

OIL AND GAS GOVERNANCE IN NIGERIA WITH AN APPRAISAL OF THE EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE ACT 2007

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Abstract

Oil and gas governance entails the formulation of policies and the continuous oversight of their effective implementation by relevant regulatory and governing bodies. The fundamental purpose of such oversight is to promote accountability, transparency, and good governance within the extractive industries. In Nigeria, however, persistent challenges such as corruption, weak institutional oversight, and opaque financial practices have undermined the effectiveness of governance in the petroleum sector. One of the most pressing issues is the information gap between extractive companies, the government, and citizens, whereby the latter remain largely unaware of the actual revenues remitted to the state from oil and gas operations. To address this deficit, the Extractive Industries Transparency Initiative (EITI) was established globally in 2003, and subsequently, Nigeria domesticated this initiative through the establishment of the Nigerian Extractive Industries Transparency Initiative (NEITI) in 2004, with its operations later codified under the NEITI Act of 2007. This paper employs a doctrinal research methodology to undertake a critical appraisal of the NEITI Act 2007, with the aim of identifying its strengths, weaknesses, and areas of deficiency. The analysis reveals that although the Act represents a significant step toward improving transparency and accountability in Nigeria's extractive sector, it contains numerous loopholes that hinder its effective implementation. These include definitional ambiguities, weak enforcement mechanisms, jurisdictional inconsistencies, and the absence of strong citizen-empowerment provisions. Based on these findings, the paper concludes that while abolition of the Act may not be justifiable, substantial amendments are imperative to align the Act with international best practices, strengthen enforcement, and ensure its objectives are fully realized. The study ultimately recommends a comprehensive review and amendment of the NEITI Act as a necessary step toward entrenching transparency, accountability, and sustainable governance in Nigeria's oil and gas industry.

Keywords: Governance, Extractive Industry Company, Transparency, Accountability.

1.0 Introduction

2.0 Background to the Study

Oil and gas governance involves the establishment of policies and continuous monitoring of their proper implementation by members of the governing bodies in the oil and gas industries. Transparency, corruption, and good governance in the petroleum industry are challenges facing the industry in Nigeria¹. These challenges have been attributed to be the cause of underdevelopment of infrastructure, the non-expression of exploration activities, and constraints to developing the oil-producing region.² To that end, and in a bid to secure and account for activities done in the oil and gas industry, countries

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¹ C Obi, 'Oil Extraction, Dispossession, Resistance and Conflicting Nigeria's Rich Niger Delta' [2010] *Canadian Journal of Development Studies* 219,224; SC Dike, *Energy Security: The Case of Nigeria and Lessons from Brazil, Norway and the UK* (Pearl Publishers 2015) 63.

² M Lubeck, and others, 'Convergent Interest: U.S Energy Security and the "Securing" of Nigerian Democracy' [2007] *International Policy Report* 1, 1-5.

enact laws that govern activities in the industry and make stakeholders accountable for every transaction carried out in the industry.

In Nigeria, numerous laws have been enacted to govern the oil and gas industry, including the Petroleum Industry Act (PIA) 2021, which serves as the principal statute governing petroleum operations. The PIA also created a consolidated legal framework, effectively superseding the previous Petroleum Act of 1969. The PIA vests the ownership and control of all petroleum exclusively in the Government of Nigeria. It confers on the Minister of Petroleum Resources the power to exercise general oversight and supervision over the affairs and operations of the petroleum industry in accordance with the provisions of the Act. The PIA further established the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) which is responsible for the technical and commercial regulation of the midstream and downstream operations in Nigeria.³

The Nigerian National Petroleum Corporation Act established the Nigerian National Petroleum Corporation, which participates in petroleum operations on behalf of the government. The Nigerian Oil and Gas Industry Content Development Act 2010 was enacted to enhance the development of indigenous capacity across the Nigerian oil and gas industry. It sets the minimum Nigerian content prescriptions for various services and requires that first consideration be provided to companies incorporated in Nigeria (i.e., with 51% of equity owned by Nigerian parties) in the award of oil blocks and licenses.⁴ Nigerian companies with the relevant equipment and capacity to execute work on land and swamp-operating areas must be given exclusive consideration to bid for work in such areas. These laws, in turn, established institutional bodies like the NNPC, the Nigerian Content Development and Monitoring Board, and so on, to ensure the monitoring and implementation of these laws in Nigeria. It is important to state here that despite the numerous laws and institutional bodies, the oil and gas industry is still facing a lot of challenges.

The huge information gap that existed as a result of Nigerian citizens not being aware of the exact amount companies pay to their government and how much the government receives from the companies for doing business in the extractive sector made it difficult for an average Nigerian to explain why revenue from abundant natural resources has not translated into sustainable development in the country. This poor information flow in the extractive sector in Nigeria is believed to be one of the reasons for poor social infrastructure, poverty, corruption, mistrust, and a series of social conflicts. Hence, there was a need for enhanced information, transparency, and accountability on revenue flows in the sector, which then led the Federal Government to sign up to the Extractive Industries Transparency Initiative (EITI) in 2003. Later in 2004, the Nigerian Extractive Industries Transparency Initiative (NEITI) was established with the NEITI Act enacted in 2007. NEITI is the Nigerian arm of the global EITI, established primarily to enthrone transparency and accountability in the management of payments made by extractive industries to government and revenues received by governments and other statutory recipients.

³. Petroleum Industry Act 2021, s 29.

⁴ s.3 Local Content Act 2010.

The underlying principle of the Extractive Industries Transparency Initiative (EITI) is the belief that sustainable development, which promotes the eradication of poverty is possible in resource rich countries which are often victims of the “resource curse but it is only possible when the government of resource rich countries recognize that it is their sovereign duty to manage their country’s resource wealth for the benefit of all their citizens⁵. EITI was founded on the faith that transparency in revenue management, coupled with the principle and practice of accountability by the government to all citizens, constitutes the hallmark of good government⁶. The NEITI Audit also aims at establishing what the government actually receives into its coffers.

3.0 Statement of Problem

The Nigeria Extractive Industries Transparency Initiative (NEITI) Act was enacted as a legislative framework intended to institutionalize transparency and accountability in the management of revenues from Nigeria’s extractive industries, particularly the oil and gas sector, which serves as the backbone of the nation’s economy. The Act was designed to ensure that payments made by companies and revenues received by the government are disclosed, verified, and subjected to public scrutiny, in line with global standards of openness and accountability. However, despite the presence of this legal instrument, the Nigerian oil and gas industry continues to be characterized by opacity, corruption, mismanagement of funds, inadequate oversight, and persistent revenue leakages. These enduring challenges have raised doubts as to the adequacy and effectiveness of the NEITI Act in achieving its intended purpose.

The core problem, therefore, lies in the apparent gap between the statutory objectives of the NEITI Act and its practical outcomes in the governance of the oil and gas industry. While the Act provides a framework for promoting accountability, its implementation has been marred by weak enforcement mechanisms, limited sanctions for non-compliance, insufficient institutional independence, and a lack of political will to fully execute its provisions. This has resulted in a situation where, although the legal framework exists, the transparency and accountability it was meant to guarantee remain elusive. Furthermore, questions persist as to whether the shortcomings of the Act are inherent in its provisions, a consequence of poor implementation, or symptomatic of deeper systemic governance challenges within Nigeria’s extractive sector.

Against this background, the problem this research seeks to address is the critical appraisal of the NEITI Act with a view to determining the most effective path forward. Specifically, the study will interrogate whether the Act should be abolished and replaced with a more robust legal framework, amended to address identified gaps and align with international best practices, or implemented fully and uncompromisingly in its present form. By undertaking this inquiry, the research aims to provide clarity on the role of the NEITI Act in promoting transparency, accountability, and good governance in

⁵ C Okoye and others, ‘Nigeria Extractive Industries Transparency Initiative (NEITI) and Sustainability of Nigeria’s Natural Capital: Status, Prospects and Challenges’ <www.researchgate.net/publication/334599912> accessed on 20 September 2025.

⁶ Ibid.

Nigeria's oil and gas industry, while also contributing to the search for sustainable solutions to the governance challenges that have long undermined the sector.

4.0 Conceptual Framework

Governance is the framework by which organisations are directed and controlled. It identifies who can make decisions, who has the authority to act on behalf of the organisation and who is accountable for how an organisation and its people behave and perform.⁷ It is the establishment of policies and the continuous monitoring of their proper implementation by members of the governing body of an organization. It includes the mechanism required to balance the powers of the members, with the associated accountability, and their primary duty of enhancing the prosperity and viability of the organization

“Extractive Industry Company” means any company in Nigeria that is engaged in the business of prospecting, mining, extracting, processing and distributing minerals and gas including oil, gold, coal, tin, bitumen, diamonds, precious stones and such like, includes any agency or body responsible for the payment of extractive industry proceeds to the Federal Government or its Statutory Recipient.⁸

Transparency is about the ease of access and use of government and nonprofit information. The more open and easy it is for the public to obtain information, the greater the transparency.⁹ It is the act of openness, public, having the property that theories and practices are publicly visible, thereby reducing the chance of corruption.

Accountability implies that the actors being held accountable have obligations to act in ways that are consistent with accepted standards of behavior and that they will be sanctioned for failures to do so.¹⁰ It is simply the state of being accountable; liability to be called on to render an account. It can also be said to be the obligation imposed by law, lawful order, or regulation on an officer or other person for keeping an accurate record of property, documents, or funds.

1.6 The Legal Framework

The Extractive Industries Transparency Initiative (EITI).

In the bid to improve the societal development and transparency in natural resources-rich countries, the EITI was formed, and it has become an international hallmark to promote better extractive sector management. The EITI is considered the global standard for good governance of oil, gas, and mineral resources.¹¹ It is based on the principle that a country's natural resources belong to its citizens, and the

⁷Chartered Governance Institute UK & Ireland, ‘What is Governance?’

<<https://www.cgi.org.uk/resources/factsheets/factsheets/what-is-governance/>> accessed 20 September 2025.

⁸ NEITI Act s.21.

⁹ Carolyn Ball, ‘What is Transparency?’ *Public Integrity* (2009) <<https://www.researchgate.net/publication/250174526>> accessed 20 September 2025.

¹⁰ Andreas Kyriacou, ‘Defining Accountability’ *Aids Accountability International (AAI) Workshop* (May 12-13, 2008) <https://www.researchgate.net/publication/242283510_Defining_Accountability> 20 September 2025.

¹¹ EITI (Extractive Industries Transparency Initiatives) Global Factsheet September 2019. <www.eiti.org> accessed on 20 September 2025.

EITI Standard promotes the open and accountable management of oil, gas, and mineral resources.¹² As a multi-stakeholder organisation, the EITI builds trust between governments, companies, and civil society. The EITI requires the disclosure of information along the extractive industry value chain, from licensing to extraction, to how revenue makes its way through to government, to how it contributes to the economy and wider society. In doing so, the EITI strengthens public and corporate governance, promotes transparent and accountable natural resource management, and provides data that informs debate and reform in the extractive sector.¹³ The objectives of EITI have made it the most widely implemented and supported transparency initiative within natural resources.¹⁴ It can be concluded that the focus of the emergence of EITI is based on the ground that with good governance, the revenues from extractive industries can have a significant impact on reducing poverty and boosting shared prosperity in resource-rich countries.

The International Secretariat of EITI is based in Oslo. The International EITI Board assesses countries' progress in meeting the EITI Standard. The EITI Standard includes Natural resources, contracts, licenses, production, revenue collection, revenue allocation, social and economic spending, and beneficial ownership disclosure,¹⁵ disclosure on contracts, gender, environment, and commodity trading.¹⁶ The EITI enables better governance of public finances and expenditures, while providing a forum for stakeholders to debate public policy and development. So far, only 52 countries have implemented the EITI Standard. These countries include Afghanistan, Albania, Argentina, Armenia, Burkina Faso, Cameroon, Central African Republic, Chad, Colombia, Cote d'Ivoire, Democratic Republic of Congo, Ethiopia, Germany, Ghana, Guatemala, Guinea, Guyana, Honduras, Indonesia, Iraq, Kazakhstan, Kyrgyz Republic, Liberia, Madagascar, Malawi, Mali, Mauritania, Mexico, Mongolia, Mozambique, Myanmar, Netherlands, Nigeria, Norway, Papua New Guinea, Peru, Philippines, Republic of the Congo, Senegal, Seychelles, Sierra Leone, Suriname, Sao Tome and Principe, Tajikistan, Tanzania, Timor-Leste, Togo, Trinidad and Tobago, Ukraine, United Kingdom, and Zambia.

The Nigeria Extractive Industries Transparency Initiative (NEITI) is a subset of the global Extractive Industries Transparency Initiative (EITI), and for some time, NEITI has been regarded by many actors as the global EITI's flagship programme, or at least one of the two foremost national chapters of EITI (along with Azerbaijan's).¹⁷ As Peter Eigen, chairman of the board of EITI, put it, with respect to global EITI:

"The great moment of triumph was when President Obasanjo of Nigeria said I am going to allow the companies operating in Nigeria to publish what they pay to me, to my government, and in fact I will

¹² Ibid.

¹³ Ibid.

¹⁴ P Liyala, 'An Analysis of the Extractive Industry Transparency Initiative Implementation Process' *World Development* <www.elsevier.com/locate/worlddev> accessed on 13/11/2019.

¹⁵ Beneficial ownership disclosure was added to the EITI in 2016.

¹⁶ Disclosure on contract, gender, environment and commodity trading were added to the EITI in 2019.

¹⁷ N Shaxson, 'Nigeria's Extractive Industries Transparency Initiative: Just a Glorious Audit?' *Chatham House* ISBN 978 1 86203 219 4. <www.chathamhouse.org.uk> accessed on 13/11/2019.

*make it mandatory: they have to publish what they pay, and I will publish what I received. That was basically the breakthrough”.*¹⁸

5.0 How the EITI works and how it achieves impact

- (i) The EITI is implemented at the national level, where local multi-stakeholder groups (MSGs) oversee implementation and ensure it's aligned with national priorities.
- (ii) MSGs are responsible for publishing, analysing, and communicating data required by the EITI Standard to wider audiences, from ministers and parliamentarians to local communities and civil society groups.
- (iii) Data is leveraged by stakeholders and wider society to curb corruption, strengthen governance, and support inclusive development.

6.0 The Nigeria Extractive Industries Transparency Initiative Act 2007 (NEITI ACT)

The decision of the Federal government to sign up to the Extractive Industries Transparency Initiative (EITI) in 2003 was thus informed by the need for enhanced information, transparency, and accountability on revenue flows in the sector¹⁹. The establishment of NEITI as the Nigerian arm of EITI is primarily to enthrone accountability and transparency in extractive industry companies, thereby showing the revenues collected and received by the government and other statutory recipients. The NEITI Act has 22 sections, and a schedule that provides for the Proceedings of the Governing Body, Committees, and Miscellaneous. This paper will critically analyse salient sections of the Act.

This Act provides for the establishment of the Nigeria Extractive Industries Transparency Initiative (NEITI), charged with the responsibility, among other things, for the development of a framework for transparency and accountability in the reporting and disclosure by all extractive industry companies of revenue due to or paid to the Federal Government.

Section 1 of the NEITI ACT provides for the establishment of the Nigerian Extractive Industries Transparency Initiative (NEITI) an autonomous self-accounting body, which shall report to the President and the National Assembly. The NEITI will be a body corporate with perpetual succession, with a common seal, and may: (i) sue and be sued in its corporate name, and (ii) acquire, hold, and dispose of movable and immovable properties in the discharge of its functions under this Act. This section clearly makes the NEITI a separate and independent organisation that only reports to both the President of the Federal Republic of Nigeria and the National Assembly of its activities.

Originally, President Olusegun Obasanjo, the then President of the Federal Republic of Nigeria, championed the establishment of NEITI almost immediately after the EITI was launched, that is, towards the end of 2003. The NEITI Act gave NEITI a legal entity. NEITI was then officially formed in 2004 with only three civil society members, and was bolstered in June 2005 by a Civil Society

¹⁸ From the EITI video on the EITI front page: <<http://eititransparency.org/eiti/video>> accessed on 13/11/2019.

¹⁹ N4, 5.

Steering Committee, which was designed to bring in additional civil society members and to address some of the National Stakeholder Working Group (NSWG) shortcomings.

The objectives of the NEITI are enshrined in section 2 as follows:

- (a) To ensure due process and transparency in the payments made by all extractive industry companies to the Federal Government and statutory recipients.
- (b) To monitor and ensure accountability in the revenue receipts of the Federal Government from extractive industry companies.
- (c) To eliminate all forms of corrupt practices in the determination, payments, receipts, and posting of revenue accruing to the Federal Government from extractive industry companies;
- (d) To ensure transparency and accountability by the government in the application of resources from payments received from extractive industry companies, and
- (e) To ensure conformity with the principles of the Extractive Industries Transparency Initiative.

Section 3 of the NEITI Act provides for the function of the NEITI, thereby conferring on NEITI the function, among others of ensuring the creation of a framework for transparency and accountability in the reporting and disclosure by all extractive industry companies of revenue due to or paid to the Federal Government. The NEITI is duty-bound to ensure the appointment of independent auditors who will be responsible for auditing the total revenue that accrued to the Federal Government for that year from extractive industry companies, to determine the accuracy of payments and receipts.²⁰ The main objective of the audit was to establish what companies pay to the government in terms of taxes, royalties, signature bonuses, rents, grants, concessions, and so on.²¹ The NEITI Audit also aims at establishing what the government actually receives into its coffers.²² Upon the completion of an audit, the independent auditors shall submit the reports together with comments of the Extractive Industries Company to the NEITI, which shall cause the same to be disseminated to the National Assembly and the Auditor-General of the Federation, and also ensure their publication²³. Based on the provision of Section 1, which requires NEITI to report its activities to the President and the National Assembly, NEITI is mandated to send its bi-annual report to the President and the National Assembly²⁴. It is important to note that the independent auditor or auditing firm that has audited any extractive industry company in any given year shall not be appointed in the same year for subsection (2) of Section 4²⁵. The essence of this provision is to ensure the transparency of the independent auditor or auditing firm.

The NEITI has a governing body known as the National Stakeholders Working Group (NSWG) as provided in Section 5 of the NEITI Act. It is the NSWG that is responsible for the formulation of

²⁰ NEITI Act s. 4(1).

²¹ N4.

²² Ibid.

²³ NEITI Act s. 4(3).

²⁴ NEITI Act s. 4(4).

²⁵ NEITI Act s. 4(5).

policies, programmes, and strategies for the effective implementation of the objectives and the discharge of the functions of the NEITI. The NSWG is constituted into five Standing Committees (Audit and Risk Committee, Finance and General Purpose Committee, Human Resources Committee, Communications Committee, Board Tender Committee, Ethics committee); and four Stakeholder Related Committees (Civil Society Steering Committee, Extractive Industry Committee, Technical Committee, Inter-Ministerial & Remediation Committee) It is also recommends the annual budget and work-plan of the NEITI and ensures the periodic review of programmes performance by the NEITI.

The NSWG consists of a chairman and no more than 14 other members, one of whom shall be an Executive Secretary. In making an appointment to the NSWG, the President is expected to include:

- (i) Representative of extractive industry companies,
- (ii) Representative of Civil Society,
- (iii) Representative of Labour Unions in the extractive Industries,
- (iv) Experts in the extractive industry, and
- (v) One member from each of the six geopolitical zones²⁶.

The Chairman and other members of NSWG, other than the Executive Secretary, shall serve on a part-time basis, while the appointment of the Executive Secretary shall be for 5 years, and a person appointed as a member of the NSWG shall hold office for 4 years and no more.²⁷

The NEITI Act provided under Section 8 that the members of the NSWG, as well as any person appointed to any of its special committees under Section 2, may be paid such allowances out of the funds of the NEITI as the National Revenue Mobilization (NRM) and Fiscal Commission (FC) may approve. In other words, whatever allowance is to be enjoyed by the members of NEITI must be approved by both the NRM and FC, but the Act is silent as to whether the Chairman and the Executive Secretary are entitled to any allowance.

Section 9-10 deals with meetings, quorum, and voting style of NSWG. It is the chairman who presides over the meeting, but in his absence, any member of the NSWG appointed by the members from among themselves will preside. The NSWG is required to meet quarterly, not more than four times in a year, with a quorum of 8 members.

Section 16 stipulates the Penalty of a fine not less than thirty million naira only (~~N~~30,000,000) to be given to an extractive industry convicted for giving a false information regarding the company's volume of production, sales and income; rendering false statement of account or fails to render account to the Federal Government which results in the underpayment of non-payment of revenue accruable to the

²⁶ NEITI Act s. 6.

²⁷ NEITI Act s.7.

Federal Government; delaying or refusing to give information or wilfully or negligently fails to perform its duties under the NEITI Act.

It is important to note here that every Director or other persons concerned in the management of the extractive industry company that commits an offence against the NEITI Act is liable on conviction to not less than two (2) years imprisonment or a fine not less than five million Naira only ₦ 5,000,000²⁸ likewise a government official who renders false statement of account or fails to render a statement of account required under the NEITI Act.²⁹ The Director, or other person, or a government official can only be exempted where it is proved that the offence was committed without his consent or connivance or that such person exercised all such diligence to prevent the commission of the offense as ought to have been exercised by that person having regard to the nature of his functions in that company and to all the circumstances.³⁰

The NSWG has been empowered under section 17 to make regulations that are expedient for the purpose of enforcing any part of the Act and to regulate any matter that falls within the scope of the functions of the NEITI. The NEITI Act further provided in Section 18 on the need for a pre-action notice before any action is commenced against NEITI, and it is expected that the notice to state: the cause of action, particulars of the claim, names of the legal practitioners representing the plaintiff and their addresses, and relief sought. It is believed here that the essence of the provision is to give adequate time, not exceeding 30 days to NEITI to prepare their case and not to be disturbed from carrying out their duties by frivolous actions.

The Act carefully avoided the possibility of the NSWG, NEITI, Executive Secretary, and every one of its officers claiming immunity from being personally held liable for actions committed or omitted in the exercise of any function or power conferred by this Act upon the NEITI or member of the NSWG.³¹ The NEITI Act finally ended with an interpretation section, which can be found in section 21, which has the definition of some words used throughout the Act. The Act has a Schedule which provides for the Proceedings of the Governing Body, Committees, and Miscellaneous.

7.0 Challenges or loopholes in the NEITI Act

Despite its laudable objectives, the NEITI Act of 2007 is not without significant challenges and loopholes that hinder its effective implementation. A close examination of its provisions reveals several areas of concern that raise questions about its adequacy as a legal framework for promoting accountability and transparency in Nigeria's extractive sector. These challenges are highlighted as follows:

1. Inadequate Interpretation of Key Terms

The interpretation section of the Act is limited, as it defines only seven words and leaves out several critical terms such as *extract*, *acreages*, *budgeting*, *contracting*, *materials procurement*,

²⁸ NEITI Act s. 16(5).

²⁹ NEITI Act s. 16(6).

³⁰ Ibid.

³¹ NEITI Act s. 19(1).

and *production cost profile*.³² The absence of clear definitions for these technical terms creates ambiguity in the application and enforcement of the Act, thereby weakening its regulatory effect.

2. Uncertainty in Publication of Audit Reports

While the Act requires that the reports of the auditors be published, it fails to specify the medium through which such publication should be made.³³ This omission creates room for inconsistency, secrecy, or selective disclosure of vital information that is intended to be accessible to the public.

3. Absence of Clear Provisions for Periodic Review and Budget Oversight

The Act is silent on what constitutes a periodic review of NEITI's activities, thereby leaving such an important exercise open to interpretation.³⁴ Furthermore, the preparation of the initiative's annual budget is left at the sole discretion of the governing body, with no external oversight. This lack of financial accountability can lead to inflated budgetary allocations and raise concerns about transparency within the initiative itself.

4. Politicization of Governing Body Appointments

The Act vests the power of appointing members of the governing body in the President of the Federal Republic of Nigeria. This centralization of power risks politicizing the system, as appointments may be based on loyalty to the government of the day rather than competence, independence, and expertise.

5. Lack of Clarity on Remuneration and Benefits

Although the Act provides for remuneration, salaries, allowances, and benefits of NEITI officials, it does not expressly state the amounts or establish a transparent framework for determining such compensation. This omission undermines accountability and could create opportunities for financial mismanagement.

6. Jurisdictional Ambiguity in Enforcement

The Act refers generally to "a court" that may convict offenders under its provisions, without specifying which court has jurisdiction over NEITI-related matters. By leaving this at the discretion of NEITI, the Act creates uncertainty and inconsistency in judicial enforcement, thereby weakening its deterrent effect.

7. Conflict with the Petroleum Act

Section 16(4) of the NEITI Act empowers the President, on the recommendation of the National Stakeholders Working Group (NSWG), to suspend or revoke the operational license of any extractive industry company that fails to comply with its obligations. However, this provision directly contradicts the Petroleum Act, which vests the authority to revoke such licenses in the Minister of Petroleum Resources. This inconsistency undermines the legal clarity of the Act and could lead to jurisdictional conflicts.

8. Lack of Collaboration with Anti-Corruption Agencies

The Act fails to establish a framework for collaboration with other key institutions such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC), which have mandates to combat corruption. This

³² NEITI Act s.21.

³³ Ibid s 4.

³⁴ NEITI Act, s 5.

omission weakens enforcement and prevents NEITI from leveraging the institutional strength of these agencies in tackling corruption in the extractive sector.

9. Ineffectiveness in Sanctions and Penalties

Although Section 16 of the NEITI Act provides for sanctions and penalties against violators, in practice, no oil and gas multinational corporation has been sanctioned or penalized despite numerous reported violations. Similarly, government agencies and officials complicit in non-compliance have escaped accountability. This enforcement gap undermines the credibility and effectiveness of the Act.

10. Lack of Citizen Empowerment

Finally, the Act does not provide mechanisms that empower citizens or civil society organizations to initiate actions against extractive companies or the government where either party fails to disclose accurate financial accounts of their transactions. This limitation reduces public participation and accountability, thereby contradicting the principles of transparency and openness upon which the Act was founded.

8.0 Conclusion

The governance of Nigeria's oil and gas sector remains central to the nation's economic stability and sustainable development. Despite the enactment of the Nigerian Extractive Industries Transparency Initiative (NEITI) Act in 2007, the sector continues to face challenges of corruption, opacity, weak enforcement, and poor institutional accountability. While the Act embodies noble objectives aligned with global best practices under the Extractive Industries Transparency Initiative (EITI), its implementation has been undermined by political interference, inadequate sanctions for non-compliance, and the absence of robust monitoring mechanisms.

This research has demonstrated that although NEITI has created a platform for improved transparency, significant loopholes in the Act and deficiencies in its execution have limited its effectiveness. The persistence of revenue leakages, governance failures, and public mistrust underscores the urgent need for legal, institutional, and operational reforms. Ultimately, transparency and accountability in Nigeria's extractive sector cannot be achieved through legislation alone; they require political will, institutional independence, and active stakeholder participation.

9.0 Recommendation

In light of the findings, this paper recommends the following measures to strengthen oil and gas governance in Nigeria:

1. **Amendment of the NEITI Act:** The Act should be revised to close identified gaps, including clearer definitions of key terms, explicit provisions on publication of audit reports, and the designation of specific courts with jurisdiction over NEITI-related disputes.
2. **Strengthening Enforcement Mechanisms:** Sanctions for defaulting companies or government agencies must be consistently applied. This includes prosecuting offenders and imposing financial penalties to serve as deterrents against non-compliance.
3. **Institutional Independence:** Appointments to the NEITI governing board should be merit-based rather than politically driven, to ensure credibility and objectivity in its operations.

4. Enhanced Collaboration: NEITI should actively collaborate with other anti-corruption and regulatory bodies, such as the EFCC, ICPC, and NNPC regulators, to enhance accountability across the extractive value chain.
5. Decentralization of NEITI: Establishing regional and state-level branches of NEITI will promote inclusiveness, ensure grassroots participation, and facilitate monitoring of extractive revenues at all tiers of government.
6. Public Engagement and Civil Society Participation: Citizens and civil society organizations should be empowered to demand accountability, including legal standing to initiate actions against violators of transparency obligations.
7. Regular and Timely Audits: Audit reports should be produced and published promptly, and their findings should directly inform revenue management and policy reforms in the sector.

By implementing these recommendations, Nigeria can move closer to achieving a transparent, accountable, and sustainable governance framework for its oil and gas resources, thereby ensuring that the wealth generated from natural resources contributes meaningfully to national development and the welfare of its citizens