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May 29th, 2007**Obasanjo signs NEITI Act, strengthens CBN**
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The quest for increased transparency in the management of Nigeria's oil, gas and mining sectors got a legal boost Monday when former president Olusegun Obasanjo signed the Nigeria Extractive Industries Transparency Initiative (NEITI) Act 2007 into law.

BLESSING ANARO & ISAAC AREGBESOLA, Abuja

Besides the act, the former president also signed the Central Bank of Nigeria (CBN) bill into law.

The signing of the CBN bill has given the apex bank freedom to carry out a lot of reforms, previously inhibited by law. The CBN had otherwise had problems convincing politicians to put some monies from the Federation Reserve aside for a rainy day due to lack of constitutional backing. Now, the CBN may also invest such monies.

The bill is also expected to make "spraying" of money at parties and careless handling of the naira notes illegal.

Details, however, are still sketchy.

On the NEITI Act, Siyan Malomo, chairman of the National Stakeholders Working Group, NEITI's governing board, says: "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."

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

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

The 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-million as well as refund the amount underpaid to government. The company may also lose its operating licence.

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The company's directors and other officials involved in the underpayment or non-disclosure are liable to a fine of N5-million 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-million.

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.

Even as a non-statutory agency, NEITI commissioned the first financial, physical and process audits 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 act has institutionalised the yearly audits and strengthened the hand of NEITI in providing critical oversight on the management of Nigeria's extractive sector.

Under the act, functions of NEITI include: developing a framework for transparency and accountability in reporting and disclosure of extractive industries revenues due and paid to the Federal Government; evaluating practices of extractive industries and government regarding acquisition of acreages, budgeting, contracting, procurement and production cost profile to ensure due process, transparency and accountability; and monitoring lapses and undertaking measures to enhance capacity of government agencies with statutory responsibility to monitor extractive industries' payments.

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 2007. The president signed the act Monday, a statement by Waziri Adio, director of communication, NEITI has said.

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