

APPRAISAL OF THE PETROLEUM SECTOR NATURAL RESOURCE GOVERNANCE IN NIGERIA*

ABSTRACT

The work seeks to appraise the Nigerian Petroleum sector and the issue of Natural resource governance. This issue aggregate to create a situation hereafter referred to as “resource curse”, which provides the rational basis for understanding the prevalence of poverty in many resource rich countries. It also seeks to interrogates how law, corporate governance and institutional restructuring can help reform the Nigeria Petroleum sector to actualize the ideals of sustainable industry. The Nigeria Petroleum sector remains an enclave that provides a tiny proportion of the overall employment and has relatively few direct linkages with the rest of the economy. This to a large extent includes the challenge of transparency and accountability in revenue management.

A Doctrinal methodology, combining primary and secondary sources of information was adopted in this work. The key legislations are the constitution of the Federal Republic of Nigeria 1999 as (altered), the Petroleum Industry Act 2021, Petroleum Profit Tax Act 2007, Audit Act 1956, Fiscal Responsibility Act 2007, Public Procurement Act 2007, and Nigerian Extractive Transparency Initiative (NEITI).

The work finds that Nigeria’s unwholesome reliance on Petroleum and rent seeking has created structural imbalances and socio-economic maladies in the economy. And identifies the challenges in Nigeria’s quest to institutionalize Natural Resource governance and has made policy recommendations with a view to reforming and institutionalizing the practices of Natural Resource governance within the Nigeria context.

The works concludes that good natural resource governance that embodies corporate governance is essential to the realization of the laudable objective of the Petroleum Industry Act, without which the exploitation of the petroleum resources in Nigeria will not attain its desired objective of impacting positively on the other sectors of the economy.

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INTRODUCTION

The Nigerian Petroleum sector is plagued by high incidence of lack of transparency and accountability, this menace is so evident that Nigeria is unable to account for the volumes of

crude oil produced, exported and the receipts of the proceeds of sale.¹ For instance, it was reported that a total of \$27,361,347,275 was reportedly lost from the period of January to December 2017². This colossal loss has been attributed to a number of factors such as discretionary deductions by the Nigerian National Petroleum Corporation (NNPC) from its earnings and misappropriation of such funds, improper tax deductions, unpaid Niger Delta Development Commission (NDDC) contributions and discretionary award of oil block.³ The opaque operation of the sector has made it difficult for the Nigerian Extractive Transparency Initiative (NEITI) to effectively track how transparent the operations of the sector have been over the years. It appears therefore that the extant governance structure has not been able to adequately mainstream issues of transparency and accountability.

Nigeria continues to face the daunting task of restructuring the petroleum-based economy, whose revenues have been squandered through corruption and mismanagement⁴. The National Assembly recently passed the Petroleum Industry Act (PIA).⁵ Important issues have been raised concerning the quality of the PIA framework and its ability to serve as a catalyst for the country's economic development. Does it, for instance embody key natural resource governance precepts aimed at re-structuring and positioning the petroleum industry to better serve as a catalyst for the country's economic development. Does it, for instance embody key natural resource governance precepts aimed at restructuring and positioning the Petroleum industry to better serve the development needs of the country? This is more so when Nigeria is compared with jurisdictions such as Norway and Brazil that have through strong governance frameworks been able to derive benefits from the exploitation of their natural resources while

²Also, Nigeria lost about \$64 million between the second quarter of 2015 and the first quarter of 2017 due to unmetered oil wells. See Akintayo, O. (2018) Nigeria lost over \$27bn Oil Revenue in 3years' Sweet Crude Reports. Vol 4(55) pp 1-4. See also Katsouris, C. and Sayne, A. (2013) Nigeria's Criminal Crude: International Options to Combat the Export of Stolen Oil (Chatham House) available at <https://chathamhouse.org/publications/papers/view/194254> accessed 5th May 2021. Where the authors indicate that "Nigerian Crude oil is being stolen on an industrial scale. Nigeria losses at least 100'000 barrels of oil per day, around 5% of total output, in the first quarter of 2013 to theft from its onshore and swamp operations alone... Nigeria's dynamic, overcrowded political economy drives competition for looted resources. Poor governance has encouraged violent opportunism around oil and opened doors for organized crime." See also Eboh, M. "How Petroleum Sector drove Nigeria into Economic Recession" The Vanguard News available at <https://www.vanguardngr.com/2017/01/petroleum-sector-drove-Nigeria-economic-recession/> Accessed; 29th April, 2021.

³Ibid

¹¹See Okpanachi, E. "Confronting the Governance Challenges of Developing Countries p. 26; See also Saches, J. & Warner, A (1995). Natural Resource Abundance and Economic Growth (Development Discussion Paper No. 517). Cambridge, M.A: Harvard Institute for International Development; Ross, M. (1999). The Political Economy of the Resource Curse. World Politics Vol. 51(2), 297-322; Ross, M. (2001) Does Oil Hinder Democracy? World Politics Vol. 53, 325- 361.

⁴ McPherson, H.M. (2009) Governance and Hyper-Corruption in Resource-Rich African Countries Third World Quarterly Vol' 30(8), 1542.

⁵ Act to provide for the Governance and Institutional Framework for the Petroleum Industry and Other Related Matters."

limiting its negative impacts on the people and environment⁶. Similarly, to what extent has the extant legal and institutional framework which include the Petroleum Act, 1969⁷, (the principal legislation) the Nigerian National Petroleum Corporation Act⁸ been able to mainstream good natural resource governance practices in the petroleum sector? This is premised on the concept that certain technocratic reforms of governance institutions can unlock the development potential of the so-called 'resource dependent states such as Nigeria. Thus, governance is constituted and legitimized by institutions.⁹

Although, the PIA contain laudable objectives, however, addressing the seeming lack of political will to mainstream and enforce natural resource governance precepts in the petroleum sector and the accompanying institutional competencies is key to realization of the ideals of the PIA.

Nigeria continues to grapple with the transparent management of revenues from the petroleum sector. Revenue that accrues from petroleum resources appear to have been captured by special interest's groups, bureaucrats and politicians for their personal benefit as against the benefit of the citizenry. This sad state of affairs is attributable to the inability of the government to adequately mainstream natural resource governance in the sector. Though the industry is plagued with a plethora of issues, thus this paper seeks to focus on three core problems bedeviling the sector, due to its particular relevance to socio-economic development and sustainability. These problems centre on the legal and regulatory framework which have overtime become obsolete and does not adequately mainstream good governance practices; secondly, the institutional structures which are inherently weak are unable to enforce good governance practices and lastly, the pervading culture of lack of transparency and accountability in revenue management has predisposed the sector to corruption.

The inability of a legal regime to adequately mainstream transparency and accountability is indicative of the governance deficits in the management of Nigeria's natural resource wealth. These manifest in form of undue reliance on obsolete laws and regulations, lack of objectivity in decision making, poor public access to information, non-disclosure of oil revenues, delays

⁶Since 1972 Norway has separated policy, regulatory, and commercial functions in the governments administration of petroleum development. This approach particularly its requirement that the national oil company (NOC) only carry out commercial activities, has inspired admiration and imitation as the "canonical model", of good bureaucratic design for the hydrocarbon sector. See Thurber, M'C and Heller, P.R.P (2011) Exporting the "Norwegian Model" The Effect of Administrative Design on Oil Sector Performance' Energy policy Vol 39(9) 5366-5378. However, it is pertinent to inquire

whether adopting a blanket approach to the governance of natural resource similar to what obtains in a developed country might do more harm than good.

⁷Cap P10 LFN 2004

⁸Cap. P123 LFN 2004

⁹ Paavola, J. "Institutions and environmental governance: A reconceptualization, *Ecological Economics*" (2007) Vol. 63(1) 93-103

occasioned by multiplicity of approvals and approving agencies at various levels of government, poor enforcement, lack of independence and oversight within the relevant agencies, inter-agency rivalry and tax evasion on the part of International Oil Companies (IOCs). The extant frameworks which include the Petroleum Act,¹⁰ (the principal legislation), and by extension the Petroleum Profit Tax¹¹, the Audit Act¹², the Fiscal Responsibility Act, 2007 and the Public Procurement Act, 2007 which border on the fiscal regulatory environment of the Petroleum sector have struggled over the years to properly manage and monitor revenue returns from the industry. Thus, the gaps and conflicts existing within these extant laws has fostered a culture that lacks administrative and fiscal guidelines, a poor enforcement regime and lack of independence and uncertainty. Thus, obstructing transparent and accountable resource revenue management.

Secondly, the question of enforcement of accountability measures is a subset of the broader question of quality of institutions. Transparency programmes alone no matter how well designed and implemented cannot bring the desired change in the country.

Improvements in institutions are critically important to lifting the natural 'resource curse'. It is further argued that the extant institutions and management structures within the Nigerian Petroleum Industry are weak and lack the requisite independent oversight which are in most cases subjected to executive control. Also, these agencies lack the capacity to manage such a complex and dynamic industry and do not incorporate adequate international standards of transparency and accountability in its framework to allow for sufficient release of information or any means of auditing how the funds are utilized.

Thus, the current industry structure and patterns of regulation are deficit, hence, the challenge, with the management of the Nigerian Petroleum Industry (NPI) is how to adequately establish independent and capable administrative agencies manned by persons of integrity who work within a proper legal framework. This requires institutionalizing the highest standards of transparency and accountability in the management process for sustainable development of the country. For the purpose of this paper, discussion will focus mainly on the role of the National Assembly, the Ministry of Finance, Fiscal Responsibility Commission, (FRC) Revenue Mobilization Allocation and Fiscal Commission (RMAFC); The Auditor General of the Federation (AuGF); Bureau of Public Procurement (BPP); Nigerian National Petroleum Corporation (NNPC), and the Department of Petroleum Resources (DPR) to enthrone

resource governance especially in the coordination of crude oil revenue collection. However, it will be

¹⁰ 1969 Cap P10 LFN 2004

¹¹ Cap. P13 LFN 2004

¹² Ordinance Act of 1956, Cap 17 LFN, 1990

discerned that these regulatory institutions have become deputized in relevance in favour of the NNPC arising from the NNPCs fund generating power for the government.

Conceptual Framework

Understanding the concept of the “resource curse” and its effect on the economy.

The resource curse thesis affirms the widely held view that countries endowed with natural resources, such as minerals, oil and gas, has been less able to develop their economies than less endowed natural resource countries. Existing literature on natural resource in Africa has made significant contributions towards the understanding of key challenges and prospects of the sector, especially with regard to governance-related matters. The “resource curse” therefore provides conceptual basis for understanding the correlation or linkage between natural resource and poor economic performance.

The ‘curse’ is an aspect commonly attributed to the governance of natural resource exploitation process and the management of the resource rents. Auty¹³ in his seminal work states that the inability to unlock mineral wealth for the benefit of the citizenry in developing countries is a phenomenon that has become known as “resource curse” or “paradox of plenty”. Flowing from this premise, Sala-I-Martin et al in their empirical work provides ample evidence that indicates that natural resource revenue is more likely to lead to rent-seeking and corruption in countries that have not developed sufficient quality of governance before the natural resource discovery.¹⁴ Bedeib et al¹⁵ opined that the ‘oil curse’ has been attributed to countries whose economies are reliant on oil production as opposed to other natural resources. However, the success stories of some natural resource-abundant countries, such as Norway and Brazil, suggest that the abundance of natural resources is not a curse per se, but the inability of the government to manage natural resource wealth is responsible for the emergence of the ‘resource curse’ in many resource-rich countries such as Nigeria. It is important to distinguish between two key measures of countries natural resources, these are: “resource dependence” and “resource abundance”. Brunnschweiler et al¹⁶ define “resource dependence” to refer to the degree to which a country actually relies on resource revenues and “resource abundance” on the other hand refers to a country's estimated finite endowment of subsoil wealth or deposits of minerals, oil and gas.

¹³Auty, R. M. Sustaining Development in Mineral Economies: The Resource Curse Thesis, London; New York, Routledge, 1993

¹⁴Sala-i- Martin, X and Subramanian, A. (2003) Addressing the Natural Resource Curse: An illustration from Nigeria NBR Working Paper Series 9804 Cambridge, Massachusetts: National Bureau of Economic Research. Available at <<http://www.nber.org/papers/w9804>> accessed 8th March 2021.

¹⁵Badeeb, R.M., Lean, H.H. Clark, J. (2017) The Evolution of the Natural Resource Curse Thesis: A critical Literature Survey. Research Policy Vol. 51 pp 123.

¹⁶Brunnschweiler, C.N. Bulte, E.H. (2008) 'The Resource Curse Revisited and Revised: A tale of Paradoxes, and Red Herrings. Journal of Environ. Econ. Management. Vol. 55(3) pp.258 -264

However, it is important to investigate the mechanisms that link resource dependence to poor economic performance. Two approaches have evolved as mechanisms to address the link: Political and economic. The former being traced to rent-seeking weak institutions and corruption and the latter traced to the 'Dutch disease', volatility of oil prices and failures of economic policies. These economic and political factors are not unique to resource rich economies as they are also endemic to poor resource countries in general. However, Di John¹⁷ holds the predominant view that natural resource economies experience higher levels of such factors than non-resource economies.

Flowing from the above assertions, it can be said that the possession of natural resources is not sufficient to confer economic success. However, to incorporate exceptions to the general theories of the resource curse, several countries have successfully harnessed their resource for the benefit of their citizenry and thereby escaping the "resource curse". Gerelmaa et al¹⁸ investigate these theories and states that resource poor countries such as South Korea, Taiwan, Hong Kong and Singapore were among the fastest growing economies, while resource rich countries such as Congo, Sierra Leone, Venezuela and Nigeria and some Middle Eastern countries exhibited the poorest economic growth. In essence, it can be argued that the possession of mineral wealth is not an automatic sentence to the 'curse' as a properly instituted governance structures can eliminate to a large extent the resource 'curse'.

To understand the 'curse' Humphreys et al¹⁹ made a distinction as to how resource wealth differs from other types of wealth' The authors indicate that, unlike other resources, natural resources (i.e., oil, gas and minerals) do not need to be produced, but only extracted and the second key difference of natural resource wealth stems from the fact that they are non-renewable. Karl²⁰ follows the distinction by indicating that oil and gas occurs relatively independently of other economic processes and does little to create employment. To him, oil and gas is capital intensive and the skills required for these jobs usually do not fit the profile of a country's unemployed. Similarly, Ross²¹ indicates that authoritarian regimes in resource rich states can rely more on resource rents than tax revenues, which correspondingly weaken

public demand for democratic accountability, thus the ease of appropriation of resource rents by those in power mediates the

¹⁷Di John, J. 'Is There Really a Resource Curse? A Critical Survey of Theory and Evidence (2011) Glob.Gov. Vol.17(2) pp. 167-184.

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¹⁹Humphreys, M. Sachs, J. Stiglitz, J.E. Escaping the Resource Curse, (Columbia University Press, New York, 2007) page?.

²⁰Karl, T.L. (2005) Understanding the Resource Curse in Covering Oil: A Reporters Guide to Energy and Development, In: Tsalik, S. Schiffrin, A. (ed) Open Society Institute, New York pp 21-27; Karl, T.L. (2007) Oil -led development: Social Political and Economic Consequences. Enycl. Energy Vol. 4 pp. 661 - 672.

²¹Ross, M. (2001) Does Oil Hinder Democracy? World Politics Vol.53 (3)pp.325-361; Ross, M. (2007) How Mineral Rich States Can Reduce Inequality in Escaping the Resource Curse, In: Humphreys M, Jefferery, S.D and Stiglitz, E.J (eds) Columbia University Press, N.Y. pp 236-255.

resource dependency relationship.

This implies that countries with an abundance of minerals or hydrocarbons can exhibit comparatively high levels of poverty and inequality and economic under-development as a result of its enclave nature which is highly situated in the hands of experts, mostly International Oil Companies (IOCs). In addition, deteriorating environmental quality, institutionalized corruption, the increased frequency of conflict and war, child malnutrition and adult illiteracy are vulnerabilities that most resource rich countries face.²²

Natural Resource Governance

The meaning of good governance has never really been clearly articulated. However, according to Doornbos, the concept of 'good governance' became prominent in the early 1990s and substituted the structural adjustment term as the ideal concept for aid conditionality²³. He further indicates that though by extension it signifies sound administration and management, in another logic it allowed the "depoliticization of the development process, turning fundamentally political issues into objective judgement on what is good and bad"²⁴. Similarly, Mkandawire suggests that the concept has been devoid of politics or purely administrative at all but rather "good governance has often been used as a signifier for the same macro-economic policies as those previously termed structural adjustment and an instrument for ensuring the implementation of adjusted programmes."²⁵ Bourgoignie et al indicates that the extensive literature on the resource curse extensively adopts the framework of good governance often linking political science with institutional economics which highlights mechanisms to link resource curse.

Accordingly Okoli et al suggest that: -

*governance is arguably, the most crucial challenge of government and politics in contemporary states. "It refers to the capacity of the state to develop and leverage civic synergies to enable her effectively oversee its jurisdiction, enforce its values, implement its policies, control its population, as well as harness and exploit its resources for the advancement of the common good."*²⁷

²²Though the literature is voluminous, the seminal works are Auty, R.M. Sustaining Development in Mineral Economies: The Resource Curse Thesis' New York Oxford University Press, 1993; Karl, T.L. The paradox of Plenty: Oil booms and petro states Berkeley: University of California Press, 2001; Ross, M.L. Does Oil hinder democracy? World Politics 53(3); Ross, M.L. The oil curse: How Petroleum wealth shapes the development of nations @Princeton: Princeton University Press, 20 1 2).

²³Boschini, A. Peterson, J, &Roine, J. (2013) The Resource Curse and its potential reversal. World Development Vol. 43. pp 19-41.

²⁴Ibid.

²⁵Mkandawire, T, (2007) Good governance: the itinerary of an idea. Development in Practice. vol 17 (4-5) p. 253-276 outcomes to poor institutions, mostly concerning rent-seeking behaviour by political elites.

²⁶Bourgouin, F. et al (2013) From good governance to the contextual politics of extractive regime change. In: Jewellord N.S. et al (ed) Resource Governance and Developmental States: Critical International Political Economy Perspectives. Macmillan Distribution, England. P 87 - 104.

²⁷Okoli, A.I. and Uhembe, C. A. (2015) 'Crisis of Natural Resource Governance in Nigeria's Extractive Industry: Examining the Phenomenon of Artisanal Mining/Quarrying' Global Journal of Human-Social Science. Vol I5 (5).

Similarly, Roba et al define governance as a system of engendering control and regulation in any public domain to encompasses governmental and non-governmental measures geared towards ensuring guided and regulated life in governmental, civil and corporate practices.²⁸ The European Commission define Good governance as going beyond tackling corruption; it includes such things as "access to health, education and justice, pluralism in the media, the functioning of parliament and the management of public accounts and natural resources".²⁹ Oviedo, in his article contextualizes governance in the extractives, where he indicates that without adequate governance mechanisms, conflicts over natural resources are often accentuated, as different sets of actors seek to utilize resources based on their specific needs or priorities.³⁰

Flowing from this, Roba et al define natural resource governance as the

*rules and regulations that determine (or govern) natural resource use and the way these rules and regulations are developed and enforced. It is thus about relationships and who has the power and responsibility to make and implement decisions.*³¹

The authors also indicate that Natural resource governance

*refers to the application of the governance concept and principles in determining how natural resources are exploited and utilized by relevant stakeholders. It encompasses norms, rules, institutions and mechanisms that regulate the decisions and conducts of governments, organizations and individual stakeholders in relation to natural resource access, control, allocation, exploitation and use.*³²

However, Grant et al in their article titled *New Approaches to the Governance of Africa's Natural Resources*' takes a narrower approach to Natural Resource Governance and indicates that rather than focus the governance of natural resources with actors (state and non- state) involved in the process, it should be more aligned to the fundamental rules that guide the management of natural resources. The authors indicate that policy prescriptions should not focus on a change in actor behaviour but towards improving resource governance.³³

²⁸Roba, G. Gibbons, S.S. and Mahadi, Y.Y. (2013) 'Booklet I: Strengthening natural resource governance in Garba Tula' International Union for the Conservation of Nature (IUCN) <http://www.fao.org/fileadmin/user_upload/drought/docs/Handbook%201%20Strengthening%20natural%20resource%20governance%20in%20GarbaTula.pdf> accessed 10 May 2021.

²⁹ The European Commission (2006) 'Governance in the Consensus on Development' <<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri:URISERV%3Ar13012>>. accessed 10th May 2021.

³⁰ Oviedo, G. "Improving Governance of Protected Areas for Conservation and Equity." Cited in Surkin, J. Natural Resource Governance, Empowerment and Poverty Reduction (IUCN Gland, 2011) <https://cmsdata.iucn.org/download/Vdfid_governance_lessons_final.pdf>. accessed 20th May 2021.

³¹ Roba, G. Gibbons, S.S. and Mahadi, Y. Y. (2013) 'Booklet I: Strengthening natural resources governance in Garba Tula' international union for the conservation of Nature (IUCN) [http://www.fao.org/fileadmin/user_upload/drought/dice/Handbook & 201%20strengthening %20 natural %20resource%20governance%20in%20 Garba Tula.pdf](http://www.fao.org/fileadmin/user_upload/drought/dice/Handbook%201%20strengthening%20natural%20resource%20governance%20in%20GarbaTula.pdf)^ accessed 24th November 2021.

³² Ibid.

³³ Grant, A.J. et al (2015) New approaches to the governance of Africa's natural resources. In: Grant, J.A. (ed) in New Approaches to the Governance of Natural Resources: Insights from Africa. Macmillan Distribution, England. Pp.4.

Cambell in her book gives a more contextualized approach to the notion of 'governance' and posits that many approaches to governance are problematic as they "presuppose the existence of a presumed consensus concerning the choice of good administrative procedures which draw in management techniques"³⁴ The author further asserts that governance has been based upon criteria that has become universally accepted, which now serve as the basis upon which various governments are to conform to reform their institutions. Building support on Campbell's theory, it is opined that a criterion for governance that adopts a neo-liberal strategy as the universal as opposed to a homogenous approach to governance can be detrimental. It is posited that the criterion for a system governance should take into consideration the problems reminiscent in the Nigerian Petroleum Industry (NPI) given the highly volatile and historical resource landscape by mainstreaming and situating a more contextualized approach to NRG in Nigeria.

Does the Existing Legal Regime Governing the Petroleum Sector Mainstream Natural Resource Governance?

The ambition to develop oil and gas activities continues to determine what policy instruments governments formulate in the process, thus the legal framework represents the most basic and fundamental of institutions for managing natural resources. Legal regulations establish the government's authority over the resources on its territory³⁵ determine the rules on how those resources will be extracted and produced, and who can reap benefits from resource use and who must bear and mitigate the costs. They also establish the bureaucratic agencies that are responsible for implementing and enforcing the rules on resource use, guarantee property rights, create accountability mechanisms and prevent corruption in resource management.

An assessment of the Extant Legal Framework

The promulgation of the Petroleum Act of 1969 was a landmark in the history of petroleum legislation in Nigeria. Its importance, amongst others, like its predecessor is that it provides that the entire ownership and control of all petroleum in Nigeria is vested in the Federal Government of Nigeria. It also revised all the terms and conditions under which pre-1969 concessions were granted and repealed the Minerals Oil Ordinance of 1914.

The Act was organized into five parts: Oil Exploration Licenses (OEL), Oil Prospecting Licenses (OPL) and Oil Mining Licenses (OML); Rights of Pre-Emption; Repeals, Transitional and Savings Provisions.

³⁴Campbell. B.K (2013) Modes of Governance and Revenues Flows in African Mining. In: Campbell. B'K "(ed) Modes of Governance and Revenue Flows in African Mining. Macmillan, England. p 3.

³⁵See s.40(3) of the 1979 constitution; s. 1 of the Petroleum Act, 1969 Cap P10 LFN 2004.

The position of the federal government as the owner and controller of oil in Nigeria is further enshrined in both 1979 and 1999 Constitutions.³⁶

In a bid to manage the oil industry, the federal government of Nigeria established the NNPC in April 1977 to succeed its predecessor the Nigerian National Oil Company (NNOC). The NNPC has the mandate to manage the operational aspects of the oil industry in Nigeria, and in 1988 was decentralized into twelve strategic business units covering the entire spectrum of the corporation's operations: exploration and production, gas development, refining, distribution, petrochemicals, engineering, and commercial investments. Between 1978 and 1989, the NNPC constructed refineries in Warri, Kaduna and Port Harcourt, these Downstream Operations of the NNPC cover oil/gas conversion into refined and petrochemical products and took over the 35,000- barrel Shell refinery established in Port Harcourt in 1965.³⁷ Over the years, the operations and activities of the NNPC have centred around coping with challenges of dealing with developments in the oil industry, particularly with regards to its operations and products. However, the extant legislation still governs new developments that have metamorphosed since the discovery of oil in 1956. The dissatisfaction with the performance of NNPC, symptomized by corruption, decaying infrastructure and inadequate refining capacity, has fueled the debate on the theoretical and holistic overhaul of the oil and gas sector, particularly the legal framework which has become obsolete. This calls to question how a law that was promulgated in 1969 can effectively cater to the vagaries of a dynamic and complex industry and ensure good governance and better management of Nigeria's resources. Akinrele in his article³⁸ indicates that the extant policy structures which may have been suitable at the time, have failed to extract maximum benefits for the country and has fueled corruption and helped erode institutional integrity.

The author further indicates what has led to a wide variety of well-documented failures including: the waste of natural gas resources through routine flaring; an inflexible tax regime which has led to the need for extra-legislative Memorandum of Understandings (MOUs); inefficiencies and lack of clarity in the downstream petroleum products sector; and an unsustainable joint venture funding model, amongst other issues.³⁹

³⁶ See Second Schedule, Exclusive Legislative List, item 39,1999 Constitution.; A significant milestone in the history of ownership of oil and gas in Nigeria was reached in 2002 when the Supreme Court held that the seaward limit of littoral states was the low-water mark of the land surface, and therefore, littoral states could not derive revenues from natural resources (including oil and gas) located beyond the low-water mark. *Attorney General of the Federation v Attorney General of Abia State (2002) 6 N.W.L.R (Part 764) 542.*

³⁷ Ibid

³⁸ Akinrele, A. A. (2014) Transparency in the Nigerian Oil and Gas Industry *Journal of World Energy Law and Business* Vol. 7(3) p.220-235. pp233

³⁹ Ibid

The Campaign for the deregulation of the oil sector presents a contextual review and a good starting point of the enormous challenges facing the sector, as the downstream sector constitutes a key source of energy to consumers and incidentally where enormous corruption in the sector has been revealed.⁴⁰ As pointed out by Akinola et al⁴¹ the Nigerian downstream oil sector has been characterized by crises ranging from ineffectiveness, to fuel scarcity, corruption and maladministration. Thurber et al⁴² observed that the deregulation policy suffers mostly from the wide resentment from majority of Nigerian's especially as it bothers on the removal of subsidy, which is an essential requirement of the deregulation policy. Similarly, Gilles⁴³ Opines that the licenses for exporting crude oil and importing refined products is opaque and highly discretionary.

Similarly, Bello⁴⁴ alleges that NNPC officials in collaboration with politicians distribute such licenses both for individual gain and to buy support for politicians in the legislature. Thurber et al states that if regulation is limited to oversight and supervisory functions, aimed at guaranteeing quality of products and preventing consumer exploitation, then the process of deregulation could help achieve greater cost effectiveness.⁴⁵ The author further indicates that to achieve an appropriate deregulation policy, Nigeria's resources need transparent and accountable management, thus Government commitment to accountability, corporate governance and responsibility are core values in rebuilding the trust of Nigerians in deregulation and subsequent reforms.⁴⁶ It is opined that the Petroleum Act does not engender accountability and the prevention of corruption in resource management as it is largely ineffective and inefficient to foster integrity, openness and accountability. Thus, though the review reveals the clamour for deregulation, it is submitted that deregulation without a structured policy and an appropriate law in place will only make the exercise futile and open

to corruption. The passage of the petroleum Industry Bill (PIB) is therefore expected to help revise, update and consolidate extant petroleum related legislations. The commencement of the Petroleum Industry Act, 2021 provides legal, governance, regulatory and fiscal

⁴⁰ The downstream sector of the oil and gas is currently partially deregulated making it difficult for prices for petroleum products to be market determined. The sector was regulated with government maintaining a monopoly of supply of petroleum products and few oil majors dominate it. The dominance of these firms in the market has made the petroleum market industry in Nigeria an oligopolistic one.

⁴¹ Akinola, O.A and Wissink, H. (2017) Public Sector Performance in the Nigerian Downstream Oil Sector A Critical Reflection. *Journal of Asian and African Studies*. Vol. 53(3) , 476 - 490.

⁴² Thurber, M.C. Oil and Governance: State- Owned Enterprises and the World Energy Supply. (Cambridge University Press, 2011) ,737.

⁴³ Gilles, A. (2009) "Reforming Corruption Out of Nigerian Oil? Part One: Mapping Corruption Risks in Oil Sector Governance CMI U4 Brief. Cited in Thurber, M.C. (n 42) ,737.

⁴⁴ Bello, O. Political Patronage Dashes Bid to Reduce Diesel Price. *Business Day*. 6 October 2008. Cited in Thurber, M.C. Ibid p.737.

⁴⁵ Ibid.

⁴⁶ Ibid.

framework for the Nigerian Petroleum Industry, and the development of host communities. It also provides for the establishment of the Nigerian upstream Regulatory Commission to deal with technical and commercial regulatory functions of the commission. The objective of the commission is to deal with the upstream Petroleum operations, promote healthy, safe, efficient and effective conduct of upstream petroleum operations in an environmentally accepted and sustainable manner. It also set, define and enforce approved standards and regulations for design, construction, fabrication, operation and maintenance of plants, installations and facilities used or to be used in upstream petroleum operations.

The Act also established the Nigerian midstream and downstream petroleum operations, including technical, operational and commercial activities and ensure implantation of environmental policies, laws and regulations for midstream and downstream petroleum operations. The effectiveness of these bodies is yet to be seen as what the law did was to separate the functions and personals of the Department of Petroleum Resources into these bodies for effective implementation of government policies.

The Lack of independence and the requisite capacity in the existing institutional structures within the Nigerian Petroleum Sector.

Another set of arguments for the resource curse focuses on institutional quality. Several studies have investigated the role of institutional quality and found that natural resource curse can be avoided if institutional quality is sufficiently high. North⁴⁷ defines institutions as a set of formal rules and informal conventions -that provide the framework for human interactions and shape the incentives of members of society.

Hodler⁴⁸ indicates that resource rents are thought to bring not only conflict but also corruption and downward pressures on institutional quality. Similarly, Auzer explains that in petro-states,

government institutions may either be the main contributing factor to a 'resource curse', or a 'blessing'⁴⁹

In the same vein, Torner et al⁵⁰ consider weak institutions responsible for the slow growth experienced in Nigeria, Mexico and Venezuela after oil was discovered in these countries. Similarly, Sala-I-Martin et al⁵¹ found that corruption that emerged after the discovery of oil was responsible for the slow growth experienced by Nigeria and natural resources exert a negative

⁴⁷North, D. (1991), Institutions" Journal of Economic Perspectives Vol.(I) pp.97-112

⁴⁸Hodler, R. (2006) The Curse of Natural Resources in Fractionalized Countries Eur. Econ Rev Vol 50(6) p' 1367 - 1386.

⁴⁹Auzer. K.A (n. a)\P.22.

⁵⁰Tomell, A. and Lane, P.R. (1999) The Voracity Effect' Am' Eon' Rev Vol' 89 p 2246'

⁵¹Sala - I - Martin et al (n 38).

and nonlinear impact on growth via their negative impact on institutional quality. Alexeev et al⁵² treat institutions as endogenous and show that previously found negative effects of natural resources wealth on the quality of institutions are likely to be spurious because of the positive link between GDP and natural resources. Mehlum et al⁵³ argue that institutions are decisive for determining whether resource revenues bring a curse or a blessing. Thus, the quality of government institutions can determine the impact of resource revenues on the economic performance of resource abundant countries. They suggest that a 'grabber friendly institution' may lead to economic stagnation and in turn low growth. In effect, Auzer, states that the quality of pre-existing institutions may have an adverse effect on the impact of natural resources on growth, whilst resource abundance may also have an effect on institutional quality, leading to ineffective governance through rent seeking corruption and patronage.⁵⁴

Osahuee⁵⁵ states that decades of elite corruption, misrule and lack of enforced regulations have successfully crippled this giant and potentially debarred the potential benefits of its natural resource wealth from trickling meaningfully to the vast majority of its suffering masses. Thurber et al aptly describe the NNPC thus:

...despite its formal organization as a vertically integrated oil company, NNPC is neither a real commercial entity nor a meaningful oil operator. It lacks control over the revenue it generates and thus is unable to set its own strategy. It relies on other firms to perform essentially all the most complex functions that are hallmarks of operating oil companies. Yet unlike some NOCs it also fails to fit the profile of a government agency: its portfolio of activities is too diverse, incoherent, and beyond

the reach of government control for it to function as a government policy making instrument.

Similarly, Nwokeji⁵⁶ has described the role assigned to the NNPC as at one time or another included managing the interests of the Federal Republic of Nigeria in the oil and gas industry, making input into industry policy, performing regulatory functions and driving Nigeria's economic, industrial and technological development. However, the author also states that what

⁵² Alexeev, M and Conrad, R. (2009) The Elusive curse of oil. *The Review of Economics and Statistics*. Vol 91 (3) p. 586-598; Alexeev et al (2011) 'The Natural Resource Curse and Economic Transition' *Economic Systems* Vol. 35(4) P 445-461.

⁵³ Mehlum, H. Moene, K. Torvik, K. (2006) Institutions and the Resource Curse *Econ. Journal* Vol. 116 (508) P.1-20. Cited in Auzer, K. K. (n.48)

⁵⁴ Auzer (n 48) p. 23.

⁵⁵ Mark C. Thurber et al, NNPC and Nigeria's oil Patronage ecosystem in David G Victor et al (eds) *Oil and Governance: State Owned Enterprises and the World Energy Supply* (Cambridge University Press, 2010) ,701.

⁵⁶ Nwokeji. G.U. *The Nigerian National Petroleum Corporation and the Development of the Nigerian Oil and Gas Industry: History, Strategies and Current Directions*. The James A. Baker III Institute for Public Policy and Japan Petroleum Energy Center, 2007.

behaves the corporation is marked by a struggle over what the corporation controls and who owns what.⁵⁷ Flowing from the above, studies have shown that States involvement in petroleum production in oil producing countries through national oil companies to be a determining factor for increased corruption among officials related to the oil and gas sector. Arezki et al⁵⁸ indicate that the ownership structure of oil and petroleum industries plays a major role in the existence of corruption in the resources sector. Whilst, Cameron et al⁵⁹ emphasize that an understanding of the kinds of organizational structures that are typical in the oil and gas are imperative and without sound knowledge of standard approaches to oil and gas governance, governments efforts to make the sector work and to achieve social and economic benefits may have limited outcomes.

To emphasize what obtains within the NPS, Nwokeji identifies that the DPR is backward compared to the NNPC and instead of strengthening the regulator it has been placed under the administrative control of the National Oil Company (NOC).⁶⁰ Nwokeji further noted that the DPR had been in place before the NOC in 1971, whilst the NOC was formed in 1972 as a requirement for Nigeria joining OPEC, in effect the regulator was a Nigerian initiative, while the NOC came on stream as an externally instigated element.⁶¹

This was also well reiterated by Onuoha where he stated that in practice, the NNPC is still in charge of producing oil and simultaneously regulating the industry.⁶²

The NNPC's capacity can be measured by the quality of the extant legislative framework, thus, the Petroleum Act and its ability to serve as a catalyst for the country's economic development may run counter - productive in promoting good natural resource governance, going by the assertions of Thurber, Nwokeji and Onuoha as the extant framework does not make provisions for the NNPC as a regulator. It can be fair to assert that a law meant to create accountability and prevent corruption in resource management is largely ineffective and inefficient and does not foster integrity, openness and accountability.

Within the Nigerian Oil and Gas sector, various divisions and subsidiaries overlap in terms of responsibilities and a lack of clarity of roles exist. Nwokeji⁶³ identifies this overlap in

⁵⁷Ibid.

⁵⁸Arezki . R. Bruckner, M. (2011) Oil rents, corruption and state stability: evidence from panel transgressions. *Eur. Econ Rev* Vol. 55. p955-963.

⁵⁹Cameron, P.D and Stanley, M.C. Oil, Gas and Mining: A Sourcebook for Understanding the Extractive Industries. International Bank for Reconstruction and Development, 2017.

⁶⁰Nwokeji, U.G. (n 56) p.27

⁶¹Ibid

⁶²Onuoha, A. (2005) From Conflict to Collaboration: building peace in Nigeria's oil producing communities. London: Adonis & Abbey Publishers. Cited in Perouse De Monclos, M.A. (2014) The politics and crisis of the petroleum industry Bill in Nigeria. *Journal of Modern African Studies* Vol. 52(3) pp.403 -424.

⁶³Nwokeji, U.G (n 56) p.27.

responsibilities, when he states that the Integrated Data Services (IDS), duplicates the work of National Engineering & Technical Company (NETCO) by offering petroleum engineering services, the National Petroleum Investment Management Services (NAPIMS) impinges on the core of Exploration and Production functions of Nigerian Petroleum Development Company (NPDC) and thereby stretches the NAPIMS technical manpower too thin. This comes with the anomaly of combining regulatory, commercial and operational functions into a single body. Also, Akinola et al notes the lack of clarity between the regulatory roles of the Department of Petroleum Resources (DPR) and the Petroleum Products Pricing Regulatory Authority (PPPRA).⁶⁴

Similarly, Nwokeji indicates that splitting of qualified personnel into various agencies duplicating one another's regulatory function, with none maintaining a critical mass is a factor of NNPCs under performance in regulation.⁶⁵

Thuber et al make some principal observations of the NNPCs and the Nigerian Oil sector, the authors indicate that the company is a sector manager and quasi regulator, using the approval authority of National Petroleum Investment Management Services (NAPIMS) to assert control over IOCs. Secondly, Thurber asserts that the NNPC is a buyer and seller of oil and refined petroleum products and plays an operational role in upstream, downstream and gas

transport activities and a service provider to the Nigerian oil sector, without been effective in any of the various oil sector jobs⁶⁶Nwokeji further states that

the historical lack of success in establishing an independent regulator despite outward efforts is part of a pattern of lurching reform that does nothing to substantially alter the functioning of the petroleum sector. Incidentally, initiatives to reform NNPC and the oil sector have been put forward by many Nigerian presidents, mainly focusing on organizational forms, leaving intact basic power dynamics, institutional dysfunctions and deficiencies in human capacity that support the status quo...the NNPC is a struggling corporation, constrained by internal weakness, such as institutional frailties and corruption and externally imposed burdens, such as interventions by political leaders and sundry socio-political obstacles...the NOC has lagged behind its counterparts in other countries, such Brazil, Venezuela, Malaysia, and Indonesia, even lagging behind with its African counterpart Angola's Sonangol which is being justifiably celebrated. There is now a clear recognition of the structural weakness of the Nigerian oil and gas industry and the corresponding weaknesses of NNPC'.⁶⁷

⁶⁴ Akinola et al (n 41) p.477

⁶⁵ Nwokeji, U.G. (n56).

⁶⁶ Thurber, M.C. Oil and Governance: State- Owned Enterprises and the World Energy Supply. (Cambridge University Press, 2011) ,737.

⁶⁷ Nwokeji U.G (n. 65) p 88.

Finally, Thurber indicates that the NNPC has become an instrument of patronage as a result of its being unsuccessful in developing its capability in oil.⁶⁸ The author further states that

... this in not unconnected to the complexity and bureaucracy of NNPC processes which provide ample opportunity for distribution of favours, with

each approval step representing a transaction process that benefits a network of associates and more worrisome is that top jobs in the NNPC are dispensed to politically favoured individuals with the rotation of NNPC board members based on regional basis in line with regional structure of Nigeria's patronage network and consequently making it difficult to effect sustained positive change within the organization especially when the GMD changes with each presidential election".⁶⁹

From the aforementioned reviews, it is observed that various authors have limited the discussion of institutional quality in the petroleum sector to the role of the NNPC.

However, it is posited that several institutions that go beyond the NNPC have the collective responsibility to ensure transparency and accountability in the governance of the Petroleum revenue. Institutions such as the Federal Inland Revenue Service, Fiscal Responsibility Commission, Revenue Mobilization and Fiscal Allocation Commission (RMFAC) Public

Procurement Commission, the National Assembly, Ministry of Finance, Department of Petroleum Resources are institutions that have contributed to the failure of petroleum revenue governance. These institutions lack poor institutional governance and have become moribund due to weak enforcement of laws, obsolescence and lacking in the requisite capacity and have not been able to adequately monitor revenue from the NPI. However, the writer supports the view that the NNPC has failed to screen out its operational autonomy to avoid political capture. Thus, rather than limiting the scope of this work to the NNPC, the paper rather prefers to take a broader approach by reviewing other institutions which have a collective responsibility to ensure transparency and accountability in petroleum revenue management within the Nigerian Petroleum Industry. (NPI)

The observance of good natural resource governance practices as a catalyst in enhancing transparency and accountability in petroleum revenue management

Most relevant to this discourse are twin concepts of 'transparency' and 'accountability' which have become an integral part of the global governance agenda. Acosta⁷⁰ notes the existence of global Initiatives such as the Publish What You Pay (PWYP) coalition and the 'Extractive Industry Transparency Initiative (EITI) which were formed to promote improved accountable systems for the management of natural resources revenue and to promote greater transparency

⁶⁸ Thurber, M.C. Oil and Governance: State- Owned Enterprises and the World Energy Supply. (Cambridge University Press, 2011) ,737.

⁶⁹ Ibid.

⁷⁰ Acosta, A.M. (2013) The Impact and Effectiveness of Accountability and Transparency Initiatives: The Governance of Natural Resources. Development Policy Review Vol. 31 (SI): s89-s105. Pp.94.

and timely disclosure of government information through the creation of multi stakeholder monitoring bodies and civil society actors, amongst others. The objectives of transparency and accountability forms the pillars of good corporate governance in any sector. However, poor mainstreaming on the part of the government particularly in the Nigerian oil and gas sector has come as a result of high rentierism that has further encouraged the sector to remain opaque thus fueling the incessant degree of corruption. Thus, the opaque relationship between the Federal Government and the Nigerian National Petroleum Corporation has created transparency and accountability concerns with incessant accusations of mismanagement and corruption in the sector.

The importance of transparency was established by *Kolstad et al* where the authors categorically state that transparency reduces the possibilities of rent-seeking activities and increases the accountability of the government.⁷¹ To address Nigeria's efforts in curbing corruption and enforcing transparency in the sector and if implementation has been able to curb the tide of corruption, Idemudia⁷² observes that institutions and new laws have been established to address the resource curse and fight corruption. These include the Independent

Corrupt Practices and Other Related (ICPC) in 2000, Economic and Financial Crimes Commission (EFCC) in 2002 and the Fiscal Responsibility Act in 2007. However, the author opines that notwithstanding these initiatives to curb corruption, corruption still remains prevalent in the sector.⁷³ It is posited that fighting the 'resource curse' or corruption within the Nigerian Petroleum Sector goes beyond the implementation of anti-corruption laws, such as the EFCC and the ICPC but rather what is imperative is the reform of existing laws to make it more compliant to the dynamics of the sector, such as the Audit Act and the Petroleum Act. Notwithstanding, Idemudia et al in another article⁷⁴ also attributes the limited success of these initiatives to the problem of "structural formalism" or the idea that since these agencies and laws are managed and implemented by government officials that benefit from corruption, their implementation is often uneven and subject to governmental interest and capture.

This perhaps adequately captures the lack of pro-activeness in implementing laws as opposed to just promulgation. Again, Akinrele also states that Nigeria has in the last 15 years introduced a plethora of new legislation, guidelines and policies aimed at promoting higher standards of

⁷¹ Kolstad, I. and Wiig, A. (2009) Is Transparency the Key to Reducing Corruption in Resource- Rich Countries. *World Development* Vol.37 (3) 521 -532. pp. 524.

⁷²Idemudia, U. (2012) The Resource Curse and the Decentralization of Oil Revenue: The Case of Nigeria" *Journal of Cleaner Production* Vol. 35 p. 183 -193. pp. 185.

⁷³ Ibid

⁷⁴Idemudia, U. Cragg, W. Best, B. (2010) The challenges and opportunities of implementing the integrity pact as a strategy for combating corruption in Nigeria's oil rich Niger Delta region. *Public Administration and Development* Vol. 30 (4),277-290.

governance and accountability in the business sector of which the petroleum sector forms the substantial subset.⁷⁵ In addition, he states that the Freedom of Information Act 2011, Nigerian Extractive Industries Transparency Initiative Act 2007, Code of Conduct Bureau and Tribunal Act 1991, the 1999 Nigerian Constitution, Advanced Fee Fraud and Other Related Offences Act 2006, Money Laundering (Prohibition) Act 2011 and the Public Procurement Act 2007 are all legislation that promote accountability. However, he posits that there remains the challenge of implementation and enforcement, such as political interference and an inefficient judiciary which present obstacles to proper enforcement. Olayinka⁷⁶ states that the non-passage of the PIB has not only stalled the needed reform of the NNPC, but has contributed to the unwillingness of International Oil Companies (IOCs) to invest in the sector because of the prevailing high level of uncertainty for future investment. Similarly, Iluezi- Ogbaudu⁷⁷ state that it behoves on the Federal Government in a bid to ensure an enabling environment for investment to look into the position of the law as of today and consider same against its effect

on investment in the sector and make necessary reforms as soon as possible. The author further asserts that Petroleum Act has not undergone any major reforms since its enactment. Nwokeji⁷⁸ also addresses the same issue where he observes that the Oil industry administration is largely done on an ad-hoc basis and the principal law governing the Nigerian industry is outdated.

Transparency international, a global coalition against corruption has ranked Nigeria 148 out of 180 countries with a paltry score of 27 out 100 in its 2017 corruption perception index.⁷⁹

Thus, the Petroleum Act and its ability to serve as a catalyst for the country's economic development has run counter - productive for the objective of good natural resource governance. Agbibo⁸⁰ posits that 'Nigeria remains a cesspit of corruption and exacerbated by the discovery of oil.' As pointed out by the author⁸¹ corruption and ineptitude of Nigeria's first republic were the two often-cited reasons used by the military to carry out coups. Adelegan on his part recommends that for oil and gas reforms to have any implications on economic development,

⁷⁵ Olayinka, C. NNPC audit report and need for autonomy. The Guardian 22 February 2015 available at <<http://amp/siguardian.nglfeatures/focus/nnpc-audit-report-and-need-for-autonomy/> amp> accessed 25th May 2021.

⁷⁶ Iluezi, O. E. Oil and Gas Regulation In Nigeria: Assignment Of Rights In the Upstream Sector. Available at <<http://www.lawyard.ng/oil-and-gas-regulation-in-nigeria-assnment-of-rights-in-the-upstream-sector-by-iluezi-ogbaudu-efemena/>>. Accessed 25th May 2021

⁷⁷ Nwokeji, U.G. (n56).

⁷⁸ See Transparency International available at <<https://www.transparency.org/countryA.IGA>> accessed 24th May 2018.

⁷⁹ Agbibo, D.E. (2013) Corruption and Economic Crimes in Nigeria: Social and Economic Perspectives African Security Review Yol.22(I): 47-66. Cited in Agbibo D.E. (2014) Under- Development in practice: Nigeria and the Enduring problem of corruption. Development in Practice Yol.24 (3) pp. 390-404.

⁸⁰ Ibid.

⁸¹ Adelegan, A.E. (2017) Oil and Gas Sectoral Law Reform and its Implications for Economic Development in Nigeria. International Journal of Development and Economic Sustainability Vol. (5) 3 pp.24-31.

transparency, accountability and ethical conduct should be deepened.

What exists in Nigeria is endemic corruption and poor governance structures which have existed prior to the discovery of oil and possibly due to the existence of authoritarian regimes. The current approach and legal framework for the governance of petroleum resources revenue lacks transparency and no mechanisms for ensuring that those who manage the revenues are accountable to the people on both the exploitation of the resource and the manner in which the revenues are applied. Thus, adopting the right policies and building transparent and accountable and capable institutions, Nigeria's resource wealth can be used to lift its people out of poverty.

Conclusion

A vibrant regulation and an equitable framework for the transparent and accountable distribution of petroleum revenues are important to effectively manage the Nigerian petroleum industry. But the attainment of these factors is often dependent on other factors which may extend beyond the province of law to bring about a holistic approach to reform. For instance, a vibrant law would often depend on the human capacity from which it can source professional employees, these issues were identified under the discussion of the PPTA where staff of the FIRS are limited in capacity to understand the rudiments of transfer pricing or financial reports of the IOCs. There is a need to strengthen tax rules and develop competent manpower to carry out transfer audits.

Thus, no matter how laudable the PIA is, supporting legislations which are obsolete or lacking in enforcement capacity will continue to lag the sector in bringing about the needful changes that is long over- due. Similarly, an industry cannot itself operate where there is unbridled corruption, in such a situation poverty is at its highest as revenues are not equitably distributed due to political and elite capture. Revenue authorities as well as Anti-Corruption institutions should endeavour to develop integrated data to aid information sharing. Thus, institutional cooperation between the Federal Inland Revenue Service (FIRS), Bureau of Public Procurement, Fiscal Responsibility Commission, Cooperate Affairs Commission (CAC) The Securities and Exchange Commission (SEC) and anti- corruption agencies, The Economic and Financial Crimes Commission (EFCC) and the independent Corrupt Practices Commission (ICPC)) which were created specifically to tackle corruption in Nigeria. With cooperation amongst these agencies, this can detect the flow of funds, however, what exists is inter- agency rivalry and lack of cooperation.

It is pertinent to note that tax evasion and tax avoidance are a global problem and Nigeria must be part of the global tax agenda, such as the Multilateral Competent Authority Agreement 2019 and the Global transparency forum on access to information and the African Peer Review mechanism. Thus, except Nigeria belongs to these global bodies, the country will continue to be shut from contemporary initiatives to fight tax crimes and further "race to the bottom".

Strict accountability mechanisms are required to address corruption, thus, to attempt an isolated reform may thwart the overall objective. It is important that several factors through legal and extra-legal means are embedded to ensure sustainability in the sector. The attainment of that fine balance between developed legal institutional frameworks that are managed by capable individuals on the one hand, while on the other hand are regulating



without being unduly burdensome on operators is the hallmark of effective petroleum industry regulation.