

AN EXPLAINER OF PRESIDENT BOLA AHMED TINUBU'S EXECUTIVE ORDER 9 OF 2026 AND THE EFFECT ON THE OIL AND GAS INDUSTRY.

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Nigeria's oil and gas sector has taken another important step in its ongoing fiscal and institutional evolution with the issuance of a new Executive Order by President Bola Ahmed Tinubu. The Order, which mandates the direct remittance of key petroleum revenues into the Federation Account, reflects a deliberate policy choice aimed at strengthening revenue transparency, fiscal coordination, and constitutional compliance within the petroleum value chain.

Rather than displacing the framework established by the Petroleum Industry Act (PIA), the Executive Order operates as an administrative realignment of certain fiscal pathways created by the Act. Its focus is not on institutional disruption, but on ensuring that petroleum revenues are first consolidated within the Federation Account before being deployed in line with national priorities.

A key area of interaction between the Executive Order and the PIA concerns Section 64 of the Act, which provides for the allocation of 30 per cent of NNPC Limited's profit oil and profit gas to frontier basin exploration. That provision was designed to support long-term reserve growth by de-risking exploration in underdeveloped basins. The Executive Order's requirement that profit oil and profit gas be remitted directly into the Federation Account does not negate this policy objective. Instead, it repositions frontier exploration funding within the broader national fiscal framework, allowing such investments to be transparently funded through appropriated and coordinated mechanisms rather than automatic upstream retention.

This adjustment aligns with a growing emphasis on centralized fiscal planning, particularly in a period where revenue optimization and national budget coherence are essential.



The Executive Order also reinforces the commercial orientation of NNPC Limited as established under Sections 53 to 65 of the PIA. These provisions transformed NNPC into a limited liability company operating on commercial principles. By limiting deductions at source and requiring full remittance of statutory revenues, the Order complements this transition by clearly separating NNPC's commercial operations from sovereign revenue collection.

In practical terms, this strengthens NNPC's identity as a national energy company that generates value through efficient operations, partnerships, and investments, while relying on transparent financial and budgetary processes rather than quasi-fiscal revenue retentions. This clarity of role is consistent with global best practices for national oil companies.

Another important interaction arises under Section 52 of the PIA, which establishes the Midstream and Downstream Gas Infrastructure Fund (MDGIF). The MDGIF was conceived as a catalytic funding vehicle to accelerate investment in gas infrastructure, supporting Nigeria's gas commercialization agenda and energy transition objectives. The Executive Order's centralized remittance approach enhances oversight and accountability over gas-related revenues, while preserving the policy space for government to continue funding strategic gas infrastructure through structured and well-governed financing channels.



Rather than weakening the MDGIF, the reform provides an opportunity to integrate gas infrastructure financing more closely with national budgeting, public procurement standards, and development planning. With appropriate implementation, this approach can improve coordination, reduce fragmentation, and ensure that gas infrastructure investments are aligned with broader economic and energy priorities.

From a constitutional and governance perspective, the Executive Order reinforces the primacy of the Federation Account as the central repository for national revenues, consistent with established public finance principles. It also enhances predictability in revenue flows to all tiers of government, with potential positive spillovers for fiscal planning, debt management, and subnational development.

Viewed holistically, the Executive Order represents a pragmatic refining of Nigeria's petroleum fiscal governance rather than a departure from the PIA. It reflects a policy intention to consolidate gains made under the Act, deepen transparency, and strengthen institutional clarity at a time when effective resource management is critical to economic stability.

If complemented by continued stakeholder engagement and, where necessary, legislative harmonization, the reform has the potential to improve confidence in Nigeria's oil and gas governance framework, support long-term sector sustainability, and reinforce the country's broader economic reform agenda.