



EITI AS A PRIMER FOR SUSTAINABLE DEVELOPMENT: A CASE STUDY OF NIGERIA

Mr. Val Uche Obi SAN ¹ 

1. Managing Partner, Alliance Law Firm, Lagos State. Email address: uche.obi@alliancelawfirm.ng.

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Nigeria is richly endowed with abundant natural resources in the extractive sector. Nigeria has keyed into the Extractive Industry Transparency Initiative's standards, principles and practices (EITI) to promote transparency, accountability and good governance in the extractive sector. Signing into EITI and establishing the Nigerian Extractive Industry Transparency Initiative (NEITI) marks a watermark in Nigeria. This article argues that EITI, through promoting transparency and accountability, has impacted the facilitation of sustainable development in Nigeria. Even with the progress made in the institutionalisation of EITI and promotion of extractive industry governance in Nigeria, some challenges have impacted the actualisation of the goals of EITI in Nigeria. Areas such as the need for enhanced data quality, improvement in institutional capacity, and expansion of local participation in the management resources for inclusive development will need to be addressed. With the need to enhance sustainability in the extractive industry in Nigeria, EITI continues to be an essential force to be reckoned with, going by its mandate to strengthen transparency and accountability in the extractive sector. If these challenges are addressed, there will be more significant opportunities for economic prosperity in Nigeria, and more avenues for social transformation will be opened.

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INTRODUCTION

Nigeria is endowed with abundant natural resources distributed in different quantities. It has a vast reserve of oil, gas, and minerals, offering opportunities for economic development.¹ Like other resource-rich countries, the desire will be for the benefits of natural resource exploitation to be translated for the good of the people and to meet their needs. That is, the natural resources should amount to blessings instead of curses.² Over the years, Nigeria has derived its foreign exchange earnings from natural resources without the government meeting its obligations to the people.³ Within the existing framework for transforming the natural resource sector in every nation, there is a desire to ensure that resources are utilised and appropriately allocated for the people's good. It is, therefore, imperative that the sector develop effectively through the existence of regulatory and institutional frameworks that support the transformation. One of the principal considerations in transforming the natural resources sector is ensuring that the resources are utilised for sustainable development. Thus, a hallmark for achieving sustainable development is that the management of natural resources should be based on transparency and accountability.⁴

The resources must be generated, allocated and effectively utilised to attain sustainable development goals.⁵ This will be possible if a mechanism that monitors it more transparently and accountable exists. Thus, the people can therefore hold the government or companies responsible.⁶ This monitoring mechanism has mainly been nonexistent in many countries rich in natural resources such that corruption and other related vices have undermined the vast opportunities that the citizens of these countries could have enjoyed.⁷

Most resource-rich countries have been characterised by what is known as the resource curse.⁸ The resource curse is a term that has been used to describe a nation's high

¹ RA Badeeb, HH Lean and J Clark, 'The Evolution of the Natural Resource Curse Thesis: A Critical Literature Survey' (2017) 51 Resources Policy 123, 123–124.

² E Kasekende, C Abuka and M Sarr, 'Extractive Industries and Corruption: Investigating the Effectiveness of EITI as a Scrutiny Mechanism' (2016) 48 Resources Policy 117, 117.

³ Ricardo Soares de Oliveira, *Oil and Politics in the Gulf of Guinea* (Hurst and Company 2007) 49–50.

⁴ See Andrew Williams, 'Shining a Light on Resource Curse: An Empirical Analysis of the Relationship between Natural Resources, Transparency and Economic Growth' 39(4) World Development 490, 490.

⁵ EITI, How the EITI Contributes Towards Meeting the Sustainable Development Goals, https://eiti.org/sites/default/files/attachments/eiti_and_the_sdg_targets_nov_2016.pdf, accessed 12 June 2024.

⁶ Pavli Lujala, Siri Aas Rustad and Sarah Kettenmann, 'Engines for Peace? Extractive Industries, Host Countries, and the International Community in Post-Conflict Peacebuilding' (2016) 7 Natural Resources 239, 245.

⁷ Carl Henrik Knutsen, Andreas Kotsadam, Eivind Hammersmark Olsen and Tore Wig 'Mining and Local Corruption in Africa' (2017) 61(2) American Journal of Political Science 320–334, 320.

⁸ See RM Auty, *Industrial Policy Reform in six Large Newly Industrializing Countries: The Resource Curse Thesis* (World Bank 1994) 11–27.

dependence on its mineral resources, so much that rather than having those resources be a source of bliss, they contribute to the downward growth of the nation's economy and general well-being.⁹ There are cases of persistence in poverty, inequality, and underdevelopment in the more significant part of the population. This has also been seen in the case of Nigeria, where, in the past, the extractive industry has been found wanting in mismanagement, opacity, and corruption, particularly in the petroleum sector.¹⁰ Most of the revenue generated from exploiting natural resources has been said to have failed to offer tangible benefits for the broader population. They are believed to be siphoned off through illicit means or misallocated. Besides, the main attention has been placed on the oil and gas sector, which is seen as the sector for attention by all government organs and persons agitating for a share of petroleum resources.

The global need to address transparency and accountability challenges in the natural resources sector has led the international community to take some measures to foster openness.¹¹ The Extractive Industries Transparency Initiative (EITI) is essentially a part of a 'broader wave of information-based governance schemes.'¹² Over time, the EITI was established as a global body to address the challenges of nations keying into it to reform their extractive industries¹³.

This article demonstrates that EITI is essential for actualising sustainable development in Nigeria. While there are indications that its impacts have yet to translate to sustainable development fully, it has nevertheless contributed to sustainable development through its pursuit of accountability and transparency in Nigeria. Therefore, this article examines the extent to which the EITI has transformed the extractive sector in Nigeria to realise sustainable economic development and meet the country's needs.

NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (NEITI)

In Nigeria, the EITI was first introduced as an international soft law to give direction for the institutionalisation of mechanisms for fostering the actualisation of transparency and accountability in the extractive sector through the creation of legal and institutional frameworks. By 2007, the NEITI Act was passed into law by the National Assembly and assented to by President Olusegun Obasanjo. The NEITI Act 2007 provides the

⁹ Barrak Ghanim Algharabali and Saud Asaad Al-Thaqeb, 'The Natural Resource Curse: Is it Really a Curse?' (2023) 13(4) 237-245.

¹⁰ AA Akinrele, 'Transparency in the Nigerian Oil and Gas Industry' (2014) 7(3) *Journal of World Energy Law and Business* 220, 222.

¹¹ Kerem Öge, 'Which Transparency Matters? Compliance with Anti-corruption Efforts in Extractive Industries' (2016) 49 *Resources Policy* 41, 41.

¹² Thijs Van de Graaf and Jeff Colgan, 'Global energy governance: a review and research agenda' (2016) 2 *Palgrave Communications* 1, 6.

¹³ See generally Cecily Rose, *International Anti-Corruption Norms: Their Creation and Influence on Domestic Legal Systems* (Oxford 2015) 133-176.

framework for stakeholders to promote transparency and responsible resource governance in Nigeria. The NEITI Act is based on the original conception of EITI of 2003, which set a clear agenda for transparency, accountability, and good governance as essential prerequisites for harnessing the potential of natural resource wealth for sustainable development. According to the EITI:

The EITI was founded on the shared belief that public understanding of government revenues and expenditures over time could help inform public debate and policies that support sustainable development. More than one-fifth of EITI-implementing countries depend on revenues from the extractive sector, which underscores the importance of ensuring that these funds are managed transparently and responsibly for the benefit of citizens.¹⁴

Thus, as a significant avenue for addressing opaque practices of the extractive industries through EITI and NEITI, citizens, civil society, and governments demand greater accountability and oversight within the governance framework and investment in the country's natural resources.

SUSTAINABLE ECONOMIC DEVELOPMENT AND THE ROLE OF ACCOUNTABILITY AND TRANSPARENCY

The EITI, as an international accountability and transparency entity, focuses on the governance of oil, gas and mineral resources.¹⁵ The idea behind it is to promote governance that fosters resource development.¹⁶ The sector has been a critical sector in which the question of sustainable development has been placed as a significant consideration.¹⁷ The core considerations in the extractive industries are how sustainability can be actualised. Extractive resources are seen as value creation for

¹⁴ EITI, *Anniversary Report 2023: Twenty years of Extractives Transparency* (EITI, 2023) 28.

¹⁵ Olayinka Moses, Muhammad Nurul Houqe, Tony van Zijl, 'What is the economic value of the Extractive Industries Transparency Initiative (EITI) information disclosure?' (2018) 14(2) *Journal of Contemporary Accounting & Economics* 216, 216.

¹⁶ Lars Buur, Ole Therkildsen, Michael W. Hansen and Mette Kjær, *Extractive Natural Resource Development: Governance, Linkages and Aid* (DIIS Report 2013:28), 66, https://www.diis.dk/files/media/publications/import/extra/diis-rp-2013-28_extractive-dev_lbu-mfl_web_1.pdf, accessed 12 June 2024.

¹⁷ See EITI, *Freedom of Opinion and Expression and Sustainable Development – Why Voice Matters*, <https://www.ohchr.org/sites/default/files/documents/issues/expression/cfis/sustainable-development/subm-sustainable-development-freedom-of-expression-others-citi-11.pdf>, accessed 12 June 2024.

sustainability.¹⁸ The natural resources should be an avenue for wealth creation. The resources should create avenues for investments, trade, infrastructure development and employment opportunities. The extractive resources should bring about revenue that accrues to companies and the government generated through the fiscal and tax regimes. The government should effectively utilise the resources to enhance economic development and advancement of the growth of the people through the provision of services in the form of education, social amenities and other values. In the utilisation of the resource, at the point of extraction, processing and, transportation and consumption of the resources, there should be measures in place that address the environmental consequences of the activities. Sustainable development seeks to address how well these are achieved by promoting economic, social and ecological benefits in the society. Achieving sustainable outcomes should mean that people should not be left in a critical situation where they are not likely to benefit from extractive resources.

On the other hand, it is imperative to ask why countries that ordinarily should have benefited from their abundant natural resources end up being poor and experiencing harsh economic conditions. This poses the paradox of plenty, based on the rhetoric that nations endowed with abundant oil and mineral resources should have the significant advantage of pursuing an economic transformation agenda that positively impacts the people and the state.¹⁹ In contrast, there is the prevailing belief that the resource curse syndrome has entangled resource-rich countries, especially those located within the Global South.²⁰ Thus, developing countries and economies in transition tend to need more transparency in the natural resources sector.²¹ This paradox of plenty has an extreme manifestation in various aspects of economic and social development, showing many traits in civil conflict and unrest, pervasive corruption, vast gaps of inequality, governmental detachment from the people, and government indifference towards civil society, and an increase in environmental degradation.²² These shortcomings have primarily been placed on poor natural resource governance due to inadequate regulation, ineffective management practices, and institutional deficiencies. Transparency and accountability have, however, been recommended as a starting point for actualising sustainable development.

¹⁸ Adenike A Akinsemolu, 'Contribution of the Extractive Industry to Sustainability in the Middle East and North Africa (MENA) Region' (2020) 11(1) *Afe Babalola University J. of Sust. Dev. Law & Policy* 211-238

¹⁹ Orji Martin Chukwuma and others, 'The Solid Mineral Sector and Economic Diversification in Nigeria' (2018) 2(2) *Lapai Journal of Economics* 123-142, 126

²⁰ Tim Hughes, 'Natural Resource Revenue Governance – The EITI and South Africa', <https://saiaa.org.za/research/natural-resource-revenue-governance-the-eti-and-south-africa/>

²¹ See AA Faruque, 'Transparency in Extractive Revenues in Developing Countries and Economies in Transition: A Review of Emerging Best Practices' (2006) 24(1) *Journal of Energy & Natural Resources Law* 66, 66–103.

²² *Ibid.*

EMERGENCE OF EITI AND THE CONNEXION WITH SUSTAINABLE DEVELOPMENT IN NIGERIA

The EITI has been a central international agency or body that has projected transparency in the extractive industry.²³ The EITI was established to address the challenges associated with opacity and corruption in managing natural resource wealth in many countries. The move to develop EITI was realised at the World Summit on Sustainable Development in Johannesburg, South Africa, in 2002.²⁴ The speech was centred on addressing and enhancing greater transparency and accountability in managing natural resources. It called for opportunities for resource-rich turned to pursue development of leaving them with economic challenges. The call for action, therefore, necessitated governments, companies, and civil society organisations to chart the course towards establishing EITI. The world came together to officially launch EITI in 2003 at the International Conference on Transparency in the Extractive Industries in London, United Kingdom.

The assumption of EITI is based on the fact that good governance in the extractive industry will promote transparency and accountability.²⁵ These, in turn will promote sustainable development.²⁶ It is well articulated in EITI Standards: ‘We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.’²⁷ The core consideration for EITI are the need to address the mismanagement of natural resource revenues, which is a significant contributor to poverty, corruption, and the promotion of conflict in resource-rich countries. For example, in the case of the Niger Delta in Nigeria, it has been reputed for crisis owing to poverty, corruption, marginalisation, unemployment and degradation of the environment.²⁸ To EITI, promoting transparency and accountability will ensure that natural resource wealth would benefit all citizens rather than enrich a few who are already well-to-do within a country.

²³ Benjamin K. Sovacool, Götz Walter, Thijs Van de Graaf, Nathan Andrews, Energy Governance, Transnational Rules, and the Resource Curse: Exploring the Effectiveness of the Extractive Industries Transparency Initiative (EITI), (2016) 83 World Development 179, 179.

²⁴ Musa Abutudu and Dauda Garuba, Natural Resource Governance and EITI Implementation in Nigeria (Nordiska Afrikainstitutet, 2011) 11.

²⁵ Omolade Adunbi, ‘Extractive Practices, Oil Corporations and Contested Spaces in Nigeria’ (2020) 7(3) The Extractive Industries and Society 804, 804.

²⁶ Jeffrey D Sachs and Andrew M Warner, ‘The Curse of Natural Resources’ (2001) 45(4-6) European Economic Review 835, 838.

²⁷ EITI, *EITI Standard 2023–Part 1: Principles and Requirements* (2023) 7.

²⁸ M Boas, “Mend Me”: The Movement for the Emancipation of the Niger Delta and the Empowerment of Violence’ in Cyril Obi and Siri Rustad (eds), *Oil and Insurgency in the Niger Delta: Managing the Complex Politics of Petro-Violence* (Zed Books 2011) 115.

There are some set of guiding principles and objectives for establishing EITI: transparency, accountability, public participation, and mutual accountability. On the need to foster accountability, EITI expects the government and companies are to disclose key information on extractive industries, such as they relate to contracts, revenues that accrue and payments made. In promotion of accountability, it is expected that information on revenues and expenses should be publicly available, and governments and companies should be held accountable for their actions and decisions in the extractive industry. The next consideration, which is public participation, requires that civil society organizations, such as community groups and nongovernmental organisations, should play active roles in monitoring and oversight processes in the use and management of extractive resources to ensure that the interests of affected communities and stakeholders are well represented. Finally, EITI has a framework for mutual accountability through the operation of a multi-stakeholder basis, with governments, companies, and civil society organisations collaborating to achieve its set goals.

EITI recommendations, if implemented will enhance development.²⁹ The effort of Nigeria to promote transparency in the extractive industry sector saw Nigeria's engagement with the EITI and the establishment of the Nigerian Extractive Industries Transparency Initiative (NEITI) as the national mechanism for the operation of EITI standards. The then President of Nigeria, Olusegun Obasanjo inaugurated the NEITI and established a National Stakeholders Working Group (NSWG) formed to implement the EITI in Nigeria.³⁰ The NSWG was chaired by one of his senior economic advisers, Oby Ezekwesili. Comprising twenty-eight individuals from various sectors such as civil society, media, government, indigenous and multinational corporations, organised private sector, the National Assembly, and State Houses of Assembly, the NSWG was tasked with implementing NEITI.³¹

The NEITI Act 2007 in Nigeria marks a significant development on matters of accountability and transparency because EITI is a voluntary arrangement, but the Act implemented the EITI standards and principles binding in Nigeria. The NEITI Act 2007 has clear directives to 'promote transparency and accountability in the management of Nigeria's oil, gas and mining revenues.'³² The NEITI Act 2007 specifies the objectives of NEITI under section 2. The objectives are as follows:

²⁹ Andries Francois Geldenhuys, Oluseye Samuel Ajuwon and Michael Graham, 'Resource Curse and The EITI Membership Effect on The Economic Growth and Corruption in Sub-Saharan Africa: Part I - A Theoretical Review' (2020) 5(1) *Oradea Journal of Business and Economics* 18, 28.

³⁰ PD Ocheje, 'The Extractive Industries Transparency Initiative (EITI): Voluntary Codes of Conduct, Poverty and Accountability in Africa' (2006) 8 *Journal of Sustainable Development in Africa* 222, 227.

³¹ *Ibid.*

³² NEITI, 'Nigeria Extractive Industries Transparency Initiative', <https://neiti.gov.ng/>, accessed 20 May 2024

- (a) To ensure due process and transparency in the payments made by all extractive industry companies to the Federal Government and statutory recipients;
- (b) To monitor and ensure accountability in the revenue receipts of the Federal Government from extractive industry companies
- (c) To eliminate all forms of corrupt practices in the determination, payments, receipts and posting of revenue accruing to the Federal Government from extractive industry companies
- (d) To ensure transparency and accountability by the government in the application of resources from payments received from extractive industry companies; and
- (e) To ensure conformity with the principles of extractive industries' transparency initiative.

Drawing from the objectives, it is clear that the primary goal of NEITI is to implement the EITI objectives by strengthening the management of funds derived from the extractive industry and eliminating corrupt activities within the industry.³³ This is a valid goal given that the extractive sector is very rich, with a lot of financial resources flowing from companies into government coffers. With proper management and monitoring, many resources could be well-spent and appropriately used.

The implementation of EITI in Nigeria through the NEITI Act 2007 has strengthened the provisions of Chapter II of the Nigerian Constitution as they relate to natural resources. Scholars have expressed concerns on the justiciability of the provisions of Chapter II of the Nigerian Constitution.³⁴ Chapter II of the Nigerian Constitution contains a series of fundamental objectives and directive principles which Nigeria is essentially based. It provides for harnessing the resources of Nigeria for national prosperity.³⁵ It also mentions harnessing and distribution of resources for the common good.³⁶ A significant snag found in most judicial decisions and scholarships is that the provisions of Chapter II of the Constitution are not justiciable and cannot be legally enforced in a court of law.³⁷ It is also agreed by judicial authorities that where the provisions of Chapter II are not justiciable, the legislative organ of government can

³³ NEITI Handbook, 1 <https://neiti.gov.ng/cms/wp-content/uploads/2021/08/neiti-handbook.pdf>, accessed 20 May 2024.

³⁴ See PK Oniemola and OC Tasie, 'Engendering Constitutional Realization of Sustainable Development in Nigeria' (2020) 13(1) Law and Development Review 159, 180-187; Priscilla Ngozi Nnawuba, 'Non-justiciability and Enforceability of Chapter II of the Nigerian Constitution as an Impediment to Enjoyment of Economic Rights and Development' (2022) 6(2) African Journal of Law and Human Rights 148, 148-157.

³⁵ Constitution of the Federal Republic of Nigeria, 1999 (as amended), s. 16(1)(a).

³⁶ Constitution of the Federal Republic of Nigeria, 1999 (as amended), s. 16(2)(b).

³⁷ See Constitution of the Federal Republic of Nigeria 1999, s. 6(6)(c); *Archbishop Anthony Olubunmi Okogie & Ors. v Attorney-General of Lagos State* (1981) 2 NCLR 337.

make laws to the extent of making such contents justiciable.³⁸ By implication, the implementation process of EITI has contributed to developing the natural resources sector to meet the objectives of Chapter II of the Nigerian Constitution with the enactment of the NEITI Act 2007. Notably, the EITI implementation in Nigeria is backed by the force of law in Nigeria.³⁹ The NEITI Act 2007 contains far-reaching provisions that have enhanced the realisation of the provisions of Chapter II as they relate to natural resources. Citizens can challenge the failure to comply with the provisions of the NEITI Act 2007 in court should anybody obliged to promote transparency and accountability or exercise any duty towards openness and accountability fail to do that. For illustration, it would have been futile to approach the court calling for transparency and accountability in the distribution of extractive resources or revenue relying on the provisions of the Nigerian Constitution. However, relying on the provisions of NEITI 2007 to compel compliance of private entities or government agencies is quite auspicious.

Through promoting transparency and accountability in the sector, NEITI can ensure sustainable development.⁴⁰ The extractive industry is rich in financial resources, and a part of it can be proposed towards the country's sustainable development, especially the host communities. The Niger-Delta Development Commission (NDDC) was established primarily to ensure the development of the Niger-Delta region, which is the oil-producing area of Nigeria.⁴¹ The NDDC derives its funds according to a fixed percentage from the Federal Government and oil companies.⁴² Suppose there are corrupt practices and no transparency in the industry's cash flow. In that case, there is a likelihood of short-changing the NDDC, which means short-changing the communities needing sustainable development. However, where NEITI discharges its responsibilities diligently, a shortchange can be avoided. When there is proper transparency and accountability, it is easier to allocate funds to promote the development of host communities. Hence, the objectives of NEITI are not limited to mere bookkeeping; its major effect can be felt in promoting sustainable development.

Nigeria has been quite pragmatic in its approach to implementing EITI, following some hurdles after the establishment of NEITI in 2004. The NEITI represents the Nigerian mechanism for implementing the EITI. Upon its establishment, NEITI has shown much commitment to continue to create avenues for transparency and accountability

³⁸ See *Attorney General of Ondo State v. Attorney General of the Federation & 35 Ors* (2002) 9 NWLR (Pt. 772), 222.

³⁹ Mena Aba Baffoe Yalley, 'The Implementation of the Extractive Industries Transparency Initiative Standards and the Petroleum Industry in Ghana' (2023) 31(2) *African Journal of International and Comparative Law* 228, 229-230.

⁴⁰ Bethel Uzoma Ihugba and Sergius Nnamdi Okoro, 'Evaluation of the Legal Framework for Promoting Sustainable Development in the Extractive Host Communities in Nigeria' (2017) 8(1) *Afe Babalola University Journal of Sustainable Development Law & Policy* 354-377, 366.

⁴¹ Section 1 Niger-Delta Development Commission (Establishment etc) Act 2000.

⁴² Section 14(2) NDDC Act 2000

in the extractive sector. NEITI has continued to advance its course of translation of the natural resources sector for sustainability since its inception, seeking to enhance a new era of transparency and accountability within Nigeria's extractive industry;. However, the impact of EITI in Nigeria has been seen as momentary. According to Shaxson, "EITI and NEITI did not drive reform in Nigeria. Instead, the initiative flourished for a time in a reformist climate and helped influence its form. But it has flagged since this reformist space closed down in 2006".⁴³ He emphasised further: "Reforms were temporary and have since faltered. All the meaningful reforms happened before the audits were published; the publication itself was arguably the key reform of NEITI, and reforms and the NEITI process faltered badly soon after the audits were published".⁴⁴

Institutional reform has been quite commendable as the NEITI is recognised as an agency of the government of Nigeria. Implementing EITI has shown that institutional strengthening is a key to transparency, accountability, and good governance for a sector that has faced challenges over the years. With the NEITI Act in 2007, the institutionalisation of EITI in Nigeria was transformative as the law backed it. It was not left to operate as a voluntary initiative that should have existed at the pleasure of the government and the private sector.⁴⁵

For example, NEITI is responsible for promoting data disclosure in the sector.⁴⁶ The NEITI Act providing for compulsory audit of the industry in Nigeria is a significant achievement contained in the reform brought by the law. The audits, therefore, reveal what has been paid and received. Thus, revenues generated can easily be ascertained, as well as expenditures carried out by the government during the utilisation of the revenue. NEITI Act 2007 achieves this by setting strict provisions for reporting obligations of firms operating in the extractive industry. Thus, they are compelled by law to make full disclosure of financial transactions carried out by them. Consequently, the obligation to be transparent offers an opportunity for the public to scrutinise the activities, which will invariably deter corrupt and fraudulent practices in the sector. It can be said that investors will become confident in atmospheres where they perceive that they are not exposed to the risk of corruption or fraud in the sector.⁴⁷

One such area has been through its reports that it has employed in showcasing the state of natural resources exploitation and utilisation in Nigeria. Thus, the areas of audits, showcasing cash flow and other payments in the sector flows are commendable. One

⁴³ Nicholas Shaxson, *Nigeria's Extractive Industries Transparency Initiative Just a Glorious Audit?* (Chatham House 2009) 44.

⁴⁴ *Ibid.* 45.

⁴⁵ See Penelope Simons, *The Governance Gap: Extractive Industries, Human Rights, and the Home State Advantage* (Routledge 2014) 156.

⁴⁶ D Olawuyi, *Extractives Industry Law in Africa* (Springer 2018) 163–164.

⁴⁷ Nonso John Okoye and others, 'Effect of Fraud and Corruption on Turnover Ratio Nexus in the Nigeria Capital Market' (2023) 1(1) *African Banking and Finance Review Journal* 40–54, 41

good consideration is that the reports have provided the needed information, revealing the workings of the sector. It exposed the extent of the opaque nature of the industry in the past. With the audits, information which would ordinarily not have been in the public domain has been made public.⁴⁸ The report has unravelled practices that fall short of standards expected in the sector. For example, cases of infractions have become clear to the public because of NEITI, giving room for the sector's reform. For instance, the NEITI audit report showed inconsistencies in oil and gas data as provided by both the NNPC and the then Department of Petroleum Resources (DPR).⁴⁹ According to NEITI, it "confirmed claims by stakeholders and transparency watchdogs that the government does not know the actual volume of crude oil produced in the country, giving room for criminal collusion in the industry".⁵⁰ The report further provided that DPR recorded total crude oil production to be 780.831 million barrels for the year, 2015, but NNPC had a record of 780.368million barrels, thereby showing that there was a difference of 462,269 barrels.⁵¹ Information provided by EITI generally has continued to encouraged public debates.⁵²

Through its audit reports, NEITI has uncovered and published many cases of tax evasion, non-remittance of funds to the Federation Account and several other cases of misappropriation. In its 2013 report, it found that NNPC had been receiving dividends, loan repayments and interest from Nigerian Liquefied Natural Gas (NLNG) but failed to remit it to the Federation Account. As at the end of 2013, this had amounted to \$12.92 billion.⁵³ By the time the 2014 audit report was published, the amount due for remittance had increased to \$14.34 billion.⁵⁴ In the 2016 audit report, it had increased to \$17.28 billion.⁵⁵ NEITI has emphasised the need to remit these monies into the Federation Account based on section 162(1) of the Constitution of the Federal Republic of Nigeria, however, NNPC has always dodged this responsibility, citing that it had the approval of the Federal Government to withhold these remittances.⁵⁶

⁴⁸ Stephanie Asgill, "The Nigerian Extractive Industries Transparency Initiative (NEITI): Tool for Conflict Resolution in the Niger Delta or Arena of Contested Politics?" (2012) 4(7) *Critical African Studies* 4, 32-33.

⁴⁹ NEITI, *Averting Illicit Financial Flows in Nigeria's Extractive Industry*, <https://neiti.gov.ng/cms/wp-content/uploads/2021/08/NEITI-OPS4-Averting-Illicit-Fin-Flows-in-Nigerias-Extractive-Industry-010319.pdf>

⁵⁰ *Ibid.*

⁵¹ *Ibid.*

⁵² E Wilson and J Van Alstine, *Localising Transparency: Exploring EITI's Contribution to Sustainable Development* (International Institute for Environment and Development 2014) 38.

⁵³ NEITI, *2013 Oil and Gas Industry Audit Report* (2013) 86 <https://neiti.gov.ng/cms/wp-content/uploads/2021/09/2013-Oil-Gas-Report-Full.pdf>.

⁵⁴ NEITI, *2014 Oil and Gas Industry Audit Report* (2014) 93 <https://neiti.gov.ng/cms/wp-content/uploads/2021/09/NEITI-Oil-Gas-Report-2014-Full-Report-190417-1.pdf>.

⁵⁵ NEITI, *2016 Oil and Gas Industry Audit Report* (2016) 145 <https://neiti.gov.ng/cms/wp-content/uploads/2021/08/NEITI-Oil-Gas-Report-2016-Full-Report-211218.pdf>.

⁵⁶ NEITI, *2016 Oil and Gas Audit Report* (2016) 145.

The most recent report published by NEITI is the 2021 Audit Report.⁵⁷ According to this report, NNPC had failed to remit \$722.60 million which it received as dividends from NLNG in 2021 alone. The response of NNPC this time was that the Minister of Finance had now managed the NLNG account and was under the custody of the Central Bank of Nigeria (CBN). The report also showed that NNPC had failed to remit \$286.423 million received from export crude sales, \$871.145million unremitted domestic crude sales, \$859,583 miscellaneous revenue, \$24.332million transportation revenue and \$45.758million unremitted domestic gas proceeds.⁵⁸

The 2021 report further revealed that as of 31 July 2023, about \$13.591 million in outstanding taxes still needed to be paid to Federal Inland Revenue Services (FIRS). The audit report also revealed that as of 31 December 2022, there was about \$8.251 billion outstanding Federation Revenue payable to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC). It recommended an investigation of the Nigerian National Petroleum Corporation (NNPC) and Nigerian Petroleum Development Company (NPDC). It urged government agencies to step up efforts to recover outstanding due to be paid by oil companies. Furthermore, the report found that about ₦200 billion was spent on rehabilitating the refineries between 2020 and 2021, yet none of them was operational. It was recommended that an investigation be carried out to assess the status of the refineries.

According to the NEITI, the impact of NEITI has been widely felt as it has resulted in public awareness of revenue flow in the oil and gas sector. It has also resulted in the recovery of funds due to be paid in the industry.⁵⁹ Since Nigeria began implementing the EITI policy in 2004, it has published multiple reports. The oil and gas industry has published 14 reports: 1999-2004, 2005, 2006-2008, 2009-2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.⁶⁰ The Solid Minerals Industry has published 12 reports: 2007-2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.⁶¹ These reports exposed the massive corruption in the oil and gas sector, such as the attempts by oil companies to evade tax of about \$8.3 billion, the failure of NNPC to remit over ₦2.23 trillion to the Federation Account and many other corrupt practices that have been going on in the sector for years.⁶² NEITI has discharged its responsibilities by conducting audits of the Nigerian extractive industry.⁶³

⁵⁷ NEITI, *2021 Audit Report (Oil and Gas)* (2021) 14 <https://neiti.gov.ng/cms/wp-content/uploads/2024/04/2021-Simplified-OIL-GAS-REPORT.pdf>.

⁵⁸ NEITI, *2021 Oil and Gas Industry Report* (2021) 93 <https://neiti.gov.ng/cms/wp-content/uploads/2023/09/NEITI-OGA-2021-Report.pdf>.

⁵⁹ NEITI, *NEITI Handbook* 7.

⁶⁰ NEITI, 'Oil and Gas' <https://neiti.gov.ng/audits/oil-and-gas> accessed 21 May 2024.

⁶¹ NEITI, 'Solid Minerals' <https://neiti.gov.ng/audits/solid-minerals> accessed 21 May 2024.

⁶² Olusola Joshua Olujobi, 'Nigeria's Upstream Petroleum Industry Anti-Corruption Legal Framework: The Necessity for Overhauling and Enrichment' (2021) 26(7) *Journal of Money Laundering Control* 1-27

⁶³ Eghosa O Ekhatior, 'Regulating the Activities of Oil Multinationals in Nigeria: A Case for Self-Regulation?' (2016) 60(1) *Journal of African Law* 1-28.

The corruption in the extractive industry is not perpetuated only by government officials; many oil companies have also been found culpable, albeit in collaboration with government officials. In 2012, the Petroleum Revenue Special Task Force led by Mallam Nuhu Ribadu published a report which discovered that Nigeria had been short-paid by about \$5 billion from 2002 to 2011.⁶⁴ This was just a minute of the mind-blowing revelations of corruption in the industry that the 2012 report uncovered.

Halliburton, a U.S. company, was involved in a scandal where it was alleged that it bribed Nigerian public officials,⁶⁵ including four former Heads of State,⁶⁶ with up to \$182 million in exchange for an engineering and construction contract for a liquefied natural gas plant in Bonny Island worth about \$6 billion.⁶⁷ The charges against the company officials were dropped after a settlement of \$32.5 million.⁶⁸ The amount accepted in the settlement needs to be more meagre in comparison to the amount paid in bribes. Even worse is that none of the Nigerian officials involved have been indicted for their roles in the bribery scandal. It was also alleged that the Attorney-General of the Federation at the time had misused his constitutional powers of *nolle prosequi* to discontinue criminal proceedings against indicted persons in this scandal.⁶⁹ The allegations were so strong that years after his tenure, the Economic and Financial Crimes Commission summoned the former Attorney-General for an interview concerning his role in the scandal.⁷⁰ Despite its shortcomings, NEITI has contributed its quota towards sustainable development, accountability and transparency in the extractive sector, and what is left is for the appropriate authorities to act.

The EITI has a vital role to play in environmental conservation and sustainable development in the extractive industry in Nigeria. Generally, there are indications that

⁶⁴ Report of the Petroleum Revenue Special Task Force (2012) https://businessnews.com.ng/wp-content/uploads/2012/10/Report_of_the_Ribadu_led_Petroleum-Revenue-Special-Task-Force-2012..pdf accessed 21 May 2024.

⁶⁵ Stolen Asset Recovery Initiative—The World Bank, ‘2010 Halliburton-Nigeria Bribery Settlement Agreement US\$32.5 Million’ <https://star.worldbank.org/asset-recovery-watch-database/2010-halliburton-nigeria-bribery-settlement-agreement-us325-million> accessed 21 May 2024.

⁶⁶ ‘Halliburton: Four Ex-Heads of State, 89 Others Indicted’ (*The Nation*, 8 November 2016) https://thenationonline.net/halliburton-four-ex-heads-state-89-others-indicted/#google_vignette accessed 21 May 2024.

⁶⁷ Will Fitzgibbon and Musikilu Mojeed, ‘Files Open New Window on \$182-Million Halliburton Bribery Scandal in Nigeria’ (*International Consortium of Investigative Journalists*, 10 February 2015) <https://www.icij.org/investigations/swiss-leaks/files-open-new-window-182-million-halliburton-bribery-scandal-nigeria/> accessed 21 May 2024.

⁶⁸ Stolen Asset Recovery Initiative—The World Bank, ‘2010 Halliburton-Nigeria Bribery Settlement Agreement US\$32.5 Million’ <https://star.worldbank.org/asset-recovery-watch-database/2010-halliburton-nigeria-bribery-settlement-agreement-us325-million> accessed 21 May 2024.

⁶⁹ El Onuche, ‘Attorney General’s Power of Nolle Prosequi: A Relic of Colonialism or a Burden to Rule of Law?’ (2021) 5(2) *African Journal of Law and Human Rights (AJLHR)* 55, 58.

⁷⁰ Eniola Akinkuotu, ‘EFCC Grills Ex-AGF Aondoakaa over \$182m Halliburton Scandal’ (*Punch*, 2 November 2016) https://punchng.com/efcc-grills-ex-agf-aondoakaa-182m-halliburton-scandal/#google_vignette accessed 21 May 2024.

some multi-stakeholder groups (MSG) have been promoting ecological reporting and have appreciated the need to disclose climate change risks.⁷¹ The sector is capable of fostering environmental degradation, and it will be important that activities are conducted in a manner that has a minimal impact on the environment by safeguarding the ecosystems for future generations. Environmental stewardship and adherence to best practices in the management of resources is a role which has made EITI an important avenue for the promotion of ecological sustainability in the extractive sector. Thus, by contributing to the preservation of extractive resources in Nigeria, there are opportunities to promote sustainability in natural resources, which is critical to realising long-term socio-economic prosperity and resilience. It is expected that the relevant information on environmental disclosure will come within the purview of NEITI.⁷² NEITI is implementing a framework for ecological disclosure in the oil and gas industry.⁷³ Oil and gas are derived from fossils,⁷⁴ which will not last forever.⁷⁵ This means that if oil and gas mining continues for a particular period, the source is likely to dry up. This negates the theme of sustainable development, which aims to meet the needs of the present without compromising the ability of future generations to meet their own needs.⁷⁶ In addition, research has shown that the mining and extractive industry is a significant contributor to the emission of greenhouse gases, increasing the effect of climate change.⁷⁷ However, it is impossible to outrightly stop the activities in this industry as the products are essential to industrial growth and, generally the survival of humanity. Since it cannot be prevented, something must be done to ensure that sustainable development schemes are introduced into the industry activities.

⁷¹ Yevheniia Zasiadko, Kostyantyn Krynytskyi, Vitana Oliinyk and Olga Polunina, *Environmental and Climate Change Impacts of Extractive Industries and Extractive Industries Transparency Initiative (EITI)* 8–9

https://eiti.org/sites/default/files/attachments/environmental_and_climate_change_impacts_of_extractive_industries_and_eiti.pdf accessed 21 May 2024.

⁷² See AA Babalola and DS Olawuyi, 'Overcoming Regulatory Failure in the Design and Implementation of Gas Flaring Policies: The Potential and Promise of an Energy Justice Approach' (2022) 14(11) *Sustainability* 1, 11.

⁷³ NEITI, *A Framework for Environmental Reporting in Nigeria's Extractive Industry* <https://neiti.gov.ng/cms/wp-content/uploads/2023/05/NEITI-Environmental-Reporting-Framework-160523.pdf> accessed 20 May 2024.

⁷⁴ Nick Jenkins, 'Fossil Fuels' in *Energy Systems: A Very Short Introduction* (Oxford Academic 2019).

⁷⁵ Oxford Home Schooling, 'Fossil Fuels: What Happens When They Run Out?' <https://www.oxfordhomeschooling.co.uk/history/fossil-fuels-what-happens-when-they-run-out/> accessed 20 May 2024.

⁷⁶ World Commission on Environment and Development (WCED), *Our Common Future* (Oxford University Press 1987) 8.

⁷⁷ Daria Shapovalova, 'Climate Change and Oil and Gas Production Regulation: An Impossible Reconciliation?' (2023) 26(4) *Journal of International Economic Law* 817–835.

CHARTING A WAY FORWARD: LESSONS AND RECOMMENDATIONS

Nigeria is not the only country experiencing challenges in implementing the EITI objectives. A 2014 case study on four countries showed the progress recorded by Nigeria, Ghana, Azerbaijan and Kazakhstan. As of the time of the research, all four countries were recorded as having actively put measures in place to implement the EITI objectives. Azerbaijan adopted the EITI around the same time as Nigeria. Like Nigeria, in its early years of adopting EITI, there were notable achievements in the reporting and transparency of its oil, gas and gold industries. However, there were allegations against its government for going against the contract transparency policy that it adopted.⁷⁸ The country also failed to reduce the corruption in its mining industry. In 2003, Ghana adopted and implemented the initiative in its mining industry. However, it should have published regular reports, defeating the purpose of transparency.⁷⁹ In 2005, Kazakhstan signed the EITI and became a candidate in 2007. Its implementation measures were in full gear, but one major obstacle identified was its tendency to change the Ministry in charge of EITI implementation. Initially, the Ministry of Energy and Mineral Resources was in charge; later, it was assigned to the Ministry of Oil and Gas and then the Ministry of Innovation and New Technologies.⁸⁰ The effect of this is instability in the implementation process.

One of the critical considerations of EITI is prudence in the management and allocation of the state's resources. This development implies that there will be room for inclusive growth and diversification of the economy. Through the management of revenues in a transparent and accountable manner, there is more significant economic growth as revenues will not end up in private pockets, and funds will be appropriately allocated for social and economic development ventures. Invariably, the revenue would be directed to critical sectors of the economy such as education, health care, transportation, and other areas that can improve people's lives. Where revenue is appropriately conserved due to transparency and accountability, it can be channelled to diversification of different sectors of the economy that will improve the quality of life of the people. For example, Nigeria has a substantial foreign and domestic debt profile, a significant concern.⁸¹ Management of revenue should give avenues for addressing the problem.

⁷⁸ Emma Wilson and James Van Alstine, 'Analysis of Case Studies: EITI Progress and Local Benefits' in *Localising Transparency: Exploring EITI's Contribution to Sustainable Development* (International Institute for Environment and Development 2014) 22–47, 25 <http://www.jstor.org/stable/resrep01393.9> accessed 13 August 2024.

⁷⁹ *Ibid* at 29

⁸⁰ *Ibid* at 40

⁸¹ Olumide Akpata, 'Re-Prioritization of Education: A Panacea for the Obstacles Challenging Sustainable National Development in the 21st Century in Nigeria' (2022) 13(1) *The Journal of Sustainable Development Law and Policy* 221, 224.

From the preceding discussion, EITI has been contributing significantly to the development of the Nigerian accountability and transparency regime as well as the enhancement of socioeconomic development. The implementation of EITI in Nigeria has challenges which will need to be addressed by the stakeholders. Though the obstacles could be tough in many respects, some avenues should create opportunities to enhance collaboration and improve the framework for articulating sustainable development in Nigeria.

Data quality has been an area in that EITI has been facing challenges in the extractive sector in Nigeria. The nonavailability of data has been a bane to the effective implementation of EITI standards. For illustration, in 2023, NEITI issued a report and quoted that from 2007 to 2020, 635.19 billion Naira was generated from the solid mineral sector.⁸² A report published in 2023 is expected to provide information beyond 2020. That is, NEITI should have supplied information from 2021 to 2023 or at least 2021 and 2022. Recently, in January 2024, the Deputy Executive Director of EITI, Bady Balde, frowned at the NEITI, stating that the data it relied on need to be updated at the time of the release of its report.⁸³ The Deputy Executive Director noted that Senegal has been up and doing, saying, “When you [NEITI] were producing 2021 data, they had already published 2022 data, and they are getting 2023 data. I can tell you that by June, more than half of the required data will be out in the public domain”.⁸⁴ There is a need to improve the quality of data and ensure that they cover a broad ranges of areas. Though the reports prepared by NEITI are pretty insightful, much will need to be done regarding quality through ensuring that the data are accurate. Thus, the sources' reliability and data should be pretty comprehensible. Measures should be implemented to ensure that the data collection process is efficient and reliable. Likewise, the process of data validation and verification will need to be highly improved. The room for capacity building and development of expertise of government agencies should be prioritised.

Weak public institutions are a major challenge to transparency and accountability in Nigeria's natural resources sector.⁸⁵ Government institutions will need to be strengthened as the officers implementing the standards and practices will come from a wide range of agencies within the state. This will also have to be extended to civil society organisations, the private sector, and other relevant stakeholders. Capacity-building will be directed to areas such as data collection and analysis. A viable area will be monitoring and evaluation, which should be robust. This will allow effective

⁸² NEITI, *The Way Forward in the Reform of Nigerian Oil, Gas & Mining Sector* (NEITI 2023) 19–20.

⁸³ Okechukwu Nnodim, ‘NEITI Releasing Old Data, Says Global Transparency Body’ (*Punch*) <https://punchng.com/neiti-releasing-old-data-says-global-transparency-body/>

⁸⁴ Ibid.

⁸⁵ Fisayo Fagbemi and Grace Omowumi Adeoye, ‘Nigerian Governance Challenge: Exploring the Role of Natural Resource Rents’ (2020) 12(3) *Global Journal of Emerging Market Economies*, 335, 335.

enforcement of regulations on transparency and accountability in the sector. It should also foster avenues for robust engagements.

In the areas of participation, much will need to be done to expand the scope as some marginalised groups are neglected. Communities and women will need to be more engaged in the process. It is appreciated that the marginalised group need access to information and is usually shut out in decision-making processes because of lack of participation.⁸⁶ This will prevent them from making a case for the equitable distribution of extractive resources they should ordinarily have been able to access. This is imperative for inclusive governance that accounts for diversity. EITI multi-stakeholder initiatives should build on this to enhance inclusive development in the management of extractive resources in Nigeria. One area that EITI can work on is empowering groups that have been marginalised. Through empowerment, they have a say, and they can begin to question practices that are not transparent or do not show accountability in managing resources. Therefore, a large investment in education and people's engagement is necessary for such empowerment. One of the strengths of NEITI over the years has been creating avenues for engagement through dialogues and capacity building.⁸⁷ For example, it has developed a framework for mainstreaming gender reporting and inclusion in the extractive industry.⁸⁸

In the area of advocacy for good governance and transformation, EITI has been at the forefront. Engaging a wide range of stakeholders is commendable in exercising its mandate. The reports provide information and are viable resources for promoting awareness on enhancing accountability and transparency in the extractive resources sector. Information dissemination on NEITI findings in the natural resources sector is essential in making informed decisions by the various stakeholders in the industry, as well as in forming the perception that the general public holds on the governance of the extractive sector. With the publication of this report, stakeholders can call for accountability in revenue generated in the industry or even in disbursements made in the utilisation of the proceeds of the resources.

NEITI has been thought to be under the influence of the Presidency.⁸⁹ This concern is understandable as NEITI operates under the control of the Presidency, which has the

⁸⁶ Luke Amadi, 'Natural Resource (In)justice, Conflict and Transition Challenges in Africa: Lessons from the Niger Delta' (*Accord*, 19 August 2022) <https://www.accord.org.za/conflict-trends/natural-resource-injustice-conflict-and-transition-challenges-in-africa-lessons-from-the-niger-delta/> accessed 13 August 2024.

⁸⁷ NEITI, 'NEITI Communications Strategy (2022-2026)' <https://neiti.gov.ng/cms/wp-content/uploads/2023/01/NEITI-COMMUNICATIONS-STRATEGY-2022-2026.pdf> accessed 13 August 2024.

⁸⁸ NEITI, 'A Framework for Gender Reporting and Inclusion in the Extractive Industry' <https://neiti.gov.ng/cms/wp-content/uploads/2023/05/NEITI-Gender-Reporting-And-Inclusion-Framework-160523.pdf>.

⁸⁹ *Ibid.*

power to appoint the members of the NSWG, the governing body of NEITI.⁹⁰ Political interests are considered more than the person's qualifications in cases like this. It is then very likely that persons ready to dance to the tune of the Presidency are given preferences. This may affect their independence and hinder the discharge of their responsibilities. However, section 4 of the NEITI Act allows independent auditors to audit the total revenue accruing to the Federal Government from the extractive industry companies. The appointment of independent auditors counters whatever fear there may be about interference with the duties of the NSWG.

We are in the digital revolution era, which should offer an avenue for transforming participation and creating a wide range of awareness. The world is in the era of the internet. EITI can leverage opportunities provided by digital transformation to deploy technologies to promote participation through social media and other ICT tools in Nigeria. The impact of these cannot be emphasised in knowledge sharing in the extractive sector.

The socio-economic impact of EITI in Nigeria goes beyond enhancing transparency and accountability but extends to enhancing inclusive growth, poverty reduction, and sustainable development. The improvement of the confidence of investors, prudence in the management of resources, and responsible environmental practices have made EITI play the role of transforming the potential of Nigeria's extractive sector for the benefit of its citizens. It was reported by a lead negotiator in the establishment of EITI, Peter Eigen, that "A Nigerian minister, recently commenting for the first time on her country's acquiring an attractive credit rating, attributed a sovereign debt rating in substantial part to the reputational effect of its energetic application of EITI to uncover, for public scrutiny, the previously hidden fiscal flows of the oil and gas industry."⁹¹ This indicates that with the effective implementation of EITI, there will be room for transformation in the extractive sector. However, fully actualising the socio-economic potential of EITI will require all stakeholders to show much commitment, collaboration, and innovation. NEITI continues to advance the course of stakeholders' engagement as an essential aspect of transparency and accountability in the extractive industry.⁹² For the country to be EITI compliant, it will be expedient to continue to engage the public sector, civil societies, and extractive industries and meet other reporting requirements.⁹³

⁹⁰ Section 5 & 6 NEITI Act 2007

⁹¹ Liz David-Barrett and Ken Okamura, 'The Transparency Paradox: Why do Corrupt Countries Join EITI?' (ERCAS Working Papers, November 2013) 12.

⁹² Nigeria Extractive Industries Transparency Initiative, 'Stakeholder Analysis and Mapping Report' (June 2017), <https://neiti.gov.ng/cms/wp-content/uploads/2023/01/NEITI-Stakeholder-Mapping-and-Engagement-Report.pdf>

⁹³ Eliana Cusato, 'Transnational Law and the Politics of Conflict Minerals Regulation: Construing the Extractive Industry as a 'Partner' for Peace' (2021) 12(2) Transnational Legal Theory 269, 274-275.

The availability of mineral resources does not necessarily guarantee abundance and sustainability in a nation. Instead, it is guaranteed by accurate and transparent records and proper management of the resources. The Nigerian oil and gas industry is still primarily controlled by international oil companies (IOC) and their expatriates. Nigeria still needs a sufficient number of indigenous professionals. Until that happens, NEITI and the regulatory agencies can only rely on the records supplied by the IOCs, which have been discovered to be inaccurate. Some countries have little or no natural resources but have recorded massive developments because those countries invested in professionals who helped develop their other sectors.⁹⁴ If Nigeria can dedicate efforts to building its indigenous professionals, it will help the regulatory agencies better understand the industry's technical aspects. As a result, it will guarantee the ability to get accurate records for effective management and transparency.

CONCLUSION

Following Nigeria's accession to EITI, it became essential to establish a national chapter in the country that will implement the EITI objectives within the Nigerian extractive industry. This necessitated the establishment of the NEITI, a chapter of the global body. Through the principles of transparency and accountability that have been a core value of EITI, natural resource potential can offer more significant benefits for the citizens who can now ask questions on how the resources are administered and utilised for the development of the people. This has been achieved through the establishment of policy and institutional reforms and the promotion of multi-stakeholder collaboration, setting the groundwork for the launching of the NSWG and the enactment of the NEITI Act 2007.

The EITI and NEITI have shown some commitment to promoting sustainable development in Nigeria. Thus, sustainable development can be enhanced through transparency and accountability in the governance of extractive resources. The core tenets of EITI align with sustainable development. Though it may be apparent that the establishment of NEITI has yet to produce the expected result, it has contributed to showing Nigerians the state of the problems in the extractive industry. Over the years, EITI has created avenues for transformation in Nigeria. This development has brought institutional reforms and promoted the participation of a wide range of stakeholders collaborating to achieve inclusive governance in the Nigerian extractive sector. The development brought by EITI has shown that Nigeria's natural resources have full potential that can be exploited for the overall benefit of the citizens. However, realising the transformative potential requires concerted efforts to address existing challenges and build a more resilient and equitable extractive industry. As Nigeria continues to envision the realisation of sustainable development, EITI will remain an essential

⁹⁴ Orji Martin Chukwuma and others, 'The Solid Mineral Sector and Economic Diversification in Nigeria' (2018) 2(2) *Lapai Journal of Economics* 123-142, 126

mechanism for promoting transparency, accountability, and inclusive growth in the extractive sector.

There is still much to be improved on with NEITI; however, it still needs to be negated that adopting EITI has reasonably transformed the affairs of the oil and gas industry. Before NEITI, the oil industry's financial records were riddled with many inconsistencies and lack of transparency, which was even identified at some point by the World Bank in 2000.⁹⁵ In the early years of adopting EITI, NEITI was noted as “one of the most comprehensive and advanced efforts to apply the initiative’s principles by a signatory country”.⁹⁶ Since the introduction of NEITI, the public has become privy to more information about the oil industry than was previously available.⁹⁷ Even though the amount of information disclosed is not always current, it is still better than keeping the entire public in the dark about what is happening in the industry.

⁹⁵ Shari Bryan and Barrie Hofman, *Transparency and Accountability in Africa’s Extractive Industries: The Role of the Legislature* (National Democratic Institute for International Affairs 2007)

⁹⁶ Shari Bryan and Barrie Hofman, *ibid* at 75

⁹⁷ Stephanie Asgill, “The Nigerian Extractive Industries Transparency Initiative (NEITI): Tool for Conflict Resolution in the Niger Delta or Arena of Contested Politics?” (2012) 4(7) *Critical African Studies* 4-57,