Nigeria

Comments from Paul Ogwu, Publish What You Pay, (PWYP), Nigeria
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More detail on this can be found in the first three paragraphs of the draft CS response enclosed.

Please let me know if you or your colleagues need any more input/help.

- How removing the consequences for countries not meeting the requirements will dramatically reduce local CSOs power/leverage to hold their governments and EI companies to account. This is because countries will potentially be allowed to continue to make progress indefinitely without being obliged to meet the standard. We are already seeing this play out in the US with a large oil company stating that they are refusing to disclose their taxes as they are banking on changes to weakening the validation system being introduced.

The removal of the consequences for countries not meeting the requirement would dramatically reduce local CSO power leverage to hold the government and EI companies to account. The multi stakeholders group in its composition entails the CSO organisation take an active part in the governance in the MSC. The consequences will close the gap of civil society groups in taking part in the EITI process. The situation in Nigeria EITI is that although the CSO representative and other CSO actors takes part in some of the activities of the EITI but there are some institutional capacity and bureaucratic bottleneck that affects the EITI participation by the CSO. Some issues include overzealousness and deliberate act to undermine the activities of the CSO due to selfish interest.

The lack of support and assistance by the Nigeria EITI is also reflected in the actions of some of the officials of the NEITI that reduces the impact and the contribution of the CSO in the EITI process. As a result of this, the CSO groups tend not to get adequate support and contribution. This has necessitated to lack of adequate environment necessary for CSO participation. The CSO have not been able to participate actively in the implementation of the EITI process.

The lack of capacity by the CSO participant have also hindered the active participation of CSOs in the EITI process.
The multi stakeholders in the EITI should be made to appreciate the power and the relevance of the CSO participant in the EITI process. This is because of the perceptions of the CSO’s and the role of power play in the multi stakeholder group due to the institutional, structural and financial disparity that exist among the other partners in a multi stakeholder group. The EITI process and the role of CSOs in validation is one of the power balancing factors in the EITI and also the CSOs represent a critical section of the population who are directly and indirectly affected by the EITI process. These include the environment, resource management and human development index.

**Giving a local perspective on why Nigeria CS needs a strong validation system** and why having a pass/fail system with consequences for non-compliance has been essential to pushing the Nigerian Government to bring in important transparency measures (would be great to have examples here – for example, the great job NEITI and PWYP Nigeria has done in recovering billions of dollars’ worth of oil money through payment disclosures.)

The Nigeria CSOs needs a strong validation system because of the inherent issue of governance, opaque and miss -management within the Nigeria extractive sector. As a result the level of miss- governance in the sector , the general human development index is low, high level of economic and political corruption, under dev- eloped and non- existence infrastructure , heavy revenue loss and lack of political will to ensure a far reaching policy and program reforms in the extractive sector.

Nigeria is also an important country in not only showing the effects of the extractive sector in human development, but also the impact of the EITI in the extractive sector. With the progress made so far with the implementation of the new EITI standards especially with the publication of the expenditure in the Fiscal allocation and disbursement audit report and some other implementation of the EITI directives, the country can serve as a model for some other countries that just joined the EITI or are still in the early stage of EITI implementation.

Nigeria having gone through some audit publication over the years can also serve as a case study from the EITI international to look at the effectiveness of
the EITI process and the role the different stakeholders in the multi stakeholder group.

Having a pass /fail system with consequences for non-compliance has been essential to pushing the Nigeria government to bring an important transparency measures. The fail / pass system is important because of the inherent advantages that comes with assessment and also as a monitoring and evaluation tool in finding the level of compliance with the EITI standard and the EITI process. This grading system as a tool will ensure that countries work towards improving on their governance and reform process in the extractive sector. This will also motivate the multi stakeholders group and other stakeholders in the extractive sector of any country to develop a synergy and work towards an improvement in the implementation of the countries EITI process.

The need to strengthen the process of disclosure, transparency, accountability, recovery and implementation of remedial issues has been shown in the Nigeria EITI and the role of some civil society actors like PWYP. These two essential EITI agents have contributed enormously in both the advocacy and the initiation of some important and critical reforms in the extractive sector in Nigeria.

These reforms through the NEITI and PWYP have resulted in many accomplishment and measurable variables in the extractive sector in Nigeria. The role of NEITI in the disclosure and remedial efforts through some of the EITI instrument and the government policy directives and the CSO involvement is rewarding. The establishment of the inter-ministerial task team comprising of all the covered entities and other stakeholders have made the implementation of the NEITI Audit reports remedial issues a success. The IMTT as an important instrument from the federal government harmonises the level of compliance and delivery from the covered entities on the finding and recommendations from the NEITI audit reports in the extractive sector. These interventions have contributed a lot in ensuring reform in the extractive sector in Nigeria. They have been remarkable progress from the level of compliance and most of the agencies have done a lot to fast track reform in the extractive sector. A sector hitherto that was lacking in transparency and accountability in financial, process and procedural issues has been witnessing increased reforms and progress. These reforms and progress are tangible. In the IMTT NEITI have been leading in ensuring that these recommendations reflect not only in the process but also a substantial recovery of funds through the audits findings and a deliberate policy to cover the loopholes in the extractive sector.

Publish What You Pay, Nigeria and other NGO,s through advocacy and public campaigns have also contributed in ensuring the success and implementation of reforms in the extractive sector. PWYP have engaged most of the covered
entities in the NEITI audits report through advocacy engagements, visits, formal and informal engagement to monitor their compliance and implementation of the numerous audit reports. The intervention of PWYP Nigeria has also ensured a robust public debate on the EITI process.

The interventions by IMTT, NEITI and PWYP have led to the recovery of $569,218,490.00 from these efforts. Also the government agencies and the extractive companies have streamlined a common template for assessment, payment and recoveries. These common platforms have improved the governance in the extractive sector. These and many others were through disclosures from the NEITI Audit reports.

There are lots of other successes from the Nigeria extractive sector which would have been possible with an absence of regulation.

As a result of these efforts and the realisation from the government that the country needs strong reforms in its governance procedures through the extractive sector, the government through the multi-stakeholders group have been working to adhere to the new EITI standard and implementation of the necessary reforms in the extractive sector.

As a CSO representative, I support a stronger validation procedure because of the benefits of it through pressurizing the governments to take the issues of payments reforms and improved governance in the extractive sector serious.

NEITI audit reports have ensured that the government, the population and relevant stakeholders understand, open and scrutinise the activities in the extractive sector of the Nigeria economies. These understanding have led to improved governance and reform in the sector.