The Extractives Industry in Nigeria

Nigeria’s extractive sector is made up of oil, gas, and mining. The 2016 Nigeria Extractive Industries Transparency Initiative (NEITI) audit report records total flows from Nigeria’s oil and gas sector (including related taxes and income) at $17.055 billion. The report identified over 100 million barrels of crude oil, which were reported as losses due to theft and/or sabotage in 2016. The oil and gas sector makes up just over 8% of the government’s Gross Domestic Product (GDP), while the mining sector contributes about $1.4 billion, less than 1% of the GDP.

There is considerable national debate, and an ensuing wariness to trust data, regarding how much crude oil the country actually produces.

The Nigerian government has been trying, unsuccessfully, for almost two decades, to replace the outdated Petroleum Act of 1969. The most recent proposed legislation breaks the Act into three parts, which are all currently pending at various stages of the legislative process.

The legal framework for the mining sector was overhauled in the 2000s to make licensing more transparent and strengthen the government’s capacity to conduct geospatial surveys and to serve as a repository for the collected data. These have been necessary improvements, but the sector could still benefit from increased human, financial, and technological capacity, which would enable government agencies sufficient oversight as well as a detailed policy designed to improve the local processing of minerals in Nigeria.

1. https://eiti.org
4. NEITI Oil and Gas Audit Report 2016.
Nigeria has an official Freedom of Information Law (FOI), which supports the right of citizens to be fully informed. However, desktop research revealed some limitations in its application, including the lack of capacity of government agencies to respond to various requests through the web portals and designated information desks for this purpose. It also revealed the reluctance of some broader public bodies, such as the Nigeria National Petroleum Corporation (NNPC), to avoid responding to requests from non-public organizations.

Nigeria has been a voluntary EITI member since 2003, and became the first country to support EITI implementation with legislation by passing the NEITI Act of 2007. NEITI operates as a government agency, rather than a stand-alone committee as in other EITI countries. As such, it has a unique mandate that goes beyond fulfilling EITI requirements to include the ability to audit of other relevant financial flows in the country. Across the board, NEITI is treated as an essential partner for many stakeholders as well as being the most reliable source of data on the oil, gas, and mining sector. However, NEITI still struggles to publish its data in a timely fashion and in formats that are accessible and applicable to ordinary citizens. These barriers hinder the use of NEITI audit data at the state, local, and community level to increase impact.

EI stakeholders including government, private sector, development partners, and civil society organizations (CSOs) collaborate to ensure a constructive national debate around transparency in extractive resource management. However, there is room to continue building on cross-actor relationships. For the government, this means making data accessible to non-technical audiences to strengthen the relationship and trust with citizens as well as investing in interagency coordination to improve data quality. For CSOs, the focus should be improving engagement with the media. Lastly, the private sector can support transparency efforts by proactively publishing contracts and subsequent amendments.

**Development Gateway Study**

Development Gateway (DG) conducted a study in Nigeria to assess the feasibility of implementing an Extractive Industries Data Portal (EIDP) to address actors’ expressed need for disaggregated, timely, comprehensive, and reliable data. The feasibility study includes an analysis of existing legal and institutional frameworks – to determine Nigeria’s readiness to open up EI data; a review of activities of actors in the sector and their willingness to promote open data; a review of existing systems and data sources; and a review of human and technical capacities for a sustainable EIDP implementation. The EIDP will be designed to respond to relevant actors’ data needs while driving improved sector governance and citizen demand for accountability.

**Methodology**

The methodology used in this study includes:

1. In-depth desk research;
2. Individual interviews conducted by Development Gateway with key stakeholders in Nigeria’s EI sector, focusing on government, civil society, private companies, technical, and financial partners;
3. Technical support from NEITI.

The main findings of DG’s study provide an overview of the national context and challenges in the EI sector in Nigeria. These findings also allow the research team to draw actionable implementation recommendations from the assessment, to enable EITI-Nigeria to improve data use in the extractive sector.
Demand for Open Data in the EI Sector

NEITI is the central source for data on the oil, gas, and mining sector, the data is published after an extensive validation process involving dozens of stakeholders. On paper, NEITI’s oil and gas audit report is published yearly, but in practice, it is released up to 18 months after the audit year. NEITI also maintains a dashboard with visualizations on production, lifting, and revenues for oil, gas, and solid minerals; but the visualizations are also dependent on when the final figures are released in the audit reports.

The greatest challenge to transparency and accountability in Nigeria’s EI sector centers on an environment of distrust, particularly between civil society actors and government agencies, which control access to information. Civil society actors note with frustration the limits of published data, as it does not provide a full picture of the production, revenues, and management of the oil and gas sector. Conversely, the government critique highlights that some civil society actors do not engage constructively or offer concrete solutions to help improve the climate around access to information.

EI actors lamented that the current data does not help them meet their needs as data is: i) not easy to understand; ii) incomplete; iii) too focused on financial figures; and iv) in non-machine-readable formats. There is also a latent “data fatigue,” among actors who are frustrated with creating and providing data that appears to go unused.

The need across a larger ecosystem for digitization of relevant data has been expressed and is a central recommendation, as the implementation of an EIDP will alleviate some of the expressed challenges including:

- Time-consuming, manual data collection methods;
- Lack of real-time data
- Lack of exhaustive and reliable data

In order for the oil, gas, and mining sector to increase its positive impact on Nigeria’s economy, access to comprehensive, reliable, real-time data is needed to drive advocacy and design national strategies that will meet critical citizen development needs.

Sustainability of an EIDP Implementation

Institutional and Legal Context

While the Freedom of Information (FOI) Law was welcomed as a vital contribution to increasing access to information in Nigeria, there is still room for improvement, particularly in expanding government agency capacity to respond to FOI requests through web portals and designated information desks. Also, the FOI law is applied unevenly, with some actors such as the Nigeria National Petroleum Corporation refusing to respond to requests from non-public organizations.

In the oil and gas sector, Nigeria is hampered by the outdated Petroleum Act of 1969. While the mining sector has a fairly updated law (2007), and is accompanied by regulations and application guidelines, implementation remains a challenge. The Ministry of Mines developed a National Minerals and Metals Policy in 2008 to guide reinvigoration of the sector through investment in key departments responsible for oversight. Legal reform of the petroleum sector is critical, along with what will hopefully be a strengthened information disclosure regime that obliges the proactive disclosure of oil and gas data.
Data Availability
Currently, data is frequently collected manually and shared in hard copy, often in formats that make it difficult to sort and filter information. This is combined with data that is untimely, incomplete, difficult to understand, and unreliable. Some tools exist to store data, but the political will to disclose available data varies significantly between and across agencies.

The assessment has also identified several opportunities for data sharing and use, which would benefit EI stakeholders including:

- **A national open data policy** – An open data policy could help formalize data exchange across government agencies and clarify what kinds of data should be shared and in what formats
- **Increased state-level engagement** – Connecting revenue flows to state budgets could help citizens conceptualize how these flows (or the lack thereof) impact the success or failure of initiatives in their communities
- **Clarifying scope of FOI Law** – The FOI Law should be clear on whether NNPC and other parastatals are required to disclose information under the law
- **Investment in FOI Portals** – Supporting a more systematic rollout of FOI portals could further support information disclosure, particularly in line with FOI law obligations
- **A specific oil and gas disclosure law** – Consider creation of a sector-specific disclosure law providing an exhaustive list of the types of documentation that should routinely be made available by agencies in the sector
- **Increased use of data visualization** – Routinely invest in creation of data visualizations to break down complex figures within the annual audit report

General Recommendations
Though NEITI is a critical voice with great impact on the data landscape in Nigeria's EI sector, there is still a need to build on NEITI's work to ensure that extractives resources are understood by, and benefit, ordinary citizens.

The **Government of Nigeria should partner with well qualified IT companies to design and implement a centralized system** – with an eye to encouraging interoperability across different government agencies. The system should include sustained efforts to digitize records as well as an application programming interface (API) module so that other government agencies can access data directly and more easily.

**IT Tools should be accompanied by capacity building (training) and data management plans** which will set clear roles and responsibilities for each stakeholder in terms of data collection, use, and publication. Finally, critical needs in the data ecosystem include funding support for dissemination and domestication of EITI standards at the subnational level with state and local governments.