

NEITI Bill Signed into Law

The Nigeria Extractive Industries Transparency Initiative (NEITI) Bill was signed into law on 28 May 2007 by former President Olusegun Obasanjo. This gives legal teeth to the quest for increased transparency in the management of Nigeria's oil, gas and mining sectors.

“The passage and signing of this bill represent a landmark opportunity for extractive resources to serve as a catalyst for growth, equity and development in Nigeria,” says Dr. Siyan Malomo, chairman of the National Stakeholders Working Group, NEITI's governing board.

“This is a major step towards institutionalizing transparency and accountability in Nigeria”

With this Act, NEITI now has a statutory backing to promote probity and prudence in an economic sector, which though accounts for more than 80 per cent of Nigeria's foreign earnings, is widely known to be managed in an opaque and non-accountable manner, thereby depriving the country of vital resources that could aid development.

The Act authorizes NEITI to conduct comprehensive audits of the oil, gas and mining sectors every year, using international accounting standards. The Act also empowers NEITI to receive and publish information on payments made by extractive industry companies and received by government to ensure both transparency and accountability.

An extractive companies that defaults by not providing timely and accurate information will be liable, on conviction, to a fine of N30, 000, 000 (Thirty Million Naira) as well as refund the amount underpaid to government. The company may also lose its operating license.

The company's directors and other officials involved in the underpayment or non-disclosure are liable to a fine of N5, 000, 000 (Five Million Naira) or a jail term of two years. Also, a government official that does not provide timely and accurate information on payment received is liable to two years in jail or a fine N5, 000, 000 (Five Million Naira).

Nigeria in 2004 signed on to the Extractive Industries Transparency Initiative (EITI), a global initiative aimed at promoting transparency and accountability in the receipt and use of revenues from the oil, gas and mining sectors in resource-rich countries. EITI is premised on the logic that transparency will ensure prudent management of resources and promote accountability by ensuring openness and putting vital information in the hands of civil society groups and citizens. Of all the 24 countries that have signed on to EITI so far, Nigeria is the first to back it with an enabling law.

In April 2006, NEITI published the first comprehensive audit of Nigeria's petroleum industry for 1999 to 2004. Conducted by an international consortium led by the Hart

Group of United Kingdom, the audit revealed serious lapses in the governance of the oil industry and recommended remedial actions, which are currently being undertaken.

The NEITI Bill was sent by the Executive to the National Assembly in December 2004. It was passed by the House of Representatives on January 19, 2006; and by the Senate on March 8, 2007. The two chambers harmonized the bill on May 17, 2007.