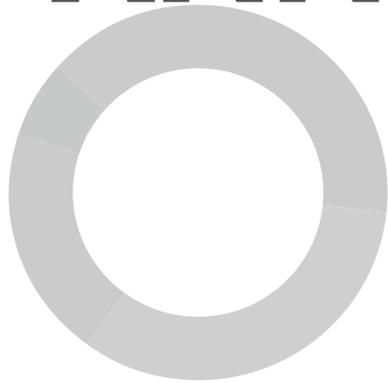




NIGERIA EITI ANNUAL PROGRESS REPORT



2017



TABLE OF ACRONYM

APR	Annual Progress Report
BO	Beneficial Ownership
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CF	Companies' Forum
CGT	Capital Gains Tax
CSO	Civil Society Organisation
CSSC	Civil Society Steering Committee
DFID	Department for International Development (UK)
DPR	Department of Petroleum Resources
ERGP	Economic Recovery Growth Plan
EITI	Extractive Industries Transparency Initiative

FAAC	Federation Account Allocation Committee
FASD	Fiscal Allocation & Statutory Disbursement
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Services
FOSTER	Facility for Oil Sector Transformation
IA	Independent Administrator
IATT	Inter-Agency Task Team
IMTT	Inter-Ministerial Task Team
IPSAS	International Public Sector Accounting Standard
JV	Joint Venture
MCO	Mining Cadastral Office
MMSD	Ministry of Mines & Steel Development
MSG	Multi Stakeholders Group

NAOC	Nigeria Agip Oil company
NAPIMS	National Petroleum Investment Management Services
NASS	National Assembly
NBS	National Bureau of Statistics
NDDC	Niger Delta Development Commission
NEITI	Nigeria Extractive industries Transparency Initiative
NESS	Nigerian Export Supervision Scheme
NPDC	Nigerian Petroleum Development Company
NNPC	Nigeria National Petroleum Corporation
NSWG	National Stakeholders Working Group
OGP	Open Government Partnership
OPA	Offshore Processing Agreement
OPTS	Oil Producers Trade Section

OVP	Office of the Vice President
PPMC	Pipeline & Product Marketing Company
PPT	Petroleum Profit Tax
PSF	Petroleum Support Fund
SOE	State Owned Enterprise
SP	Strategic Plan
THE ACT	NEITI Act 2007
ToR	Terms of Reference
TUGAR	Technical Unit on Governance & Anti-Corruption Reform
UNODC	United Nation Office on Drugs & Crime
VAT	Value Added Tax
WHT	Withholding Tax
WB	World Bank

WP	Work Plan

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INTRODUCTION

In early December 2016, the NSWG of the NEITI had a retreat. The retreat had in attendance all relevant stakeholders in the EITI process. The essence of the retreat was to develop a new strategic plan for the implementation of The Act, the 2016 EITI Standard and the EITI process in Nigeria for the period 2017-2021.

Following the expiration of NEITI's old SP (2012 to 2016) on the 31st December 2016, a new plan was developed taking into cognizance the achievements of NEITI over time, the gaps in implementation, the changes in the operating environment and the need to position NEITI for greater impact and relevance. Supported by FOSTER, a DFID programme, the new plan was developed by the NSWG through a consultative process which involved staff and strategic stakeholders in the EITI process.

STRATEGIC PLAN 2017 TO 2021 (SP) - STRATEGIC PLAN 2017 -2021

The SP was approved by the NSWG at its meeting of 13th March 2017. The SP has four objectives which are to be used in achieving the national priorities identified by the NSWG.

The national priorities of the FGN agreed by the NSWG under the ERGP of Nigeria are:

1. Economic Diversification
2. Corporate Governance and Anti-corruption
3. State and Regional Development
4. Infrastructure and Social Development
5. Environmental Protection.

The four objectives of the SP are:

- I. Deepen openness in the extractive sector through timely audits and other impactful studies.
- II. Shape extractive sector and overall governance reforms through policy engagements, thought leadership and inter-agency coordination.
- III. Strengthen demand for accountability in the use of extractive revenues through strategic communication with critical stakeholders and empowerment of accountability actors.
- IV. Increase operational capacity, legitimacy & support through effective financial, administrative and human resource management and adequate funding.

However, due to the fact that the 2017 WP was not in place by the 31st December 2016, the NSWG was compelled to use the old strategic plan for 2012 to 2016 to formulate the WP for 2017. In the formulation of the 2017 WP, the NSWG was very aware that the government priorities had changed to a certain extent along with new policy guidelines from the new government that was elected in Nigeria in May 2015. The 2017 WP was adjusted accordingly to take cognizance of the changes in the social-economic philosophy of the new government along the lines of the ERGP.

GENERAL ASSESSMENT OF 2017 PERFORMANCE

Throughout 2017, the NSWG strived to implement the 2017 WP within the context of uncertainty of the recession in Nigeria and paucity of funds.

Notwithstanding the constrictions, the NSWG directed the implementation of the WP, pursued other ways to fund NEITI activities, and increased efforts to bring the EITI process to the knowledge of the populace.

With the support of all stakeholders including donors, the NSWG in 2017 was able conclude the 2015 EITI reports for both the oil & gas and solid minerals sectors respectively. These reports highlighted the commitments in the WP to ensure regular reporting in line with the EITI Standard and the need to sustain the drive for transparency and better revenue management in governance.

The ToR for the conduct of the 2016 EITI reports on oil & gas, 2016 solid minerals along with the 2012 to 2016 FASD report were approved by the NSWG for implementation.

The 2014 EITI reports for both oil & gas and solid minerals were very successfully disseminated to various stakeholders in line with the need to equip the citizenry with extractive industry information to hold the government accountable. A stakeholders' mapping and survey was conducted along with the first zonal outreach in the South West in order to encourage more grassroots participation in the EITI enlightenment pro-gramme.

The NEITI Secretariat for the first time made a presentation on the findings of the 2014 oil & gas and solid minerals reports to the EMT of the Federation under the chairmanship of the Vice President of Nigeria, with very key ministers and heads

of very important government agencies as members.

The CSSC was inaugurated to provide an effective interface for civil society organisations in the extractive sector.

The participation of extractive companies in the CF continued to be a veritable platform for discussion on the inclusiveness of companies in the EITI process.

In the pursuit of the BO register for the extractive sector various meetings were held with stakeholders in line with the BO roadmap that was approved in October 2016. Mainstreaming and the commodity pilot scheme were extensively discussed with the relevant government agencies in 2017. Furthermore, 2017 saw the commencement of the implementation Open Data policy that was developed in 2016.

The NSWG was informed by the EITI board of the outcome of the EITI Validation exercise that took place in 2016. In January 2017, a letter from the EITI Chair informed the NSWG that Nigeria made “meaningful progress” in its adherence with the EITI Standard. The board of the EITI recommended sixteen corrective actions to be taken for Nigeria’s implementation of the EITI to be considered “satisfactory”. The NSWG



worked extensively to implement the corrective actions through the 2015 EITI reports for both oil & gas and solid minerals sectors and through an action plan for civil society participation in the EITI process. (CSO Remedial Issues on EITI Validation Report on Nigeria: #1.3 A Status Report on Steps Taken to Address the Issues”

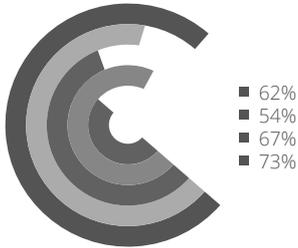
The aforementioned are not at all exhaustive of the several and various activities that were conducted satisfactorily in 2017. It does not include the many extensive engagements NEITI constantly had with various stakeholders and the everyday tasks in the implementation of the WP. It is only reflective of the major activities conducted during 2017.

2017 WP

Based on the SP, a WP was developed using a consultative approach: Civil Society, Government and Companies were consulted for their inputs. The WP is a derivative of both the SP and national priorities. It would consolidate the reform outlook of the FGN and ensure a successful transition of the 2013 to 2016 SP to the 2017 to 2021 SP.

2017 WP objectives

1. Regular Audit reporting in line with EITI requirement, Automated Data gathering system, implementation of remedial issues and policy advocacy.
2. To disseminate NEITI Industry Audits to strategic stakeholders, broaden and deepen engagements with stakeholders at the Sub- national level and to provide timely information, education and enlightenment on NEITI activities.
3. Ensure Optimum regulation & compliance to NEITI mandate based on the NEITI Act.
4. To provide operational, administrative and logistic support through effective Human Resource Management and manpower Development.
5. Evaluate governance and anti-corruption initiatives at all levels of governance and provide data-based coordination.
6. Effective implementation of internal control mechanism through continuous Monitoring & evaluation, internal auditing & procurement process.



ASSESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SET OUT IN THE WORK PLAN

The NSWG met four times in 2017 to consider the implementation of the activities of the WP and amongst other issues. They met on the 13th March 2017, 11th August 2017, 4th November 2017 and 4th December 2017. Various approvals and resolutions were passed by the NSWG during these meetings to implement the WP.

WP OBJECTIVE 1

Regular Audit reporting in line with EITI requirement

OBJECTIVE ONE

Regular Audit reporting in line with EITI requirement

This objective in the WP was to catch-up with Requirement 4.8 of the EITI Standard on data timeliness. The target was to fully comply with EITI requirement for regular and timely reporting. NEITI was able to publish both the EITI 2015 oil & gas and solid minerals report by the 31st December 2017. NEITI is thus presently current in EITI reporting: in compliance with Requirement 4.8.

The terms of reference (ToR) for the conduct of both the 2016 oil & gas and solid mineral EITI reports were developed and approved by the NSWG.

Templates workshops were organized for companies for both the 2015 oil & gas and solid minerals reports in April 2017. The inputs of the companies were taken into consideration in the final designed templates.

Achievement

The timeline (target) for regular reporting under the EITI Standard was achieved with the publication of both the 2015 oil & gas and solid mineral reports by the end of 31st December 2017.

Automate NEITI data gathering process

As a consequence of having achieved data timeliness, it has become very paramount not only to sustain regular and timely reporting, but to even go beyond the demands of Requirement 4.8 in the gathering and provision of real time data.

The aim is to improve the audit process. Automation of the data gathering process would greatly improve the receipt of data on a continuous basis from all covered entities all through the year thus reducing the time and money for data collection for the EITI reports.

Achievement

Funding for the data automation has been the critical success factor in the realisation of this objective. The process is currently work in progress with the aim of completion by the end of 2018.

BO Register

The proposed establishment of the BO register in the extractive sector in Nigeria played a key role in 2017. The NSWG had earlier in October 2016 developed a roadmap for the establishment of the register before the deadline of 31st December 2020 set by the EITI Standard. Various stakeholders' meetings were held particularly with the OGP (which had a wider mandate for the establishment of a BO register for all companies operating in Nigeria), the CAC (which is responsible for the registration of companies in Nigeria), DPR (which is the regulatory body in oil & gas) and with MCO (which is responsible for solid minerals regulations) on the establishment of the BO register.



The Vice President, Prof. Yemi Osinbajo speaking at the Beneficial Ownership Conference in Jakarta

NEITI is the co-chair (along with the Minister of Petroleum Resources) on Commitment Three of the OGP principles on Extractive industry Transparency: to enhance company disclosure on payments to government for oil, gas and minerals sales, complementing ongoing work within the EITI through NEITI.

Achievement

Advocacy visits were made to both MCO and DPR to have their respective buy-in to the establishment of sector specific BO register. A technical committee made-up of MCO and NEITI staff has been set up to look at all the modalities for setting up a BO register in solid minerals. The technical committee has met severally and further examined all the existing documents in MCO on the issuance of licences and leases in solid minerals to ascertain whether there are useful in capturing details of BO. Good progress is being made by the technical committee. The technical committee with DPR has not been set up yet because NEITI is waiting for a date from DPR after the initial advocacy visit. However, the reception from DPR is very cooperative.

The strategy would however change once the President of FGN assents to the new Corpo-rate and Allied Matters Bill. The process then would be how best to use the mandatory law to establish a BO register in the extractive sector. It would no longer be a question of estab-lishment but one of implementation of the BO register.

Political buy-in and the lack of a statutory law to declare BO were initially the biggest obstacles to the establishment of the BO register. These have greatly been overcome by the commitment of the President of FGN and the passing of the new Corporate and Allied Matters bill by the NASS.

NEITI is optimistic of meeting the target to establish a BO register for the extractive industry in Nigeria by the 31st December 2019.

Open Data Policy (Open Data Policy)

The NSWG of NEITI held a board meeting on the 7th of December 2016 and approved the definition of open data thus: "Data that is in the public domain or ought to be in the public domain that is accessible, freely used at no cost, can be shared and be built on by anyone, anywhere and for any purpose without

restrictions from copyright, patent or other control mechanism other than those expressly excluded by the provisions of the laws of the FGN.”

Achievement

The open data policy of NEITI was established by the 1st January 2017 deadline set by the EITI. It was fully implemented during 2017. The data set for the 2015 oil and gas report was released alongside the main report and in open data format.

Mainstreaming

Nigeria commenced a “Mainstreaming exercise” in 2016 and continued to improve on it in 2017. NEITI used existing reporting systems of agencies such as NNPC and FAAC allocations data that emanated at source rather than duplicating this exercise through EITI reporting, to produce EITI reports and revenue management analysis.

Achievement

This is on-going but a lot of progress was made in 2017 especially with the publication of monthly statements of operations by the NNPC and FAAC allocation analysis produced by NEITI directly from FAAC reports.

Commodity Trading

With the approval of the NSWG in July 2016, Nigeria is taking part in the EITI commodity pilot scheme. The objective of the pilot scheme is to entrench transparency and accountability in the trading of commodities by NNPC and to ensure that government receives a share of proceeds commensurate with expected market value from all transactions. Furthermore it is also to confirm that the processes of transfer of the proceeds to the budget, pricing and tendering for the commodities are also transparent and competitive. NEITI worked with a consultant and the NNPC in 2017 to ensure the success of the pilot scheme.

Achievement

Efforts are in progress to ensure that pilot scheme is concluded as soon as possible..

Implementation of remedial issues from the EITI reports

Remediation documents were developed for the 2015 oil & gas and solid mineral sectors reports. These developed documents would be the basis for discussions at the next IMTT that oversees remediation issues arising from the reports. The NEITI Secretariat on behalf of the NSWG consulted with the OVP of Nigeria to find ways to improve the implementation of the recommendations of the EITI reports: OVP would take the lead on remediation with the requirements that heads of government agencies should report to the Vice President with progress on remedial issues.

Apart from the platform of the IMTT, NEITI held a lot of meetings with the NNPC, DPR and FIRS in 2017 on resolving remedial issues raised in the 2015 oil & gas report. These meetings led to some resolutions of the remedial issues.

Further remedial actions taken included the publication of the policy briefs, occasional paper series, etc. which all proffered solutions for remediation.

Achievement

Remediation is a continuous work in progress with the publication of each report. However, new concepts other than the use of the IMTT to tackle remedial issues are under consideration by the NSWG.

Conduct research to provide policy direction in line with evolving global trends in extractive industry

In line with the WP and the NSWG resolve to be a major player in the policy space, NEITI released publications on policy issues and revenue management in the extractive sector in 2017. Some of the publications are:

- The fourth issue of the NEITI Quarterly Review, focusing on analysis of FAAC disbursements for 2016.
- The third issue of the NEITI Policy Brief titled “Unremitted Funds, Economic Recovery and Oil Sector Reform”, which focused on \$21.8bn not remitted by NNPC and its subsidiaries.
- The second issue of the NEITI Occasional Paper Series, focusing on the need for a “Robust Oil Savings Fund for Nigeria”.

These publications enjoyed massive play in the media, keeping NEITI constantly in the news. They also provided opportunities to set agenda for the country: the Presidency has written twice to affected agencies to explain reasons for non-remittance and the Ministry of Justice requested for evidence for possible prosecution. Furthermore, different committees of the NASS have either requested for information or sought technical support from NEITI on key issues affecting the extractive sector.

The creation of a new department in the NEITI Secretariat on Policy, Planning and Strategy was approved by the NSWG in 2017. The department will focus on NEITI's new policy and strategy work-stream.

Achievement

This was hugely successful in 2017.

WP OBJECTIVE 2

To disseminate NEITI industry audits to strategic stakeholders

The essence of this objective was to increase citizens' awareness and understanding of the EITI reports. The dissemination of 2014 oil & gas, 2014 solid minerals EITI reports to stakeholders was very effective in 2017. The reports were distributed to members of the NASS, civil society organisations, companies, social media influencers and students' associations among others. It was also fully brought to the consciousness of all the participants at the South-West zonal outreach participants in November 2017. The disseminated reports also led to a lot of discussions on governance and revenue management in the extractive sector with the call by CSO for better accountability in the utilisation of extractive industry revenues.

Achievement

The dissemination exercise, which is continuous, has been very successful. Dissemination of hard copies of the EITI report however, was affected by lack of funds.

To broaden and deepen engagements with stakeholders at sub-national levels

The operations of NEITI witnessed a very robust enlightenment campaign and publicity to deepen stakeholders' engagement in 2017 with significant appearances on major television and radio channels across the country. The EITI reports were also discussed on several live programmes. The social media followership equally improved and several tweet chats were conducted with

stakeholders on the new media. The South-West zonal outreach in November 2017 was the beginning of several zonal outreach programmes, which seek to enlighten stakeholders of NEITI's activities in all geopolitical zones or sub-national levels in the country: The zonal outreach programme is aimed at exposing grassroots stakeholders to the processes, principles, objectives and benefits of EITI. It is also expected to deepen citizens knowledge of the EITI at sub-national levels and it enables citizens' participation at the grassroots in each zone. The outreach is best described as taking EITI to the grassroots, rather than waiting for the grassroots to come to EITI.

The zonal outreach programmes are championed by the NSWG member from each geo-political zone.

Furthermore, NEITI's Communications Strategy clearly spells out the process for timely information, education and enlightenment of stakeholders on NEITI's activities. It is a comprehensive guide for stakeholders' relations and engagements and it was extensively utilised in 2017. The strategy focused on creating awareness through the media, broadening stakeholders' engagement/dialogue, undertaking capacity-building initiatives, ensuring effective dissemination of industry audit reports and providing support to remediation action plans. Key highlights of NEITI stakeholders' relations and engagement in 2017 include:

- Inauguration of a new civil society steering committee
- Development and implementation of a robust action plan (CSO Remedial Issues on EITI Validation Report on Nigeria) to address identified gaps contained in the EITI validation report on Nigeria with respect to CSO engagement
- Development of CSO information sharing platforms: Bajega & Bodo

OBJECTIVE TWO

To disseminate NEITI industry audits to strategic stakeholders

- Development of a Communications Manual
- South-West zonal outreach in Abeokuta, Ogun State, Nigeria

A lot of activities were also conducted under the civil society remedial plan to effectively bridge the gaps in the EITI Validation conducted in 2016.

Achievement

Nigerians are using information received from the EITI reports to ask questions of our leaders in revenue management. The first zonal outreach programme in November 2017 was a great success at the sub-national level.



South-West zonal outreach in Abeokuta, Ogun State, Nigeria.

WP OBJECTIVE 3

Ensure compliance with the NEITI mandate

In 2017 NEITI continued to strengthen its adherence to both the NEITI Act 2007 and the EITI Standard. Working with the UNODC in 2016, the NSWG

started a review of the NEITI Act 2007 to take into consideration more recent trends in the management of extractive resources and to align it with the EITI Standard. This review was work in progress in 2017.

Following the Validation exercise in 2016, the NSWG directed the implementation of the corrective actions recommended by the EITI board to be effected in the 2015 reports. Extensive deliberations and consultations were held with the independent administrators for both oil & gas and solid minerals to ensure that the gaps were bridged before the next Validation exercise commencing on the 11th July 2018.

Achievement

This is work in progress

WP OBJECTIVE 4

Provide Operational Administrative Support

The implementation of NEITI mandate would not have been successful without adequate operational & administrative support.

In March 2017, the NEITI Secretariat held a staff retreat in Kaduna on the EITI Process and evolving governance issues in the global extractive industry. This was followed by various trainings for staff and NSWG members during the year to build necessary capacity for the implementation of the EITI in Nigeria.

Donor funds were available to support the development of the SP, monitoring and evaluation framework, a new website amongst others. Trainings for members of staff ensued with each development.

Numerous sessions were arranged for knowledge sharing and peer learning reviews among members of staff in 2017. It is mandatory for any member staff participating in any training to share lessons learnt and plans to implement such lessons for the benefit of NEITI.

To sustain international best practices in accounting and financial management, NEITI commenced implementation of the IPSAS in its administrative financial reporting. NEITI financial and internal control systems were updated in line with IPSAS.

Achievement

This was successful. The creation of the Department of Policy, Planning and Strategy (PPS) will further enhance the pro-activeness of the operations of NEITI.

WP OBJECTIVE 5

TUGAR has the mandate of generating coordinated data for the IATT of anti-corruption agencies to use in fighting corruption. In its capacity as the secretariat of the IATT, TUGAR held regular meetings with the twenty-two IATT members. It coordinated several joint activities and trainings supported by development partners the highlight of which was the coordinated commemoration of the International Anti-Corruption Day on the 9th of December 2017. These activities have had a tremendous impact on the anti-corruption environment through greater synergy and cooperation between the various agencies.

Conduct impact analysis and construct country specific indication and tools for governance and anti-corruption monitoring

Scoping Survey/Gap Analysis of the Ethics Framework in Nigeria was started in 2017 with the aim of improving the content and processes of implementation and to integrate the frameworks into the anti-corruption prevention and sanction mechanisms. Furthermore the activity of populating the national anti-corruption database with the Scoping Survey and Gap Analysis

OBJECTIVE FOUR

Provide Operational Administrative Support.

OBJECTIVE FIVE

Evaluate governance and anti-corruption initiatives at all levels of governance and provide data-based coordination.

of the Public Finance Management System at the Federal level and across the 36 States, using a phased approach was conducted.

Achievement

There was greater cooperation and synergy among the anti-corruption agencies, and improved governance and better anti-corruption monitoring

WP OBJECTIVE 6

Effective implementation of internal control mechanisms

To ensure that NEITI is focused on its responsibilities and strategic direction, a continuous monitoring and evaluation of the WP and sub-activities was conducted to confirm alignment with objectives of the WP.

A mid-year review of the WP was conducted in July and later in December 2017. The evaluations were carried out based on the monitoring indicators outlined in the implementation of specific activities in the evaluation report at the end of the 2017.

There was a very stringent but effective procurement plan in place to ensure timely execution of procurement issues in 2017.

The internal auditing function provided the checks and balances necessary for optimal utilization of resources.

The listed activities under this goal of the WP such as development of a NEITI Risk Profile, Procurement Manual, procurement hand bills

OBJECTIVE SIX

Effective implementation of internal control mechanisms.

and pre-bid meetings to ensure effective internal control mechanisms were all performed. The intention is absolute compliance in all spheres of NEITI's operations with minimal exposure to risks.

Achievement

Monitoring and evaluation, audit and procurement plans and reports were effectively progressed in 2017.

Major activities not foreseen in the WP but contributed to the wider targets Stakeholders Mapping and Survey -(NEITI Stakeholders Mapping Survey)

The current SP and one of the recommendations of the EITI board following the Validation exercise in 2016 required NEITI to engage a broad range of stakeholders in ways that are effective. A holistic mapping and analysis of actors and stakeholders in the extractive sector of the economy was conducted in 2017. The mapping exercise which was conducted through a participatory process identified relevant actors and evaluated their influence, mandates, interests, and expected roles and means to influence them to play their expected roles in the EITI process. The stakeholder analysis and mapping process eventually provided a detailed list of NEITI's stakeholders and their expected roles in the EITI process. The absence of a framework for measuring, monitoring, tracking and rewarding stakeholder engagement efforts was also observed.

The mapping would help NEITI better engage its stakeholder towards effecting greater transparency and accountability in the extractive sector through a more structured approach to stakeholder engagement.

EVALUATION OF WP

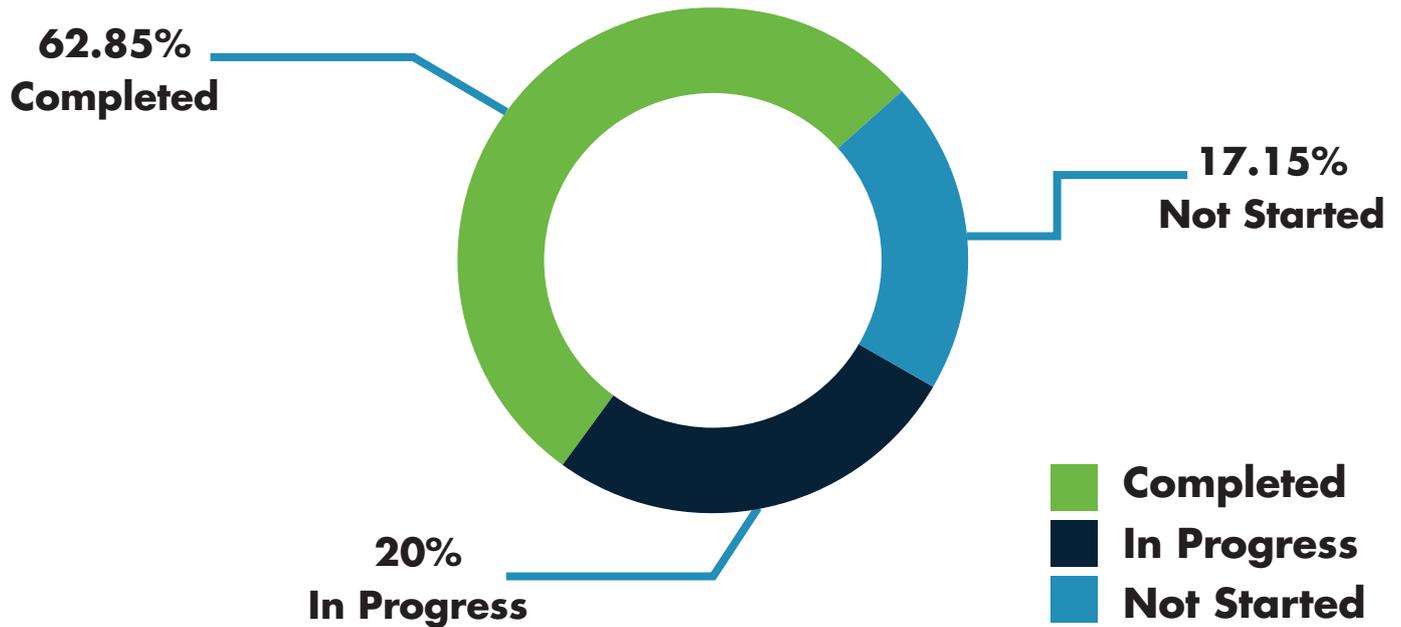
Basis of Evaluation

1. Activities were measured on the basis status (i.e. not started, in progress or completed) within the reporting period.
2. Simple average of activities were taken to determine the success or otherwise of activities on percentage basis. (i.e.) number of activities divided by the total number of the year's activities multiplied by hundred.
3. Activities are considered "in progress" where financial commitments have been made but not delivered or completed during 2017.

Executive Summary of Evaluation

The evaluation of the NEITI WP covers the period January- December 2017. The overall performance of the evaluation report indicated 62.85% of the activities were completed, 20% in progress and 17.15% not started as at the end of 2017. The breakdown is as shown below:

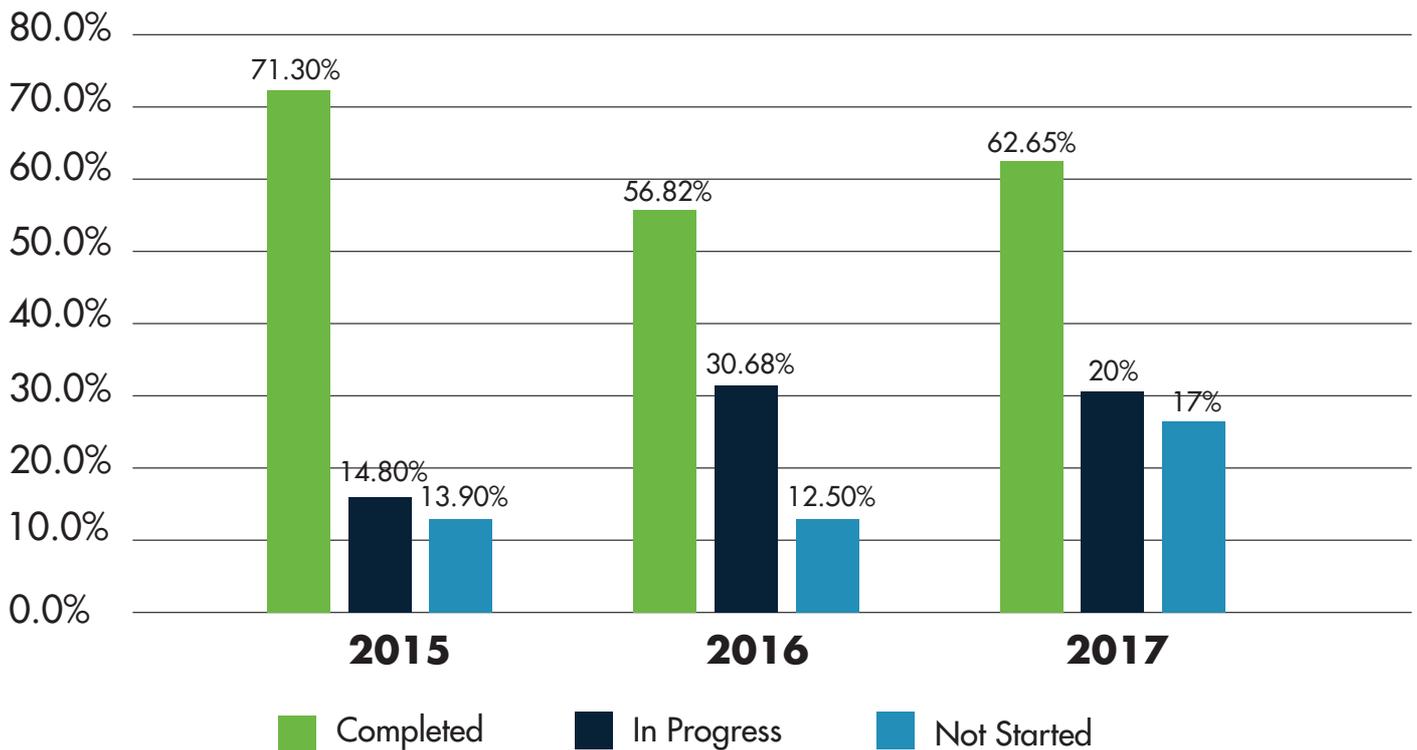
Activities Implementation Chart



The evaluation covers 70 numbers of activities.

YEAR	COMPLETED	IN PROGRESS	NOT STARTED
2015	71.3%	14.8%	13.9%
2016	56.82%	30.68%	12.5%
2017	62.65%	20%	17%
Average	63.65%	21.82%	14.51%

Three Year Trend Analysis



The above table indicates that there has been significant improvement from year 2016 to 2017, as the number of planned activities increased from 56.82% in 2016 to 63.65% in 2017 while planned activities in progress as at reporting date also reduced from 30.68% in 2016 to 20% in 2017. However, activities not started increased by 4%.

A lot was achieved in 2015 in comparison with 2016 and 2017 due to better funding, whilst the economic recession in 2016 affected funding and the implementation of planned activities. However, in 2017, the economy picked up and concerted efforts were made to attract funding from donor agencies to support and augment the planned activities.

Critical success factor in the overall implementation of the 2017 WP was funding.

S/N	Activity	Objectives	Start/End Month	KPI	Status of Activity (Items remove from WP should be)			Output	Outcomes
					Not started	In Progress	Completed		
	From work plan		From work plan	From work plan				As stated in the work plan	As stated in the work
1.10	Oil and gas Audit 2015	Achieve Regular Reporting in Industry Audits	July - December 2017	Approved Oil & Gas Report				O&G Report	Improved Compliance to the EITI Requirements on Regular Audit Reporting.
1.11	Solid Minerals Audit 2015		July - December 2017	Approve SM Report				SM Report	
1.12	FASD Audit 2012/15		July - December 2017	Approve FASD Report				FASD Report	
1.13	Value for Money Audit Scoping Study		Apr/2017	Report				Report	
1.14	Audit Progress, Monitoring and Evaluation		May-17	Report				Audit Report	
1.15	Revenue Management Tracking		Dec-17	Report				Revenue Profile Report	
1.16	Simplification of Audit Report		Dec-17	Simplified Report				Simplified Report	
1.17	Data Automation Infrastructure		Improved NEITI Data Gathering process	Dec-2017	Installed Hard Ware				
1.18	Software Development	Dec-2017						Installed Information Mgt. System	
1.19	Design and Develop Data Automation System	Dec- 2017		Installed Information Mgt.				Installed Information Mgt. System	



Completed



In Progress



Not Started

1.20	Testing	Ensure Regulation and enforcement of NEITI mandate.	Dec-2017	Report				Report	Improved Audit Process
1.21	Deployment		Dec-2017	Report				Report	
1.22	Beneficial Ownership Disclosure (Road Map Development & Implementation)	Improved B.O disclosure, data mainstreaming and enhanced remediation of the audits		Report				B.O Disclosure	No. of Reforms Initiated as a result of the Remediation
1.23	Open Data Policy (Mainstreaming & EITI Implementation)			Report				Main streaming	
1.24	Capacity Building		Dec-2017						
1.25	Manages and Tracks Implementation of Remediation Action Plan Items For Previous Audit(s)		Dec - 2017	Resolve Issues from the Report				Report	
1.26	Track and Recommend Steps on Policy Issues from the Audits		Aug-2017	Resolve Issues from the Report				Report	
1.27	Outcome Assessment of all Remediation Activities		Jul-2017	Resolve Issues from the Report				Report	
1.28	The Effect of the Decline in the Price of Crude Oil on the Oil & Gas Sector in Nigeria.		Apr -2017	Policy Document				Research Report / Paper	
1.29	Economic and Environmental Impact of Small Scale Mining Activities in Some Selected States	May-2017	Policy Document				Research Report /Paper		
1.30	Conduct Research to Provide Policy Direction in Line with Evolving Global Trend in Oil & Gas Industry	Jul- 2017	Policy Document				Research Report /Paper		
1.31	Review of Existing Reforms in the Oil & Gas Sector	Aug- 2017	Policy Document				Research Report /Paper		

 Completed
 In Progress
 Not Started

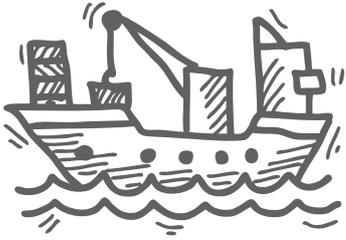
1.32	Review of Existing Reforms in the Solid Minerals Sector	Ensure Regulation and enforcement of NEITI mandate.	Mar-17	Policy Document				Research Report / Paper	
2.01	Legal Retainership		Jan-Dec	Signed Contract				Signed Contract	Improved No. of compliance issues resolved and Amended NEITI act.
2.02	Round table meetings on compliance with covered entities		Mar- Nov	Minutes Of Meetings				Minutes Of Meetings	
2.03	Development of a comprehensive framework for the Implementation and enforcement compliance with NEITI related laws and EITI Standards.		Oct	Signed MOU				Signed MOU	
2.04	Purchase of E- books		Jun	E- Books				E- Books	
2.05	Review of NEITI Act		Jan-Dec	Reviewed Act				Reviewed Act	
2.06	Development of 2018 Annual work plan.	Effective Implementation of internal control Mechanism through continuous monitoring, auditing and improved procurement process.	Jan	Developed WP				Developed WP	
2.07	Work Plan Monitoring, Implementation & Evaluation		Jan-Dec	M&E Reports				M&E Reports	M&E Report.
2.08	Development of EITI Annual Activity Report		May- Jun	EITI Report				EITI Report	EITI Annual Progress
2.09	Assist in desk review for Dev of NEITI strategic Plan 2017-20		Jan-Mar	Strategic Plan.				Strategic Plan.	Approved Strategic Plan
2.10	Assist in Dev of 2018 Annual Budget		Aug-Sept	Annual Budget				Annual Budget	Draft 2018 Annual
2.11	Assist in Dev of MTSS and MTEF 2017-19		Apr	MTSS				MTSS	MTSS Approved

 Completed
 In Progress
 Not Started

2.12	Development Of Risk Profile	Ensure Regulation and enforcement of NEITI mandate.	Jan-Dec	Risk Profile Report			Risk Profile Report	Improved compliance
2.13	Workshop on Internal Audit Process and procedures		Apr & Sept	Report			Create Awareness	
2.14	Dev of Procurement Manual.		Jan-Dec	Procurement Manual.			Procurement Manual.	
2.15	Procurement Hand Bills		Quarterly	Procurement Handbills.			Procurement Handbills.	
2.16	Pre Bid Meetings		Mar & Jun	Bid Meetings			Bid Meetings	
3.01	Simplification of NEITI Industry Audit Reports-Oil & Gas and Solid Minerals with infographics		Oct.-Nov. 2017	Simplified Audit reports			Copies of simplified audit reports	Increased citizens awareness and understanding of NEITI audit reports
3.02	Development and production of fact sheets on NEITI Audit reports and processes.	Effective Implementation of internal control Mechanism through continuous monitoring, auditing and improved procurement process.	Nov. 2017	Eight fact sheets on issues			Copies of fact sheet made available to the public	Increased citizens awareness and understanding of NEITI audit reports
3.03	Engagements on NEITI policy briefs.		March - Dec. 2017	Four engagements on NEITI policy briefs on specific extractive industries issues held			Report of the events.	Increased citizens awareness and understanding of NEITI audit reports
3.04	Public presentation of the Industry Audit Reports		Nov. 2017	Report of the presentation			Reports, attendance lists, news mentions/ clips of the presentation, video recordings and photographs of the event	Increased citizens awareness and understanding of NEITI audit reports
3.05	Presentation of the Reports in the Geo-political zones		Jan.-August 2017	Report of the zonal presentations			Reports, attendance lists, news mentions/ clips of the presentation, video recordings and photographs of the event	Increased citizens knowledge on NEITI mandate, issues in the EI and the 2014 audit reports
3.06	Media campaigns on NEITI issues using both traditional and social media		Jan-Dec. 2017				Media packs, attendance list, reports, news mentions and photographs.	Increased citizens knowledge on NEITI mandate, issues in the EI and the 2014 audit reports
3.07	Stakeholder's dialogue on the NEITI audit Reports		Dec. 2017	Report of the dialogue with action points and next steps for the extractive industries			Communiques, reports, attendance lists, photographs, video recordings, news reportage of the events and actionable points.	Increased citizens knowledge on NEITI mandate, issues in the EI and the 2014 audit reports

3.08	Productions of short video clips on EI and NEITI issues for upload on NEITI	To broaden and deepen engagements with stakeholders at national and sub national level.	January-Nov. 2-17	12 video clips on NEITI related issues produced				Copies of the video clips	
3.09	Production and broadcast of radio programme on EI and NEITI Activities;		Jan- Dec	No. of Radio broadcast, jingles & Reports					
3.10	Civil Society and professional associations roundtable/capacity building Two capacity building programmes in the south and north of the country		May-Jun	No. of Zonal capacity building for CSO					
3.11	Media Roundtable/capacity building		Apr-Nov	No. of Capacity Building for Media					
3.12	Engagement with legislature		May -Jun	Reports of Legislative engagement.					
3.13	Dialogue with State Executive Councils		Apr- Nov	Minutes of Meetings					
3.14	Sensitisation workshop for state Assemblies		Apr- Nov	Reports of meetings					
3.15	Town hall meetings in geo political zones FBOs etc.		Jan- Dec	Reports of Meetings					
3.16	Campus Outreach		Feb - Oct	No. of Outreach flagged off.					
3.17	Review of NEITI Communication Strategy		Mar- Aug	Reviewed Strategy Doc.					
4.01	Scoping and Gap Analysis of ethics environment in Nigeria	Monitor and evaluate governance of anti-corruption initiatives.	Q1-Q4	Report					
4.02	Implementation of Budget Efficiency project		Q1-Q4	KPI Developed					

4.03	Gap Analysis Study on existing legal & policy Framework on B.O disclosure	Conduct impact analysis and construct country specific indicators and tools for governance of anti-corruption monitoring	Q1-Q4	Report						
4.04	Development of a platform for updating anti-corruption database		Q1-Q4	Data Base Developed						
4.05	Research Studies of Anti-Corruption and Governance Survey		Q1-Q4	Report						
4.06	Publication and Launch of Phase IV Scoping Survey Report		Q1-Q4	Report						
4.07	Adoption and Implementation of the National Anti-Corruption Strategy		Q1-Q4	Adapted NACs						
4.08	Development and publication of the TUGAR Policy (White Paper) Series		Q1-Q4	No. of Policy Papers						
4.09	Corruption Risk Assessment in MDAs		Q1-Q4	Report						
4.10	Implementation of the Integrity Plan in the MDG Related MDA		Q1-Q4	No. of reforms Implemented.						
4.11	Review of Nigeria's Implementation of the UNCAC (2nd Cycle) and implementation of the Remediation Plan for the 1st review Cycle		Q1-Q4	Reviewed Docs						
4.12	Joint Commemoration of the International Anti-Corruption Day.		Q4	Ac Day Report						
5.01	Financial Management control & compliance.		Achieve effective financial and administrative support							
5.02	Administration and support services									
TOTAL					12	14	44			



ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENTS

OVERSIGHT BY THE MULTI-STAKEHOLDER GROUP (MSG/NSWG)

Requirements in EITI Standard

Government Engagement: The government is required to issue unequivocal public statement of its intention to implement the EITI (Req. 1.1.a)

Progress against Requirement in 2017

The address by His Excellency, Prof. Yemi Osinbajo, Vice President of the Federal Republic of Nigeria, at the EITI Beneficial Ownership Conference in Jakarta, Indonesia on 23rd October 2017 committed Nigeria to continuous implementation of the EITI.: ***“For us in Nigeria, we will remain on board the EITI and the ownership transparency train because they align with our national priorities and will help to advance the electoral mandate of our administration, which is to fight corruption, combat insecurity and grow the economy”.***

Government Engagement: the Government is required to appoint a senior individual to lead the implementation of the EITI (Req. 1.1.b)

The NSWG is led by a very high ranking senior official of the government in the implementation of the EITI: Dr. Kayode Fayemi (Hon. Federal Minister of Mines and Steel Development).

Companies Engagement: Companies must be fully, actively and effectively engaged in the EITI process (Req.1.2.a)

The companies are actively engaged in the EITI process in Nigeria. The companies have inputs in the design of the collecting templates and actually provide the data of payments made to government. Furthermore, the companies are also very involved on wider discussions in the implementation of the EITI through the CF platform that was set up in December 2016

Civil Society Engagement: Civil society must be fully, actively and effectively engaged in the EITI process (Req.1.2.a)

An enabling environment is in existence in Nigeria for the involvement of the civil society in the implementation of the EITI. There is no coercion, threats or obstacles in civil society participation. Civil society is actively involved through the CSSC of the NSWG in the implementation, monitoring and evaluation of the EITI process. In 2017, the participation of the civil society was further enhanced through the application of the civil society action plan recommended by the EITI board as an outcome of the Validation exercise (CSO Remedial Issues on EITI Validation Report on Nigeria)

Multi-stakeholder group (MSG /NSWG): *the Government is required to commit to work with civil society and companies and establish a MSG to oversee the implementation of the EITI. (Req. 1.4 a-b)*

The legal basis for the establishment of the NSWG is contained in the NEITI Act 2007. The composition of the NSWG is at the discretion of the President of the FGN. However, the civil society and the companies have devised ways to ensure that their members on the NSWG are appointed through the recommendations from the civil society organisations and the companies respectively. Appointees for both civil society and the companies are very independent of the government.

Nonetheless, NEITI is presently working on an amendment of The Act to align with the EITI Standard in this and other aspects where there are possible conflicts between the two documents.

The NSWG has a Board Charter as its ToR for its work.

Work plan (WP): *the NSWG is required to maintain a current work plan , fully costed and aligned with the reporting and Validation deadlines established by the EITI Board (Req. 1.5.a-g)*

The NEITI WP for 2017 amply satisfied this requirement. It was fully costed and aligned to national priorities and EITI principles. It was measurable and time-bound to achieve agreed objectives. It was discussed with both the civil society and companies prior to the approval of the NSWG. It is publicly available on the NEITI website.

Nonetheless, funding was the bane of full implementation of the WP as in previous years.

The WP Evaluation Report is in Chapter 2 of this report.

LEGAL FRAMEWORK AND FISCAL REGIME INCLUDING ALLOCATION OF CONTRACTS AND LICENCES

Requirements in EITI Standard

Legal framework, including disclosure of contracts and, allocation and register of licenses. Req. 2.1-4

Progress against Requirement in 2017

The legal framework and fiscal regime subsisting in the extractive sector in Nigeria are satisfactorily provided on the NEITI website.

Both the 2015 EITI reports on oil & gas and solid minerals gave a description of the process of transfer and award of licences and contracts during the accounting period. The efficiency and effectiveness of the process for such awards and transfer and transfer were adequately explained by the NSWG.

The MCO which is responsible for solid mineral regulations in Nigeria has a publicly available register of licences with information on licence holders, coordinates of licence area, date of application, date of award, duration of licence, and commodity to be produced.

The DPR which is responsible for the oil & gas sector also has a publicly available register.

Beneficial Ownership: maintenance of a publicly available register of the beneficial owners of corporate entity (ties) that bid for, operate or invest in extractive assets. (Req. 2.5)

The roadmap for the establishment of a BO register was approved by the NSWG in 2016. The NSWG is using the roadmap as a tool to establish the register by the 1st January 2020 as required by the EITI Standard. This is work in progress

State Participation: disclosure of material payments where there is state participation in the extractive industries

The 2015 oil & gas report disclosed material payments in participation. However, this requirement is not applicable to solid minerals sector in Nigeria.

EXPLORATION AND PRODUCTION

Requirements in EITI Standard

Information is required about exploration activities (Req. 3.1); production data (Req. 3.2) and export data (Req. 3.3)

Progress against Requirement in 2017

Both the EITI reports on oil & gas and solid minerals for 2015 satisfactorily provided an overview for these respective sectors of the extractive industry along with revealing information related to any significant exploration and production activities. Total production and total export volumes and values, further disaggregated by commodity and region, and how the production and export volumes were calculated were also unveiled in these reports.

REVENUE COLLECTION

Requirements in EITI Standard

Progress against Requirement in 2017

The EITI requires a comprehensive reconciliation of company payments and government revenues from the extractive industries (Req.4)

The 2015 reports reconciled data from companies on payments to government with data from government for revenues collected from companies (including the NNPC) based on identified revenue streams and on an agreed materiality threshold. Furthermore sale of state's share of production and revenues collected in-kind (Req. 4.2), barter arrangements (Req. 4.3), transportation revenues (Req. 4.4), transactions related to state-owned enterprises (Req.4.5), sub-national payments (Req. 4.6) were all agreed by the NSWG and reported accordingly. However, Req. 4.2, Req. 4.4 and Req.4.5 are not applicable to the solid minerals sector and so were not reported in the solid minerals report and explanations were provided accordingly.

Data timeliness: implementing countries must disclose data no older than the second to last complete accounting period. Req.4.8

Both reports for 2015 absolutely satisfied this requirement. There were both published before the 31st December 2017.

Data quality and assurance: the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards

Definite data quality and assurance mechanisms were defined by the NSWG in conjunction with the IA to ensure the credibility and integrity of the data provided by the companies and government during data collection and reconciliation of the data.

REVENUE ALLOCATIONS

Requirements in EITI Standard

The EITI requires disclosures of information related to revenue allocations: how revenue is recorded in the national budget and where applicable and sub-national budgets (Req. 5)

Progress against Requirement in 2017

Both reports made ample progress in the description and distribution of revenues from the extractive industries. Overviews were provided by both reports on how extractive revenues are recorded and allocated in the national budget.

Oil & gas revenue allocation procedures are described in the oil & gas report.

Sub-national transfers to states and local government councils respectively and the sharing formula for such transfer based on extant laws were also disclosed in the reports.

SOCIAL AND ECONOMIC SPENDING

Requirements in EITI Standard

Disclosures of information related to social expenditures and quasi-fiscal expenditure. (Req.6. 1 and Req.6.2)

Progress against Requirement in 2017

Mandatory social expenditure such as the payments to Niger Delta Development Commission, Nigerian Content Development Monitoring Board, etc. is disclosed in the oil & gas report.

An overview of discretionary social expenditure by some oil & gas companies and a summary of projects undertaken by these companies are also disclosed in the report.

Quasi-fiscal expenditure under Req. 6.2 of the EITI Standard in the form of fuel subsidies is extensively reported in the oil and gas report. This is not applicable to solid minerals report.

Contribution of the extractive sector to the economy (Req. 6.3)

This requirement is fulfilled in both reports. The contribution of the oil & gas sector is contained in the contextual information on the NEITI website whilst that of solid minerals is contained in Chapter 7.3 of the solid minerals report. The disclosure in both reports includes: size of the extractive industries in absolute terms and as a percentage of Gross Domestic Product, total of government revenues generated by the extractive industries, exports and employment in absolute terms and as a percentage of total exports and total employment respectively from extractive industries and areas where production is concentrated.

OUTCOMES AND IMPACT

Requirements in EITI Standard

Public debate: EITI report should be comprehensible, actively promoted, publicly accessible and contributes to public debate: (Req. 7.1).

Progress against Requirement in 2017

Both reports for 2015 were published on the NEITI website and copies were made available to all relevant stakeholders. The reports were accessible in for re-use without restrictions in an open data format. The reports led to extensive dialogues and created a lot of awareness of the EITI process in many fora including the National Assembly, civil society organisations, companies, etc.

Data Accessibility: (Req. 7.2)

The 2015 reports were published in a machine-readable format www.neiti.gov.ng. Executive summaries of the EITI reports were also produced. Power point presentations of the EITI reports were also produced both in hard copies and electronic form.

And the NEITI Dashboard which would soon come into existence would allow for comparative analysis to be conducted on EITI reports on one platform (Dashboard)

Capacity building was also encouraged with the civil society in the use of the EITI reports to engage government for improved accountability.

These have all encouraged vibrant public debate.

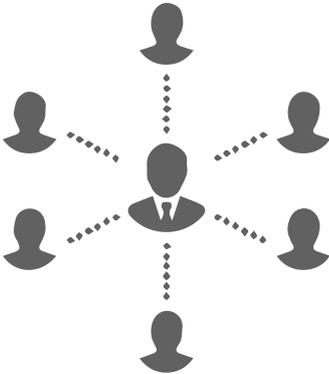
Discrepancies and recommendations from the EITI reports: (Req.7.3)

The EITI reports contained various discrepancies and recommendations (corrective measures) to address those discrepancies in future reports.

These correctives measures identified in both reports are meant to be dealt with under the Remediation Programme superintended by the IMTT which a body raised by the federal government to implement the recommendations of the reports.

Review the outcomes and impact of EITI implementation: (Req. 7.4)

The NSWG is fully committed in ensuring that the APR is prepared each year in accordance with the EITI approved template, including this one APR



OVERVIEW OF THE MULTI-STAKEHOLDER GROUP'S RESPONSES TO THE RECOMMENDATIONS FROM RECONCILIATION AND VALIDATION, IF APPLICABLE

Overview of remediation in oil & gas

NEITI's EITI reports over the years have made a lot of recommendations for implementation. Some of these recommendations are carried over from each preceding reporting year to the succeeding reporting year. For instance, you would find that some recommendations are carried over from the 2014 oil & gas report to the 2015 oil & gas report with the status remaining exactly the same. Furthermore, since the 2015 oil & gas report was published just before the 31st December 2017 deadline, remediation is on-going. However within the context of the fact that most recommendations are carried over from previous reports a lot of remedial work was done outside the framework of the IMTT. The need to constantly and promptly make sure that the EITI reports were relevant to public debate in the areas of recommendations meant that NEITI had to devise alternative methods of remediation. Some of these are:

1. Meetings were held directly with government agencies such as NNPC, DPR, CBN and FIRS to resolve the issues raised in the 2014 oil & gas reports and preceding reports.
2. At the request of NASS, presentations were made to relevant standing and ad hoc committees of the NASS on the recommendations of the EITI reports. These committees voiced their intentions to follow up on the findings with relevant agencies affected by the recommendations.
3. Through a presentation of the 2014 EITI reports to the EMT of Nigeria headed by the Vice President of Nigeria, the expectation going forward is that the Vice President's office would take the lead on remedial issues with the authority to sanction erring agencies that do not endeavour to implement the recommendations.
4. Regular publication of the NEITI Occasional Paper Series, Policy Briefs and NEITI Quarterly Reviews are all documents designed with the aim of assisting the implementation of the recommendations.

Most recently between October 2017 and December 2007 NEITI conducted a validation exercise where it engaged directly with the relevant agencies involved in the remediation of the gaps identified in the oil & gas reports, to validate and provide a status report on remediation.

The report is the most current status on remediation in oil & gas.

A summary of the report classified the remediation issues by level of resolution: resolved, partly resolved/on-going resolution and pending resolution.

A summary of the report:

RESOLVED ISSUES

Recommendation:	Status/progress:
<p>NNPC should discontinue the use of different pricing options in marketing domestic crude.</p>	<p>Issue was tabled and addressed at NEITI/IMTT. NNPC management has discontinued use of different pricing options on domestic crude lifting payment into the Federation Account from 2016.</p>
<p>NNPC should disclosed volume of crude oil produced by NPDC and on a field-by-field basis</p>	<p>As a result of remedial issues validation exercise undertaken NEITI in 2017, NNPC disclosed that the volume of crude oil produced by NPDC in 2014 (up till 14 December) is 32,027,925 bbls. The disclosure also showed the production from each asset on a field-by-field basis.</p>
<p>The crude oil SWAP and offshore processing arrangement OPA for importing refined products should be discontinued due to inefficiencies and losses arising from OPA and SWAP arrangements.</p>	<p>NNPC management has discontinued the SWAP and OPA system</p>

<p>DPR should account for the variation in timing for payment of royalty by joint venture operators and marginal field operators.</p>	<p>As a result of the remedial issues validation exercise undertaken by NEITI, DPR has clarified that joint venture operators remit royalty on a monthly basis but marginal field operators remit on a quarterly basis because they do not lift monthly. Both quarterly and monthly collections are covered by Section 61 (1) of the Petroleum (Drilling and Production) Regulations of 1969.</p> <p>This clarification will guide the independent administration in future NEITI audit exercise.</p>
<p>Government should resolve lingering dispute relating to applicable pricing regime for royalty and PPT</p>	<p>Following discussions and engagement with stakeholders, the DPR has directed all operating companies to comply with the New Fiscal Price ("NFP") effective January 2015, whilst joint venture companies are to adopt the NFP effective July 2010</p>
<p>NNPC should provide data on crude losses from NNPC joint venture operations.</p> <p>Platform Petroleum and Walter-Smith should remit unpaid education tax from the 2013 and 2014 audit reports.</p>	<p>Following request made by NEITI to NNPC, the national oil corporation explained that DPR maintains verified and proper records of crude oil and product losses and this information would be made available on request. This clarification will guide the independent administration in future NEITI audit exercise.</p> <p>In response to NEITI remedial issues validation exercise conducted in 2017, the FIRS responded that Platform's tax credit resulting from its pioneer status was utilized to offset the 2013 education tax liability. Platform also paid education tax of USD394,187 in 2014 after the 2014 NEITI audit was concluded. As for Waltersmith, FIRS explained that upstream oil and gas companies are exempted from output VAT. The clarification by FIRS will guide the independent</p>

Unremitted output VAT by Waltersmith Petroman Oil Limited.	The remedial issues validation exercise clarified that by the 2007 amendment to the VAT Act, export of crude oil is “zero rated” (i.e. attracts VAT as the rate of 0%). However, NEITI has requested that the company is still expected to file monthly VAT returns. This clarification will guide the independent administrator in future audit.
Companies and covered entities should complete audit templates in a timely manner.	NEITI recently conducted a compliance ranking of covered entities and has witnessed significant improvements in level of compliance by entities.
NPDC should pay outstanding Pay-As-You-Earn (PAYE) tax liability amounting to N42.330 million.	The money has been processed for payment; NNPC proposed that money should be remitted to states where employees reside and not FIRS in all cases.

PARTLY RESOLVED/ONGOING RESOLUTION

Recommendation:	Status/progress:
NPDC should pay outstanding royalty from crude oil sales.	NPDC has paid USD50 million leaving an outstanding balance of USD401.373 million
NPDC should remit unpaid NDDC levy.	NPDC has remitted N6bn to NDDC. NPDC is “currently” processing payment of N2.5bn. The balance of N19.835bn is still outstanding
NPDC should pay outstanding WHT.	NPDC has paid N4.548bn out of total unremitted WHT liability of N17.095bn. The balance of N12.54bn outstanding.
NPDC should remit outstanding VAT.	NPDC has remitted N6.543bn leaving a balance of N480 million

<p>NNPC should remit crude oil proceeds from NPDC/Shoreline JV and NPDC/Seplat JV</p>	<p>NNPC allocated crude oil valued at \$1.72 million to offset outstanding unremitted crude oil liftings. The balance of \$23,000 is outstanding.</p>
<p>The government should address crude oil losses due to pipeline breaches</p>	<p>The PPMC is addressing incidences of crude losses through a combination of technology and community relations strategies.</p>
<p>The DPR should review the receipt issuance and collection system.</p>	<p>The process of revenue administration is being automated and this will eliminate all issues of non-collection of receipts.</p>
<p>NAOC should remit outstanding NDDC levy.</p>	<p>NAOC has agreed a payment plan with NDDC. It has paid N5.36bn and USD7.577 million between March and September 2017. The outstanding debt is N2.3bn.</p>
<p>DPR should provide legal basis for gas flare penalty.</p>	<p>The DPR has confirmed that there is no legislation that gives legal backing to the penalty rate of USD3.5, but that the implementation of the Gas Flare Commercialisation Policy of government would resolve all the issues of gas flaring in the country.</p>
<p>The lingering dispute relating to applicable pricing regime for PPT assessment should be resolved.</p>	<p>The Tax Appeal Tribunal has ruled in favour of the oil companies; and directed all the parties to meet and agree on acceptable pricing of crude oil in line with the provisions of the PPT Act. Agreement on the pricing methodology is on-going between DPR and the IOCs.</p>

PENDING RESOLUTION

Recommendation:	Status/progress:
<p>NAPIMS and NPDC should refund cash calls wrongly paid to NPDC by NAPIMS in respect of the NAOC JV. Part of the money was refunded to NAPIMS who could not show evidence of remittance of the money to the federation account.</p>	<ol style="list-style-type: none"> 1. NEITI recently presented this issue at an enlarged civil society consultative meeting where 100 civil society and media participants resolved to conduct advocacy and engagement on resolution of issue. 2. Issues were also presented at a roundtable in partnership with Nigeria Natural Resource Charter and other stakeholders. 3. NEITI is conducting further engagements with Nigeria's political leadership to resolve issues.
<p>NNPC should settle outstanding debt as a result over-recovery under the PSF</p>	<p>Same measures taken as above</p>
<p>NNPC should settle the balance of USD1.7b unpaid consideration for Shell JV assets.</p>	<p>Same measures taken as above</p>
<p>NPDC should settle prior year's outstanding education tax liability.</p>	<p>Same measures taken as above</p>
<p>CBN officers should always sort out complete information for the names of every paying oil companies from the fund remittance platform of the foreign banks.</p>	<p>Same measures taken as above</p>

NPDC should remit unpaid PPT liability.	Same measures taken as above
NNPC should settle outstanding debt as a result over-recovery under the Petroleum Support Fund (PSF)	Same measures taken as above
Sterling Energy & Exploration Production Limited / Shell Nigeria Exploration and Production Company should settle outstanding NDDC levy of USD13,635,282 as at 31 December 2014.	Same measures taken as above
NPDC should settle prior year's outstanding education tax liability.	Same measures taken as above
Platform Petroleum Limited should remit outstanding year's education tax.	Same measures taken as above
Platform Petroleum Limited should pay outstanding prior years' NDDC levy.	Same measures taken as above
Pillar Oil Limited should pay outstanding NDDC levy.	Same measures taken as above
Subsidy payments made by the CBN as obtained from the CBN could not be matched with subsidy claims processed for marketers as the SDS	Same measures taken as above

<p>to which the payments relate could not be determined from the CBN schedule. CBN should provide relevant documentation to facilitate reconciliation of the payments</p>	
<p>CBN did not report or present NESS remittances on a company-by-company basis. The NESS fee remittances were those provided by companies and was not reconciled with the relevant government agency. CBN should provide detailed information of remittances on a company-by-company basis.</p>	<p>Same measures taken as above</p>
<p>Audit validation of payments into CBN account revealed that some receipts were recorded without names of the paying entities and this resulted in improper recording. Unidentified templates were created by CBN to post such receipts without names of the payees. This resulted to incomplete recording and accounting. This applies to payments for PPT, VAT, royalty payments and payments for gas flayed penalties. CBN should provide complete information on payments by companies.</p>	<p>Same measures taken as above</p>

<p>The NAPIMS should explain the variance in the cash call appropriated in the budget and the amount actually expended by NAPIMS</p>	<p>Same measures taken as above</p>
<p>NNPC should explain inconsistency in revenue receivable and sales transactions and NEITI audit reports, and confirm the balance due to the federation account</p>	<p>Same measures taken as above</p>
<p>Some crude oil and gas traders fail to comply with the 30-day remittance rule.</p>	<p>Same measures taken as above</p>
<p>Statoil and Total Upstream Nigeria Limited should remit outstanding royalty oil from OML 128 and OML 130 respectively. (Existing legislation is found to be responsible for non-remittance of royalty oil. Assets operated beyond 1,000 water depth attract 0% royalty rate. New legislation is needed.)</p>	<p>Same measures taken as above</p>
<p>Inadequate measurement infrastructure in the oil and gas industry.</p>	<p>NEITI is engaging relevant stakeholders, on the provision of adequate metering infrastructure in the oil and gas industry. NEITI is also conducting a metering study to strengthen its advocacy and recommendation on metering to government.</p>

2015 SOLID MINERALS REPORT

Production Data: The State mines officers and surveillance team of the MMSD should remain active and equipped with knowledge on measurement machines (and methods) for quarries and mines for effective quantity determination and royalty calculation.

- The MMSD has procured mines surveillance vehicles and deployed to the field for active monitoring.
- The MMSD has been encouraging states to form Mineral Resources and Environmental Management Committees and also establish Special Purpose Vehicles for them to legally engage in mining.

Funding of solid minerals sector: Quick release of the approved N30 billion fund to hasten the diversification programmes of the government through development of detailed and specific mineral exploration.

The Board of the Solid Minerals Development Fund has been constituted and inaugurated to begin functioning.

Value Addition: Government should encourage the establishment of beneficiation plants in the minerals corridors across the country as well as provision of enabling environment. New royalty rate should be issued by MMSD to encourage minerals beneficiation.

One of the key recommendations of the “Roadmap for the Growth and Development of the Nigerian Mining Industry” is to encourage in-country value addition on all minerals before export.

<p>Security of field personnel: Mines police should be re-introduced by the government to protect field officers as was the case up to early 1970s</p>	<p>The MMSD has reactivated the mines surveillance police, to be led by a Deputy Commissioner of Police.</p>
<p>Export: Quantity FOB should be used as basis for royalty payments on export of solid minerals and also that royalty payments are adequately confirmed at export point.</p> <p>There is need for a strong synergy between the relevant government agencies to ensure that all minerals exports including samples have permits duly issued by MID</p>	<p>Regular meetings are now held between the Customs and MMSD officials to harmonise the export process of minerals.</p>
<p>Illegal Miners: Government should continue to encourage artisanal miners to formalize their activities through the various programmes that are in place to aid revenue collection and revenue leakages. Encouragement should be given to big operators to take-over rich mineral deposits in which illegal mining activities are taking place.</p>	<ul style="list-style-type: none"> • Mines surveillance Police unit is now very active. • The MMSD through the Solid Minerals Development Fund and Bank of Industry are presently providing funds to artisanal miners that are in cooperatives.

<p>Fiscal Regime/Multiple Taxation</p> <p>Government should institute a specific fiscal regime. All the previous reports have indeed recommended for it.</p> <p>Section 76 of Nigeria Minerals and Mining Act 2007 bars Nigeria Inland Waterways Authority (or any other body for that matter) from collecting royalty; yet the provision is flouted.</p>	<p>Work on the harmonised fiscal regime is progressing in good pace.</p>
<p>Records of accounts of expatriate companies: All books on operations by companies should be in English and kept in Nigeria. Sanctions should be applied for failure to comply.</p>	<p>Sanctions are yet to be applied on any erring companies.</p>
<p>Records of accounts of expatriate companies: All books on operations by companies should be in English and kept in Nigeria. Sanctions should be applied for failure to comply.</p>	<p>Sanctions are yet to be applied on any erring companies.</p>
<p>Social Payments: Government should ensure that companies keep appropriate records of all social payments duly certified by MEC of MMSD.</p>	<p>FIRS and MMSD have not acted on this yet.</p>

RECOMMENDATIONS FROM VALIDATION

<p>In accordance with requirement 1.3a, the NSWG should ensure that civil society is fully, actively and effectively engaged in the EITI process. In accordance with requirement 1.3eii, civil society should ensure that civil society organisations outside the multi-stakeholder group are substantially engaged in the design, implementation, monitoring and evaluation of the EITI process.</p>	<p>The NSWG has provided direction for the implementation of this recommendation. Please see (Available here: CSO Remedial Issues on EITI Validation Report on Nigeria)</p>
<p>In accordance with requirement 8.3.c.i, the civil society constituency is requested to develop and disclose an action plan for addressing the deficiencies in civil society engagement documented in the initial assessment and validator's report within three months of the Board's decision, i.e. by 11 April 2017.</p>	<p>An action plan was presented to the EITI secretariat by the 11 April 2017.</p>
<p>In accordance with requirement 1.4.a.ii, the NSWG should ensure that its procedures for nominating and changing multi-stakeholder group representatives are</p>	<p>The prerogative of appointing NSWG members lies with the President of FGN. However, going forward such appointment would be based on recommendations from each stakeholder group after the group has conducted its own selective process.</p>

public and confirm the right of each stakeholder group to appoint its own representatives. In accordance with requirement 1.4.b.ii and 1.4.b.iii, the NSWG should undertake effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. Members of the NSWG should liaise with their constituency groups. In accordance with requirement 1.4.b.vi, the NSWG should ensure an inclusive decision-making process throughout implementation, particularly as concerns industry.

The conduct of zonal outreach for sub national civil society commenced in November 2017 in South West Nigeria followed by another outreach in South East Nigeria in February 2018.

Furthermore, the NSWG Board Charter shall be amended to provide express provision for NSWG members to liaise with their constituency (zonal) groups

In accordance with requirement 2.2.a, the government should ensure annual disclosure of which mining, oil, and gas licenses were awarded and transferred during the year, including in the Nigeria- São Tomé and Príncipe Joint Development Zone, highlighting the technical and financial requirements and any non-trivial devia-

The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.

<p>non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers. In accordance with requirement 2.3, the government should also ensure that the dates of application and coordinates for all oil, gas and mining licenses are publicly available.</p>	
<p>In accordance with requirement 2.4, the NSWG should document the government’s policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway. The next EITI Reports should provide an overview of the contracts and licenses that are publicly available, and include a reference or link to the location where these are published.</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>

In accordance with requirement 2.6, the NSWG should provide an explanation of the prevailing rules and practices related to SOEs' retained earnings and reinvestment. The government should also ensure annual disclosure of any changes in government ownership in SOEs or their subsidiaries, and provide a comprehensive account of any loans or loan guarantees extended by the state or SOEs to mining, oil, and gas companies. In accordance with requirement 6.2, the NSWG should consider the existence and materiality of any quasi-fiscal expenditures undertaken by SOEs and subsidiaries in the extractive industries and ensure that all material quasi-fiscal expenditures are disclosed.

The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.

In accordance with requirements 3.2 and 3.3, the NSWG should ensure future EITI Reports provide disaggregated production values as well as export volumes and values for all key minerals produced including crude oil and natural gas.

The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.

<p>In accordance with requirement 4.1.b, the NSWG should ensure that future EITI Reports clearly include all revenue streams listed under requirement 4.1.b in the scope of reconciliation. In accordance with requirement 4.1.c, the NSWG should also ensure that the Independent Administrator assesses the materiality of non-reporting companies and government entities as well as provide its opinion on the comprehensiveness and reliability of the EITI Report.</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>
<p>In accordance with requirement 4.3, the NSWG should assess the existence of infrastructure provisions in oil and gas contracts during the scoping phase to ensure that companies' disclosures are categorised according to strict definitions</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>
<p>In accordance with requirement 4.4, the NSWG should assess the materiality of any transportation revenues and disclose such revenues should they be assessed as material.</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>

<p>In accordance with requirement 4.6, the NSWG should assess the materiality of direct subnational payments and ensure that any material direct subnational payments are reconciled.</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>
<p>In accordance with requirement 4.8.b, the NSWG should ensure that data in EITI Reports be no older than the second to last complete accounting period, e.g. an EITI Report published in calendar/financial year 2016 must be based on data no later than calendar/financial year 2014</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>
<p>In accordance with requirement 4.9.b.iii and the standard ToR for the IA agreed by the EITI Board, the NSWG and Independent Administrator should:</p> <p>a) examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process, and based on this examination, agree what information participating companies and government entities are required to provide to assure the credibility of the</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>

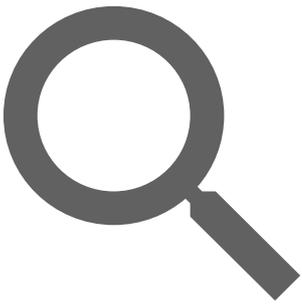
provide to the IA in order to assure the credibility of the data in accordance with Requirement 4.9. The IA should exercise judgement and apply appropriate international professional standards¹ in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The IA should employ his/her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. The IA inception report should document the options considered and the rationale for the assurances to be provided.

b) ensure that the IA provides an assessment of comprehensive-ness and reliability of the (financial) data presented, including an informative summary of the work performed by the IA and the limitations of the assessment provided.

c) ensure that the IA provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the IA must be disclosed in the EITI Report, including naming any entities

<p>that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.</p>	
<p>In accordance with requirement 5.2.a, the NSWG should assess the materiality of subnational transfers prior to data collection and ensure that the specific formula for calculating transfers to individual states and Local Government Areas be disclosed, to support an assessment of discrepancies between budgeted and executed subnational transfers</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>
<p>In accordance with requirement 6.1.a, the NSWG should agree a clear distinction between mandatory and voluntary social expenditures prior to data collection. Where beneficiaries of mandatory social expenditures are a third party, i.e. not a government agency, the NSWG should ensure that the name and function of the beneficiary be disclosed.</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>

<p>In accordance with requirement 6.2, the NSWG should agree on a reporting process on quasi-fiscal expenditures from state owned enterprises with a view to achieving a level of transparency commensurate with other payments and revenue streams, including subsidiaries of state-owned enterprises and joint ventures.</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>
<p>In accordance with requirements 6.3, the NSWG should ensure that the size of the oil and gas sector in absolute terms, the solid mineral sector's share of government revenues in relative terms, the value of oil and gas exports in absolute and relative terms and the size of solid minerals employment in absolute terms for the year(s) under review.</p>	<p>The NSWG shall ensure that this gap is bridged with the publication of the EITI reports that would form the basis for the Validation exercise commencing 11 July 2018.</p>



ANY SPECIFIC STRENGTHS OR WEAKNESSES IDENTIFIED IN THE EITI PROCESS

The EITI reports should lead to reforms which in turn should lead to impact that can be felt positively in the general well-being of Nigerians. In this lie the strengths of the EITI process.

STRENGTHS

Nonetheless the EITI process in Nigeria has been able to establish serious impact in the following areas:

Public enlightenment

The EITI reports continue to be a credible source of information for citizens to use in holding the government accountable for the management of the country's extractive assets: to ensure that companies make the appropriate payments and that for government use these revenues for the general welfare of all Nigerians. In other words, by placing data and information in the public domain, NEITI empowers Nigerians to demand for accountability and better revenue management. This empowerment has increased public awareness and education resulting in massive public demands for reforms in the oil and gas sector and a key weapon in the continuous anti-corruption drive of the FGN.

The two-zonal outreach programmes so far held in the South West in November 2017 and the South East in February 2018 were of tremendous success in taking the EITI process to the grassroots of civil society participation. This is to be furthered in 2018 with zonal outreach programmes to other geo-political zones in Nigeria.

Investment in solid minerals sector and diversification of the economy

With the recent recession in Nigeria and the decline in oil & gas revenues the EITI reports in solid minerals are now source documents on information for investors in solid minerals and for government to shape policies for the diversification of the economy through strengthening of the solid minerals sector with adequate budgetary provisions. The [“Roadmap for the Growth and Development of the Nigerian Mining Industry”](#) which is now a policy document was partly developed from NEITI's EITI solid minerals reports.



Public Enlightenment

Two zonal outreach programmes so far held in the South West in November 2017 and the South East in February 2018

The key features and focus of the road map are to coordinate the entire solid minerals value chain, increased regulatory environment that will be favourable to the businesses, ensuring effective partnership between the federal and state government and a broad geosciences database that is bankable. A Solid Minerals Fund is now functioning with the inauguration of the Board for the fund. Recommendation from the EITI reports contributed to the establishment of the Solid Mineral Fund.

The EITI reports have opened up the solid minerals sector to wider public knowledge and the sector is now seen as a sector that can also contribute greatly to national growth.

Government intervention

The involvement of the Government (Executive and Legislature) in the EITI process has greatly improved with the publication and dissemination of the last two sets of EITI reports in both oil & gas and solid minerals, to high ranking government officials. The EMT chaired by the Vice President of Nigeria specifically requested for the NEITI Secretariat to make a presentation in April 2017 on the findings of the 2014 EITI reports. The presentation was very successful with the Vice President committing to a follow-up with relevant agencies for implementation of the findings.

Government intervention has also taken the form of directives to the DPR on the collection of indebtedness of oil and gas companies in Nigeria. In May 2018, the DPR announced that (www.publicnotice.ng) " the FGN has directed the DPR to embark on the recovery of all debts owed the federation by



Diversification of the Economy

The "Roadmap for the Growth and Development of the Nigerian Mining Industry" which is now a policy document was developed partly from NEITI's EITI solid minerals reports.



Government Intervention

Has greatly improved with the publication and dissemination of the last two sets of EITI reports in both oil & gas and solid minerals

exploration and production companies". Although it is still early days, the impact of this decision, which has been a constant recommendation in NEITI reports, could be significant and amount to a substantial sum returning to the federation.

The NASS has also invited the NEITI secretariat severally to make presentations with the same commitment to ensure implementation.

Improved Accountability

The EITI reports have led to the growing acceptance of the necessity for due process, not only in the extractive industry but also in all spheres of the economy. The FASD report and the sub-national transfers and payments in the oil & gas and solid minerals EITI reports have taken accountability to sub-national level. There is growing acceptance of the imperative of promoting accountability at all levels of government. Citizens' welfare is likely to be maximized when there is an engrained culture of transparency and accountability. The ability to translate the benefits of reform into citizens' welfare has received impetus from the NEITI's programme of empowering civil society through training and other forms of capacity building to hold government to account at every level. For instance the last FASD report that was produced by NEITI led to questions being asked by the civil society as to whether it was the State Governments in the Niger Delta or the NDDC that executed some projects. Furthermore the State Governments that are entitled to 13% Derivation Fund under the Nigerian Constitution are constantly being made to account for the receipts of those funds. Consequently most of the State Governments in receipt of the fund have established distinct commissions in their respective states to manage and account for this fund to the citizens of the State.

Effect on other legislation

The Petroleum Industry Governance Bill which has been passed by the NASS for the assent of the President of Nigeria is a recommendation of NEITI's EITI report which has been subsisting in many previous oil & gas reports.



Accountability

The FASD report and the sub-national transfers and payments in the oil & gas and solid minerals EITI reports have taken accountability to sub-national level.

The NEITI Policy brief titled (NEITI Policy Brief) “Urgency of a New Petroleum Sector Law” published in October 2016 stated that “In the 8 years that the Petroleum Industry Bill was first presented for legislation, experts estimate that over \$120 billion (at over \$15 billion yearly) has been lost to investment withheld or diverted by investors to other (more predictable) jurisdictions”. The President of the Nigerian Senate, Senator Bukola Saraki said “The PIGB will promote openness and transparency in the industry - by clarifying the rules, processes, and procedures that govern the oil and gas sector. This should eliminate, or at worse, reduce corruption significantly and make the sector more efficient and more productive.” The complementary bills of Petroleum Industry Fiscal Bill, Petroleum Industry Administration Bill and Petroleum Host Communities Development Bill are still undergoing committees’ deliberations in the NASS.



Legislative Effect

The Petroleum Industry Governance Bill which has been passed by the NASS for the assent of the President of Nigeria is a recommendation of NEITI’s EITI report which has been subsisting in many previous oil & gas reports.

The establishment of BO register for companies that bid for, invest and operate in extractive assets in Nigeria, through a NEITI roadmap that was established in October 2016, was one of the factors that contributed to the proposed wholesome repeal of the Corporate & Allied Matters Act 1997 and to be re-enacted with a section on the declaration of BO for all companies operating in Nigeria. The re-enacted law has been passed by the NASS awaiting the assent of the President of Nigeria. Prior to the commitment of the President of the FGN to the OGP process (establishment of BO register for all companies operating in Nigeria) and the passing of the new Corporate & Allied Matters Bill, NEITI during the performance of the 2012 EITI reports thereafter worked extensively with the CAC in ensuring that data provided on BO was correct. The input of the CAC was considered in the drafting of the template for BO data collection. NEITI in the process had several meetings with CAC and all these contributed in ensuring that the CAC had a good insight of BO in drafting the new Corporate & Allied Matters Bill.

Various periodical publications

Given the quest by citizens of the country to obtain regular information on the extractive industry, other than through the annual EITI reports, NEITI devised a strategy for providing extractive industry information through the publication of the following periodical papers

1. Policy briefs: (NEITI Policy Briefs)

There are some matters of national urgency in the extractive sector that cannot be fully addressed in the EITI reports but all the same need the necessary attention of the govern-

ment and the awareness of the citizens. In light of this need, NEITI decided to begin the publication of policy briefs in key areas affecting the extractive industry. conversation in the extractive industry particularly in oil & gas sector.

2. Quarterly Review (NEITI Quarterly Review)

The Quarterly Review analyses the FAAC recent disbursements to all tiers of government in a particular period and makes projections for the future. This is one of the tools designed to strengthen NEITI's voice in revenue management and overall macro-economic governance.

3. Occasional Paper Series (NEITI Occasional Paper Series)

The Occasional Paper Series is a review and an analysis of what is already publicly disclosed by NNPC but not yet verified by NEITI and not even covered by any of the ongoing EITI reports. It helps to bridge the gap between EITI reports.

The Occasional Papers further builds on and ties into the NEITI Policy Brief and the NEITI Quarterly Review, the two other policy and advocacy products introduced in 2016

These documents have had immense impact on the conversation in the extractive industry particularly in oil & gas sector.

Better collaboration

NEITI activities have led to greater collaboration between the legislative, civil society, companies and government for better governance in the extractive industry sector. The once opaque NNPC has thrown its doors open to transparency. For instance, NNPC is fully cooperating with NEITI on the EITI commodity trading pilot scheme and on Mainstreaming. Other agencies such as FIRS, DPR and NNPC have developed a better business synergy in the exchange of data: this became possible through the relevance of the EITI reports in their respective mandates.



Periodical Publication

The Occasional Papers further builds on and ties into the NEITI Policy Brief and the NEITI Quarterly Review, the two other policy and advocacy products introduced in 2016



Better collaboration

NEITI activities have led to greater collaboration between the legislative, civil society, companies and government for better governance in the extractive industry sector.

The companies are engaged by NEITI through the CF's of the EITI process in Nigeria, which basically contributes to the implementation and improvement of the EITI. The government provides the enabling environment for the EITI to succeed.

NEITI constantly performs advocacy visits to maintain this synergy and to engage with other parties with similar mandates such as with Nigerian Sovereign Investment Authority, National Orientation Agency, Economic & Financial Crimes Commission, etc.

The support to NEITI's operations in either cash or kind (trainings, workshops and seminars) from agencies such as the WB, FOSTER, TrustAfrica, etc. is a very strong strength, which has sustained the high level of success of the EITI process in Nigeria.

Partnership, Advocacy and Support

In simple terms the EITI process is a partnership based on the maintenance of a relationship between three partners (government, companies and civil society) and to function properly there must be synergy between these parties and other parties who have related mandates in natural resources governance and revenue management. The synergy is managed and constantly reviewed by the NSWG through the NEITI secretariat. NEITI has partnered with different civil society groups such as Publish What You Pay, CSR-in-Action, Civil Society Legislative Advocacy Centre, Global Rights etc. The companies are engaged by NEITI



Partnership & Support

Agencies such as the World Bank, Facility for Oil Sector Transformation (FOSTER), TrustAfrica, etc.

Capacity building

Numerous (CSO Remedial Issues on EITI Validation Report on Nigeria) capacity building programmes were conducted for stakeholders in the extractive industry to develop and strengthen their skills, abilities, processes and resources that the stakeholders would need to adapt and thrive in the fast-evolving world of natural resources governance and revenue management. The stakeholders attending these events ranged from professional bodies, government agencies, legislators, companies, students, civil society organisations, etc. NEITI's sponsorship of trainings for stakeholders is greatly affected by the lack of funds even with the very good assistance from development partners.



Capacity building

NEITI activities have led to greater collaboration between the legislative, civil society, companies and government for better governance in the extractive industry sector.

INNOVATIONS IN THE EITI

The EITI Standard allows for certain discretion by the NSWG in the operationalization of the EITI process and further encourages innovation in the implementation of the process. However, such discretion must be in conformity with the principles of the EITI. In other words, due to the evolving nature of the process, the NSWG shall continue to find ways to create new avenues to improve the reporting of the EITI process in Nigeria. The year 2017 witnessed major innovations in the implementation of the EITI principles. NEITI can report the following innovations and enhancement of some of the old ones that took place:



NEITI Audit Dashboard

NEITI Audit Dashboard

In conjunction with RK2, NEITI started the development of a NEITI audit dashboard in the year 2017. The completion and deployment of the dashboard shall be unveiled in June 2018. The dashboard is an innovation for the dissemination of information. The NEITI audit dashboard is a web-based platform that provides visualization and analytical tool for key data from NEITI oil & gas reports such as payment streams by each company, revenue, production and lifting data at a glance which can also be downloaded in an open data format. The dashboard provides information at finger tips and simplifies complex data-sets for users/members of the public with at a glance awareness of trend performance for the financial and volumetric data of the Nigerian oil & gas sector. This consists of the financial and volumetric data from NEITI oil & gas audit reports from 1999-2015 and from solid minerals reports from 2007 to 2015.

The next step is to migrate the FASD data to the web-based platform also.

Compliance Ranking Report

This is another key innovation in 2017 to ensure due compliance by the covered entities in the performance of the industry audits. The timeliness of the EITI reports is paramount according to the EITI Standard. The base of the EITI report is timely submission of the templates by covered entities. If the templates are delivered late or are not delivered at all, the timely publication of the EITI would not be possible leading to the attendant consequences for Nigeria.

The compliance report is a ranking tool used to evaluate the level of cooperation/compliance by the covered entities with NEITI audit process. The compliance report is for the NEITI data collection exercise. Covered entities were evaluated based on timeliness and level of completeness of data submitted by them. This report is published on the NEITI website and in the national newspapers. It has been very well received by the covered entities themselves in a presentation made to the CF in 2017. It has set some kind of competition amongst covered entities to comply with the submission of data in good time. The NEITI Secretariat going forward intends to appreciate prompt submission of data with certification for different levels of compliance. This would also be published in a national paper as an incentive.

WEAKNESSES

Lack of funds

The year 2017 was not a good year with respect to the availability of funds to perform activities earmarked in the WP. The issue of lack of funds has been a recurring problem over the years. However, 2017 was particularly severe in Nigeria because of the recession and the drop in oil prices. As an aside and introspectively the fall of oil prices seriously raised the need to “save for a rainy day” (which was covered in NEITI’s Occasional Papers Series titled “the case for a robust oil savings fund for Nigeria”) and the diversification of the economy, particularly into solid minerals and agriculture.

The NEITI budgetary allocation from the FGN is not sufficient to take care of the planned activities of the work plan and even when the allocation comes, it comes too late. For instance, only seven months of budgeted expenses for overheads was paid in 2017, instead of twelve months. NEITI is therefore obliged to depend on donor agencies’ grants to supplement budgetary allocation.



Lack of funds

The year 2017 was not a good year with respect to the availability of funds to perform activities earmarked in the WP.

Failure of the EITI process to have a standard (template or indices) for measuring impact

What is the essence of NEITI publishing EITI reports since 1999? What is the relevance of the EITI process? How do you clearly show to the ordinary (average) Nigerian on the street that as a result of EITI, he is in a better position? And that EITI would lead to better infrastructure and social amenities?

EITI must go beyond just ticking the boxes against requirements (Validation) of the EITI Standard to actual and measurable impact of EITI: substance rather than form. The limitations of the validation process are very obvious when it comes to impact, actual impact rather than perceived. To ensure a uniform standard, a set of rules or indices captured in a template measuring impact would be very helpful in evaluating impact. Then it may be easier to explain to citizens the relevance and benefits of the pursuit of the EITI process.

Attribution

Equally tied to the above (measurement of impact) is the issue of attribution for effecting the recommendations of the EITI reports. Which government agency should be attributed with the positive conclusion of a recommendation? The EITI reports are published as a tool for the civil society to use in holding government accountable. NEITI does not have the power to compel government agencies to effect the recommendations. However, as can be gleaned from the resolution of remedial issues in the oil & gas on pages 40-51 of this report, some collections (resolutions) have been done by other agencies such as FIRS and DPR probably as a result of the findings of the EITI reports. Should NEITI not be attributed with such collection to show impact of the EITI? This is a very sensitive matter because of a school of thought among some relevant stakeholders in the extractive sector in Nigeria which suggests that NEITI should be attributed with resolving gaps identified in the EITI reports. For instance, NEITI should be accredited with a percentage (if it is in monetary terms) of whatever any other agency collects as a result of NEITI findings. This would also help with the paucity of funding NEITI's activities. This could be done in the review of The Act.

The dependence on political will

This might sound like a paradox because on the one hand EITI requires autonomy from the executive arm of government as much as possible, whilst on the other hand NEITI would need to rely on strong political will from the government to tackle the anomalies in the extractive industries. For the EITI to flourish an enabling environment has to be provided by government through regular pronouncements on the willingness to implement the EITI Standard. The mere conduct and dissemination of the EITI report would not suffice to appreciate the impact of the EITI process: there must be implementation of the findings of the report. It is therefore necessary for government to provide an empowered platform for implementing the remedial issues arising from the EITI reports. The success of the IMTT more or less depends on the political will to ensure its success and where the will is lacking the remedial issues would linger on to successive EITI reports.



Dependence on political will

For the EITI to flourish an enabling environment has to be provided by government through regular pronouncements on the willingness to implement the EITI Standard.



Conflict of Laws

A typical example of such conflict is between Section 6 (1)-(2) of the NEITI Act 2007 which gives the President of the FGN the sole prerogative to appoint members of the NSWG and part of Requirement 1.4.a.ii

EITI Standard conflict with extant local laws

This issue begs the question of whether the EITI Standard takes precedence over extant national laws such as The Act and the Nigerian Constitution 1999. This conflict became even more prevalent during the validation exercise on Nigeria's adherence to the requirements of the EITI Standard.

A typical example of such conflict is between Section 6 (1)-(2) of The Act which gives the President of the FGN the sole prerogative to appoint members of the NSWG and part of Requirement 1.4.a.ii of the EITI Standard which states amongst other things "Each stakeholder group MUST have the right to appoint its own representatives". Obviously adapted implementation may apply in such a situation, but the EITI Standard should be flexible enough in such situations to admit that where sufficient evidence exists that the stakeholder groups were not coerced in the appointment of their respective representatives in the NSWG, then such should suffice to meet the requirement. Furthermore, EITI should not encourage the flouting of extant domestic laws taking into consideration that apart from government's commitment to implement the EITI, the EITI process is still voluntary and at the discretion of the implementing country.



NEITI Act 2007

NSWG has identified some gaps (conflicts with EITI Standard inclusive) in the Act which it is desirous of amending to ensure more effectiveness for greater impact of the EITI process in the future.



Degradation

NSWG has identified some gaps (conflicts with EITI Standard inclusive) in the Act which it is desirous of amending to ensure more effectiveness for greater impact of the EITI process in the future.

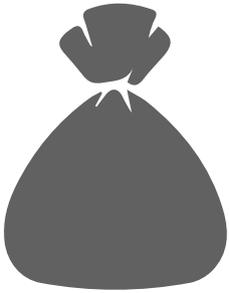
Review of The Act

NEITI, besides being an integral part of an International EITI, established by law, is also a municipal legal entity. The operations of the NEITI are guided principally by The Act and the EITI Standard. However, in spite of the great gains achieved by NEITI since The Act was enacted, the NSWG has identified some gaps (conflicts with EITI Standard inclusive) in The Act which it is desirous of amending to ensure more effectiveness for greater impact of the EITI process in the future. A lot of work has already been done with UNODC and a draft of the amendment to The Act is ready. UNODC is funding the drive to amend The Act.

NEITI also has a high ranking Senator in NASS who is ready to champion the amendments.

Environmental degradation

The EITI process does not have any expressed requirement for the disclosure of environmental degradation as a result of exploitation of extractive assets. With exploration and exploitation, the environment deteriorates with the extraction and consumption of the assets. The ecosystem is affected for years to come, if not forever. The cost of such exploration and exploitation must be considered in order to ascertain the real and actual benefits to the citizens. Nowhere in either the EITI principles or in the EITI Standard is the cost of degradation of the environment mentioned. It should be.



TOTAL COSTS OF IMPLEMENTATION

Summary of 2017 WP funding

Objective	FGN	Donor	Gap
Regular Audit Reporting	350,208,500.00	292,268,500.00	57,940,000.00
Dissemination, Education & Public Enlightenment	171,904,000.00	161,800,000.00	10,104,000.00
Effective implementation of internal control mechanism	16,850,000.00	16,850,000.00	
Monitor and evaluate governance and anti-corruption initiatives	146,000,000.00	20,000,000	126,000,000.00
To provide Human Resource Management & Secretariat support	190,436,992.00	168,804,117.00	21,632,875.00
Financial Support Services	16,376,000.00	16,376,000.00	
Grand Total	891,775,492.00	661,248,617.00	230,526,875.00

NEITI 2017 Budget and receipts from FGN are detailed as follows:

BUDGET CATEGORY	BUDGET	RECEIPT (JAN-DEC 2017)	% RECEIPT TO BUDGET
PERSONNEL	635,571,059.00	635,571,059.00	100%
OVERHEAD	265,315,417.00	154,767,325.01 *	58.33%
CAPITAL	379,578,500.00	155,399,250.00 **	48.94%
TOTAL	1,280,464,976.00	945,737,634.01	73.86%

**%
Receipt
to Budget**



Percentage (%) Spent to Receipts

BUDGET CATEGORY	BUDGET	RECEIPT (JAN-DEC 2017)	% RECEIPT TO BUDGET
PERSONNEL	635,571,059.00	607,956,289.68	95.66%
OVERHEAD	154,767,325.01	150,221,653.68	97.06%
CAPITAL	155,399,250.00	33,054,605.03	21.27%
TOTAL	1,019,854,527.55	791,232,548.39	77.58%

Cost of all NSWG activities in 2017

The total cost expended on all the NSWG activities during the year under review is **N74,460,826.37**

Number of staff at the Secretariat

There are **55** members of staff at the NEITI Secretariat



**HAS THIS ACTIVITY
REPORT BEEN DISCUSSED
BEYOND THE MSG?
DETAILS OF NSWG MEMBERSHIP
AND RECORD OF ATTENDANCE
AT MEETINGS**

SN	NAME	13 MARCH	11 AUGUST	4 NOVEMBER	4 DECEMBER	% ATTENDANCE
1	Kayode Fayemi (Chairman)	Present			Absent	75
2	Waziri Adio	Present				100
3	Mahmoud Isa Dutse/Proxy	Present				100
4	Ann Adaeze Onyekwena	Present				100
5	Gbenga Okunlola	Present				100
6	Sani Shehu	Present				100
7	Lawan Gana Lantewa	Present				100
8	Gbenga Onayiga	Present				100
9	Benard Verr	Present				100
10	Emmanuel Chiejina	Present		Absent		50
11	Kolawole Banwo	Present				100
12	Achese Igwe	Present	Absent			25
13	Hannatu Musawa	Present				100
14	NNPC GMD/Proxy	Absent	Present			75
15	Chairman of OPTS /proxy	Absent	Present			75

 Absent

 Present



CONCLUSION

Dialogue of the 2016 APR went beyond the NSWG.

A draft report of this 2016 APR was sent to the Chairman of the CSSC of the NEITI who is also a member of the NSWG. He further disseminated the draft report to other CSOs.

It was also given to the Chairman of the CF in line with the Memorandum of Understanding with NEITI, for transmission to its members for their respective inputs.

The NEITI secretariat also sent it to all members on the mailing list of the CF for their inputs.

The additions and comments of both the civil society organisations and companies were incorporated accordingly.

The NSWG thereafter evaluated and analyzed all the various inputs before finalization of the draft for approval. This APR 2017 was approved by the NSWG on the 13th June 2017.





NEITI Nigeria
Extractive
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Transparency
Initiative

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