



Nigeria's Petroleum–Environmental Governance: Law, Policy, and Reform Roadmap

Presented by:

*Human and Environmental Development Agenda
(HEDA Resource Centre) and the Environmental
Law Research Institute (ELRI)*

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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.

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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

Context & Purpose

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Nigeria's Petroleum—Environmental
Governance: Law, Policy, and
Reform Roadmap

- Nigeria's petroleum economy has sustained national revenues for decades but caused severe ecological and social harm.
- The Petroleum Industry Act (PIA, 2021) introduced reforms — yet implementation gaps persist.
- This brief translates complex policy findings into actionable reforms for public, civil society, and government engagement



The Problem

Nigeria's petroleum sector sits on a deep environmental fault line — a mix of profit, pollution, and poor accountability.

Below are the core problems holding back real progress:

- Oil spills and gas flaring
- Contaminate water, soil, and air, devastating farmlands and public health.
- Weak coordination among regulators
- Agencies often overlap or conflict, leading to delays and weak enforcement.
- Low penalties for violations
- It's cheaper for polluters to break the law than to comply with it.
- Data opacity and secrecy
- The public can't see where pollution happens or how remediation funds are spent.
- Distrust in Host Community Funds
- Communities feel excluded from decisions and suspect misuse of their 3% allocations.



Legal Framework

Nigeria's environmental regulation for the petroleum sector rests on four key laws — each strong in intent but weak in coordination and enforcement.

Petroleum Industry Act (PIA, 2021)

Designed to modernize petroleum governance, ensure transparency, and establish Host Community Development Trusts.

➡ Gap: Overlapping regulatory roles and weak enforcement at the implementation level.

Environmental Impact Assessment (EIA) Act, 1992

Created to ensure every petroleum project is evaluated for environmental impact before approval.

➡ Gap: Outdated in scope — it ignores climate change, methane emissions, and cumulative ecosystem risks.

NOSDRA Act, 2006

Mandates oil spill detection, response, and remediation across Nigeria.

➡ Gap: Judicial limitations and insufficient penalties have eroded its deterrent power.

NESREA Act, 2007

Provides a national framework for pollution control outside the petroleum sector.

➡ Gap: Chronically underfunded and hindered by jurisdictional overlap with petroleum regulators.

The Big Picture:

Nigeria's legal structure is comprehensive on paper — but fragmented in practice. Integration and modernization are the missing links between law and lasting environmental accountability.



78%

of environmental and petroleum governance experts surveyed for this report rated the sector's legal framework as "strong in design but weak in enforcement."

New Regulatory Tools (PIA Framework)



Upstream Environmental Remediation Fund (UERF)

Finances cleanup where polluters default.



Decommissioning & Abandonment Regulations (2023)

Mandatory escrow for end-of-life asset cleanup.



Gas Flaring & Methane Rules (2023)

Flaring only under strict emergency limits; fines up to US\$2/1,000 scf.



Host Community Development Trusts (HCDTs)

3 % of OPEX to community-led projects.

From Fragmentation to Integration

For decades, Nigeria's environmental governance in the petroleum sector has been a patchwork of disconnected agencies, each acting in isolation.

The result has been confusion, duplication, and poor accountability.

The Old System

- Multiple agencies — NOSDRA, NESREA, NUPRC, NMDPRA, and others working without a unified structure.
- Overlapping mandates and unclear boundaries slowed enforcement and weakened environmental protection.
- Data on spills, emissions, and remediation remained scattered and often inaccessible.

The Vision for a New Model

- Establish a Coordinated Petroleum–Environment Data Portal where all regulators share and publish real-time environmental data.
- Create joint inspection and enforcement teams involving NOSDRA, NESREA, and NUPRC to eliminate duplication.
- Integrate preventive tools (like EIAs), corrective measures (spill response), and financial mechanisms (PIA funds) into one coherent system.

The Goal

A unified, transparent, and technology-driven regulatory framework that transforms environmental oversight from fragmented bureaucracy into collaborative governance where pollution cannot hide, and accountability is shared.

Host Community Mechanism



- Legal Backbone: PIA Section 234–257; Host Community (Commission) Regulations 2022.
- Funding: 3 % of operator OPEX annually.
- Strengths: statutory development fund; community participation.
- Risks: elite capture, weak audits, minimal environmental allocation.
- Reform Need: mandatory public reporting + earmark for ecological restoration

Nigeria is not alone in the struggle to align petroleum development with environmental protection. Other countries have faced similar challenges and their reform journeys offer valuable lessons.

Brazil – Unified Environmental Licensing

Brazil created a single environmental licensing process for hydrocarbons.

This reduced duplication, improved speed, and made regulators jointly accountable.

➡ Lesson for Nigeria: Integrate petroleum and environmental approvals under one transparent, digital system.

South Africa – Joint Enforcement Model

South Africa links its mining and environmental regulators through joint inspections and shared data systems.

This ensures consistent enforcement and avoids gaps in accountability.

➡ Lesson for Nigeria: Formalize inter-agency collaboration through clear legal protocols and shared reporting tools.

Canada – Climate-Inclusive Assessments

Canada modernized its environmental impact assessment laws to include climate and greenhouse gas considerations.

This allows climate change risks to directly influence licensing decisions.

➔ Lesson for Nigeria: Update the EIA Act to measure carbon and methane emissions in every petroleum project.

Mexico – Rationalized Petroleum Regulators

Following deregulation, Mexico consolidated overlapping energy and environmental agencies.

The reform simplified reporting and boosted public access to environmental data.

➔ Lesson for Nigeria: Streamline institutions to reduce overlap and improve transparency in petroleum governance.



What Stakeholders Are Saying

Nigeria's petroleum–environmental laws are strong on paper but weak in practice.

Across interviews and surveys, stakeholders from regulators, civil society, and industry agreed on one thing: implementation is the missing link.

Key Insights:

- Agencies operate in silos, leading to overlapping mandates and turf conflicts.
- Enforcement is inconsistent; penalties remain too small to deter violations.
- Political interference and underfunding weaken institutional independence.
- Communities remain distrustful of Host Community Development Trusts (HCDTs).
- The Environmental Remediation Fund (ERF) is underperforming due to weak oversight.
- Stakeholders demand real-time data, independent audits, and public reporting.



What Needs to Change

Stakeholders identified a clear reform path linking strong law to real accountability.

Legislative Fixes:

- Update the Environmental Impact Assessment (EIA) Act to include climate and cumulative impacts.
- Restore NOSDRA's sanction powers and increase penalties to reflect real environmental costs.
- Make data transparency a statutory obligation.
- Require environmental audits and escrowed liability funds before any asset sale.



Institutional Reforms:

- Create a National Petroleum–Environment Coordination Council to unify NUPRC, NOSDRA, NESREA, and FMEnv.
- Develop a shared digital platform linking all regulators.
- Strengthen technical and judicial capacity through specialized courts and training.

Community & Market Reforms:

- Institutionalize participatory budgeting and gender inclusion for HCDDTs.
- Mandate Environmental Performance Bonds for all operators.
- Publish annual remediation and decommissioning fund balances.

Strategic Way Forward

Nigeria stands at a crossroads between business as usual and a transparent, climate-aligned petroleum future.

Pillar 1: Coherence – Aligning Institutions

- Establish a joint inspection and data-sharing council linking all key regulators.
- Integrate spill, emission, and community data into a unified online portal.

Pillar 2: Deterrence – Making Compliance the Rational Choice

- Introduce cost-reflective penalties tied to production scale.
- Enforce polluter-pays bonds and automatic fines for repeat offenders.

Pillar 3: Trust – Building a Social Licence

- Make Host Community Trusts transparent and independently audited.
- Publish all petroleum–environment fund data in real time.



Let's Work Together



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