

ECOFIN AGENCY · NIGERIA

# Nigeria targets 70% local content in oil and gas by 2027

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Nigeria has set a target of 70% local content in its oil and gas sector by 2027, up from 56% recorded in 2024, as President Tinubu publicly urged international oil companies to direct more engineering contracts toward Nigerian firms. The push is backed by a \$100 million fund announced to support domestic companies competing for upstream and midstream work. The policy signals a tightening regulatory and commercial environment for foreign service providers operating in Nigeria's hydrocarbons sector.

The directive reflects a broader industrial strategy centred on domestic manufacturing and skilled-job creation, with the presidency framing local content compliance as a condition of continued operating goodwill rather than a voluntary commitment. For international oil companies active in Nigeria — across deepwater, onshore, and gas development — the message is clear: contract allocation decisions will face closer scrutiny against local content benchmarks. The 14-percentage-point gap to be closed in three years represents a significant acceleration compared to the pace of progress in recent years.

Lee Engineering is cited in the source as a relevant domestic player in this context, though further details on its specific role or contracts were not provided. The \$100 million fund is intended to strengthen the financial and operational capacity of Nigerian firms so they can absorb a larger share of engineering, procurement, and construction scopes that have historically gone to international service companies. How that fund will be structured, disbursed, or governed was not specified in available reporting.

For Norwegian service companies, this policy creates a dual pressure. On one hand, direct contract capture in Nigeria becomes more complex as local content thresholds rise and client procurement teams face pressure to favour Nigerian firms. On the other hand, the same policy creates commercial logic for structured joint ventures and technology-transfer partnerships between Norwegian specialists and qualifying Nigerian companies. Subsea engineering, well services, and FPSO systems integration are areas where Norwegian firms hold proprietary competence that Nigerian counterparts are unlikely to replicate independently within the 2027 window — making partnership the more durable market-access strategy than direct competition.

The 2027 deadline gives the policy a concrete timeframe that procurement planners at international operators will need to build into contracting strategies now. Norwegian firms that are not yet structured for Nigerian local content compliance — through registered in-country entities, staff localisation plans, or formal teaming agreements with Nigerian firms — should treat this announcement as a prompt to review their market-entry posture before the regulatory environment tightens further. The \$100 million fund may also create early-stage engagement opportunities with emerging Nigerian contractors seeking international technical partners.

### Why this matters to partners and clients of Saga

This is a regulatory and policy development, not a signed contract or open tender, so direct procurement outreach is premature. Norwegian service companies should monitor the implementation of the \$100 million fund and identify qualifying Nigerian partner firms now, ahead of the 2027 compliance deadline. Relationship-building with Nigerian engineering and construction companies — particularly in subsea, well services, and FPSO integration — is the recommended near-term action to preserve market access.

#### PARTNER ANGLES

- **Subsea/FPSO:** Norwegian FPSO and subsea integrators should identify Nigerian joint-venture partners now to maintain contracting eligibility as the 70% threshold approaches, given that full local replication of systems-integration competence within three years is unlikely.

- **Drilling:** Drilling services companies with Nigeria exposure should audit their current local content ratios against the 70% target and assess whether staff localisation and in-country procurement adjustments are needed before 2027.
- **Service:** Well services and engineering firms should explore formal teaming agreements with Nigerian firms potentially capitalised through the \$100 million government fund, which may actively seek international technical partners.
- **Pipeline:** Pipeline construction and inspection companies should assess whether their Nigeria operations meet local content requirements, and consider whether Nigerian subcontractor networks need to be expanded or formalised.

[Original source: Ecofin Agency →](#)

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