

## **NIGERIAN LOCAL CONTENT POLICY AND FOREIGN DIRECT INVESTMENT (FDI).**

Understanding the dynamics of capital investment in relation to value addition is a major gap that the Nigerian Leadership must close to achieve its Nigerian Content goals. It is needful to take a holistic view of how the Nigerian Local Content Policy must be applied to reduce capital flight and increase FDI.

Imagine that a national government or international oil company is concerned about energy security for its country and home market in the year 2035 – 2050 and decides that it would seek for an Oil and Gas province where it can secure its requirement through significant investment in the short-term. Nigeria is definitely a major competitor for this kind of Foreign Direct Investment, if we can strategically position ourselves to secure enough energy for Nigerians and articulate clearly what surplus energy we would have on the basis of its projected national growth by 2050. Do we have a national population growth estimate for 2035 and beyond? Does data exist on our projected energy utilisation plan for the period 2035 – 2050?

Foremost in the minds of any leadership must be a Vision, Mission, Goal, Objective, Plans and Strategies for achieving any pronouncements made if they are to be taken very seriously. Whilst the 2010 failures are yet to be addressed, I would like to challenge patriotic Nigerians to work towards a 2035 plan. If there are no sanctions, penalties and consequences for deviating from or breach of any laid down plan and law, Nigeria can not attract long term FDI. Government must equitably commit to ensuring that a conducive business environment exists and the necessary requirements are made available to encourage law abiding players (local and international). Nigeria needs to have structures in place to guarantee a healthy return on investment to any investor.

Nigeria must convince investors that it has the mechanism for business to be transacted in a fair, equitable and transparent manner and as such the following glaring gaps must be covered for so many reasons.

1. The disgraceful activities of political cronies and middlemen contractors must be addressed primarily. The EITI surveys continue to show Nigeria as one of the most corrupt countries in the world and the message is either laughed at or not given the right level of attention. The attitude seems to be 'what's wrong with that'? It is detestable to be in the league of corrupt nations.
2. The poor Infrastructure and deteriorating quality of life of the Nigerian must be addressed. At 2000MW power supply per annum for 140 million Nigerians and counting daily we must be the laughing stock of world-class players in the global scheme of business.
3. As a priority, counterpart funding in the area of gas flare-out projects, IPP's, gas utilisation, domestication and monetisation should be sought and provided.
4. The Petroleum Industry Bill and the Nigerian Local Content Policy must be harmonised within a month. A date must be specified and adhered to.
5. The contracting cycle of 18 - 24 months which can be attributed to the involvement of NAPIMS, The NNPC Board, The Minister and the Federal Executive Council where interests lie should be streamlined to a maximum of 6 weeks to 3 months and based on merit.
6. Contract Award Criteria, Basis for Award, Contract Costs and Breakdown of Activities must reside in a public domain for accountability purposes.
7. Award of Oil blocks should be tied to downstream development and the stimulation of agro based industries. Nigeria should focus on becoming a petroleum process hub rather than a crude hub. (Refined crude products, Petrochemicals, Methanol, Fertilizers, LPG, CNG, NGLs etc)
8. The security of life and assets should be guaranteed through institutional processes and good governance.

The Petroleum Industry Bill (PIB) and the Nigerian Content Bill (NCB) will end up becoming another 1969 Act, not well implemented if we do not rid ourselves of self centeredness, myopic personal goals and adopt national serving legal, regulatory and institutional structures and mechanisms to drive the actualization of the local content program in a manner that is fair and sustainable to all players.

The vision to transform the oil and gas industry into the economic engine for job creation and national growth by developing in-country capacity and indigenous capabilities whilst being laudable may end up becoming a stumbling block if we do not work hard to attract FDI into the Nigerian economy. Systems, Structures, Processes and Procedures must be put in place with commensurate sanctions, penalties and consequences for anyone in breach of the best practices of honesty, transparency and integrity in the delivery of quality goods and services.