redesign their national strategies in ways that might be inconsistent with natural comparative advantages and past investments.

An interpretation of the Green Economy that requires the least radical change is the simple greening of the existing economy. While those advocating this approach acknowledge the existence of environmental constraints and ecological boundaries, they fail to question the very system that has led to irreversible climate change and grave global social injustice. Consequently, this understanding of the Green Economy does not call for substantial change in production and consumption patterns or a redistribution of global wealth, but continues to promote belief in the saving grace of technological innovation' (Kuntze & Moerenhout, 2013).

The Sustainable Development approach to the Green Economy advocates a differentiated view of the concept, taking into account the different circumstances in which industrialized, emerging and developing countries find themselves. In this vein, proponents underline the »common, but differentiated responsibilities« between those countries whose decades-long economic growth is the cause of today's climate change and those countries that, in the absence of economic growth, have not contributed to the systematic destruction of nature and exploitation of limited resources. In view of developing countries' low level of economic development, the idea of a "right to development" draws attention to developing countries' lack of scope for reducing their vulnerable economies' material and energy intensity. For proponents of this concept, operationalizing the Green Economy must leave room for the needs of developing countries by placing a heavier burden on industrialized countries to reduce the effects of climate change

2.3 Countries' Experiences in Using LCRS

Countries that have been successful in using LCRs have all used a combination of quantitative and qualitative measures, based on their capacity to deliver, while ensuring a fair balance between their economic objectives and the viability of investments. Norway, for instance, enacted regulations that had clear targets and sunset clauses for quantitative regulations. Initially, foreign companies were required to give preferences to local firms, provided the latter were competitive on the basis of price, quality, and delivery. This measure was temporary, based on performance and was later relaxed. It led to the creation a national champion, Statoil, and world-class global suppliers. Today, the domestic supply chain provides between 50 to 60 percent of capital inputs, 80 percent of operational and maintenance inputs, and exports 46 percent of its sales (Word Bank 2012).

Quantitative LCRs have been mainly used to foster local procurement, employment of local staff, technology transfer, or set up joint ventures. In Brazil, use of local content was a key criterion for the award of petroleum rights (Cosbey 2015). Due to supportive measures by the government to drive the development of local capacity and the key role of the national champion, Petrobras, commitments to local content increased from 25 percent to 80 percent in a decade (Sigam and Garcia: 2012). The corruption scandal that shook Petrobras in 2015, including on the implementation of its LCRs, ¹¹ is expected to see a major overhaul towards liberalization of policies governing the procurement of equipment and services domestically. In Nigeria, in contrast, despite strict quantitative targets for employment and local sourcing, satisfactory results in practice have taken time to materialise due to the insufficient capacity of local suppliers to meet targets or the unavailability of sufficient skills to be absorbed by the industry. A number of Nigerian companies have, however, started to internationalise

themselves and are now operating in other African countries. But given the potential of Nigeria, this remains largely insufficient.

While quantitative LCRs may work, they are in themselves not sufficient to stimulate the development of local suppliers, employment of local staff, transfer of technology, or creation of national champions. They need to be accompanied by other policies. For instance, Norway also privileged capability and knowledge development, supported by public investment in R&D and developed strategic collaborative partnerships with foreign companies to develop technology and acquire skills. Similarly, Malaysia and Chile simultaneously established strong partnerships with foreign firms, while at the same time supporting local suppliers (and small and medium-sized enterprises [SMEs] in the case of Brazil) by identifying gaps and facilitating their interaction with foreign firms. In Brazil, oil and gas field operators are required to pay 1 percent of their gross revenue to the government, which is then invested in R&D schemes in the country.

Others have opted to finance skills development and training by seeking financial contributions from foreign companies or by putting aside a share of royalties. In Nigeria, 1 percent of the total value of contracts awarded in the upstream sector goes to a Content Development Fund (KPMG, 2010) to support training and business support services. South Africa and Malaysia have established skills development funds where extractive industries have an obligation to contribute. In Brazil, a share of royalties goes to the Oil and Gas Sectoral Fund to support specialised training and capacity building (Cosbey 2015). Initiatives led by foreign companies, development agencies (such as the IFC), and chambers of commerce are an essential element in the success of LCRs. For instance, a world-class supplier programme was set up in Chile by BHP Billiton to stimulate the emergence of reliable and competitive local suppliers and build a knowledge-based mining sector. This programme was distinctive on several fronts. The company identified and presented an operational challenge to suppliers instead of simply requesting existing, standardised solutions. This created a demand for innovation, which built a better alignment with market needs and improved the use of resources, and therefore created a secured and tailor-made market for suppliers.

In Ghana, inspired by its experience in Peru, Newmont, in partnership with the IFC and the Chamber of Mines, developed a programme to support the development of local businesses to supply goods and services, and upscale the capacity of business associations to provide sustainable business support, training, and other services to the local business community. This multi-stakeholder programme led to the creation of an ecosystem of business opportunities around the mining area, including in non-mining activities, such as agriculture. In South Africa, Anglo American launched a Small Business Initiative to provide business opportunities for SMEs, in particular for historically disadvantaged populations. Mozambique also has a good track record of collaborative partnerships with the private sector to scale up business linkage programmes. For instance, the Mozalaluminium smelter was designed and implemented in partnership with a range of stakeholders to stimulate and strengthen local business capacities and enable small enterprises to compete for contracts at different stages, from construction to ongoing operation.

By their nature, LCRs emphasise preferential treatments for local supplier's vis-à-vis foreign goods and services providers and are therefore viewed by many as protectionist measures (Hufbauer *et al.*, 2013). From a development perspective, they can be a tool to achieve certain economic and non-economic goals such as developing local supply chains, expertise, ensuring technological transfer, or achieving better social outcomes. From an international trade perspective, countries, however, need to be prudent to ensure that their measures do not contravene commitments at the bilateral or multilateral level. The fact that there is no agreed definition of LCRs and that their scope is very broad suggests that measures are likely to be subject to a wide range of disciplines.

2.4 Key Lessons from LCR Experiences

A few lessons can be drawn from the experiences of countries that have implemented LCRs. First, policymakers need to ensure that the objectives of LCRs are clear and that they are implemented and monitored in a way that they create fully capable and competitive local suppliers and not become obstacles to the development and competitiveness of industries. When local content policies were well defined and monitored in a pragmatic manner, as was the case in Norway, Chile or Brazil (including quantitative measures), they were found to be more successful.

Second, while mandatory quantitative requirements can work, quotas should not be fixed at a level that local suppliers are not able to deliver. In addition, they should be temporary, performance-based, and should be phased out as industries become competitive. Functioning and effective LCRs require a holistic approach to industrial policy. This implies that LCRs need to be accompanied by support to build the capacity of suppliers, and address skills gaps or financial constraints, as in the case of SMEs. Partnerships with the private sector are equally key to develop capacity.

Third, LCR ambitions need to be realistic and implementable by the extractive sector. They must be flexible enough to be able to adapt to changing situations. Norway phased out certain performance-based requirements as its industries became globally competitive. They need to be able to assume some potentially politically difficult trade-offs. For example, Petrobras in Brazil skimmed 20,000 jobs (one-third of its headcount) during the restructuring process in 1997 but gained in efficiency and sophistication (WTI 2013).

Fourth, successful experiences suggest that it is important to ensure a balance between quantitative and qualitative measures based on how far those measures can be monitored or implemented. For example, a legally binding quota for technology transfer may be difficult to monitor because it may not be possible for governments to identify, in the firstplace, which technology companies should use (Cosbey 2015). In the case of joint venture requirements, unless there is a business case to do so, there is a risk of creating a “forced marriage” that will fail if there is no trust, no shared objective, and no complementarity (Cosbey and Mann 2014). Countries were most successful when local content development was conducted through strategic collaborative partnerships with companies.

Finally, the importance of innovation, R&D, upgrading capabilities, and technology transfer should not be underestimated. These are essential complementary policies to build competitive local suppliers and efficient providers

3.0 Methodology

This paper adopted the ex-post facto and content analysis research design approach to investigate the operation of the Nigerian Local Content Policy that has been in operation since the signing of it into law in 2010. In this procedure of research design, the researcher conducts and investigates the issue in place after the events have taken place. According to Adetayo (2011) the researcher has no control over the variables because the events have already occurred. This methodological design approach entails a retrospective and prospective review of previous and existing scholarly work on the subject matter. It is fact finding in nature and focuses on the diverse arguments and debate put across by scholars and other stakeholders to report what has happened? And what is happening? In the design materials are surveyed and synthesized the way they are, without any form of manipulations.

4.0 Local Content Policies, Green Economy and Industrialization in Nigeria

Nigeria's 2010 Content Act creates a number of incentives throughout the bidding and contracting process to increase local content levels in its domestic oil and gas sector. The 2010 Act requires 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" to incorporate Nigerian content as a key element in project development and management. At the outset, the Act ensures that "first" and "exclusive" consideration to be given to Nigerian providers in certain instances, for example, where the indigenous providers have the requisite capacity. The key local content element of the Act is an annexed Schedule that provides for minimum percentage specifications of Nigerian content for any project to be executed in the Nigerian oil and gas industry.

Green Economy (GE) is highly relevant to the African context, as it provides economic opportunities and growth potential for African economies that are highly dependent on natural resources. At the same time, the potential for economic growth itself is put at risk through the existing environmental challenges that climate change and environmental degradation pose for African economies. The ADB emphasizes the fact that Green Growth can be instrumental in sound management of these highly relevant natural resources. Most of the population relies directly on natural resources for their immediate livelihoods, jobs and well-being. Thus managing natural assets and resources in a more sustainable way will not only reduce vulnerability to overexploitation and consequently reduce acute threats to the environment and economic growth but also increase the benefits of using these abundant natural resources.

The rationale behind implementing industrial policy to target market failures goes back to the post-war thinking of the 1940s. Although industrial policy has been implemented for many decades, policymakers continue to face tremendous challenges in designing and implementing policy frameworks modified to their own country's resource endowments, economic and political systems, new products, processes and the changing international geography production and consumption (UNIDO, 2015; Warwick, 2013). Additionally, they must guarantee transparency in the implementation process, measure, monitor and evaluate policy outcomes and promote strong coordination and collaboration among the different stakeholders in order for the industrial policies to be successful (UNIDO, 2015). Within industrial policymaking itself, Weiss (2015) distinguishes between three developments stages of industrialization (corresponding to the World Bank's income levels), and proposes the use of different industrial policy instruments for each stage of industrialization. He describes the different stages accordingly: in the early stage of industrial development, the industry level is mostly characterized by the transfer of low skilled workers out of agriculture into relatively labour-intensive activities that involve relatively simple technologies. The middle stage is depicted by more sophisticated production capabilities, a rise in real wages and a relative decline in labour-intensive and resource-based manufacturers. A shift to medium technology activities or labour-intensive segments of relatively high technology goods occurs in this stage.

Finally, the last stage entails supporting the development of activities using frontier technologies and education- and science-based infrastructure to promote the creation of new technologies. Here, policies to support the restructuring of sunset activities (which economies are not competitive in the long run using the existing technologies) and catch-up policies (for the breakthrough of markets dominated by a market leader) are particularly prominent (Weiss, 2015). Weiss suggests applying a variety of policy instruments (all of which can be used vertically and horizontally) in all three stages to implement industrial policy. He distinguishes five areas of intervention for industrial policymaking

to address market failures: the product market, labour market, capital market, land market and technology. The policy instruments are classified into market-based interventions (impact on prices and taxes and thus operating through pricing links) and public inputs (provision of public goods as well as organizational change). Despite the variety of policy instruments available for each stage, Weiss emphasizes that no unique blueprint exists for successful industrial policymaking, and that learning from past mistakes, adapting measures as necessary, policy experimentation, not offering open-ended commitments as well as collaboration with the private sector are crucial (Weiss, 2015). It must be noted that local content is a standard practice undertaken by resource rich countries of the world. While some countries approach it from the point of view of an economic tool which will ultimately create local capacity and capabilities that can compete with foreign companies and in the process develop their economies, others view it as a protectionist measure to protect their local technology and services from disproportionate foreign competition as a result of globalization, thereby retaining the value of their local technology and services within the borders of their countries. Whatever the approach a country takes, local content is about value addition, by optimizing the industrial and other associational values that can be made to a country's natural resources for the overall benefit of its economy (Obasa, 2010).

Local content policies are usually designed by policymakers to pursue targets such as industrial development, job creation, value addition, linkage creation and better value chain incorporation. Governments have been using local content requirements for quite some time and despite the highly controversial debate in the literature about their success or failure, their popularity has increased since the economic crisis of 2008. Consequently, local content may not result in value addition if certain underlying conditions are non-existent. For example, even where exclusive treatment is given to the local service industry for fabrication works, if Local skills and capacity are not developed and patronized, if tariffs on steel plate imports and other materials are not significantly lowered for local suppliers, it would mean that local content would actually be costing the economy more, as money which would otherwise have been available to be taxed or used optimally in other industrial sectors would be spent on supporting the local supply and service industry. Other examples of factors which militate against the value adding potential of local content include non-access to long term commercial funding; rising exchange rates; high interest rates; widespread use of global framework agreements and centralized procurement systems by international oil companies; low technological capacity; lack of experience and expertise in certain operating environments and difficult prequalification and bidding requirements for the award of contracts (Obasa, 2009).

The point is that local content works optimally to create value where the necessary technical and vocational education and training (TVET) capacity are available and optimally utilized. The value of local content through the development of Technical and Vocational Education and Training skills to the Nigerian economy is primarily three-fold, i.e. the development of capacity and capability within the petroleum industry and local supply/service industry; the economic impact on the non-petroleum industries and the impact of community development initiatives on the informal economy. Technical and vocational education and Training has a strong symbiotic relationship with the Local Content because of its value to the Nigerian economy. This value is derived from certain key capacities and capabilities within the Nigerian economy that have significant inter-sectoral applications, that is, local content can be targeted at and used to harness a hub of skills and technical competence which can be applied to a number of industries. A classic example of this can be seen in the requirements for the 100% mandatory in country welding and fabrication in Section 53 of the Act. Welding and fabrication which are part of TVET cut across the building; construction; automotive; shipping; telecommunications; aviation and rail industries and the impact of this provision on local and foreign

investment in capacity development in these activities is expected to produce an exponential increase in size but also in specialization of the industry

5.0 Conclusion

This paper has demonstrated the potential value of local content policies to bring about industrialization and stimulate sustainable green economy in Nigeria. Also, for the local content to succeed, the policy implementers must learn from the mistake of the past, efforts to promote local participation were poorly implemented previously and has failed. Rent seekers then were able to hijack the situation and enriched themselves at the detriment of the overall developmental objectives. The local content strategies must be tailored to address questions about the concepts, measurement and scope to remove any ambiguity of the policy. There is also the need to balance international and local capital to provide the benefits of citizens and the host communities. Lastly, environment protection arising from the constant exploration of resources must continuously be addressed to guarantee future production and provide green environment for better ecosystem.

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