



TOPE ADEBAYO LP

A large offshore oil platform with multiple white cylindrical storage tanks and yellow structural elements, situated in the blue ocean under a clear sky. The platform is complex, with various pipes, ladders, and cranes visible.

KEY ACHIEVEMENTS AND CHALLENGES OF THE **NIGERIAN** EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (NEITI)

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1.0 INTRODUCTION

Nigeria ranks as the 15th largest oil producer globally¹ and the leading producer on the African continent.² It also holds the largest proven natural gas reserves in Africa.³ The oil and gas sector constitutes the backbone of the Nigerian economy, reportedly accounting for approximately 65% of government revenue and over 85% of total export earnings. In contrast, the solid minerals sector remains grossly underdeveloped, contributing less than 1% to the national GDP⁴, despite confirmed deposits of commercially viable minerals in all 36 states and the Federal Capital Territory.

However, for decades, issues such as revenue mismanagement, corruption, and inefficiencies in the sector have hindered the country's ability to maximize the benefits of its resource wealth. The Nigeria Extractive Industries Transparency Initiative (NEITI) was established as a response to these challenges, aiming to provide independent oversight and ensure that the government and private sector actors adhere to global transparency standards. NEITI operates under the global Extractive Industries Transparency Initiative (EITI) framework, which promotes the open and accountable management of oil, gas and mineral resources.⁵ NEITI's mandate includes conducting regular audits, advocating for evidence-based policy reforms, and fostering accountability across government and industry stakeholders.

Given the extractive sector's pivotal role in Nigeria's fiscal stability and national development, transparency is not merely an aspiration; it is imperative. This article critically examines NEITI's principal achievements and the challenges it faces in advancing sustainable resource governance in the extractive sector.



2.0 NEITI LEGAL FRAMEWORK

NEITI operates under the legal authority of the NEITI Act, 2007, which establishes it as an autonomous body aligned with EITI. The Act mandates NEITI to promote transparency, accountability, and good governance in Nigeria's extractive sector through periodic audits, monitoring of revenue flows, and enforcement of international best practices.⁶ NEITI reports directly to the President and the National Assembly⁷ and is governed by the National Stakeholders Working Group (NSWG),⁸ a multi-sectoral oversight body responsible for audit approval, regulatory enforcement, and policy coordination.

The Act provides for stringent compliance mechanisms,⁹ including penalties for non-disclosure and fraudulent reporting of production volumes, sales, income or statements of account. Companies that submit false information or wilfully or negligently fail to perform their obligations under the Act may be liable to fines of not less than N30 million, repayment of withheld revenues, and potential revocation of their licenses. Individuals may also be fined no less than N5 million or face up to two years' imprisonment. Additionally, the President, upon

⁰¹ <https://www.statista.com/topics/6914/oil-industry-in-nigeria/#topicOverview> Accessed 6 May 2025

⁰² <https://www.nuprc.gov.ng/nigeria-leading-crude-oil-producer-in-africa/> Accessed 6 May 2025

⁰³ <https://www.statista.com/statistics/1387331/proved-natural-gas-reserves-in-nigeria/> Accessed 6 May 2025

⁰⁴ <https://eiti.org/countries/nigeria> Accessed 27 March 2025

⁰⁵ <https://eiti.org/our-mission> Accessed 27 March 2025

⁰⁶ NEITI Act 2007, Sections 2 & 3

⁰⁷ Ibid, Section 1

⁰⁸ Ibid, Section 5

⁰⁹ Ibid, Section 16

the NSWG's recommendation, may also suspend or revoke licenses for persistent violations. Through these enforcement powers, the NEITI Act seeks to institutionalize transparency, mitigate corruption, and ensure that Nigeria's resource wealth is harnessed for sustainable national development.

3.0 KEY ACHIEVEMENTS OF NEITI

Improved Revenue Transparency

A core function of NEITI is the conduct of periodic audits of the oil, gas, and solid minerals sectors. These audits provide comprehensive evaluations of revenue flows, production data, and the operational frameworks guiding Nigeria's extractive sector.¹⁰ By enhancing transparency, NEITI's audit reports have exposed financial discrepancies and improved the accuracy of revenue collection. Prior to NEITI's establishment, revenue inflows and outflows in the sector were shrouded in opacity, hindering effective oversight and accountability.

Its 2021 Oil and Gas Industry Report disclosed that the sector contributed \$23.046 billion to the national economy, a 12.82% increase from \$20.430 billion in 2020. Similarly, the solid minerals sector recorded N193 billion in revenue, marking a 30% increase from N143 billion the previous year. The report highlighted improved compliance, with 94% of oil and gas companies and 87% of solid minerals operators meeting disclosure standards. Notably, unresolved financial discrepancies were reduced to less than 1% of total revenues, reflecting enhanced reconciliation processes as a result of NEITI's audit reports.¹¹

By tightening oversight and subjecting extractive payments to greater scrutiny, NEITI

has significantly curtailed illicit financial flows and corruption, ensuring a larger share of resource revenues is directed to the national treasury.



Legislative Reforms and Governance Improvements

NEITI has emerged as a pivotal actor in the reform of Nigeria's extractive sector, particularly through its policy advocacy and evidence-based recommendations, through its periodic briefs, occasional papers and quarterly reviews, significantly influencing legislative and regulatory change. A notable example is its contribution to the enactment of the Petroleum Industry Act (PIA),¹² 2021, a transformative statute that restructured the governance, fiscal, and operational framework of the oil and gas sector. NEITI's sustained push for institutional reform, enhanced transparency, and beneficial ownership disclosure played a critical role in embedding accountability mechanisms into the PIA. In its 2016 policy brief, "The Urgency of a New Petroleum Sector Law", NEITI underscored that Nigeria had incurred over \$120 billion in revenue losses due to the protracted delay in passing the PIA, as investors diverted capital to

¹⁰ <https://neiti.gov.ng/audits/oil-and-gas> Accessed 27 March 2025

¹¹ <https://www.thisdaylive.com/index.php/2024/08/24/neiti-oil-gas-industry-contributed-23-0456bn-to-the-nigerian-economy-in-2021/> Accessed 27 March 2025

¹² Sections 7(f), 74, and 83 highlight some of the critical frameworks in the Act that uphold accountability and transparency in the oil and gas industry.

more stable jurisdictions.¹³ This publication, among others, generated national discourse and built momentum for legislative action.

In 2019, [‘NEITI’s brief on Production Sharing Contracts \(PSCs\)’](#) exposed revenue losses estimated between \$16 billion and \$28 billion, resulting from the government’s failure to trigger a contractually mandated 15-year review of the 1993 PSCs. These findings contributed directly to the subsequent review and adjustment of PSC terms and royalty rates in 2019.



Beyond fiscal oversight, NEITI has also been instrumental in advancing contract transparency. Its advocacy led to Nigeria becoming the first African country to implement beneficial ownership disclosure in the extractive sector, a significant step in deterring corruption and illicit financial flows. In 2019, NEITI launched a public register disclosing the beneficial owners of extractive companies

covered by its 2012–2018 audit reports.¹⁴ This transparency initiative was further institutionalized through the PIA, which mandates all oil and gas companies to disclose their ultimate beneficial owners.¹⁵ Additionally, the Mining Cadastral Office (MCO) reported a revenue increase of over 100% since integrating beneficial ownership data into its license renewal process,¹⁶ illustrating the practical value of this reform.

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC)¹⁷ has further reaffirmed its commitment to partnering with NEITI to strengthen compliance with contract transparency and ownership disclosure requirements. These collaborative efforts underscore NEITI's strategic role in institutionalizing governance reforms that align resource exploitation with national development goals and poverty reduction strategies.

Recovery of Unremitted Funds

Through its audit reports, NEITI has uncovered substantial financial discrepancies, including billions of dollars in unremitted royalties, taxes, and levies owed by oil and gas companies. Historically, a major challenge in Nigeria's extractive sector has been the persistent failure of industry operators to fulfil their statutory financial obligations to the government. NEITI's disclosures have spotlighted these deficiencies and facilitated inter-agency collaboration to drive enforcement and recovery efforts. Notably, NEITI has partnered with the Economic and Financial Crimes Commission (EFCC)¹⁸ and other anti-corruption bodies to recover outstanding payments and reinforce fiscal accountability across the sector.

¹³ <https://www.minesandsteel.gov.ng/wp-content/uploads/2016/09/Policy-Brief-on-Petroleum-Sector-Law-Final.pdf> Accessed 4 April 2025

¹⁴ <https://eiti.org/countries/nigeria> Accessed 4 April 2025

¹⁵ Petroleum Industry Act (PIA) 2021, Section 7 (f) (ii)

¹⁶ <https://neiti.gov.ng/cms/nigerias-journey-into-beneficial-ownership-disclosures-by-orji-ogbonnaya-orji/#:~:text=On%20legal%20framework%2C%20Nigeria%20initiated,law%20on%20August%207%2C%202020.> Accessed 4 April 2025

¹⁷ <https://www.nuprc.gov.ng/nuprc-to-work-with-neiti-to-deepen-contract-transparency-disclosure/> Accessed 27 March 2025

¹⁸ <https://www.efcc.gov.ng/efcc/news-and-information/news-release/6732-efcc-neiti-to-strengthen-collaboration-against-corruption-in-the-extractive-sector> Accessed 6 May 2025



The impact of these recoveries has been both financial and systemic. In early 2024, NEITI announced its collaboration with the EFCC to recover approximately \$6 billion and N66 billion from defaulting oil and gas entities.¹⁹ The 2021 NEITI audit report further revealed that the Nigerian National Petroleum Corporation (NNPC) failed to remit \$1.95 billion, representing 8.47% of total reported revenue, to the Federation Account.²⁰ Following NEITI's intervention, a significant portion of these unremitted funds was recovered. From the \$8.26 billion in unpaid liabilities identified in the same report, over \$4.85 billion has since been recovered.²¹ In a related development, the EFCC confirmed the remittance of N1 billion to the Federal Government based on findings from prior NEITI disclosures.²²

The impact of these recoveries extends beyond financial gains. The enforcement of payments has set a precedent that companies must comply with their financial obligations, ultimately increasing confidence in the sector.

Compliance with EITI Global Standards

Nigeria's sustained implementation of the Extractive Industries Transparency Initiative (EITI) framework has significantly elevated its international reputation in the governance of natural resources. As the foremost African country in the EITI movement, Nigeria has set a precedent for transparency and accountability in the extractive industries. The country's adherence to the EITI Standard has enhanced its attractiveness to foreign investors by signaling a commitment to responsible and transparent resource management, a critical consideration in investment decision-making.

Nigeria's performance under the EITI framework has yielded notable achievements. In 2011, the country was first designated as EITI-compliant in Paris. By 2017, Nigeria became one of 51 member countries to be validated for implementing transparency and accountability in its extractive industries.²³ In 2019, the EITI Board awarded Nigeria the prestigious "Satisfactory Progress" rating, placing it alongside Norway as two of the seven countries to have achieved Satisfactory Progress out of the 33 EITI countries that have gone through validation so far, meeting all the requirements of the 2016 EITI Standard.²⁴ Notably, Nigeria's 2018 oil and gas report was published nine months ahead of the EITI deadline, marking a first in its reporting history and reflecting improved institutional efficiency.²⁵ More recently, in 2023, the EITI Board scored Nigeria 72 out of 100 in EITI implementation, commending the country for its extensive EITI reporting and gradually strengthened systematic disclosures.²⁶

Despite Nigeria's broader governance challenges, its leadership within the EITI underscores a compelling narrative of reform, commitment, and

¹⁹ <https://punchng.com/neiti-efcc-collaborate-to-recover-6bn-n66bn-crude-proceeds/> Accessed 6 May 2025

²⁰ <https://neiti.gov.ng/cms/unremitted-revenue-rises-to-8-26bn-neiti-latest-oil-and-gas-report-reveals/> Accessed 6 May 2025

²¹ <https://www.thisdaylive.com/index.php/2025/03/29/neiti-announces-recovery-of-4-85bn-from-8-26bn-liability-disclosures-in-2021-oil-gas-report/> Accessed 6 May 2025

²² <https://neiti.gov.ng/cms/oil-gas-sector-owes-fgn-over-6-billion-n66-billion-latest-neiti-report/> Accessed 6 May 2025

²³ <https://www.nnpcc.gov.ng/2017/01/19/global-body-commends-nigeria-improved-transparency-extractive-industry/> Accessed 6 May 2025

²⁴ <https://www.thisdaylive.com/index.php/2019/03/18/nigerias-latest-eiti-ranking/> Accessed 6 May 2025

²⁵ <https://www.worldbank.org/en/news/feature/2020/06/12/nigeria-publishes-eiti-report-in-record-time-setting-new-standards-for-reporting> Accessed 6 May 2025

²⁶ <https://eiti.org/news/nigeria-achieves-moderate-score-eiti-implementation> Accessed 6 May 2025

progress. NEITI has further expressed its ambition to achieve an outstanding validation result in the next EITI review cycle, slated for January 2026,²⁷ a goal that, if achieved, would further consolidate Nigeria's position as a global leader in resource governance.

4.0 KEY CHALLENGES FACING NEITI

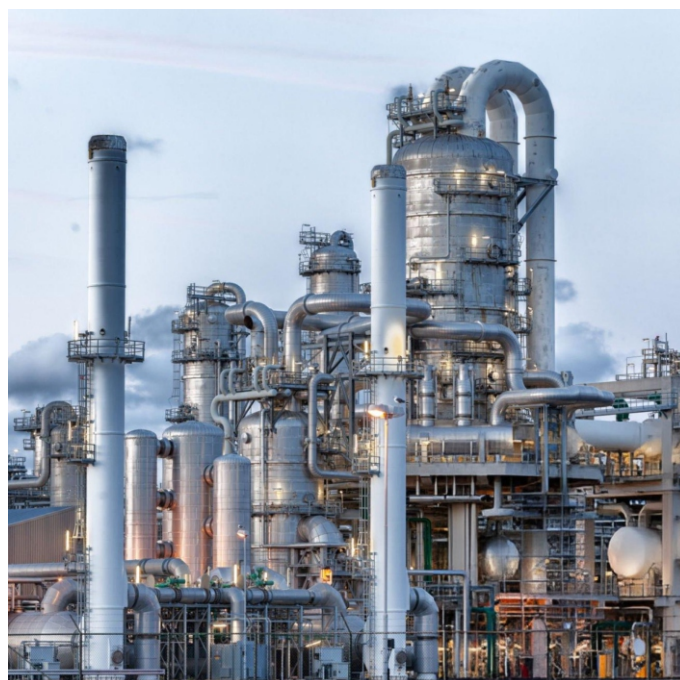
Implementation Gaps and Institutional Resistance

Despite the commendable steps of NEITI's policy recommendations, enforcement continues to be uneven and largely ineffective. Government agencies and private sector actors routinely resist full implementation, thereby undermining the overall impact of transparency and accountability initiatives within Nigeria's extractive sector. While NEITI is empowered to recommend reforms and expose discrepancies, it lacks the statutory mandate to compel enforcement, relying instead on other institutions to act decisively on its findings.

In addition, NEITI's audit exercise and recommendations have been blocked by slow government processes, powerful interests protecting their benefits, and a general unwillingness to be transparent. Many companies use complex structures to hide the true identities of their owners, which makes it harder to track who benefits from extractive deals. Some government agencies also provide incomplete or inconsistent information, making it difficult for NEITI to carry out full audits of revenue flows.²⁸

Revenue Losses and Corruption Risks

Corruption remains an entrenched obstacle in Nigeria's extractive sector, perpetuating illicit financial flows and persistent revenue leakages.



The absence of full transparency and accountability in remittance processes continues to undermine efforts to optimise government revenue from natural resource exploitation.

According to the NEITI 2023 Industry Report, revenue-generating agencies collectively owe the Federal Government an estimated N9.3 trillion in unremitted liabilities.²⁹ This staggering figure underscores deep-rooted financial mismanagement and a systemic failure to enforce fiscal discipline across key institutions within the sector.

Even though NEITI continues to expose these problems, the bigger issue is widespread corruption. Corrupt practices and weak regulation protect powerful individuals from being held responsible, making it hard to fix the situation. As a result, Nigeria loses billions of dollars each year, money that could help grow the economy. In fact, as reported, the unpaid revenues could cover about 72% of the federal government's projected N13 trillion budget deficit for 2025.³⁰

²⁷ <https://neiti.gov.ng/cms/neiti-fully-committed-to-achieving-excellent-validation-outcome-by-january-2026/> Accessed 6 May 2025

²⁸ [https://neiti.gov.ng/cms/unremitted-revenue-rises-to-8-26bn-neiti-latest-oil-and-gas-report-reveals/#:~:text=UNREMITTED%20REVENUE%20RISES%20TO%20\\$8.26BN%2C%20NEITI%20LATEST,on%20Section%2016%20\(2\)%20of%20Nigeria's%20Constitution.](https://neiti.gov.ng/cms/unremitted-revenue-rises-to-8-26bn-neiti-latest-oil-and-gas-report-reveals/#:~:text=UNREMITTED%20REVENUE%20RISES%20TO%20$8.26BN%2C%20NEITI%20LATEST,on%20Section%2016%20(2)%20of%20Nigeria's%20Constitution.) Accessed 12 May 2025

²⁹ <https://punchng.com/revenue-generating-agencies-owe-fg-n9-3tn-neiti/> Accessed 12 May 2025

³⁰ <https://www.thisdaylive.com/index.php/2025/03/29/neiti-announces-recovery-of-4-85bn-from-8-26bn-liability-disclosures-in-2021-oil-gas-report/> Accessed 12 May 2025

Data Gaps and Reporting Challenges

Gaps in data and delays in accessing industry information continue to weaken the impact of NEITI's audits. According to the [2023 NEITI Solid Minerals Report](#), 110 companies met the materiality threshold³¹ and were included in the audit. However, 41 of these companies failed to respond or submit the required templates. This lack of cooperation reduces the accuracy and completeness of the audit findings. Although the NEITI Act provides for punitive measures against defaulters, the lack of visible enforcement or known sanctions against non-compliant companies undermines its deterrent effect and increases the risk that currently compliant entities may become non-compliant in future audits.

Additionally, the report highlights that weak oversight by regulatory agencies has led to poor record-keeping practices in the solid minerals sector. This lack of proper documentation has caused substantial revenue losses for both federal and state governments, as it hinders the accurate assessment and collection of statutory payments. It also significantly constrains NEITI's ability to conduct thorough and effective audits.

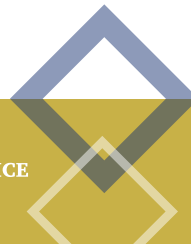
Regarding Beneficial Ownership disclosure, the [2023 NEITI Oil and Gas Report](#) noted that the NUPRC's Beneficial Ownership Portal (NOGABOR) only listed 96 individuals, with some entries still naming companies instead of individual owners. This lack of transparency undermines efforts to identify who truly controls companies operating in the sector.



5.0 CONCLUSION

NEITI has made notable progress in advancing transparency within Nigeria's extractive industries. However, the challenges outlined above continue to undermine its overall effectiveness. To sustain and build upon its achievements, there is a critical need for strengthened enforcement mechanisms, enhanced collaboration, and improved data reporting. It is imperative that all stakeholders, including the government entities, the private sector, and civil society, remain actively committed to ensuring that the nation's resource wealth is managed responsibly for the benefit of all Nigerians.

³¹ The materiality threshold in audit sets the quantitative 'monetary value' and qualitative 'nature of the item' benchmarks that auditors use to evaluate the significance of errors, omissions, or inaccuracies in financial disclosures. Within the mining sector, failure to meet this threshold signals potentially material discrepancies that undermine the integrity and transparency of reporting, issues that can significantly impact investor confidence, regulatory compliance, and operational credibility.



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