

Effective Ways of Realising Indigenous Manpower Development and Peace in the Niger Delta through Nigeria Local Content Act

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Abstract

The paper examined effective ways of realizing indigenous manpower development objectives and peace in Niger Delta via Nigeria's Local Content Act. The study argues that Nigeria's Local Content Act can lead to the development of indigenous manpower and peace in the Niger Delta region. This is possible because unemployment and underdevelopment of existing indigenous manpower of the Niger Delta people by the Multi-national oil companies is one of the core grievances and cause of Niger Delta crisis, yet it is an integral part of Nigeria Local Content Act development objective. As such, this paper opined that for the objectives of the Nigeria Local Content Act to be realized, strong political will must be shown by the Niger Delta States, which must be reciprocated by all the development interventionist agencies. Such will, include the establishment of an effective and functional education with bias in technical, craft and engineering and encouraging the development of modular refineries.

Keywords: Indigenous manpower; Development; Local Content Act; Niger Delta, Nigeria.

INTRODUCTION

Crude oil revenue is the nucleus of Nigerian economy; it drives the nation's economic development. This role will remain so except there is economic diversification. Presently, Nigeria is the seventh in the global oil market ranking. It contributes over 40 billion barrels of oil per day (bpd). To produce crude oil for final consumption, Nigeria spends an estimated sum of 58 billion annually in fabrication and other technical/engineering works (Ugwushi, Chris & Kamdi (2009). Of the sum mentioned, only a small fraction is spent on the development of indigenous manpower, the larger proportion is repatriated to the advance countries, the home of these technologies.

This scenario place Nigeria in a far disadvantaged position from optimally maximizing the benefits from crude oil revenue. This therefore, has resulted to the underdevelopment of indigenous manpower and the Niger Delta region. The underdevelopment of the Niger Delta

region, it is believe, is the basis for Niger Delta crisis, a crisis that has threatened Nigeria's national security and instability in the oil industry. Today, Niger Delta Avengers (NDA) militant activities in the oil sector have produced an expansive effect; it did not only reduce Nigeria oil revenue, but has affected power supply in Ghana (venturesafrication.com/how-the-activities-of-Niger-Delta-avenger-affect-Ghana). Emphasizing this, Ibe Kachikwu, Nigeria's current Minister of Petroleum Resources, in Pulse News Agency, June 6, 2016 affirmed that the country's total production has dropped below 2.2 million bpd from 1.3 million bpd at the beginning of 2016. In the same edition, this Agency reveal that NDA activities have forced oil price to \$51 per day and given NDA's activities, Nigeria's production has reached its lowest in 20 years.

These reasons, amongst others, informed the enactment of Nigeria Local Content (NLC) Act. This Act is charged with the responsibility of achieving technological transfer to Nigeria's among other objectives. To achieve this, the Act established Nigeria Content Development and Monitory Board; an organization charged with the responsibility of implementing the contents of the Act. Based on this, this work will do a review of the Act with the intent to proffer effective ways of realizing indigenous manpower development and peace in the Niger Delta.

CONCEPTUAL CLARIFICATION

Local Content Act

Given the relevance of NLC Act, several definitions have been adduced. Nigeria National Petroleum Corporation in James, Cladius and Taiwo (2012) define it as:

The quantum of composite value added or created in the Nigerian economy through the utilization of Nigeria 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.

Aderemi (2010) citing Nigeria Oil and Gas Industry Content Development Act (2010) defines it as:

The quantum of composite value added or created by a systematic development of capacities through the utilization of Nigerian human material resources and services in the Nigerian oil and Gas.

What can be deduced from these definitions is that NLC act is a form of nationalization of Nigeria oil sectors; a value creation policy, an instrument in indigenous capacity building/material resources and services (Adeoye & Adefulu, 2013). Based on this premise, Obuaya (2005) observe that NLC Act is a set of deliberate orientation and actions to build domestic capacity relevant for a service and product delivery that are comparable within that industry and an opportunity to locally build a sustainable culture of service quality and capabilities exceeding customers expectation that is comparable to international standards through key local personnel and management. This understanding, if reduced, makes NLC Act

an act with community content. In this respect, it is intended to realize a competitive advantage for Nigeria. Furthermore, it is a policy that is properly designed to increase value creation, development of indigenous capacity and maximum utilization of Nigeria human, materials resources and services (Adeoye & Adefulu, 2013).

The Niger Delta

Over the years, the meaning of Niger Delta have evolved from the original traditional meaning to political interpretation. Traditional meaning represent the core Niger Delta states, mainly: Rivers, Bayelsa, Delta, Akwa-Ibom, Cross Rivers and Edo States; the states that occupy the South-South region. They are the main minority group in Southern Nigeria. Political definition represents all the oil bearing communities. It in addition to the South-South State includes Imo, Abia and Ondo States. For this work, the former are the area of interest. The region is rich in natural resources. Outside oil and gas, zinc, lead, coal arable land exists for commercial agriculture. It has a population of over 30 million people, mostly ethnic minorities of different ethnic nationalities.

Ofilu (2012) claims that the region speaks about 250 dialects. Given the region's geographical location, the region is largely coastal. As a result, it has ecological zones that are characterized by coastal barriers, mangrove swamp; fresh water swamp, low land rain forest (Francis, Lapin & Rossiasco, 2011). The population of Niger Delta is simply heterogeneous and the main means of livelihood is agriculture and fishing. Poverty level is estimated at 25.2% (United Nations Multidimensional Poverty Index, 2015). Youth unemployment is high, over 40 percent. This explains why youth restiveness is significantly high. Given poverty level, which is lower than Nigeria national average, infant mortality in the region is one of the highest in Nigeria. In the same way, when one look at other social indicators like health and quality of natural environment, the region is the highest when compared with other regions (Francis. Lapin & Rossiasco, 2011).

Endogenous Theory as the Theoretical Frame Work

Effective ways of realizing indigenous manpower development and peace in the Niger Delta through NLC Act can be explained using Endogenous development theory. The theory assumes that growth in any economy is sustainable if such development is internally driven. In this instance, its prime emphasizes is investment in human capital, innovation and knowledge. These factors constitute core values to economic growth which ultimately will pave way for economic development at the long run.

Precisely, the theory assume that inward looking investment in human capital is a leeway to economic growth and that such investment, will lead to the development of new forms of technology and efficiency at the long run. Such innate capacity development of the local people will lead to improvement in the well-being of the local community. What can be deduced from this theory according to Asuru and Amadi (2016) is that for Nigeria to develop its production capabilities in the oil and gas sector, the industry must have local content coloration. That is, Nigeria technological know-how and techniques of production in oil and gas industry must come from within if Nigeria must enjoy maximum economic values from oil and gas sector. In this sense, NLC Act stands as a dual therapy. This is because it emphasizes on the development of local technology for the industry is by extension, a formula for settling Niger Delta region crisis; the problems of the later is embedded in the objectives of the former.

Statement of the Problem

The primary thrust of NLC Act is to guarantee Nigerians active involvement in petroleum sector. This it intend to do through value addition promotion strategy at the same time encourage indigenous manpower development. The lack of NLC Act, according to Aneke (2002); Ariwerikuma (2009), is the main reason why foreign companies dominate oil field service contracts. This explains why indigenous firms do not enjoy competitive advantage in the industry. The non-active involvement of indigenous manpower in Nigeria's oil and gas industry due to lack of technical skills has untold impacts on Nigeria economy. Firstly, Nigeria's crude oil reserve estimate is at 36 billion barrels and about 19.2 billion cubicmetres of natural gas. This reserve estimate excludes other natural resource deposits like gold, iron, ore, tin and bitumen. Of all these, oil and gas drive Nigeria economy.

The industry requires extensive engineering fabrication work. The required manpower in these areas are lacking in Nigeria. Given this, the least technology including manpower for optimum use of the resource are imported. On this, Ugwuchi, Chris and Kamdi (2009) observed that Nigeria spent at least \$8billion annually on fabrication and engineering related activities. This figure according to Business Day (2008) in Ugwuchi, Chris and Kamdi (2009) will reach \$15billion in the future. The implication of these among other issues is that it put a ceiling on the amount of revenue derivable from the sector. According to James, Claudius and Taiwo (2009) in Elem and Dokubo 2017, the dominance of foreign inventors in oil and gas industry can result to paucity of skill development, capacity building and utilization of the indigenous manpower.

These over the years, have resulted in over dependence of Nigerian oil firms on foreign experts. The immediate impact is visible: frequent observed shut- downs in the sector, low productivity, shortage of petroleum products and the dependence on importation of refined petroleum products for local consumption. This importation option, has resulted into what Asuru and Amadi (2016) call the current sleaze in Nigeria, "the fuel subsidy scan". Emphasizing this, Ibe Kachukwu (2016) estimate that Nigeria spent 1.5 trillion Naira annually on refined petroleum product importation and that this amount is higher when contrast with the budget allocation to health, education, agriculture, rural development; transport, land and housing.

The frontier of lack of indigenous manpower and dependence on foreign firms for production of oil is enormous. It accounts for why government over the years, has failed to build more refineries and maintain the existing ones. This factor has resulted in marginal production capacities of these refineries. For example, Premium Motor Spirit (PMS) has falling below the 45 million litre daily production estimates to 10 litre daily. It is also a pointer to the reason why even when government has given licenses to private investors none is able to start operation. The impact of this can be seen clearly in the Niger Delta crisis.

It is believed that unemployment constitutes one of the core grievances in the Niger Delta crisis. This is made easy because these foreign oil firms, taken advantage of this, often ignore memorandum of agreement entered into with the host communities. This scenario occasioned the emergence of Niger Delta Avengers (NDA) and other militant protests that have over the years stagnated oil production and oil revenue. For example, NDA, the current militant group championing protest against both federal government and the oil companies have destroyed oil facilities in such a manner that NDA now constitute national security.

Noting the oil facilities destroyed by NDA, Elem and Dukubo (2017) observe that on 10th February, 2016 NDA blew up Bonny-Soku Gasline which supplies gas to Nigeria Liquefied Natural Gas (NLNG) plant. The group on 14th February destroyed Trans Farcados Pipeline (TFP). This pipeline supplies water, associated gas and 400,000 bpd of oil from Western Delta to Farcados. Furthermore, on 4th of May, 2016 and 26th of May, 2016, NDA destroyed Chevron valve platform in Warri and Chevron Well in Obiteye. Obiteye Chevron Well supplies gas to both Warri and Kaduna refineries. The impacts of NDA activities informed the launching of Operation Crocodile Smile, a military operation unit of the Nigeria's Army, as a controlling measure. These have far reaching negative impacts. To address these, NLC Act was enacted in 2/4/2010 with the main objective of fostering technological transfer, increase value and increase Nigerianization of Nigeria oil and gas sector.

Realizing Manpower Development and Peace in the Niger Delta Region through Nigeria Local Content Act

As earlier observed, NLC Act is intended to nationalize Nigeria oil and gas industry. According to Adeoye and Adefulu (2013), it is created to increase value, development and utilize indigenous manpower and material resources. To actualize this, holistic approach was considered. For indigenous manpower development, sections 28-35 are relevant. Section 28 subsection (1) of the Act made it expressly mandatory for Nigerians to be given first priority in employment and training in any project in the industry. In this case, the Act makes it expedient for contractors in petroleum sector to submit Local content (LC) plan which must contain employment and training plan for Nigerians.

Sections 21-30 require all the contractors in the industry to provide training facility to Nigerian especially where such Nigerians employees do not have the required skill for the job they applied for. In addition to this, the law makes it compulsory for all operators in the sector to make succession plan for Nigerians who do not have the skill but applied for a job to undergo internship training under an expatriate which should last for four (4) years period. Section 33 of the Act place minimum number of Nigeria workers. For the expatriate staff, the Act restricted their employment to 5 percent in each of the projects. In addition, it equally requires the expatriate staff to apply first to Nigeria Local Content Monitoring Board who will certify the employment status of person. Section 29, 37 and 38 emphasizes the need for research and development. In this respect, it requires all operators to submit education, promotion, research and development plan as part of the requirements for transfer of technology to Nigeria. To effectively realize manpower vision, the law in section 53 mandated all the operators in the industry to carry out all its fabrications and welding works in Nigeria.

To hit the nail on the head, section 25 stand out glaringly. This section makes it compulsory for all firms in the sector to establish offices in the host communities. This, the Act stressed, is a precondition for take of any project. This section, observers in the industry claim, will trigger development of rural communities. To fast track these objectives, Nigeria Local Content Development Board was established to oversee full implementation of the Act.

Effective Ways of Realizing Indigenous Manpower Development and Peace in the Niger delta Through NLC Act

Effectiveness as observed by Awotua Efebo (2005) is doing the right thing. This right thing for him, is the basis for success and it is the premise through which the overall objective of any policy is achieved. In this sense, effectiveness entails availability of variety of instruments that will facilitate arriving at overall objectives. In this context, effective ways of achieving indigenous manpower development in NLC Act and achieving peace in the Niger Delta region entail firstly, strong political will by the part of government but more by the Niger Delta States. Strong will here is emphasized because it is at this realm that critical decisions like resource allocation, mobilization and distribution between and among competing sectors are made.

In this sense, it is necessary for government (State and Federal) and the development interventionist agencies like the Niger Delta Development Commission to embark on effective education with bias on technical and engineering education especially from primary and secondary education. Functional primary and secondary education among other reasons provide the basic literary skill of writing, reading and numeracy. This foundation, no doubt, is a vital force in achieving ethical awareness, values, skill, basic behavior that can fast-track sustainable peace for development. Such strong will require the establishment of more secondary schools; technical and Craft development centres; more Petroleum Training Institute and other Oil and Gas related Marine institutes. Such institutes should be located in the Niger Delta area. In this case, special preference has to be given to the people from the region.

Of importance in this regard, is that government must encourage development of modular refineries. There is no better way ingenuity has been demonstrated than this. Encouragement should come by reconsidering their cracking down stance on illegal refineries. Today, these great minds are able to extract Kerosene, fuel and diesel from bunkered crude oil. This way, there is a reduction in local demand pressure. Today, all the coastal communities like Buguma, Abonema, Tombia, etc. depend more on petroleum products from modular refineries. Re-considering illegal refinery requires that government should sponsor and expose these boys to proper training in the science of refining crude oil. This way, general improvement will be achieved in the science of crude oil refining which has cost Nigeria billions of dollars to refine.

The beauty of this reconsideration is enormous. According to Asuru and Amadi (2016), it will increase technological capacity of the nation; increase value and worth of the nation; reduce incessant petroleum product scarcity; increase in job creation for the youths; reduce exchange rate problem and increase income since products will no longer be imported; reduce poverty; create jobs along the value-chain; reduce oil theft and vandalization of oil pipeline thus reducing environmental pollution and conflicts and other criminal acts associated with oil business. Finally it is expedient that about 8,000 amnesty graduates be re-integrated. Re-integration here requires providing employment opportunities. This way, the pressure to demonstrate and create trouble will be minimal and controlled.

CONCLUSION AND RECOMMENDATIONS

Endogenous development intent which NLC Act emphasizes, no doubt, has far reaching benefits in Nigeria economic development and the Niger Delta. Above all, it will reduce Nigeria's economic vulnerability to the vagaries of the international market. This is possible because of its emphasis on value chain and job creation increase. Through this, unemployment which is one of

the core demands of Niger delta people in the on-going Niger delta crisis will be addressed. To realize this objective, strong political will is of great essence. Such political will when (if) pursued from effective education with bias in technical and engineering education will be of great value. In the same way, government should re-assess their stance on modular refineries. Exposing and re-assessment should come in the form of exposing the boys who fabricated and built the modular refineries to more modern techniques. This way, required technical skill in line with international standard will be gotten. This will ultimately lead to increase in income, employment and peace in the region and the oil and gas sector.

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