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## Nigeria: Obasanjo Signs Neiti Bill Into Law

**This Day (Lagos)**  
**30 May 2007**

Posted to the web 30 May 2007

THIS DAY

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Abimbola Akosile  
Lagos

In one of his last acts as President, Chief Olusegun Obasanjo has signed the Nigeria Extractive Industries Transparency Initiative (NEITI) Act 2007, thereby giving legal boost to the quest for increased transparency in the management of Nigeria's oil, gas and mining sectors. The now ex-President signed the vital act on May 28.

The NEITI Bill was sent by the executive arm 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 harmonised the bill on May 17.

The NEITI Act seeks to promote probity and prudence in an economic sector, which though accounts for more than 80 per cent of Nigeria's foreign earnings, is reputedly managed in an opaque and non-accountable manner, with the resulting effect that vital resources that could aid development are routinely diverted.



In a statement issued by Mr. Waziri Adio, NEITI's director of communications, Dr. Siyan Malomo, chairman of the National Stakeholders Working Group, NEITI's governing board, said, "this great development represents a landmark opportunity for extractive resources to serve as a catalyst for growth, equity and development in Nigeria. It is a major step forward towards institutionalising transparency and accountability in Nigeria".

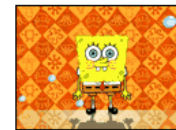
Also the Publish What You Pay (PWYP) coalition lauded Obasanjo's assent on the NEITI Act, describing the move as a watershed in the annals of revenue transparency in Nigeria.

The coalition, led by the National Coordinator, David Ugolor, called on President Umaru Musa Yar'Adua to urgently initiate steps to implement the NEITI Law to signal his administration's readiness to move quickly to entrench a regime of transparency and accountability in the extractive sector particularly oil and gas, which contributes over 94 per cent of the country's foreign exchange.

The group hoped that the NEITI Act would provide the enabling environment for the NEITI to carry out its proposed value-for-money audit aimed at ensuring that the financial accounting on Joint Ventures (JVs) and Production Sharing Contracts (PSCs) fairly represents actual costs incurred in exploring, extracting, and transporting oil, among other aspects of oil production in Nigeria.

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 extractive sector. The Act also authorises NEITI to conduct and publicise comprehensive audits of the oil, gas and mining sectors every year, using international accounting standards.

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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. A defaulting extractive company will be liable 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.

<p>Relevant Links</p> <p><a href="#">West Africa</a></p> <p><a href="#">Nigeria</a></p> <p><a href="#">Legal and Judicial Affairs</a></p> <p><a href="#">Economy, Business and Finance</a></p>	<p>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).</p>
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Nigeria signed on to the Extractive Industries Transparency Initiative (EITI) in 2004. EITI is a global initiative aimed at ensuring that revenues from extractive industries contribute to sustainable growth and development.

More than 20 resource-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 is the first country to have an enabling law for this initiative.

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