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Effect of Petroleum Policy “Reforms” In Oil and Gas Business in West Africa Sub-Region

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Abstract: *The oil-rich region of West Africa has seen significant reforms to its petroleum policies spearheaded by three countries: Nigeria, Ghana, and Niger. These changes have had a revolutionary effect on the oil and gas sector, ushering in a new era. Liberalization, government engagement, indigenization, statutory reform, and the creation of intervention agencies are among the most important policy reforms. Human capital and labor force have both seen significant increases as a result of these policy changes. As a result of the reforms, there is now a skilled and competent workforce in the oil and gas sector that can efficiently manage and operate petroleum-related activities. The optimization of fiscal terms, transparency of revenue collection mechanisms, and responsible management of resources have all had remarkable effects on revenue. The region's economy has flourished thanks to the influx of newfound wealth. As a result of these changes, a growing share of resources (including materials, labor, and capital) are being drawn from the local community. Incredible strides have been made in indigenous peoples' ability to participate in society, find gainful employment, and gain economic independence. These changes have allowed for the modernization and improvement of the oil and gas industry in West African countries through the transfer of technology from international partners. The decrease in need for foreign aid and knowledge is one of the most important results of the new policies. Local businesses and residents are now more involved in the administration of oil and gas resources thanks to increased autonomy. People's financial well-being and collective sense of ownership over oil and gas assets have been bolstered by this development. The policy shifts have made the market more attractive to both domestic and international investors, leading to a rise in capital expenditures and a satisfactory rate of return for the sector as a whole. Strict standards and regulations have been put in place to reduce the likelihood of accidents and environmental damage, reflecting a focus on safety and environmental consciousness.*

Keywords: *Nigeria, Niger, Ghana, Petroleum Policy Reforms, Local Content Development, Technology Transfer, Oil and Gas Business.*

INTRODUCTION

Petroleum policy reforms refer to deliberate and strategic changes, adjustments, or modifications made to the legal, regulatory, and operational frameworks that govern the exploration, production, distribution, and management of petroleum resources, including oil and natural gas. These reforms are introduced to address various challenges, inefficiencies, and opportunities within the petroleum sector and aim to optimize the industry's performance, sustainability, and impact on the national or regional economy. These changes may involve liberalization, government involvement, indigenization, legal regulations, and the establishment of intervention agencies, among other measures. The West African subregion is one of the world's oiliest. Nigeria, Niger, and Ghana are its three main oil-producing countries (fig. 1).

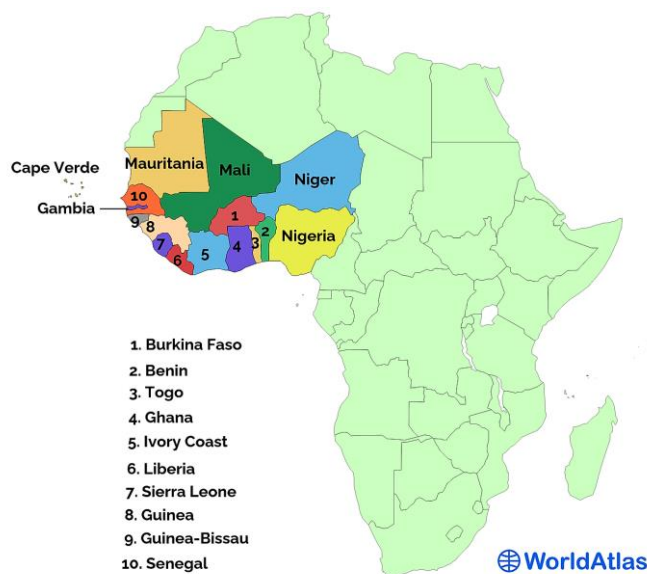


Figure 1: West Africa subregion map with oil producing countries highlighted

Gas and oil have been an integral part of West African economies for generations. The country of Nigeria was the pioneer in the region to discover oil in 1956. Having said that, commercial oil production did not begin in the nation until 1958 (LUBCON mentioned 2012). When this happens, other West African nations follow suit, following in the footsteps of Gabon, Angola, and Ghana. The early development of West Africa's oil and gas industry was greatly influenced by multinational oil companies that operated globally. Businesses were enticed to the region due to its abundant oil and gas resources and the availability of cheap labor. The rapid ascent to the top of the oil industry was facilitated by the heavy investment of foreign multinational oil companies in both exploration and production (Bazilian, 2013; Kanyako, 2020). West African oil and gas production expanded rapidly in the 1970s and 1980s. This expansion was aided by the increased demand for oil in industrialized nations and the general increase in oil prices. Some of the West African countries have their own governments, which has helped the oil and gas industry grow. A larger cut of the oil and gas industry's profits and greater say over the management of the country's natural resources were immediate demands of the newly independent governments of the aforementioned countries. The oil and gas sector in West Africa saw a number of investment sales between the years 1990 and 2000. Natural gas was added to the region's already substantial oil and gas production as exploration for new reserves began (Aigbedion, & Iyayi, 2007). Natural gas is a preferred fuel for many industries and power plants due to its superior performance and lower environmental impact compared to oil. There has been some expansion in the oil and gas industry's downstream sector in West Africa as well. The following three subsectors make up this industry: refining, petrochemicals, and marketing.

At present, the oil and gas sector is one of West Africa's most important revenue generators. Tens of millions of people are employed by the industry, which generates tens of billions of dollars annually. The oil and gas industry is a major source of revenue for several West African nations. The oil and gas industry in West Africa has undeniably played a significant role in the region's economic growth and social development. Several West African countries' economies and job markets have benefited greatly from this sector. Moreover, the government's healthcare, education, and infrastructure programs have received financial backing from the oil and gas industry (Anyanwu, & Yameogo, 2015). The West African oil and gas sector has still faced numerous challenges. One issue is the global volatility of oil prices. Low oil prices hurt West African oil and gas companies' bottom lines. This may have a negative impact on the local economy. The fact that the oil and gas sector contributes to environmental degradation is another issue. Communities and the environment are both negatively impacted by accidents and disasters such as oil spills. Oil and gas will likely have a significant influence on the economies of West African countries for the foreseeable future, notwithstanding the challenges (Graham, & Ovadia, 2019). The abundance of highly sought-after oil and gas personnel in the region indicates well for the future of this industry. West African oil and gas companies are likewise working to reduce their environmental impact and adapt to fluctuating oil prices.

Throughout the history of oil governance, the most powerful players in the industry have consistently shaped the regimes that have been in place. Private oil companies established the first significant oil governance system prior to the start of World War I. A group known as the International Petroleum Cartel was involved (Mommer, 2000). Oil fields were rented out to these companies by their owners in return for a reservation fee. Renting oil fields was a legal process, and the companies involved abided by all regulations. Imperial powers progressively relinquished control over developing nations as oil became a valuable resource following World War II. Many of the nations that have recently begun to reclaim their oil reserves were formerly colonies or provinces of larger imperial powers. This led to the establishment of a second oil governance system, with the Organization of the Petroleum Exporting Countries playing a pivotal role (OPEC). The actions of OPEC have put several oil-consuming nations in a precarious financial position (Mommer, 2000). The International Energy Agency was established by oil-consuming nations (IEA). To guarantee stable supply and reasonable prices, it established a third system of oil governance (Mommer, 2000).

Many developing nations' oil industries are overseen by the Extractive Industries Transparency Initiative (EITI). The Extractive Industries Transparency Initiative (EITI) is a global effort to increase transparency and accountability in the resource extraction and use processes (NEITI, 2020). By offering monetary compensation, it incentivizes individuals to divulge details regarding public funds, expenditures, contracts, licenses, and revenue management. Countries are also obligated to establish a legally binding open contracting regime in order to fulfill EITI's standards. There is backing for the EITI model in the Natural Resources Charter. With the twelve guiding principles outlined in the Natural Resources Charter, governments are better able to make crucial decisions, like how to extract resources and how to use the proceeds to benefit the people (NEITI, 2020). In order to implement the massive African Mining Vision (AMV), all member states of the African Union must bring their governance and systems for managing natural resources in line with what the continent has learnt from its century-long mining history and with international standards. The African Union oversaw the AMV (NEITI, 2020). This focus provides an opportunity for natural-resource-dependent African states to integrate their natural resources into the rest of the national economy and make a critical and sustainable paradigm shift from the enclave nature of resource extraction (NEITI, 2020).

Nigeria Policy Reforms in Oil and Gas Business

It is an essential move toward modernizing the oil and gas business in Nigeria because the country has taken the first step toward increasing its rights to oil and gas exploration in the Niger Delta region. This step was done by Nigeria. These international firms benefited from the expansion of their exploration rights. After OPEC was established in the 1970s, it did not take long for Nigeria to become a member of the organization. 1976 marked the official beginning of operations for the Nigerian National Petroleum Corporation, which had been in the planning stages for an additional five years. Even though it is currently employing more people than at any other time in its history, the oil and gas industry is still in the process of developing.

Liberalization of Oil and Gas Industry in Nigeria

From 1908, when the British colonial Petroleum Company and the Nigerian Bitumen Company first opened their doors, until the late 1970s, there were only a handful of foreign companies involved in oil prospecting, exploration, and production. This was true both before and after the discovery of oil in the United States. This was the situation right up to the 1970s. The government of Nigeria has merely a passing interest in taking part in the event. However, as a result of developments in government petroleum policy and indigenization, Nigeria joined OPEC in order to obtain more influence and a share in the oil and gas sector. This was done in order to gain a stake in the oil and gas industry. The government liberalized and opened up the market by letting other corporations to perform exploration in both offshore and onshore locations. This allowed for more competition within the industry. As a direct result of this move, multinational corporations such as Mobil Oil and Texaco, as well as Elf, Agip, and Philips, will all have more opportunity to sell their products in foreign markets (Nigerian National Petroleum Corporation, 2020). To put that into perspective, as of the 31st of December in the year 2018, there were a total of 388 open blocks, 214 of which were open fields and 31 of which were marginal fields. Three hundred and thirteen (113) oil prospecting licenses and 61 oil mining leases were handed out to interested parties (OPLs). The two thousand six hundred sixteen (2616) wells that are dispersed throughout the two hundred thirty-two (232) fields that are controlled by forty-seven (47) oil producers are connected by two thousand nine hundred thirty-nine (2939) strings (Department of Petroleum Resources [DPR], 2018). Nigeria is able to bring about beneficial effects and benefits for the nation as a whole by liberalizing the oil and gas business and welcoming new participants into the industry. Examples of these impacts and outcomes include the expansion of the nation's economy, the introduction of novel information into the public sphere, and the enhancement of the country's infrastructure and labor force.

Petroleum Laws and Regulations in Nigeria

Since the beginning of oil and gas activities in Nigeria, and particularly after the year 1960, a large number of rules and regulations have been enacted, which has resulted in a great deal of change within the oil and gas industry. The acts and regulations that govern the oil and gas industry in Nigeria are outlined in Tables 1 and 2, respectively.

Table 1: Nigerian Oil and Gas Acts (DPR, 2020)

	Nigerian Oil and Gas Acts
1	Nigerian Oil and gas Industry Content Development Act 2010
2	Deep Offshore and Inland Basin Production Sharing Contracts Decree 1999
3	Deep Offshore and Inland Basin Production Sharing Contracts (Amendment) Decree 1999
4	Oil in Navigable Waters Act
5	Oil Pipelines Act 1956
6	Petroleum Act 1969

7	Petroleum (Amendment) Decree 1996
8	Petroleum Equalization Fund (Management Board, Etc.) Act 1975
9	Petroleum Production and Distribution (Anti-Sabotage) Act 1975
10	Associated Gas Re-Injection Act 1979
11	Petroleum Training Institute Act 1972
12	Industrial Training Fund Act 1971
13	Petroleum Technology Development Fund Act 1973
14	National Office of Technology Acquisition Act 1779

Table 2: Nigerian Oil and Gas Regulations (DPR, 2020)

	Nigerian Oil and Gas Regulations
1	Petroleum (Drilling and Production) (Amendment) Regulations, 2019
2	Flare Gas (Prevention of Waste & Pollution) Regulations 2018
3	Oil Block Allocations to Companies (Back-in Rights) Regulations 2019
4	National Data Repository Regulations 2020
5	Petroleum (Drilling and Production) (Amendment) Regulations 2020
6	Deep Waters Block Allocations to Companies (Block-In-Rights) Regulation 2003
7	Oil Prospecting Licenses (Conversion to Oil Mining Leases, Etc.) Regulation 2003
8	Mineral Oils (Safety) Regulation 1997
9	Marginal Fields Operations (Fiscal Regime) Regulation 2005
10	Petroleum Regulations 1967
11	Petroleum (Amendment) Regulation 1989
12	Petroleum (Drilling and Production) Regulations 1969
13	Petroleum (Drilling and Production (Amendment) Regulations 1988
15	Petroleum (Drilling and Production (Amendment) Regulations 2001
16	Petroleum (Drilling and Production (Amendment) Regulations 2006
17	Petroleum Refining Regulations 1974
18	Crude Oil (Transportation and Shipment) Regulations 1984
19	Petroleum Products (Prices of Automotive and Lubricating Oils) Order 1996
20	Petroleum Products (Uniform Retail Prices) Order 1986

Oil and Gas Related Intervention Agencies in Nigeria

Niger Delta Development Commission (NDDC)

The Niger Delta Development Commission Act, passed into law in 2000, tasked this organization with improving the living conditions of Niger Deltans who worked in the oil industry. They go by the name of the Niger Delta Development Commission. P (FGN, 2000; Wilson, 2012). The majority of the states that the commission is tasked with overseeing are those that produce oil. Sixty percent of the projects were concerned with infrastructure, such as constructing roads, providing electricity and water, and managing programs for healthcare, education, and skill development (Wilson, 2012). With NDDC's assistance, oil-producing communities have found it easier to enter the gas and oil industry. There has been a marked decrease in acts of vandalism and sabotage against oil and gas infrastructure as a result of the increased education and empowerment of the people (NDDC, 2008).

Nigerian Content Development and Monitoring Board (NCDMB)

The National Content Development and Monitoring Board was promptly established following the passage of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act in 2010. This statute

was enacted and became law in 2010. Here was the initial move toward making the law a reality (NCDMB 2020). The establishment of the NCDMB is a prerequisite to its ability to carry out its mandate, as stated in the NOGICD Act of 2010. Recently enacted into law, the Nigerian Oil and Gas Industry Content Development Act mandates that the country's oil and gas sector make use of Nigerian resources. This was accomplished by officially enacting the bill. Financing the production of Nigerian original content was one step toward this objective. This stuff is sourced from Nigeria. Another goal is to guarantee that Nigerians have direct or indirect employment in the oil and gas sector (NCDMB, 2020). By promoting the use of Nigerian-made materials, the Nigerian Oil and Gas Industry Content Development Act (NOGICD Act) facilitates employment opportunities for Nigerians in the oil and gas sector. This redressed the over fifty years of reliance on foreigners in terms of service provision and technical tasks in the industry. This dependence resulted in close to three hundred and eighty billion dollars (\$380B) in losses for Nigeria as well as the loss of two million jobs. It also contributed to the condition that makes Nigeria's participation in oil and gas value addition less than five percent. This is because of the situation that it contributed to (Naboth, 2020). In a separate piece of news, the NCDMB announced that it had achieved a significant amount of success in enhancing human capacity and ensuring that operators complied with the NOGICD legislation. It also achieved success in infrastructural development by establishing locally a floating production storage and offloading facility (FPSO), pipe mills, pipe coating, electrical cable manufacturing, establishment of oil and gas parks scheme, localization of supply chain, Nigerians' ownership of oil and gas assets, provisions of research and development funding in the amount of fifty million dollars, and development in human capacity building. These achievements were in addition to the success it achieved in developing human capacity (Naboth, 2020).

National Oil Spill Detection and Response Agency (NOSDRA)

The Nigerian National Oil Spill Contingency Plan was developed by this group following the 2006 passage of NOSDRA. Now it's up to them to make it happen (NOSCP). Nigeria has ratified the international agreement known as OPRC 90 in order to improve its ability to better prepare for, respond to, and coordinate oil pollution. Ultimately, everything worked out as planned in accordance with that agreement (NOSDRA, 2020). Determining the extent of the damage, activating the National Oil Spills Contingency Plan (NOSCP), and monitoring and certifying cleaned-up sites were all objectives of the group. Obtaining reports regarding oil spills, collaborating on investigations, monitoring and approving areas affected by oil, and so on were additional objectives.

Nigerian Sovereign Wealth Fund (NSWF)

The 2011 passage of the Nigeria Sovereign Investment Authority (NSIA) Act paved the way for this expansion. This action put an end to the previous method of dealing with the surplus crude account and introduced a new one. The following sentence explains the novel approach. Donations can be accepted by the fund, which will then invest them in a range of government-owned assets with varying maturities (short, medium, and long-term). The board of directors of the fund is in charge of these duties. In the event that Nigeria has to temporarily halt oil production, the country will be able to swiftly increase its oil reserves with the help of the funds. Because its infrastructure development is progressing at a rapid pace, Nigeria is likely to receive assistance during economic downturns and volatile markets. Numerous sources of funding have allowed the fund to expand and remain healthy, including the Stabilization Fund, the Future Generation Fund, and the Nigeria Infrastructure Generation Fund (NIF) (SF). The initial operating costs of the NSIA amounted to a total of \$3 billion, with each of Nigeria's three tiers of government contributing \$1 billion toward those costs. The National Security Agency (NSA) will get its money from federal account surpluses and the earnings of the fund authority's investments in the future (Central Bank of Nigeria, 2012).

New Nigerian National Petroleum and Gas Policy

The Federal Executive Council of Nigeria gave its assent to the country's oil and gas regulations in 2017. It was the Nigerian government that issued the orders for these two policies. Writing these two policy documents served multiple purposes: first, to make the industries more competitive; second, to ensure that they had the appropriate institutional, legal, and regulatory frameworks. This will allow the sectors to develop further and attract additional investment. The major policy consideration areas included in the national gas policy are governance, industry structure, and development of gas reserve, infrastructure, building a gas market, and developing the national human resource. Communication is another policy consideration area that is included (Ministry of Petroleum Resources, 2017a). The primary components of the petroleum policy that were taken into consideration were governance, industry structure, upstream, midstream, and downstream production, as well as the cultivation of national human resources, communication, a roadmap, and action plans (Ministry of Petroleum Resources, 2017b). Another essential piece of legislation and regulation is the National Gas Transportation Network Code (NGTNC), which went into effect in February of the year 2020. Shippers, producers, and operators of natural gas pipeline networks all fall under the purview of the code, which serves as a guide for how natural gas pipeline networks should be operated. The document that was provided by the NGTNC included comprehensive guidelines on system classification, system use and capacity, gas nominations, operational balance daily quantity, system clearing and balancing, shrinkage, entry and exit requirements, maintenance and operational planning, invoicing and payment, invoice types and invoice items, and dispute resolution (DPR, 2020). The NGTNC is scheduled to be put into action early in August 2020, prior to a directive being issued by the Minister of State for Petroleum Resources.

The Petroleum Industry Bill (PIB)

The Petroleum Industry Bill (PIB) is an all-encompassing law that aims to modernize the petroleum industry in Nigeria. Due to opposition from influential politicians and businesspeople, it has encountered multiple obstacles since its inception in 2008. The Nigerian National Assembly finally approved the PIB in July 2021 after much debate. The bill was signed into law by President Muhammadu Buhari in August 2021. (Smyth, 2022).

The goal of the Petroleum Industry Bill (PIB) is to open up and encourage competition in Nigeria's oil and gas sector. Some of the changes it makes include:

- **Creating two new regulatory agencies:** They are the Nigerian Upstream Petroleum Regulatory Commission and the Nigerian Midstream and Downstream Petroleum Regulatory Authority.
- **Establishing a new fiscal framework for the petroleum industry:** The Petroleum Industry Bill establishes new income taxes and a new system of royalties for the petroleum industry.
- **Promoting local content:** Oil companies are required by the Petroleum Industry Bill (PIB) to use goods and services from Nigeria and hire Nigerian workers whenever possible.
- **Protecting the environment:** New environmental regulations pertaining to the petroleum industry are to be established by the Petroleum Industry Board (PIB).

A monumental piece of legislation, the Petroleum Industry Bill (PIB) has the ability to transform Nigeria's petroleum industry. It must be remembered, though, that the PIB is a complex document, and that effective implementation of its provisions will require time and effort (Smyth, 2022).

Benefits of the PIB in Oil and Gas Business:

- **Increased transparency and accountability:** To promote accountability and openness in the petroleum industry, the Petroleum Industry Transparency Board (PIB) creates new structures and

processes. Oil companies, for example, are required by the PIB to publish their contracts and disclose the total amount they have paid to the government.

- **Improved efficiency:** As a consequence of the PIB, two new agencies now have the power to regulate the petroleum industry. The hope is that this will lead to a more efficient and simplified regulatory process.
- **Increased government revenue:** Two new agencies now have the power to regulate the petroleum industry, thanks to the Petroleum Industry Bill (PIB). The goal is for regulatory oversight to become easier and more efficient as a result of this.
- **More jobs for Nigerians:** Two additional agencies now have the power to regulate the petroleum industry as a result of the Petroleum Industry Bill (PIB). Because of this, the ultimate objective should be to streamline and enhance the process of regulatory oversight.
- **A cleaner environment:** New environmental regulations pertaining to the petroleum industry are to be established by the Petroleum Industry Board (PIB). It is believed that these rules will help safeguard the environment by reducing pollution.

A big deal has come for Nigeria's petroleum industry with the passing of the Petroleum Industry Bill (PIB). There will hopefully be more openness, efficiency, and responsibility within the industry as a result. This development will be beneficial for the Nigerian government, oil companies, and the general populace (Smyth, 2022).

Niger's Policy Reforms in Oil and Gas Business

The intricate network of institutions, statutes, and regulations that regulate the exploration, production, and sale of oil and gas in Niger has contributed significantly to the development of the country's oil governance regime. A number of factors have contributed to the regime's stability, including the country's resource-rich economy, its legal system (which is rooted in French civil law), and its past as a French colony from 1901 to 1960. Commercial production did not commence until 1973, despite the fact that the nation's initial oil discoveries occurred in 1964 and 1971. Some key moments in Niger's oil governance regime's brief history are as follows:

✓ 1964: First oil discovery in Niger

The discovery of oil in Niger in 1964 marked a watershed moment in the nation's history. As a result, Niger transformed itself from a landlocked nation in poverty into a prominent oil producer. The discovery also attracted a large amount of international investment, which boosted Niger's economy. First oil discovered in Niger was by a French company named Societe des Petroles de l'Afrique Occidentale (SPAOC). On the Agadem Rift, it transpired. In the 1920s, this finding was documented. Located approximately 1,100 kilometers northeast of Niamey, the capital of the country, the area known as Arlit-1 is where the discovery was made.

✓ 1971: Commercial oil production begins in Niger

Niger began commercially producing oil in 1971. The first oil field in Niger to be developed and explored was the Zinder field, which is located approximately 100 kilometers northeast of Niamey. Companies like SPAOC, Chevron, and Texaco collaborated to shape the field as it is today. The discovery of oil in Niger has dramatically altered the course of the country's economic history. More than 40% of Niger's current budget comes from the petroleum and natural gas sectors. Furthermore, Niger's oil and gas industry accounts for over 10% of the country's GDP and employs over 100,000 people. Since oil was discovered in Niger, it has also been difficult for the country's social development. While the government has utilized the substantial revenue from the oil and gas industry to fund essential services like healthcare and

education, there is also the flip side to this coin. Conversely, private equity firms and individuals have amassed substantial wealth from the oil and gas sector. However, the oil and gas industry has been associated with environmental damage, poor management, bribery, and corruption.

✓ **1978: Niger establishes its first national oil company, Sonidep**

The first national oil company of Niger, Sonidep (formerly Société Nigérienne des Pétroles), was established in 1978. Sonidep is a Nigeran state-owned enterprise that searches for and transports petroleum and natural gas. According to SONIDEP (2023), the Nigerian economy is significantly impacted by Sonidep's operations. This organization has the highest private sector employment rate in Niger, contributing more than 10% of the country's GDP. Furthermore, Sonidep has a significant impact on the government's revenue stream, which is allocated to social programs such as healthcare and education. A number of world-renowned oil companies have partnered with Sonidep, including TotalEnergies, ExxonMobil, and the China National Petroleum Corporation. All over the globe, Sonidep is collaborating with other oil firms. The oil and gas industries in Niger have seen a surge in investment thanks to the joint ventures that have increased production. Among other things, Sonidep is committed to exploring Niger for deposits of gold, uranium, and iron ore. In addition to attempting to attract investment from outside, the company is constructing the necessary infrastructure for these sectors to advance. This is a compilation of Sonidep's previous works:

- In 2022, ExxonMobil and Sonidep formed a joint venture to investigate and potentially produce oil in Niger's Agadem Rift.
- In 2021, Sonidep built and opened a new oil refinery in Zinder with a daily capacity of 20,000 barrels.
- For the purpose of developing Niger's gold reserves, Sonidep and the China National Petroleum Corporation inked a cooperation agreement in 2020.

The oil and gas company Sonidep is a major actor in Niger's economy, and the country as a whole is benefiting from the company's success (SONIDEP, 2023)

✓ **1981: Niger passes its first petroleum code**

For the first time in 1981, Niger's petroleum code was passed. With this, the country's legal system for managing its oil and gas resources was established. The nation aimed to establish a uniform framework for its oil industry by implementing this code. Along with outlining the government's plans for regulating the oil and gas industry as a whole, the Petroleum Code detailed the rights and responsibilities of oil and gas companies. There have been multiple revisions to the Petroleum Code since its initial implementation. In 2011, the most recent modification took place. The Petroleum Code was revised in 2011 with a number of changes. I will outline these modifications below.

- Less stringent regulations for gas and oil firms' licenses
- A more competitive fiscal regime
- New local content requirements
- Revolutionary steps to safeguard the environment

Investors are encouraged to put money into Niger's oil and gas industry, locals are encouraged to get involved, and the Petroleum Code aims to level the playing field so that everyone benefits (Tandja, et al 2007). The Petroleum Code has been implemented in the following ways to attract more locals to invest in and work for the oil and gas industry:

- In 2022, the Agadem Rift in Niger was explored for potential oil reserves by a joint venture between ExxonMobil and Sonidep, the country's state oil company. When both parties signed the agreement, it became legally binding. This agreement was finally made possible by the competitive tax system and more flexible licensing terms that were implemented during the 2011 revision of the petroleum code.
- In 2021, Sonidep established a state-of-the-art oil refinery in Zinder, capable of handling 20,000 barrels of oil daily. The petroleum code attracted Chinese investment, which prompted the construction of this refinery, by facilitating the success of enterprises.
- Furthermore, local content requirements are outlined in the petroleum code. The regulations state that oil and gas firms must employ a specific number of locals and use a specific percentage of goods and services sourced from the area around their facilities. The local economy has benefited from the relaxed rules that have made it easier for locals to find jobs in the oil and gas sector.

An essential law governing the operations and regulations of Niger's oil and gas industry is the Petroleum Code. The code has proven effective in attracting investments, engaging the community, and ensuring that the industry benefits all individuals equally (Tandja, et al 2007).

✓ **1997: Niger passes a new petroleum code that introduces more liberalized licensing terms**

Niger loosened licensing requirements for oil and gas firms in the same year it revised its petroleum code. For the entire nation, 1997 was a pivotal year. Aside from boosting output generally, this also aimed to attract more investment into the industry (Tandja, et al 2007). Among the many significant revisions made to the updated petroleum code are the following:

- Shorter licensing periods
- Lower royalties
- Exploration and production contracts with more leeway

Greater investment in the oil and gas industry contributed to the sector's overall growth after the new petroleum code was enacted. Between 1997 and 2007, the country's foreign direct investment increased by over 500 percent. The investment has resulted in an increase in oil production from 100,000 bpd in 1997 to more than 200,000 bpd in 2007. A causal relationship existed between the investment and the expansion. Here are a few examples from the petroleum code of 1997 that illustrate how the industry was able to attract more investment and increase production thanks to the code's more relaxed licensing requirements:

- In 2000, the state-owned oil company of Niger, Sonidep, and the China National Petroleum Corporation (CNPC) entered into a partnership agreement. The Agadem Rift in Niger was to be their target for oil exploration and production. One of the largest foreign investments in Niger at the time was this deal, which was worth over \$2 billion.
- In 2002, ExxonMobil and Sonidep inked a deal to collaborate on oil exploration in Niger's Ténéré Desert. The oil deal between Niger and the American company was the country's first major investment, with a total value of over a billion dollars.
- A loosening of licensing requirements was a feature of the 1997 petroleum code. The Nigerian market became more accessible to smaller, independent oil companies as a result of this. By developing new oil fields and increasing their oil production, these companies have been successful.

The oil and gas industry saw an increase in production and an encouragement of investment following the 1997 relaxation of the petroleum code's licensing requirements. The aforementioned change has boosted

the Nigerian economy in many ways, including providing new employment possibilities and tax revenue for the state (Tandja, et al 2007).

✓ **2011: Niger passes a new petroleum code that further liberalizes the sector and introduces new local content requirements**

In 2011, Niger implemented a new petroleum code. The oil and gas industry was encouraged to become more liberalized, and the use of domestic materials was further regulated. More investments, more local involvement, and a more equitable distribution of the sector's benefits were the goals of this action taken in Niger (2020). Among the many significant revisions made to the updated petroleum code are the following:

- Needs for licencing leasing The revised petroleum code relaxed certain licensing requirements for the oil and gas industry, such as the length of time that companies could operate under a license and the terms of their exploration and production contracts. These revisions were made in reaction to requests from the industry for more flexible licensing terms. These measures were implemented to make it easier for oil and gas companies operating in Niger to do their jobs and to attract more investment to the industry. In addition, Niger's energy independence was enhanced by this action.
- Updated guidelines for material in the field The updated petroleum code mandates that oil and gas businesses employ a specific number of people from the immediate area and use a specific amount of goods and services produced within the state. These updated regulations pertain to oil and gas industry local content. All of the aforementioned measures were implemented with the goal of boosting regional economic activity and increasing local participation in the oil and gas sector.

More investment in the oil and gas sector has been brought in thanks to the new petroleum code, which has led to an increase in production. Foreign direct investment increased by over 200 percent from 2011 to 2022. The investment has led to a significant increase in oil production. The level will more than double from 2011's approximately 200,000 barrels per day to 2022's over 450,000 barrels per day. An additional remarkable achievement is the new petroleum code's promotion of local involvement in the oil and gas industry. More than 50% more domestic workers have been hired by the oil and gas industry since the new code was put into effect. Businesses in Niger's oil and gas industry have also been increasingly patronizing regional vendors. Over the past few years, this figure has increased from 10% to 25%. (2020). Below are a few examples of how the new petroleum code has contributed to increased oil production in Niger, increased economic participation, and investment.

- In 2012, TotalEnergies and Sonidep, the national oil company of Niger, entered into a partnership agreement to explore for and develop oil reserves in Niger's Ténéré Desert. Each company has signed off on these terms after they were agreed upon. The largest investment by an international oil firm in Niger, this deal was worth over a billion dollars and was finalized shortly after the new petroleum code was put into effect.
- In 2014, Sonidep and CNPC entered into a partnership agreement to collaborate on the development of the Agadem Rift oilfield in Niger. The disputed agreement was estimated to generate over 100,000 barrels of oil daily and had a value exceeding \$2 billion.
- To progress the Agadem Rift oilfield in Niger, Sonidep and the Chinese National Petroleum Corporation (CNPC) entered into a partnership agreement in 2014. The contested deal was valued at over \$2 billion and had the potential to produce over 100,000 barrels of oil daily.

In addition to increasing oil production, the new petroleum code has succeeded in attracting more investment, fostering local participation, and increasing engagement. The government of Niger has

benefited financially and economically from this development, which has also generated new job opportunities.

✓ **2018: Niger passes a petroleum revenue management act that establishes a framework for managing the country's oil and gas revenue in a transparent and accountable manner**

The Petroleum Revenue Management Act, which was passed by Niger in 2018, establishes a transparent and accountable system for managing the country's oil and gas revenues. The transparent and accountable handling of Niger's oil and gas revenues will be ensured by the approval of this framework (2020). The original intent of the legislation was to curb corruption and poor management in the oil and gas sector while simultaneously encouraging a more equitable distribution of industry profits. The government is required to disclose pertinent information regarding oil and gas revenues to the public according to the Petroleum Revenue Management Act. Facts and figures regarding production, revenue, and expenditures should all be part of the required documentation. To combat corruption and incompetent leadership, the act establishes various safeguards. For instance, Niger's parliament must approve all oil and gas contracts, and a portion of the revenue generated from these industries must be deposited into the country's sovereign wealth fund. These are merely two instances of the precautions mandated by legislation (2020). Niger has lately enacted the Petroleum Revenue Management Act, which mandates greater transparency and accountability within the oil and gas sector. The nation has made great strides forward with this. With any luck, this bill will allow the government to better oversee the country's oil and gas revenues and distribute them fairly among all Nigerians (2020). The following are some ways in which the Petroleum Revenue Management Act is bringing clarity and accountability to the oil and gas sector:

- First published in 2021, the document detailed the explicit spending of oil and gas revenues by the federal government. Production figures, revenue figures, and an analysis of revenue expenditures are all part of this report's data set.
- A slew of brand-new organizations have springing up thanks to this statute. One of their responsibilities is overseeing the revenue generated by the oil and gas industry. The legislation established several entities, such as the National Oil and Gas Revenue Management Committee. The expenditure of oil and gas revenues must be monitored by this committee in accordance with legal requirements.
- Also, in an effort to put a stop to instances of corruption and poor management, the oil and gas industry has implemented numerous new safety measures in reaction to this act. For instance, the legislation mandates the online availability of all oil and gas contracts and establishes a sovereign wealth fund into which the government is obligated to deposit a specific portion of the revenue generated from oil and gas extraction.

Niger has lately enacted the Petroleum Revenue Management Act, which mandates greater transparency and accountability within the oil and gas sector. The nation has made great strides forward with this. Many are hoping that this law will assist the government in more equitably distributing the sector's benefits and in better managing the country's oil and gas revenues.

✓ **2020: Niger introduces new local content requirements that require oil and gas companies to use at least 30% local goods and services and to hire at least 70% local employees**

In 2020, Niger implemented new regulations regarding local content. According to them, oil and gas firms were required to use 30% local goods and services and employ local workers (2020). In order to promote regional involvement in the oil and gas industry and facilitate the growth of the regional economy, the aforementioned requirements were imposed. An increase in community involvement in the oil and gas industry has been observed, thanks to the new local content requirements. The industry has seen a 20%

increase in the number of local employees since the new local content requirements were implemented. In addition, the percentage of locally produced goods and services utilized by oil and gas companies has increased from 20% to 30% in the past few years, which is a record high. The implementation of the new local content requirements has two benefits: first, it will stimulate growth in the regional economy. The new local content requirements have increased the number of local businesses that can supply goods and services to oil and gas companies by 150 compared to before. New local content requirements have also boosted company growth and employment opportunities in the area (2020). Here are a few ways in which the new local content requirements have boosted community involvement and regional economic growth:

- Among Niger's state-owned businesses is the oil company Sonidep. It contracted with a nearby company in 2021 to provide catering services for its oil and gas operations. More than 100 individuals are anticipated to find employment as a result of this contract, which has a value exceeding one million dollars.
- In 2022, TotalEnergies and a regional business reached an agreement wherein the regional business would assist TotalEnergies with the security of its oil and gas operations. With this over \$2 million contract, we anticipate adding over 200 new jobs to the economy.
- In 2022, a regional company and TotalEnergies reached an agreement. Concerning oil and gas operations safety, TotalEnergies would get assistance from the regional firm. More than 200 new employment are anticipated to be directly generated by this \$2 million contract.
- More local participation and economic growth have resulted from the successful implementation of Niger's new local content requirements. In addition to facilitating the launch of new businesses and the creation of new jobs, the mandates have resulted in an increase in the hiring of indigenous people and a decrease in the out-of-town purchasing of goods and services by oil and gas companies.
- ✓ **2021: Niger passes a new fiscal regime for the oil and gas sector that provides for more flexible licensing terms and a more competitive tax regime**

Niger adapted its tax structure in 2021 to include the petroleum and natural gas sectors. Under this system, licensing requirements are less stringent and tax rates are more competitive. More capital was aimed at the industry as a whole by doing this. Boosting output and attracting more capital were the driving forces behind that move. Here are a few things that have changed because of the new budgetary system:

- **More flexible licensing terms:** Exploration and production agreements, as well as licensing durations, are loosened up by the new tax system. Additional individuals will find licensing easier as a result of these new regulations. The goal is to attract more investors to the oil and gas industry while also making it easier for oil and gas companies to operate in Niger.
- **More competitive tax regime:** The new fiscal regime has established a tax system that is more competitive. It comprises reduced taxes on corporations and royalties. The project's overarching objective is to entice more oil and gas companies to set up shop in Niger, so increasing the volume of investments from these companies in the area.

Evidence suggests that the oil and gas industry has benefited financially from recent tax reforms. A tenfold increase occurred in the amount of capital flowing into the industry from 2021 to 2022. Since the new fiscal regime began to take effect, oil production has increased by over 5%. This increase is largely attributable to this investment. To illustrate how the new fiscal regime in Niger has aided production growth and investment attraction in the gas and oil sector, consider the following examples:

- In 2022, ExxonMobil and Sonidep, the national oil company of Niger, began cooperating in the Agadem Rift in Niger. Making new oil discoveries and increasing output was their primary objective. Following the implementation of the new tax system in Niger, this agreement—worth over a billion dollars—was the largest investment by an international oil company in the country.
- An oilfield in the Ténéré Desert of Niger was to be developed in collaboration between Sonidep and the China National Petroleum Corporation (CNPC) in 2023. The disputed agreement was estimated to generate over 100,000 barrels of oil daily and had a value exceeding \$2 billion.

A positive development is the implementation of a new tax system in Niger's oil and gas industry, which is anticipated to boost investment and production. Increasing Niger's competitiveness in the global oil and gas market is the primary objective of the new tax system.

- ✓ **2022: Niger passes a hydrocarbon exploration and production law that further clarifies the government's role in regulating the oil and gas sector and provides for new mechanisms for resolving disputes between the government and oil and gas companies**

The hydrocarbon exploration and production law that Niger enacted in 2022 expanded the scope of government oversight of the oil and gas industry and established new procedures for the adjudication of conflicts between the state and the industry's private actors. A more inviting climate for investment and greater openness and accountability in the industry motivated these actions. Many changes are brought about by the new law regarding hydrocarbon exploration and production, such as:

- **Clarification of the government's role:** The new law spells out in no uncertain terms whose responsibility it is to do what during the search for and extraction of hydrocarbons. Both the state and private oil and gas firms are part of this category. In addition to reducing the likelihood of agreement breaches, these measures will make the sector more transparent and accountable.
- **New dispute resolution mechanisms:** Disputes between the government and oil and gas companies can be resolved in various ways under the new law. The goal of instituting these procedures is to provide a transparent and uniform means of swiftly and fairly resolving disputes.

The oil and gas industry in Niger is anticipated to benefit from the country's new regulations regarding hydrocarbon exploration and production. Lots of people are hoping that once the law is in place, the industry will be even more transparent and accountable, which will attract more investors. The following are some ways in which the new regulations regarding hydrocarbon exploration and production are anticipated to attract investors and enhance transparency and responsibility within the sector:

- A new law mandates that the government make all oil and gas contracts publicly available online. This has been amended so that the general public can more easily review these contracts and determine whether they are beneficial to the nation.
- A new non-governmental organization (NGA) charged with monitoring the oil and gas sector is both established and empowered by the new legislation. In addition to investigating allegations of corrupt management, this committee can recommend sanctions for lawbreaker businesses.

The new dispute resolution tools aim to establish a transparent, quantifiable, and equitable method of resolving conflicts. By reducing the likelihood of conflicts, this measure aims to make Niger an attractive location for foreign investors.

It is believed that the new hydrocarbon exploration and production law in Niger will improve the country's investment climate by making the oil and gas industry more transparent and accountable. Many believe the legislation will entice additional investors to put money into the sector, leading to higher output and more tax revenue for the state. There is a constant push to improve Niger's oil governance

system, and the government is dead set on making more changes to attract more investment, foster greater local involvement, and guarantee that everyone shares in the sector's bounty. Many positive aspects of Niger's oil management are conceivable to identify. The nation's oil and gas industry, for instance, is subject to stringent regulations. The Petroleum Code, which has been in force since 2011, has provided oil and gas companies with a transparent set of regulations. A transparent and accountable system for managing the nation's oil and gas revenues was established in 2018 by the Petroleum Revenue Management Act. The Nigerlese were able to successfully revise their petroleum policy. The reforms have not only increased transparency and accountability, but they have also facilitated the infusion of more capital into the sector and inspired locals to become actively involved. Still, the changes are in their infancy, and the sector requires immediate funding. Some concrete consequences of Niger's revised oil policy are as follows:

- Reforms that have bolstered the oil and gas sector's appeal have led to increased investment in the sector. As an example, a group of Chinese companies and the Nigerien government reached an oilfield development agreement worth \$4.2 billion in 2018. When it comes to investments in Niger's oil and gas industries, this is the biggest deal the country has ever seen.
- Just what the reforms promised—an increase in oil production—is exactly what they delivered. Forecasts indicate that Niger's oil production will increase from 150,000 bpd in 2018 to 200,000 bpd in 2022.
- Following the implementation of the reforms, the oil and gas industry has contributed to the increase in government revenue. After receiving \$700 million in 2018, the government is expected to earn over \$1 billion from oil and gas in 2022, according to estimates.
- More people in the area are getting involved. Since the reforms were put into place, there has been more community involvement in the oil and gas sector. One example is that oil and gas companies are now required by law to hire at least 70% of their workers from the area and use at least 30% of the goods and services made in the area.
- As a result of the changes, the oil and gas sector is now more in line with contemporary expectations. Things are now more transparent and responsible because of them as well. As an example, the government has increased the amount of data it releases regarding the industry as a whole, including production statistics and revenue figures. There are now more opportunities for the public to have a say in policymaking, and the government's oversight tools have also been enhanced.

Furthermore, Niger's oil management is fraught with numerous issues. An issue with the regime is the abundance of regulations and its complexity, which hinder the efficiency of oil and gas companies. The system's lack of consistent rigor in enforcing regulations is an additional issue. This might lead to issues like poor leadership and corruption in the industry. The following are examples of some of the more concrete issues confronting Niger's oil governance regime at the present time:

- **Corruption:** Corruption is rampant in Niger's oil and gas sector. Among the world's most corrupt nations, according to a 2018 report by Transparency International, was Niger. Corruption in the oil and gas sector can result in the awarding of contracts to unqualified firms, embezzlement of funds, and improper regulation of oil and gas operations, all of which have negative effects on the environment.
- **Weak institutions:** To put it bluntly, Niger's oil and gas regulatory bodies are weak. Many factors contribute to this, but inadequate funding, knowledge, and political will are major contributors. Regulating the industry and putting an end to corruption and poor management will be extremely challenging if these institutions are weak.

- **Lack of transparency:** The oil and gas sector in Niger is not very forthcoming with information. This makes it difficult for civil society organizations and individuals to hold the government and oil corporations accountable for their actions. As an example, neither the government's contracts nor its earnings from the oil and gas industry are made public. Furthermore, it remains tight-lipped regarding its industry earnings.

There are still issues with Nigeria's oil governance system, but the government has taken many steps to fix them. The government has established many anti-corruption agencies and enacted anti-corruption legislation to combat corruption, for instance. The present government has streamlined public participation in decision-making and increased oversight of the oil and gas sector. It will still take a lot of effort to fix the issues plaguing Niger's oil governance regime. The government must maintain and amplify its anti-corruption initiatives. Concurrently, it needs to open up the oil and gas industry. More than that, public funds should be allocated toward strengthening the regulatory bodies.

Ghana's Policy Reforms in Oil and Gas Business

It wasn't until 2010 that Ghana formally began profiting from its oil and gas industry, despite the fact that it had existed since the 1980s. Despite Ghana's oil and gas production beginning in the 1980s, this fact remains true. Companies such as Petro SA, Tullow Oil, Kosmos Energy, Anadarko Petroleum, and the Ghana National Petroleum Corporation (GNPC) hold significant market share (GNPC, 2016; Peter & Emanuel 2018).

Ghana's Oil Governance Regimes

While the Ghanaian government and its citizens own the oil, foreign oil companies are free to extract it within the bounds of legality outlined in the country's constitution. There is a mix of private and public ownership in Ghana's oil sector. For the regime to be deemed compliant, it must adhere to the stringent regulations set forth by the African Mining Vision (AMV) and the Extractive Industries Transparency Initiative (EITI) (Peter & Emanuel 2018). Upstream and downstream operations are the two pillars of the oil governance framework.

- Managing Ghana's oil resources and exploring for and developing additional hydrocarbon resources are the responsibilities of the upstream subsector. Every Ghanaian stands to benefit from this.
- Oil processing, storage, distribution, and marketing infrastructure maintenance and expansion falls under the purview of the downstream subsector. As a result, the nation will be able to distribute petroleum products more evenly and rely less on foreign oil.

In Ghana, the downstream subsector is regulated by the National Petroleum Authority (NPA). In Ghana, the upstream subsector is regulated by the National Petroleum Corporation of Ghana (GNPC) (GNPC, 2016; Peter & Emanuel 2018). For the upstream oil sector, the governing bodies of legislation are as follows:

- Ghana National Petroleum Corporation Law, 1983 (PNDCL 64)
- Petroleum Exploration and Production law, 1984 (PNDC Law 84)
- Internal Revenue Act, 2000 (Act 592)
- The Petroleum Revenue Management Act, 2011 (Act 815).
- The Petroleum Commission Acts, 2011 (Act 821)
- Petroleum (Local Content and Local Participation) Regulations, 2013 (LI2204)
- Income Tax Act, 2015 (Act 896)

- Petroleum (Exploration and Production) Act, 2016
- The Petroleum Agreements.

The GNPC became the national oil company of Ghana in 1983 with the passing of the Ghana National Petroleum Corporation Law. Upstream oil and gas operations are its responsibility. All forms of assistance to the oil industry, including exploration and production, are within the GNPC's legal purview. It further explains the GNPC's organizational structure, operational responsibilities, and company supervision (GNPC, 2016; Peter & Emanuel 2018).

The Petroleum Exploration and Production Act of 1984 was superseded by Act 919, the Petroleum (Exploration and Production) Act of 2016. 84 of the PNDC laws went into effect. Everything that happens in Ghana pertaining to oil is covered by the rules that are given. Things that take place on land, in Ghana's inland waters, in the territorial sea, in the EEZ, or on the continental shelf are all part of this (Peter & Emanuel 2018).

- To ensure that Ghana's oil resources are utilized optimally for the long term, the Act seeks to promote safe, secure, long-lasting, and effective oil activities. This will ultimately benefit the people of Ghana.
- The Act establishes the Republic of Ghana as the sole owner of all oil and gas resources. The individuals responsible for these assets have a strong obligation to act in accordance with the principles of good governance, which encompass transparency and accountability.
- The Act establishes the Republic of Ghana as the sole owner of all oil and gas resources. The individuals responsible for these assets have a strong obligation to act in accordance with the principles of good governance, which encompass transparency and accountability.
- Furthermore, the Act lays out general responsibilities pertaining to Ghanaian oil operations, including the requirement to secure a petroleum agreement or license prior to commencing any oil-related endeavors. Further, the Act specifies that all petroleum-related operations must adhere to its regulations.

The Income Tax Act of 2015 (Act 896) supersedes the Internal Revenue Act of 2000 (Act 592) and establishes regulations for the withholding and payment of income taxes pertaining to upstream oil and gas operations. The Petroleum Income Tax Law (1987) is an example of an older law that is superseded by a more recent one when their rules are incompatible (Peter & Emanuel 2018). The Petroleum Agreement lays out the tax regulations that are applicable to this sector, and the Act establishes petroleum-related activities as a distinct industry.

It was in 2011 that the Petroleum Revenue Management Act (Act 815) was enacted into law. It lays out the regulations for the administration, allocation, and collection of oil revenues from upstream and midstream activities. At the Bank of Ghana, you'll find the Petroleum Holding Fund, a publicly traded fund. Receiving and dispersing the oil revenue owed to the Republic is its responsibility. The legislation establishes this fund. The Ghana Stabilization Fund and the Ghana Heritage Fund combine to form the Ghana Petroleum Fund, and they receive these monies after they have been sent to that fund. The primary objective of the stabilization fund is to maintain or decrease the government's spending capacity in the event of unforeseen declines in revenue from oil sales (Peter & Emanuel 2018). The Ghana Heritage Fund will serve as an endowment to ensure that the country's advancement continues after its oil reserves are depleted, with the aim of benefiting generations to come. The following entities contribute to the Petroleum Holding Fund:

1. Petroleum royalties
2. Petroleum income taxes

3. Signature bonuses
4. Bonuses for the discovery and development of new petroleum fields
5. Surface rentals
6. Other petroleum-related revenue

The creation of the Public Interest and Accountability Committee and the Investment Advisory Committee (IAC) was mandated by the Petroleum Revenue Management Act. It is widely believed that these two committees play crucial roles (PIAC). In order to ensure compliance with the Revenue Management Act, the PIAC conducts public hearings to gauge public opinion on the matter of whether or not revenue management and spending plans align with the development priorities outlined in the Act. Compliance with the Revenue Management Act is overseen by the Public Investment Advisory Committee (PIAC). In contrast, the Ghana Petroleum Fund receives guidance from the Investment Advisory Committee (IAC) (Peter & Emanuel 2018).

After its initial passage in 2011 as Act 815, the Petroleum Revenue Management Act underwent revisions with the Petroleum Revenue Management (Amendment) Act, 2015. (Act 893). Part of the proceeds from oil sales will go to the Ghana Infrastructure Investment Fund as per the Amendment Act. The act also modifies the composition of the Investment Advisory Committee and the manner in which funds are allocated (Peter & Emanuel 2018).

Compliance with regulations is ensured by the Petroleum Commission, which oversees Ghana's oil industry. Compliance with all applicable safety, environmental, and regional content requirements is also its responsibility.

By establishing the Petroleum (Local Content and Local Participation) Regulations, 2013 (LI2204), the government hoped to encourage more employment of Ghanaians and increase profits for local businesses. Legally, international businesses operating in Ghana must employ and educate locals, patronize Ghanaian businesses and services, support domestic R&D efforts, and use Ghanaian goods and services. For the purpose of keeping tabs on them and ensuring they adhere to the law, international companies are obligated to disclose information regarding their local content operations (Peter & Emanuel 2018).

The Petroleum Agreement lays out the specifics of a gas and oil contract, including the duration of the agreement, the areas in which the company is allowed to search for and obtain gas and oil, and the amounts of taxes and royalties that must be paid to the government. Another term with clear definitions is the geographic area in which the organization is permitted to conduct gas and oil exploration and extraction (Peter & Emanuel 2018). Listed as applicable in the oil agreements are the following taxes:

- a) Royalty – 10%
- b) GNPC Initial Interest (Carried) – 10%
- c) GNPC Additional Interest (Paying) – 15%
- d) Petroleum Income tax – 35%
- e) Surface Rental – US\$30/sq.km/year (Initial Exploration phase)

Challenges with Ghana's oil governance regime

Since Ghana's oil governance system began producing oil in 2010, the country has experienced numerous problems (Gyimah-Boadi and Prempeh, 2012; Peter & Emanuel 2018). Some examples of these issues are:

- **Incomplete and poorly sequenced governance framework:** Before it began producing oil, Ghana lacked all of the regulations necessary for its oil industry. Much time elapsed before the agreement's most crucial provisions, including those pertaining to employment and local content, were implemented. Unfortunately, the regulations aren't always crystal clear due to the fact that the Petroleum Revenue Management Act was passed before the Petroleum (Exploration and Production) Act. Additionally, the Petroleum Revenue Management Act was not released until after the Petroleum (Exploration and Production) Act appeared.
- **Weak institutional collaboration:** There is a lack of coordination among the various agencies tasked with overseeing the oil industry. These issues have made it difficult for the oil and gas sector to integrate into the broader economy, and they have led to problems like insufficient data collection and funding.
- **Revenue mismanagement:** People are worried about how the government is spending oil money on social programs without enough control, and it's unclear who chooses or pays for these projects. Another issue is that oil companies don't pay surface rentals. Public concern has grown over the government's use of oil revenue for unanticipated projects and the lack of proper parliamentary authorization for such expenditure.
- **Non-compliance with key provisions:** According to current reports, several companies are allegedly violating crucial sections of Ghana's oil and gas regulations. A few examples include the lack of uniformity in the reporting of crude oil lifting by certain companies and the absence of a standard for calculating returns on oil revenues from the Investment Advisory Committee. Furthermore, a benchmark for returns on natural gas revenues has not been established by the Investment Advisory Committee. Criticisms have also focused on the lack of clarity regarding the licensing process and the failure to adhere to local content laws.
- **Lack of transparency:** It is more difficult to be entirely transparent due to issues in the oil industry. For instance, important details such as the location, ownership, division, and annual payment of each oil block must be maintained in an online database by the Petroleum Commission. It is disheartening that the public does not yet have access to this repository. Regardless, the Petroleum Commission has ordered construction on the repository to commence immediately.
- **Potential for political corruption:** Some analysts in Ghana's political sphere are concerned that the country's oil sector may exacerbate the dysfunctional political system. The governing party has absolute control over the most important branches of government, including the executive branch, legislature, and several important departments and agencies. And that is why the public is concerned that government officials may be engaging in conflicts of interest and self-dealing.
- **Non-compliance with recommendations from regulatory bodies:** There has been a lack of implementation of several recommendations made by the Ghana Extractive Industries Transparency Initiative (GHEITI 2020) to improve the transparency and revenue management within the oil industry. The initiative has made several recommendations.

A number of these issues have already been addressed by existing legislation, including the Petroleum (Exploration and Production) Act of 2016. For instance, in order to get a license, businesses are required by the local content law to have a specific amount of equity and to meet the requirements outlined in the Insurance Act of 2006. (Act 724). Also, a regulatory development committee can now be established thanks to amendments made to the Petroleum Revenue and Management Act, and open contracting is being actively pursued. These two changes are for the better (Peter & Emanuel 2018). A comprehensive backup plan for a nationwide oil spill has also been prepared, efforts have been made to

amend the Companies Act of 1963 to permit beneficial ownership, and efforts have been made to establish an infrastructure development fund to assist in funding infrastructure investments. Separate regulations for conducting ESIA's have also been proposed. Parts of the laws dealing with revenue management also specify the proper use and distribution of oil revenue. Money and environmental protection have become more pressing issues following the passage of the Petroleum Law (Peter & Emanuel 2018). To fix the issues plaguing Ghana's oil governance regime, however, much more effort is required. Laws and regulations enacted by the government must guarantee compliance with the law by oil companies, transparent and honest handling of oil revenues, and a mutually beneficial relationship between the oil sector and the rest of Ghana's economy (Gyimah-Boadi and Prempeh, 2012).

CONCLUSION

The changes made to petroleum policy have had many effects on the oil and gas industries in Nigeria, Ghana, and Niger, all of which are in West Africa. The area these countries are in is called West Africa. One good thing that happens when certain reforms are put in place is that investment and output go up. The Petroleum Industry Bill of Nigeria, which was signed into law in 2021, is an example of this kind of law. It is expected to bring a lot of new money into the oil and gas industry in the country. Additionally, the Petroleum Revenue Management Act of Ghana, which was put into effect in 2011, has helped make the use of petroleum revenues more open and effective. On the other hand, some of the reforms that have been put in place have made problems in the sector worse. For instance, the Nigerian Petroleum Industry Bill has been criticized for being too hard to understand and for giving the government too much power over the industry. Also, the Ghana Petroleum Revenue Management Act has been criticized because it is too rigid and doesn't give the government enough freedom to adapt to changing market conditions. In spite of the problems that came up, the changes to the petroleum policies in West Africa have been good for the whole region. Since the reforms, production has gone up, new investments have come in, and accountability and transparency have been improved. Even so, it's clear that more progress can still be made. In order to make room for possible future reforms, it is important to cut down on government involvement, simplify regulations, and give the private sector more operational freedom. In addition to the conclusions that have already been given, the case studies of Niger, Ghana, and Nigeria lead to more specific conclusions:

- Attracting investment and establishing trust among various stakeholders requires reforms that enhance transparency and accountability. The Petroleum Revenue Management Act of Ghana has received positive feedback for its emphasis on transparency and accountability.
- In order to entice investment, regulatory environments need to be reforms to make them stable and predictable. For example, the new Petroleum Industry Bill in Nigeria aims to finally provide the long-suffering oil and gas industry with the consistency and predictability it sorely needs.
- A more equitable distribution of the sector's benefits can be achieved through the implementation of reforms that promote local involvement in the oil and gas industry. As an example, Niger's new petroleum code mandates that Nigeran companies receive at least 30% of all oil and gas contracts.
- Environmentally beneficial changes are equally crucial. One such law is Ghana's Petroleum Revenue Management Act. The law mandates that a set amount, equal to 10% of the country's overall oil sales revenue, must be set aside for environmental cleanup and restoration.

Taken together, the results from Niger, Ghana, and Nigeria suggest that adjusting petroleum policies could attract more investment and propel the oil and gas sector ahead. We can draw this conclusion by

examining the pasts of the three nations. However, reform strategies must still be carefully considered in order to ensure their smooth implementation.

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