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Transparency: Oil companies, mining firms to pay N30m penalty

Everest maefule

Henceforth, any oil company or mining firm that failed to provide adequate information to the Nigerian Extractive Industry Transparency Initiative is liable to a penalty of N30m.

Again, companies in the extractive industries that default in making appropriate payments to government agencies will not only be made to make up the shortage in their payments but would also have the same fine imposed on them.

Directors of such firms are also liable in their personal capacities to a fine of N5m or a jail term of two years. Convicted companies also run the risk of losing their operating licences.

Besides, a government official that does not provide timely and accurate information on payment received is liable to two years in jail or a fine N5m.

These were contained in the Nigerian Extractive Industry Transparency Initiative Act, which was signed by former President Olusegun Obasanjo in Abuja on Monday.

To ensure that revenues from extractive industries benefit the generality of Nigerians, the Act empowers NEITI to obtain, verify and publicise information on payments by extractive companies to the government and the general operations of

the sector.

It also authorises NEITI to conduct and publicise comprehensive audits of the oil, gas and mining sector operations every year, using international accounting standards.

Failure to provide timely and accurate information to NEITI and failure to pay or report the amount due to government are now criminal acts punishable upon conviction.

Nigeria had in 2004 signed on to the Extractive Industries Transparency Initiative .

EITI is a global initiative aimed at ensuring that revenues from extractive industries contribute to sustainable growth and development.

More than 20 resources-rich countries in Africa, Europe Asia and Latin America have signed on to EITI so far.

With the passage and signing of the NEITI Act, Nigeria has become the first country to have an enabling law for the initiative.

As a non-statutory agency, NEITI had commissioned the first financial, physical and process audits of Nigeria's petroleum industry between 1999 and 2004.

Conducted by an international consortium led by the Hart Group of United Kingdom , the audit revealed serious and controversial lapses in the governance of the oil industry and recommended remedial actions, which are currently being undertaken.

On the signing of the bill into law, the Chairman, National Stakeholders Working Group (NEITI's governing board), Dr. Iyan Malomo, said the development represented a landmark opportunity for extractive resources to serve as a catalyst for growth, equity and development in Nigeria.

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