

The Pitfalls of National Content: Oil and Development in Angola and Nigeria

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The ‘resource curse’ hypothesis dominates academic and popular understandings regarding the significance of oil for developing countries. However, after decades of underdevelopment in the face of massive resource wealth, two of Africa’s largest oil producers, Angola and Nigeria, are putting in place new strategies to massively increase their participation in their respective oil and oil service sectors. The new ‘national content’ policies are the latest incarnations of decades-old policies designed to increase the benefits accruing to the nation from its resource wealth by replacing foreign-owned companies with indigenous ownership and expatriate staff with nationals. National content today is pursued by stricter limitations on expatriate workers, the promotion of entrepreneurship and provision of support and favorable investment terms to indigenous start-up companies, as opposed to outright nationalization. In Nigeria, these policies have been enshrined in the recent Nigeria Oil and Gas Industry Content Development Act (2010). Similar policies are also being pursued in Angola, with industry insiders forecasting a new law, stricter regulations, and possibly even changes to the Production Sharing Agreements (PSAs) for 2011. National content policies in Angola and Nigeria are likely to succeed where previous policies have failed at promoting economic growth and bolstering gross domestic product. Less discussed, however, are their effects on the distribution of wealth. While the policies will undoubtedly generate some employment along with significant new wealth, they have also become important mechanisms for accumulation in a changed geopolitical climate in which accessing the resources of the state and moving them abroad has become harder for the national elite. Through interviews and case studies of indigenous entrepreneurship in Angola and Nigeria, this paper will evaluate the significance of changing methods of elite accumulation and the dual nature of national content policies in their oil and gas industries for human development.