

Nigeria Extractive Industry Transparency Initiative: The Watchdog of the Nigeria Extractive Industry

By Christine O. Ike*

Abstract

Nigeria has a long and tragic history of being stripped of its natural resources behind a veil of secrecy. This has not only been devastating to the economy but adversely affected the lives of the citizens in the sense that good governance has eluded the country. The culture of non-transparency and non-accountability had become so entrenched that when the Nigerian Extractive Industry Transparency Act (NEITI) was still in the making, it was slammed by cynics as a non-transparent initiative; in the sense that nothing in the sense of change will come out of it. The Act eventually came into force in the year 2007, ostensibly standing on a tripod of Transparency, Due Process and Accountability, in order to entrench good governance in the polity. Eight years down the line, this article will appraise the role of NEITI to determine whether it has lived up to its billing as an initiative that has stemmed the tide of lack of transparency and accountability in the activities of Nigerian extractive industries given its avowed objectives. The article is descriptive and analytical, and will contend that despite the initial scepticism, NEITI has earned plaudits for its role in entrenching transparency and accountability in the journey towards good governance in Nigeria. It will make recommendations for increased power to enhance its future activities.

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1. Introduction

By every conceivable standard, Nigeria is a very well-endowed nation in terms of mineral resources, and with a population of over 160 million, by far the largest in Africa, the country has human resources to match, in addition to the domestic market potential which its demographic potential confers. A country blessed with so much abundant natural resources should be able to use them to achieve economic growth and development, and provide good governance for its people.¹

One of the characteristics of good governance is accountability and transparency. There is therefore bad governance when such public institutions as the Nigeria National Petroleum Corporation (NNPC) conduct public affairs and manage resources in ways that are detrimental to welfare of the citizens.

From the evaluation of the Resource Generation Governance Index (RGI), out of about 58 oil and gas resource based countries by the National Resource Institute, it has been shown that Nigeria has a relatively weak RGI which has to be addressed. It has also been shown that through capacity building, technical assistance,

¹ Good governance is an indeterminate term used in international development literature to describe how public institutions conduct public affairs and manage public resources. The concept of good governance often emerges as a model to compare ineffective economies or political bodies with viable economies and political bodies. The concept centres on responsibility of governments and governing bodies to meet the needs of the masses as opposed to select groups in society. It is instructive, that International Monetary Fund (IMF) places great emphasis on good governance when providing policy advice, financial support, and technical assistance to its 184 member countries. It promotes good governance by helping countries ensure the rule of law, improve the efficiency and accountability of their public sectors, and tackle corruption. See, "IMF's Approach's Approach to Promoting Good Governance and Combating Corruption-A Guide. Available on www.imf.org, last accessed on 10/4/2016.

research, funding and advocacy, countries like Nigeria can still realise the development benefits of her natural resource wealth.²

2. Statement of the problem

Nigeria's potential is staggering as it is endowed with enough natural resources to transform the lives of its citizens if proceeds are properly managed. However, this has not been achieved because of lack of good governance caused by endemic corruption in the extractive industries operating in the country. Corruption in the extractive industries has been systematically sustained because these industries have been operating behind a wall of secrecy, unaccountable to nobody. It has been stated:³

In 2012 alone, Nigeria oil exports were worth almost \$100 billion, more than the total net aid to the whole of sub-Saharan Africa; dwarfing anything aid can achieve. A few years back, a transparency initiative exposed a large black hole in Nigeria's finances-an \$800 million discrepancy between companies 'payments and government's receipts for oil.

Lack of transparency has unfortunately been the bane of the extractive industries fuelling unmitigated corruption and the misapplication of natural resources and clogging the wheel of advancement in achieving good governance. As David Cameron put it:⁴

² Resource Generation Institute is a research based organization concerned with the promotion of the effective, transparent and accountable management of oil and gas and mineral resources for the public good. See www.resourcegovernance.org.

³ *Ibid*

⁴ *Ibid.*

It is the oldest observation of the modern age that we are all inter-connected. Communication is faster than ever. Finance is more mobile than ever. And yet the paradox of this open world is that in many ways, it is still so closed and secretive. It's a world where some companies navigate their way around legitimate tax systems. It's a world where – regrettably- corrupt government officials in some countries and some corporations run rings around the letter and spirit of the law to rip off hardworking people and plunder their natural resources.

The scenario in Nigeria couldn't have been better put; that there is a long and tragic history of Nigeria being stripped of its minerals behind a veil of secrecy. While the culture of kleptocracy flourished, enabled and sustained no doubt, by the lack of transparency and accountability, government cronies get rich – some beyond their wildest dreams of avarice-while the people stay poor.

The Nigerian extractive industry,⁵ especially the oil and gas sector, has over the years remained the country's economic mainstay, generating about 80% of the consolidated government revenue and 37% of Gross Domestic Products.⁶

However, as has been stated earlier, the beneficial effect of the enormous wealth generated by these industries, has not impacted positively on the general population in any significant way. Much of it is frittered away by officials who don't play by the rules; and whose activities in the industries are shrouded in secrecy, thereby providing a perfect environment for fleecing the country of much needed revenue that would have been used to improve the welfare of the people. The industries are a cesspool of corruption to put it mildly.

⁵ Extractive industries include the oil, gas and solid minerals industries.

⁶ Report by Nigeria Extractive Industry Transparency Industry Initiative Secretariat, 2004.

The knock-on effect of corruption was captured eloquently by the US Secretary of State John Kerry thus:⁷

Corruption costs global economy more than a trillion dollars a year and complicates security, diplomatic, social priority. In far too many countries, plain rank corruption has generated such powerful headwinds that the local economies just tread water. Today, corruption has grown at an alarming pace and threatens global stability, indeed the global future. There is absolutely nothing more demoralizing, disempowering to any citizen than the belief that the system is rigged against them. Corruption is a radicalizer because it destroys faith in legitimate authority.

It is clear therefore, how this can be devastating to an economy. Corruption not only corrodes public trust, it destroys confidence and diminishes the potential for strong economy. When businesses and shadowy companies do not play by the rules, public trust is eroded, making life harder for the citizens.

It would then be fair to state that, the stimulus for the enactment of the NEITI Act was in part to stem the tide of corruption resulting from opacity surrounding the generation, payment and disbursement of revenue from the extractive industries. As a learned scholar aptly put it:⁸

...experience has shown that extractive industries are not faithful or loyal to their host governments. Declarations as to revenue earnings and payments to governments are far

⁷ John Kerry, then US Secretary of State [2013-2017] addressing the World Economic Summit Forum in Davos, Switzerland, in reference to President Muhamadu Buhari's anti-corruption war, *The Nation*, Wednesday, February 6, 2016. p.11

⁸ Simon Uche Ortuanya, "NEITI Bill: A Non Transparent Initiative," *Nigerian Journal of Public Law*, Vol.1, No. 1, pp. 196-209 at 196.

from being honest. For instance most Extractive Industries in Nigeria assess themselves in matters of tax, thereby leading to underpayment. In some instances corrupt government officials become easy accomplices in this dishonest desire to milk the nation dry. It is against this background that NEITI was born. The demand from extractive industries is to publish what they pay and for government to publish what they earn. Transparency, due process and accountability are the tripod pillars upon which NEITI stands.

3. Nigerian Extractive Industry Transparency Act (NEITI)

NEITI is an acronym for the Nigeria Extractive Industry Transparency Initiative. It is the Nigerian version of the global Extractive Industry Transparency Initiative (EITI).⁹ Fashioned after the global initiative, the Nigerian component is an attempt at following due process and achieving transparency in payments by extractive industries to government and government entities, as well as in revenues accruing to government and reported by those government entities. It represents an agreement or understanding that extractive industries (oil, gas, and solid minerals) will make declarations to government that are in good faith. It also requires

⁹ EITI was created in 2002 by an international organization of governments, civil society and business. Afghanistan, Azerbaijan DR Congo, Ghana, Indonesia, Nigeria, Peru, Timor, Leste, United States of America are among the 208 countries implementing EITI. The EITI supports improved governance in resource rich countries through the full publication of company payments and government revenues from oil, gas and mining. Many countries are rich in oil and gas, and minerals and studies have shown that when governance is good, these can generate large revenues to foster economic growth and reduce poverty. However, when governance is weak, they may instead cause poverty, corruption and conflict, the so called resource curse. The EITI aims to defeat this curse by improving transparency and accountability.

the government to acknowledge receipts from the extractive industries and make same public.¹⁰

NEITI was inaugurated in February 2004 by former President Olusegun Obasanjo when he set up the National Stakeholders Working Group (NSWG) under the leadership of Obiageli Ezekwesili, to oversee the activities of NEITI and is made up of representatives of government, extractive companies and civil society. The NSWG five team structures enables NEITI to approach its strategies and methodologies in a coordinated way, each team focusing on its area of specialization. For instance, the Legislative Team made possible the drafting of the NEITI Bill which has institutionalized the NEITI as a statutory body with the necessary powers.

The Civil Society Team, acts through its quarterly interactive forum where questions are asked and views exchanged about the day to day implementation of NEITI to deepen debate and strengthen constructive engagement. The Media Team ensures that NEITI work is accessible to the public. It supports its outreach to the grassroots and opinion leaders and presses for improved coverage of relevant issues. It always interacts with the media as a way of ensuring that its work is always in the public domain. NEITI commissioned the first comprehensive audit of Nigeria's petroleum industry for the period 1999 to 2004 and is working with various stakeholders to build national consensus on the need for extractive revenue transparency in Nigeria.

To give legal backing to the work of NEITI, a bill was introduced to the National Assembly in December 2004. It was eventually passed and harmonized by the two chambers of the National Assembly and subsequently signed into law by former President Obasanjo on May 28, 2007. With this, Nigeria became

¹⁰ *Id.*, p.196.

the first EITI-implementing country with a statutory backing for its operations.

3.1 Mandate

NEITI is mandated by law to promote due process and transparency in the operations of the extractive industries. It monitors revenue paid to and received by government and additionally ensures transparency and accountability in the application of these revenues to aid sustainable development.

Even before the enactment of the NEITI Act 2007, the provisions of the proposed NEITI Bill was subjected to a critical and incisive analysis by cynics and derided as a Non-Transparent Initiative.¹¹

Ortuanya argues that section 4(2) of the Bill, now Act, which provides that independent auditors be engaged on terms by the Governing Body of NEITI was misconceived as the provisions tended to usurp the powers of the Auditor-General who under the Nigerian constitution,¹² has the responsibility of providing “guidelines on the fees to be paid to external auditors”¹³ and who alone shall comment on the annual accounts and audits reports of extractive industries. He also submits that the requirement for Quarterly Report by extractive industries to NEITI is contrary to section 85(4) of the constitution, which also is the constitutional responsibility of the Auditor General. He therefore submitted that section 4 of the NEITI Bill being inconsistent with the Constitution as it violated the constitutional powers of the Auditor-General of the Federation, was void.

For ease of reference, Section 85(3) of the Constitution is hereunder reproduced and provides as follows:

¹¹ Simon Uche Ortuanya, note 7 above, at p. 210.

¹² Constitution of the Federal Republic of Nigeria, (CFRN), 1999, as amended.

¹³ Section 83(3) (a) (ii), CRFN 1999, as amended.

The Auditor-General shall have power to conduct periodic checks of all government statutory corporations, commissions, authorities, agencies, including all persons and bodies established by an Act of the National Assembly.

With due respect to the learned jurist, what is of paramount concern on this issue from the point of view of this paper, is the danger of favouritism implicit in section 85 (3) of the constitution. This section ties the hands of statutory corporations by providing that they choose only from the list of external auditors provided by the Auditor-General of the Federation. What this means is that in the event that the auditor general decides to hand pick favoured auditors only, the outcome of any prospective audit exercise may have already been compromised. The provision denies the agency the element of independence and free choice of auditors which is a sine-qua non to a body with avowed object of transparency in its operations with serious adverse consequence on good governance.

It is suggested therefore, that in spite of the fact that section 4 of the NEITI Act runs counter to the provision of section 85 (3) of the constitution, it should be retained because it deals with serious issues of good governance without which the constitution itself cannot function properly. Section 85 (3) should be amended as it is a denial of a fundamental right to good governance.

Additionally, it has been observed that in spite of the wide powers given to the Auditor-General to conduct periodic check under the same section 85 (3) of the Constitution, corruption still thrived. This could only mean, either that the Auditor-General does not appreciate the full import and extent of his powers or has failed and/or neglected to use it appropriately. Had the Auditor-General been diligent and effective in its oversight functions over these corporations, the flood of corrupt practices witnessed from these bodies might have been stemmed and Nigeria would not have suffered the astronomical revenue loss that has occurred and the consequent failure to carry out its social obligations.

It is submitted therefore, that NEITI intervention was necessitated largely by the failing of the office of the Auditor-General in carrying out its constitutional duties as outlined above and should not be constrained by any such provision

Nicholas Shaxson¹⁴ on the other hand, looks at Nigeria's implementation of the EITI with the aim of answering the question whether; NEITI has helped improve transparency, accountability and good governance and whether these efforts have had an impact on development in the country. He argues that NEITI may have been a useful entry point into a difficult area, but that more future research will be required to determine the true impact.

4. Major Activities

In order to properly evaluate the role of NEITI as a partner in the pursuit of good governance in Nigeria, it is pertinent to put its activities and performances into perspective having regard to the hitherto prevailing political environment under which it operated, and given the hostility towards it by the target extractive industries which saw NEITI more as a meddlesome entity causing trouble than partners in development and good governance. The instances are legion, but a few will suffice.

Since 2004, NEITI has engaged in various activities in pursuit of its mandate which include the following:

- i. Commissioning of the Financial, Physical and Process Audits of Nigeria's Petroleum Industry for the period 1999 to 2004. This was the first comprehensive audit of this strategic industry since Nigeria struck oil in 1956;

¹⁴ See, N.Shaxson, "Political Economy of Petroleum Sector in Nigeria" In an interview conducted in 2009, Available <https://eiti.org/documents/shaxson-neiti>. Last accessed on 6/4/2016. See also www.resourcegate.net/publication/228119351. Last accessed on 22/4/2016.

- ii. Communicating the findings of the audit in a comprehensive and comprehensible manner to various stakeholders;
- iii. Working with government agencies and other stakeholders to remedy the lapses identified by the audit;
- iv. Building the capacity of civil society organizations, government officials, parliamentarians and the media to understand and monitor extractive revenue transparency in Nigeria;
- v. Forging a national consensus on the need for extractive revenue transparency in Nigeria through outreach and advocacy activities such as road-shows, consultative forums and town-hall meetings.¹⁵

NEITI has carried out regular audits of the Nigerian extractive sector. These audits reconcile the amounts that extractive industry companies pay to government with what government claims it receives from them. Since its inception in 2004, it has conducted three cycles of audits, all of them in the oil and gas sector. The first audit covers the period 1999 to 2004, the second covers 2005, and the third 2006 to 2008. Its new objective is to push for more openness and transparency in revenue collection and expenditure, as the source of revenue to the government of Nigeria.¹⁶ It has emphasized the need to inject fiscal discipline in the policy formulations.

The benefits of these audit exercises to the nation are legion. Above all, they promote a culture and consensual framework for making the extractive sector more transparent and accountable. In the past, information on revenue and physical flows of oil and gas

¹⁵ Available at, www.neiti.org.ng/index.php?q=pages/about_neiti. Accessed on 20/2/16.

¹⁶ Emeka Anaeto & Livinus Nwabughioqu, “IMF to Scrutinise FG’s 2016 Budget-Lagarde,” *Vanguard Newspaper*, January 6, 2016, p. 8

in Nigeria was treated as confidential. NEITI audit exercise has provided an opportunity for this information to be made public.¹⁷

The media has been awash with reports by NEITI, of massive corruption in the extractive industries that operate in Nigeria. It reported that it uncovered unremitted taxes amounting to \$9.8billions (N1, 538 trillion) by oil companies into the Federation Account.¹⁸ The unremitted taxes resulted from underpayment of taxes and rents, through under-assessment, process manipulation and poor management of agreements between the Federal Government and different companies. According to the Chairman, Ledum Mitee, NEITI was able to recover \$2 billion (N314 billion) being money owed the Federal Government as unremitted taxes by companies operating in the oil, gas and mineral sectors of the economy.¹⁹ The amount also represented cases of under-payments, under-assessment and questionable interpretation of agreements and memoranda of understanding (MOU), between Nigeria and the companies operating in the sector.

In June 2015, the Federal Government launched an investigation to determine whether the country has been short-changed through fraudulent practices of the Nigerian National Petroleum Corporation (NNPC), because the Nigerian Government was reported to be losing huge sums of money through shady contracts in which crude oil worth billions of dollars is given to traders in exchange for refined imports, mainly premium motor spirits. NEITI had said that there was a revenue loss of at least \$600 million due to discrepancy between the value

¹⁷ See, “Ten Years of NEITI Reports-What Have We Learnt? “ Available at, www.neiti.org.ng/?q=node/196. Last accessed 10/4/2016.

¹⁸ See, Ben Agande, “NEITI Uncovers \$9.8bn Unpaid Taxes from Oil Coys, Others” *Vanguard Newspaper*, Tuesday, June11, 2013. p. 15.

¹⁹ *Ibid.*

of the crude oil and the products delivered.²⁰ The figure was taken from its 2009-2011 and 2012 audits of the oil and gas industry.

A few years back, NEITI exposed a huge black hole in Nigeria's finances- an \$800 million discrepancy between companies' payments and government receipts for oil. This led to new regulations of Nigeria's oil sector.²¹

On the positive side, NEITI reported that Nigeria has raked in \$293 billion in taxes from oil firms operating in the country.²² The \$293 billion income for the country is the latest computation of revenue earnings for the oil and gas sector from NEITI covering a six-year period 2006-2012. The payments were made by a combination of 42 oil companies covered by the NEITI Audit process during the period.

NEITI in its independent audit report from 2006-2012 made commendations for the removal of fuel subsidy. The report had argued that the removal of the subsidy will free over N700 billion annually which can be channelled into the provision of infrastructure like roads, education, health service, power, security, creation of jobs and basic benefits for the poor in the society instead of funding the lifestyles of the rich. Recently, it proposed to monitor the extractive industries' revenue transfers to the Treasury Single Account (TSA) of the government in line with its mandate to ensure that Nigeria gains and accounts for all its earnings from her extractive industries.²³ Ogbonnaya Orji,²⁴ who stated this at the Fourth Sustainability in the Extractive Industries

²⁰ See, "FG Probes NNPC Over Crude Oil Swap Deals" *Sunday Sun*, June 14, 2015. p. 7

²¹ See, *The NATION*, Wednesday, February 6, 2013. p. 11

²² Adewale Sanyaolu, "Nigeria Rakes in \$293bn in Oil Taxes" *Daily Sun*, Monday, December 7, 2015. p. 34.

²³ Oscarline Onwuemenyi, *Sweetcrude. A Vanguard Monthly Review of the Energy Industry*, Vol. 07. No. 93 March 2017. p.1 www.vanguardngr.com

²⁴ Acting Executive Secretary of NEITI. As at November, 2015,

Conference, in Abuja, pointed out that NEITI's interest in the TSA is derived from its claims that about 70 per cent of funds transferred into it are from the country's extractive sectors.

On non-remittance of 3.8 billion dollars by NNPC, NEITI reported that the company divested eight assets owned by the country. The country owned 55 per cent of the assets and Shell owned 45 percent. The country's asset were valued at 1.8 billion dollars from its 55 per cent and Shell 2.7 per cent from its 45 per cent. The assets were divested to NPDC which paid only 100 million dollars out of the 1.8 billion dollars. The proper value of what Shell got from its own 45 per cent would have been 3.4 billion dollars; meaning that the assets were valued at a discounted price and loss of almost 50 percent. The country also lost 5.18 billion dollars to Crude Oil for Product Swap and Oil Shore Processing arrangement in one year.²⁵

Solid Mineral sector

According to NEITI/CBN report, "total revenue from the solid mineral sector amounted to N31.449 billion in 2012 composed of 84.18 per cent taxes received by the Federal Inland Revenue Services and mining taxes."²⁶ The sector accounted for an average of 0.02 per cent of the total export earnings for the year 2012.²⁷

Although NEITI's activities in the solid mineral sector has not been quite as robust, it has however revealed Federal, states and local governments are losing about 50 million naira annually from untapped resources that abound in the country. That loses from untapped alone is about 8 trillion naira. These are monies that should have accrued to the Federation account from royalties, taxes, charges, and other fees that individuals and companies

²⁵ Emeka Anaeto, NEITI says Nigeria Loses Over \$5.9bn in 2013 to Oil Theft. *Vanguard*, Thursday July 21, 2016. p 23

²⁶ Gabriel Omoh, and Tom Moss, "Nigeria Loses N50trn Annually from Untapped Natural Resources." *Vanguard*, Monday, June 29, 2016. P. 9

²⁷ *Ibid.*

operating in the solid mineral sector if the Federal government had paid enough attention to the development of the sector. This would have cushioned the country from any financial crisis occasioned by fall in oil price. NEITI found that the concerned government agencies have no records of any royalty or payments from the export of solid minerals out of Nigeria despite the continued mining and smuggling of the natural resources across the country. Ogbonnaya Orji²⁸ had stated that solid minerals like gold and barites were incessantly being smuggled out of the country and stressed that the development must be checked.

He observed that there is poor synergy between various government agencies such as the Ministry of Mines and Steel Development, Central Bank of Nigeria, Nigeria Customs Service, Nigeria Export Promotion Council and the Cadastral Office on tracking and keeping of records on exported solid minerals.²⁹

Its strident revelations and audits reports have effectively brought to an end, an era when tax and royalty payments made by companies were a secret at the disposal of the exclusive few. This has brought sanity into the nation's extractive industry.

NEITI applauds the sweeping reforms so far carried out and expects that the new team in NNPC will find courage to implement all other NEITI recommendations³⁰ which include installation of modern and standard metering infrastructure to measure crude production and investigating the pending issues of assignment of over eight oil wells by the NNPC to NPDC without consideration to value for money.

²⁸ Orji, who was represented by NEITI's Acting Director, Communications, Obiageli Onuorah, spoke during the International Anti-corruption Day celebration in Abuja on Wednesday, December 8, 2015. Available at, www.news24.com.ng/efcc-to-stage-march-on-anti-corruption-day. Last accessed on 22/4/2016.

²⁹ *Ibid.*

³⁰ *Ibid.*

There is little doubt that the ongoing reforms in the NNPC are anchored on NEITI Audit Report in which the rot in the corporation was laid bare. The naming and shaming of offenders has surely proved and will continue to be a deterrent in the future. Every misdirected Naira detracts from the attainment of socio-economic wellbeing of the citizens of Nigeria which is the essence of good governance.

5. Findings

It has been observed that there is no statutory obligation to disclose beneficial ownership in the sector. The lack of a legal framework to compel companies to disclose their real owners has helped in no small measure to fuel corruption such that politically exposed persons and senior government officials profit from the country's mineral resources, either by using surrogates to front for them, or using ownership structures that do not provide sufficient information about the true identities of the natural persons behind the title thereby allowing influential officials to use their positions to extract maximum rent from the country's mineral resource with little or no benefit to the citizens. A case in point is OPL 245 and Malabu Oil.³¹

Happily, NEITI has picked up the gauntlet by disclosing that it intends to push for the enactment of a specific law that would compel companies operating in the extractive industry to abide by strict Beneficial Ownership Disclosure,³² that would increase government revenues, build confidence between investors and their partners; local and foreign; reduce the incidence of corruption, money laundering and cut off funding for drug lords and terrorists. It also seeks to achieve operational excellence in regulation and enforcement across the extractive

³¹ Michael Eboh, "NEITI Seeks Law Enforcing Beneficial Ownership Disclosure in Extractive Sector." *Vanguard*, Tuesday, September 20, 2016, p. 23.

³² *Ibid.*

industries; to develop an effective comprehensive framework for the delivery of effective audit, continuous monitoring and evaluation, stronger regulation, enforcement and compliance management.

6. Recommendations

Even though Nigeria has a large and vibrant economy, it still has to deal with poverty, and a lot of inequality, and those two components are certainly the drivers for reform. Therefore, increased funding and support from government is recommended to enable NEITI meet up with its operations and activities, because automation of NEITI audit process, data gathering and management, capacity building for NEITI staff, the media and the civil society as well as wide dissemination of the audit reports, have been identified as major challenges.³³

The various other areas in the NEITI law identified for possible amendment by the National Assembly include the provisions for access to information; inclusion of confidentiality clauses in joint venture contracts; structure of the governing board; the powers of the Executive Secretary and the ability of NEITI to enforce sanctions against defaulting operators.

Specifically, it is proposed that a funding model that would enable NEITI draw financing for its activities directly from the Natural Resources Development Fund, like the Niger Delta Development Commission, (NDDC), and other special intervention agencies be established. The composition of the

³³ The identified challenges were contained in a call made by the erstwhile Acting Executive Secretary of NEITI, Ogbonnaya Orji, in Abuja at a meeting in December 2015, with development partners and representatives of the World Bank, DFID, European Union, Oxfam and major Diplomatic missions. See, Michael Eboh, "NEITI Seeks Funding, Support in Quest for Oil Sector Transparency", *Vanguard Newspaper*, Tuesday, December 15, 2016. p. 24.

National Stakeholders Working Group, (NSWG) which is the NEITI Board, should include experienced professionals with track record of competence and integrity as against politicians.

In the solid mineral sector, the importance of checking the incessant smuggling of solid minerals out of Nigeria cannot be overlooked. These illegal activities should be checked through a deliberate creation of borders at strategic points across the country and the regulation of the activities of foreign nationals operating in the solid minerals sector in line with best practices in the industry.

7. Conclusion

Unfavourable fiscal regime and transparency issues have been identified as reasons for the low investment inflow into the extractive industries and lack of good governance. What Nigeria needs is more strong democratic institutions like NEITI that will stand the test of time. Without good governance, no amount of oil or effort can guarantee her success. But with good governance, nothing can stop Nigeria.

President Muhammadu Buhari has pledged that his administration will enforce regulations to stop financial leakages and adopt global best practices in generating more revenue to mitigate the effect of dwindling oil prices on the Nigerian economy, by enforcing greater discipline, probity, and accountability in all revenue generating agencies of the Federal government.³⁴

The push for more transparency on how government spends their money; on how extractive industries operate in order to recover stolen assets and return them appears, is a tall order; the ambition is big, but there are no apologies for that.

³⁴ President Muhammadu Buhari gave this assurance when he received the IMF boss, Christine Lagarde at the Presidential Villa, Abuja, in January 2016. See, Emeka Anaeto and Livinus Nwabughio, above, p.8.

By providing credible information and data on revenue generation, collection and management of extractive industries, NEITI has proved to be the tool that will help to eradicate absolute poverty in Nigeria; breaking the vicious cycle of treating the causes of poverty and not just its symptoms. NEITI's intervention has led to increasing public demands for accountability, and triggered the on-going reforms in the oil, gas and solid mineral industries. If the momentum is sustained, there is little doubt that Nigeria's natural resources can actually enrich the people of Nigeria.

Transparency and accountability at all levels of the economy are very important agenda item and very ambitious goal that needs to be pursued. It is an ethical issue whose time has come. As David Cameron³⁵ puts it;

Transparency is key to development and good governance. We live in an open world; an internet age where almost everything finds its way into the public domain via the internet.

There is therefore no reason why the resource base of the country should operate and navigate its way in secrecy enabling operators to milk the country and stripping her of mineral resources behind a veil of secrecy.

Entrenching transparency and accountability in the extractive industries in Nigeria is critical to the eradication of poverty and entrenchment of good governance. As Nigeria strives to determine its economic priorities, it is certain that not much can be achieved economically while massive corruption is prevalent because corruption is a radicalizer which destroys faith in

³⁵ Cameron, note 3.

legitimate authority. NEITI activities should be supported by all and sundry to keep the industry operators and government agencies on their toes. Any infraction should be subjected to the full force of the criminal law.

Competing in the global race is about the wider economy we operate in, the rules that shape it, the fairness and openness that characterize it. The activities of the extractive industries cannot continue to be shrouded in opaqueness and lack of transparency as this is antithetical to good governance in a decent democracy.

The beginning of good governance which is the responsibility of all tiers of government is openness and transparency because no matter what else is done, as long as one arm of the government shrouds its financial administration and management in opaqueness and practices rife in corruption, only very little, if anything at all can be achieved in putting the country on the path of sustainable and enduring democratic system, development and progress. Governance without transparency is a mockery of democracy.

The reconstituted board of NEITI has outlined its priorities, to translate the implementation of the global EITI principles into improved quality of life for Nigerians.³⁶ Nigeria's membership of the global EITI has thus enthroned a regime of openness and voluntary public disclosure in the industry. It has awakened and sensitised Nigeria on what needs to be done and thereby earning a place in Nigeria's socio-economic space as a partner in the advancement of good governance.

Projecting into the future, it can be said that the agency's intervention in the extractive industries operations will help resolve some of the country's key national development challenges. This means that the process of developing the capacity

³⁶ President Muhammadu Buhari recently dissolved the board of NEITI and reconstituted a new NSWG to be chaired by Waziri Adio. Available at, www.preiuntimesng.com Last accessed On 7/4/2016.

of domestic institutions- such as the legislature, auditor general, financial markets, the press-as well as the public and non-governmental organizations, to hold the government accountable for fiscal policy and fiscal management has well and truly begun. The resources of the country will now benefit the people and pay well for their economic growth and development because good governance and the provision of social amenities are inexorably interlinked.

With the activities of NEITI so far, it can conveniently be said the era of secrecy is at an end. The monumental fraud that hitherto plagued the industries in the past may now abate. The fear of exposure by NEITI is surely a deterrent, and the resources can now actually enrich the people of the country instead of a few greedy ones.

The journey to good governance in Nigeria can be said to have well and truly begun; spearheaded by NEITI, which has proved itself a worthy partner in the process. In addition to being a watchdog organisation, it is also a critical player in the Nigerian economy. It is not only a useful entry point into a difficult environment but a footstool for government to entrench transparency, accountability and due process in the activities of the Nigerian extractive industry's operating processes leading to new regulations of Nigeria's oil sector-so the richness of the earth can actually enrich the people of the country.