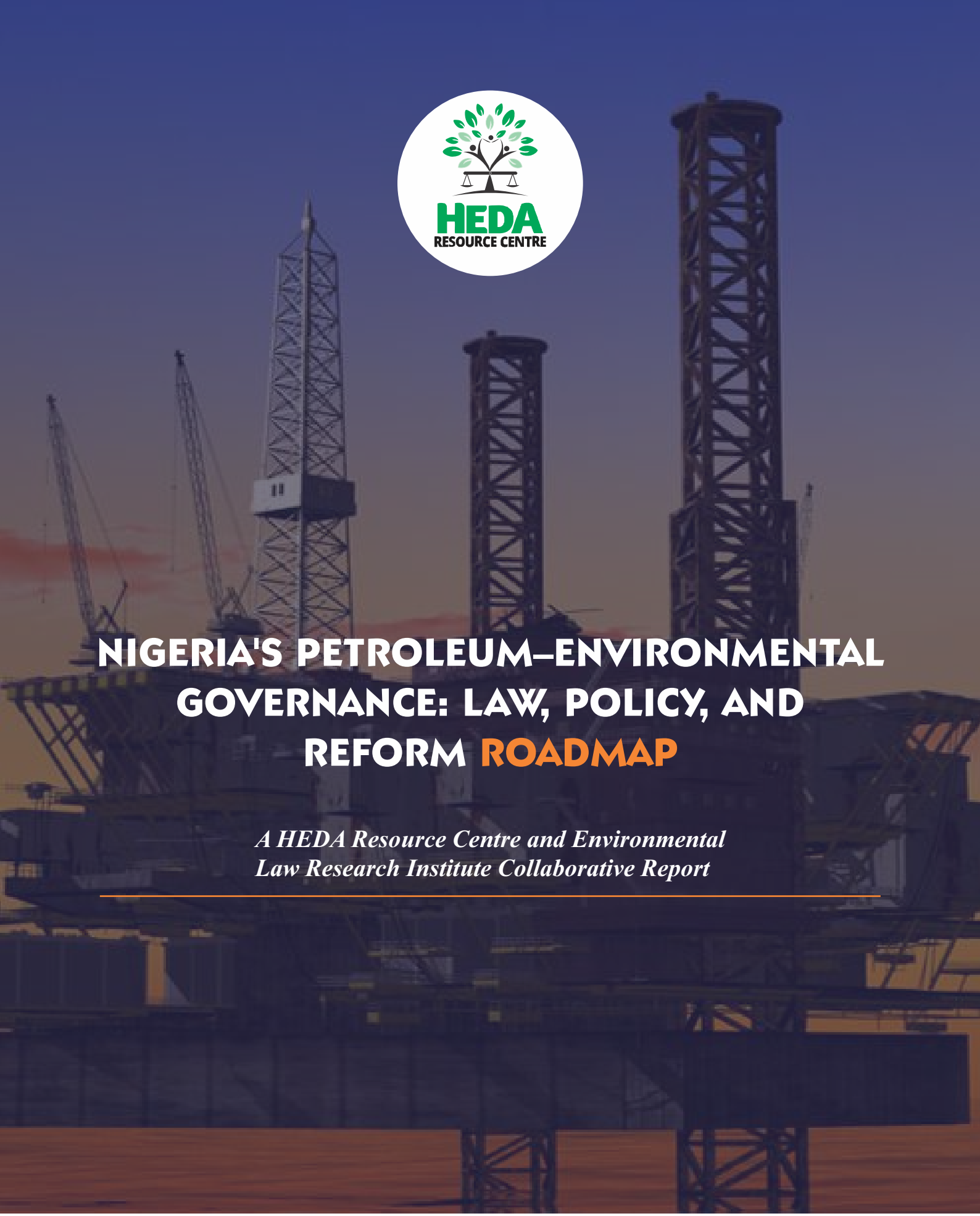

HEDA RESOURCE CENTRE

NIGERIA'S PETROLEUM–ENVIRONMENTAL GOVERNANCE: LAW, POLICY, AND REFORM ROADMAP

A HEDA Resource Centre and Environmental Law Research Institute Collaborative Report

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ACKNOWLEDGEMENT

On behalf of the Human and Environmental Development Agenda (HEDA Resource Centre), I extend my profound appreciation to all partners, experts, and institutions whose contribution, commitment and expertise made this project possible.

This report emerges at a critical moment in Nigeria's oil and gas sector, nearly four years after the enactment of the Petroleum Industry Act (PIA) 2021; a landmark reform designed to transform transparency, strengthen community development, enhance environmental protection, and improve resource governance. Yet, persistent gaps in enforcement, weak institutional capacity, and limited public awareness continue to undermine its impact. It is against this backdrop that this project was conceived: to bridge the gap between law and reality by simplifying complex legal obligations, highlighting implementation failures, and equipping stakeholders with practical tools to demand accountability.

This report is produced as part of the broader project titled **"Legal-Policy Gap Analysis of the Petroleum Industry Act (PIA) and Mobilization of Citizens' Public Interest Advocacy in the Extractive Sector,"** generously funded by the **Africa Centre for Energy Policy (ACEP)**. We deeply acknowledge ACEP's unwavering commitment to strengthening governance, transparency, and citizen engagement across Africa's extractive industries.

We are deeply grateful to the **Environmental Law Research Institute (ELRI)**, particularly, Professor Olanrewaju Fagbohun SAN for their leadership in undertaking the legal analysis, policy review, and field-level assessments that underpin this report and the dedicated team at **HEDA Resource Centre**.

As part of this report is the *Stakeholder Accountability Tool* that identifies duties, responsibilities, and sanctions under the PIA and related regulations; and also, a *Simplified Policy Brief* designed to empower communities, media, civil society, and regulators with accessible knowledge to track compliance and advocate for reform.

We acknowledge the contributions of legal experts, community representatives, regulatory actors, journalists, and civil society partners who shared insights and provided validation throughout the process. Your perspectives enriched the findings and ensured that this work reflects real-world experiences, not just legal theory.

Special thanks go to the research and project team whose commitment ensured the timely successful completion of this initiative.

This publication reaffirms HEDA's longstanding commitment to promoting transparency, accountability, and justice in Nigeria's natural resource governance. We remain committed to ensuring that the provisions of the PIA and all associated environmental and governance frameworks translate into real benefits for citizens and frontline communities.

Olanrewaju Suraju
Chairman, HEDA Resource Centre

Executive Summary

This report emerges from a collaborative research programme convened by the Human and Environmental Development Agenda (HEDA Resource Centre) and the Environmental Law Research Institute (ELRI) to strengthen environmental governance and regulatory accountability in Nigeria's petroleum sector. The study is anchored in the recognition that Nigeria's petroleum economy has shaped national planning and fiscal expectations for decades, yet the ecological, public-health, and social justice burdens imposed by extraction especially across the Niger Delta have grown unsustainable. The persistence of oil spills, the normalization of gas flaring, weaknesses in environmental monitoring and sanctioning, and tenuous relationships among regulators, operators, and host communities have generated a governance deficit that is no longer compatible with national development goals or global climate responsibilities.

The Petroleum Industry Act (PIA) 2021 represents the most sweeping restructuring of Nigeria's petroleum governance in more than half a century. It reorders institutions, modernizes the fiscal regime, corporatizes NNPC into NNPC Limited, and introduces environmental instruments such as an Upstream Environmental Remediation Fund, mandatory decommissioning financing, and strengthened prohibitions against gas flaring and venting.

The PIA, however, operates alongside earlier environmental statutes, the Environmental Impact Assessment (EIA) Act of 1992, the National Oil Spill Detection and Response Agency (NOSDRA) Act of 2006, and the National Environmental Standards and Regulations Enforcement Agency (NESREA) Act of 2007 which were crafted in a different era and therefore contain design assumptions and penalty structures that do not fully address contemporary environmental risk or climate accountability. As a result, the overall framework is dense but fragmented, ambitious on paper yet inconsistent in practice, and insufficiently aligned with an energy transition that increasingly determines investor sentiment and community acceptance.

This report interrogates that landscape in a comprehensive manner. First, it maps the legal architecture, the institutional arrangements, and the operational instruments that should, in principle, ensure prevention, mitigation, remediation, and accountability. Second, it examines how that architecture actually performs, drawing on doctrinal analysis, comparative benchmarking, and a stakeholder review that blended structured surveys with semi-structured interviews. Third, it identifies the governance bottlenecks that most significantly erode credibility, i.e. jurisdictional overlaps, weak deterrence, political discretion and interference, chronic underfunding, data opacity, and community distrust. Finally, it sets out a practical reform programme that is legislative where necessary, regulatory where useful, institutional where impactful, and technological where scale and transparency are essential. The programme is built for execution: it specifies the legal levers to be used, the institutional leads to be held to account, the timelines within which results should be obtained, and the measurable indicators by which success or failure can be judged.

The report's overarching conclusion is that Nigeria already possesses the skeletal elements of a world-class petroleum environmental governance regime, but that these elements must be fused into a coherent and enforceable whole. That fusion requires: (i) alignment and clarification of mandates, (ii) recalibration of penalties and remedies so that non-compliance is economically irrational, (iii) ring-fencing of environmental liabilities during divestment and at the end of asset life, (iv) an open, real-time, petroleum–environment data backbone that places emissions, spills, remediation, and community development information in the public domain with audit trails, (v) a deliberate strategy to modernize the EIA regime for the climate era, and (vi) institutional arrangements that treat host communities and credible civil society organizations as partners in oversight rather than as peripheral stakeholders.

The reforms proposed in this document are sequenced to respect political economy constraints and institutional capacities. They are engineered to convert legal ambition into administrative discipline; to replace opacity with auditable disclosure; and to move systematically from reactive remediation to preventive compliance. Implemented with fidelity, they will reduce environmental harm, improve public health outcomes, enhance investor confidence, lower sovereign and operational risk, and reposition Nigeria as a credible leader in petroleum governance within a decarbonizing global context.

2.1 Scope of the Study

This study undertakes a full-spectrum review of the legal, regulatory, institutional, and operational arrangements for environmental protection within Nigeria's petroleum sector. It is not designed as an academic abstraction. Rather, it is conceived as a diagnostic tool capable of guiding statutory amendment, informing regulatory practice, strengthening inter-agency collaboration, structuring divestment oversight, improving compliance verification, and organizing public reporting. It therefore integrates doctrinal interpretation of statutes and regulations with administrative perspectives, field-level realities, comparative experience, and the views of stakeholders, including those who are frequently under-represented in formal consultation processes.

At the core of the analysis are five instruments and instrument-families: **the Petroleum Industry Act (2021)** with its **subsidiary regulations issued between 2021 and 2024**; **the Environmental Impact Assessment Act (1992); the NOSDRA Act (2006)** and the **National Oil Spill Contingency Plan (NOSCP)** ecosystem; the **NESREA Act (2007, as amended)** with its sectoral standards; and cross-cutting transparency provisions such as beneficial ownership under **CAMA 2020** and complementary sectoral registers. The statutory lens is complemented by a thematic lens structured around six policy flashpoints that together represent the principal sites of risk, contestation, and reform opportunity:

environmental protection and remediation; the Host Community Development Trust (HCDT) mechanism; ministerial consent and environmental due diligence in asset divestments; flaring, venting, and methane emissions; decommissioning and abandonment; and beneficial ownership and transparency.

Each theme is examined through multiple planes. The legal plane considers statutory purpose, textual obligations, institutional powers, penalty structures, and conflicts of law. The institutional plane considers mandates, capacity, budget, culture, and inter-agency relationships. The operational plane considers the instruments through which compliance is monitored and enforced, including metering and verification technologies, inspection protocols, audit trails, and sanction pathways. The social plane considers the experiences of host communities, the trust dynamics between companies and civil society organisations, the perceived fairness of community development arrangements, and the mechanisms available for grievance redress and meaningful participation.

2.2 Methodological Framework

The methodology is hybrid by design to ensure that the analysis is both doctrinally rigorous and empirically grounded. The first phase consists of legal and institutional mapping. This phase undertakes a desk-based review of the principal statutes, regulations, and circulars, reading them against their legislative histories and implementation records. It extracts the substantive obligations, decision rights, sanction pathways, and reporting duties at each stage of the project and asset life cycle. It then benchmarks these against comparative frameworks that have encountered analogous governance challenges. Brazil's environmental licensing architecture as adapted for hydrocarbons; South Africa's integrated environmental management system and the alignment of mining and environmental oversight; Canada's evolution from project-level EIA to impact assessment inclusive of climate and cumulative effects; and Mexico's efforts to rationalise petroleum regulation and environmental enforcement after sector liberalisation. Case law and authoritative administrative decisions are synthesised to capture how judicial interpretation and regulatory practice have either reinforced or eroded statutory intent.

The second phase centres on stakeholder engagement. It employs a mixed-methods approach combining structured surveys that produce comparable quantitative assessments with semistructured interviews that elicit qualitative insight and narrative texture. Participants include Nigeria Extractive Industries Transparency Initiative (NEITI), National Environmental Standards and Regulations Enforcement Agency (NESREA), Corporate Affairs Commission (CAC), civil society organisations and advocacy coalitions active in petroleum-environmental accountability, development partners and research institutions, and practitioners with operational or advisory experience within the industry. The interviews are designed to interrogate the reasons behind survey ratings, to capture the institutional frictions that are not visible in statute, to identify bottlenecks in enforcement pathways, and to document the specific experiences of host communities, including where community–company arrangements have reduced conflict and where they have reinforced exclusion. In addition, certain institutions were formally invited to contribute but did not provide feedback within the review period; their non-participation is recorded because it is itself probative of the culture of disclosure and responsiveness that this report addresses.

The guiding questions are explicit. First, are Nigeria's environmental instruments for the petroleum sector fit for purpose in an era characterised by climate accountability, methane management, and a just transition imperative? Second, where in the life cycle of a project or asset do enforcement gaps most

commonly occur, and what are the legal, institutional, or political mechanisms by which those gaps could be closed? Third, what package of statutory amendment, regulatory instrument design, inter-agency protocol, data infrastructure, and capacity investment is most likely to move performance from compliance on paper to compliance in practice?

The methodological design aligns with diagnostic approaches used by the World Bank, UNEP, OECD, and the EITI framework, not as a matter of mimicry but to ensure that the analysis retains local depth while being intelligible and credible to international partners and investors who are increasingly making allocation decisions on the basis of environmental governance quality, climate strategy credibility, and community risk.

Legislative Review

3.1 The Petroleum Industry Act (PIA) 2021

The Petroleum Industry Act (PIA) 2021 is Nigeria's big reset for the oil and gas sector. Enacted on 16 August 2021 after years of political gridlock, it consolidated and superseded the Petroleum Act 1969 and a constellation of subsidiary instruments that no longer reflected technical reality, investor expectations, or the lived experience of oil-producing communities. After almost twenty years of debate, the PIA set out a modern playbook for how the industry should be run, taxed, and held to account.

A core idea in the PIA is separating the referee from the player. It creates two independent regulators with clear jobs: the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) for everything upstream (exploration and production), and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) for everything after the wellhead (transport, processing, refining, storage, and marketing). At the same time, the old national oil company was turned into NNPC Limited, a normal company under Nigeria's company law, expected to compete and make profits like its peers and not rely on government subventions. This split is meant to remove conflicts of interest, improve trust in decisions, and make the rules more predictable for everyone.

Money matters too, and the PIA overhauls the fiscal system. It ditches the old Petroleum Profits Tax and replaces it with a clearer mix of Hydrocarbon Tax (HCT) and Companies Income Tax (CIT), plus a royalty system that responds to price and production levels. The aim is simple: make investment decisions easier and more bankable, particularly in frontier and deepwater projects where costs and risks are high. If investors can model taxes and royalties with confidence, they are more likely to commit capital and move projects forward.

Crucially, the PIA also raises the environmental bar. It creates an Upstream Environmental Remediation Fund as a safety net when a polluter is unknown, insolvent, or simply refuses to act. It requires companies to set aside real money for decommissioning and abandonment so that aging fields and facilities don't become the public's problem later. It tightens gas flaring and venting rules, allowing them only in strictly defined situations. And it introduces the Host Community Development Trust (HCDT) a legal mechanism that channels a share of operators' annual operating costs into community-run trusts to fund development where the impacts are felt.

All of this is strong on paper, but the PIA won't run itself. The environmental gains depend on the details: regulations that spell out “how”, trained inspectors who can verify compliance, meters and data that show what's really happening, and public reporting that makes everyone honest. Where agency roles overlap say between sector regulators and cross-sector environmental bodies there must be clear coordination rules so gaps and duplication don't creep back in. Without that, companies can exploit uncertainty and regulators can end up stepping on each other's toes.

The HCDT shows both the promise and the risk. It's a big step forward to have a rule-based, community-controlled fund. But the 3% of OPEX contribution is widely seen by communities as too small. And unless trusts are run transparently with inclusive boards, participatory budgeting, independent audits, and regular public reports they risk being captured by local elites. Done right, HCDTs build trust and reduce conflict. Done poorly, they become another source of frustration.

Another pressure point is asset divestment. The PIA keeps ministerial consent as the gate for approving sales. That gate only protects the public if it is used properly: insist on independent environmental due diligence, confirm who really owns the buyer (beneficial ownership), and check that decommissioning and remediation liabilities are ring-fenced with cash in escrow or other rocksolid financial guarantees before approvals are issued. With many international oil companies selling mature onshore and shallow-water assets, this discipline is urgent; otherwise, liabilities slide to buyers who can't carry them, and communities and government are left with the bill.

Beyond the headlines, the PIA also tidies up licenses and market rules. Upstream licensing is recast to curb land-banking and push active work: reconnaissance under a PEL, exploration/appraisal under a PPL, and production under a PML. Midstream and downstream rules aim to open up investment in pipelines, processing, storage, and refining by moving away from heavy-handed price controls to clearer, market-shaped signals while the Authority still enforces safety and technical standards.

The implementation challenge is real. The Act needs a full suite of regulations and operational guidelines to breathe. Some have arrived; some still need to. Environmental protections need realtime monitoring and enforcement that bites, not fines that are cheaper than doing the right thing. Decommissioning plans need independent audits and public dashboards so stakeholders can see that money set aside matches the scale of the work ahead. HCDTs must show who got what and why. Beneficial ownership registers must be usable, verified, and actually used in licensing, consent, and enforcement decisions. And regulators must agree, in writing, who does what, when, so that mandate clarity, one of the PIA's biggest wins doesn't get lost in day-to-day practice.

Bottom line: the PIA gives Nigeria a modern blueprint clearer roles, a smarter tax system, stronger environmental duties, and a fairer deal for host communities. Whether it delivers in the real world comes down to execution: credible rules, capable institutions, trustworthy data, and consistent consequences. When those show up, investment follows, emissions fall, spills get cleaned up faster, and communities start to feel the benefits. When they don't, we slip back into the old cycle of uncertainty and under-performance just with a newer law on the books.

3.2 The Environmental Impact Assessment (EIA) Act 1992

The Environmental Impact Assessment Act, enacted in 1992 and codified as Cap E12 of the Laws of the Federation of Nigeria 2004, remains the primary legislation governing the assessment of environmental impacts arising from development projects in Nigeria. At the time of its passage, the Act represented a major policy shift. It created a binding legal duty to evaluate environmental effects before projects could receive approval, introducing a structured process of screening, scoping, impact assessment, public participation, and monitoring. For a country grappling with the twin challenges of industrialization and environmental degradation, particularly from petroleum activities, this was a forward-looking and necessary innovation. It signalled Nigeria's early recognition that economic development and environmental protection were not mutually exclusive, but complementary goals that required coordination.

The objectives of the Act were clear: to integrate environmental considerations into the earliest stages of project design and decision-making; to ensure that project proponents identify, predict, and mitigate adverse environmental effects before they occur; to promote sustainable development by balancing ecological protection with economic progress; and to give citizens and affected communities a voice in decisions that shape their environment. These obligations applied equally to public and private entities, making the EIA Act one of the first Nigerian laws to impose universal accountability for environmental impacts.

For its time, it was remarkably robust. Section 1(c), for instance, recognizes the transboundary nature of environmental effects and encourages coordination and consultation between governmental organs and affected persons across states and even international borders. This foresight remains one of the law's most progressive features, particularly relevant in cases where environmental impacts extend beyond the immediate project area, as in the case of large dams, pipelines, or spill-prone petroleum operations.

The scope of the Act is deliberately broad. It applies to all projects likely to have significant environmental effects, whether undertaken by public or private entities, and spans every ecosystem, land, air, and marine. The EIA process covers the entire project lifecycle: from early screening to determine whether an assessment is required, through scoping to identify key issues, impact analysis to evaluate risks, public consultation to gather local input, and monitoring to ensure that commitments are honoured after approval. Properly implemented, this sequence ensures that decision-makers are informed about environmental risks before granting licences or permits. However, the Act also contains an exemption clause that allows certain projects deemed to be in the national interest to bypass the EIA process. While introduced with good intentions, to expedite critical projects or respond to emergencies, this provision has become controversial. In practice, it has sometimes been used to shield politically favoured or commercially sensitive projects from scrutiny, undermining the Act's spirit and public trust in the process.

Institutionally, the Federal Ministry of Environment serves as the lead agency for administering the Act, primarily through its Environmental Assessment Department. The Ministry is responsible for setting standards, reviewing EIA reports, granting approvals, and monitoring compliance. Historically, this function was performed by the Federal Environmental Protection Agency (FEPA), which was created in response to the Koko toxic waste scandal of 1988. When FEPA was later merged into the Federal Ministry of Environment, the Ministry inherited its EIA responsibilities. In 2007, the National Environmental Standards and Regulations Enforcement Agency (NESREA) was created to handle the enforcement of environmental laws more generally, leaving the Ministry to focus on the assessment process itself. In principle, this division was meant to enhance efficiency. In practice, however, it has produced overlaps and coordination challenges, particularly where sector-specific regulators such as the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) also claim environmental oversight within their respective sectors. The absence of a clear delineation of authority often results in duplication, delay, and gaps in enforcement. States and local governments participate in consultations but have no statutory enforcement powers, and while non-governmental organisations and members of the public are formally recognised as stakeholders, their participation is frequently treated as symbolic rather than substantive.

Three decades after its enactment, the EIA Act now faces challenges that reflect both administrative weakness and the evolving nature of environmental risk. Enforcement and monitoring remain weak. Many projects proceed without conducting proper assessments, while others submit low-quality reports that nevertheless receive approval. Penalties for non-compliance are outdated and economically insignificant, making it cheaper for companies to breach the law and pay fines than to comply. The result is a regulatory regime that often produces paper reports rather than real environmental safeguards. Jurisdictional overlaps further complicate enforcement, particularly in the petroleum sector where multiple agencies claim concurrent authority. This lack of coordination not only causes delays but also creates opportunities for forum shopping, where developers approach the least demanding regulator to secure approvals.

Political interference has also eroded the credibility of the Act. The "national interest" exemption has been repeatedly invoked to fast-track projects with significant environmental footprints, effectively sidelining the very scrutiny the Act was designed to ensure. In addition, the Ministry of Environment faces serious capacity constraints. Limited technical expertise, inadequate funding, and insufficient field resources make it difficult to review complex EIA submissions or to conduct independent verification of the claims made in reports. Many projects are located in remote areas where monitoring is logistically demanding, yet these are often the locations where environmental stakes are highest. The public participation process, while mandatory, is another weak link. Consultations are often poorly advertised, rushed, or conducted in formats that exclude affected communities. Reports are seldom translated into local languages, and the technical nature of EIA documents makes them inaccessible to most rural populations. As a result, the voices that the law sought to empower are often muted, leaving NGOs to fill the gap as intermediaries between communities and regulators.

The most striking limitation of the EIA Act, however, is its outdated conceptual scope. Designed before the global recognition of climate change as an existential challenge, the Act makes no reference to greenhouse gases, carbon emissions, or climate resilience. It does not require projectlevel greenhouse-gas inventories, methane mitigation plans, or assessments of cumulative environmental effects, tools now standard in environmental governance worldwide. Comparative frameworks have since evolved to integrate climate adaptation, biodiversity offsets, and ecosystem services valuation into impact assessments. Nigeria's EIA regime has not yet made this leap, leaving it out of step with international best practice and ill-suited to the complex environmental realities of the 2020s.

Judicial enforcement, while occasionally effective, has been inconsistent. The landmark case of **Gbemre v. Shell Petroleum Development Company (2005)** demonstrated the potential for courts to enforce environmental rights, but such interventions are rare, protracted, and costly. Communities affected by environmental harm often lack the resources to pursue legal remedies, and interim relief is seldom granted quickly enough to prevent irreversible damage.

Despite these shortcomings, the EIA Act remains a valuable foundation. It has established a legal culture in which environmental assessment is no longer optional but expected. What is now required is a comprehensive modernisation of its provisions and administrative machinery. Penalties should be indexed to project size and economic value to make non-compliance genuinely prohibitive. Climate change and cumulative impact assessment must be integrated as core components of the EIA process. A digital public register of EIA applications, approvals, and compliance status should be created to promote transparency. Coordination protocols among the Ministry, NESREA, and sector regulators need to be formalised to eliminate overlap and close enforcement loopholes. Most importantly, public participation must be made meaningful through active outreach, community education, translation of key documents, and the use of independent facilitators to ensure that affected people understand and influence the decisions that affect them.

In the petroleum sector, where environmental degradation has been most acute, reform of the EIA regime is particularly urgent. Oil spills, gas flaring, and poorly managed remediation efforts have eroded public confidence in both operators and regulators. Unless the EIA framework is strengthened to demand credible assessments, transparent mitigation, and strict post-approval monitoring, environmental damage will continue to outpace regulation. The EIA Act was a visionary law in 1992; today, it must evolve from a procedural formality into a living instrument of environmental accountability.

Modernising it to reflect climate realities, strengthen institutions, and empower communities is essential if Nigeria is to maintain the Act's original promise of balancing growth with stewardship, and of ensuring that development decisions made today do not become environmental debts for future generations.

3.3 The National Oil Spill Detection and Response Agency Act 2006 and National Oil Spill Contingency Plan.

The National Oil Spill Detection and Response Agency (NOSDRA) Act, enacted in 2006, was conceived as a legislative and institutional response to Nigeria's enduring crisis of oil pollution, particularly in the Niger Delta. Its primary purpose was to establish a centralized, technically competent, and responsive federal agency capable of managing oil spill detection, preparedness, and coordinated response across the country.

The Act aligns Nigeria's environmental governance framework with global best practices, especially those under the International Convention on Oil Pollution Preparedness, Response and Cooperation (OPRC 90), to which Nigeria is a signatory. It gives concrete expression to the "polluter pays" principle and seeks to integrate environmental protection into the operational realities of a complex, high-risk petroleum industry. At its core, the legislation aspires to mitigate the devastating ecological and human consequences of oil spills, enhance environmental accountability in petroleum operations, centralize national contingency planning and response, and foster transparency and justice in affected communities.

In scope, the Act is focused specifically on oil spill management across Nigeria's upstream, midstream, and downstream sectors. It covers detection, reporting, and documentation of spill events; contingency planning and emergency preparedness; rapid response and cleanup coordination; remediation and monitoring; as well as inter-agency and public engagement during major incidents. It also provides for international cooperation, enabling Nigeria to contribute to or request assistance from other states in line with global spill response protocols. However, the Act deliberately excludes other petroleum-related environmental impacts such as gas flaring and routine effluent discharge, which remain regulated under separate statutes.

Institutionally, the Act establishes NOSDRA under the Federal Ministry of Environment as the lead federal agency for oil spill preparedness and response. Its statutory responsibilities include implementing the National Oil Spill Contingency Plan (NOSCP), maintaining a tiered response structure, coordinating multiple ministries and agencies during emergencies, monitoring environmental compliance, enforcing spill response standards, supporting capacity building and research, and facilitating international collaboration. The NOSCP itself codifies detailed operational procedures for spill classification, response timelines, inter-agency roles, and community protection measures.

Under its enabling provisions, NOSDRA is empowered to impose administrative fines, ₦500,000 per day for failure to report spills within 24 hours and ₦1,000,000 for failure to remediate polluted sites. Yet, the agency's enforcement authority has been significantly undermined by judicial interpretations, notably in Mobil Producing Nigeria Unlimited v. NOSDRA (2018), where the Court of Appeal held that only courts, not administrative agencies, may impose monetary penalties unless expressly authorized by statute. This decision effectively hollowed out NOSDRA's deterrent capacity, rendering it dependent on court processes to achieve compliance.

Beyond its constrained sanctioning power, the agency faces structural and operational weaknesses. Persistent overlaps of jurisdiction, particularly with the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) on spill monitoring and the Federal Ministry of Environment on standardsetting have produced duplication, delay, and institutional friction. The absence of a clear enforcement hierarchy and a binding inter-agency coordination framework has perpetuated fragmentation and weakened accountability.

Furthermore, NOSDRA's capacity limitations in funding, manpower, and infrastructure, severely restrict its ability to execute its expansive national mandate. The agency operates without a dedicated Environmental Remediation Fund or contingency spill trust, relying instead on ad hoc operator contributions and bureaucratic budget cycles. This reactive financing model contrasts sharply with international standards, such as the United States' $1 billion Oil Spill Liability Trust Fund under the Oil Pollution Act of 1990.

Equally concerning is the absence of a centralized and transparent oil spill data system. Spill information remains dispersed across multiple agencies and operators, with limited public access and no real-time monitoring. This opacity undermines public accountability and hinders effective policy evaluation.

In sum, while the NOSDRA Act succeeded in establishing Nigeria's principal institutional framework for oil spill detection and response, its practical effectiveness has been compromised by weak enforcement powers, fragmented oversight, and chronic under-resourcing. The statutory design rightly positions NOSDRA as first responder, with operators obligated to promptly report, remediate, and cooperate with oversight. However, in practice, the agency's deterrent authority has been eroded by judicial constraints, and its operational strength has been blunted by budgetary and technical shortfalls.

A strengthened future framework will require:

- restoration of NOSDRA's sanctioning powers through legislative amendment;
- stable and dedicated funding mechanisms;
- integration of geospatial monitoring and laboratory verification capacities;
- and the establishment of a transparent, publicly accessible national spill registry.

Without these systemic reforms, Nigeria's oil spill governance architecture will continue to struggle to deliver credible, timely, and large-scale environmental remediation, leaving the gap between statutory aspiration and field reality unacceptably wide.

3.4 The National Environmental Standards and Regulations Enforcement Agency 2007 (as amended)

The National Environmental Standards and Regulations Enforcement Agency (Establishment) Act, enacted in 2007 and amended in 2018, created Nigeria's foremost federal institution for environmental compliance and enforcement and repealed the former FEPA regime. It established a modern legal and institutional framework for implementing environmental laws, regulations, and standards, as well as Nigeria's international environmental obligations. The Act strengthens national environmental governance and aligns Nigeria's practice with global standards in pollution control, biodiversity conservation, climate change mitigation, and sustainable development.

At its heart, the Act seeks to protect Nigeria's air, land, and water resources; serve as the nation's chief enforcement authority for environmental standards; integrate environmental considerations into economic and industrial planning; give domestic effect to ratified multilateral environmental agreements; promote cleaner production technologies; and raise public environmental consciousness and stewardship. It confers broad nationwide enforcement authority on NESREA, covering activities that affect air quality, water resources, biodiversity, land use, sanitation, effluents, hazardous substances, and noise. In addition to enforcement, the law introduces preventive tools such as environmental audits, permitting and licensing, data collection, and awareness programmes, positioning compliance as a systemic, not purely punitive, goal.

A defining feature of the NESREA Act is its sectoral carve-out: the oil and gas industry including gas flaring, oil spills, and petroleum waste is governed primarily by the Petroleum Industry Act (PIA) 2021 and agencies such as NUPRC, NMDPRA, and NOSDRA. NESREA's jurisdiction thus applies comprehensively to all non-petroleum sectors. Institutionally, the Act establishes a Governing Council and a Director-General, supported by five principal directorates (Administration & Finance, Planning & Policy Analysis, Inspection & Enforcement, Environmental Quality Control, and Legal Services), as well as zonal offices across the country to decentralise operations and strengthen regional enforcement.

NESREA wields extensive statutory powers, including entry and inspection of premises, sampling, seizure, closure orders, prosecutions in collaboration with the Attorney-General, fee-based permitting, and the establishment of mobile courts for swift adjudication. Substantive regulatory areas expressly covered include air quality and emission standards, ozone protection, noise regulation, water and effluent management, sanitation, watershed and land conservation, and the handling of hazardous substances with accompanying obligations for remediation and bestavailable cleanup technologies.

Despite this comprehensive framework, implementation remains hampered by overlapping jurisdiction, limited capacity, weak deterrence, political interference, funding constraints, and insufficient public participation. The petroleum carve-out, though clear in law, has generated practical complexity where environmental impacts such as offshore oil spills that reach coastal communities cut across institutional boundaries. Conflicts also arise between NESREA and State Environmental Protection Agencies, sparking constitutional debates over federal versus state regulatory competence. Enforcement is further weakened by inadequate manpower, limited laboratory access, and insufficient logistics, leaving many industrial facilities uninspected for years. Penalties are low relative to corporate earnings, encouraging companies to treat fines as a cost of doing business rather than an incentive for compliance. Ministerial directive powers intended for coordination have occasionally diluted enforcement where politically connected actors are involved, undermining institutional independence. Funding shortages persist despite the creation of the NESREA Fund, limiting the agency's ability to maintain continuous air-quality monitoring stations or equip laboratories nationwide. Public and private sectors alike often view compliance as burdensome, while environmental awareness and citizen participation remain low. Mobile courts are inconsistently deployed, leaving many prosecutions to the slow conventional court system.

For NESREA to achieve its legislative purpose, reform must rest on five pillars. First, penalties and remedies must be modernized, indexed to company turnover, gravity of harm, and inflation and supplemented with daily accruals and restorative measures such as mandated technology upgrades or community remediation projects. Second, the agency's independence should be protected by revising ministerial directive powers to shield case-specific enforcement from political influence while retaining policy-level coordination.

Third, its mandate should be properly resourced through dedicated, multi-year funding for monitoring networks, laboratories, geospatial systems, and inspectorate staff. Fourth, inter-agency hierarchies must be clarified through formal memoranda of understanding and shared protocols with NUPRC, NMDPRA, NOSDRA, and State EPAs, defining triggers for lead-agency designation in cross-boundary incidents. Finally, adjudication and transparency should be enhanced by fully operationalizing mobile courts and publishing a publicly accessible enforcement dashboard listing permits, inspections, violations, sanctions, and remediation status.

Applied to key policy areas, the NESREA Act establishes Nigeria's enforcement foundation for environmental protection and remediation. It prohibits harmful discharges, prescribes remediation duties, and empowers officers to inspect, seize, and close non-compliant facilities.

Its authority, though excluding oil and gas, remains broad over industrial effluents, hazardous waste, and land degradation. Its effectiveness depends on coupling inspections with verifiable laboratory evidence and ensuring that sanctions are not limited to fines but include enforceable restorative measures.

On emissions control, NESREA retains jurisdiction over non-oil sources such as power plants, cement and petrochemical industries, and urban generators under its air-quality powers. Coordinated data sharing with petroleum regulators would support integrated national planning. Expanding ambient monitoring networks, targeting high-emission industrial corridors, and publicly ranking polluters would further strengthen deterrence.

For decommissioning and site abandonment, the Act envisages financial responsibility for pollutant removal and cooperation with other agencies. Although upstream oil decommissioning falls under the PIA and NUPRC, NESREA remains responsible where legacy contamination affects land, freshwater, or coastal environments outside the petroleum core. Formal protocols should trigger NESREA's involvement when contamination migrates to non-oil environments, supported by regulations on decommissioning bonds, joint technical standards, and community restoration plans.

Ultimately, the NESREA Act provides Nigeria with a comprehensive legal foundation for environmental governance in non-petroleum sectors. Its blend of enforcement powers and preventive mechanisms demonstrates an advanced legislative design, but its impact is diluted by under-resourcing, low penalties, overlapping mandates, and inconsistent transparency. Reforming these structural weaknesses through stronger sanctions, guaranteed independence, predictable funding, coordinated enforcement, and public disclosure would transform NESREA from a largely reactive agency into a proactive, credible, and restorative environmental authority. Without these reforms, the Act will remain progressive in text but limited in practice, unable to deliver the timely and large-scale protection that Nigeria's environment urgently requires.

3.5 Gas Flaring, Venting, and Methane Emissions Regulations (2023)

The Gas Flaring, Venting (Prevention of Waste and Pollution) Regulations, 2022 implement the Petroleum Industry Act's mandate to curb routine flaring/venting, cut methane, protect the environment, prevent resource waste, and accelerate gas-to-market projects. The Nigerian Upstream Petroleum Regulatory Commission (the Commission) may take, without royalty, all gas otherwise destined for flaring/venting at any flare header/stack and allocate it through competitive bids or other prescribed processes.

Qualified applicants obtain a Data Access Permit to review flare-site information and, if successful, a Permit to Access Disposed Gas, which grants exclusive rights to offtake and monetize gas at specified sites; such permit holders must be Nigerianincorporated, non-producers, and remain subject to revocation for non-compliance. Producers can apply to utilize disposed gas via a midstream subsidiary but may not interfere with gas volumes already offered or assigned. All prior "exemptions" lapse unless converted to milestone agreements backed by performance bonds within three months.

Data integrity and measurement are central. Producers must furnish flare, vent, and methane data on request within 30 days, maintain daily flare/vent logs and monthly gas-production records, install Commission-approved metering with specified accuracy, and submit monthly and annual reports; permit holders must also log, meter, and report all disposed gas received, utilized, flared, or vented. Inaccurate or incomplete data attracts fines, and failure to provide access, install meters, or execute required connection agreements triggers additional penalties and potential suspension or lease revocation. The Commission will publish an annual industry report ranking performance (e.g., associated gas utilization factor), disclosing producer-level flaring/venting volumes, penalties, and trends.

Operationally, the regime replaces ad hoc flaring with structured commercialization and hard limits. A biannual Safety Flaring Threshold Permit sets facility-specific thresholds based on technical inputs (oil/gas throughputs, GOR, stack/pilot/purge capacities, historical flaring); flaring beyond the approved threshold attracts administrative fines on top of statutory penalties. Every producer with flaring must submit a Flare Elimination and Monetisation Plan covering reserves/commitments, domestic gas delivery obligations, production profiles, project timelines, and monetization strategies; plans are embedded in Milestone Development Agreements and secured by performance bonds missed milestones can lead to bond calls and other sanctions. Routine flaring/venting is prohibited for all greenfield projects and, for existing assets, allowed only within strict safety or non-routine circumstances (e.g., start-ups, upsets, maintenance) consistent with prudent operations and prompt rectification. Fugitive methane requirements (LDAR, equipment standards, reporting) are enforced via separate Commission guidelines.

Economics and discipline are tightened through price-like penalties that are not cost-recoverable or tax-deductible. Producers averaging ≥5,000 bopd pay US$2.00 per 1,000 scf flared/vented; those <5,000 bopd pay US$0.50 per 1,000 scf, with limited force-majeure carve-outs. Any volumes above safety-threshold permits incur an extra administrative fine equal to 0.5× the applicable penalty on the overage. While no royalties apply to flare gas, producers and permit holders face layered financial consequences for non-compliance, and permits (data access or gas-access) can be revoked for breaches, non-payment, inaccurate disclosures, expired bonds, insolvency, or termination of the required gas-supply agreements. Fees also arise for data access/leasing and permit awards, plus producer-level handling/guarantee fees under standard connection and deliveror-pay agreements.

In sum, the regulations shift flaring/venting from tolerated practice to tightly policed exception, pairing market allocation of "disposed gas" with stringent measurement, transparent reporting, threshold-based controls, methane governance, and meaningful, non-recoverable penalties. The framework aims to convert waste into value, reduce pollution and methane intensity, improve safety, and advance Nigeria's gas-led energy transition while ensuring credible enforcement through permits, bonds, fines, revocations, and public performance disclosure.

3.6 Decommissioning and Abandonment Regulations (2023)

3.6.1 Upstream Decommissioning and Abandonment Regulations, 2023 (as amended 2024)

These Regulations, issued by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) under sections 232–233 of the PIA, establish a comprehensive legal, financial, and technical framework for the safe, transparent, and environmentally responsible retirement of upstream oil and gas assets.

Every licensee or lessee must operate under an approved Decommissioning and Abandonment (D&A) Plan, detailing technical procedures, environmental restoration, and annual financial contributions to a dedicated Decommissioning and Abandonment Fund. Existing operators must submit or update their plans within one year of the Regulations taking effect, while new licensees must include theirs in the Field Development Plan.

Each plan must align with good international petroleum industry practice and IMO standards, and specify annual contributions to an escrow account established for each lease or licence. The Fund held in a CBN-licensed bank with at least an A+ credit rating can only be accessed with the Commission's approval and is used exclusively for approved decommissioning and abandonment works. The 2024 amendment allows IOCs in joint ventures or PSCs with NNPC Limited to hold up to 85% of their fund offshore (in equally rated institutions), with at least 15% retained locally.

Before executing any suspension, abandonment, or decommissioning of wells or facilities, operators must obtain prior NUPRC approval supported by detailed engineering, cost, and environmental documentation. Timelines are strict, 60 working days for well abandonment approvals and 240 days for full-scale decommissioning programmes. Public consultation with affected communities and publication of project details are mandatory.

The Commission may order abandonment at any time consistent with good petroleum practice and maintains a public database of all installations and their decommissioning status. Non-compliance attracts severe penalties up to US$1 million for unapproved decommissioning, and US$500,000 per year for failure to submit plans, establish funds, or make annual contributions.

In effect, these Regulations ensure that the financial, environmental, and social liabilities of petroleum extraction are internalized by operators through enforceable funds, mandatory transparency, and regulatory oversight.

3.6.2 Midstream and Downstream Petroleum Safety Regulations, 2023

Made by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) under sections 32 and 33 of the PIA, these Regulations set out the mandatory health, safety, and operational standards for all midstream and downstream petroleum activities in Nigeria.

They require every licensee, permit holder, or facility manager to maintain internationally compliant safety management systems, including risk assessments, hazard controls, fire prevention systems, occupational health programmes, and emergency preparedness procedures. Facilities must have accredited laboratories, medical clinics, fire-fighting and first-aid equipment, and trained personnel.

Operators must conduct technical safety studies, obtain pre-start-up safety audits and safety clearances, and implement approved decommissioning and abandonment plans for midstream and downstream installations to ensure environmental safety during and after decommissioning.

The Regulations also mandate strict engineering, inspection, and maintenance standards for pipelines, pressure vessels, bulk storage tanks, and electrical systems, referencing global benchmarks such as ASME, ANSI, DNV, API, and NACE. They set explicit rules for confinedspace entry, tank integrity management, corrosion control, pipeline cathodic protection, and firefighting protocols.

Further provisions address training and certification (including offshore survival and confinedspace safety), noise and occupational health limits, waste and gas management, journey management, and diving operations, ensuring that all operations adhere to the principle of "As Low As Reasonably Practicable" (ALARP) risk levels.

Violations attract administrative fines up to US$250,000 for companies and ₦5 million for managers, with possible suspension or revocation of licenses or permits.

In sum, the Regulations institutionalize a safety-first culture across Nigeria's midstream and downstream petroleum sectors, aligning operational practices with global HSE standards and the PIA's objective of sustainable and safe petroleum development.

3.7 Upstream Environmental Remediation Fund Regulations (2024)

The Upstream Environmental Remediation Fund Regulations, 2024 were enacted under Section 103 of the Petroleum Industry Act (PIA) 2021 to operationalize Nigeria's environmental accountability regime in the upstream petroleum sector. The Regulations establish the Upstream Environmental Remediation Fund (UERF), a special account managed by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) to finance the cleanup and rehabilitation of environments impacted by petroleum operations, particularly where operators fail or are unable to fulfil their remediation obligations.

The Fund is financed through annual financial contributions from all holders of petroleum prospecting licences (PPLs) and petroleum mining leases (PMLs). These contributions are calculated using a formula that combines a fixed base fee with variable components linked to capital expenditure and production volumes of crude oil, condensates, and natural gas. The applicable rates differ by environmental risk category, onshore high-risk, shallow-water high-risk, other onshore, other shallow-water, and deepwater areas with high-risk zones such as mangroves, wetlands, and coastal zones attracting higher contributions. Payments are made in U.S. dollars prior to the granting or anniversary of a licence or lease.

The Fund is strictly used as a backstop mechanism deployed only where an operator defaults on required remediation and the Commission cannot enforce compliance. Once triggered, the Commission oversees all procurement and rehabilitation works in line with public procurement laws and issues written notice to the defaulting operator.

To ensure fairness and proportionality, the Commission may appoint independent assessors to review or adjust contributions where reported data (on expenditure or production) appears inaccurate or inconsistent with environmental risk levels. Licensees must submit detailed annual calculations, and any overpayment verified by the Commission may be refunded.

The Regulations impose strong transparency and accountability obligations. The NUPRC must maintain proper accounts, prepare and publish annual financial statements for the Fund within 180 days of each fiscal year, and make them publicly accessible on its website. The Fund and licensee contributions are also subject to periodic audits under guidelines issued by the Commission.

Overall, the Regulations institutionalize a polluter-pays framework within Nigeria's upstream petroleum governance. By ring-fencing dedicated financial resources for environmental rehabilitation, linking contributions to operational risk, and mandating public disclosure, they strengthen the deterrent and restorative capacity of the PIA. The Fund thus serves as both a financial safeguard for environmental recovery and a key accountability tool to ensure that petroleum development does not externalize its ecological costs.

3.8 The Petroleum Host Community (Commission) Regulations 2022

The Petroleum Host Community (Commission) Regulations, 2022, made under the Petroleum

Industry Act (PIA) 2021, establish the framework for creating, managing, and supervising Host Community Development Trusts (HCDTs) in petroleum-producing areas under the jurisdiction of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC). These regulations give legal and operational effect to Sections 234–257 of the PIA, ensuring that host communities directly benefit from petroleum operations, while also promoting accountability, transparency, and sustainability.

Under the Regulations, the Commission is charged with oversight responsibilities that include conducting annual performance assessments of each trust fund, investigating and reporting mismanagement or fraud to relevant authorities such as the EFCC and CAC, initiating recovery and prosecution actions, and maintaining a complaint mechanism for community members to report infractions. The Commission must also submit an annual performance report on all trusts to the Minister, and its Chief Executive is personally accountable for failures to execute these duties.

The Regulations define the area of operation of an oil prospecting licence (OPL) or oil mining lease (OML) as the surface area of the licence or lease, extended where necessary to include locations of ancillary or operational facilities. Host communities are defined to include those within the area of operation, those located within five kilometres of the boundary, littoral communities near offshore operations, and any other communities covered by existing social investment or corporate responsibility projects. Once a community is designated as a beneficiary of a host community trust, it may only be excluded through boundary changes or a court order.

To establish a Host Community Development Trust, settlors (i.e., operating companies) must submit detailed proposals to the Commission at least two months prior to the statutory establishment date. The submission must include the outline of operations, list of proposed communities, names of the board of trustees, draft trust constitution, and funding distribution matrix. The Commission must approve or reject the submission within one month, failing which it is deemed approved. Upon approval, the settlor appoints the board of trustees, incorporates the trust, and establishes the host community development fund.

Each settlor must contribute annually to the fund an amount equal to 3% of its actual operating expenditure for the preceding year, with the first contribution due within one month of the trust's establishment. Settlers must also forecast contributions for the next five years. “Operating expenditure” is limited to day-to-day non-capital costs and excludes depreciation and amortization. The settlor must conduct a needs assessment within six months of obtaining a lease and prepare a host community development plan within one year, aligning the plan's budget with projected contributions.

Each year, settlors must submit an annual report to the Commission detailing audited accounts, proposed and ongoing projects, and costs. Disputes between communities and settlors are to be resolved first through direct engagement, then mediation at the Alternative Dispute Resolution Centre (ADRC) in the Nigerian Oil and Gas Excellence Centre (NOGEC), Lagos, and, if unresolved, by arbitration.

In cases of vandalism, sabotage, or civil unrest that damages petroleum facilities or disrupts operations, settlors must report the incident within one week. The Commission will then establish a Joint Investigation Team (JIT) comprising the Commission, the settlor, affected communities, and NOSDRA to verify causes and assess recoverable costs. Losses excluded from recovery include loss of profit and delays in production, as these are deemed business risks. The Commission's decision following the JIT report is binding on all parties.

Administrative expenses of the trust are capped at 5% of the fund, which must be equally split between trust management costs and special projects such as scholarships and capacity development. Virtual meetings are encouraged to minimize expenses. Fund managers must be SEC-certified and paid from fund-generated profits.

Where a lease or licence is surrendered, revoked, or expires, the settlor's obligations cease after fulfilling all surviving responsibilities, including adjustments to host community allocations and trust structures. Any remaining reserve funds continue to be managed by the board of trustees under Commission supervision. Additionally, all existing community development projects or corporate social responsibility programmes must be transitioned into the new trust structure to ensure continuity and compliance with Section 316 of the PIA.

In essence, the 2022 Regulations operationalize the PIA's commitment to fostering shared prosperity, environmental protection, and accountability in Nigeria's petroleum-producing communities. They create a governance system that binds petroleum operators to sustainable social investment while empowering host communities to participate transparently in the management of development funds.

Thematic Legal-Policy Analysis

4.1 Environmental Protection and Remediation

The passage of the Petroleum Industry Act (PIA) in 2021 marked a structural and philosophical realignment of Nigeria's oil and gas governance, intertwining economic modernization with environmental accountability. Across the Act and its implementing regulations, environmental protection and remediation have shifted from being treated as discretionary corporate social responsibility to becoming binding legal and financial obligations. This evolution, seen in concert with other environmental laws such as the Environmental Impact Assessment (EIA) Act of 1992, the National Oil Spill Detection and Response Agency (NOSDRA) Act of 2006, and the National Environmental Standards and Regulations Enforcement Agency (NESREA) Act of 2007, represents a progressive if still fragmented, legal architecture for ecological stewardship within petroleum operations.

At the heart of the PIA is a structural reset that embeds environmental considerations into the core of petroleum governance. The Act's most far-reaching institutional reform lies in separating the regulator from the operator. By creating the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), the PIA establishes two independent regulators with clear and distinct mandates that now include environmental protection, remediation, and decarbonization as integral regulatory functions. This division of responsibility, alongside the transformation of the former national oil company into NNPC Limited, a commercially driven entity subject to normal company law reflects a deliberate shift toward transparency, accountability, and institutional independence in environmental management.

The PIA also makes environmental protection a matter of financial responsibility. Operators are legally required to prepare environmental management plans, fund decommissioning and abandonment activities, and comply with gas flaring and methane emission standards. The Act creates the Upstream Environmental Remediation Fund (UERF), which serves as a financial backstop for environmental rehabilitation when polluters are unable or unwilling to act. It further establishes the Host Community Development Trust (HCDT), a locally administered fund that channels a share of operators' annual operating expenditure into community-led projects, including those with direct environmental benefits such as erosion control, spill cleanup, and ecological restoration. Collectively, these provisions bring the “polluter pays” principle into the realm of enforceable financial obligation, ensuring that petroleum operations internalize their environmental costs rather than transfer them to the public.

The detailed architecture of these obligations is built through regulations made under the Act. The Upstream Decommissioning and Abandonment Regulations (2023, as amended in 2024) require all licensees and lessees to submit and operate under a Decommissioning and Abandonment Plan approved by the NUPRC. Each plan must specify the technical process for safely retiring wells and facilities, restoring the environment, and funding these activities through annual contributions to a dedicated escrow account. These contributions are ring-fenced and cannot be accessed without regulatory approval, while severe penalties ranging from half a million to one million US dollars are prescribed for non-compliance.

Similarly, the Upstream Environmental Remediation Fund Regulations (2024) institutionalize a nationwide pool of financial contributions linked to the environmental risk profile of each petroleum licence or lease. High-risk zones such as mangrove and wetland areas attract higher contributions, ensuring that financing for remediation is commensurate with environmental vulnerability. The Fund may only be used when an operator defaults, and its accounts must be audited and publicly disclosed annually, introducing a degree of transparency rarely seen in previous regimes.

In addition, the Gas Flaring, Venting, and Methane Emissions Regulations (2023) transform what was once a tolerated practice into a strictly regulated exception. Routine flaring and venting are now prohibited, and every cubic foot of flared gas must be measured, logged, and reported. Penalties are steep and non-recoverable: large producers pay two US dollars per thousand standard cubic feet flared or vented, while smaller operators pay fifty cents, with additional fines for exceeding safety thresholds. Beyond compliance, the regime incentivizes gas commercialization and enforces methane leak detection, reporting, and repair obligations, aligning Nigeria's oil and gas industry with emerging global standards under the Global Methane Pledge and similar decarbonization initiatives. The emphasis on accurate metering, public disclosure, and quantifiable performance marks a decisive shift from regulatory discretion to measurable accountability.

These PIA-driven reforms coexist with, and to some extent build upon, Nigeria's broader environmental governance framework. The Environmental Impact Assessment Act of 1992 remains the country's foundational preventive tool for integrating environmental considerations into project planning and approval. It introduced mandatory screening, scoping, and public participation long before such measures became international norms. However, after three decades, the Act now shows its age. It lacks references to climate change, cumulative impact assessment, and carbon emissions, and its penalties are outdated and weak. Many projects proceed without credible EIAs, while others secure approvals through low-quality assessments. Coordination gaps between the Ministry of Environment, NESREA, and petroleum-sector regulators further weaken the law's effectiveness. Strengthening this regime to reflect contemporary environmental and climate realities would make it a stronger complement to the PIA's remedial and financial safeguards.

The NESREA Act of 2007, as amended in 2018, fills the enforcement gap across non-petroleum sectors, serving as the national environmental watchdog. It provides wide-ranging powers of inspection, closure, prosecution, and standard-setting. Yet, NESREA's work often overlaps with the petroleum regulators and State Environmental Protection Agencies, leading to duplication and uncertainty. Its financial and technical capacity remains limited, and its penalties are often too low to deter large corporate actors. The challenge therefore lies not in the absence of authority but in ensuring that inter-agency coordination is legally codified and that enforcement is backed by sufficient funding, laboratory infrastructure, and judicial efficiency.

In the sphere of oil spill management, the NOSDRA Act of 2006 establishes the institutional framework for detection, response, and remediation, aligning Nigerian practice with international conventions. It is built on the polluter-pays principle and backed by a National Oil Spill Contingency Plan. However, NOSDRA's enforcement capacity has been seriously undermined by judicial rulings that restrict its ability to impose administrative fines without court orders, effectively diluting its deterrent power. Chronic underfunding and the absence of a dedicated remediation trust further limit its field effectiveness. The PIA's introduction of the Upstream Environmental Remediation Fund therefore fills a critical gap by providing the financial muscle that NOSDRA has historically lacked, although effective coordination between the two institutions is still essential.

The Host Community Development Trust framework under the PIA adds a social dimension to environmental remediation. It compels petroleum operators to establish and fund locally governed trusts that invest directly in host community infrastructure and environmental rehabilitation. While the model has great potential for fostering shared ownership and reducing conflict, its success depends on transparent governance, participatory decision-making, and rigorous public reporting. Without these safeguards, trusts risk being captured by local elites or used as patronage vehicles, undermining their developmental intent.

Taken together, the legal instruments governing environmental protection and remediation in Nigeria present a layered but incomplete system. The PIA and its regulations provide modern tools for financial assurance, operational discipline, and local accountability. The EIA Act and NESREA Act offer preventive and enforcement mechanisms across sectors, while the NOSDRA Act delivers a specialized response capability for oil spills. Yet, the system remains fragmented. Clearer coordination protocols among agencies, harmonized data systems, inflation-indexed penalties, and the integration of climate change and carbon accounting into both the EIA and petroleum regulatory frameworks are urgently needed.

Ultimately, Nigeria's environmental governance is moving from a reactive, paper-based model toward a hybrid framework that combines prevention, financial assurance, and community participation. The Petroleum Industry Act anchors this transformation by embedding environmental responsibility in the economic logic of the petroleum sector itself. When the PIA's financial safeguards are matched with the EIA's preventive foresight, NOSDRA's operational expertise, and NESREA's enforcement reach, Nigeria's environmental remediation regime can evolve from aspiration into measurable reality. This integrated system rooted in credible institutions, transparent data, and enforceable accountability holds the promise of turning Nigeria's petroleum legacy from one of pollution and neglect into one of restoration and responsible stewardship.

4.2 Host Community Development Trust (HCDT) Mechanism

The Host Community Development Trust (HCDT) mechanism under the Petroleum Industry Act (PIA) 2021 represents one of the most significant legal innovations in Nigeria's petroleum governance framework. It translates decades of policy debate on benefit sharing and environmental justice into a statutory model that binds operators to sustained, transparent, and communitydirected investment in oil-producing areas. In legal-policy terms, the HCDT is both a social contract and a compliance instrument, linking environmental remediation, economic inclusion, and conflict prevention within a unified governance mechanism.

The legal structure of the HCDT mechanism is grounded in Sections 234 to 257 of the PIA and operationalized through the Petroleum Host Community (Commission) Regulations, 2022. It imposes a clear fiduciary obligation on petroleum operators ("settlors") to establish and fund community trusts for the benefit of host communities. The trusts are not discretionary philanthropic entities; they are legal persons, incorporated under the Companies and Allied Matters Act, whose establishment and management must comply with statutory timelines and Commission approval. Each settlor must submit a proposal to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) detailing the trust's area of operation, list of proposed communities, draft constitution, board composition, and funding framework. Upon approval, the trust is incorporated, and the settlor must contribute annually an amount equal to three per cent of the previous year's actual operating expenditure. The statute makes this contribution mandatory and recurring, establishing a direct fiscal linkage between operational scale and community investment.

From a policy standpoint, the HCDT mechanism represents a shift from reactive corporate social responsibility to proactive statutory benefit sharing. It internalizes social and environmental responsibility as a cost of doing business in the petroleum sector. The trust is designed to operate as a miniature local development institution planning, financing, and executing projects that improve social welfare and mitigate environmental degradation. The statutory cap on administrative expenses (five per cent) ensures that the bulk of the fund is directed toward tangible development outcomes rather than bureaucratic overheads. The regulations also require assessments and host community development plans, ensuring that project selection is evidencebased and aligned with local priorities.

The mechanism's environmental dimension is implicit but crucial. HCDT funds may be applied to projects that restore degraded land, improve local water quality, manage waste, and build climate resilience. In this respect, the HCDT complements the PIA's broader environmental architecture, which includes the Upstream Environmental Remediation Fund and the Decommissioning and Abandonment Regulations. It operates at the social frontier of remediation, bridging community participation and state oversight. The regulatory framework mandates periodic assessments, audits, and reporting to the NUPRC, with provisions for investigations and sanctions in cases of mismanagement or fraud. The Commission also maintains a complaints mechanism, empowering affected community members to report malfeasance. This layered oversight structure reflects a deliberate attempt to balance local autonomy with regulatory accountability.

However, the effectiveness of the HCDT mechanism depends on how law and policy interact in practice. The statutory three per cent contribution, though symbolically important, may prove insufficient in high-impact areas such as the Niger Delta, where decades of pollution and infrastructure decay demand substantial remediation. Moreover, the governance architecture of the trusts where settlors nominate trustees and exercise significant influence over structure risks perpetuating asymmetries of power between corporations and communities. Without transparent selection processes, participatory budgeting, and independent audits, the trusts could devolve into elite capture mechanisms rather than instruments of social inclusion.

The environmental governance implications are equally significant. By statute, the HCDT is expected to promote environmental restoration and protection, yet there is no explicit obligation for a fixed portion of funds to be earmarked for environmental projects. In practice, this creates a policy gap where social and infrastructural projects may crowd out ecological priorities. Integrating the HCDT framework with the mandates of NOSDRA and the NUPRC's remediation programmes would allow for coordinated planning, where trust-funded community projects complement, rather than duplicate, statutory remediation efforts. Additionally, linking HCDT reporting to national environmental data systems and the Upstream Environmental Remediation Fund would enhance transparency and allow the government to track whether community development spending translates into measurable environmental recovery.

The HCDT's design also has implications for conflict management and social stability. By formalising benefit sharing, it seeks to reduce the grievance loop that has historically fuelled sabotage, vandalism, and militancy in oil-producing regions. Yet, this ambition hinges on the credibility of implementation. If communities perceive the trusts as opaque, inequitable, or externally manipulated, the mechanism could reignite rather than resolve conflict. To guard against this, the NUPRC's supervisory role must extend beyond paperwork compliance to substantive evaluation of inclusiveness, financial transparency, and project delivery outcomes.

In legal-policy terms, the HCDT embodies a hybrid model of decentralized governance and regulatory control. It aligns with global trends in resource governance that emphasize local benefit participation, environmental justice, and social license to operate. However, for it to deliver sustainable impact, Nigeria must address three systemic issues: first, the adequacy of the funding formula, possibly through risk-weighted contributions for environmentally sensitive zones; second, the transparency and independence of trust governance, backed by enforceable disclosure requirements and public access to audit reports; and third, the institutional coordination between the NUPRC, NOSDRA, and the Federal Ministry of Environment to ensure that environmental projects funded through HCDTs are technically sound and strategically aligned with national remediation priorities.

Ultimately, the HCDT mechanism represents a promising but fragile experiment in embedding environmental and social accountability within the legal fabric of petroleum operations. Its success will depend not only on statutory compliance but on the credibility of its governance practices and the degree to which it empowers host communities as active custodians of their environment. If effectively implemented, it could transform the relationship between extractive industries and local communities from one of exploitation and grievance to one of partnership and shared stewardship. If poorly managed, however, it risks becoming yet another institutional formality, an elegant legal design undermined by opacity, politicization, and elite capture. In this sense, the HCDT stands as a microcosm of the broader challenge of environmental governance in Nigeria: the constant struggle to make law not just declaratory, but transformative.

4.3 Ministerial Consent for Asset Divestment

The requirement for ministerial consent in petroleum asset divestment occupies a pivotal intersection between Nigeria's constitutional ownership of natural resources, the commercial autonomy of petroleum investors, and the state's environmental and social protection duties. It represents one of the most consequential regulatory gateways under the Petroleum Industry Act (PIA) 2021, balancing the rights of licensees to transfer their interests with the public interest in ensuring that environmental, financial, and community liabilities are not externalized or abandoned in the course of corporate exits. Legally, ministerial consent serves as the state's ultimate safeguard in controlling the lifecycle of petroleum rights from award to relinquishment while, in policy terms, it functions as a tool for enforcing due diligence, environmental responsibility, and operational continuity.

Under the PIA, no holder of a petroleum prospecting license (PPL), petroleum mining lease (PML), or any interest therein may assign, novate, or transfer such interest whether directly or indirectly without the prior written consent of the Minister of Petroleum Resources, acting on the recommendation of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC). This rule codifies the principle that petroleum rights are public assets held in trust by the state and cannot be treated as purely private commodities. The process ensures that divestments do not frustrate statutory obligations relating to environmental protection, decommissioning, host community development, and fiscal compliance. In this way, ministerial consent is both a gatekeeping and an accountability mechanism, a precondition that enables the state to verify that the exiting operator has discharged, or has adequately secured, all liabilities accrued during its tenure.

From a legal-policy perspective, the modern rationale for ministerial consent has evolved beyond mere administrative control.

In the legacy petroleum regime, the consent requirement under the Petroleum Act 1969 was often interpreted as a discretionary bureaucratic hurdle, susceptible to political manipulation or delays. The PIA reframes the consent process as a structured due diligence exercise anchored on transparency, accountability, and public interest safeguards. The Minister is no longer expected to act in isolation but upon the professional recommendation of the NUPRC, which must assess compliance with defined technical, financial, and environmental criteria before advising on approval. This procedural redesign embeds technical expertise and limits discretion, thereby reducing opportunities for arbitrariness or rent-seeking.

The policy value of ministerial consent is most visible in the context of asset divestment and environmental liability transfer, particularly amid the current wave of international oil companies (IOCs) selling mature onshore and shallow-water assets to domestic operators.

These transactions, if unregulated, risk creating an "environmental liability vacuum" where legacy pollution, aging infrastructure, and decommissioning costs are transferred to buyers with inadequate financial or technical capacity. In this context, ministerial consent acts as a filter: it obliges the state to confirm that the buyer has both the competence and the resources to assume long-term obligations.

This includes ensuring that decommissioning and abandonment funds are fully provisioned, that environmental remediation commitments are backed by performance guarantees or escrow arrangements, and that host community development obligations are not interrupted. The NUPRC's Decommissioning and Abandonment Regulations (2023, as amended 2024) and the Upstream Environmental Remediation Fund Regulations (2024) provide the technical framework for these evaluations, allowing the Minister to condition approval on verifiable proof of compliance.

Critically, ministerial consent also functions as an environmental governance tool. By conditioning divestment approval on evidence of compliance with environmental laws including the Environmental Impact Assessment (EIA) Act, NOSDRA Act, and relevant PIA regulations the Minister ensures that operators cannot exit while environmental breaches remain unremediated. The process should, in principle, require a comprehensive environmental due diligence (EDD) audit conducted by independent, certified assessors to establish the state of assets, pollution footprints, and remediation costs before transfer. This creates a baseline for liability apportionment and enables the government to enforce the "polluter pays" principle across ownership transitions. Where EDD reports reveal outstanding contamination, consent should be conditional upon the seller's completion of remediation or the establishment of a remediation escrow fund accessible to the NUPRC or NOSDRA for post-transfer clean-up. Without these safeguards, divestment becomes a conduit for externalizing environmental debt onto weaker local companies and ultimately onto host communities.

The host community dimension of ministerial consent is equally significant. The PIA's Host Community Development Trust (HCDT) mechanism binds every settlor (operator) to continuous financial and administrative obligations to their host communities. Where an operator seeks to divest, the Minister must confirm, through the NUPRC, that the trust is properly constituted, funded, and up to date in its reporting. Moreover, the buyer must commit in writing to the continuation of the trust, ensuring that contributions, projects, and grievance processes are not disrupted by ownership change. In effect, ministerial consent becomes the legal bridge that guarantees continuity in community development and environmental protection obligations ensuring that communities do not lose accrued benefits due to commercial transactions to which they are not parties.

Despite its theoretical robustness, the practice of ministerial consent remains vulnerable to procedural opacity and political interference. Approval processes have historically been slow, unstandardized, and occasionally influenced by extra-legal considerations. The absence of a statutory timeline for decision-making can generate uncertainty for investors, while limited public disclosure prevents civil society and host communities from scrutinizing whether environmental and social due diligence was genuinely conducted. Furthermore, the lack of clear criteria on beneficial ownership verification has allowed complex corporate structures to obscure the true controllers of acquiring entities raising risks of regulatory evasion, weak accountability, and corruption. To align with both domestic transparency standards and Nigeria's commitments under the Extractive Industries Transparency Initiative (EITI), the consent process should include mandatory beneficial ownership disclosure, public access to environmental due diligence summaries, and the publication of conditions attached to each consent.

From a broader governance policy lens, ministerial consent is not merely a technical step in asset transfer; it is a manifestation of the state's fiduciary responsibility over natural resources. Its legitimacy depends on consistency, transparency, and the integrity of its outcomes. The ideal model is one where consent operates as a rule-based regulatory checkpoint ensuring that divestment does not dilute environmental, fiscal, or social obligations rather than as a discretionary privilege granted by political actors. The NUPRC's advisory role must therefore be strengthened through detailed consent guidelines specifying minimum due diligence requirements, environmental clearance standards, financial capacity thresholds, and documentation for decommissioning and remediation compliance. In parallel, the Ministry should publish annual summaries of divestment approvals, including environmental and community safeguards imposed, to reinforce public accountability.

In conclusion, ministerial consent under the PIA is both a legal control and a policy instrument for responsible petroleum transition. It embodies the principle that petroleum rights carry enduring public obligations that survive ownership change. When exercised transparently and guided by objective regulatory advice, it ensures that asset divestments promote environmental integrity, protect host communities, and preserve the financial security of decommissioning and remediation funds. Conversely, when applied opaquely or inconsistently, it risks becoming a transactional gatekeeper that enables the offloading of liabilities and undermines environmental justice. The challenge, therefore, is to institutionalize a consent regime that is rule-based, time-bound, transparent, and environmentally integrative one that treats divestment not as an exit from responsibility but as a renewal of stewardship in Nigeria's evolving petroleum landscape.

4.4 Gas Flaring, Venting, and Emissions Control

The regulation of **gas flaring, venting, and emissions control** under the **Petroleum Industry Act (PIA) 2021** represents a deliberate legal and policy shift in Nigeria's management of hydrocarbon production externalities. It replaces decades of discretionary exemptions, nominal fines, and institutional fragmentation with a structured, enforceable framework that internalizes environmental, social, and economic costs of flaring and venting. The **Gas Flaring, Venting and Methane Emissions (Prevention of Waste and Pollution) Regulations,** issued by the **Nigerian Upstream Petroleum Regulatory Commission (NUPRC)**, operationalize the PIA's environmental provisions and embody the state's dual ambition: to curb pollution and resource waste while accelerating the country's gas-led energy transition. Legally, they transform what was long tolerated as a technical inevitability into a tightly regulated exception, governed by financial disincentives, data transparency, and commercialization incentives.

Historically, gas flaring has been one of the most visible failures of Nigeria's petroleum governance system. Despite multiple statutory prohibitions dating back to the Associated Gas Reinjection Act of 1979, flaring persisted because penalties were too low, monitoring was poor, and enforcement was selective. The PIA breaks this cycle by embedding environmental responsibility into the structure of upstream regulation. Section 104 of the Act prohibits routine flaring or venting of natural gas except under strictly defined safety or non-routine circumstances and subjects every operator to penalty expenditures that are not tax-deductible or cost-recoverable. Section 105 empowers the Commission to take, without payment of royalty, any gas that would otherwise be flared or vented, while Section 108 requires every licensee to submit and implement a **Gas Flare Elimination and Monetisation Plan**. Together, these provisions establish a coherent legal architecture that redefines gas as an economic and environmental asset rather than a disposable by-product.

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The 2023 Regulations give operational depth to this architecture. They create a detailed system of **permits, data obligations, and financial penalties** designed to eliminate routine flaring and venting. Producers must obtain **Safety Flaring Threshold Permits** issued biannually to define the maximum allowable emergency flaring volume for each facility, based on transparent technical parameters such as oil throughput, gas production rates, gas–oil ratio, flare stack design, and historical performance. Any flaring beyond these approved thresholds attracts administrative fines in addition to the statutory penalty expenditure, thus creating a layered system of deterrence. Producers are also required to submit comprehensive **Flare Elimination and Monetisation Plans**, which outline gas utilization projects, timelines, and milestones, and must secure them through **Milestone Development Agreements** backed by **performance bonds**. This introduces legal and financial accountability: missed milestones can trigger bond forfeiture or other sanctions.

The Regulations also codify a system for **commercialization of flare gas** a key policy innovation aimed at converting waste into value. The NUPRC may, through competitive bid rounds, authorize qualified third-party entities to take flare gas "on behalf of the Federal Government" under a **Permit to Access Disposed Gas**. These entities must be Nigerian-incorporated and non-producers, ensuring the emergence of a new class of midstream entrepreneurs. Prior to bidding, interested parties must obtain a **Data Access Permit**, which grants limited access to gas and site data, enabling technical assessment. The Commission thus institutionalizes a transparent market pathway for flare gas recovery, creating opportunities for domestic power generation, compressed natural gas (CNG) production, petrochemicals, and fertilizer manufacturing. This arrangement reflects a policy preference for market-based solutions rather than blanket prohibition balancing environmental enforcement with economic pragmatism.

A notable feature of the framework is its emphasis on **data accuracy, metering, and public reporting**. Every producer is required to maintain and submit daily logs of flared and vented gas volumes, install Commission-approved meters with specified accuracy standards, and file monthly and annual reports on gas production, utilization, flaring, and venting. The NUPRC must publish annual industry reports disclosing flaring performance by producer, associated penalties, and comparative year-on-year trends. In a policy sense, this introduces environmental transparency into a sector long dominated by opacity. By making flaring data public, the state not only strengthens deterrence but also aligns with Nigeria's commitments under global frameworks such as the **World Bank's Zero Routine Flaring by 2030 Initiative** and the **Global Methane Pledge**.

The legal regime also incorporates a **methane emissions management component**, recognizing methane as a high-impact greenhouse gas with significant implications for Nigeria's climate obligations under the **Paris Agreement**. Producers must comply with the Commission's **Guidelines on Fugitive Methane and Greenhouse Gas Emissions**, which prescribe leak detection and repair (LDAR) protocols, equipment standards, and emissions monitoring and reporting obligations. By linking upstream methane governance to flaring control, the Regulations position Nigeria within the global movement toward comprehensive hydrocarbon emissions management a necessary evolution given methane's short atmospheric lifespan and potent warming potential.

From a fiscal and deterrent standpoint, the penalty structure marks a decisive policy shift. Producers averaging 5,000 barrels of oil per day or more must pay **US$2.00 per 1,000 standard cubic feet** of gas flared or vented, while smaller producers (below 5,000 bopd) pay **US$0.50 per 1,000 scf**.

Legally, the Regulations are also designed to integrate institutional coordination. They interface with the **Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA)** for gas infrastructure licensing and with environmental regulators such as **NESREA** and **NOSDRA** for broader environmental monitoring. The NUPRC retains primary enforcement jurisdiction, but cooperation with other agencies is critical for verifying environmental performance, enforcing remediation where necessary, and ensuring that gas commercialization projects comply with safety and environmental standards. This multi-agency logic reflects the PIA's broader ambition to create a more integrated regulatory ecosystem reducing duplication while maintaining clear accountability lines.

Nonetheless, practical challenges remain. The successful implementation of the flaring and venting regime depends on robust monitoring capacity, consistent enforcement, and the credibility of data. Without continuous metering verification, laboratory-backed emissions testing, and public access to raw data, the system risks degenerating into self-reporting and administrative paper trails replicating the weaknesses of earlier regimes. Moreover, small indigenous operators may struggle to finance gas capture infrastructure or meet bond requirements, necessitating transitional incentives or pooled financing mechanisms. The government must also manage the political economy of enforcement resisting pressure to grant informal waivers to influential producers or to under-enforce penalties for fiscal reasons.

From a policy standpoint, the broader objective is to align Nigeria's petroleum operations with sustainable development and climate goals. Gas flaring and methane control sit at the nexus of environmental protection, energy security, and economic diversification. Effective enforcement would yield multiple dividends: cleaner air, improved community health, monetized gas for domestic use, reduced greenhouse gas emissions, and enhanced global credibility. Conversely, weak enforcement would perpetuate environmental degradation, community discontent, and loss of state revenue.

Ultimately, the PIA's gas flaring and venting framework signals a profound normative shift: from tolerance to accountability, from waste to value, and from opacity to transparency. It reflects a recognition that environmental integrity is not peripheral to petroleum governance but central to its legitimacy. For this transformation to be credible, the NUPRC must institutionalize consistent enforcement, public data disclosure, and independent verification; the Ministry of Environment must align national climate policies with flaring reduction targets; and the government must treat penalty revenues not as fiscal windfalls but as dedicated funds for environmental remediation and gas infrastructure development.

In essence, the legal and policy transformation of gas flaring, venting, and emissions control under the PIA embodies Nigeria's attempt to reconcile its extractive economy with twenty-first-century environmental governance. It is an experiment in legal realism one that will only succeed if rules on paper translate into measurable reductions in pollution, credible data in the public domain, and real economic opportunities from what was once simply burned away.

4.5 Decommissioning and Abandonment

Decommissioning and abandonment in Nigeria's petroleum sector have moved from a neglected end-of-life afterthought to a front-loaded, rules-driven obligation that operators must plan, finance, and execute under close regulatory supervision. The legal backbone is the Petroleum Industry Act (PIA) 2021, operationalized by the Nigerian Upstream Petroleum Regulatory Commission's (NUPRC) Upstream Decommissioning and Abandonment Regulations, 2023 (as amended in 2024), with complementary safety and end-of-life duties for midstream and downstream assets under the Nigerian Midstream and Downstream Petroleum Regulatory Authority's (NMDPRA) 2023 Safety Regulations.

Read together, these instruments embed three core propositions: decommissioning is an integral phase of field development, not a discretionary choice; environmental remediation and site restoration are legally enforceable outcomes, not best-efforts aspirations; and the financing of end-of-life liabilities must be ring-fenced, transparent, and available when needed.

Legally, the upstream regime imposes a universal duty to operate under an approved Decommissioning and Abandonment (D&A) Plan. Existing lessees must file or update plans within a year of the Regulations taking effect; new projects must lodge theirs alongside the field development plan. The Plan is not a generic promise; it must reflect good international petroleum industry practice and, for offshore, IMO standards, and it must specify annual cash contributions to a project-specific D&A Fund. Critically, the Fund is escrowed, bankruptcy-remote, and usable only for approved D&A works. The 2024 amendment modernises fund location and risk management by permitting international oil companies in JVs/PSCs with NNPC Limited to hold up to 85% of balances offshore in A+-rated institutions while retaining at least 15% onshore, subject to periodic upward review. Access to the Fund is conditioned on NUPRC's written approval of a decommissioning or abandonment programme, and the Commission can step in and procure third-party execution drawing on the Fund where an operator defaults. This “polluter pays, regulator backstop” design closes the historical gap in which depleted assets were orphaned and public authorities (or communities) were left with the bill.

Policy architecture translates into enforceable process. Suspension or abandonment of wells, and decommissioning of installations, plants, utilities, and pipelines, all require prior NUPRC approval supported by engineering method statements, environmental baselines, waste and materials inventories (including NORM), comparative assessments of options, and schedules and costs. Timelines are defined and judiciable: 60 working days for well abandonment decisions; 240 days for full decommissioning programmes. Offshore programmes must add seabed debris clearance plans, verification surveys, and post-decommissioning monitoring of sediments and biota. Public consultation is mandatory (save for isolated well abandonment), with notices in national/local media, disclosure of programme documents, meetings at accessible times and venues, and documented incorporation of stakeholder feedback. These procedures convert environmental and social diligence from soft commitments into regulatory conditions precedent.

Environmental protection is baked into scope and standards. The Regulations require comprehensive inventories (hydrocarbons, sludges, sacrificial anodes, low-specific-activity scale), cleaning and waste-handling methods consistent with the waste hierarchy, NORM survey and decontamination plans, and restoration objectives (e.g., full removal onshore except buried lines, water-column clearance offshore, stability of any remains). Post-completion obligations extend beyond physical removal to monitoring and maintenance, with reporting to the Commission and the possibility of further work if surveys reveal residual risk. In parallel, the NMDPRA's Safety Regulations apply end-of-life duties to midstream/downstream facilities demanding safety cases/clearances, risk studies, inspection and integrity regimes (ASME, API, DNV, NACE), confined-space and tank-integrity rules, pipeline cathodic protection and pressure testing, and emergency preparedness so that decommissioning does not create new hazards or legacy contamination in transport, storage, and processing infrastructure.

Financing discipline is the crucial behavioural lever. Annual contributions are calculated against estimated D&A costs over asset life and must be deposited by year-end, reviewed periodically, and kept in interest-bearing, unencumbered escrow. The Funds are insulated from creditor claims and can be invested only in low-risk instruments meeting minimum ratings.

Non-compliance triggers escalating consequences: US$500,000 per year for failing to submit a plan or establish the Fund or make annual contributions; US$1,000,000 for commencing abandonment or decommissioning without approval; and, where necessary, Commission-led execution with recourse to the Fund and public-procurement rules. These penalties are designed to be material, shifting D&A from a postponable cost to a hard, time-bound liability.

Transparency and accountability are reinforced institutionally. NUPRC must maintain and publish a database of upstream installations, structures, and pipelines with status and updates; operators must keep the Commission informed through regular progress reports; and public consultation outputs must be filed. The Upstream Environmental Remediation Fund (UERF) adds a secondline safety net funded by risk-weighted annual contributions to finance remediation where an operator is unknown, insolvent, or non-compliant and enforcement has failed. Together, the D&A escrow (project-specific, first line) and UERF (sector-wide, last resort) create redundancy in environmental finance and reduce the risk of stranded liabilities amid ongoing asset divestments.

Two policy pressure points merit emphasis. First, transfers of mature onshore and shallow-water assets require ministerial/NUPRC consent that rigorously conditions approval on verified D&A funding sufficiency, credible cost estimates, and binding assumption of liabilities by the buyer preferably secured by escrow balances, parent guarantees, performance bonds, or combinations thereof. Without this discipline, end-of-life risks simply migrate to weaker balance sheets. Second, coordination remains essential: while NUPRC leads upstream D&A, NOSDRA oversees spill response and remediation, NMDPRA polices mid/downstream safety, and the Ministry/NESREA retain cross-sector environmental roles. Clear MOUs, shared standards (sampling, laboratory verification, acceptance criteria), and data interoperability are needed to avoid gaps (for example, contaminants moving from oilfield footprints into non-oil environments) and to streamline enforcement.

Implementation risks are familiar but manageable. Cost estimation can be optimistic unless independently challenged and updated for inflation, technology, and scope creep.

Smaller indigenous operators may face liquidity constraints meeting front-loaded contributions, calling for transition tools (e.g., phased funding tied to production, pooled facility-level escrows, or syndicated surety) without eroding the core principle of pre-funding. Public consultations can lapse into box-ticking unless notices, translations, and inclusive venues are enforced. And transparency must go beyond static registers to live dashboards showing plan status, fund balances, drawdowns, and completion metrics. Where defaults occur, swift recourse to funds and third-party execution rather than protracted negotiations will determine whether the deterrent is credible.

Viewed in comparative perspective, Nigeria's regime now aligns with mature jurisdictions on three essentials: (i) mandatory, regulator-approved end-of-life plans embedded in project economics from the outset; (ii) segregated financial assurance sized to risk and secured against insolvency; and (iii) enforceable environmental outcomes with monitoring and community participation. Its distinct advances are the dual-layer financing (asset-level escrow plus UERF backstop) and explicit public-facing transparency duties. Its success will turn on consistent approvals practice, unblinking enforcement of funding and timelines, and verifiable remediation outcomes. If those elements take root, decommissioning will cease to be Nigeria's hidden liability and become a predictable, financeable, and environmentally restorative phase of the petroleum lifecycle.

4.6 Beneficial Ownership and Transparency

Beneficial ownership and transparency have moved from soft-governance aspirations to core integrity controls in Nigeria's petroleum sector, but practice still trails policy. The Petroleum Industry Act (PIA) resets the sector's architecture around independent regulators, risk-based environmental obligations, and market-facing rules. That reset only works if decision-makers, investors, and host communities can see who actually controls operating companies and asset vehicles, how liabilities are allocated, and whether statutory payments and environmental obligations are being met. In a market experiencing rapid divestments of mature onshore and shallow-water assets, opacity over "who owns what" is not a technical nuisance; it is the fulcrum on which environmental accountability, fiscal assurance, and social licence turn.

At the transaction gate, ministerial/NUPRC consent is the system's choke-point for ensuring that assets do not migrate into opaque structures that externalise costs. A credible consent process should require verified beneficial-ownership (BO) disclosures for all bidders and ultimate acquirers, not just immediate counterparties. That means disclosing natural persons who ultimately own or control significant interests, tracing through trusts, nominee arrangements, and offshore vehicles, and capturing control by rights other than equity (e.g., voting agreements, board appointment rights, debt with equity-like covenants). It also means screening BO data against politically exposed person (PEP) lists and sanctions regimes, testing for conflicts with regulatory decision-makers, and requiring sworn declarations backed by criminal liability for false statements. Where acquisitions change the risk profile of environmental liabilities, such as large decommissioning portfolios or longstanding remediation backlogs, the consent decision should be conditional on ring-fenced financial assurances (escrowed decommissioning funds, performance bonds, or parent guarantees) and should name and bind the beneficial owners to these undertakings through enforceable covenants.

Upstream environmental rules give BO transparency concrete consequences. The Decommissioning and Abandonment (D&A) Regulations require pre-funded, bankruptcy-remote escrows sized to project risk and accessible to NUPRC for third-party execution on default.

That architecture loses deterrent value if beneficial owners can shield assets behind thin shells and walk away. Conditioning field approvals, consent to assignments, and fund withdrawals on up-to-date BO attestations and cross-checking those attestations against the Corporate Affairs Commission's persons-with-significant-control register and NEITI/EITI BO disclosures links capital flows to real people. The Upstream Environmental Remediation Fund (UERF) adds a systemic backstop; however, it should be treated as last resort, not a substitute for holding identifiable owners to account. Where the regulator deploys the UERF after operator failure, it should trigger automatic recovery actions against both the entity and its disclosed beneficial owners, thereby aligning incentives ex ante.

Transparency also underpins host-community legitimacy. The Host Community Development Trust (HCDT) regime relies on annual 3% OPEX contributions and community-led governance. Publication of settlor-level BO information alongside trust constitutions, funding flows, and audited accounts curbs elite capture risks and strengthens community oversight. When disputes arise over sabotage determinations or cost recovery after incidents, Joint Investigation Team records should be published with the names of corporate actors and their beneficial owners redacted only where strictly necessary for personal safety, not commercial convenience.

Data integrity is the connective tissue. The PIA's flaring and methane regime pivots on metering and verified reporting; the D&A regime pivots on cost estimates and escrow balances; the UERF pivots on risk-weighted contributions; the EIA/NOSDRA space pivots on spill logs and remediation outcomes.

None of these datasets deliver accountability if ownership is unknowable or mutable. Regulators should therefore hard-wire BO transparency into their digital reporting systems: require operators to maintain a single regulatory profile that includes current BO details; reject filings and payments that lack valid BO attestations; and expose a public dashboard that links each licence/lease to (i) the operating and financing chain, (ii) current BO snapshot with update timestamp, (iii) status of environmental funds and liabilities, (iv) flaring/methane performance, and (v) HCDT contributions and projects. This turns transparency from a static registry into a live integrity layer across the sector's core obligations.

Gaps persist. Nigeria has made strides through CAC's significant-control disclosures and NEITI's EITI commitments, but verification is uneven, sanctions for false or stale filings are weak, and inter-agency plumbing is incomplete. The petroleum carve-out that limits NESREA's sectoral reach complicates horizontal enforcement when pollution crosses into non-oil environments. Court decisions that trimmed NOSDRA's administrative-penalty powers underscore why BO transparency must be paired with clear statutory liability for owners, not only corporate shells. With the absence of hard consequences, opaque acquirers can treat fines and remediation orders as optional, delay through litigation, and shift assets out of reach.

A coherent legal-policy pathway is available. First, legislate explicit, petroleum-specific BO duties that (a) define “beneficial owner” broadly to capture de facto control, (b) mandate real-time updates upon any change exceeding a low threshold, and (c) attach joint and several liability for environmental and decommissioning breaches to controlling beneficial owners where corporate separateness is abused. Second, make BO truthfulness part of the license/lease conditions and a standing covenant in all consented divestments, with automatic suspension for non-filing and criminal exposure for willful misstatement.

Third, operationalize regulator-to-regulator data pipes among NUPRC, NMDPRA, CAC, NEITI, FIRS, and the FIU to auto-reconcile BO data with tax filings, customs data, payments to government, and procurement records. Fourth, embed BO into market enforcement: require lenders to upstream projects to certify they have performed BO due diligence as a condition of security registration, and require BO disclosure in any public debt or equity offering tied to petroleum assets. Fifth, align transparency with community rights: require HCDTs to publish settlor BO alongside project ledgers, and standardize community-friendly formats (local languages, radio summaries, open data).

Finally, close the loop with consequences that bite. Where BO data is false or withheld in a divestment, approvals should be voidable ab initio; where environmental or decommissioning liabilities are evaded, regulators should be empowered to pierce the corporate veil on a statutory basis informed by objective tests (undercapitalization, abuse of separate personality, fraudulent transfer). Courts should be directed to give priority to environmental claims over unsecured creditor claims when ownership misrepresentation is proven. Combined, these measures convert transparency from a compliance formality into a risk-pricing mechanism: opaque ownership raises the cost of capital, delays approvals, and escalates personal liability. Transparent, well-capitalised ownership accelerates approvals, lowers perceived enforcement risk, and attracts long-horizon investment. In a sector where execution discipline will decide whether the PIA's environmental promises are kept, beneficial ownership transparency is not decorative governance, it is the operating system for accountability.

Stakeholder Perspetive on Environmental Governance in Nigeria's Petroleum Sector

The stakeholder review conducted for this report combines survey analytics with stakeholder interviews and validation meeting proceedings to provide a multi-layered understanding of how Nigeria's petroleum–environmental governance regime operates in practice.

Participants included representatives from key regulatory and oversight agencies such as the National Oil Spill Detection and Response Agency (NOSDRA), the National Environmental Standards and Regulations Enforcement Agency (NESREA), the Nigeria Extractive Industries Transparency Initiative (NEITI), and the Corporate Affairs Commission (CAC). Also represented were civil society organizations including Dataphyte Foundation and Global Rights, alongside development partners, advocacy networks, host community representatives, and research institutions.

Respondents brought between 11 and 20 years of cumulative experience across petroleum administration, environmental compliance, legal governance, and community engagement. This diversity of expertise ensured that the insights gathered were not only policy-informed but grounded in practical field realities and reflective of the institutional, civic, and regulatory ecosystems that shape Nigeria's petroleum–environment governance landscape. Additional institutions were contacted but did not provide feedback within the review window; their nonparticipation is documented because it reflects a culture of guardedness that itself impedes collaborative governance.

While the legislative framework governing environmental management in the petroleum sector is generally viewed as sound, stakeholders agreed that implementation remains weak and fragmented. Agencies operate under overlapping mandates, enforcement is inconsistent, and the system continues to suffer from underfunding, political interference, and inadequate coordination.

5.1 General Assessment of the Legal and Institutional Framework

Stakeholders generally regard Nigeria's legislative framework for petroleum–environmental governance as robust in design but fragile in implementation. The Petroleum Industry Act (PIA, 2021), Environmental Impact Assessment (EIA) Act (1992), National Oil Spill Detection and Response Agency (NOSDRA) Act (2006), National Environmental Standards and Regulations Enforcement Agency (NESREA) Act (2007), and the beneficial ownership provisions under the Companies and Allied Matters Act (CAMA, 2020) were all rated between "moderate" and "strong" in their conceptual design, but weak in operational delivery.

Survey respondents rated the PIA between 3 and 4 out of 5, citing its modernized institutional architecture and inclusion of environmental obligations. However, the EIA Act was described as "foundational but outdated", with limited responsiveness to emerging issues such as cumulative impacts, climate change, and post-closure remediation.

Stakeholders agreed that the NOSDRA and NESREA Acts reflect sound policy intent but suffer from overlapping mandates, limited deterrent power, and persistent underfunding. The beneficial ownership reforms under CAMA and NEITI were praised for transparency gains but criticized for weak verification mechanisms and partial public access.

5.2 Institutional Overlaps and Coordination Challenges

A recurring theme was the fragmentation of institutional mandates, especially between the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), the National Oil Spill Detection and Response Agency (NOSDRA), and NESREA.

Participants described overlaps in spill detection, environmental monitoring, and enforcement powers, leading to duplication, inter-agency tension, and accountability gaps.

Dataphyte's submission emphasized this fragmentation as "a fundamental weakness," proposing the creation of a National Petroleum–Environment Coordination Council with a real-time, dataintegrated system linking inspection schedules, spill data, and enforcement actions across agencies. Coordination, they argued, should extend to subnational environmental authorities, since spill remediation is often executed at the state level.

NOSDRA, however, countered perceptions of opacity, highlighting that its data are already publicly accessible through the Oil Spill Monitor (oilspillmonitor.ng) and Gas Flare Tracker (gasflaretracker.ng) platforms. The agency noted that it ranked first out of 575 MDAs on the Bureau of Public Service Reforms' Transparency Index in 2024 and 2025. NOSDRA also reiterated that it remains the lead national agency on oil spill response, with an ongoing legislative effort to amend its enabling Act currently at second reading in the National Assembly to strengthen its powers on sanctions, decommissioning oversight, and funding access through the Ecological Fund.

Despite such progress, respondents agreed that institutional "turf protection" and overlapping mandates undermine coordination. Section 7(g) of the NESREA Act, which excludes oil and gas activities from NESREA's jurisdiction, was repeatedly identified as a critical governance gap requiring legislative reconsideration.

5.3 Key Thematic Insights

5.3.1 Remediation and Environmental Response

Although the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) provide a technical framework, respondents reported inconsistent application, delayed cleanups, and politically influenced remediation exercises. The resulting credibility gap continues to fuel community distrust.

Global Rights and Dataphyte both urged that remediation processes be transparent, time-bound, and independently verified, with civil society participation in monitoring and reporting. NOSDRA's recommendation for broader public awareness campaigns on spill reporting obligations and agency functions reinforces this point.

5.3.2 Environmental Remediation Fund (ERF)

Stakeholders welcomed the establishment of the ERF under the PIA but described it as "partially functional" due to weak governance structures and limited capitalization. Participants called for transparent fund management, public disclosure, and periodic audits. Global Rights further proposed the creation of a dedicated Environmental Remediation and Compensation Fund, governed transparently and linked to corporate liability frameworks, ensuring that polluters bear the full cost of restoration.

5.3.3 The Polluter Pays Principle

Stakeholders emphasized that the "polluter pays" principle will only work if operators are required to provide verifiable financial assurances upfront through performance bonds or escrow accounts and if penalties are high enough to change corporate behavior. They also recommended that enforcement actions be transparent, penalties automatically recoverable, and environmental courts or fast-track tribunals established to avoid prolonged litigation.

5.3.4 Host Community Development Trusts (HCDTs)

While the HCDT model is seen as a milestone, many respondents viewed its 3% OPEX contribution threshold as inadequate and its governance opaque.

Dataphyte and Global Rights converged on the need for:

i. Participatory budgeting where host communities co-decide on projects,
ii. Mandatory annual audits of HCDTs, publicly disclosed,
iii. Gender, youth, and disability inclusion in governance structures, and
iv. Periodic social and environmental audits verified by independent experts.

Global Rights added that HCDTs must be situated within a human rights and environmental justice framework, drawing on global best practices such as Free, Prior, and Informed Consent (FPIC) and Community Development Agreements (CDAs) from the mining sector. Institutionalizing FPIC in petroleum governance was described as essential to building trust and aligning Nigeria with African Charter obligations. accountability.

5.3.5 Asset Divestment and Liability Transfer

There was strong consensus that current provisions do not adequately guarantee the transfer of environmental liabilities during asset sales. Respondents proposed mandatory environmental audits prior to divestment, escrowed remediation funds, public disclosure of liability schedules, and joint accountability between sellers and buyers for outstanding obligations.

5.3.6 Gas Flaring and Emission Control

Stakeholders described current flaring penalties as "insufficient to deter violations." Many operators continue to treat penalties as operational costs rather than deterrents. To align practice with Nigeria's "Zero Routine Flaring by 2030" commitment, respondents proposed higher, revenue-linked penalties, universal metering verified by satellite, and expanded gas gathering and processing infrastructure.

5.3.7 Decommissioning and Abandonment

Although regulations now require escrow funding and abandonment plans, respondents confirmed inconsistent implementation. Weak oversight and poor disclosure make it difficult to verify compliance. Legacy wells remain an ongoing environmental and fiscal risk, underscoring the need for mandatory independent audits, strict timelines, and public reporting.

5.4 Beneficial Ownership and Transparency

Stakeholders praised the beneficial ownership (BO) reforms driven by NEITI, the Corporate Affairs Commission (CAC), and the NUPRC, describing them as one of the most significant advances in petroleum-sector transparency.

NEITI's 2023 review of beneficial ownership disclosures found that Nigeria remains the first African country to establish a public beneficial ownership register, launched in 2019 to cover the oil, gas, and solid minerals sectors. Integration with the Corporate Affairs Commission's (CAC) national registry under CAMA 2020 has significantly improved data availability and institutional collaboration.

However, NEITI's 2022 assessment revealed that more than half of companies holding or applying for petroleum rights still submit incomplete or unverifiable ownership data, indicating that while progress has been made, disclosure completeness, verification, and the usability of the new NOGABOR portal for the oil and gas sector remain major implementation challenges.

NEITI's ongoing collaboration with the CAC, NUPRC, and the Mining Cadastre Office aims to harmonize data into a single, machine-readable national register and strengthen verification through audit-linked disclosure mechanisms.

Dataphyte, Global Rights, and other civil society stakeholders reiterated that public access, interoperability, and civic oversight are critical for sustained impact. They supported NEITI's advocacy for integrating BO data with fiscal, environmental, and emissions information into a unified Petroleum–Environment Accountability Platform.

5.4.1 Enforcement Bottlenecks

The survey data revealed six recurring enforcement barriers:

5.4.1.1 Regulatory overlaps and turf conflicts

5.4.1.2 Weak, non-deterrent penalties

5.4.1.3 Political interference in enforcement

5.4.1.4 Underfunding and low technical capacity

5.4.1.5 Community distrust and elite capture

5.4.1.6 Weak judicial remedies and delayed case outcomes

Respondents highlighted that these weaknesses collectively undermine deterrence and encourage non-compliance.

Reform Priorities

5.4.2 Legislative Reforms

Stakeholders recommended:

5.4.2.1 Updating penalty regimes to reflect the real cost of environmental damage.

5.4.2.2 Harmonizing mandates and establishing clear lead-agency responsibilities.

5.4.2.3 Embedding climate and energy transition goals directly into petroleum laws.

5.4.2.4 Mandating independent environmental audits and escrowed liability funds before any divestment.

5.4.2.5 Making data transparency and public reporting a statutory requirement.

Global Rights further urged that amendments to the PIA should explicitly embed environmental liability and gender inclusion clauses, aligning petroleum governance with climate resilience, netzero, and just transition objectives.

5.4.3 Institutional Reforms

Reforms should focus on:

5.4.3.1 Ensuring stable funding for regulatory agencies.

5.4.3.2 Strengthening technical capacity through equipment, training, and data infrastructure.

5.4.3.3 Developing a shared digital information system linking all relevant regulators.

5.4.3.4 Enhancing judicial capacity through specialized environmental divisions or fast-track procedures.

5.4.3.5 Community and Market-Based Reforms

Stakeholders endorsed two structural innovations:

A Unified Petroleum–Environment Accountability Platform, providing real-time public access to data on spills, emissions, remediation, host community funds, and beneficial ownership.

Mandatory Environmental Performance Bonds (EPBs) for all operators, sized to operational risk and released only upon verified compliance.

As Dataphyte concluded, "*Nigeria already has the architecture for world-class governance; what remains is integration, transparency, and political will*."

Conclusion and Strategic Way Forward

Nigeria stands at a pivotal crossroads in the evolution of its petroleum–environmental governance. The legislative foundations the Petroleum Industry Act (PIA) 2021, Environmental Impact Assessment (EIA) Act, National Oil Spill Detection and Response Agency (NOSDRA) Act, and the National Environmental Standards and Regulations Enforcement Agency (NESREA) Act represent a comprehensive legal architecture by any measure. Yet, the persistence of oil pollution, routine gas flaring, weak remediation, and recurrent community–industry conflict exposes a fundamental gap between design and delivery.

The evidence from stakeholder consultations confirms that Nigeria's system is not deficient in law but in integration, enforcement, and credibility. Regulatory overlap, inconsistent penalties, inadequate funding, and political interference have blunted the potential of what should be a worldclass framework. Stakeholders from NEITI and NESREA to field operators and civil society consistently emphasize the same diagnosis: the institutions exist, but they function in silos, compete for jurisdiction, and lack shared data systems or unified enforcement protocols.

Bridging this gap demands three pillars of reform coherence, deterrence, and trust each grounded in lessons from jurisdictions that have successfully reconciled petroleum development with environmental accountability.

6.1 Coherence: Aligning Institutions and Mandates

The first imperative is institutional coherence. The mandates of NUPRC, NOSDRA, NESREA, and the Federal Ministry of Environment must operate as a coordinated system, not as fragmented silos. Comparative experience underscores this necessity.

In Norway, for instance, the Petroleum Safety Authority, the Norwegian Environment Agency, and the Norwegian Petroleum Directorate operate under a “shared but distinct” mandate model, linked by mandatory data-sharing and joint inspections codified in law. Similarly, Canada's Offshore Petroleum Boards (e.g., the Canada–Newfoundland and Labrador Offshore Petroleum Board) integrate environmental oversight directly into licensing and operations, eliminating gaps between economic and ecological regulation.

Nigeria can replicate these models by establishing a National Petroleum–Environment Coordination Council a standing, inter-agency platform with legal authority to harmonize inspection schedules, approve remediation standards, and coordinate responses to transboundary pollution. The Council's data should feed into a unified Petroleum–Environment Information System connecting emissions, spills, remediation, decommissioning, and Host Community Development Trust (HCDT) data in real time. This digital transparency already adopted in Ghana's Petroleum Commission online compliance portal would turn information asymmetry into shared accountability.

6.2 Deterrence: Making Compliance the Rational Choice

Effective deterrence requires converting environmental penalties from symbolic fines into economic disincentives for non-compliance. The "polluter pays" principle must not only exist in rhetoric but also in financial practice.

In Canada, fines under the Environmental Protection Act reach up to CAD 6 million per day per violation, with daily accrual until remediation. In Brazil, operators responsible for major spills (such as the 2019 offshore incident) faced fines exceeding USD 50 million, enforced by IBAMA and supported by strict judicial oversight. These penalties, when combined with criminal liability and loss of licence, transformed compliance culture within a decade.

Nigeria's current penalty structure, by contrast, remains non-deterrent and rarely indexed to inflation, production volume, or corporate turnover. The Gas Flaring, Venting, and Methane Emissions Regulations (2023) introduce a tiered fine regime, but it remains far below the marginal cost of compliance. A rational operator will continue to flare if paying penalties is cheaper than installing capture technology. To reverse this logic, Nigeria must legislate cost-reflective penalties, real-time emissions verification, and automatic administrative sanctions linked to digital flare monitoring.

Additionally, deterrence requires robust financial assurance systems. Norway and the United Kingdom require operators to maintain fully funded decommissioning and remediation bonds, validated by third-party auditors before project approval. Nigeria's Decommissioning and Abandonment Regulations (2023, amended 2024) and the Upstream Environmental Remediation Fund Regulations (2024) are steps in this direction, but their impact will depend on strict enforcement, transparent fund management, and annual publication of account statements verified by independent auditors.

6.3 Trust: Building a Social Licence Through Participation and Transparency

The final and most complex reform imperative is rebuilding trust between operators, regulators, and host communities. Legal mechanisms like the Host Community Development Trust (HCDT) under the PIA have the potential to convert decades of grievance into structured collaboration but only if they are transparent, inclusive, and verifiable.

The experience of Ghana's Petroleum Revenue Management Act (2011) offers valuable insight. By requiring quarterly public reporting of petroleum receipts, community project audits, and participatory budgeting through district-level fora, Ghana institutionalized transparency and reduced local conflict. Likewise, Norway's open-access registry of petroleum licenses, emissions, and beneficial ownership has created a governance model where public oversight reinforces state authority.

For Nigeria, this means operationalizing the HCDT as a community-driven accountability instrument mandating annual independent audits, gender-balanced trustee boards, real-time financial reporting, and participatory needs assessments. Community-based monitors and credible NGOs should be formally recognized as partners in verification and remediation oversight. Transparency in fund disbursement, project selection, and environmental performance will be the strongest antidote to distrust and elite capture.

6.4 The Strategic Way Forward

The strategic roadmap emerging from this analysis is both institutional and behavioral. It requires deliberate sequencing and sustained political will:

6.4.1 Legislative Modernization

Amend the EIA Act to integrate climate risk assessment, cumulative impact analysis, and greenhouse gas accounting, mirroring the EU Environmental Impact Assessment Directive (2014/52/EU). Restore NOSDRA's sanctioning authority through statutory amendment, and revise all penalty schedules to reflect real environmental and economic costs.

6.4.2 Institutional Integration

Establish an inter-agency council modeled after Canada's Federal–Provincial Oil and Gas Accord, with joint enforcement and data harmonization mandates across petroleum and environmental regulators.

6.4.3 Digital Transparency and Data Integration

Develop a publicly accessible Petroleum–Environment Accountability Platform, drawing lessons from Norway's NPD Fact Pages and NEITI's online beneficial ownership registry.

6.4.4 Financial Assurance and Independent Auditing

Mandate public disclosure of decommissioning fund balances, remediation expenditures, and abandonment schedules, verified by independent assessors.

6.4.5 Community Empowerment and Oversight

Institutionalize participatory budgeting and local oversight committees for HCDTs, similar to Ghana's district development model.

6.4.6 Capacity and Sustainable Funding

Establish predictable budgetary lines for NESREA, NOSDRA, and NUPRC, indexed to environmental levies and performance-based transfers.

6.4.7 Judicial and Administrative Efficiency

Expand mobile courts, create environmental divisions in federal courts (as pioneered in Kenya's Environment and Land Court), and develop fast-track administrative adjudication procedures.

6.5 Closing Note

Nigeria's petroleum–environmental governance system has all the ingredients of a world-class model: comprehensive legislation, international commitments, and an active civil society. What remains is execution discipline turning law into lived practice. The reforms proposed in this report are not abstract ideals; they are grounded in comparative evidence of what works.

If Nigeria implements these reforms with integrity, the results will be transformative: measurable reductions in pollution, faster remediation, lower conflict in host communities, and improved investor confidence in a credible, climate-aligned petroleum sector. The path forward is clear integration over fragmentation, transparency over secrecy, prevention over remediation.

The choice before policymakers and regulators is not between development and environmental protection, but between short-term expediency and long-term national resilience. The world is transitioning toward carbon responsibility; Nigeria's relevance in that world will depend on its ability to prove that it can extract resources without exhausting its environment.

With discipline, transparency, and collaboration, Nigeria can evolve from an extractive state to a responsible energy steward a nation that turns environmental governance from an afterthought into a cornerstone of sustainable prosperity.

Contributors

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Stakeholder Accountability Matrix - Nigeria's Petroleum-Environment Governance

For HEDA Resource Centre • Printable & Digital Reference

Stakeholder	Mandate / Role	Current Gaps	Accountability Mechanisms Needed
NUPRC (Nigerian Upstream Petroleum Regulatory Commission)	Regulates upstream oil & gas operations; implements PIA 2021; oversees gas flaring control, decommissioning, remediation fund	opacity; overlaps with NOSDRA/NESREA; fines too low	Tech-enabled monitoring (satellite, CEMS); higher penalties; transparent public reporting of spills/emissions
NMDPRA (Midstream & Downstream Petroleum	Licenses and regulates midstream/downstream operators; ensures market efficiency and compliance	Low visibility in environmental enforcement; weak synergy with Ministry of Environment	Joint enforcement protocols; mandatory disclosure of compliance reports
NNPC Ltd	Commercially oriented national oil company; executes petroleum operations; implements PIA reforms	Risk of conflict of interest; weak transparency on contracts, subsidiaries & beneficial ownership	Independent audits; stronger separation of commercial vs regulatory roles; open contract disclosures
NOSDRA (National Oil Spill Detection & Response Agency)	National oil spill detection, response, and remediation agency	Lost sanctioning powers (court ruling); chronic underfunding; poor data transparency	Legislative amendment to restore sanction powers; centralized public spill database; ring-fenced funding
NESREA (National Environmental Standards & Regulations Enforcement Agency)	Federal agency for environmental compliance & treaty enforcement (non-oil & gas sectors)	Explicit exclusion from oil & gas oversight; penalties weak; political interference	Amend Act to include cross sectoral petroleum impacts (air, biodiversity); stronger independence from politics
Federal Ministry of Environment	Oversees environmental policy, EIA approvals, and sustainability frameworks	Duplication of roles with NUPRC/NMDPRA; discretionary powers vulnerable to political interference	Statutory clarification of mandate; independent review panel for EIAs; limit discretionary exemptions
Corporate Affairs Commission (CAC)	Company registration, Company registration, compliance oversight, and beneficial ownership (BO) disclosure	BO register not fully public; weak verification of data; poor inter-agency data sharing	Operationalise a fully public, user-friendly BO register; independent verification; integrate CAC-NUPRC-NEITI-EFCC databases
Host Communities	Beneficiaries of Host Community Development Trusts (HCDTs); stakeholders in resource governance	Underfunded (3% OPEX); vulnerable to elite capture; sanctioned collectively for vandalism	Raise threshold to reflect local needs; participatory budgeting; external audits; grievance redress mechanisms
Judiciary	Adjudicates environmental disputes; interprets statutes	Slow case resolution; lack of environmental specialization; rulings often curtail regulator powers	Specialized environmental courts/fast-track benches; capacity building for judges on petroleum environmental law
Civil Society & Media	Advocacy, watchdogs, public accountability drivers	Limited access to data; excluded from oversight; threats/intimidation in some cases	Open data portals; statutory right to participate in oversight; whistleblower protections

Operators (IOCs & Indigenous firms)	Conduct petroleum operations; responsible for compliance with environmental and fiscal laws	Absorb fines as costs of business; divest without securing liabilities; poor transparency	Escrow-backed decommissioning plans; stronger BO disclosure; criminal liability for severe breaches
National Assembly (Legislators)	Enacts/amends petroleum and environmental laws; oversight of regulators	Weak follow-through on oversight hearings; poor tracking of implementation	Parliamentary scorecards; independent technical advisory units; mandatory follow-up on audit/oversight reports
Development Partners (World Bank, UNEP, EITI, etc.)	Provide funding, technical support, and benchmarking	Influence often advisory only; fragmented donor projects	Harmonized donor platform; condition funding on transparency and enforcement metrics

NB: This matrix is intended for workshops, policy dialogue, and monitoring.

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