EITI International Secretariat

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Validation of Nigeria:

Final assessment of progress in implementing the EITI Standard

Contents

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Acronyms

BO	Beneficial Ownership
Bpd	Barrels Per Day
BTU	British Thermal Unit
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CIT	Corporate Income Tax
COMD	Crude Oil Marketing Division
DPR	Department of Petroleum Resources
EFCC	Economic and Financial Crimes Commission
EITI	Extractive Industries Transparency Initiative
EU	European Union
FAAC	Federal Account Allocation Committee
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FMF	Federal Ministry of Finance
FMPR	Federal Ministry of Petroleum Resources
GDP	Gross Domestic Product
IMF	International Monetary Fund
IOC	International Oil Company
JDA	Nigeria - São Tomé and Príncipe Joint Development Authority
JDZ	Nigeria - São Tomé and Príncipe Joint Development Zone
JV	Joint venture
MOU	Memorandum of Understanding
NAPIMS	National Petroleum Investment Management Services
NBS	National Bureau of Statistics
NCDMB	Nigerian Content Development and Monitoring Board
NDDC	Niger Delta Development Commission
NEITI	Nigeria Extractive Industries Transparency Initiative
NESS	Nigerian Export Supervision Scheme
NLNG	Nigeria Liquefied Natural Gas
NNPC	Nigerian National Petroleum Corporation
NPDC	Nigerian Petroleum Development Company
OECD	Organisation for Economic So-operation and Development
OPEC	Organization of Petroleum Exporting Countries
OPTS	Oil Producers Trade Section
PAYE	Pay As You Earn
PEP	Politically Exposed Person
PIA	Petroleum Industry Act
PSC	Production Sharing Contract
ToR	Terms of Reference
USD	United States Dollar
VAT	Value Added Tax
UN	United Nations

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Executive summary

This Validation report presents the findings of the International Secretariat's Validation of Nigeria, which commenced on 1 January 2023. The draft report was finalised for review by the multi-stakeholder group, the National Stakeholders Working Group (NSWG), on 21 April 2023. Following comments from the MSG received on 19 May 2023, the Validation report was finalised for consideration by the EITI Board. The assessment suggests that Nigeria has fully met 17 EITI Requirements, mostly met 11 and partly met four requirements, with no requirements assessed as not applicable.

In its comments on the draft Validation report, the NSWG shared its growing impression that the Validation was neither sufficiently encouraging for national stakeholders, nor recognise Nigeria's achievements in EITI implementation. There has been consideration of NSWG comments in the finalisation of the Validation report with some improvements in the phrasing of the assessments. While the Secretariat recognises the differences of opinion among national stakeholders with regards to the majority of its assessments of individual EITI Requirements, the final Validation report has sought to acknowledge all comments and provide explanations for how these were considered in the finalisation of the assessments. The NEITI Secretariat indicated that the NSWG comments on the draft Validation report were a result of wide stakeholder consultations. The draft Validation report was also shared with the Civil Society Steering Committee, although it is unclear whether they contributed to the NSWG's comments given the weaknesses in civil society representation (*see Requirements 1.3 and 1.4*). Likewise, the level of industry constituency input to the NSWG comments remains unclear aside from one letter from the OPTS concerning one issue related to the objectives of EITI implementation.

Key achievements

- NEITI has now built one of the most extensive datasets of granular government extractives revenues spanning two decades, which has been rendered slightly more accessible through the NEITI Data Dashboard. This data provides a solid basis for NEITI to return to its previous practices of publishing frequent Policy Briefs and Occasional Papers aimed at informing public debate and policymaking on the extractive industries and public finance management, which were an example of good practice in innovative dissemination efforts among EITI countries.

- Leveraging the EITI process, Nigeria has made significant strides in establishing an enabling legal and regulatory framework for beneficial ownership transparency, including in all sectors of the economy beyond the extractive industries. While there is still scope for improvement in the comprehensiveness and reliability of BO disclosures and automatic pooling of BO data across the various data collecting entities (the CAC, the NUPRC, the MCO and NEITI), Nigeria was the first African country to launch a public BO register for the extractive industries in 2020.

- Nigeria's national oil company, the newly incorporated Nigerian National Petroleum Corporation (NNPC) Ltd, has leveraged its engagement as an EITI Supporting Company and the recent reforms in the Petroleum Industry Act to significantly strengthen its

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systematic disclosures of data required by the EITI, including through routine publication of its audited financial statements (at a group level and for 22 of its subsidiaries) and monthly cargo-level oil and gas sales data in open format. These are now the timeliest disclosures of EITI data of all government entities and companies in Nigeria as NNPC has implemented significant improvements in its routine disclosures.

Areas for development

- There has been significant backsliding in the multi-stakeholder oversight of the EITI process during the 2019-2023 period under review. There has effectively not been a genuine Multi-Stakeholder Group (MSG), which in Nigeria is known as the National Stakeholders Working Group (NSWG), since the end of the fourth NSWG's term in February 2020, given a 17-month delay in reconstituting the fifth NSWG in August 2021 and the lack of open, fair and transparent nominations procedures for either industry or civil society in the current NSWG. There is a need to reinvigorate the multi-stakeholder nature of the NSWG, potentially through revisions to the 2007 NEITI Act, as a precondition for impactful EITI implementation in Nigeria.

- Divisions within the civil society constituency have further weakened civil society engagement in the EITI process, beyond the lack of genuine representation through the one self-appointed civil society member on the NSWG. Incidents of harassment by state security services and prosecution for 'cyberstalking' under the 2015 Cybercrimes Act have only exacerbated tensions and accusations of government alignment within civil society. While NEITI established a mechanism with the National Human Rights Commission to identify and investigate allegations of civic space constraints, it has yet to be tested as of February 2023. The Civil Society Steering Committee should be strengthened to ensure representation of the diversity of views in civil society, supporting an expansion of civil society representation on the NSWG through revisions to the 2007 NEITI Act. A detailed assessment of progress with Requirement 1.3 and adherence to the EITI protocol: Participation of civil society is provided in Annex A.

- There are concerns regarding the internal governance of NEITI itself, which undermines NEITI's reputation and call into question NEITI's credibility to fulfil its mandate. In November and December 2022, local media in Nigeria widely reported allegations of irregularities regarding what appeared to be the sudden recruitment of 70 new staff members by NEITI. The recruitment process, which was completed on a relatively short notice, more than doubled the staff of the national secretariat, which was already the largest among EITI implementing countries. Based on stakeholders' consultations during the Validation process, there are grounds to suggest potential breaches of the EITI Code of Conduct among certain EITI officeholders in Nigeria. The NSWG does not appear to have adequately discussed or publicly responded to media allegations of breaches of the Code of Conduct in the NEITI Secretariat recruitment (see Annex B).

- Building on NEITI's extensive reporting experience, there are opportunities to re-engineer EITI reporting to adopt a more risk-based approach to quality assurances for NEITI disclosures that builds on systematic disclosures by government and companies. There is scope for NEITI to return to its previous practices of providing a diagnostic of license

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allocations, contract disclosure, subnational transfers and others state participation in the extractive industries, particularly related to resource-backed loans in the oil and gas sector.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

The government has remained committed and engaged in the EITI process beyond the legal requirements of the 2007 NEITI Act. However, both government and industry’s operational engagement in the EITI has weakened in the 2019-2023 period, evidenced by delays in reconstituting the NSWG and poor industry attendance in EITI meetings. Meanwhile divisions within civil society have resurfaced, in a context of some incidents of state security services’ harassment of civil society activists who are part of the broader constituency involved in the EITI process. The reconstitution of the fifth NSWG in 2021 did not follow open, fair and transparent mechanisms for both industry and civil society. This implies that, since February 2020, Nigeria has not had a multi-stakeholder group (MSG) that included representatives nominated by the broader constituencies, in place. There is a need to reinvigorate the multi-stakeholder oversight of the EITI process, and the NEITI Secretariat.

Transparency

NEITI has continued and grown in its role as a reliable annual source of data on government revenues from the extractive industries and has published its reports on subnational transfers (the FASD Reports) on a more regular basis. Nigeria has also made tangible progress in many newer areas of the EITI Standard, including in contract and beneficial ownership transparency. Public entities including the new upstream oil and gas regulator, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), and NNPC have started publishing certain oil and gas contracts concluded since the start of 2021. Nigeria’s three (non-interoperable) beneficial ownership registers provide information on a large number of extractives companies’ beneficial owners. Both NEITI and NNPC disclosures related to state participation and the national oil company have strengthened since the previous Validation. The NUPRC’s development of the country’s first publicly accessible oil and gas license cadastre, planned for launch later in 2023, is welcome in Africa’s largest oil producer. The completion of the transition to the new mining cadastral portal will also be a key achievement in 2023. There is scope for Nigeria to make even more progress on contract disclosure, beneficial ownership disclosure and on improving transparency of state-owned enterprises. Nigeria has not yet published all, nor published an inventory of all contracts, licenses, amendments, annexes and riders, indicating which documents are publicly accessible. With respect to beneficial ownership disclosure, the data is not comprehensive of all companies in the solid minerals, oil and gas sectors. On SOEs, NEITI and NNPC have an opportunity to expand transparency to the terms of resource-backed loans involving NNPC and its subsidiaries.

Outcomes and impact

The NEITI Secretariat has established a robust system for annual work planning, monitoring and evaluation, with the development of a five-year 2022-2026 NEITI Strategic Plan and with reports

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published on the NEITI website. NEITI has continued to publish data in open format, although it interrupted the Policy Briefs and Occasional Papers series between 2020 and 2022 due to the pandemic and the transition to the new NSWG.

NEITI can improve stakeholder consultations on the workplan process as there appears to have been limited input from the broader constituencies to the development of the annual NEITI work plan, which does not cover key activities such as the planned NEITI recruitment drive in 2022. There are opportunities to strengthen the NEITI mechanism for follow up on recommendations from EITI reporting and Validation beyond NEITI's participation in the Petroleum Industry Act (PIA) Implementation Steering Committee.

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Validation scorecard

Component & module	EITI Requirement	Progress	Score	
Outcomes and impact		**High**	**92/100**	
Extra points	Effectiveness and sustainability indicators		2	
Outcomes and impact	Work plan (#1.5)	Fully met	90	=
	Public debate (#7.1)	Fully met	90	=
	Data accessibility and open data (#7.2)	Fully met	90	-
	Recommendations from EITI (#7.3)	Fully met	90	=
	Outcomes & impact (#7.4)	Fully met	90	=
Stakeholder engagement		**Fairly low**	**52.5/100**	
Multi-stakeholder oversight	Government engagement (#1.1)	Mostly met	60	↓
	Industry engagement (#1.2)	Mostly met	60	↓
	Civil society engagement (#1.3)	Mostly met	60	↓
	MSG governance (#1.4)	Partly met	30	↓
Transparency		**Moderate**	**71.5/100**	
Overview of the extractive industries	Exploration data (#3.1)	Fully met	90	=
	Economic contribution (#6.3)	Fully met	90	=
Legal and fiscal framework	Legal framework (#2.1)	Fully met	90	=
	Contracts (#2.4)	Partly met	30	-
	Environmental impact (#6.4)	Not assessed	-	-
Licenses	Contract and license allocations (#2.2)	Partly met	30	↓
	License register (#2.3)	Partly met	30	↓
Ownership	Beneficial ownership (#2.5)	Mostly met	60	-
State participation	State participation (#2.6)	Mostly met	60	↓
	In-kind revenues (#4.2)	Fully met	90	=
	SOE transactions (#4.5)	Fully met	90	=
	SOE quasi-fiscal expenditures (#6.2)	Mostly met	60	↓
Production and exports	Production data (#3.2)	Fully met	90	=
	Export data (#3.3)	Fully met	90	=
Revenue collection	Comprehensiveness (#4.1)	Fully met	90	=
	Barter agreements (#4.3)	Mostly met	60	↓
	Transportation revenues (#4.4)	Fully met	90	=
	Disaggregation (#4.7)	Mostly met	60	-
	Data timeliness (#4.8)	Fully met	90	=
	Data quality (#4.9)	Fully met	90	=
Revenue management	Distribution of revenues (#5.1)	Mostly met	60	↓
	Revenue management & expenditures (#5.3)	Not assessed	-	-
Subnational contributions	Direct subnational payments (#4.6)	Fully met	90	=
	Subnational transfers (#5.2)	Mostly met	60	↓
	Social and environmental expenditures (#6.1)	Mostly met	60	-
Overall score		**Moderate**	**72/100**	

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How EITI Validation scores work

Component and overall score

The three components of EITI Validation – "Transparency", "Stakeholder engagement" and "Outcomes and impact" – each receive a score out of 100. The overall score represents an average of the component scores.

Assessment of EITI Requirements

Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.

- Exceeded (100 points): All aspects of the requirement, including "expected", "encouraged" and "recommended" aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- Fully met (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- Mostly met (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- Partly met (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- Not met (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- Not assessed: Disclosures are encouraged, but not required and thus not considered in the score.
- Not applicable: The MSG has demonstrated that the requirement doesn't apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat's assessment, the situation is described in the assessment.

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1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Nigeria addresses nationally relevant extractive sector challenges and risks.

The NEITI work plan objectives are defined by the relevant five-year Strategic Plan, with the objectives of the 2022 and 2023 NEITI work plans aligned with the 2022-2026 Strategic Priorities. Two of the three objectives of the two latest NEITI work plans related to strengthening extractive industry governance and transparency are aligned with national priorities as defined in the 2021-2025 National Development Plan. The third objective of achieving operational excellence in implementing NEITI's mandate is more narrowly operational but linked to fulfilling the other two objectives. The new five-year Strategic Plan in particular foresees a significant expansion of NEITI's operations both geographically and in terms of thematic focus, with the addition of contract transparency, energy transition and gender among the new priority areas for NEITI interventions. The development of NEITI's 2022-2026 Strategic Plan was based on broader consultations and workshops, involving both members of the NSWG and other relevant stakeholders.

While the NEITI Secretariat has consistently circulated drafts of the annual work plan to the broader constituencies, including through the Companies Forum and the Civil Society Steering Committee, there is little evidence provided for this Validation of tangible input from the broader constituencies into the development of the work plan, or indeed responses to NEITI's emails.

Nigeria's EITI implementation is addressing some relevant extractive sector challenges. NEITI has drawn attention to unremitted oil and gas revenues retained by NNPC, the impact of fiscal terms on domestic resource mobilisation and the beneficial ownership of oil and gas producing and trading companies among other pertinent topics.

However, NEITI has not yet extended implementation to cases of alleged corruption (OPL 245, Glencore), analysis of the existing systematic disclosures of oil sales, resource-backed loans like 'Pre-Export Finance 1&2" and "Project Eagle". Some CSOs consulted considered that NEITI could make more use of its data to take clearer positions on corruption scandals. There is scope for NEITI to draw on the extensive disclosures it has been making for two decades to develop multi-year analysis of revenue collection, oil and gas sales, beneficial ownership of companies awarded extractive licenses and other issues of national public interest, such as the expansion of the mining sector and the formalization of the gold sector for increased domestic resource mobilization.

Review of NSWG meeting minutes indicate that it discusses issues of natural resource governance alongside more operational matters. NEITI has considered ways of extending its disclosures beyond the minimum of EITI Requirements, including in informal oil and gas

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activities, environmental management in oil and gas and beneficial ownership transparency for companies in sectors beyond the extractives. Stakeholders consulted from all constituencies considered that NEITI regularly discussed relevant issues related to natural resource governance.

Stakeholder consultations highlighted views from all constituencies that NEITI's implementation has not yet fulfilled its desired outcomes, given ambitious expectations of a legally backed transparency body such as NEITI. One industry representative questioned the benefits of the EITI for companies beyond compliance with their legal requirements, although NSWG comments on the draft Validation report argued that these were the individual's personal views. Some CSOs considered that there were opportunities to strengthen NEITI's data driven communications to further inform public debate and policymaking. Several government officials considered that NEITI was meeting its objectives but conceded that there was scope for NEITI to further support sustainable development goals. Most stakeholders consulted highlighted the institutionalisation of NEITI in national legislation and considered that EITI implementation was on a sustainable path in Nigeria. Several CSOs consulted expressed significant concerns over adherence to the EITI Code of Conduct in some aspects of the NEITI Secretariat's management. Both the previous (until February 2020) and the current NSWG (since August 2021) have done preparatory work on proposed revisions of the 2007 NEITI Act. Government officials consulted confirmed that the intention was for NEITI to propose revisions to the NEITI Act to the Secretary General of the Federation (SGF) for submission to Parliament by the end of 2023.

In its comments on the draft Validation report, the NSWG expressed concern that NEITI's innovations had not sufficiently been taken into account. In particular, the comments argued that the launch of the NEITI Audit Management Systems (NAMS), the continuation of the Fiscal Allocation and Statutory Disbursement Audits (FASD), the publication and dissemination of Policy Briefs and Occasional Papers, the new NEITI five-year strategic plan and the RemTrack application on follow-up of NEITI recommendations represented innovative aspects of EITI implementation. The NSWG comments also noted that the launch of the Communications and Civil Society Steering Committee (CCSSC), the NEITI Company's Forum, the Beneficial Ownership Portal, the online Data Dashboard, and the government's purchase of a new office building for NEITI should be recognised more clearly in the Validation. The Secretariat recognises the importance of these innovations, recognising that there remains scope for NEITI to further strengthen its contribution to national priorities.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.2 Systematic disclosures of extractive industry data

There are extensive systematic disclosures of data relevant to the EITI Standard among Federal Government agencies, the national oil company NNPC, and some extractives companies domiciled in jurisdictions with mandatory country-by-country payments to government reporting (by e.g., Shell, Total, ENI, Equinor, etc) to governments in the EU, UK, Norway, Canada.

The data required by the EITI Standard that is systematically disclosed includes data on licenses in the mining sector, although a modern online oil and gas cadastral portal is expected to be launched in 2023. The monthly NNPC disclosures of cargo-level domestic and export sales of

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crude oil and natural gas, in open format, are an example of good practice in systematic disclosures of production data and the state's in-kind oil and gas revenues. NNPC has also started publishing its audited financial statements since 2019, both for the group and 22 of its subsidiaries and joint ventures. Aggregate data on government revenues from the oil and gas sector are systematically disclosed in the Budget Office's quarterly and annual budget implementation reports, but not broken down by company or revenue stream.

NEITI has plans to work with relevant government entities on strengthening systematic disclosures. However, the Joint Committees established to follow up with specific entities on recommendations and remedial actions have tended to be ad hoc, rather than a mechanism for systematically following up on NEITI recommendations. With greater collaboration between NEITI, NUPRC and NNPC, there are opportunities for further strengthening the regulator and the national oil company's systematic disclosures of data on state participation, exploration, production and exports. There are opportunities for integrating parts of the EITI reporting process with existing government and company systems, particularly in drawing from offshore company reporting and in strengthening audit procedures and practices.

The PIA Implementation Steering Committee, on which NEITI sits, presents an opportunity to leverage ongoing reforms with the preparation of dozens of new implementing regulations and institutionalise transparency requirements in each. Several stakeholders consulted from government and civil society confirmed that the PIA Steering Committee was now the main channel for implementing NEITI recommendations.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

The legislative and regulatory environment for the extractive industries supports the participation of citizens, to some extent, in decision-making about extractive industry governance, although affected communities have historically been marginalised from decision-making with few formal avenues for engagement. The new Petroleum Industry Act (PIA) in 2021 introduced provisions for Host Communities Developments Trusts (HCDT), which provide a formal avenue for negotiations and channelling social and environmental expenditures.

The NSWG has only belatedly discussed allegations of breaches of the civil society protocol in late 2022, following a complaint from the HEDA Resource Centre on allegations of security services harassment and from PWYP Nigeria on civil society representation on the NSWG. Nonetheless, NEITI concluded with the CCSSC a new NEITI Civil Society Engagement Framework that set the broad guidelines for addressing allegations of government constraints on civil society engaged in the EITI process. However, this system does not appear to have been tested to date, in part, as there does not appear to be an active complaint.

Nigerian civil society appears relatively well-funded and capacitated on issues related to extractive industry governance, particularly in the oil and gas sector. Nonetheless, stakeholder

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consultations, particularly with civil society, highlighted funding constraints as traditional funders are perceived to have changed their focus away from the extractive industries.

There is a broad sense among all constituencies that Nigeria's EITI implementation has not yet had an impact on communities in regions with extractive activities. Stakeholders consulted highlighted NEITI's five-year Strategic Plan that planned for the decentralisation of NEITI with an expansion in the geographic footprint of the NEITI Secretariat.

Aside from the NEITI response to the HEDA Resource Centre complaint that does appear to have led to the dropping of charges, there is little evidence that Nigeria's EITI implementation has yet contributed to changes in civic space related to extractives governance. Implementation of the new Civil Society Engagement Framework will be key to addressing in a timely manner any alleged constraints on civil society's engagement in the EITI process or public debate on natural resource governance.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

The NEITI Reports have been a key source of official data on mining, oil and gas Federal Government revenues, cited authoritatively in the national media and specialised publication, by academics, by government officials and by members of the National Assembly, among other key target audiences. Some extractives data that is either systematically disclosed or published through NEITI is available in open format. The timeliest data published on the oil and gas sector is from NNPC through its publication of monthly oil and gas lifting reports and audited financial statements of the group and some, of its subsidiaries and joint ventures. The NUPRC publishes annual oil and gas production data in open format on its website.

The bulk of data, however, remains locked in PDF, often scanned images in the case of financial statements such as NNPC's. The transition from NNPC's old to new websites (as it changed legal status in early 2022) has been problematic as most documents are published on the old NNPC website, with some newer documents published on the new NNPC website. Other extractive industry data in high public demand, such as the full text of environmental assessments or extractives contracts have yet to be made available either by NEITI or through systematic disclosures on government and/or company websites.

There is evidence of use of NEITI data, particularly of government revenues, in the national media, both print, radio and broadcast. There have continued to be academic studies drawing on NEITI government revenue data. The pace of the NEITI Secretariat's own use of the data has declined significantly since 2020 with the hiatus in NEITI Policy Briefs and analytical papers.

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The NEITI Secretariat has continued to implement an ambitious Communications Strategy and NEITI has contributed to public debate on the governance of the extractive industries. There are opportunities for NEITI to draw on the extensive dataset it has developed to provide meaningful input to issues of public debate on the extractive industries. The NSWG members themselves do not appear to have been drivers of public debate based on NEITI findings. It does not appear that NEITI has worked on any of the recent issues of high public interest, such as the reasons for NNPC's low remittance to the Federal Government despite record high oil prices, resource-backed loans such as 'Project Eagle', or the Glencore admission of corruption in Nigeria.

There is significant scope for further improvements in Nigeria's disclosures, including encouraged aspects of the 2019 EITI Standard such as disclosures of buyer selection processes and the full text of commodity sales contracts, the environmental management practices in the mining, oil and gas sectors, and forward-looking assumptions of commodity production, prices and revenues in light of the energy transition.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

There are many ways in which NEITI has informed changes in both policies and practices in the governance of the extractive industries. For instance, NEITI has been the primary driver of establishing public beneficial ownership registers, initially by launching the NEITI BO portal, Africa's first public BO register, and in providing input to the amendments to the Companies and Allied Matters Act (CAMA) for beneficial ownership provisions covering companies in all sectors. It has also worked with the Mining Cadastre Office (MCO) to integrate beneficial ownership disclosure into the mining licensing process. Several stakeholders from all constituencies noted that NEITI had been key to ensuring transparency provisions were included in the Petroleum Industry Act (PIA) in 2021.

Several stakeholders consulted considered that NEITI's Policy Briefs and Occasional Papers had really shaped public opinion and policymaking, although there had been a pause in such publications in 2020-2022. NEITI has also been a key driver in identifying unpaid arrears from oil and gas companies, primarily NNPC but also more recently of privately-owned oil and gas companies. This has led to inquiries in the National Assembly and recoveries in some payments arrears.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator. There is scope for NEITI to revert to its previous practices of driving public debate and policy making through frequent publications of Policy Briefs and other relevant materials. There are also opportunities for NEITI to strengthen its work with relevant government

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entities and mining and petroleum companies to reform their systematic disclosures of data required by the EITI Standard.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Work plan (Requirement #1.5) *Fully met*	The Secretariat's assessment is that Requirement 1.5 is fully met. Opinions of stakeholders consulted were split on the level of progress towards the objective of ensuring that the annual planning for EITI implementation supports implementation of national priorities for the extractive industries while laying out realistic activities that are the outcome of consultations with the broader government, industry and civil society constituencies. Several government officials considered that the objective had been fulfilled in the period under review despite the delayed NSWG approval of the 2021 NEITI work plan, given that the NEITI Secretariat had been able to maintain business continuity during this period. However, several CSOs consulted considered that the objective was not achieved given the lack of planning for significant activities such as the recruitment of new NEITI Secretariat staff in 2022. Several industry representatives consulted did not consider that the NEITI process had yielded benefits to extractive companies beyond compliance with the NEITI Act, implying that the objectives for EITI implementation may not have been aligned with the industry constituency's priorities. In its comments on the draft Validation report, the NSWG argued strongly for an upgrade in the assessment of Requirement 1.5 to 'exceeded', based on its view that the objective had been fulfilled and that NEITI had made efforts to go beyond the minimum technical aspects by linking the work plan to a public monitoring and evaluation framework. While recognising that the assessment could be considered borderline between 'mostly met' and 'fully met', the Secretariat's view is that the objective is fully met given that gaps in the NSWG's tenure in 2020-2021 are already covered in the assessment of MSG oversight (see *Requirement 1.4*) and the evidence of input from the broader constituencies in the development of the five-year Strategic Plan, which frames the annual NEITI work plans for the period 2022-2026. The lack of inclusion of advance planning of activities related to staff recruitments in the NEITI 2022 work plan is a concern that is covered in the assessment of MSG oversight (see *Requirement 1.4*).

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	Most technical aspects of Requirement 1.5 have been addressed by NEITI's most extensive experience in EITI work planning, monitoring and evaluation. NEITI has continued to agree and publish narrative and financial work plans annually on its website throughout the period since the previous Validation, including during the 17 months when there was no NSWG. In its comments on the draft Validation report, the NSWG highlighted the impact of the COVID-19 pandemic on Nigeria from late February 2020 onwards and the strict lockdown measures from 30 March 2020 onwards as a reason for the delays in reconstituting the fifth NSWG. The NEITI Secretariat implemented the 2020 NEITI work plan throughout the year even after the dissolution of the NSWG in February 2020, while the incoming NSWG's approval of the 2021 NEITI work plan was delayed to August 2021, when the new NSWG assumed its functions. The five-year Strategic Plan for 2022-2026 frames NEITI's annual work planning, following similar plans covering 2012-2016 and 2017-2021. The NSWG approved the annual NEITI work plans for 2022 in December 2021, at the same meeting as it approved the new five-year Strategic Plan, and for 2023 in December 2022. The NEITI template on 'Stakeholder engagement' for this Validation presents evidence of outreach through the CCSSC to solicit input to the work plan from civil society, although it does not refer to any input from the broader constituency to the development of the work plan. There is no evidence that the broader industry constituency provided input to the development of the 2022 or 2023 NEITI work plans. Nonetheless, the development of the strategic plan and work plan have involved a series of stakeholder consultations led by the NEITI Secretariat including meetings and trainings with government agencies, the parliament, civil society and companies. In its comments on the draft Validation report, the NSWG argued strongly that every effort had been made to solicit input from the broader constituencies in the development of the NEITI work plans, highlighting copies of emails from the NSWG and NEITI to members of the broader constituency seeking input to the draft NEITI work plan. The comments noted that NEITI's established process for developing annual work plans continued to be implemented without deviations in the period under review. While the comments noted that responses from the broader constituencies were sometimes minimal, this was considered to reflect the broader constituencies' satisfaction with the draft work plans. The comments also highlighted the extensive consultations in developing the new five-year Strategic Plan, which provides the framework for the annual NEITI work plans, and notes that the lack of substantive input from the broader constituencies in the 2022 work plan was due to their prior input to the Strategic Plan's development. The NSWG argues that the development of five-year strategic plans was an innovation unique to Nigeria EITI. The NEITI 'Outcomes and impact' template states that the current strategic plan and 2022 work plan reflect national priorities, with the 2022-2026 Strategic Plan confirming that NEITI had identified four of the nine priority areas articulated in Nigeria's Medium Term National Development Plan for 2021-2025 that were considered in EITI work plan development. The strategic focus of NEITI 2022 work plan is linked to three out of the four national priorities identified in the strategic plan. However, in consultations, several industry representatives questioned what the benefits of the EITI process for

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	extractive companies were, beyond compliance with the NEITI Act. Industry stakeholders consulted did not consider the objectives of the NEITI work plans to be representative of the industry constituency's priorities for the sector. In its comments on the draft Validation report, the NSWG considered that these stakeholder views were incorrect and were outside the scope of Requirement 1.5. The comments refer to clarifications from industry representatives that the views regarding benefits of the EITI for companies related to only one industry stakeholder's personal views (*see Requirement 1.2*). The 2022 NEITI work plan addresses most other aspects of Requirement 1.5.a-g. The work plan outlines measurable and time-bound activities aimed at addressing the NEITI Secretariat's and stakeholders' capacity constraints, strengthening systematic disclosures, broadening the engagement of wider stakeholders in the EITI process and use of EITI data, implementing the recommendations from EITI implementation, strengthening contract disclosure and beneficial ownership reporting, and reviewing the NEITI Act 2007 to support and strengthen implementation and to extend the scope of EITI implementation. However, the 2022 NEITI work plan does not refer to NEITI's plans to significantly expand the Secretariat's staffing with the 2022 NEITI recruitment, despite the NEITI Secretariat's assurances provided in consultations for this Validation that the NSWG had advance oversight of the staff recruitments. In its comments on the draft Validation report, the NSWG considered it inappropriate to reference the NEITI Secretariat recruitments under the assessment of the NEITI work plan The comments explain that NEITI's five-year Strategic Plan included plans to review NEITI's staff strength in order to effectively implement the thematic and geographic expansion in EITI implementation planned in the five-year document. They also note that the higher staffing levels are reflected in the 2023 NEITI work plan in the increased scope of activities planned. The work plan is costed and identifies sources of funding for up to 80% of the outlined activities. Information in the work plan shows that government was expected to provide 75.8% of the total funding while 4.2% was expected from funding partners, highlighting a funding gap of 20%. NEITI has put in place a robust monitoring and evaluation framework for conducting annual reviews of its strategic and work plans. The (most recent) NEITI monitoring and evaluation report for the 2021 work plan indicates that 71% of the activities were completed, 23% were in progress and 6% were not commenced at the time.
Public debate (Requirement #7.1) *Fully met*	The Secretariat's assessment is that Requirement 7.1 is fully met. Most stakeholders consulted from all constituencies considered that the objective of enabling evidence-based public debate on extractive industry governance through active communication of relevant data to key stakeholders had been fulfilled. However, several CSOs considered that more efforts were required to simplify and extract the findings of NEITI Reports for key audiences. While considering this assessment borderline between 'mostly met' and 'fully met', the Secretariat's view is that the objective is fully met despite weaknesses in industry engagement in EITI-related outreach, the interruption in NEITI's more innovative publications of Policy Briefs and the delays in implementation of the NEITI Communications Strategy. Indeed, NEITI's communications efforts

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	remain robust, even if more encouraged aspects of Requirement 7.1 could be addressed in future. In its comments on the draft Validation report, the NSWG expressed its support for the assessment of Requirement 1.5 as 'fully met', but called for greater recognition of NEITI's innovations to improve the dissemination of EITI data and to promote public debate, such as the development of the RemTrack application for tracking follow-up on NEITI recommendations. The NEITI website has regularly published NEITI Reports on Oil and Gas, Solid Minerals, and Fiscal Allocations and Statutory Disbursements (FASD) in accordance with Board-approved deadlines (*see Requirement 4.8*). NEITI has made efforts to make its data more accessible through a redesign of its website in 2021, including by developing a more interactive website with portals on a NEITI Data Dashboard (with payments to government data – *non-operational at the time of writing*), an 'Extractive Value Chain' portal with non-financial (contextual) information, a Beneficial Ownership (BO) portal, a FOI request portal, and the NAMS e-reporting portal for reporting entities (companies and government entities, but that is not public). The FOI portal shows regular use by Nigerians seeking information, primarily on beneficial ownership. The NSWG approved a new Communications Strategy covering 2022-2026, building on the 2018-2021 Communications Strategy but with the broader objective of "Impactful Engagement and Broader Reach". The Strategy aims at improving NEITI's active communication of relevant EITI data to diverse key stakeholders. The review identified the need for the adoption of new strategies and approaches in the NEITI's communications and stakeholders' engagements. It outlined improved use of digital communication and new media, increased sub-national engagements and simplification of NEITI reports, including in local languages, as part of the strategies and approaches to be adopted. Together with the template for dissemination of NEITI Reports approved in 2022, the Communications Strategy sets out an ambitious outreach and dissemination strategy. Available evidence indicates that actual meetings held focused on preparation for this Validation, not on issues in NEITI findings and potential gaps in NEITI reporting that could be linked to public debate (e.g., 'Project Eagle', OPL 245, the Glencore US plea deal admitting corruption in countries including Nigeria). There is evidence that the NSWG has discussed some issues of public debate such as the Glencore plea deal in 2022. The NSWG referred the matter to the Economic and Financial Crimes Commission (EFCC). There appears to have been a slowdown in the production of analytical work by NEITI since 2020, although this appears to have resumed in late 2022 with the publication of a NEITI Policy Brief on fuel subsidies. The NEITI website published NEITI Policy Briefs and Occasional Papers regularly until November 2020, but there have been no further policy briefs since then with the exception of a new 'policy advisory' on the cost of fuel subsidies published in late 2022. Government officials and NEITI Secretariat staff explained that the NEITI Policy Briefs and Occasional Papers had been put on hold after 2020 given the absence of a NSWG until mid-2021 and the need for the NSWG to undergo induction and agree a Strategic Plan before resuming such publications. They explained that

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	after the two-year interruption, NEITI was planning on a series of Policy Briefs in 2023. Several CSOs consulted criticised the perceived slow-down in the production of NEITI communications materials that were more accessible to a broader public. The NEITI Secretariat's Communications team has driven outreach and disseminations, including capacity building for media practitioners on EITI disclosures through the Media Initiative for Transparency in the Extractive Industries (MITEI). The primarily press-focused outreach and communications has not yet meaningfully been expanded to include social media influencers and On-Air Personalities at the sub-national levels. There is extensive evidence of print and broadcast journalists having used NEITI data and information extensively in their reportage. Nigeria EITI's engagement in the media has been robust, outlining issues and providing information and data to inform stakeholders. Available documentation shows that NEITI reports are widely circulated to stakeholders using various communication and dissemination tools and platforms. The print and broadcast media as well as social media platforms are deployed for this purpose. This practice was strengthened with the simplified version of 2020 NEITI Report launched alongside the main NEITI Report. NEITI conducts dissemination and outreach events in the geo-political zones in the country. The events are targeted at sensitizing stakeholders at the subnational level on the findings from EITI reporting and the overall implementation of EITI. The NSWG has provided a list of 29 events carried out in the period under review. NEITI carried out some of the events in partnership with donors and CSOs operating in the extractive sector such as Rule of Law and Anti-Corruption programme (ROLAC), Civil Society Legislative Advocacy Centre (CISLAC), and Policy Alert. Several CSOs welcomed the collaboration with NEITI in zonal outreach events that had helped to decentralise communications about NEITI, noting that more efforts were still required to reach grassroots organisations as was planned in NEITI's new five-year Strategic Plan. However, there is little evidence of active engagement in outreach and dissemination by the industry constituency. There is ample evidence that NEITI has taken different audience needs and access challenges into account. NEITI has focused on simplification of reports, use of infographics, use of radio programmes (in pidgin English), and the development of a mobile application (targeted at Nigeria's burgeoning youth population) to drive dissemination and outreach. In addition, NEITI uses its social media platforms (Twitter and Facebook) to disseminate information on EITI implementation. In particular, NEITI has used radio programmes to disseminate EITI data to wider audiences and in a comprehensible manner. In collaboration with CISLAC, NEITI hosted a thirteen-week radio programme which was targeted at promoting public engagement with EITI data and the EITI implementation process. The NEITI 'Outcomes and impact' template notes that the programme generated public debates on the need for sector reform. In addition, Policy Alert, with funding support from donors, supported in the dissemination of the NEITI 2019 reports in local languages, such as Pidgin English. NEITI also developed the mobile application RemTrack

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	(available free on Android and iOS Play Stores) in collaboration with OrderPaper, an advocacy organisation, a tool to track progress on follow-up on EITI findings and recommendations. The NSWG's comments on the draft Validation report called for greater recognition of innovations such as the launch of the RemTrack mobile application. The Secretariat recognises these innovations as important. NEITI should consider continued maintenance and support of the RemTrack application and other innovations (*see Requirement 7.3*). The current CSSC includes two representatives of the Joint National Association of Persons with Disabilities (JNAPD), to ensure that access challenges by persons with disabilities are considered in EITI dissemination and outreach. NEITI presents its EITI Reports to the National Assembly (parliament) when published as required by the 2007 NEITI Act. There is evidence that NEITI Reports presented to the National Assembly in the period generated increased interest and debate. The House of Representatives (lower chamber) established an Ad-Hoc Committee for the recovery of NGN 2.6 trillion in debt owed by oil and gas companies as reported in the 2019 NEITI Report. The Committee held public hearings on the issue and collaborated with NEITI to recover the outstanding payments. The NEITI template reports that a total of USD 6.477 billion has so far been recovered following the action of the House of Representative committee. NEITI has made some effort to take gender into account by broadening NEITI's engagement to include new partnerships with gender-based and women-led organisations such as Association of Professional Women Engineers in Nigeria (APWEN), Spaces for Change (S4C), CSR-in-Action conveners of Sustainability in the Extractive Industries (SITEI) Conference, Extractive 360, Women in Extractives and Women in Mining. With funding support from Ford Foundation, NEITI developed a framework for gender and environmental reporting for Nigeria. A methodology workshop for design and review of the framework was conducted, followed by a two-day stakeholders' validation workshop on the draft framework. The NEITI 'Outcomes and impact' templates itemise several ways in which NEITI data is used in research, analysis, and advocacy. The NEITI template even references a case of a renowned social activist filing a law suit to compel the Federal Government to recover USD 40bn (NGN 481bn) in arrears in payments by NNPC to the government based on NEITI audits.
Data accessibility and open data (Requirement #7.2) *Fully met*	The Secretariat's assessment is that Requirement 7.2 is fully met. Most stakeholders did not express views on progress towards the objective of enabling the broader use and analysis of information on the extractive industries, through the publication of information in open data and interoperable formats. The Secretariat's view is that the objective has been fulfilled. NEITI has an open data policy published on the NEITI website, which sets the (open) terms of release, use and re-use of EITI data. The NEITI website publishes both the underlying data for NEITI Reports in open format, as well

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	as summary data tables. In addition to the data appendices of NEITI Reports being published in excel format, the NEITI Data Dashboard provides for a bulk download function of data in open format when operational, although there have been intermittent challenges in the Data Dashboard's accessibility in 2022-2023. NEITI has consistently produced Summary Data Files for each NEITI Report published in this period up to and including the 2020 NEITI Reports. There are significant opportunities to make systematic disclosures of data required by the EITI by government and companies in machine-readable and inter-operable format.
Recommendations from EITI implementation (Requirement #7.3) *Fully met*	The Secretariat's assessment is that Requirement 7.3 is fully met, as in the previous Validation. Most stakeholders consulted considered that the objective of ensuring that EITI implementation is a continuous learning process that contributes to policymaking had been fulfilled. However, several CSOs consulted considered that the objective had not yet been fulfilled given their lack of clarity on the mechanisms for follow-up on NEITI Reports after their publication. The Secretariat's view is that the objective is fulfilled despite the slight weakening of the NSWG's oversight of follow-up on EITI recommendations, which is considered offset by the robust NEITI mechanism for follow-up on recommendations that ensured consistent remediation even during periods when there was no NSWG in place. The NEITI procedures for following up on EITI recommendations are anchored in sector-specific follow-up mechanisms through the Financial Intelligence Unit (FIU), the National Assembly and the PIA Implementation Steering Committee, given that the Inter-Ministerial Task Team (IMTT) has not been operational since 2016. The NSWG's comments on the draft Validation report argued that it was incorrect to state that there was a clear Federal Government framework for follow up on NEITI recommendations. The NSWG argued that the NEITI Act included provisions for penalties for non-reporting by companies and government officials and that it considered that the NEITI Act's provisions went beyond the minimum requirements of the EITI Standard given that they were established by statute. The NSWG comments also highlighted that NEITI's accountability to the National Assembly, Auditor General of the Federation and through the submission of reports to the President was enshrined in the NEITI Act. The NSWG comments note that several reviews of the IMTT had indicated that it was not an effective mechanism for follow-up on NEITI recommendations. This had led to the development of other strategies, such as establishing specific Joint Committees for follow-up on specific issues, such as the NEITI-NNPC Joint Committee that had resulted in specific follow-up actions. The NSWG comments argue forcefully that they do not consider that there has been any weakening of the mechanisms for following up on NEITI recommendations through other channels than the IMTT. There is evidence of the NSWG discussing findings, lessons learned and recommendations from EITI reporting and implementation, as reflected in NSWG meeting minutes and NEITI monitoring and evaluation reports. The NSWG, its committees and the NEITI Secretariat regularly discuss gaps in information in NEITI Reports and in the reconciliation of company payments and government revenues.

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	The NEITI Secretariat operates a mechanism for following up on recommendations from EITI reporting and Validation, although the broader political mechanism for follow-up has weakened in the period since the previous Validation. The Inter-Ministerial Task Team (IMTT) is the Federal Government entity established to follow up on NEITI findings but has not met since 2016 despite pledges in 2021 that it would be reconstituted. Several government officials explained that the IMTT was no longer in operation, but that the new PIA Implementation Steering Committee had taken over many of the former IMTT's functions given that the PIA was considered to address many of the past NEITI recommendations on oil and gas. In the meantime, the NEITI Secretariat has operated distinct working groups with specific Federal Government entities and NNPC to follow up on recommendations related to each entity. Government officials explained that the NEITI Secretariat followed up with specific government entities bilaterally through dedicated committees and working groups. Some of these joint committees, such as the NNPC-NEITI Joint Committee, had completed their mandate even though there were additional recommendations to follow up on. In its comments on the draft Validation report, the NSWG noted that NEITI implemented alternative strategies for addressing NEITI recommendations after several reviews indicated that the IMTT had not been effective in following up on recommendations in the past, mainly due to the delegation of attendance at IMTT meetings to more junior staff who could not take decisions. The comments argue that the NEITI-NNPC Joint Committee had yielded far better results in addressing outstanding recommendations during its period of operation, which the NSWG considered confirmed the need to change strategy from relying on the IMTT to follow up on recommendations. Meeting records indicate that the NSWG exercises high-level oversight of the follow-up on EITI recommendations. The lack of a sitting NSWG for 17 months from February 2020 to August 2021 means there was no direct political oversight by the NSWG of the NEITI Secretariat's follow-up on recommendations, although the Office of the Secretariat to the Federation (SGF) provided political oversight over the NEITI Secretariat in this period (*see Requirement 1.1*). In its comments on the draft Validation report, the NSWG highlighted the impact of the COVID-19 pandemic on Nigeria from late February 2020 onwards and the strict lockdown measures from 30 March 2020 onwards as a reason for the delays in reconstituting the fifth NSWG. The comments noted that the delay in reconstituting the NSWG did not affect NEITI's follow-up on EITI recommendations given that the NEITI Executive Secretary's term continued until early 2021, reflecting his five-year term compared to the NSWG's four-year term. The provisions of the NEITI Act related to the Secretary to the Government of the Federation providing direct political oversight of EITI implementation at all times were also considered by the NSWG to provide sufficient means to continue advancing on follow-up on NEITI recommendations while the NSWG was not yet reconstituted. The Secretariat's view is that the continuity in NEITI Secretariat leadership was welcome during this period of reconstitution of the NSWG, which ensured continuity in follow-up on NEITI recommendations during this period (*see Requirement 7.3*).

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	Several government officials explained that the main mechanism for NEITI's follow-up on recommendations had become the PIA Implementation Steering Committee, of which the NEITI Executive Secretary was a member. However, the officials could not explain how this Steering Committee could follow up on NEITI recommendations on issues other than oil and gas, such as the findings of NEITI Solid Minerals Reports. The NEITI work plan includes activities generally related to following up on recommendations as well as to implementation of recommendations related to EITI implementation, while the annual progress report for 2021 provides an overview of the status of follow-up on each recommendation. However, these activities tend to be generic, without a strategic approach to follow-up on specific recommendations as part of a larger plan. The NSWG's comments on the draft Validation report explain that the annual NEITI work plan is not a strategic document and thus does not describe the strategy for following up on NEITI recommendations. The comments argue that the 2017-2021 NEITI Remediation Agenda describes the engagement strategy for each class and nature of remedial issue. The NEITI 'Outcomes and impact' template highlights the example of the NEITI-NNPC Joint Committee in particular as one that was able to resolve 55% of gaps and weaknesses identified in NEITI's reporting and in Validation. However, while the NEITI Secretariat had developed a systematic disclosure feasibility study for NNPC with support from the International Secretariat in 2020, it was never taken forward with NNPC either directly or through the Joint Committee. Nonetheless, the NEITI 'Outcomes and impact' template documents ample cases of NEITI's follow-up on past EITI recommendations contributing to legal and regulatory reforms, including, among others, contributions to the amendments of the Companies and Allied Matters Act (CAMA) in 2021, to the Petroleum Industry Act (PIA) in 2021, and to parliamentary investigations into oil company arrears in payments to government in 2022-2023. NEITI has concluded Memoranda of Understanding (MoU) with the anti-corruption agencies in Nigeria as part of measures to follow-up with the recommendations from EITI reporting. The agencies include Economic and Financial Crimes Commissions (EFCC), Independent Corrupt Practices and Other Related Offences Commission (ICPC), and Nigeria Financial Intelligence Unit (NFIU). While many stakeholders from all constituencies highlighted these MoUs as impact of the EITI in Nigeria, several CSOs questioned what the results of these MoUs had been in practice beyond establishing forums for discussion. In its comments on the draft Validation report, the NSWG raised concerns over these reported views from civil society and argued that they reflected a lack of understanding of the EITI process in Nigeria and the value of creating such "forums for discussion". The NSWG comments argued that the virtual nature of the Validation stakeholder consultations led to the Validation report placing excessive weight on the views of certain stakeholders that were considered ill-informed. In a notable innovation, NEITI developed the RemTrack mobile application (available free on Google Play and iOS Stores) in collaboration with OrderPaper, an advocacy organisation, a tool for the public to track progress

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	on the implementation of NEITI Report findings and recommendations. However, the application appeared to no longer be updated in 2023. Several government stakeholders explained that there were challenges in the sustainability of the application after its maintenance was transferred to NEITI. In its comments on the draft Validation report, the NSWG expressed concern that NEITI's innovations had not sufficiently been taken into account. In particular, the comments argued that the launch of the NEITI Audit Management Systems (NAMS), the continuation of the Fiscal Allocation and Statutory Disbursement Audits (FASD), the publication and dissemination of Policy Briefs and Occasional Papers, the new NEITI five-year strategic plan, the RemTrack application on follow-up of NEITI recommendations, the launch of the Communications and Civil Society Steering Committee (CCSSC), the NEITI Company's Forum, the Beneficial Ownership Portal, the online Data Dashboard, and the government's purchase of a new office building for NEITI represented innovative aspects of EITI implementation that should be recognised more clearly in the Validation. The Secretariat acknowledges the importance of these innovations.
Review the outcomes and impact of EITI implementation (Requirement #7.4) *Fully met*	The Secretariat's assessment is that Requirement 7.4 is fully met. Stakeholders consulted broadly considered the objective of regular public monitoring and evaluation of implementation, including evaluation of whether the EITI is delivering on its objectives, as fulfilled in the period under review. Stakeholders consulted enumerated various types of outcomes and impact of the EITI process in Nigeria and considered that these were well documented in NEITI's annual progress reports. The Secretariat's view is that the objective has been fulfilled given the regular publication of monitoring and annual progress reports throughout the 2019-2023 period. In its comments on the draft Validation report, the NSWG expressed its support for the assessment of Requirement 7.4 as 'fully met'. NEITI has consistently produced annual progress reports throughout the period since the previous Validation, with the latest available covering 2021. It also publishes regular work plan monitoring and evaluation reports. The structure and coverage of the annual progress report template has not changed since the previous Validation, which had considered them 'satisfactory'. The 2021 annual progress report presents the strengths and weaknesses of EITI implementation in the year, a review of EITI outcomes and impact and a general five-year strategic plan performance trend analysis. Available documentation indicates that input was sought from all constituencies, including development partners. It is unclear however what input was received to the circulation of the draft annual progress report. There are opportunities for greater input from the broader government, industry and civil society constituencies in the development of the annual review of outcomes and impact of EITI implementation.

New corrective actions and recommendations
• To strengthen implementation in accordance with Requirement 1.5, Nigeria is encouraged to ensure that its annual EITI work plans reflect the results of consultations with key stakeholders, including members of the broader government, industry and civil society constituencies not directly represented on the NSWG. The annual NEITI work plan could further strengthen the

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alignment of EITI implementation objectives with the EITI Principles and reflecting national priorities for the extractive industries, including those from the broader industry and civil society constituencies. The annual NEITI work plan could more clearly assess and outline all planned activities to address any potential capacity constraints in government agencies, companies and civil society that may be an obstacle to effective EITI implementation, including plans for recruitment and capacity development of EITI officeholders in order to strengthen the NSWG's oversight of the NEITI Secretariat's operations and human resources management.

- To strengthen implementation of Requirement 7.1, Nigeria is encouraged to further expand its use of EITI-related outreach events, whether organised by government, civil society or companies, to spread awareness of and facilitate dialogue about governance of extractive resources, building on EITI disclosures across the country in a socially inclusive manner. Nigeria is encouraged to further strengthen its production of brief summaries of EITI Reports, with clear and balanced analysis of the information, and to resume its previous practices of frequent publications of analytical briefs aimed at informing public debate and policymaking about the extractive industries. Nigeria is encouraged to draw on its extensive datasets to present information of relevance to ongoing public debates, including related to corruption allegations in the solid minerals, oil and gas sectors.

- To strengthen implementation in accordance with Requirement 7.2, Nigeria is encouraged to make systematically disclosed data machine readable and inter-operable, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data.

- To strengthen implementation in accordance with Requirement 7.3, Nigeria could further strengthen the NSWG's involvement in follow-up on recommendations from NEITI Reports and Validation to ensure consistent multi-stakeholder oversight of remedial actions and to further strengthen Nigeria EITI's role as a continuous learning process that contributes to policymaking.

- To strengthen implementation of Requirement 7.4, Nigeria could make greater use of its annual review of EITI outcomes and impact to document how NEITI has taken gender considerations and inclusiveness into account. Civil society groups and industry involved in the EITI, particularly, but not only, those serving on the NSWG, could be more proactive in providing feedback on the EITI process and have their views reflected in the annual review of impact and outcomes.

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement

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Government engagement (Requirement #1.1) *Mostly met*	The Secretariat's assessment is that Requirement 1.1 is mostly met, which represents backsliding since the previous Validation. The Secretariat considers that the objective of full, active and effective government leadership of the EITI process is only mostly fulfilled given the long interruption in multi-stakeholder oversight of the EITI caused by government delays in reconstituting the NSWG and gaps in the Federal Government's oversight of administrative aspects of implementation, particularly in the operations and human resourcing of the NEITI Secretariat. Most stakeholders consulted considered that the objective was fulfilled despite delays in reconstituting the NSWG in 2020-2021, evidenced by a number of reforms enacted by the government such as passing the Petroleum Industry Act (PIA) in 2021, which was considered to have facilitated and further institutionalised the EITI process in Nigeria. However, some stakeholders consulted considered that the government's oversight of the NEITI Secretariat and collaboration with other constituencies in establishing the NSWG could be strengthened. In its comments on the draft Validation report, the NSWG argued for an upgrade in the assessment of Requirement 1.1 to 'fully met' and that the preliminary assessment had taken insufficient account of the impact of the COVID-19 pandemic on the government's operations and EITI implementation. The NSWG's comments rejected the argument that the 17-month delay in reconstituting the NSWG was not a reflection of weakening government engagement given the evidence of government provision of financial resources for implementation, including the purchase of the new NEITI office, and of policy space through appointments of NEITI to the PIA Committee, the Energy Transition Committee and the Special Investigative Panel on Crude Oil Theft/Losses. The comments note that NEITI has used its membership of these committees to seek to advance follow-up on NEITI recommendations. The NSWG's comments called for more recognition of the legal provisions of the NEITI Act that provide continuity in the government's operations during periods when there is a "vacuum" in the constitution of the new NSWG. While the Secretariat recognises the significance of the NEITI Act, it considers that it would be difficult to justify that such a long interruption in a functioning multi-stakeholder group was fulfilling the objective of full government engagement. There have continued to be regular high-level government statements of support for the EITI including from President Muhammadu Buhari and his representatives, albeit primarily in 2022 as listed in NEITI's 'Stakeholder engagement' template for this Validation. A senior government official, Minister of Mines and Steel Development Dr Kayode Fayemi, led the EITI process as NSWG chair until the disbandment of the fourth NSWG in February 2020. Following a 17-month hiatus pending the constitution of the fifth NSWG, a retired senior civil servant, former Permanent Secretary at the Office of the Secretary to the Government of the Federation Barrister Olusegun Adekunle, was appointed as NSWG chair in August 2021. Despite this gap in official senior government leadership of NEITI following the 2020 general elections, the MSG's 'Stakeholder engagement' template argues that former NEITI Executive Secretary and EITI Board member Dr Zainab Ahmed's appointment as Federal Minister of Finance, Budget and National Planning in 2019 ensured consistent high-level championing of the EITI process throughout this period. All stakeholders consulted considered that there had consistently been high-level government leadership of the EITI process

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	throughout this period and that the appointment of a non-governmental individual as NSWG chair did not affect the government's leadership or engagement in the EITI process, as this had been the practice in previous NSWGs prior to 2016. Several stakeholders from all constituencies confirmed that the NSWG chair was able to secure the required resources from the Federal Government and to follow up to secure government action to overcome barriers to EITI implementation in practice. At the operational level, the Federal Government has remained engaged in most aspects of the EITI process, although its oversight of financial and administrative management of the NEITI Secretariat appears to have weakened despite its continued provision of more than 90% of the costs of implementation in the period since the previous Validation. The Federal Government has continued to provide the majority (90%) of funding for EITI implementation in the period under review. A total of NGN 6.4bn (around USD 15.46m) in government funding has been provided to NEITI in the 2019-2022 period, with annual allocations rising 54% over the period from NGN 1.34bn in 2019 to NGN 2.06bn in 2022. The Federal Government provided an additional NGN 872m (around USD 2.1m) in August 2021 for the acquisition and renovation of a new permanent NEITI office in Abuja. The government's investment in NEITI's new office was broadly hailed by representatives consulted from all constituencies as a sign of the government's commitment and engagement in the EITI process. In its comments on the draft Validation report, the NSWG expressed concern that the government's purchase of a new office building for NEITI was not highlighted as an innovation in Validation nor considered as a reflection of the government's commitment to the EITI. The Secretariat recognises the importance of this financial support for the new NEITI office but considers that such investments should be taken into account alongside other aspects of the government's engagement in the EITI process. A protracted (17-month) delay in reconstituting the NSWG after the end of the fourth Board's term in February 2020 (following the February 2019 general election) weakened the multi-stakeholder oversight of the EITI process in this period, with the NEITI Secretariat sustaining work without an oversight Board. More recently, allegations of irregularities in the recruitment of NEITI Secretariat staff in 2022 raise concerns over the Federal Government's effective oversight of all aspects of the EITI process. In its comments on the draft Validation report, the NSWG considered it inappropriate and unacceptable to reference the NEITI Secretariat recruitments under the assessment of government engagement. The NSWG comments also state unambiguously that the Federal Government exercised appropriate oversight of the NEITI Secretariat recruitment process. While the Secretariat recognises these views, it considers that questions around the government's oversight of the NEITI recruitment do not represent the only gaps in progress towards Requirement 1.1. Government representation on the NSWG includes some relevant government ministries, departments and agencies, including the Federal Ministry of Mines and Steel Development, the Federal Inland Revenue Service (FIRS) and the national oil company NNPC. While other relevant government entities such as

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	the Federal Ministry of Finance, Budget and National Planning, the Federal Ministry of Petroleum Resources (and its regulatory agencies such as the former Department of Petroleum Resources and new Nigerian Upstream Petroleum Regulatory Commission) and the Corporate Affairs Commission are not directly represented on the NSWG, the NEITI Secretariat appears to ensure consistent coordination with these government entities. With the EITI enshrined in national law through the 2007 NEITI Act, NEITI operates as an agency under the Presidency, overseen by the Secretary to the Government of the Federation (SGF). The structure of government representation on the NSWG has not changed since the period reviewed in the previous Validation. The NSWG's comments on the draft Validation report highlighted that the NEITI Executive Secretary was appointed for five-year terms, compared to the NSWG's four-year term, to provide continuity while the Federal Government reconstitutes the NSWG. The comments also emphasised that the SGF, on behalf of the President, together with the National Assembly provide political oversight of NEITI, and therefore continuity during the reconstitution of the NSWG. Government NSWG members appear to have consistently attended meetings and NEITI activities, including dissemination and outreach aside from the interruption of activities in February 2020 – August 2021. The NEITI Board Charter requires that NSWG members regularly liaise with their broader constituencies. The NEITI 'Stakeholder engagement' template states that such coordination takes place in practice but describes this coordination primarily through committees established by NEITI convening relevant government agencies, such as the Opening Extractives Committee. While the role of the Inter-Ministerial Task Team (IMTT) is described in NEITI's submission for this Validation as a key body for addressing issues identified through the EITI process, the team has not effectively met since 2016 despite assurances from Accountant-General of the Federation Ahmed Idris that the IMTT would be reconstituted in 2021. In the interim, NEITI has followed up on recommendations specific to particular stakeholders or thematic areas through special committees such as the NEITI-NNPC Joint Committee, the Petroleum Industry Act Steering Committee, the Opening Extractives National Steering Committee, and the Joint Committee on Implementation of Contract Transparency. Nonetheless, the Federal Government appears to have taken some steps to follow up on recommendations from EITI reporting and Validation since 2019, as described in NEITI's 'Stakeholder engagement' and 'Outcomes & impact' templates for this Validation. Stakeholders consulted also considered that the inclusion of NEITI on the PIA Implementation Steering Committee demonstrated the Federal Government's commitment to follow up on EITI recommendations through implementation of the new PIA, even if this did not clarify how EITI recommendations related to the solid minerals sector were taken into account by the Federal Government (*see Requirement 7.3*). However, consultations with representatives of government agencies not directly represented on the NSWG noted that these officials were not consulted in NEITI's decision-making, but that their involvement was more focused on the provision of data for EITI reporting and follow-up on EITI recommendations, rather than canvassing their views in the design of the EITI process and of key EITI documents such as the annual work plan or review of outcomes and impact of the EITI.

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	Federal Government entities have continued to provide the majority of data required for EITI reporting, albeit with weaknesses in the disclosure of contracts as well as the terms of resource-backed loans. Despite a pledge by the Federal Minister of Finance, Budget and National Planning to disclose the USD 1.5bn resource-backed loan to NNPC at an EITI Transparency Matters webinar in September 2020, neither the loan agreement nor its key terms were disclosed by either the Federal Government or NNPC since then. The NSWG's comments on the draft assessment noted its intention to follow-up on the publication of the resource-backed loans and argued that this was an isolated incident that should not form part of the assessment on government engagement. However, stakeholders consulted from all constituencies considered that the use of NEITI data by government agencies and the National Assembly demonstrated the Federal Government's proactive engagement and commitment to the EITI process. The Federal Government has also provided the required technical resources to support the EITI process, primarily through staffing of the NEITI Secretariat. However, while the Federal Civil Service Commission and the Federal Character Commission appear to have provided the necessary waivers allowing the NEITI Secretariat to more than double its staffing in late 2022, media allegations have raised concerns over the lack of clarity on the explicit advance approval by government for this recruitment, leading to questions over the Federal Government's oversight of the NEITI Secretariat (*see Requirement 1.4 and Annex B*). The NSWG's comments expressed significant disappointment at what it considered as unsubstantiated media allegations leading to the questioning of government oversight of the NEITI Secretariat. Noting that all required approvals had been received prior to the recruitment, the comments referred to the extensive documentation of approvals and NSWG meeting minutes related to the recruitment exercise that have already been considered in the preliminary assessment.
Industry engagement (Requirement #1.2) *Mostly met*	The Secretariat's assessment is that Requirement 1.2 is mostly met, which represents backsliding since the previous Validation. The Secretariat considers that the objective of full, active and effective industry engagement in the EITI process is only mostly fulfilled due to weaknesses in private-sector oil and gas industry engagement in the EITI (including attendance at NSWG meetings) and a lack of evidence of the broader constituency's input to the development of key EITI documents such as the annual work plan and review of outcomes and impact. There is also evidence that the constituency's statutory guidelines for broader industry coordination and engagement have not been followed. Most stakeholders consulted considered that extractive companies provided the minimum level of engagement in the EITI required, namely the provision of data for NEITI reporting, but that there were weaknesses in the industry constituency's engagement in other aspects of the EITI process. Several company representatives consulted considered that they were sufficiently engaged in the EITI, but one industry representative questioned the benefits of the EITI for companies beyond the need to comply with host government laws and regulations. In its comments on the draft Validation report, the NSWG referred to the industry constituency's

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	disagreement with this position. The industry representative who shared these views clarified that they represented only personal opinions and not the views of the broader industry constituency. The industry constituency's direct representation on the NSWG is composed of one member each from mining and petroleum professional associations and a third member from an oil and gas trade union. While industry's representation on the NSWG reflected the industry's structure in 2007, it has not been reconsidered since the previous Validation in light of the market's evolution since the previous Validation. The member from the Oil Producers Trade Section (OPTS) of the Lagos Chamber of Commerce and Industry (LCCI) has continued to be its executive director, although the OPTS membership primarily of IOCs does not reflect the role of indigenous oil companies. Following IOCs' divestment from 26 oil production licenses since 2010, Nigerian-owned oil and gas companies' market share has grown to operate 45% of all oil licenses and account for 30% of crude oil production in 2022. The NSWG representative from the mining sector has continued to be the President of the Nigeria Mining & Geosciences Society (NMGS), a professional association. While the President of the Petroleum & Natural Gas Senior Staff Association of Nigeria (PENGASSAN) continues to be listed as an industry representative, it is open to question whether a trade union could be considered to represent industry or, as in many other EITI countries (and in NEITI's own definition of civil society in the revised NEITI Civil Society MoU), civil society. However, the signature by the NMGS and PENGASSAN NSWG representatives under both the industry and the civil society sections of the NEITI 'Stakeholder engagement' template for this Validation potentially reflects this confusion in roles for two of the three industry representatives on the NSWG. Finally, the Chief Executive Officer of the national oil company NNPC is variously listed both as a representative from government and from industry in various NEITI documents, including its templates submitted for this Validation. The industry representatives' NSWG membership was renewed in August 2021 with the inauguration of the fifth NSWG. The NEITI Act and Board Charter require that the President appoint industry NSWG members based on recommendations from the constituency, although NEITI's templates do not provide documentary evidence of outreach beyond the OPTS, NMGS, PENGASSAN and NNPC in the appointment of industry NSWG members in 2021. Indeed, it appears that the Federal Government (through the OSGF) gave industry members only a single day to nominate their representatives to the NSWG (*see Requirement 1.4*). The broader industry constituency's EITI engagement is meant to be structured through the NEITI Companies Forum, chaired by the OPTS executive director, which includes mining and petroleum companies as members and is mandated to act as a forum for outreach to the broader constituency. However, NEITI's templates for this Validation do not offer evidence of consistent coordination through the NEITI Companies Forum aside from a single meeting in September 2022 to sensitise members about the 2023 Validation. Rather, the Forum appears to have been used by NEITI to hold an annual capacity building workshop to support companies' submission of EITI reporting templates. There is no documentary evidence of industry NSWG members soliciting or receiving any input to the development

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	of key EITI documents such as the annual NEITI work plan or review of outcomes and impact, although the NEITI Secretariat appears to have circulated drafts of these documents to the NEITI Companies Forum (without any documented response). Several industry representatives consulted highlighted that OPTS' membership of 29 companies had expanded to include more indigenous oil and gas companies and that OPTS tended to represent the interests of the oil and gas industry as a whole. Nonetheless, they conceded that the NEITI Companies Forum could have been more active in recent years, although they highlighted that the COVID-19 pandemic had had a significant impact on company representatives' ability to attend both in-person and online meetings. Government officials highlighted that the five-year NEITI Strategic Plan aimed to strengthen industry engagement in the EITI process, including in their use of EITI data and dissemination of NEITI findings. Engagement in EITI activities appears to have been more consistent from private-sector representatives from the mining sector, than from oil and gas, despite the latter's far greater economic weight. While the members from NMGS and PENGASSAN attended the majority of meetings in the period under review, the OPTS member attended only three of the ten NSWG meetings held in the 2021-2022 period without delegation to a proxy at meetings he did not attend. Minutes of NSWG meetings indicate that the industry members have actively participated in discussions when they were in attendance. There is also evidence of their participation at outreach and dissemination events organised by NEITI, but little evidence of industry's own use of data or organisation of their own dissemination beyond NNPC's regular references to EITI data. Industry representatives consulted noted plans to appoint an alternate NSWG member in the coming months to support the OPTS member, ensuring consistent oil and gas industry participation at NEITI meetings. The NSWG's comments on the draft Validation report highlighted recent changes in OPTS' representation on the NSWG given the appointment of a new OPTS Executive Director and a new MSG alternate, also from OPTS. Nonetheless, the majority of extractive companies have continued to provide the data required for EITI reporting. A total of four out of 69 material companies did not submit templates for the 2020 EITI Report on oil and gas, accounting for a non-material (0.006%) share of government petroleum revenues. In mining, only six of the 102 material companies did not participate in the 2020 EITI Report on solid minerals, accounting for a combined 0.05% of government mining revenues. The NEITI 'Stakeholder engagement' template for this Validation state that there are no barriers to company participation in the EITI process. Several industry representatives considered that there were no barriers to companies' disclosures of data required of them by the EITI on their own websites, through systematic disclosures, but noted that this had not been discussed by NEITI or the Companies Forum. In its comments on the draft Validation report, the NSWG argues for an upgrade in the assessment of Requirement 1.2 to 'fully met', emphasising the innovation of the NEITI Companies Forum as a mechanism for coordinating the mining, oil and gas industry constituencies that it considers still robust despite interruptions for several years due to COVID-19.

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Civil society engagement (Requirement #1.3) *Mostly met*	The Secretariat's assessment is that Requirement 1.3 is mostly met, which represents back-sliding since the previous Validation. The Secretariat considers that the objective of full, active and effective civil society engagement in the EITI process has only been mostly met, given a structural lack of adequate representation of civil society on the NEITI NSWG, with just one representative who was not properly elected during most of the period under review. The NSWG's comments on the draft Validation report argued that, since the EITI Standard does not require numerical parity in different constituencies' representation on the MSG, the Communications and Civil Society Steering Committee (CCSSC) provided a robust mechanism for the broader constituency's engagement in the EITI process. The NSWG also noted that the one civil society seat on the NSWG had not been identified as a challenge previously, nor raised as a concern by the constituency itself. The Secretariat's view is that there have been breaches of the EITI protocol: Participation of civil society related to retributions against CSOs substantially engaged in the EITI process for their public expression critical of the government's management of the oil sector. There were significant differences of opinion between different stakeholders consulted over whether there had been a pattern of government constraints on civil society engagement in the EITI process, with most stakeholders including from civil society considering that ad hoc government constraints had been resolved through the NEITI process. Several other CSOs however considered that the government had used the 2015 Cybercrimes Act and harassment by state security services to curb civil society's freedom of expression in relation to natural resource governance. Several CSOs consulted who were substantially engaged in the EITI process did not consider that there was self-censorship in the context of the EITI but that the Cybercrimes Act was being used to harass activists with prosecutions over their online expression on natural resource governance, even if there had not been a successful prosecution to date. There was also concern over the use of state security services by corrupt government officials to harass investigative civil society activists. The NSWG's comments on the draft Validation report argued for an upgrade in the assessment of Requirement 1.3 to 'fully met' given their view that the objective of full, active and effective civil society engagement in the EITI had been fulfilled. The NSWG considers that civil society has defied the numerous challenges including COVID-19 to remain actively engaged in the EITI process, including using EITI data for advocacy. While NEITI has eventually taken actions to seek to resolve government ad hoc constraints on specific CSOs such as the HEDA Resource Centre in 2022 and has established a framework for identifying and resolving allegations of government constraints on civil society, the NEITI mechanism for addressing these concerns has not yet been tested in practice and the robustness of the mechanism remains to be tested. In its comments on the draft Validation report, the NSWG argued that the HEDA Resource Centre complaint had been comprehensively addressed and resolved in 2022 and that this action had been taken promptly. The comments considered that the new mechanism for dealing with allegations of government constraints in future had not been tested to date because no circumstances had arisen for which use of the

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	mechanism would have been warranted. The comments categorised the finding that the new mechanism had not been tested to date as “preposterous” given that there were no civil society complaints since the mechanism was established, which the NSWG considers gives credence to the perception that the two cases highlighted in this Validation related to HEDA Resource Center and CISLAC were isolated cases. The NSWG concludes that the Federal Government has continued to ensure that there are no obstacles to civil society participation in the EITI process. The Secretariat does not consider that there has been a pattern of government actions to seek to restrict civic space in relation to the EITI process or public debate on natural resource governance. However, it does consider that there were breaches of the EITI protocol: Participation of civil society in the period under review related to freedom of expression, given harassment by state security services and under provisions of the Cybercrimes Act of CSOs substantially engaged in the EITI process. In addition, the lack of implementation of NEITI’s mechanism for monitoring allegations of civic space constraints in practice supports the Secretariat’s view that the objective of an enabling environment for civil society engagement in all aspects of the EITI process has been mostly met in the period under review. Additional analysis of progress on Requirement 1.3 and adherence to the EITI protocol: Participation of civil society is provided in Annex A. International assessments of the broader civic space in Nigeria have declined slightly in the period 2019-2023, driven by abuses by the since-disbanded police Special Anti-Robbery Squad (SARS) and human rights abuses in the context of the Islamist insurgency in the country’s north. The main legal and regulatory reform related to civil society since the previous Validation has been amendments to the Companies and Allied Matters Act (CAMA) in 2020, that required bi-annual reporting by CSOs to the Corporate Affairs Commission (CAC) that has since been empowered to de-register CSOs on vague grounds of “public interest. However, no CSO has been reported as de-registered since these new legal provisions were enforced in January 2021. There have however been incidents of alleged harassment by state security services of several CSOs substantially engaged in the EITI process, including the HEDA Resource Centre and CISLAC. While these constraints were eventually resolved through NEITI’s intervention, prosecution for “cyber-stalking” under the 2015 Cybercrimes Act has been criticised by many CSOs as curbing civil society’s freedom of expression online even if no CSO has been successfully convicted under these “cyber-stalking” provisions to date. There were differing views among different CSOs consulted over whether these prosecutions contributed to self-censorship online, although none of the stakeholders consulted considered that CSOs were self-censoring in relation to natural resource governance or the EITI process. Critical public views on sensitive issues such as political corruption in the oil sector were highlighted as evidence of this lack of self-censorship. Despite the lack of evidence of self-censorship related to the EITI process, there is evidence and stakeholder views that some civil society activists engaged in issues of natural resource governance have faced retribution for expression views publicly critical of government officials in the governance of

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	the extractive industries. The two cases of state security described in Annex A, combined with more prosecutions of journalists for 'cyber-stalking' under the Cybercrimes Act, involve stakeholders working on issues of extractive industry governance. Yet during periods of harassment, the CSOs such as HEDA Resource Centre continued to engage with senior government officials including Vice-President Yemi Osinbajo. The NSWG's comments on the draft Validation report acknowledge what are categorised as "a couple of isolated complaints of harassment of civil society actors by government agents" but considers that these were adequately resolved through the EITI process. The NSWG comments highlighted NEITI's input to the Federal Government's development of the National Action Plan on Business and Human Rights, approved in April 2023. The NSWG considers that this National Action Plan further strengthens civic space in Nigeria and demonstrates the government's commitment to ensuring an enabling environment for civil society participation in the EITI process. At the operational level however, despite new regulations governing CSOs, all organisations engaged in the EITI process and broader extractive industry governance issues remain duly registered and able to raise funding both domestically and internationally. Many CSOs are however facing funding constraints as they perceive that many traditional donors have changed their focus away from funding work on the extractive industries. However, the mechanism for the broader civil society constituency's coordination, association and engagement in the EITI process, the Civil Society Steering Committee, appears to have weakened in the period under review, as tensions between different organisations within the constituency have exacerbated divisions and contributed to the disconnect between discussions within the NSWG and CSSC on the one hand and CSOs members of the broader constituency. The NSWG's comments on the draft Validation report argued that the CSSC remained a robust mechanism for broader civil society coordination in the period under review. The NSWG noted that Nigeria has "probably the most vibrant" civil society engagement in EITI implementation and that civil society engagement in the EITI was vast and broad, covering all aspects of the extractive industries nationwide. The lack of transparently nominated civil society representation on the NSWG in 2021-2022 has contributed to weakening civil society's ability to use the EITI process to influence public decision-making on the extractive industries, even if CSOs remain very active in using extractives data to influence decision-making through other means, including through their own research, analysis and advocacy independently of the EITI process. The NSWG's comments on the draft Validation report noted that the NSWG had identified flaws in the nomination of the former interim PWYP Nigeria national coordinator to the NSWG and had addressed these concerns. Following the then civil society representative's resignation from the NSWG in early 2023, the NSWG had informed the constituency of the development and a new civil society representative was appointed in accordance with the guidelines for civil society nominations. The comments argued that the CCSSC had been very active during the period of the former interim PWYP Nigeria's tenure on the

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	NSWG, providing an effective platform for liaising with the broader constituency.
Multi-stakeholder group (Requirement #1.4) *Partly met*	The Secretariat's assessment is that Requirement 1.4 is partly met, which represents back-sliding since the previous Validation. There were starkly different views among stakeholders consulted over the level of progress towards the objective of an independent MSG exercising active and meaningful oversight of all aspects of EITI implementation that balances the three main constituencies' interests in a consensual manner. There is also a stark gender imbalance on the NSWG, with only one woman among the 15 members. Several stakeholders consulted from all constituencies considered that the objective had been fulfilled despite a 17-month period when there was no sitting NSWG, given that this was a generalised challenge that affected the Boards of several parastatal organisations and that the views of the three constituencies were still solicited by the NEITI Secretariat during this period. However, other stakeholders, particularly from civil society, considered that the objective had not been fulfilled given the lack of transparently nominated civil society representation on the NSWG since February 2020. They also expressed significant concern at weaknesses in the NSWG's oversight of the NEITI Secretariat's management, especially in the new recruitments of NEITI Secretariat staff in 2022. The NSWG's comments on the draft Validation report argued for an upgrade in the assessment of Requirement 1.4 to 'fully met'. The Secretariat's view is that the objective has not been fulfilled in the 2019-2023 period given the protracted delays in reconstituting a NSWG in 2020-2021, and the lack of transparently nominated civil society representation on the NSWG in 2021-2022. Weaknesses in the NSWG's oversight of recent NEITI Secretariat staff recruitments are a particular concern. There is also a lack of tangible input from the broader government, industry and civil society constituencies into the NSWG's work, raising questions over the representativity of NSWG members vis-à-vis their broader respective constituencies. <u>*NSWG representation*</u>: Following the end of the fourth NSWG's tenure in February, Nigeria EITI did not have a functioning multi-stakeholder oversight for 17 months until the NSWG was reconstituted in August 2021. In its comments on the draft Validation report, the NSWG highlighted the impact of the COVID-19 pandemic on Nigeria from late February 2020 onwards and the strict lockdown measures from 30 March 2020 onwards as a reason for the delays in reconstituting the fifth NSWG (*see Requirement 1.1*). Although industry and civil society nominations to the NSWG were solicited and received in June 2020, the President only reconstituted the NSWG in August 2021 in protracted delays that were similar to those in other Federal Government parastatal Boards at the time. The NSWG nominations procedure continues to be codified in the NEITI Act and Board Charter, with civil society and industry NSWG member appointments by the President based on nominations from each respective constituency as in the previous Validation. While government appointments to the NSWG were conducted in the usual hierarchical manner, the procedure for nominating industry and civil society

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	NSWG members does not appear to have been an open, transparent and fair process, partly due to the fact that the SGF only gave the two constituencies a single day to nominate their representatives to the NSWG. Several senior government officials consulted considered that the SGF's short deadline for industry and civil society representatives to the NSWG had been an error that would not be repeated in future. For industry, the head of the SGF wrote to the three organisations previously sitting on the NSWG (OPTS, NMGS and PENGASSAN) in June 2020 to request their nominations to the MSG, with the respective organisations' heads being renominated within a few hours of receipt of the email. The broader industry constituency does not appear to have been consulted, either through the NEITI Companies Forum or through other means, even though the OPTS executive director sitting on the NSWG is the chair of the Companies Forum. For civil society, the SGF wrote to the then-acting PWYP Nigeria Coordinator requesting the civil society nomination to its sole NSWG seat in June 2020. The acting PWYP Nigeria Coordinator responded soon thereafter with his nomination to the NSWG, alleging that the nomination followed "consultation with relevant stakeholders on Extractive Industry Transparency." There is no publicly available evidence of consultations on this nomination with the broader constituency. In January 2022, PWYP Nigeria's new National Coordinator submitted a petition to the NSWG asking for the termination of the former PWYP Nigeria Coordinator's tenure on the NSWG, given allegations that PWYP Nigeria had not been consulted in his appointment to the NSWG and that he had misappropriated EUR 22,657 in PWYP Nigeria funds during his term as PWYP Nigeria Coordinator. The former PWYP Nigeria Coordinator has publicly alleged that he shared some of these funds with other PWYP Nigeria representatives, although without documentary evidence to support this allegation. The NSWG's comments on the draft Validation report argued that these accusations between different CSOs should not be considered in the Validation report given that they are internal to PWYP Nigeria and simply allegations. The NSWG considered the petition only 11 months later at its December 2022 meeting and allowed the former PWYP Nigeria Coordinator until the NSWG's Q2 2023 meeting to consult with the civil society constituency to seek a resolution. The former PWYP Nigeria Coordinator resigned from the NSWG in January 2023, following which the SGF wrote to the Civil Society Steering Committee to solicit a new nomination to fill the one NSWG seat for civil society. The NSWG's comments on the draft Validation report argue that the former PWYP Nigeria Coordinator's nomination to the NSWG in deviation from the guidelines for civil society nominations in no way diminished civil society's participation in and contributions to NSWG meetings. Civil society engagement was ensured through the CCSSC, which was considered to have provided a robust mechanism for channelling the broader constituency's views into NSWG discussions. Several stakeholders from government and civil society noted plans for reforms of the 2007 NEITI Act to update the structure of Nigeria's EITI implementation to the 2019 EITI Standard and to take account of the evolving extractive industries context. Several civil society representatives and development partners consulted called for a larger number of seats for civil

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	society on the NSWG. A government official explained that planned reforms of the NEITI Act would also seek to ensure Senate of the National Assembly approval of NSWG members to ensure that the NSWG is reconstituted in a timely manner at the end of each term. Secretariat staff explained that the process for preparing proposed amendments to the 2007 NEITI Act had commenced, with plans to submit the proposed reforms to the new National Assembly once it assumed its functions in the second half of 2023. Several development partners also criticised the lack of gender balance on the NSWG, with only one woman among the 15 members, despite provisions in the civil society nominations guidelines referring to gender considerations in the appointment of NSWG representatives. The NSWG's comments recognise the gender imbalance on the NSWG but notes that it has "constantly" sought measures to address this imbalance through NEITI committees, activities and programmes. They highlighted the example of the CCSSA, in which one third of members are women, and the fact that the new civil society NSWG member is a woman, bringing the total number of women NSWG members to two. Notwithstanding the NSWG's gender imbalance, the comments highlight that gender issues in EITI implementation have always been accorded the utmost priority. For instance, the comments emphasise NEITI's launching of its gender and environmental reporting frameworks in May 2023, which is meant to improve NEITI coverage of women's participation in EITI implementation and in the extractive industries in general. *NSWG functioning*: The 2007 NEITI Act continues to be the primary governance document for Nigeria's EITI implementation, complemented by the NEITI Board Charter as in the previous Validation. The Board Charter has only been amended once since its enactment in January 2011, in June 2018 when a provision (new section 1.2.3.13) was added requiring NSWG members to regularly liaise with their constituencies on EITI issues. Despite not having been updated following the 2019 EITI Standard, the NEITI Act and Board Charter cover most aspects of multi-stakeholder oversight of the EITI process described in Requirement 1.4.b, aside from the policy on per diems and gender considerations in appointments to the NSWG. Nonetheless, the policy on per diems is codified in the Federal Government's policies on "sitting allowances" and "tour allowances" under the "special category" of the SGF, which are also described on the NEITI website. All NSWG members aside from the OPTS representative and the NEITI Executive Secretary are entitled to per diems for both NSWG and Committee meetings, albeit only for meetings held in person, not online. The Secretariat's view is that the per diem rates[1] paid are excessive compared to the functions carried out at the NSWG meeting for all but perhaps civil society. While the NEITI 'Stakeholder engagement' template provides the value of per diems paid in practice to NSWG members in 2021-2022 (with only three in-person meetings held in this period), only aggregate information on budgeted per diems is publicly available on the NEITI website within the annual NEITI budgets. Although all stakeholders consulted considered that the rules and practices of

[1] The rates are NGN 150,000 (around USD 320) for the Chair and NGN 120,000 (around USD 260) for members attending NSWG meetings and NGN 50,000 (around USD 105) and NGN 40,000 (around USD 85) respectively for Committee meetings, with a required minimum of four and a maximum of eight meetings a year.

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	per diem payments to NSWG members was clear, some CSOs considered that the practice of per diem payments created a conflict of interest in NSWG members' oversight of the NEITI Secretariat. The Secretariat's assessment considers these concerns credible and legitimate. When the NSWG was in place, i.e., until February 2020 and from August 2021 onwards, it appears to have provided effective oversight of the main aspects of EITI implementation, although its oversight of the NEITI Secretariat's administrative processes appears to have been weaker. The NSWG approved the five-year Strategic Plan, annual NEITI work plans, the new Communication Strategy, the ToRs for Independent Administrators and other consultants, EITI Reports, and the annual review of outcomes and impact. To support the NSWG's work, seven permanent Committees and two ad hoc Committees have met prior to each NSWG meeting to prepare key agenda items. The NSWG overcame the challenges of the COVID-19 pandemic in 2021 by holding online meetings, only resuming in-person meetings from June 2022 onwards. The NSWG adhered to the NEITI Act requirements to hold quarterly meetings, with a total of eight ordinary and two extraordinary meetings in 2021-2022. However, the lack of functioning NSWG in the February 2020 – August 2021 period had an impact on the multi-stakeholder oversight of the EITI process. Key EITI documents such as the annual work plan and annual progress report could not be approved by the NSWG. In the interim, the NEITI Secretariat sustained implementation by continuing to operate under the terms of the 2020 NEITI work plan. Pending the appointment of a new NSWG in 2021, the NEITI Secretariat convened meetings with the broader industry and civil society constituencies to solicit their approval of key EITI documents, such as the 2019 NEITI Reports on oil and gas and solid minerals that were published in June and September 2021 respectively. The NSWG's comments on the draft Validation report highlight the SGF's and National Assembly's continued political oversight of EITI implementation during the period of reconstitution of the NSWG In 2020-2021, which allowed EITI reporting and outreach to continue during this period. The NSWG's Validation templates provide some evidence of NSWG members' liaising with their broader respective constituencies on preparing for this 2023 Validation, although not on other aspects of EITI implementation. There is no evidence that the NEITI Companies Forum convened regularly during this period (*see Requirement 1.2*), although the CCSSC appears to have been more active in holding meetings. However, views of CSOs consulted contrasted sharply on whether the CCSSC provided an effective mechanism for coordinating the broader civil society constituency in practice, with several CSOs considering that the CCSSC's representativity of the broader constituency had sharply declined in recent years (*see Requirement 1.3*). There is little evidence of input from the broader industry constituency to the development of key EITI documents such as the work plan and annual progress report. The NSWG appears to have taken all decisions by consensus in 2021-22 (based on a review of NSWG meeting minutes, despite the NEITI Act and Board Charter's provisions for decision-making by simple majority vote. Both

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	ordinary and extraordinary meetings appear to have been convened with sufficient advance notice and circulation of relevant documents. Written records of NSWG meetings have been kept and are published on the NEITI website. *NEITI Secretariat oversight*: Up to 2022, the NEITI Secretariat employed a total of 46 staff primarily recruited in the 2010-2012 period. Based on NEITI's 2022-2026 Strategic Plan that intended to expand EITI implementation to new thematic areas and establish offices in each of the country's six geopolitical zones, the NEITI Secretariat recruited 70 new staff in October 2022. While the NEITI Secretariat received waivers from the Civil Service Commission (CSC) allowing it to deviate from the Federal Government's hiring freeze since the onset of COVID-19 and from the requirement to advertise the recruitments, the development attracted significant media attention and a PWYP Nigeria request for clarifications in November 2022. There is evidence of the NSWG's discussion of these recruitment plans at its meetings in October 2021 and June 2022. However, the appropriations for this recruitment in NEITI's 2022 budget were submitted to the National Assembly in the final quarter of 2021, prior to the completion of a detailed manpower needs assessment in accordance with the NSWG's directions in the third quarter of 2022. The manpower needs assessment plan that was produced is insufficient to justify these recruitments, in the Secretariat's view. The NSWG's comments on the draft Validation report explain that the NSWG is not responsible for approving budgets but rather the costed annual NEITI work plan, which forms the basis for NEITI's budget submission to the Ministry of Finance, Budget and National Planning. The comments argue that the NEITI Manpower Plan could only be developed after the budget was approved, given that the Manpower Plan was based on the availability of budgetary provisions. However, the Secretariat's review of the 2022 NEITI budget indicates that it only included an 18.6% year-on-year increase in personnel costs, which would not seem sufficient to cover the costs associated with the more than doubling of NEITI Secretariat staff. While only partial salary costs would be needed for their employment in the last three months of the year, this would presumably add up to more than 18% in personnel costs. While the minutes of the NSWG's November 2022 meeting indicate that the Board had approved an ex-post report of the recruitment, the National Assembly raised concerns over NEITI's 'over-bloated' personnel costs in 2022 in its deliberations on NEITI's 2023 budget proposal in November 2022, the ad hoc Committee to investigate the NEITI Secretariat recruitments was disbanded one month after its establishment. Several CSOs consulted expressed alarm both at the process followed for the recruitments and the outcome of the recruitment, questioning how such secretariat staffing levels were consistent with NEITI's stated plans to mainstream EITI disclosures into routine government and company systems. The Secretariat's assessment of adherence to the EITI Code of Conduct in the conduct of the 2022 staff recruitments to the NEITI Secretariat is provided in annex to this report (*see Annex B*). The assessment concludes on identifying weaknesses in the NSWG's oversight of the NEITI Secretariat recruitment and lack of adequate discussions and response to media allegations of breaches of the EITI Code of Conduct in the recruitment. In its comments on the draft Validation report, the

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	NSWG argues that it is inappropriate to reference the NEITI Secretariat recruitments under the assessment of the NSW''s oversight and that it was completely unacceptable to reference this in the assessment of this requirement. The NSWG considers that it exercised sufficient oversight of the recruitment process, referencing minutes of NSWG discussions and decisions on this issue. The comments strongly reject the conclusion that there were weaknesses in the NSWG's oversight of the NEITI recruitments in 2022. The NSWG argues that, as a government agency established by law, NEITI was granted budgetary provisions and waivers to recruit, and raises questions about the NSWG's perception that the Validation report chose to ignore this fact. While the Secretariat recognises these views, it considers that it is justified to highlight concerns over the NSWG's oversight of NEITI Secretariat functions such as recruitments in the assessment of Requirement 1.4. While the NSWG comments state unambiguously that the NSWG considers that it had adequate oversight of the 2022 recruitments, the Secretariat considers that the lack of documentation of prior NSWG oversight of the recruitment process, combined with weaknesses in the transparency and accountability of industry and civil society nominations to the fifth NSWG in 2021, support the Secretariat's assessment that Requirement 1.4 is partly met.

New corrective actions and recommendations

- In accordance with Requirement 1.1, Nigeria should ensure that the government is fully, actively and effectively engaged in and leading the EITI process. The government should ensure that the multi-stakeholder group overseeing the EITI process is consistently constituted in a timely manner and that there is sufficient opportunity for the broader industry and civil society constituencies to nominate their representatives to the National Stakeholders Working Group (NSWG). The government should ensure that it has consistent oversight of the NEITI Secretariat, including in its financial management and recruitment practices.

- In accordance with Requirement 1.2, Nigeria should ensure that extractive companies are fully, actively and effectively engaged in all aspects of the EITI process, including through input to and attendance at NSWG meetings, demonstrating their commitment to resolving bottlenecks such as legal barriers to disclosure, outreach to stakeholders that are not members of the NSWG, use of EITI data and other information to promote public debate. The industry constituency should ensure that its coordination mechanisms through the NEITI Companies Forum provides a robust system for coordinating the broader constituency's input to the EITI process and for providing feedback on NEITI discussions with a view to strengthening the benefits of the EITI process for companies in the solid minerals, oil and gas sectors.

- In accordance with Requirement 1.3 and the EITI protocol: Participation of civil society, Nigeria should ensure that civil society is fully, actively and effectively engaged in all aspects of the EITI process. Civil society stakeholders, including but not limited to members of the National Stakeholders Working Group (NSWG), must be substantially engaged in the design, implementation, monitoring and evaluation of the EITI process, and ensure that it contributes to public debate. The Federal Government of Nigeria is required to ensure that there are no obstacles to civil society participation in the EITI process and to ensure that there is adequate civil society representation in the oversight of Nigeria EITI to represent the constituency's diversity. The government should undertake measures to prevent civil society actors from being harassed, intimidated, or persecuted for expressing views related to oil, gas or mining

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governance. In the event that civil society actors engaged in the EITI experience threats or harassment for expressing views about the extractive industries or engaging in other EITI-related activities, the government is expected to undertake measures to protect these actors and their freedom of expression. The government, in collaboration with the NSWG, is encouraged to consider practical solutions for ensuring that civil society can engage in the EITI freely in all regions of the country. The NSWG is encouraged to regularly monitor developments regarding civil society's ability to engage in the EITI. In accordance with the EITI protocol: Participation of civil society, civil society members are encouraged to bring any ad hoc restrictions that could constitute a breach of the protocol to the attention of the NSWG. The government, in collaboration with the NSWG, should document the measures it undertakes to remove any obstacles to civil society participation in the EITI.

- In accordance with Requirement 1.4, Nigeria should ensure that the multi-stakeholder group tasked with overseeing EITI implementation, the National Stakeholders' Working Group (NSWG), comprises adequate representation of each stakeholder constituency. The government must ensure that the invitation to participate in the NSWG is open and transparent. Each stakeholder group must have the right to appoint its own representatives, bearing in mind the desirability of pluralistic and diverse representation. The nomination process must be independent and free from any suggestion of coercion. The NSWG and each constituency should consider gender balance in their representation to progress towards gender parity. While each constituency's representation on the NSWG is not required to be numerically equal, each group's representation on the NSWG should reflect the diversity in each constituency. Nigeria is strongly urged to consider revisions to the 2007 NEITI Act to ensure that the objective of adequate representation of key stakeholders on the NSWG appointed on the basis of open, fair and transparent constituency procedures is fulfilled, particularly for civil society and industry. Members of the NSWG should have the capacity to carry out their duties and should regularly liaise with their constituency groups.

- In accordance with Requirement 1.4.b.iv and the EITI Code of Conduct, all EITI officeholders in Nigeria are required to follow the EITI Code of Conduct. NEITI is encouraged to facilitate regular trainings on the Code of Conduct for its staff and for NSWG members and monitor compliance. EITI officeholders should discharge their duties to the EITI in compliance with applicable national laws and regulations and in line with the EITI Articles of Association, EITI Principles, EITI Standard and EITI Policies. In accordance with the EITI Code Conduct, all EITI officeholders should observe the highest standards of integrity and ethical conduct and shall act with honesty and propriety. The personal and professional conduct of all EITI officeholders should, at all times, command respect and confidence in their status as officeholders of an association that promotes an international standard for transparency and accountability and should contribute to the good governance of the EITI. All EITI officeholders should respect the principle of value-for-money and be responsible in the use of funds dedicated to the EITI. All EITI officeholders shall at all times act in the best interest of the EITI and not for interests such as personal and private benefits or financial enrichment. All EITI officeholders should avoid conflicts of private interest.

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4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

There are only limited systematic disclosures of information on the extractive industries on government and company websites in Nigeria. The new websites of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the national oil company NNPC provide only limited information on oil and gas activities, while the websites of leading petroleum companies provide some information on the respective companies' specific activities. This appears to be in part due to the launch of the two entities' new websites, with publication of much information previously disclosed still pending. In the meantime, the old NNPC website remains operational with the publication of NNPC's annual statistical bulletins with information on the sector up to 2020. In mining, the websites of the Nigerian Geological Survey (NGS) and the Ministry of Mines and Steel Development (MMSD) provide limited information on ongoing and planned projects in the sector. Nigeria's EITI Reports thus stand out as the sole source of comprehensive information on current activities in the extractive industries, including significant exploration activities. There are important opportunities for NEITI to collaborate with the key government entities responsible for the extractive industries, and extractive companies themselves, to strengthen systematic disclosures of upstream extractives data, an important basis for promoting investment in the sector.

The Federal Government routinely discloses data on the extractive industries' contribution to GDP and exports, in absolute and relative terms, through publications on the National Bureau of Statistics website. The Federal Ministry of Finance, Budget and National Planning's Budget Office website publishes quarterly updates on budget implementation, including aggregate government revenues from the oil sector, but not from mining. Finally, the national oil company NNPC's old website published regular updates on the group's staffing levels in the past (e.g., for January 2021), although there are few other public disclosures of other extractive companies' employment. The NEITI Reports thus provide the most comprehensive overview of the extractive industries' contribution to the national economy. There are considerable opportunities for NEITI to collaborate with relevant government entities and extractives companies to strengthen their systematic disclosures of macro-economic data on the extractive industries, particularly related to gender- and occupation-disaggregated employment data.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

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EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Exploration (Requirement #3.1) *Fully met*	The Secretariat's preliminary assessment is that Requirement 3.1 is fully met, as in the previous Validation. Stakeholders consulted did not express particular views on the availability of information on the extractive industries in Nigeria. The Secretariat's assessment is that the objective of public access to an overview of the extractive sector has been fulfilled, but not yet exceeded pending improvements in government and company systematic disclosures on activities in the extractive industries. The NSWG's comments on the draft Validation report express support for the assessment of Requirement 3.1 as 'fully met'. Public access to an overview of the mining and petroleum sectors in the country and its potential, including recent, ongoing and planned significant exploration activities is provided through a limited number of systematic disclosures on government websites and primarily through NEITI reporting, which also provides an overview of significant exploration activities. There has been some backsliding on the level of systematic disclosures of information on the oil and gas sector, in particular, in recent years, with the migration to the new NNPC website affecting the national oil company's level of systematic disclosures on oil and gas. The new regulator NUPRC's website is still being populated with new information on the upstream oil and gas industry, with the resumption in publication of the annual Nigeria Oil and Gas Annual Report still pending after enactment of the Petroleum Industry Act (PIA) in 2021. The 2020 NEITI Reports provide some information on informal activities in the mining and petroleum sectors.
Contribution of the extractive sector to the economy (Requirement #6.3) *Fully met*	The Secretariat's assessment is that Requirement 6.3 is fully met, as in the previous Validation. Most stakeholders consulted did not express views on progress towards the objective of public understanding of the extractive industries' contribution to the national economy, several development partners and civil society representatives consulted considered that the objective was not yet exceeded pending publication of more detailed extractives employment data. The Secretariat considers that the objective has been fulfilled, but not yet exceeded pending improvements in the disaggregation of employment data and the strengthening of government and company routine disclosures of this data. Estimates of artisanal and small-scale mining, an encouraged aspect of Requirement 6.3, are not found on government websites or in EITI reports, but one government stakeholder noted that the Nigerian government is committed to formalizing the sector. The NSWG's comments on the draft Validation report express support for the assessment of Requirement 6.3 as 'fully met'. In mining, there are systematic disclosures of the contribution of the mining sector to GDP and exports on the National Bureau of Statistics website, while the annual NEITI Report provides, in absolute and relative terms, the contribution of mining to GDP, government revenues, exports and employment, although the NEITI data in mining employment is only based on

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	reporting companies' disclosures, rather than total employment in the mining sector and not all companies reported employment figures. The NEITI data on employment is disaggregated by gender. The National Bureau of Statistics provides figures for total employment in the mining and quarrying sector, but these were last updated in 2017. In oil and gas, there are systematic disclosures of the contribution of the oil and gas sector to GDP and exports on the National Bureau of Statistics website, while the annual NEITI Report provides, in absolute and relative terms, the contribution of oil and gas to GDP, government revenues, exports and employment, although the NEITI data on oil and gas employment is only based on reporting companies' disclosures, rather than total employment in the oil and gas sector. The NEITI data on employment is disaggregated separately by gender and by occupational type. However, the lack of comprehensive disaggregation in employment data both by gender and by occupation was criticised by several development partners and civil society representatives consulted, who considered that this lack of detail hindered the ability to track gender-disaggregated employment by occupation. The (old) NNPC website regularly disclosed updates on the NNPC Group's employment.
New corrective actions and recommendations	
• To strengthen implementation of Requirement 3.1, Nigeria is encouraged to work with relevant government entities and companies in the mining, oil and gas sectors to strengthen systematic disclosures of information on activities in the extractive industries, including significant ongoing and planned exploration. • To strengthen implementation of Requirement 6.3, Nigeria could work with relevant government entities and companies in the mining, oil and gas sectors to strengthen their systematic disclosures of information on the contribution of the extractive industries to the national economy. Nigeria is encouraged to disclose comprehensive extractive industry employment data disaggregated both by company, by gender and by occupational level to improve the relevance of this data in tracking gender-disaggregated employment by occupation. Nigeria is also encouraged to provide estimates of informal sector activity, including but not limited to artisanal and small-scale mining.	

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

The systematic disclosures of data on the legal and regulatory framework for the petroleum and mining sectors are in a period of transition with the websites of the new regulator NUPRC and the newly incorporated NNPC Ltd still being populated during this Validation. NEITI has traditionally played a key function of centralising access to information on the legal framework in a single Compendium of Oil and Gas Laws, published prior to the PIA in 2021. While the Federal Government is committed to contract transparency, it has taken time to operationalise this in practice, with the latest deadline of the second quarter of 2023 for publication of all contracts and licenses since January 2021. There is scope for NEITI to do more in publishing a

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comprehensive list of all active contracts and licenses in the petroleum sector indicating where relevant contractual documents are publicly accessible, as well as publishing the model mining license template. There are also opportunities in strengthening the government's disclosures of information on the rules and the enforcement practices related to the management of environmental impacts of extractives activities.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Legal framework and fiscal regime (Requirement #2.1) *Fully met*	The Secretariat's preliminary assessment is that Requirement 2.1 is fully met, as in the previous Validation. Most stakeholders consulted did not express particular views on progress towards the objective of public understanding of all aspects of the regulatory framework for the extractive industries. Several government stakeholders considered that the reforms in the legal and regulatory framework for oil and gas through the PIA in 2021 had clarified the applicable laws and regulations for the sector, although some development partners considered that there remained some ambiguity in the regulatory framework that required clarifications. The NSWG's comments on the draft Validation report argue for an upgrade in the assessment of Requirement 2.1 to 'exceeded', based on NEITI having addressed the encouraged aspects of providing public information on ongoing reforms. While the Secretariat acknowledges the importance of these efforts, it considers that the assessment is not yet 'exceeded' given the scope to strengthen systematic disclosures via government websites of all regulations and administrative documents relevant to the mining and petroleum sectors, beyond the more recent laws and regulations related to the 2021 PIA, including comprehensive information on ongoing and planned legal, regulatory and administrative reforms. Nonetheless, the new oil and gas upstream regulator NUPRC has been expanding its systematic disclosures of information related to the legal and fiscal regimes for oil and gas, which should be welcomed and further expanded. These could provide an example to strengthen systematic disclosures of information on the legal framework and fiscal regime for mining, including through the Ministry of Mines and Steel Development website. In mining, the 2020 NEITI Solid Minerals Report describes the legal, environmental and fiscal regime for mining, including the roles and responsibilities of government entities, the level of fiscal devolution (including the presence of fiscal incentives) and ongoing and planned reforms. Relevant government websites provide the broader laws and regulations that are summarized in the 2020 NEITI Solid Minerals Report, including updates on ongoing reforms in the mining sector. In oil and gas, the relevant laws and regulations prior to enactment of the PIA in 2021 have been published through the Oil and Gas Regulations Compendium

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	published on the NEITI website, although the compendium of laws and regulations has not yet been published on the NUPRC or other relevant government website. The 2021 Petroleum Industry Act and its five implementing regulations issued to date are available on the NEITI website and relevant government websites (e.g., NUPRC). The roles and responsibilities of relevant government entities are described on the respective websites. While a general description of the fiscal regime for oil and gas is available on government websites and summarised in NEIT''s annual EITI Report and website, the detail of fiscal terms in each production-sharing contract (PSC) has not yet been disclosed in the absence of full contract disclosure. However, the oil field legal information published in appendix to the annual NEITI Report (for instance appendix 8 of the 2020 NEITI Report) provides the key fiscal terms of each contract. NEITI has sufficiently described the level of fiscal devolution and of ongoing regulatory reforms, although there is scope to strengthen timelier disclosures of fiscal terms and ongoing and planned reforms, beyond the landmark 2021 Petroleum Industry Act (PIA). While several government officials consulted explained that 13 more implementing regulations of the 2021 PIA were at different stages of elaboration, although drafts of the regulations do not appear to be published online for comment. However, government officials highlighted the extensive public consultations undertaken in the development of the PIA, particularly aspects related to the Host Communities Trust Fund.
Contracts (Requirement #2.4) *Partly met*	The Secretariat's assessment is that Requirement 2.4 is partly met. Opinions of stakeholders consulted were split over progress towards the objective of public accessibility of all licenses and contracts underpinning extractive activities. While several government officials consulted considered that Nigeria was close to the objective, highlighting that Nigeria was currently chairing the EITI's Global Contract Transparency Network as a reflection of the government's commitment in this area, several civil society representatives considered that Nigeria was still far from the objective of contract transparency. Industry representatives simply noted their general support for this work but that it was a low priority for oil and gas companies, and that there were commercial confidentiality concerns in some parts of the contracts. Some development partners expressed significant concern over the lack of award of contracts by competitive bidding and the lack of awareness about the terms of contracts among host communities. The Secretariat's view is that the objective is still far from being fulfilled given the lack of disclosure of all contracts and licenses awarded since January 2021, combined with a lack of public review of the public availability of all contracts, including those pre-dating 2021 and covering amendments and riders. There remains a general lack of clarity over how many times specific oil and gas contracts have been amended. The NSWG's comments argue for an upgrade in the assessment of Requirement 2.4 to 'mostly met', based on its perception that most technical aspects of the requirement have been addressed. The NSWG considers that the significant progress in contract transparency achieved in 2022 should be better acknowledged, given the low starting point for contract disclosure prior to 2022. The Federal Government of Nigeria has committed to contract disclosure as part of its commitments in the (second) 2019-2023 OGP National Action Plan, as codified in its Open Contracting Disclosure Guidelines. The 2021 Petroleum

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	Industry Act (Article 83.5) explicitly states that oil and gas licenses and contracts are not confidential and should be published on the NUPRC website immediately following the granting or signing of the text. The Federal Government has established a nine-member Committee on contract disclosure that included NEITI, NNPC, the Federal Ministry of Finance, NUPRC, the Office of Attorney General and others. In mining, Nigeria EITI has provided an overview of government commitments to contract transparency through the Open Government Partnership (OGP) and the 2011 FOI Act but there is no explicit policy endorsing the full disclosure of mineral licenses that grant exploration and exploitation rights. It appears that there has been progress in the period under review to disclose all post-1 January 2021 Community Development Agreements (CDA) that must be signed when an exploitation license is awarded, but these contracts do not contain exploration and exploitation rights. The NSWG's comments on the draft Validation report argued that the lack of a Federal Government policy on the disclosure of the full text of mining contracts and licenses has not hindered the publication of the full text of all active Community Development Agreements (CDAs) in the mining sector. There appears to be a comprehensive list of all active mining licenses, but neither the full text of mining licenses nor the model license templates appear to be publicly available. There is no public explanation by NEITI confirming whether all mining licenses are pro forma, based on a review of all active mining licenses. The NSWG's comments on the draft Validation report states that all mining contracts awarded or amended in the period January 2021 – July 2022 have been comprehensively published, although it is unclear whether any mining contracts were awarded or amended since July 2022, and why these have not yet been publicly disclosed. The status of publication of the full text of mining licenses is unclear from the NSWG's comments. The comments also highlight the mining regulator's commitment to provide copies of other mining contracts to NEITI for public disclosure in future. In oil and gas, only a small minority of contracts and licenses have been disclosed and most oil and gas rights awarded and amended since January 2021 have not been published in full. There have been many awards of new oil and gas licenses since 2021, including through the marginal fields round that concluded in 2022. The NNPC website publishes a handful of oil and gas contracts (awarded between January 2021 and the enactment of the PIA in August 2021), gas development agreements and oil sales agreement templates. The (third-party) ResourceContracts portal publishes only eight Nigerian oil and gas contracts, although government officials consulted noted that these were not contracts that had been published by the Federal Government of Nigeria. The 2020 NEITI Report states that no oil and gas contracts or licenses have been published in the period under review. While NEITI has published a list of 61 Oil Prospecting Licenses (OPL) and 109 Oil Mining Licenses (OML) active in 2020, this list does not include annexes, amendments or riders where relevant, nor indicate which contract and license documents have been published (and guidance on where to access them) and which have not. Government stakeholders consulted explained that NEITI was proceeding in a phased approach towards contract transparency, first focusing on the disclosure of contracts awarded between 1 January 2021 and the enactment of the PIA, as it was assumed that all contracts and licenses

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	awarded from August 2021 onwards would soon be published on the NUPRC website in accordance with the Act. It was confirmed that NEITI had collected all contracts awarded and amended between January and August 2021, but that these had not yet been published. Government officials confirmed that NNPC was planning to publish all contracts and amendments since January 2021 and that the NUPRC planned to publish all new oil and gas contracts awarded under the PIA in the second quarter of 2023. The NSWG's comments on the draft Validation report states that all oil and gas contracts awarded or amended in the period January – August 2021 have been comprehensively published, although it is unclear whether publication of all oil and gas contracts awarded or amended since August 2021 in accordance with the PIA has yet taken place. The comments also highlight the NUPR''s commitment to publish all oil and gas contracts awarded or amended after August 2021 in future as mandated by the PIA. EITI reporting and additional NSWG documents provide a published plan for overcoming barriers to comprehensive disclosure, but these plans appear to still be in their infancy. The NSWG's comments on the draft Validation report emphasise that NEITI has published a plan for comprehensive contract disclosure, which articulates the activities to be carried out, responsible entities and timelines. The comments argue that the plan has been substantively implemented and rejected the notion that implementation of the contract disclosure plan was still in its infancy. For instance, in November 2022 the NSWG carried out a review of contract disclosure practices that led to an update in the contract disclosure plan and activities. The comments concluded that there was no need for NEITI to develop a plan to overcome legal barriers to contract disclosure because no such barriers were considered to exist. Government stakeholders consulted noted that NEITI was struggling to rebuild a list of all active contracts and licenses that also tracked when each contract had been amended. NEITI was drawing information from NUPRC and NNPC to rebuild a picture of contract amendments but knew that it did not yet have a complete picture of all contract amendments. Industry representatives consulted stated that it was up to each oil and gas company's discretion whether to publish their operating contract.
Environmental impact (Requirement #6.4) *Not assessed*	The Secretariat's assessment is that Requirement 6.4 remains not assessed, given that several encouraged aspects of this requirement remain to be addressed by Nigeria EITI. Stakeholders consulted did not express particular views on the environmental reporting of NEITI, although some civil society representatives consulted called for greater transparency in Environmental Impact Assessments and Monitoring Plans. Mining industry representatives consulted were of the opinion that there is clear environmental policy in the mining sector. The Secretariat's view is that there is some limited information on environmental laws and regulations on the NUPRC website, but that the broader objective of transparency in environmental management practices remains still far from being fulfilled. The NSWG's comments on the draft Validation report expressed support for the assessment of Requirement 6.4 as 'not assessed'. In <u>mining</u>, information on the legal and regulatory environment for environmental management of the mining sector is detailed through the 2020

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	NEITI SMA Report but there is no indication that there are systematic disclosures of practices related to environmental management in the mining sector on government entities' or mining companies' websites. While the 2020 NEITI SMA Report notes that Environmental Impact Assessments and Community Development Agreements are required by law, there is not a database or list of these assessments or agreements related to mining projects. The NEITI Reports have not yet disclosed information on actual practices related to environmental management and monitoring of extractive investments, nor on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes in the mining sector. The IA who performed the 2020 Audit noted that only 44 out of 102 mining companies provided assurances of compliance with NESREA environmental audits. In oil and gas, information on the legal and regulatory environment for environmental management of the oil and gas sector is systematically disclosed on the NUPRC website, although there do not yet appear to be systematic disclosures of practices related to environmental management in the oil and gas sector either on government entities' or oil and gas companies' websites. The 2020 NEITI Oil and Gas Report provides some information on laws, regulations and administrative laws and regulations related to the environmental impact of oil and gas, including a list of Environmental Impact Assessments and other environmental studies related to oil and gas projects, but without guidance on how to access these documents. The NEITI Reports have described instances of environmental damage such as oil spills and gas flaring but have not yet disclosed information on actual practices related to environmental management and monitoring of extractive investments, nor on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes. There are opportunities for Nigeria to significantly expand its use of EITI reporting to disclose this type of information that appears of high interest to civil society and the general public, based on a review of national press coverage of the oil and gas sector.

New corrective actions and recommendations

- To strengthen implementation of Requirement 2.1, Nigeria is encouraged to consider ways of strengthening government and companies' systematic disclosures of all regulations governing the petroleum and solid minerals sectors, including ongoing and planned reforms. Nigeria may wish to use its EITI disclosures to comment on the effectiveness of tax administration, building on NEITI's extensive disclosures on the statutory fiscal regime for the extractive industries.

- In accordance with Requirement 2.4, Nigeria is required to disclose any contracts and licenses that are granted, entered into or amended from 1 January 2021. Nigeria is encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals. The multi-stakeholder group is expected to agree and publish a plan for disclosing contracts with a clear time frame for implementation addressing any barriers to comprehensive disclosure. Nigeria should provide a list of all active contracts and licenses (including annexes, amendments and riders), indicating which are publicly available and which are not. For all published contracts and licenses, it should lde a reference or link to the location

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where the contract or license is published. If a contract or license is not published, the legal or practical barriers should be documented and explained. Where disclosure practice deviates from legislative or government policy requirements concerning the disclosure of contracts and licenses, an explanation for the deviation should be provided. • To strengthen implementation of Requirement 6.4, Nigeria is encouraged to disclose information on the management and monitoring of the environmental impact of the extractive industries. This could include an overview of relevant legal provisions and administrative rules as well as actual practice related to environmental management and monitoring of extractive investments in the country. It could also include information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities and environmental rehabilitation and remediation programmes.

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

Nigeria has developed its systematic disclosures of license data in the mining sector far more than in oil and gas. The transition from the old mining cadastre portal to the new EMC+ cadastral portal launched in late 2022 has taken some time to populate, but the accessibility of the portal is an example of good practice in license transparency. In the oil and gas sector however, there remain only low-accessibility disclosures of license information on the NUPRC website. A cadastral portal for oil and gas is due to be launched in mid-2023. However, in the period under review, Nigeria remained Africa's largest oil producer without a publicly accessible license register, given that the license coordinates data published for the previous Validation was taken offline shortly thereafter. There are significant opportunities both to strengthen systematic disclosures of license data through the new cadastral portal, but also the accessibility in open format to catalyse use of the data to assess governance risks in the licensing process. There is also significant scope for NEITI to strengthen its role in providing an annual diagnostic of licensing practices, particularly in the oil and gas sector.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Contract and license allocations (Requirement #2.2) *Partly met*	The Secretariat's assessment is that Requirement 2.2 is partly met, which represents backsliding since the previous Validation. There were different opinions among stakeholders consulted over the level of progress towards the objective of transparency in the awards and transfers of oil, gas and mining licenses, the statutory procedures for license awards and transfers and whether these procedures are followed in practice. Several government officials

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	considered that the objective had been fulfilled, while several CSOs and development partners consulted considered that the objective was still far from being fulfilled given the lack of public information on license awards outside of formal oil and gas bid rounds. The Secretariat's assessment is that the objective is not yet fulfilled given limited public availability and accessibility of the statutory licensing procedures, particularly related to the transfer of participating interests in oil and gas blocks, combined with the lack of NEITI diagnostic of the actual licensing practices as part of its EITI reporting. The NSWG's comments on the draft Validation report argued for an upgrade in the assessment of Requirement 2.2 to 'mostly met'. The comments considered that the assessment of 'partly met' on the basis of a lack of review of the practice of licensing was too harsh compared to other EITI countries. Noting that the legal and regulatory environment for awarding extractive licenses in 2020 had not changed compared to the period reviewed by the previous Validation, when Nigeria was assessed as having achieved 'satisfactory progress' on Requirement 2.2. The Secretariat recognises that the assessment of Requirement 2.2 is borderline between 'partly met' and 'mostly met' based on progress in addressing the technical aspects of the requirement. However, the Secretariat's view is that, on balance, the objective is still far from being fulfilled given the lack of clarity around statutory procedures for transfers of participating interests in oil and gas blocks prior to the PIA combined with a lack of diagnostic of any deviations from statutory procedures in licensing practices in the year under review, given the legacy of public mistrust in licensing practices in the petroleum sector. Thus, the Secretariat concludes on an assessment of Requirement 2.2 as partly met. In mining, Nigeria systematically discloses information on the award and transfer of mining licenses. The 2020 NEITI Solid Minerals Report notes the number and identities of mining license awards and transfers in the period under review and provides links to where this information is systematically disclosed in published reports of the Mining Cadastre Office (MCO). Upon review of the MCO register, it was found that the identities of three transfer recipients were missing, though government representatives from the MCO that were consulted noted that this was an oversight, and this information would be added. This oversight was also noted by the Independent Administrator during consultations. Information on licenses allocated prior to 2020 is also disclosed, though this is not required. However, the number of awarded mining licenses noted in the 2020 NEITI Solid Minerals Report differs from that found in the MCO's Register. Government officials consulted confirmed that there had been 1541 licenses awarded in 2020 as reflected in the MCO register, rather than the 1481 license awards referenced in the 2020 NEITI Report. Nigeria's Solid Minerals EITI Reporting has described the statutory procedure for awarding licenses and contracts in the mining sector, with technical and financial criteria for awards and transfers, though it is unclear whether any weighting is applied to the different criteria. A government official consulted confirmed that the same technical and financial criteria were used in assessing applications for license transfers as for awards, and that there were no weightings applied to the different criteria assessed for awards through first-come-first-served. The official also explained that the technical and financial criteria assessed for awards through competitive tenders differed according to the bid round. Mining licenses can be awarded through a first-in first-assessed model or through bid rounds. Several government officials consulted explained that bid rounds could be held for awarding mining licenses

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	based on a decision of the Minister of Mines and Steel Development. They also confirmed that all mining licenses had been awarded through first-come-first-served in 2020. The MSG does not appear to have undertaken a review of non-trivial deviations from statutory procedure in license and contract awards, though the IA notes that transfers adhered to statutory procedures without indicating how this conclusion was reached. In consultations, the IA explained that it had reviewed documentation of the eight steps for awarding mining licenses but had found that some documentation was missing, with the MCO proving unresponsive to the IA's follow-up for additional information on these apparent deviations from statutory procedures. The MSG has not yet used EITI reporting to provide a diagnostic of the efficiency of the licensing and contracting procedures in mining. A government official consulted highlighted that the recent launch of the MCO's mining license application software, based on the EMC+ cadastral management system, provided the basis for managing license applications online, but noted that the migration to this new system was still ongoing. In oil and gas, the 2020 NEITI Report lists two oil and gas licenses awarded and two licenses transferred in 2020. While the license information provided in annex to the 2020 report lists three licenses renewed in 2020, government officials consulted explained that these were not considered new awards but rather simple extensions of the relevant licenses. With regards to OML 119, which is marked as expiring in 2020 in the 2020 NEITI Report, officials consulted explained that NPDC had applied for its extension in 2020 but that the license extension was still pending given differences over arrears in payments to government related to that license. This was considered significant by some stakeholders consulted given that oil liftings from OML 119 were recorded to have continued to be used in repayment of the 'Project Eagle' resource-backed loan in 2021 according to NNPC's systematic disclosures of oil sales (*see Requirement 4.3*). General descriptions of the process for awarding and transferring oil and gas rights are available in government documents published on the NEITI website, although there does not appear to be available information on the process for transferring oil and gas rights in the Nigeria-STP Joint Development Zone. Government officials consulted confirmed that there had been no licensing activity in the JDA in 2020. However, the specific technical and financial criteria assessed in the award and transfer of oil and gas rights, and any weightings applied to specific criteria, are not described in the public domain, even though the applicable regulations require the government regulator (formerly the DPR, now NUPRC) to assess the technical and financial capacities of the applicant. Government officials consulted explained that the 1969 Petroleum Act allowed for the Minister of Petroleum Resources to award licenses through direct negotiations, but without clarifying the criteria assessed in the process. The DPR Guidelines for assigning interests in oil and gas blocks defined some criteria and associated weightings, which were considered to apply for the Ministerial consent both for transfers and for awards through direct negotiations. The NSWG comments on the draft Validation report argued that the Validation report had taken insufficient account of provisions in the statutory licensing regime allowing for discretionary awards of oil and gas licenses without any objective criteria set. The comments highlighted that the overview of the process for transferring oil and gas licenses was disclosed on the NEITI website, together with guidelines for

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	asset divestments. With regards to the statutory procedures for awarding oil and gas licenses in the Nigeria-STP JDZ, the NSWG comments explained that the specific technical and financial criteria were set in advance of any tender process, but that there were no such criteria to report for 2020 given the lack of tender processes ongoing at the time. The government officials consulted explained that the bid documents for the 2020 marginal fields bid round that concluded in 2022 included the assessed criteria and their weightings, but all of these documents were no longer publicly accessible given that the bid round website was taken offline after the awards of these blocks and NEITI had not published a back-up of this information. It was noted that a 'mini bid round' was being conducted at the time of consultations (February 2023) and that information on the bid criteria and their weightings were publicly available. Government officials noted that licensing was now far better regulated under the 2021 PIA. The NSWG's comments on the draft Validation report raised concerns that the "remarkable transformation" in the process for awarding oil and gas licenses under the 2021 PIA had been insufficiently acknowledged in the Validation report. Although the 2020 NEITI Report on Oil & Gas concludes on the absence of any non-trivial deviations from statutory procedures in the award of two oil and gas blocks in 2020, the report does not comment on NEITI's assessment of the transfers of two oil and gas rights in 2020, nor on the renewal of three oil and gas blocks in 2020. Of equal concern, NEITI's methodology in assessing non-trivial deviations in awards and transfers remains unclear based on publicly available documents. The IA and Secretariat staff explained that documentation on the process for awarding and transferring oil and gas licenses in 2020 had been requested from the DPR, but that these documents had not been provided. While DPR staff had promised to provide a report on the licensing in 2020, this had not been provided. Thus, the statement in the 2020 NEITI Report should be understood to mean that the IA did not review any documentation indicating that there had been deviations from statutory procedures. A senior government official stated that this information would be provided in future by the new regulator NUPRC if requested by NEITI. Industry representatives consulted did not express any views on the issue of deviations from statutory licensing procedures. There were no awards of oil and gas rights through competitive tender in 2020 given that the 2020 Marginal Fields Licensing Round only concluded in 2022, although there is no evidence that NEITI has yet produced a review or other information listed in Requirement 2.2.c in relation to the oil and gas marginal fields awarded through tender in 2022. Government officials consulted stated categorically that there had been no deviations from statutory procedures in the marginal field round. Weaknesses in NEITI disclosures related to transfers of oil and gas rights are a particular concern given the dominance of transfers since the last oil and gas licensing round held in 2007 and a history of alleged irregularities in transfers of oil and gas rights in Nigeria.
Register of licenses (Requirement #2.3) *Partly met*	The Secretariat's assessment is that Requirement 2.3 is partly met, which represents backsliding since the previous Validation. Most stakeholders consulted conceded that the objective of easily accessible licensing information was not yet fulfilled, pending ongoing efforts to modernise the oil and gas cadastral management system through implementation of the PIA. The

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	Secretariat's view is that, despite the availability of most required information in mining, the objective of transparency in property rights in the oil and gas sector is still far from being achieved. The NSWG's comments on the draft Validation report argue for an upgrade in the assessment of Requirement 2.3 to 'mostly met'. In mining, there are three registers that provide public access to mining license information. All together, these registers appear to provide a comprehensive list of types of mining licenses active in the mining sector as well as information on expired licenses and licenses outside of the period under review and irrespective of the materiality of payments to government associated with each license. While most information listed under Requirement 2.3.b is publicly accessible, there are some gaps in information such as date of application and date of award. A government official consulted explained that the MCO's new cadastral portal based on the EMC+ software had recently been launched in November 2022, but that the migration of data from the old platform to the new cadastral management system was still ongoing. The NSWG's comments on the draft Validation report note that the three mining license registers provide most information mandated by Requirement 2.3.b and explained that the gaps in disclosures of dates of application and dates of expiry for certain licenses is due to the MCO's migration to a new portal. While the NSWG comments note that the missing information is available from the MCO upon request, NEITI could have sourced this missing information in order to republish it on the NEITI website as an interim measure to improve public accessibility. In oil and gas, Appendix 4 to the 2020 NEITI Report provides basic information on the 61 Oil Prospecting Licenses (OPL) and 109 Oil Mining Licenses (OML) active in 2020, including information listed in Requirement 2.3.b aside from dates of application and coordinates of any licenses, and of dates of expiry and precise dates (beyond the general year) of award for OPLs. Appendix 8 to the 2020 NEITI Report does not provide this missing information, despite the NEITI Transparency template indicating that it does. The former DPR's 2018 Nigerian Oil and Gas Industry Annual Report (NOGIAR) is referenced in the NEITI Transparency template, but the annual report does not provide information updated subsequent to 2018 and provides dates of award and expiry for some, but not all, active licenses (and it only provides the general location name, but not license coordinates). While the (third-party) Oil Spill Monitor and the Gas Flare Tracker websites provide general map user interfaces, they do not map all active oil and gas OPLs and OMLs, clearly indicating the coordinates of each license. Secretariat staff consulted explained that the DPR had disclosed license coordinates for the previous Validation in 2018, but that those had been provisional pending the 'harmonisation' of license coordinates. However, by 2021 the DPR claimed to have only harmonised coordinates for ten licenses. Government officials consulted highlighted the planned launch of a new online oil and gas cadastral portal in mid 2023, as required by the PIA. While the NUPRC website publishes, in a convoluted way[2], license data, this covers license-holder name and dates of award and expiry, but not dates of application or license coordinates. The NSWG's comments on the draft Validation report explains that

[2] When you navigate the NUPRC website, you click on the Regulation icon, click on PIA 2021 and then Beneficial Ownership. The Concession situation of all licenses, leases is available up to 1 January 2022.

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	the former DPR had explained that the coordinates data was "not of the best quality", explanations that were published on the NEITI website. The comments also highlight NEITI's work with the former DPR and now NUPRC to ensure that an electronic license register is published on the NUPRC website in future. Given NEITI's expectation that all license data listed in Requirement 2.3.b will be publicly disclosed by the relevant government entities by the end of the second quarter of 2023, the NSWG argues for an upgrade in the assessment to 'mostly met'. However, coordinates of oil and gas licenses do not currently appear to be available upon request from the NUPRC. Thus, pending the public disclosure of the required license data by the relevant government entities planned for later in 2023, the Secretariat's assessment remains that Requirement 2.3 is partly met.

New corrective actions and recommendations

- In accordance with Requirement 2.2, Nigeria should ensure that information on mining, oil and gas license transfers is publicly disclosed, including the identity of licenses transferred and the process for transferring licenses, and the technical and financial criteria assessed. In accordance with Requirement 2.2.a.iv, Nigeria is required to ensure public disclosure of its assessment of any material deviations from the applicable legal and regulatory framework governing license transfers and awards in license awards and transfers in the period under review by EITI reporting. To strengthen implementation, Nigeria could use the EITI to strengthen NUPRC's systematic disclosures of licensing information, including retention of historical data.
- In accordance with Requirement 2.3, Nigeria is required to ensure that dates of application and license coordinates of each extractive license and contract are publicly accessible for each active license and contract in the mining, oil and gas sector. To strengthen implementation, Nigeria is encouraged to pursue its efforts to establish a modern cadastral management system for its oil and gas sector.

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.[3] In June 2021, the Board found that Nigeria had achieved "meaningful progress" in meeting the criteria of Phase 1 of Requirement 2.5 on beneficial ownership, following a targeted Validation of this individual EITI Requirement.[4] The assessment in this Validation consists of a technical assessment and an assessment of effectiveness in accordance with Requirement 2.5 and the Validation Guide.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. It demonstrates that there is a clear government policy on beneficial ownership disclosure in the extractive industries and an enabling legal and regulatory environment for the collection and public disclosure of beneficial ownership data from Nigerian companies in all economic sectors.

[3] https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement.
[4] https://eiti.org/board-decision/2021-34

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Appropriate legal provisions defining 'beneficial ownership' and setting thresholds for disclosures have been enacted, although the lack of specific requirements for beneficial owners of extractive companies that are political exposed persons (PEPs) is a concern given that it implies that PEPs holding less than the 5% ownership and control threshold are exempt from reporting their beneficial ownership. While PEPs are required to disclose their assets as part of mandatory asset disclosure requirements for public officials to the Code of Conduct Bureau (under the supervision of the OSGF), these asset disclosures are not publicly disclosed. Requests for PEPs' asset disclosures under the Freedom of Information Act as part of the '[Joining 'he Dots]' project have not been answered to date. Nonetheless, the reporting templates used by NEITI to collect beneficial ownership data have requested information on any beneficial owner that is a PEP, with this information disclosed in the NEITI BO portal (albeit not yet through the portal's bulk download function). This is in line with the new CAC [regulation] on persons of significant control (PSC) issued in late 2022, with support from Opening Extractives, which also includes requirements for state-owned enterprises and publicly-listed companies as well as for PEPs.

Permanent public beneficial ownership registers have recently been established by the Corporate Affairs Commission (CAC) for all companies and by the Nigeria Upstream Petroleum Regulatory Commission (NUPRC) for all oil and gas companies. The NEITI website has hosted a temporary BO portal since 2020 (the first public EITI beneficial ownership register to launch in Africa at the time), that provides beneficial ownership data for mining, oil and gas companies collected by NEITI directly from companies included in the scope of annual NEITI reporting (i.e. those making material payments to government). The mining and petroleum regulators, the Mining Cadastre Office (MCO) and NUPRC respectively, have requested beneficial ownership information from all companies holding mining and petroleum rights since 2022, while stakeholder consultations confirmed that beneficial ownership data has been requested as part of the license and contract application process in both mining and petroleum since 2019 and 2022 respectively. Beneficial ownership data is also required upon license renewals and transfers in the mining sector. Review of beneficial ownership reporting templates indicates that all data points strictly required in Requirement 2.5.d have been requested. However, the data disclosed through the NEITI BO portal includes name of companies/persons, nationality, and percentage ownership of control, but not the beneficial owner's country of residence.

The NEITI review of beneficial ownership data disclosures published in December 2022 provides an overview of the comprehensiveness and reliability of beneficial ownership disclosures to date, highlighting weaknesses in disclosures by more than half of companies holding or applying for extractives rights. While the NEITI Reports have provided legal ownership information on some, but not all, material extractives companies for several years, the CAC maintains a company register that provides access to legal ownership information on companies in all sectors, for a fee of NGN 1,000 (around USD 2.2) per corporate record, without the possibility to bulk download corporate records.

Assessment of effectiveness

The International Secretariat's assessment of the technical aspects of Requirement 2.5 suggests gaps in the actual data publicly disclosed through the NEITI BO portal. The lack of beneficial ownership information on many extractives companies is a concern, as is the provision of legal ownership information in lieu of beneficial ownership data for at least 20 extractives companies. The lack of beneficial ownership disclosures for companies that have garnered significant media

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attention in the past, such as Aiteo Eastern Exploration and Production Ltd., Atlantic Energy Holdings and Addax Petroleum Exploration (Nigeria), is a potential red flag. Although the identity of the beneficial owners of these companies is common knowledge, the listing of legal entities as so-called 'beneficial owners' of these companies on the NEITI BO portal and NEITI Reports is a concern.

The 5% ownership/control threshold set by Nigeria for beneficial ownership disclosures by all companies is more ambitious than thresholds set by many other governments. An analysis of Nigeria's initial extractives beneficial ownership disclosures by Open Ownership in 2020 revealed that almost half of the beneficial owners that had been disclosed using a 5% threshold would not appear if a 20% threshold had been adopted.

A 2021 study on beneficial ownership in Nigeria by academics at Northumbria University highlighted the need for better harmonisation of beneficial ownership data standards across different government entities. Since then with technical assistance from Open Ownership through the Opening Extractives programme, Nigeria is implementing new software that aims to make data collection swift and effective, using an online submission and a database structure that is compatible with the Beneficial Ownership Data Standard (BODS). Development partners consulted noted that the CAC was close to complying with the BODS. The 2021 study also recommended better sharing of information between different government entities, including NEITI and the CAC. Furthermore, the NEITI December 2022 assessment of beneficial ownership disclosures to date found weaknesses in the harmonisation of ownership data across different agencies. Indeed a review of the NEITI BO portal, the CAC corporate register and the NUPRC's Nigerian Oil and Gas Asset Beneficial Ownership Register (NOGABOR) identifies discrepancies in BO data reported to each of the three entities, which was confirmed by stakeholders consulted from government and development partners. The CAC has developed an application programming interface (API) for its BO data to be shared with a planned 23 other government agencies, though development partners consulted noted that the API had been connected to only a few agencies to date, such as the Financial Intelligence Unit and the National Identification Verification Commission.

The December 2022 NEITI review of beneficial ownership disclosures highlighted significant weaknesses in the availability and accuracy of beneficial ownership data, including incomplete information in the NEITI and CAC registers, lack of unique identifiers for companies for many extractive companies, the lack of a structure organisation name in the NEITI portal and the existence of several companies erroneously identified as beneficial owners of extractives companies in the NEITI BO portal. The CAC has implemented a system to verify the identity of Nigerian beneficial owners with the National Identity Management Commission to ensure that reported beneficial owners are actual persons. However, this verification has not extended to confirming that the reported beneficial owner is in fact the person exerting ultimate control over the company (i.e., not acting as a nominee owner). While the CAC requires a copy of the passport of the foreign beneficial owner in cases of foreign investors in Nigeria, it remains unclear how the identity and control of a foreign investor based overseas is verified by the Nigerian authorities (the CAC). Several stakeholders consulted from government and development partners noted concerns over the accuracy of some reported BO data and that the government had not started reviewing the accuracy of data with a view to enforcing sanctions from inaccurate reporting. The

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2022 CAC regulations on PSCs includes provisions (Articles 11 and 12) related to accuracy of reporting and sanctions.

In terms of accessibility, the NEITI BO portal allows users to search for a beneficial owner by company, individual, and license number/asset (OML/OPL number). Importantly, the NEITI BO Portal provides for bulk downloads of beneficial ownership data on both solid minerals and oil and gas companies, allowing for systematic analysis of the data. However, the bulk download function only provides the name and percentage ownership/voting rights of the beneficial owner, but not yet nationality, country of residence or PEP status where applicable. There is currently no bulk download function in open format for the CAC corporate register.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Beneficial ownership (Requirement #2.5) *Mostly met*	The Secretariat's assessment is that Requirement 2.5 is mostly met. Opinions of stakeholders consulted were split over the level of progress in meeting the objective of enabling the public to know who ultimately owns and controls all companies operating in the country's extractive industries. Many stakeholders consulted from all constituencies expressed pride at Nigeria launching Africa's first EITI BO portal through NEITI in 2020. The early ownership disclosure work through NEITI had led the Bureau of Public Procurement to require beneficial ownership disclosure as part of its procurement process for government contracts. Several government officials considered that the objective was being fulfilled given the enactment of legal provisions requiring the public disclosure of beneficial ownership and that companies were in the process of complying with these obligations. While several stakeholders from all constituencies hailed the significant progress achieved to date, several CSOs and development partners consulted considered that data collection, the establishment of protocols for the automatic exchange of beneficial ownership data between different government agencies, and disclosures of beneficial ownership were still in progress. The NSWG's comments on the draft Validation report argue for an upgrade in the assessment of Requirement 2.5 to 'fully met' based on its view that the objective has been fulfilled. Indeed, the comments argue that Nigeria has established a robust legal and regulatory framework for beneficial ownership transparency and that it has built on its launch of Africa's first public beneficial ownership register through the CAC's launch of its own public beneficial ownership portal covering companies operating in all economic sectors. The Secretariat's view is that the objective is mostly met, given enactment of an enabling legal framework but the need for further progress in publicly disclosing the beneficial ownership of all companies holding or applying for extractive rights. It is possible to identify the names of companies that have yet to disclose their beneficial ownership by cross-referencing the list of beneficial owners from the NEITI BO portal with the full list of companies

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	holding participating interests in licenses and contracts in the mining and petroleum sectors. There is an enabling legal and regulatory environment for the collection and public disclosure of beneficial ownership information of companies operating in all economic sectors through the 2020 amendments to the Companies and Allied Matters Act (CAMA), which requires the Corporate Affairs Commission (CAC) to establish a public beneficial ownership register. In the oil and gas sector specifically, the 2021 Petroleum Industry Act (PIA) requires the new Nigeria Upstream Petroleum Regulatory Commission (NUPRC) to maintain a public register of beneficial ownership of active oil and gas licenses, leases and permits. The amended CAMA provides a definition of 'beneficial owner' aligned with Requirement 2.5.f.i and sets a disclosure threshold of 5% of ownership or control. Although the CAMA does not provide a definition or specific disclosure requirements for politically exposed persons (PEPs), the 2022 Money Laundering (Prevention and Prohibition) Act provides a definition of PEPs. In addition, the 1990 Nigerian Code of Conduct and Tribunal Act requires senior government officials including politically exposed persons to disclose their assets and interests in companies. However, the lack of explicit provisions related to PEPs in the CAMA imply that PEPs are subject to the same 5% disclosure threshold as all other beneficial owners. The December 2022 regulation on "persons of significant control" include provisions for the disclosure of PEPs, albeit only for beneficial owners above the 5% threshold. The NSWG's comments on the draft Validation report highlight the importance of support from the Opening Extractives programme in increasing political commitment and stakeholder awareness of beneficial ownership transparency. The 2020 amendments to CAMA require that beneficial ownership information be requested from all Nigerian companies. In oil and gas, the 2021 PIA requires that beneficial ownership data be collected from companies holding oil and gas rights but does not specify whether such ownership data should also be collected from companies applying or bidding (even unsuccessfully) for oil and gas rights. However, the requirement to disclose beneficial ownership data to the II was included in the pre-qualification requirements for the 2023 mini-bid round, according to government officials consulted. However, the lack of public disclosure of the full list of bidders for each oil and gas license awarded through bid round hinders the ability to check whether the beneficial ownership of unsuccessful license applicants has yet been publicly disclosed. While all applicants for licenses registered in Nigeria are required to disclose their beneficial ownership to the CAC, foreign companies operating in Nigeria that are able to apply for oil and gas licenses are required to obtain an exemption from the requirement to register with the CAC from the Ministry of Industry, Trade and Investment. There were different opinions among stakeholders consulted over whether exempted foreign companies would nonetheless be required to report their beneficial ownership to the CAC. In mining, the 2020 NEITI Solid Minerals Report notes that the Mining Cadastre Office (MCO) has required disclosure of beneficial ownership as part of the license award, renewal and transfer processes since the enactment of new guidelines for applications for mineral titles in 2019. In consultations, industry representatives explained that NNPC had started collecting beneficial ownership data as part of its due diligence of crude oil buyers and third-party

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	vendors and suppliers, and that it was hoping to publish this data on the (new) NNPC website in future. The IAs preparing NEITI Reports on both solid minerals and oil and gas have requested beneficial ownership information from material companies included in the scope of reconciliation since piloting this approach in the 2012 NEITI Reports published in 2014. Stakeholder consultations confirmed that directives had been sent by the NUPRC and the MCO to all oil and gas companies and all solid minerals companies respectively, requesting all license- and contract-holders to report their beneficial ownership to the respective regulators within seven days. While lauding the efforts to collect data, one development partner consulted expressed scepticism at the efficacy of setting such a short deadline for disclosing beneficial ownership data and considered that a longer timeframe would be required for all companies to report. Consultations confirmed that beneficial ownership data had been consistently requested from applicants for new mining, oil and gas licenses and contracts since 2022. A senior government official explained that while the PIA did not require beneficial ownership disclosures from applicants for oil and gas licenses that were not successful in their application for a license, the request for beneficial ownership disclosure had been incorporated into recent bid round pre-qualification procedures. The CAC and the NUPRC launched their public beneficial ownership registers in January 2023, although the NUPRC's NOGABOR portal does not currently list any beneficial ownership data. The CAC portal lists the beneficial ownership (listed as 'persons of significant control') of companies incorporated since the start of 2022 but does not yet publish ownership data for most companies registered prior to the enactment of the 2020 CAMA amendments. The NEITI BO portal presents the most extensive beneficial ownership disclosures of extractives companies thus far, although this includes only partial ownership disclosures by those extractives companies that chose to report such information to NEITI. This is confirmed in a 2021 FATF assessment of Nigeria, which concluded that the CAC "does not maintain timely, adequate, accurate and up-to-date BO information". While the CAC ownership portal has developed an API to push data to a planned 23 government agencies in due course (it has connected to a handful of agencies as of the time of this Validation), there is no automatic exchange of information between the three separate beneficial ownership portals operated by the CAC, NUPRC and NEITI respectively. This has resulted in distinct non-coordinated data collection efforts and three portals that have differing levels of ownership information on different companies. A fourth, non-public, register of beneficial owners is being developed by the Mining Cadastre Office, which has used beneficial ownership data collection since 2019 as a means of driving revenue growth (doubling revenues to NGN 4.3bn (around USD 9.8m) through the identification of mineral title holders seeking to avoid payment of outstanding debts by abandoning old licenses and applying for new licenses using newly formed companies, as noted in the 2022 Opening Extractives Policy Brief. However, the planned MCO's beneficial ownership register does not appear to be integrated into the other BO registers. In December 2022, NEITI published a review of the comprehensiveness and reliability of beneficial ownership data disclosures to date. The review focused

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	on the status of beneficial ownership disclosures for 2020, noting that a total of 254 extractive companies had reported their beneficial ownership information to NEITI. There are different estimates of the number of companies reporting their beneficial owners to NEITI, between 76 mining companies and 31 oil and gas companies listed in the 2020 NEITI Reports to estimates from development partners that a total of 199 extractive companies had reported their beneficial ownership to NEITI as of 2023. As of January 2023, a total of 303,700 companies in all economic sectors (out of a total of around 3.5m registered companies in Nigeria) have reported their beneficial ownership to the CAC, yielding information on a total of 628 beneficial owners of extractive companies reported to NEITI and the CAC combined. However, there appear to be instances of disclosure of legal owners as 'beneficial owners' in both the NEITI BO portal and the CAC portal. A government official explained that the CAC was following up with all companies registered prior to 2021 to collect data on their beneficial ownership, but that it had not yet set a timeline for enforcing sanctions against non-complying companies in line with the CAC's PSC regulations of 2022. A development partner called for the CAC to start naming and shaming companies that did not report their beneficial ownership and 'naming and faming' those that did, particularly companies registered prior to 2021. The IAs for the 2020 NEITI Reports noted that they had not consulted with the CAC in preparing the reports. The IA explained that many companies listed on the CAC portal were marked as having no person of significant control, because the CAC was still awaiting this information. The NSWG's comments on the draft Validation report emphasise that government entities have been implementing the beneficial ownership regulations by requesting ownership data from companies. They also note that Nigeria has advanced the implementation of ownership transparency through capacity building for stakeholders to use the ownership data in anti-corruption and sector reform efforts. The comments highlight evidence of civil society and media use of beneficial ownership data. The NSWG also argues that the gaps in availability of beneficial ownership of some companies will remain perpetually and therefore that the lack of beneficial ownership information on certain extractives companies should not be considered a gap in this Validation. The Secretariat recognises that efforts to ensure comprehensive disclosures of beneficial ownership data on extractives companies will involve a continuous process. Nonetheless, the Secretariat's assessment that Requirement 2.5 remains mostly met is based on the relatively large number of companies holding or applying for extractive rights for whom beneficial ownership information has not yet been published. In addition, several of the companies for whom beneficial ownership data is not yet publicly available appear to be 'high risk'. The NEITI Report appendices do not provide the name of stock exchanges where publicly listed extractive companies trade nor links to their statutory filings for all extractive companies, with only the 2020 NEITI Oil and Gas Report providing this information for some, but not all, subsidiaries of publicly listed companies. However, this information and more is required of state-owned companies and subsidiaries of publicly listed companies to be publicly disclosed in the PSC regulations enacted by the CAC in 2022. Information on legal ownership of mining, oil and gas companies is available through the CA''s Company Register for a fee of NGN 1,000 (around USD 2.2) per corporate record. Government officials consulted explained that the CAC was currently

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	digitising its corporate records, to enable the online portal to list legal owners of companies. There are discrepancies in the information on company legal ownership between the NEITI BO Register and the CAC Company Register.
New corrective actions and recommendations	
• In accordance with Requirement 2.5, Nigeria is required to disclose the beneficial owners of all companies holding or applying for extractive licenses, particularly for all extractive companies considered as 'high risk' by Nigeria EITI in recognition of the fact that minor gaps in public disclosure of beneficial ownership for 'low risk' companies may persist amidst continuous government efforts to ensure comprehensive disclosure of beneficial ownership data for extractives companies. Nigeria should ensure that the identity of any politically exposed person that is a beneficial owner of extractives companies be disclosed, regardless of the level of ownership. Nigeria is encouraged to continue efforts to enhance compliance with beneficial ownership disclosure requirements, both in the extractive industries and in other sectors. Nigeria could consider ways of integrating its various beneficial ownership registers built by different government agencies to improve the efficiency, comprehensiveness and accuracy of ownership disclosures. Nigeria is required to ensure that the legal owners of all companies holding licenses or contracts in the mining, oil and gas sectors be publicly disclosed. The government is encouraged to strengthen its approach to implementing data reliability provisions for beneficial ownership disclosures, with a view to verification of disclosures beyond the requirement for management attestation of reporting.	

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

Nigeria's sole state-owned enterprise in the extractive industry, the national oil company NNPC, has significantly improved its systematic disclosures of EITI data since the previous Validation. The ongoing transition to the new NNPC website, following the company's restructuring as a limited liability company, has negatively impacted the public accessibility of these key documents. Nevertheless, NNPC now regularly publishes the audited financial statements of both the group and 22 of its subsidiaries and joint ventures, although this does not include financial statements of extractive companies in which NNPC holds a majority ownership but whose accounts are not consolidated into the NNPC group's balance sheet. The national oil company also publishes monthly data in open format on its crude oil and natural gas sales, both exports and domestic sales. NEITI reporting has continued to provide information on the rules and practices of NNPC's financial relations with the Federal Government, although it has not consistently tracked changes in NNPC ownership of extractive companies nor described the terms attached to NNPC's equity interests in each company and oil and gas project. There are also opportunities for greater transparency in the terms of the resource-backed loans in which NNPC is involved, including Project Eagle in 2020 (*see Requirement 4.3*). As NNPC prepares for a planned initial public offering on the Nigerian Stock Exchange in coming years, there is scope for Nigeria to make greater use of NEITI reporting to provide a diagnostic of the rules and practices of NNPC's financial performance and management, including on its expenditures, procurement and corporate governance, to help further strengthen the national oil company's routine disclosures and address public calls for more information on the company.

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The national oil company's improvements in its systematic disclosures of crude oil and natural gas sales on behalf of the Federal Government represent an example of good practices in disclosures of the sales of the state's in-kind revenues. There are clear opportunities for strengthening the use of EITI disclosures to provide a diagnostic of the process for selecting buyers of the government's in-kind oil and gas revenues, including the technical and financial criteria assessed as well as the terms of commodity sales contracts. There are also opportunities for more companies buying oil and gas from NNPC to match some trading companies like Trafigura's disclosures of its oil and gas purchases from Nigeria.

The NEITI Reports have continued to track transactions related to NNPC on an annual basis, although the publication of NNPC's financial statements has further strengthened transparency in this area. While stakeholders from different constituencies (government, civil society, development partners) consulted have expressed general concern over the perceived opacity of NNPC, there was broad consensus among stakeholders consulted that there was sufficient transparency on NNPC's payments to government, however low those were considered to be. There are opportunities for NEITI to add more value by improving the accessibility of data on transactions related to NNPC.

NEITI has continued to disclose NNPC's deductions to cover the costs of fuel subsidies, pipeline maintenance fees and other costs, but it has not yet broken this information down by type of expenditure. There are also opportunities for NEITI to more openly consider whether arrangements such as the Project Eagle resource-backed loan or transfers of assets from NNPC to its upstream subsidiary NPDC could constitute quasi-fiscal activities.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
State participation (Requirement #2.6) *Mostly met'*	The Secretariat's assessment is that Requirement 2.6 is mostly met, which represents back-sliding since the previous Validation. The views of stakeholders consulted were split about the level of progress in meeting the objective of public understanding of whether SOEs' management is undertaken in accordance with the relevant regulatory framework. Several government and industry representatives consulted considered that the objective had been fulfilled given the improvements in NNPC's systematic disclosures since the previous Validation. However, several civil society and development partner stakeholders consulted considered that there was scope for more transparency in NNPC's operations, including in its financial relations with certain of its joint ventures as well as the terms of its third-party financing, including through resource-backed loans. One government official consulted considered that the objective was not yet fulfilled given the National Assembly's repeated requests for more information from NNPC, even after enactment of the PIA. The NSWG's comments on the draft Validation report argue for an upgrade in the assessment of

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	Requirement 2.6 to 'fully met' based on its view that the broader objective has been fulfilled. The NSWG considers that Nigeria has improved on its disclosures related to NNPC assessed in its previous Validation, in which Requirement 2.6 was assessed as 'satisfactory progress, by publishing the national oil company's audited financial statements and through NNPC's becoming an EITI Supporting Company. The Secretariat's view is that the objective is mostly met, pending clarification of NNPC's financial relations with joint ventures whose operations are not consolidated in the group's balance sheet and improved transparency in the terms of resource-backed loans. In mining, the 2020 EITI Report confirms that there are no active state-owned enterprises in the mining sector in the period under review, based on NSWG discussions and a review of the solid mineral sector's structure. In oil and gas, the NEITI Reports and its website confirm that NNPC is the sole SOE in the sector and that it is considered material for EITI reporting purposes. NNPC began publishing audited financial statements in 2019 and, for 2020, has published financial statements for both the group and for 22 of its subsidiaries and joint ventures, although this does not appear comprehensive of financial statements of all joint ventures in which NNPC holds equity interests (excluding for instance certain trading joint ventures incorporated offshore). NNPC's published financial statements are scanned images that are not searchable. Industry representatives consulted explained that NNPC could not publish the financial statements of affiliated companies or joint ventures involving other companies without the other investors' consent, which explained why these financial statements had not been published. NEITI's reports and website provide a cursory overview of the rules related to NNPC's financial relations with the state prior to reforms in the 2021 Petroleum Industry Act (PIA), with reference to the 1977 NNPC Act. However, the rules related to NNPC's entitlement to transfers from the Federal Government and its ability to raise third-party debt financing are only briefly and cursorily described by NEITI. Several government officials explained that implementing regulations for the PIA were being developed, with six regulations issued to date and another 13 at different stages of completion, with some of the implementing regulations likely to have an impact on NNPC's operations. A government official consulted expressed uncertainty over whether NNPC was now an entirely private company or a hybrid state-owned enterprise following reforms in the PIA. However, another senior government official stated categorically that NNPC was now a commercial enterprise with arms' length financial relations with the Federal Government, as stipulated in Section 53 of the PIA. Several stakeholders called for greater clarity on which assets NNPC managed on its own commercial account and which assets were managed on behalf of the Federal Government. A government official noted that consultants had been contracted to advise on various aspects of NNPC's operations, including management of its assets, compliance and governance. The NSWG comments on the draft Validation report argue that the assessment of state participation did not take sufficient account of the changes in NNPC's operations and in its relations with government as a result of the 2021 PIA. Sufficient data on the practice of NNPC's distribution of profits, retained earnings, reinvestments and third-party financing at the group level is disclosed

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	through NNPC's audited financial statements for 2020. The migration to a new website appears to have resulted in some challenges related to public access as some documents remain on the old website. The NEITI and NNPC websites and reports disclose a list of oil and gas companies and projects in which NNPC holds equity interests and or participating interests. The NEITI Report has some omissions related to certain trading joint ventures such as Calson Ltd (a Bermuda JV with Vitol) or Hyson Ltd (a Nigerian JV with Vitol) or Napoil Co. Ltd (a Bermuda JV with Trafigura), even though these are listed on the NEITI website as companies in which NNPC holds majority (51%) ownership. In consultations, the IA explained that it had taken the list of NNPC subsidiaries and joint ventures from the group-level financial statements for 2020, which meant that the 2020 NEITI Report had not considered extractive companies in which NNPC held a majority ownership interest but that were not consolidated into the NNPC group's balance sheet. An industry representative explained that NNPC had closed several of its trading joint-ventures incorporated offshore in 2021 and 2022, given that they were no longer profitable. The terms attached to NNPC's equity interests and participating interests are not comprehensively disclosed on the NEITI website, with the NNPC audited financial statements providing some of this information. While the 2020 NEITI Report provides a description of the Carried and Modified Carry Agreements applicable to certain Joint Operating Agreements, it does not provide the applicable rates for these carried interest arrangements. The financial arrangements underpinning the Eagle project resource-backed loan do not appear to be disclosed on either the NEITI or NNPC websites or documents (*see Requirement 4.3*). The NSWG's comments on the draft Validation report note that NEITI Reports from 2017 onwards have covered various resource-backed loans including loans named 'Cheetah', 'Falcon', 'Santolina' and others. With regards to 'Project Eagle', the NSWG argues that NEITI Reports have disclosed all required information on this resource-backed loan other than the interest rate, given that NNPC considers that this information cannot be disclosed due to commercial considerations. The 2020 NEITI Report does not describe changes in NNPC's participations in oil and gas companies and projects in 2020, although the NEITI website appears to indicate that there were no changes in NNPC's participations (although the website does not clarify whether this relates to 2020 or another period). Any such changes in NNPC's participations would presumably be described in the group's audited financial statements. The 2020 NEITI Report does not comment on the existence of any loans or loan guarantees from the Federal Government and NNPC to any extractive companies, including government loans and guarantees to NNPC where applicable. While information on loans is available in NNPC's audited financial statements, it is unclear where information on loan guarantees involving NNPC is publicly disclosed, where applicable. The Debt Management Office of the Federal Ministry of Finance publishes regular reports on Federal Government loans and guarantees (see for instance the 2020 DMO annual report), which provide the value of the loan guarantee such as a NGN 2.5bn loan guarantee for the NNPC-AKK gas pipeline in 2020, but not the terms of the underlying loan being guaranteed. In consultations, the IA noted that it was not aware of any loans or loan guarantees either from the Federal Government or from NNPC to any

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	extractives companies, explaining that the Debt Management Office had not reported any such loans or guarantees to the IA in preparation for the 2020 NEITI Report. However, some development partners called for greater transparency in NNPC's third-party funding, in particular its recourse to resource-backed loans. In particular there were calls for greater transparency in the way in which NNPC would pay for its 20% interest in the new Dangote refinery, given media reports that it would cover one third of the USD 2.76bn cost of its acquisition of this interest through in-kind future deliveries of crude oil to the refinery, which implied that this was a form of resource-backed loan to NNPC from the Dangote Group. An industry representative noted the existence of significant arrears in Federal Government payments to NNPC for the cost of fuel subsidies, noting that the current arrears totalled NGN 1.8tn (around USD 3.9bn) as of February 2023. Some information on the new statutory rules related to NNPC's corporate governance, expenditures and procurement is described in the 2021 PIA, but NEITI does not yet appear to have undertaken work on disclosing a diagnostic of the rules and practices related to the corporate governance of NNPC. Industry representatives consulted confirmed that NNPC had started collecting beneficial ownership information on its suppliers and crude oil buyers as part of its due diligence in procurement, in accordance with the expectations for EITI Supporting Companies, and that the national oil company "hoped" to publish such ownership information on its website in future (*see Requirement 2.5*). Industry representatives noted that NNPC had developed a new 'Transparency policy' under the previous Board of Directors, but that this had not yet been launched or published pending planned reviews to ensure its alignment with the company's new Board of Directors.
Sale of the state's in-kind revenues (Requirement #4.2) *Full' met*	The Secretariat's assessment is that Requirement 4.2 is fully met, as in the previous Validation. Most stakeholders consulted considered that the objective of transparency in the sale of in-kind oil and gas revenues had been achieved. However, some development partners and CSOs consulted considered that there was scope for more transparency in NNPC's oil sales, particularly related to the buyer selection process. This was considered particularly relevant given Glencore's recent admission of guilt to government authorities in the United States and United Kingdom, related to the trading company's corruption of NNPC officials in relation to securing crude oil cargos. The Secretariat's view is that the objective has been fulfilled through systematic disclosures by the national oil company NNPC but has not yet been exceeded pending further transparency on areas including the selection of oil and gas buyers, comparison with disclosures by certain buying companies' disclosures of purchases from NNPC and greater stakeholder analysis of whether the achieved sales values correspond to prevailing market values for these commodities. The NSWG's comments on the draft Validation report express support for the assessment of Requirement 4.2 as 'fully met'. In mining, the 2020 NEITI Solid Minerals Report confirms that there are no in-kind revenues accruing to the Federal Government in the mining sector. This conclusion was based on consultations with relevant stakeholders and on a review of the materiality of Federal Government revenues provided in Annex 2 to the 2020 NEITI Report, even if that annex was based on 2019 revenue figures.

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	Nonetheless, there is no evidence of any in-kind revenues in the mining sector in subsequent years. In oil and gas, the 2020 NEITI Oil and Gas Report confirms that the sales of the state's in-kind revenues in oil and gas are material and describes the arrangements for such revenues. The report discloses the volumes of in-kind crude oil and natural gas revenues collected by NNPC on behalf of the government, which are also systematically disclosed on a monthly basis on the NNPC website but does not explain why natural gas volumes collected under Production-Sharing Contracts and Service Contracts are not disclosed in either NEITI or NNPC documents. Government officials consulted confirmed that all of the state's in-kind revenues from the sale of natural gas were disclosed through the NNPC and NEITI disclosures. The volumes of crude oil and natural gas sold, and the value of those sales, is disclosed through monthly lifting profiles published on the NNPC website (the 2020 lifting data is only available on the old NNPC website, with data on liftings from June 2022 onwards on the new NNPC website) and in Appendix 10 to the 2020 NEITI Report. This data appears to cover resource-backed loans such as Project Eagle and barter-type arrangements such as the Direct Sales Direct Purchase (DSDP) arrangements (*see Requirement 4.3*). The data on in-kind revenue sales on the NEITI and NNPC websites are disaggregated by individual cargo and provides information on type of product, quantity and price, but not yet on the nature of the sales contract (e.g., spot contract, term contract, swap, resource-backed loan, etc.). While a minority of buyers of the state's in-kind revenues, primarily Trafigura in its Payments to Government reports, publish information on their purchases of crude oil from NNPC, NEITI does not appear to have yet reviewed or referenced such disclosures in Nigeria's EITI reporting to date. Nonetheless, NEITI appears to have applied the same quality assurances for disclosures of in-kind revenue sales as for other payments and revenues disclosed in the NEITI Reports. NEITI has published some information on the pricing of crude oil sales but has not yet published information on the rules and practices related to the process for selecting the buying companies, the technical and financial criteria used to make the selection, the list of selected buying companies, any material deviations from the applicable legal and regulatory framework governing the selection of buying companies, and the related sales agreements. NEITI has published some information on the procedures for the Direct Sales Direct Purchases (DSDP) arrangements on its website, while NNPC has published the DSDP contract template, NEITI has not yet published a description or diagnostic of the practices of crude oil sales, including via DSDP. There are opportunities for NEITI to build on the NNPC and Federal Government efforts to bring transparency to oil sales by better documenting the buyer selection and contracting process. A development partner called for greater transparency in NNPC's selection of buyers and the terms of oil sales contracts, noting findings of an October 2020 report on Vitol's operations in Nigeria by Dutch NGO the Centre for Research on Multinational Corporations (SOMO) and the Nigerian NGO CISLAC.
Transactions related to state-owned	The Secretariat's assessment is that Requirement 4.5 is fully met, as in the previous Validation. Most stakeholders consulted considered that the objective of

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enterprises (Requirement #4.5) *Fully met*	traceability of payments and transfers involving SOEs had been fulfilled. While several stakeholders from civil society, government and development partners expressed concern over perceived opacity in NNPC's financial management, they considered that there was sufficient transparency on payments from NNPC to government – rather, the concern was over the low level of such payments to government. The Secretariat recognises these concerns, which are assessed under the financial relations between NNPC and the state (*see Requirement 2.6*) but considers that the objective of transparency in the flow of payments from SOEs to the state has been fulfilled. The NSWG's comments on the draft Validation report express support for the assessment of Requirement 4.5 as 'fully met'. There are no material SOEs in the mining sector. In oil and gas, the sole material SOE NNPC publishes audited financial statements at a group level and for some of its subsidiaries and joint ventures, which provide some information on the NNPC group's payments to government and dividend revenues from its subsidiaries and joint ventures. The 2020 NEITI Oil & Gas Report discloses the aggregate value of payments received by NNPC from oil and gas companies, while the NEITI data dashboard provides this reconciled data disaggregated by company and revenue flow. While NNPC's subsidiary and joint venture dividend payments to the NNPC group are not disclosed and reconciled in the NEITI Report or website, these are disclosed to a high degree of reliability in NNPC's audited financial statements for 2020 (there were no auditor qualifications to NNPC's 2020 group financial statements). However, the flow of dividends from NLNG to NNPC group are disclosed and reconciled in the 2020 NEITI Report. While the 2020 NEITI Report does not comment on the existence of any government transfers to NNPC nor of NNPC dividend payments to the Federal Government, this information is provided in NNPC's audited financial statements, which confirm the lack of dividend paid in 2020 (NNPC's first dividend payment to the government in history was paid in 2021). However, the 2020 NEITI Report provides information on the transfer to the Federation Account of proceeds of sales of the state's in-kind revenues, which are commercialised by NNPC on the state's behalf.
Quasi-fiscal expenditures (Requirement #6.2) *Mostly met*	The Secretariat's assessment is that Requirement 6.2 is mostly met, which represents back-sliding since the previous Validation. While most government officials considered that the objective of transparency in quasi-fiscal expenditures by extractive SOEs to ensure accountability in their management had been fulfilled with NEITI and NNPC's disclosures of NNPC's deductions for fuel subsidies, other stakeholders consulted considered that the objective was still far from being achieved. A development partner noted that the current disclosures of NNPC deductions were too aggregated to be of use. The NSWG's comments on the draft Validation report argue that the assessment of Requirement 6.2 should be upgraded to 'fully met', based on its view that the objective has been fulfilled. While the NSWG rejects the assessment that resource-backed loans such as 'Project Eagle' were not covered by the national budgetary process, it concedes that greater disaggregation of NNPC's deductions is needed in future reporting in order to only categorise certain of the related expenditures as quasi-fiscal, although it does not consider that this should be considered a gap in the assessment of Requirement 6.2. The Secretariat's view is that the objective is mostly achieved despite NEITI's consistent reporting on NNPC deductions since

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	the previous Validation, given that data on these deductions appears to have included several types of expenditures that are not quasi-fiscal. Rather, the objective is mostly achieved in light of the lack of NEITI analysis of other expenditures that could be considered quasi-fiscal, such as the resource-backed loans involving NNPC, even if NEITI and NNPC have published the underlying granular data of oil sales underpinning those loan arrangements. Given the lack of material SOEs in the mining sector, there are no quasi-fiscal expenditures in mining. In oil and gas, the NNPC monthly FAAC reports published on its website (new website since July 2022, old website pre-2022) provide aggregate data on the value of deductions for under recovery, product losses, pipeline repairs and maintenance cost, and JV cost recovery, but does not disaggregate NNPC's deductions by type of expenditure (nor highlight which of these deductions is considered a quasi-fiscal expenditure). The 2020 NEITI Oil & Gas Report categorises only pipeline maintenance costs, fuel subsidies and physical oil losses as forms of quasi-fiscal expenditures but excludes the value of subsidies agreed but not yet disbursed to NNPC in 2020 even though these could be considered quasi-fiscal activities pending NNPC's compensation for these subsidies by the Federal Government. The value of NNPC's quasi-fiscal expenditures on fuel subsidies is not published disaggregated by individual fuel marketing company claiming repayments of fuel subsidies. Industry representatives consulted did not consider pipeline maintenance fees to be quasi-fiscal, as they were budgeted for by the Federal Government. The NSWG's comments on the draft Validation report take note of these comments and commit to ensure "more appropriate" reporting in future. However, the NSWG does not consider that the lack of disaggregation between quasi-fiscal and other expenditures in NNPC's deductions should be considered a gap in the assessment of Requirement 6.2. However, the Secretariat considers that data on NNPC's quasi-fiscal expenditures has not yet been disclosed to the same level of transparency commensurate with other payments and revenue streams, i.e., disaggregated by individual revenue stream. The NEITI approach to quasi-fiscal expenditures also excludes one significant type of quasi-fiscal expenditures, and a second type that the Secretariat does not consider to be quasi-fiscal. The first quasi-fiscal expenditure not covered as such by NEITI consists of crude oil liftings from OML 119 in reimbursement of the "Pre-Export Financing" and "Project Eagle" resource-backed loans. While the 2020 NEITI Report and NNPC systematic disclosures of lifting data provide the volumes and values of crude oil sold under these arrangements, NEITI's reporting has not covered these repayments as forms of off-budget reimbursements of national debt. While the repayment modalities for the Project Eagle resource-backed loan are public, the lack of publication of the interest rate for the loan hinders the ability for public scrutiny of the terms of the arrangement and value-for-money analysis from a government perspective. NEITI has not yet investigated the oil liftings from OML 119 that appear to have continued in 2021 (according to NNPC oil liftings data) despite the license being under renewal pending NPDC's regularisation of arrears in payments to government (see *Requirement 4.3*). Some government officials consulted questioned whether the Project Eagle resource-backed loan should be considered quasi-fiscal, given that it was provided for in the Federal Government budget. Some development partners called for greater detail in the budgeting for resource-backed loans in the Federal

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	Government budget. The NSWG's comments on the draft Validation report argue that resource-backed loans like 'Project Eagle' should not be considered quasi-fiscal given that the national budget included appropriations for this arrangement. The NSWG does not consider that a resource-backed loan that has been categorised as a barter-type arrangement could also be considered a quasi-fiscal expenditure. The second type of expenditures not categorised as quasi-fiscal consists of asset transfers from NNPC to its upstream subsidiary NPDC, with delayed payment for those assets yet immediate transfer of the production entitlements to NPDC. Government officials noted that NPDC was always given the right of first refusal in block operatorship as the national oil company's upstream arm and that such asset transfers from NNPC should not be considered quasi-fiscal. The Secretariat's view is that this issue warrants greater investigation by NEITI but is not necessarily a quasi-fiscal activity by NNPC.

New corrective actions and recommendations

- In accordance with Requirement 2.6, Nigeria should ensure public disclosures from the government and NNPC of their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including clarity on which assets are managed in NNPC's commercial interests and which assets are managed on the Federal Government's behalf. These disclosures should cover all extractives subsidiaries and joint ventures in which NNPC holds majority equity interests, including those not consolidated into the NNPC group's balance sheet. This information should include details regarding the terms attached to their equity stake, including their level of responsibility for covering expenses at various phases of the project cycle, e.g., full-paid equity, free equity or carried interest. Where there have been changes in the level of government and NNPC ownership during the EITI reporting period, the government and NNPC are expected to disclose the terms of the transaction, including details regarding valuation and revenues. Where the government or NNPC have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed, including loan tenor and terms (i.e., repayment schedule and interest rate). To strengthen implementation, Nigeria could consider using its EITI reporting as a diagnostic of NNPC's practices in operating and capital expenditure management, procurement, subcontracting and corporate governance, covering both the NNPC group and its extractives subsidiaries and joint ventures.

- To strengthen implementation of Requirement 4.2, Nigeria is strongly encouraged to expand its use of EITI disclosures to provide an annual diagnostic of the rules and practices related to the process for selecting the buying companies, the technical and financial criteria used to make the selection, the list of selected buying companies, any material deviations from the applicable legal and regulatory framework governing the selection of buying companies, and the related sales agreements. Companies buying oil and gas resources from the state, including from NNPC (or third parties appointed to sell on their behalf), are encouraged to disclose volumes received from the state or NNPC, or its marketing agent where applicable, and payments made for the purchase of oil and gas resources.

- To strengthen implementation of Requirement 4.5, Nigeria is encouraged to use its EITI process to strengthen systematic disclosures of transactions related to SOEs including NNPC and its subsidiaries and joint ventures, building on the systematic disclosure of audited financial statements to improve the accessibility and usability of this information.

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• In accordance with Requirement 6.2, Nigeria is required to review all types of spending by the NNPC and any other extractive SOE with a view identifying expenditures that could be categorised as quasi-fiscal. Nigeria EITI is required to develop a reporting process for NNPC's quasi-fiscal expenditures with a view to achieving a level of transparency commensurate with other payments and revenue streams and should include NNPC subsidiaries and joint ventures.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

The level of systematic disclosures of mining, oil and gas production data has declined slightly since the previous Validation, although the new regulator NUPRC has started publishing production volumes data for crude oil and condensate on an annual basis, broken down by month and by terminal. NEITI reporting has disclosed production volumes and values for each extractive commodity produced in Nigeria, including in the mining sector. There are opportunities for NEITI to work with relevant government agencies including the NUPRC and the Mines Inspectorate Department (MID) for petroleum and mining respectively, to strengthen their routine disclosures of production data.

The level of systematic disclosures of export data is stronger in oil and gas than in mining. The NNPC website has published monthly oil and gas lifting reports since 2020 (with pre-2022 reports published on the old website and post-2022 data published on the new website), disaggregated by individual cargo.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Production (Requirement #3.2) *Fully met*	The Secretariat's assessment is that Requirement 3.2 is fully met, as in the previous Validation. Most stakeholders consulted considered that the objective of public understanding of extractive commodities production levels and the valuation of extractive commodity output had been fulfilled. The Secretariat's view is that the objective has been fulfilled, but not yet exceeded pending the strengthening of systematic disclosure of production data by relevant government agencies. The NSWG's comments on the draft Validation report expressed support for the assessment of Requirement 3.2 as 'fully met'. In <u>mining</u>, production volumes and values are disclosed through NEITI reporting and supporting appendices published on the NEITI website. It does not appear that this information is systematically disclosed on government websites, with the Mines Inspectorate Department (MID) reporting production volume data to NEITI.

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	Mining production volumes and values are disaggregated to all levels encouraged by the EITI Standard and the NEITI Transparency template explains that values are calculated using international commodity prices. There is no explicit comment in the 2020 NEITI Report about the reliability of production data and NEITI does not yet appear to have referenced any third-party estimates of artisanal and small-scale mining production. In oil and gas, the NEITI Reports disclose production volumes and values of crude oil and natural gas disaggregated by type of production arrangement, company, project and region. The NUPRC website publishes oil and condensate production volumes open data broken down by month and by terminal on an annual basis, although this does not cover production values or natural gas. The NEITI Reports describe the methodology for calculating production values, which are based on average annual oil prices. While some information on oil and gas production data was systematically disclosed on NNPC and DPR websites in the past, the level of systematic disclosures by NNPC and NUPRC appears to have declined with the transition to new websites. A senior government official explained that the NUPRC planned on restarting publication of the Nigeria Oil and Gas Annual Reports (NOGAR) and expected to publish the missing 2019-2022 NOGARs in 2023, which would provide additional oil and gas production data.
Exports (Requirement #3.3) *Fully met*	The Secretariat's assessment is that Requirement 3.3 is fully met, as in the previous Validation. Most stakeholders consulted considered that the objective of public understanding of extractive commodity export levels and the valuation of extractive commodity exports had been fulfilled. The Secretariat's view is that the objective has been met, but not yet exceeded pending the strengthening of systematic disclosures of export data in the mining sector and further disaggregation of mineral export data by individual project. The NSWG's comments on the draft Validation report expressed support for the assessment of Requirement 3.3 as 'fully met'. In mining, export volumes and values are disclosed through NEITI reporting based on information supplied by the Nigerian Customs Service (NCS). Export volumes and values are disaggregated by commodity, company and export destination but not yet by region of origin or by project. The 2020 NEITI Report provides a brief discussion of the reliability of export data, with the conclusion that NCS data is more reliable and comprehensive than data from the Mines Inspectorate Department (MID). When consulted, the IA and government stakeholders noted that NCS data includes processed minerals and mineral ores, whereas MID data only includes processed mineral exports. A comparison of the two sources is provided in the NEITI Report, which identifies significant discrepancies between the two. The NEITI Report does not provide additional information on how export values were calculated but government representatives consulted explained that export values are calculated based on international commodity prices. There does not appear to be any disclosure of export data from artisanal and small-scale mining, nor is there confirmation that export data conform with international data standards and methodologies for calculating extractive commodity export data. In oil and gas, the NEITI Oil and Gas Reports disclose export data for crude oil and natural gas that is systematically disclosed on NNPC's website, including

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	export volumes and values disaggregated by individual cargo. The 2020 NEITI Report provides a limited description of the systems for controlling crude oil exports, including the pricing formula for oil sales.
New corrective actions and recommendations	
• To strengthen implementation of Requirement 3.2, Nigeria is encouraged to use its EITI process to work with relevant government agencies such as the NUPRC and the MID to strengthen their systematic disclosures of extractive commodities production data and to ensure greater disaggregation of production data by individual project. Nigeria could make greater use of its EITI disclosures to improve transparency around the methods for calculating production volumes and values data. • To strengthen implementation of Requirement 3.3, Nigeria is encouraged to use its EITI process to work with relevant government agencies such as the Nigerian Customs Service and the MID to strengthen their systematic disclosures of mineral commodities export volumes and values and to ensure greater disaggregation of export data by individual project. Nigeria could make greater use of its EITI disclosures to improve transparency around the methods for calculating export volumes and values data.	

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

There remain limited systematic disclosures of Federal Government revenues from the extractive industries on government agencies' websites, beyond the Budget Office website's publication of quarterly budget implementation reports that present aggregated revenue data. The NEITI website presents data from NEITI Reports on government revenues broken down by company and revenue stream through the NEITI Data Dashboard. A minority of oil and gas companies domiciled in the European Union, the UK, Norway and Canada routinely publish their payments to the Federal Government of Nigeria as part of their mandatory 'payments to government' reports submitted to their home country governments. This includes at least six companies in oil and gas (ENI, Equinor, Nexen/CNOOC, Seplat, Shell, TotalEnergies) and at least one company (Lafarge Holcim) in mining. There are opportunities for NEITI to make greater use of these companies' systematic disclosures of their payments to government in Nigeria to strengthen NEITI disclosures of government revenues and to explore ways of further streamlining the annual NEITI reporting process. Building on NEITI's new eReporting system (NAMS), there are opportunities for Nigeria to use its EITI process to strengthen systematic disclosures of government revenues from the extractive industries, particularly of non-tax revenues, and to restructure its approach to EITI disclosures to build on these systematic disclosures.

Nigeria has used its EITI process to shed light on two arrangements that constitute barter-type transactions, including resource-backed loans and exchanges of crude oil for refined petroleum products, although it has only considered the former to constitute a barter-type arrangement in accordance with EITI Requirement 4.3. The Secretariat's view is that both of these arrangements are barter-type arrangements. While NEITI reporting and systematic disclosures on the NNPC website provide sufficient data to track the implementation and repayment of these agreements

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on an annual basis, there remains a lack of clarity around the terms of the agreements, particularly the interest rate of the resource-backed loans. There are clear opportunities for NEITI to strengthen its multi-year analysis of these arrangements to consider the benefits to the government of these arrangements relative to conventional crude oil sales agreements.

The NEITI disclosures on transportation revenues collected by NNPC for the third-party use of its oil pipeline network have been sustained since the previous Validation. While NNPC's financial statements only disclose these revenues in aggregate as part of miscellaneous revenue collections, the NNPC website has recently started disclosing transportation revenues broken down by company and by quarter, in open format, for 2020 and 2021. While NEITI has not considered these transportation revenues to be material, it has nonetheless continued disclosing these revenues and identified commercial confidentiality constraints hindering the public disclosure of transportation fee rates and, if possible, the transportation contracts, although this is only encouraged under the EITI Standard.

Nigeria's EITI disclosures have become timelier since the previous Validation, with the latest NEITI Reports (covering 2020) published 15 months after the end of the fiscal period covered, an improvement on the previous 24-month time lag. Some NEITI reporting entities, particularly NNPC, have started systematically disclosing data required by the EITI in a timelier manner, although there are opportunities for Nigeria to make greater use of its EITI process to work with relevant government entities and extractive companies to strengthen their systematic disclosures to further improve the timeliness of disclosures of EITI data. NEITI data has continued to be disaggregated by government entity, revenue stream and company, but has not yet been broken down by individual project for those revenues levied at a project level. NEITI has scoped out those revenue streams levied per project but has not yet published a list of projects that cover several different legal agreements that share substantially interconnected infrastructure. There are opportunities for greater collaboration with extractive companies to develop such a list, building on the systematic disclosures of some extractive companies' payments to governments reports in the EU, UK, Norway and Canada (e.g., ENI, Equinor, Seplat, Shell, TotalEnergies) that clearly indicate that certain projects cover several interconnected legal agreements.

Annual NEITI Reports have continued to provide a clear methodology for data quality assurances related to disclosures of financial data on government revenues and company payments, which has resulted in clear statements on the comprehensiveness and reliability of reconciled financial data in these reports. Nigeria has made some use of its EITI process to provide information on the rules and practices related to government entities' and extractive companies' routine audit and assurance systems, although it can fully use EITI implementation as an annual diagnostic to strengthen the EITI's contribution to improving the implementation of these systems in practice.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective	Summary of progress in addressing the EITI Requirement

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action and assessment	
Comprehensive disclosure of taxes and revenues (Requirement #4.1) *Fully met*	The Secretariat's assessment is that Requirement 4.1 is fully met, as in the previous Validation. Most stakeholders consulted considered that the objective of ensuring comprehensive disclosures of company payments and government revenues from oil, gas and mining had been fulfilled through NEITI disclosures. The Secretariat's view is that, while materiality decisions in the mining sector could have been more clearly substantiated on the basis of government unilateral disclosures of mining revenues in 2020, the objective has been fulfilled given that all material extractive companies' payments appear to have been comprehensively disclosed in the 2020 NEITI Reports, despite weaknesses in subnational government revenue disclosures (*see Requirement 4.6*). There is scope for significantly strengthening the Federal Government's systematic disclosures of revenues from mining, oil and gas companies. The NSWG's comments on the draft Validation report expressed support for the assessment of Requirement 4.1 as 'fully met'. In mining, the MS''s decisions on materiality thresholds for company and government entity selection are clear. While the 2020 NEITI Report's materiality decisions appear to have been based on government mining revenues collected in previous years (2019) rather than the year under review, it appears that all revenue streams listed under Requirement 4.1.c have been included in the scope of reconciliation and are listed and described. During consultations, the IA confirmed that revenue streams were selected using the same numerical threshold as that used for company and government entity selection using data from 2020. The 2020 NEITI Report provides mining companies' unilateral disclosures of other forms of payments to government, which indicate that company direct payments to subnational governments (and in particular to the State Boards of Inland Revenue) were above the materiality threshold for selecting material revenue streams. While mining companies' payments to the Nigerian Customs Service totalled NGN 2.6bn (around USD 5.7m), the value of these payments appears below the de facto materiality threshold for selecting material revenue streams for reconciliation in 2020. Of the 102 mining companies deemed material, 96 fully reported and the six companies that did not report are identified. In consultations, the IA explained that the timeliness of some companies' reporting remained a challenge. The value of each non-reporting company's payments to government is disclosed and the IA provides an assessment that these discrepancies did not impact the quality or comprehensiveness of disclosures of government revenues from the solid minerals sector. The government's full unilateral disclosure of mining revenues is provided and disaggregated by individual revenue stream, although the lack of explicit reference to revenues collected by the Nigerian Customs Service in the NEITI materiality decisions described in Annex 2 to the 2020 NEITI Report is a concern (although this does not appear to have affected the comprehensiveness of NEITI reporting). EITI reporting indicates in general terms that mining companies' audited financial statements are publicly accessible but provides no guidance to readers on how to access these financial statements. Government representatives consulted clarified that audited financial statements for Nigerian mining companies are not publicly available.

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	In oil and gas, the 2020 NEITI Report on Oil & Gas provides the government's full unilateral disclosure of revenues from oil and gas companies, aside from revenues under Pay-As-You-Earn (PAYE) and transportation fees. The NSWG's materiality decisions for the selection of revenue streams and companies for reconciliation are documented and substantiated, with all material companies and revenue streams listed and described. The IA explained that the full set of 69 oil and gas companies were included in the scope of reporting in 2020 in accordance with the NEITI Act, but that 25 companies were selected based on a higher threshold. The four non-reporting companies made only minor contributions to government revenues and were not part of the 25 companies considered material for NEITI reconciliation. Government entities and companies fully disclosed required financial data for the 2020 NEITI Report, with the exception of four smaller oil and gas companies that accounted for a combined 0.006% of government oil and gas revenues. The non-reporting companies are clearly listed, alongside an assessment that their omissions did not affect the comprehensiveness of reconciled financial data. The value and nature of unreconciled discrepancies do not raise questions about the reliability of disclosures. While the final reconciliation coverage was only around 94% of total government oil and gas revenues, available evidence indicates that no oil and gas company making material payments to government were excluded from the reconciliation. None of the material oil and gas companies have published their Nigerian entities' audited financial statements for 2020, with the exception of the national oil company NNPC and 22 of its subsidiaries and joint ventures (see *Requirement 2.6*). The NUPRC had collected many of these financial statements, although there were different levels of compliance across different companies to date and some stakeholders indicated that there was no intention to publicly disclose them. The NUPRC had issued letters of non-compliance to several companies in this regard. Several government officials noted the opportunities to strengthen systematic disclosures of non-tax revenues collected by the Federal Government. This would build on efforts to improve transparency in fiscal revenue collections through the website of the Office of the Accountant General of the Federation. However, they noted that legal taxpayer confidentiality constraints hindered the systematic publication of Petroleum Profits Tax and Corporate Income Tax data broken down by individual company. While the NEITI Act provided a waiver for NEITI Reports to disclose this level of granular information, the officials did not consider that the NEITI Act provided for the systematic disclosure of company-level tax revenue data on Federal Government websites. In the meantime, several government and industry representatives consulted highlighted the launch of the NEITI eReporting portal (the NEITI Audit Management System – Automated platform – NAMS), although some industry representatives expressed concerns that the new system still presented numerous glitches that created challenges for uploading company data.
Infrastructure provisions and	The Secretariat's assessment is that Requirement 4.3 is mostly met, which represents back-sliding since the previous Validation. Most stakeholders consulted from government considered that there was sufficient transparency on the DSDP oil-for-petroleum products agreements and the Project Eagle resource-

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barter arrangements (Requirement #4.3) *Mostly met*	backed loan. However, other stakeholders from civil society and development partners considered that more transparency was needed on resource-backed loans, as well as a longer term 'value for money' analysis of the DSDP agreements. The Secretariat's view is that the objective is mostly fulfilled pending NEITI's analysis of these arrangements in comparison to conventional crude oil sales agreements. The NSWG's comments on the draft assessment argue for an upgrade in the assessment of Requirement 4.3 to 'fully met', based on their view that the objective of comprehensive NEITI reporting of barter-type agreements had been achieved. There are no infrastructure or barter arrangements in the solid minerals sector. In oil and gas, the 2020 NEITI Oil & Gas Report describes two types of arrangements that appear to meet the characteristics of infrastructure provisions and barter-type arrangements as defined in Requirement 4.3, including a resource-backed loan and an oil-for-products barter-type agreement. However, NEITI has only categorised the former as a barter-type arrangement, not the latter. The resource-backed loan, categorised as a "forward sales agreement' under 'Pre-Export Finance 1&2" (PXF 1&2), with PXF 2 refinanced under a new resource-backed loan named "Project Eagle" in 2020, consists of the provision of loans from a Bahama-based special purpose vehicle (SPV) 'Eagle Export Funding Ltd' to NNPC in exchange for future deliveries of crude oil produced from OML 119. The 2020 NEITI Report and NPDC's 2020 audited financial statements published on the NNPC website provide a general description of the agreement, including some of the terms of the relevant agreements and contracts, some of the parties involved, the resources which have been pledged by the state (crude oil deliveries), the repayment modalities, and the value of the balancing benefit stream (the value of the loan). However, the terms of the loan (including interest rate and tenor of the loan) and the parties involved in providing funding for the Bahama-based SPV are not described in NEITI or NNPC/NPDC documents. It is unclear whether crude oil deliveries under the arrangement are priced in the same way as conventional oil sales by NNPC, or whether there is a specific pricing formula applied for crude oil deliveries in repayment of the 'Project Eagle' loan. Although it is possible to assess the materiality of this arrangement relative to conventional agreements based on data on crude oil liftings in servicing of the Project Eagle loan in the 2020 NEITI Report, NEITI does not yet appear to have undertaken analysis of the implementation of this arrangement to assess whether this agreement gave rise to revenue leakages for the government relative to conventional oil sales. National secretariat staff consulted explained that most information on the Project Eagle resource-backed loan was disclosed in the 2020 NEITI Report and the NPDC 2020 financial statements, with the exception of the terms of the loan itself (tenor and interest rate), which had been requested in preparation of the 2020 NEITI Report but had not been received. The Secretariat staff explained that NEITI had only become aware of Project Eagle when reviewing the detail of NNPC crude oil lifting data. NEITI Reports from 2012 onwards had described the PXF 1 and 2 in general terms, although NEITI had not yet undertaken analysis of the repayment of the resource-backed loans

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	over the term of the loans to assess the value-for-money of these arrangements for the Federal Government. There was consensus among stakeholders consulted that the Project Eagle resource-backed loan, as the PXF 1 and 2 loans, were used to repay fuel marketers for the cost of the subsidy. A senior government official noted that the tenor of the resource-backed loans was in the public domain, with PXF 1 and Project Eagle to be reimbursed over a five-year period, while PXF 2 was scheduled for repayment over seven years (with the only resource-backed loan outstanding in 2020 consisting of Project Eagle). However, several government and industry representatives consulted noted that the interest rates on the resource-backed loans were considered confidential and expressed concern at the idea of the Federal Government publishing this information, which could be considered to be a breach of the loan agreement. There were differing views among stakeholders consulted over whether the Project Eagle loan and its repayments in crude oil were adequately recorded in the Federal Government budget, with government officials stating categorically that the repayment of the loan did not constitute a quasi-fiscal expenditure while some development partners considering that there was insufficient information on such resource-backed loans in the Federal Government's budget documents (see *Requirement 6.2*). While OML 119 appears to have expired in 2020, with its renewal still pending in 2023 given arrears in NPDC's payments to government related to the block delaying the license renewal, oil liftings from OML 119 to service the Project Eagle loan appear to have continued in 2021 according to crude oil lifting data systematically disclosed on the NNPC website (see *Requirement 2.2*). The second type of arrangement, categorised as "Direct Sales Direct Purchase", consists of the sale of a share deducted from domestic market crude oil sales for export, with the proceeds accruing to an escrow account that are subsequently used to finance the purchase of refined petroleum products from the same commodity trader. NEITI has explicitly stated that these types of arrangements do not constitute a swap-type agreement given the settlement of crude oil sales and refined product purchases in cash, rather than in kind. However, consistent with the view of other organisations such as the Natural Resource Governance Institute, the International Secretariat considers the DSDP agreements as forms of swaps, given that the DSDP contracts explicitly link the sale of crude oil to the delivery of refined petroleum products. The 2020 NEITI Report provides information on the terms of the relevant agreements and contracts, the parties involved, the resources which have been pledged by the state (crude oil), and the value of the balancing benefit stream (refined petroleum products). The NNPC website publishes the template DSDP contract in use in 2021-2022, although not the final concluded DSDP contracts in force in 2020. An industry representative consulted explained that the actual signed DSDP contracts could not be publicly disclosed as the pricing information was deemed to be confidential. While there is sufficient information in the NEITI Report to assess the materiality of these agreements relative to conventional oil sales, NEITI appears to have ceased the analytical work undertaken on previous swap-type arrangements to assess the existence of revenue leakages associated with these arrangements relative to conventional deals. In consultations, the IA confirmed that NEITI had not considered DSDP to be a barter-type arrangement but stated that the IA itself did consider it to be such a barter-type arrangement. The 2020

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	NEITI Report had thus included the same type of analysis as for swap arrangements in previous years, including comparing calculations of the value of crude oil and refined products involved in the DSDP arrangements. There are systematic disclosures of data on crude oil liftings as part of the DSDP arrangements through NNPC's monthly oil and gas liftings reports published in open format, although there are opportunities to strengthen systematic disclosures of the petroleum product imports under the scheme. In its comments on the draft Validation report, the NSWG emphasised the draft Validation report's findings that there had been comprehensive disclosure of the repayment of the loans, but not of the interest rate of the resource backed loans to NNPC and the state from commodity traders. The lack of transparency around the interest rate on these loans is problematic from a public interest perspective given that it hinders public scrutiny of the terms of these agreements relative to conventional agreements. Therefore, although NEITI has addressed the majority of the technical aspects of this requirement – bar one, the interest rates – the Secretariat's view is that it has mostly fulfilled the overall objective given the lack of at least an estimated range (within reason) of interest rates for the agreements.
Transportation revenues (Requirement #'.4) *Fully met*	The Secretariat's assessment is that Requirement 4.4 is fully met, as in the previous Validation. The few stakeholders consulted from government and industry who expressed a view on progress towards the objective of transparency in government and SOE revenues from the transit of oil, gas and minerals, as a basis for promoting greater accountability in extractive commodity transportation arrangements, considered the objective to have been fulfilled. The Secretariat considers that, while the requirement could be considered not applicable to Nigeria in 2020 given that NEITI has considered these revenues to be non-material, the objective has been fulfilled given the disclosure of information on NNPC's collection of transportation revenues from third parties. The NSWG's comments on the draft Validation report expressed support for the assessment of Requirement 4.4 as 'fully met'. This requirement is not applicable in the mining sector, as in the previous Validation and reconfirmed in the 2020 NEITI Solid Minerals Report. In oil and gas, the 2020 NEITI Oil & Gas Report confirms that NNPC collects transportation revenues from third-party use of its pipelines with regards to crude oil, but not natural gas. The 2020 report argues that these transportation revenues are not material despite accounting for around USD 120m in 2020, as they account for less than the materiality threshold of 1.5% of total government oil and gas revenues. While transportation revenues from only two oil and gas companies are disclosed in the 2020 NEITI Report, far less than the 13 Joint Ventures in which NNPC participates, there was consensus among stakeholders consulted that these were the only two companies that made payments to NNPC for the third-party use of the national oil company's pipeline infrastructure. The NNPC website has recently started publishing data on the transportation revenues it collects from these two companies, in 2020 and 2021. The 2020 NEITI Report provides a general description of the transportation arrangements, although it notes that applicable transportation rates and charges cannot be disclosed "for commercial reasons".

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Level of disaggregation (Requirement #4.7) *Mostly met*	The Secretariat's assessment is that Requirement 4.7 is mostly met. While some government stakeholders consulted considered that the objective of disaggregation in public disclosures of company payments and government revenues from oil, gas and mining has been fulfilled, stakeholders from other constituencies recognised that government extractives revenue data had not yet consistently been disaggregated by project for those revenue streams levied at a project level. The Secretariat's view is that the objective is mostly met given NEITI's progress in scoping which government revenue streams are levied on a project level but in light of project-level revenue data not yet being publicly disclosed. The NSWG's comments on the draft Validation report argue for an upgrade in the assessment of Requirement 4.7 to 'fully met'. The "SWG'' comments note that the reporting templates in Appendices 2 of the 2020 NEITI Reports on both oil and gas and solid minerals requested that companies and government entities report payments and revenues disaggregated by project, where applicable. The NSWG confirmed that NEITI's definition of project is aligned with that in mandatory payments to government regimes in the United States and Canada. In mining, the reconciled financial data in the 2020 NEITI SMA Report is presented disaggregated by government entity, revenue stream and company, but not by project. Appendix 13a to the 2020 NEITI SMA Report lists reconciled revenue streams but does not include project-level data. Appendix 2 to the 2020 NEITI SMA Report states that project-level reporting would be included in NEITI Reports from 2020 forward but this does not appear to be the case. While there has been mapping of which revenue streams are levied at the company level, this was not done for revenue streams levied at the project level. NEITI has not published a list of contracts and licenses that are considered to form one project (on which government revenues are levied in a consolidated manner) given that they share substantially interconnected or overarching infrastructure, though it is not clear such contracts and licenses exist in the mining sector. The NSWG's comments on the draft Validation report confirm that a project is defined as a single exploration or quarrying mining license or a small-scale mining lease, with project-level disclosures of reconciled revenues presented in Appendix 10 (Sheet 6) of the 2020 NEITI Solid Minerals Report. However, a review of Appendix 10 indicates that data on the number of different types of licenses and leases held by individual companies is provided, alongside the aggregate value of royalty payments by each company (covering all licenses). Therefore, the Secretariat concludes that project-level disclosure of government revenues in the mining sector has not yet been achieved for those revenues levied on a project basis. In oil and gas, the reconciled financial data in the 2020 NEITI Oil & Gas Report is presented disaggregated by government entity, revenue stream and company, but not by project. Tables 61, 62 and 63 in the 2020 report identify the projects in which each company is involved, but do not provide government revenue data disaggregated by individual project. There is evidence that NEITI has undertaken some scoping work on project-level disclosures, including mapping government revenue streams levied on a per-project level, but has not yet published a list of contracts and licenses that are considered to form one project (on which government revenues are levied in a consolidated manner) given that they share substantially interconnected infrastructure. Mandatory payments to government

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	reporting by EU-domiciled oil and gas companies such as Shell, Total and Equinor and others indicate that certain projects (particularly onshore and in shallow waters) cover several contracts and licenses that share substantially interconnected infrastructure. The NSWG's comments on the draft Validation report confirm that a project is defined by a single OPL or OML (or several substantially interconnected licenses) and that project-level disclosures of applicable reconciled revenues are presented in Tables 62 and 63 of the 2020 NEITI Oil & Gas Report. However, a review of Tables 62 and 63 indicates that data on the identity of licenses held by each company is provided, but that the figures on government revenues are only provided in aggregate for all licenses, not disaggregated by individual project (i.e., per license or substantially interconnected licenses that form a single project). Therefore, the Secretariat concludes that project-level disclosure of government revenues from the oil and gas sector has not yet been achieved for those revenues levied on a project basis.
Data timeliness (Requirement #4.8) *Fully met*	The Secretariat's assessment is that Requirement 4.8 is fully met, as in the previous Validation. All stakeholders consulted considered that the objective of sufficiently timely public disclosures of company payments and government revenues from oil, gas and mining to be relevant to inform public debate and policymaking had been fulfilled. Several civil society representatives in particular welcomed the timelier publication of NEITI Reports and recognised the availability of more updated information on the NNPC website, for instance in the national oil company's audited financial statements. The Secretariat's view is that the objective has been fulfilled, although not yet exceeded pending further improvements in the timeliness of EITI disclosures of financial data on government revenues, which should ideally be within one year of the end of the fiscal period covered to further improve its relevance to public debate and policymaking. Some civil society representatives consulted called for further work on strengthening systematic disclosures to enable NEITI to move from its focus on data collection towards higher value-added work on analysis of the data disclosed. The NSWG's comments on the draft Validation report expressed support for the assessment of Requirement 4.8 as 'fully met'. Nigeria has consistently published EITI Reports for both oil and gas and solid minerals by the Board's reporting deadlines. The EITI Reports on oil and gas for 2017 and 2018 were published in October 2019, while the EITI Report for 2019 was published in June 2021. The EITI Report on solid minerals for 2017 was published in October 2019, the 2018 report in March 2020 and the 2019 report in September 2021. The EITI Reports on both sectors covering 2020 were published in February 2022. In addition, NEITI published its 2017-2019 Fiscal Allocation and Statutory Disbursement (FASD) report, covering subnational revenue flows, in April 2022. All NEITI Reports provide confirmation that the NSWG approved the period covered by each report. Secretariat staff explained that the 2021 NEITI Reports on solid minerals and oil and gas were planned to be published towards the middle of 2023, while the NEITI FASD Report on 2020-2021 was due for publication later in 2023.
Data quality and assurance (Requirement #4.9)	The Secretariat's assessment is that Requirement 4.9 is fully met, as in the previous Validation. Most stakeholders consulted expressed confidence in the reliability of financial data on government revenues and company payments

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Fully met	disclosed in NEITI Reports. However, one government official noted that NEITI did not consult with the Office of the Auditor General of the Federation (OAuGF) in the preparation of the annual NEITI Reports, but rather provided copies of the published NEITI Reports to the OAuGF for further analysis after their publication. The NSWG's comments on the draft Validation report contested this view by highlighting the IAs' work with the OAuGF in the preparation of every NEITI Report and that NEITI had consistently submitted copies of their reports to the OAuGF as it was mandated to do under the NEITI Act. The NSWG's comments argued strongly that the objective was fully met. The Secretariat's view is that the objective of providing stakeholders with confidence in the reliability of financial data in NEITI Reports has been fulfilled. While there is scope for further strengthening NEITI's contribution to strengthening routine government and company audit and assurance systems and practices has been fulfilled with NEITI providing some diagnostic of the audit and assurance rules and practices of government entities and extractive companies. The NSWG has approved ToRs for its IAs aligned with those endorsed by the Board and followed them in practice. NEITI has continued to conduct data collection for EITI reporting on behalf of the IAs, as in the previous Validation. While NEITI has not tended to use its EITI disclosures as a diagnostic of audit and assurance practices in extractives companies and revenue-collecting government entities, it has provided some information on audit and assurance practices in its reports on solid minerals and oil and gas. NEITI Reports on both oil and gas and solid minerals include clear statements regarding the comprehensiveness and reliability of the reconciled financial data, based on a clear assessment of the materiality of payments and revenues associated with each extractive company and government entity that did not comply with the agreed quality assurances for their EITI reporting. There is also an opportunity for the EITI to work with extractive companies to publish their financial statements, following the lead of NNPC. Thus, the Secretariat's view is that all required technical aspects of Requirement 4.9 have been addressed and the broader objective of EITI reporting contributing to strengthening routine government and company audit and assurance systems and practices has been fulfilled. Government officials expressed interest in closer collaboration between NEITI and the OAuGF in future cycles of NEITI reporting, with a view to strengthening capacity within the OAuGF and improving the NEITI Reports' annual review of audit and assurance practices within the public sector. Government officials highlighted recent reports published by the OAuGF that were considered to be relevant to NEITI's work, including reports on the Niger Delta Development Commission (NDDC) in May 2020 and on a performance audit of oil and gas exports in June 2022, although these had not yet been discussed by NEITI.

New corrective actions and recommendations

- To strengthen implementation of Requirement 4.1, Nigeria is encouraged to use its EITI process to work with relevant government agencies including the FIRS, NUPRC, Ministry of Mines and Steel Development and others to strengthen the Federal Government's systematic disclosures of government revenues from the extractive industries, starting with routine disclosures of disaggregated non-tax revenue information. Nigeria could consider ways of building on companies' systematic disclosures of payments to government to further streamline and institutionalise public disclosures of extractives companies' payments to government. Nigeria is

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expected to work with extractive companies that make material payments to government to ensure that their audited financial statements are regularly published.

- In accordance with Requirement 4.3, Nigeria is required to consider whether there are any agreements or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities, including both resource-backed loans and direct-sales-direct-purchases (DSDP) arrangements. Where NEITI concludes that these agreements are material, Nigeria is required to ensure that EITI implementation addresses these agreements and disclosures provide a level of detail and disaggregation commensurate with the other payments and revenue streams, including public disclosure of the key terms of the agreements, including interest rates on resource-backed loans. Nigeria EITI is encouraged to reconsider the existence of barter agreements and infrastructure provisions on an annual basis.

- To strengthen implementation of Requirement 4.4, Nigeria could consider expanding its use of the EITI process to disclose information on transportation arrangements that give rise to revenues to NNPC and the government, including applicable transportation tariffs and rates.

- In accordance with Requirement 4.7, Nigeria is required to publish data on government revenues from the extractive industries disaggregated by individual project, where specific revenue streams are levied at a project level. Where multiple contracts, licenses, leases, concessions or similar legal agreements are substantially interconnected and form the basis for payment liabilities with the government, Nigeria EITI must clearly identify and document which instances are considered a single project. Substantially interconnected agreements are a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities. Such agreements can be governed by a single contract, joint venture, production sharing agreement or other overarching legal agreement.

- To strengthen implementation of Requirement 4.8, Nigeria is encouraged to innovative approaches to EITI reporting that strengthen and build on government and company systematic disclosures with a view to improving the timeliness of EITI disclosures and further improving the contribution of EITI data to public debate and policymaking.

- To strengthen implementation in accordance with Requirement 4.9, Nigeria could strengthen its use of the EITI process as an annual diagnostic of the rules and practices related to government and extractive companies' audit and assurance systems, with a view to improving the EITI's contribution to strengthening routine government and company audit and assurance systems and practices.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

Most tax and non-tax payments to government in the solid minerals, oil and gas sectors are transferred to the Single Treasury Account and recorded in the national budget. Nigeria has made progress in publishing annually the audited financial statements of NNPC and 22 of its subsidiaries and joint ventures, documenting its management of revenue collection and

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administration on behalf of the Federal Government. However, NEITI has not yet focused on strengthening transparency in the NDDC and NCDMB's operations and financial management, alternating between considering these payments to government entities or mandatory social expenditures. There are opportunities for NEITI to build on the 2020 audit of the NDDC by the OAuGF to help strengthen transparency in the corporation's financial management. It is welcome that NEITI has included in its five-year Strategic Plan a focus on the energy transition. There are opportunities for NEITI to strengthen its work in disclosing information to further public understanding and debate around issues of revenue sustainability and resource dependence.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Distribution of extractive industry revenues (Requirement '5.1) *Mostly met*	The Secretariat's assessment is that Requirement 5.1 is mostly met, which represents back-sliding since the previous Validation. Most stakeholders consulted from all constituencies considered that all Federal Government revenues from solid minerals, oil and gas were recorded in the national budget, with the exception of revenues managed by NNPC. Most stakeholders consulted considered that the objective of traceability of extractive revenues to the national budget to ensure the same level of transparency and accountability for extractive revenues that are not recorded in the national budget had been fulfilled. However, some development partners noted that some oil and gas revenues were earmarked for particular purposes and were not recorded in the national budget. The Secretariat's view is that the objective is mostly met given weaknesses in transparency in the management of funds collected from oil and gas companies by the Niger Delta Development Corp. (NDDC) and the Nigerian Content Development & Monitoring Board (NCDMB). NEITI reporting has remained ambiguous on whether to consider oil and gas companies' payments to these two entities as either payments to government or mandatory social expenditures, without shining sufficient light on the two entities' management of these revenues. The NSWG's comments on the draft Validation report argue for an upgrade in the assessment of Requirement 5.1 to 'fully met', based on its view that the overall objective has been fulfilled. In <u>mining</u>, general information on the budget cycle is systematically disclosed on Federal Government websites such as that of the Budget Office. EITI reporting confirms that all mining revenues are recorded in the Federal Government budget. In <u>oil and gas</u>, general information on the budget cycle is systematically disclosed on Federal Government websites such as that of the Budget Office, although Federal Government websites do not confirm whether any government revenues from the extractive industries are managed outside of the conventional budgetary process. The 2020 NEITI Oil and Gas Report describes NNPC's deductions from the proceeds of sales of government oil and gas as

	forms of oil and gas revenues not recorded in the Federal Government budget. The NSWG's comments on the draft assessment argue strongly against the notion that revenues collected by the Federal Government from NNPC are not recorded in the national budget, explaining that the national budget includes government revenues from NNPC. However, the Secretariat's view is that NNPC also collects some oil and gas revenues that constitute forms of government revenues (particularly in 2020 prior to its incorporation as a limited liability company) that it retains without transferring to the Federal Government, and that are not recorded in the national budget. This includes for instance NNPC's deductions from its remittances to the Federation Account. It is unclear from NEITI documents whether oil and gas revenues managed by the Niger Delta Development Corp. (NDDC), the Nigerian Content Development & Monitoring Board (NCDMB) and the Nigerian Export Supervision Scheme (NESS) are recorded in the Federal Government budget. Indeed, NEITI disclosures refer to oil and gas company contributions to the NDDC and NCDMB both as forms of payments to government and as mandatory social expenditures. In consultations, government officials and the IA confirmed that payments to NDDC and NCDMB should be considered as mandatory social expenditures (*see Requirement 6.1*). A government official confirmed that revenues collected by NDDC and NCDMB were not consolidated in the national budget, while other government officials consulted stated that NESS fees were recorded in the national budget. Neither NEITI Reports nor other public documents describe the management of oil and gas revenues by the NDDC, NCDMB or NESS and financial reports for these entities do not appear to be publicly available. Several representatives from all constituencies raised concerns over the accountability in the NDDC's financial management and called for more information on the entity's operations, even if they conceded that revenues managed by NDDC should be considered as forms of mandatory social expenditures rather than government revenues. The OAuGF's report on the Niger Delta Development Commission (NDDC) in May 2020 was highlighted as one of the first independent insights into the corporation's operations. With regards to revenues managed by the national oil company, the audited financial statements of the NNPC Group and some of its subsidiaries and joint ventures are published on the (old) NNPC website, thereby providing additional information on NNPC's management of oil and gas revenues not recorded in the Federal Government's budget. The NSWG's comments on the draft assessment argues that NEITI Reports have classified revenues collected by NDDC and NCDMB both as subnational payments and as mandatory social expenditures and that NEITI's FASD Reports provide information on the disbursement of funds by these two government entities. However, the Secretariat's view (consistent with the IMF's GFS classifications) is that company payments cannot be both payments to government and mandatory social expenditures at the same time (*see Requirement 6.1*). The Secretariat also considers that NDDC and NCDMB are national agencies that have a mandate to earmark expenditures for specific geographic areas or purposes. Pending the NSWG's clarification of whether it considers revenues collected by NDDC and NCDMB as either forms of government revenues or mandatory social expenditures, the Secretariat

	considers that there is insufficient information in the public domain on the financial management of the two government entities. While the FASD Reports provide some information on disbursements by these entities at the state level (in a selection on ten of the 36 states and FCT), there is insufficient information in the public domain on the entities' financial management prior to disbursements of funds, particularly in the absence of public disclosure of the entities' financial statements. This information is particularly important given the legacy of significant public mistrust in particularly the NDDC's financial management in particular.
Revenue management and expenditures (Requirement #5'3) *Not assessed*	The Secretariat's assessment is that Requirement 5.3 remains not assessed, given that several encouraged aspects of this requirement remain to be addressed by Nigeria EITI. Most stakeholders consulted did not express particular views about progress towards the objective of strengthening public oversight of the management of extractive revenues. Secretariat staff highlighted the NEITI plans under the five-year Strategic Plan to focus on energy transition issues. There was broad interest in NEITI's Fiscal Allocations and Statutory Disbursement (FASD) Reports, which track expenditures in around one third of Nigerian resource-producing State Governments on a rotating basis. The Secretariat's view is that NEITI should accelerate implementation of its planned work on energy transition planning in order to make progress towards the objective of strengthening public oversight of the assumptions underlying the budget process. The NSWG's comments on the draft Validation report expressed support for the assessment of Requirement 5.3 as 'not assessed'. In mining, NEITI has used its EITI reporting to disclose some information on the Solid Minerals Development Fund (SMDF), which earmarks some revenues for the expansion of the mining sector in Nigeria and for the formalization and support of artisanal and small-scale miners. EITI reporting links to the official website of the SMDF and describes the funds that make up the SMDF. The 2020 NEITI SMA Report provides an overview of the impact of the COVID-19 pandemic on the mining sector, based on responses to NEITI's survey of government entities and extractive companies. In oil and gas, NEITI has used its EITI reporting to disclose additional information on revenue management and expenditures particularly at the subnational level through its FASD Reports that, although delayed (the 2017-2019 Report was published in 2022) have provided unique insight into ten State Governments' management of their share of subnational transfers. The 2020-2021 FASD Report is due for publication in 2023. The 2020 NEITI Oil and Gas Report does not describe any earmarked oil and gas revenues, nor the Federal Government's budget and audit cycles. Nonetheless, documents on the Budget Office website including the 2022-2024 Medium-Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) provide some limited information on earmarked revenues and the budget cycle. The website of the Office of the Auditor General for the Federation (OAuGF) provides some limited information on the audit cycle, alongside published OAuGF reports. Nigeria has not yet maximised its use of EITI reporting to disclose additional information that could further public understanding and debate around issues of revenue sustainability and resource dependence, such as assumptions underpinning

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	forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector. Nonetheless, the 2020 NEITI Oil and Gas Report provides an overview of the impact of the COVID-19 pandemic on the oil and gas sector, based on responses to NEITI's survey of government entities and extractive companies.

New corrective actions and recommendations
• In accordance with requirement 5.1, Nigeria should indicate which extractive industry revenues, whether cash or in kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable. • To strengthen implementation of Requirement 5.3, Nigeria is encouraged to ensure public disclosure of timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence. This may include the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

Nigeria has long been a pioneer of subnational reporting with NEITI's Fiscal Allocation and Statutory Disbursement (FASD) reports. It published its 2017-2019 FASD report in April 2022, the third such report to date following FASD reports covering 2007-2011 and 2012-2016. This work analysing the expenditures linked to both Federal Allocations and Internally Generated Revenue is commendable, with ten State Governments selected on a rotating basis.

There are two forms of payments to government by extractive companies that NEITI has long included in the scope of company – not State Government – reporting. The Pay As You Earn (PAYE) and Withholding Tax (WHT) are two payment streams that have not been considered taxes on upstream operations nor of material value by NEITI to date, despite its decision to unilaterally disclose company payments. There are opportunities to strengthen NEITI's use of its FASD Reports to further disaggregate State Governments' internally generated revenues to further support public finance policymaking.

While all State Governments are entitled to general subnational transfers of revenues from the Federal Government, in the form of Federation Account Allocation Committee (FAAC) allocations to each state, the only form of subnational transfers of extractives revenues are the 13% derivation of oil and gas revenues and solid minerals revenues respectively to each producing State Government. This covered 13% derivation transfers to eight oil and gas producing states in 2020 and all 36 states that had some form of solid minerals production. NEITI has continued to publish comparisons of calculations of what should have been transferred to each State

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Government according to the revenue-sharing formula with figures on actual subnational transfers of the 13% derivation for each state. However, its calculations have been based on mining, oil and gas revenues accruing to the Federation Account rather than the value of gross oil and gas revenues, including those collected by NNPC. Thus, while NEITI's calculations show that actual subnational transfers were in line with calculations of shares of extractive revenues transferred to the Federation Account, without engaging with the public criticism by the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) that the 13% oil and gas derivation should be a 'first line' deduction from gross oil and gas revenues, prior to NNPC withholding its deductions from oil and gas revenues transferred to the Federation Account. There are opportunities for NEITI to work more closely with NNPC and RMAFC to publish analysis of the differences between distinct modes of calculating the 13% derivation, if possible, drawing on NEITI's extensive time series of data on subnational transfers.

NEITI has continued to disclose information on social expenditures and some environmental payments to government such as the Gas Flaring Tax since the previous Validation. Yet NEITI does not appear to have yet ensure comprehensive disclosures of social expenditures under Community Development Agreements (CDAs) in the solid minerals sector. A more holistic review of extractives companies' environmental payments is also called for. Moreover, if oil and gas companies' contributions to NDDC and NCDMB are to be considered mandatory social expenditures, then stronger disclosures of information on these organisations' financial management and gains to the ultimate beneficiaries would be needed in order to make progress towards the objective of transparency and accountability in the management of social and environmental expenditures of extractive companies.

Progress by requirement and corrective actions

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EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Subnational payments (Requirement 4.6) *Fully met*	The Secretariat's assessment is that Requirement 4.6 is fully met, as in the previous Validation. Most stakeholders consulted considered that there was sufficient transparency on extractives company payments to State Governments, even though NEITI's FASD Reports did not disaggregate State Government Revenues by payment flow or by company in the NEITI Reports. Stakeholders broadly considered that the extractives companies' unilateral reporting of the two largest payment flows to State Governments – Pay As You Earn (PAYE) and Withholding Tax (WHT) – provided sufficient transparency on State Government revenues, as these were not considered to be taxes on upstream extraction. The Secretariat's view is that the objective has been fulfilled given the disclosure of the two material subnational revenue streams, but that there is scope for NEITI to strengthen its use of FASD reporting to analyse extractives companies' payments to State Governments on a risk-based approach, particularly in the mining sector. The NSWG's comments on

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	the draft Validation report expressed support for the assessment of Requirement 4.6 as 'fully met'. In mining, the 2020 NEITI SMA Report and Appendix 16 list mining companies' subnational direct payments, which are disclosed unilaterally by companies. The 2020 NEITI SMA Report considers Pay As You Earn (PAYE) and property rates as the two subnational revenue streams. The 2017-2019 FASD Report provides some figures for 'State Internally Generated Revenue' for select states, yet these figures are not disaggregated by revenue flow. From companies' unilateral disclosures of subnational payments, it appears as though these revenues could be considered material. However, in consultations the IA and Secretariat staff confirmed that mining companies' direct subnational payments to State Governments were considered to be below the materiality threshold for selecting revenue streams for reconciliation and that PAYE payments were not considered to be forms of impositions on companies' upstream extractive activities, but rather payments on behalf of employees. As in the previous Validation, the Secretariat's view is that it remains legitimate to exclude PAYE from the scope of reconciliation given that it is a form of payment on behalf of employees. In oil and gas, the 2020 NEITI Oil and Gas Report erroneously categorises oil and gas company payments to NDDC, NCDMB and NESS fees as direct subnational payments. These are in fact company payments to national parastatal organisations, not direct oil and gas company payments to subnational governments such as State Governments. The 2020 NEITI Oil and Gas Report and its annexes disclose material companies' unilateral disclosures of payments to State Governments in the form of Pay As You Earn (PAYE) and Withholding Tax (WHT). The 2017-2019 FASD Report provides the aggregate value of each State Government's internally generated revenues but does not describe the specific revenue flows that constitute State Governments' "Internally Generated Revenues". The FASD report indicates that "Internally Generated Revenues" accounted for up to 30% of State Government revenues in some cases in 2017-2019, although it is unclear whether such revenues are collected from oil and gas companies nor whether the value of "Internally Generated Revenues" collected as revenues from oil and gas companies was above the materiality threshold set for selecting revenue streams for reconciliation. While NEITI reporting templates provide for reporting of 'other payments to government', although it is not explicitly requested of companies to report their other payments to State Governments. In consultation, the IA explained that the scope of NEITI reporting was the two largest forms of payments, not smaller payments like ground tax. Nonetheless, NEITI had collected data on all types of company payments to State Governments and confirmed that these payments were not material in 2020.
Subnational transfers (Requirement #5.2) *Mostly met*	The Secretariat's assessment is that Requirement 5.2 is mostly met, which represents back-sliding since the previous Validation. The Secretariat's view is that the objective of enabling stakeholders at the local level to assess whether the transfer and management of subnational transfers of extractive revenues are in line with statutory entitlements has been mostly met given the lack of publicly accessible comparison of actual transfers in the solid minerals, oil and

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	gas sectors with the value of transfers of gross mining and petroleum revenues that should have been transferred to State Governments according to the revenue-sharing formula. The NSWG's comments on the draft assessment argue strongly for an upgrade in the assessment of Requirement 5.2 to 'fully met', based on their view that the objective has been fulfilled. The NEITI FASD reports provide Insightful data and analysis of ten State Government's management of the revenues they receive from the Federal Government, including both FAAC transfers and the 13% derivation. However, the FASD reports do not provide analysis of whether State Governments receive what they should according to the revenue-sharing formula. NEITI has published standalone analysis of this issue on its website (labelled '13% Derivation disbursements'), where it has compared calculations of what should have been transferred under the 13% derivation in both oil and gas as well as solid minerals with the value of actual transfers. In the solid minerals sector, the payments of 13% derivation are bundled and made twice a year given their low value relative to oil and gas revenues. The NSWG's comments on the draft assessment highlight the October 2020 publication of NEITI Occasional Paper on 'Perception of the Impact of 13% Oil Derivation Allocation' in addition to its extensive work on subnational transfers of the 13% derivation, which NEITI categorises as *"among the most comprehensive among EITI implementing countries"*. There are no discrepancies identified in NEITI's comparison of expected and actual transfers of 13% derivation in 2020, although this is due to the fact that NEITI has based its calculations of the notional value of expected transfers based on oil and gas revenues actually transferred to the Federal Government net of NNPC's deductions. In consultations, several government officials highlighted the difference of opinion between RMAFC and NNPC on the 13% derivations in oil and gas should be the 'first line' charge, prior to NNPC deductions. NEITI Secretariat staff noted that it would be possible to publish calculations of expected shares of gross oil and gas revenues by State Government and to compare these figures with actuals. They explained that these disclosures were not in the scope of FASD reports. Several stakeholders from civil society and development partners called for NEITI's work on the 13% derivations to be made more accessible, for instance by providing calculations of transfers in Naira rather than by indices. The Secretariat considers that additional disclosures of shares of gross oil and gas revenues are needed to be relevant to the public debate on calculations of 13% derivation transfers. While there has strictly-speaking been no 'back-sliding' in the calculations that NEITI has published, the fact that these disclosures do not address the main disagreement on 13% derivation transfers between some parts of the Federal Government (e.g., RMAFC) and NNPC over the national oil company's first-line deductions prior to calculations of the subnational transfers means that the objective of Requirement 5.2 is only mostly met. The Secretariat considers that this gap could be easily addressed by NEITI convening key stakeholders like the Federal Ministry of Finance, RMAFC, and NNPC.
Social and environmental	The Secretariat's assessment is that Requirement 6.1 is mostly met. The Secretariat's view is that the objective to enable public understanding of

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expenditures (Requirement #6.1) *'Mostly met*	extractive companies' social and environmental contributions and provide a basis for assessing extractive companies' compliance with their legal and contractual obligations to undertake social and environmental expenditures is mostly fulfilled. This view is informed by gaps in disclosures of environmental payments in the oil and gas sector and a lack of assessment of companies' compliance with their legal and contractual obligations in social and environmental contributions. The NSWG's comments on the draft assessment argue strongly for an upgrade in the assessment of Requirement 6.1 to 'mostly met', based on their view that the objective has been fulfilled. The comments argue that extractive companies' disclosures of their payments to NDDC and NCDMB reflects their compliance with legal and contractual obligations. In mining, NEITI Reports have disclosed information on mandatory and voluntary social expenditures and mandatory environmental expenditures to government in the mining sector but has not yet extended EITI reporting to considering mining companies' mandatory payments to third parties related to the environment or voluntary environmental expenditures in general. The 2020 NEITI Solid Minerals Report provides data on the mandatory and voluntary social payments of 29 mining companies (26 reported mandatory social payments and 11 reported voluntary social payments) to third parties, as social payments of all kinds are guided by Community Development Agreements signed with host communities. Government does not collect social payments in the mining sector. Mining industry representatives consulted considered that social and environmental contributions covered by Community Development Agreements were being strictly followed. EITI reporting lists social payments in cash but notes that these payments can be made in kind without further explaining whether there were in kind social payments in practice in the period under review. The NSWG's comments on the draft assessment confirm this. Social payments are disaggregated by company and whether mandatory or voluntary in nature, though beneficiary information is not provided. With regards to environmental payments to government, the 2020 NEITI Solid Minerals Report lists three mining companies' environmental payments to government, with information provided by the Ministry of Environment. All listed payments are mandatory in nature, and it is not clear if NEITI considered whether voluntary environmental payments were made in the period under review. There was no assessment of materiality as it pertains to environmental payments, though one company's payment was above the materiality threshold of NGN 3m. In oil and gas, NEITI Reports have disclosed information on mandatory and voluntary social expenditures in the oil and gas sector but has not yet extended EITI reporting to considering oil and gas companies' payments to government or to third parties related to the environment. The 2020 NEITI Oil and Gas Report focuses on company payments to the Niger Delta Development Corp. (NDDC) and the Nigerian Content Development & Monitoring Board (NCDMB) as the only forms of mandatory social expenditures in the oil and gas sector, as in the previous Validation. While confirming that these payments are in cash and collected by Federal Government entities (NDDC and NCDMB), the 2020 NEITI Report only discloses aggregate information on NDDC and NCDMB revenues, broken down by type of production arrangement only, although the data on

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	each oil and gas company's payments to NDDC and NCDMB is available on the NEITI Data Dashboard. However, NEITI does not yet appear to have focused on the management of these social contributions by the NDDC and NCDMB (see *Requirement 5.1*). The 2020 NEITI Report also discloses 19 oil and gas companies' voluntary social expenditures, which provides the identity of beneficiaries, description and value of project, but does not systematically state whether the payment was in cash or in-kind. With regards to environmental payments to government, NEITI has considered payments of Gas Flaring Tax as material in preparing the 2020 NEITI Report, although Appendix 2 of the 2020 NEITI Report that presents materiality decisions does not identify any other government revenue streams related to the environment. It is unclear from the 2020 NEITI Report and other NEITI documents whether payments to government such as environmental fines were considered in the scoping of the 2020 NEITI Oil and Gas Report. The NSWG's comments on the draft Validation report take note of the omission of an explicit consideration of the materiality of environmental payments in the 2020 EITI Report, it highlights the disclosures of environmental payments to government in both the 2019 and 2020 EITI Reports, namely Gas Flaring Tax. While the 2020 NEITI Report generally describes the government's oversight of environmental impacts of oil and gas, it does not disclose any oil and gas companies' payments to third parties related to the environment (e.g., payments to rehabilitation funds). Several stakeholders consulted from government and industry highlighted that the 2021 PIA (Chapter 3, Sections 235 and 240-2) strengthened the social economic aspects of environmental management by establishing Host Community Development Trust, funded by 3% of each company's annual OPEX. Stakeholders consulted from civil society raised concerns over the management of the environmental impact of oil and gas activities but did not explain how they planned to use the EITI process to gain more information and avenues for their research and advocacy on the issue.

New corrective actions and recommendations

- To strengthen implementation of Requirement 4.6, Nigeria could consider strengthening its use of FASD reporting to disclose more granular information on State Governments' internally generated revenues, with a view to supporting policy making related to state government finances.

- In accordance with Requirement 5.2, Nigeria should disclose the revenue sharing formula for the 13% derivations in the solid minerals, oil and gas sectors, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant State Government. Nigeria is encouraged to use its EITI process to convene differing views on the mechanisms of allocations of the 13% derivation, such as those of NNPC, RMFAC, the OAuGF and others). Nigeria EITI is encouraged to agree a procedure to address data quality and assurance of information on subnational transfers of the 13% derivation, in accordance with Requirement 4.9.

- In accordance with Requirement 6.1, Nigeria should ensure public disclosures of all social expenditures by extractive companies mandated by law, regulation or contract, where such payments are material. Nigeria should ensure public disclosures of all payments by extractive

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companies to the government related to the environment mandated by law, regulation or contract, where such payments are material. To strengthen implementation, Nigeria is encouraged to consider ensuring public disclosure of discretionary social and environmental expenditures and transfers by extractive companies, including contributions to environment funds and rehabilitation funds.

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Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the country page of the EITI webpage for Nigeria.

History of EITI implementation

The history of implementation is accessible on the country page of the EITI webpage for Nigeria.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.[5] The Validation Guide provides detailed guidance on assessing EITI Requirements, while the more detailed Validation procedure include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team include Michael Uzoigwe and Gilbert Makore, while the Validation team was comprised of Alex Gordy and Riley Zecca. The internal review for quality assurance was conducted by Gilbert Makore, Lyydia Kilpi, Mark Robinson and Bady Baldé.

Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page here.

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. The draft report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

Timeline of Validation

The Validation of Nigeria commenced on 1 January 2023. A public call for stakeholder views was issued on 15 November 2023.[6] Stakeholder consultations were held virtually on 30 January – 17 February 2023. The draft Validation report was finalised on 21 April 2023. Following comments from the MSG received on 19 May 2023, the Validation report was finalised for consideration by the EITI Board.

[5] See https://eiti.org/validation
[6] See https://eiti.org/offers/nigeria-2023-eiti-validation-call-views-stakeholder-engagement

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Resources

- Validation data collection file – Stakeholder engagement
- Validation data collection file – Transparency
- Validation data collection file – Outcomes and impact

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Annex A: Assessment of Requirement 1.3 on civil society engagement

Methodology

Due to concerns expressed by stakeholders related to the enabling environment for civil society engagement in the EITI, the International Secretariat's Validation team has conducted a detailed assessment of Nigeria's adherence to the EITI Protocol: Participation of civil society.[7]

The assessment follows the Validation Guide, which defines guiding questions and related evidence that should be considered in cases where there are concerns about potential breaches of the civil society protocol.[8] For contextual purposes, the Validation provides an overview of the broader enabling environment for civil society participation in country's extractive sector. The assessment seeks to establish whether legal or practical restrictions related to the broader enabling environment have in practice restricted civil society engagement in the EITI in the period under review. It focuses on the areas where there are concerns regarding adherence with the civil society protocol.

A call for stakeholder views on progress in EITI implementation was launched on 28 November 2022, in accordance with the Validation procedure. The assessment draws on the information provided in responses to that call for views, the NEITI 'Stakeholder engagement' file submitted for this Validation, and stakeholder consultations.

Overview of broader environment for civil society engagement

Nigeria's ranking in international assessments of broader civic space has slightly declined since 2019, in the context of a violent Islamist insurgency in the country's North and herder-farmer violence in the Middle Belt. The country's rank in Freedom in the World falling within the 'partly free' category from 50 (out of 100) in 2019 to 47 in 2020, 45 in 2021 and 43 in 2022. CIVICUS has continued to assess Nigerian civic space as 'repressed' since 2019. The United States Department of State's annual Report on Human Rights Practices in Nigeria continued to highlight constraints on broader civic space as in the period reviewed in the previous Validation, including unlawful killings and disappearances by both government and non-state forces, arbitrary arrests and detentions, problems with the independence of the judiciary and restrictions on free expression and the media. Nigeria's third Universal Periodic Review by the Office of the United Nations High Commissioner for Human Rights in 2019 acknowledged improvements in the protection of fundamental human rights but issued a set of 290 recommendations, including the expansion of work on a national action plan on business and human rights to a comprehensive human rights national action plan, and the decriminalisation of defamation. The decline in international civic space rankings in 2020 was particularly linked to abuses by the since-disbanded police Special Anti-Robbery Squad (SARS) and human rights abuses in the context of the Islamist insurgency in the country's north.

There is evidence of some new legal reforms that could potentially constrain the operations of civil society organisations since the period reviewed by the previous Validation. The 2020

[7] https://eiti.org/document/eiti-protocol-participation-of-civil-society.
[8] https://eiti.org/document/2021-eiti-validation-guide.

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amendments to the Companies and Allied Matters Act (CAMA) (Sections 823-839) introduced requirements for civil society organisations to register with the Corporate Affairs Commission (CAC) as incorporated trustees and to report to the CAC twice a year (compared to once for private companies). The amendments also empower the CAC to suspend trustees of a civil society organisation on various grounds that have been criticised by some CSOs as vague, including based on the CAC's view that the suspension of a trustee is required in the "public interest". While there have been vocal public criticisms by civil society organisations and calls for revisions to the CAMA's amendments related to CSOs since the amended act's implementation in January 2021, there is no evidence or stakeholder allegations that any CSO has lost its registration or seen one of its trustees suspended by the CAC since 2020. A senior government official considered that the 2020 amendments to the CAMA were in line with regulations of CSOs in other jurisdictions and, highlighting the lack of de-registration of any CSO to date, noted that any inconsistency between the application of CAMA and provisions of the Constitution enshrining freedoms of expression and association would be resolved in favour of respect for the Constitution.

In addition to these new legal reforms, there have been concerns voiced by some civil society members over the alleged abuse of laws that pre-dated the period reviewed in this Validation, particularly related to the 2015 Cybercrimes Act. In June 2021, the Human and Environmental Development Agenda (HEDA) Resource Centre submitted a formal complaint to the EITI Board related to the alleged harassment of its chair Olanrewaju Suraju by government officials in connection with the organisation's advocacy activities on the Malabu (OPL 245) oil-sector corruption case. The HEDA Resource Centre complaint highlighted alleged harassment, intimidation, abuse, and persecution of the organisation by Nigerian state actors, including a court case of cyberstalking instituted against its Executive Director that was subsequently withdrawn in May 2021. The attacks on HEDA were publicly condemned by CSOs including Centre for Anti-Corruption and Open Leadership (CACOL) and The Publish What You Pay (PWYP). A submission by HEDA to the OHCHR in September 2021 noted that civil society had collaborated with parliamentarians to prepare a whistle-blower protection draft law that did not end up being signed by the government, which instead enacted the 2015 Cybercrimes Act that was argued to expose whistle-blowers and investigative journalists working on corruption issues to attacks by politicians and state institutions. The cyber-stalking case against the HEDA executive director was filed under the Cybercrime Act. The HEDA submission detailed the cases of alleged harassment against its chair Olanrewaju Suraju and the suspension of former EFCC chair Ibrahim Magu in denial of his rights to a fair hearing and called for the enactment of a whistle-blower and witness protection law, repeal of the 2015 Cybercrimes Act, strengthening the independence of law enforcement and establishing monitoring mechanisms for harassed human rights defenders. In considering the totality of this case, the Secretariat's assessment weighs the fact that it took the Federal Government over one year to address the HEDA complaint, linked to developments in the UK court case in which the government could have lost its claim on missing funds if the case was not resolved.

This case was resolved in September 2022, with the NSWG developing a framework for the protection of civic space in Nigeria's extractives sector in order to strengthen its approach to such allegations of civic space constraints. In response to the HEDA Resource Centre grievance in June 2021, the EITI Board referred the matter to the closest EITI body to the events, the NEITI NSWG that assumed position in August 2021. The NSWG referred the matter to the Civil Society

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Steering Committee (CSSC) for additional fact-finding. The NEITI and International Secretariats published a joint letter of concern over attacks on the HEDA Resource Centre Executive Director in March 2022. In May 2022, the Attorney General and the Minister of Justice withdrew their prosecution of the HEDA Executive Director for cyberstalking, thereby discharging and acquitting him of all the charges. In response to the 2021 grievance, the NEITI NSWG responded publicly to HEDA Resource Centre expressing support and inviting the CSO to help develop a framework for identification and resolution of such constraints on civil society in future. NEITI agreed an MoU with the National Human Rights Commission (NHRC) to establish a working group with civil society to review allegations of constraints on civic space related to the extractive industries. The Civil Society Engagement Framework and its September 2022 addendum provide a framework for identification and resolution of allegations of constraints on civic space, although stakeholder consultations found that the system had not been tested to date to discuss any allegations that had been raised. Nonetheless, several CSOs consulted welcomed the new framework for monitoring allegations of civic space constraints. In its comments on the draft Validation report, the NSWG argued for an upgrade in the assessment of Requirement 1.3 based on its consideration that the HEDA Resource Centre complaint had been comprehensively addressed and resolved in 2022 and that this action had been taken promptly. The comments considered that the new mechanism for dealing with allegations of government constraints had not been tested to date because no circumstances had arisen for which use of the mechanism would have been warranted. The comments categorised the finding that the new mechanism had not been tested to date as "preposterous" given that there were no civil society complaints since the mechanism was established, which the NSWG considers gives credence to the perception that the two cases highlighted in this Validation related to HEDA Resource Center and CISLAC were isolated cases. The NSWG concludes that the Federal Government has continued to ensure that there are no obstacles to civil society participation in the EITI process.

A second incident involving a CSO substantially engaged in the EITI process was publicly condemned by PWYP Nigeria and Amnesty International in December 2021. The office of the Civil Society Legislative Advocacy Centre (CISLAC) in Abuja was encircled and intimidated by the State Security Services, which PWYP Nigeria argues was retribution for a CISLAC press conference held that month to criticise alleged theft and corruption in the government's management of the oil and gas sector. Calling for an independent investigation into the incident, CISLAC executive director Auwal Musa-Rafsanjani argued publicly that the incident was an attempt at intimidation of the CSO. There were differences of opinion across different stakeholders consulted over whether these incidents of alleged harassment of select CSOs by state security services represented a pattern of harassment by government forces that should be considered a breach of the EITI protocol: Participation of civil society. Several CSOs consulted considered that these incidents did constitute a breach of the protocol, while other CSOs and government officials considered that they represented isolated incidents provoked by over-zealous law enforcement officials that had been resolved through interventions by the Federal Government.

The NSWG's comments on the draft Validation report acknowledge what are categorised as "a couple of isolated complaints of harassment of civil society actors by government agents" but considers that these were adequately resolved through the EITI process. The NSWG comments highlighted NEITI's input to the Federal Government's development of the National Action Plan on Business and Human Rights, approved in April 2023. The NSWG considers that this National Action Plan further strengthens civic space in Nigeria and demonstrates the government's

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commitment to ensuring an enabling environment for civil society participation in the EITI process.

Expression

There have been no legal or regulatory reforms related to civil society's freedom of expression since the previous Validation. However, while the Constitution continues to guarantee freedoms of expression and of the press, the 2015 Cybercrime Act has been criticised by some CSOs as being used to arrest journalists and CSOs for their legitimate online criticisms of government officials. While there is no documented case of successful prosecution of civil society stakeholders substantially engaged in the EITI process in relation to their free public expression on natural resource governance under the Cybercrime Act, some CSOs such as the Yar-Adua Foundation have argued that the threat of prosecution under the Act have caused broader self-censorship by CSOs in their online commentary. In practice however, as demonstrated by the HEDA and CISLAC cases, there have been incidents of alleged harassment by security services of some CSOs working on extractive issues. The International Center for Not-for-profit Law (ICNL) website documents instances of government harassment of CSOs in relation to their online expression, but also of Court orders stopping government attempts at enacting new regulations considered 'intrusive'.

The NEITI 'Stakeholder engagement' and 'Outcomes & impact' templates provide extensive examples of civil society public expression on the EITI process and natural resource governance, including frequent instances of criticisms of the government's management of the sector and of extractive companies. A larger share of these publications is from the Nigerian media and open data CSOs. The PWYP Nigeria website provides some examples of expression critical of the government, although the pace of published works appears to have slowed considerably since 2021, which appears to have been linked to internal capacity constraints, not allegations of self-censorship. Minutes of NSWG and Communications Civil Society Steering Committee (CCSSC) meetings indicate that civil society is one of the key drivers of vibrant discussion and debate, including related to the Glencore bribery case in 2022. While a few CSOs consulted considered that there was the potential for self-censorship among journalists and activists in their online speech and writing due to fears of prosecution under the 2015 Cybercrimes Act, none considered that CSOs substantially engaged in the EITI process in Nigeria, including members of the NEITI Civil Society Steering Committee and members of the PWYP Nigeria coalition among others, had self-censored in relation to issues related to the EITI Standard or extractive industry governance in the period 2019-2023, including on issues of alleged or admitted corruption such as the OPL 245 Malabu case in 2019-2022 or the Glencore bribery scandal in 2022. All media representatives consulted noted that they faced no constraints in their reporting work and considered that the Nigerian press was one of the freest on the continent. The Secretariat's assessment is that, while there have been breaches of the EITI protocol: Participation of civil society related to government retributions against CSOs engaged in the EITI for their expression on oil and gas corruption issues, it does not consider potential concerns over self-censorship on extractive industry governance, or any issues related to the EITI Standard in Nigeria in the period under review.

Operation

The 2020 amendments to the CAMA have introduced new reporting requirements for CSOs to the Corporate Affairs Commission (CAC), which has made registration of CSOs contingent on

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provision of a certificate of security screening and clearance of their Board of Trustees members. Yet stakeholder consultations did not find any evidence or allegations of any CSO having lost its registration as a result of the new provisions of the CAMA. However, as confirmed by ICNL, there are no statutory or practical barriers to CSOs' contacts with international groups or to their access to both domestic and foreign funding. While some CSOs highlighted the ban on Twitter in Nigeria for most of 2021, none of the CSOs consulted considered that this was an attack on CSOs specifically but rather was implemented in response to street violence, and all CSOs consulted explained that they had been able to easily circumvent the curbs on Twitter through use of Virtual Private Networks (VPNs).

None of the CSOs engaged in the EITI process appear to have faced any challenges in registering their organisations, and all members of the CCSSC and of PWYP Nigeria appear to be duly registered with the CAC. There is evidence of regular contact between Nigerian CSOs engaged in the EITI process and international partners, including PWYP International, Open Society Initiative for West Africa (OSIWA), the Natural Resource Governance Institute (NRGI) and others. Evidence suggests that Nigerian CSOs are able to regularly access funding from foreign sources without restrictions or government reporting requirements. However, while there have been no government constraints on CSOs' ability to access funding, several CSOs expressed concern at the change in focus away from the extractive industries by many traditional donors and funders of civil society, which had created challenges for CSOs engaged in the EITI process to secure funding for their activities in recent years.

Association

There are no new laws or regulations restricting civil society's freedoms of association and of assembly since the previous Validation. However, there have been reports of violent dispersals of civil society protests against police brutality organised under the 'EndSARS' campaign in 2020-2021, including allegations of excessive use of force by the authorities that resulted in protesters' deaths and injuries in Abuja, Lagos and the country's South-East. While these protests related to policy brutality and touched on allegations of government corruption, they were not directly related to activism on extractive sector governance. There are also constraints on public assembly in the country's north-east due to security reasons. There is no evidence that public assemblies related to the EITI process and public debate on natural resource governance were blocked or otherwise constrained by authorities in the period under review. The Communications Civil Society Steering Committee (CCSSC) continues to act as the key platform for liaison between the NSWG, NEITI Secretariat and the wider civil society constituency. The NSWG's Memorandum of Understanding (MOU) with civil society was revised in November 2022 to further define rules of engagement, roles and responsibilities, independence and expectations of civil society. Together with the revised MoU, a meeting of 80 representatives from the media and CSOs, including from rural-based organisations, approved of a new NEITI Civil Society Engagement Framework developed by the CCSSC and the NEITI Secretariat in late 2022.

The CCSSC has continued to provide the main mechanism for coordination and consultation with the broader civil society constituency on the EITI process in recent years. The NEITI 'Stakeholder engagement' template lists regular contacts and consultations organised by the CCSSC. However, the CCSSC and the broader constituency do not appear to have taken timely action with regards to concerns from some CSOs over the procedure for selecting the constituency's representative on the NSWG in 2021. Several stakeholders consulted expressed concern over

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the process for selecting members of the CCSSC, while others considered the membership appointed in 2021 to be representative of the constituency. It appears that there is significant inter-personal conflict between different CSOs within the constituency, evident in views about whether the elections to the CCSSC in 2021 were open, fair and transparent. There is no public documentation of the process followed for appointing the CCSSC membership in 2021, although the 2022 NEITI civil society engagement framework briefly describes the CCSSC nominations process based on four clusters of CSOs. Some CSOs considered that the membership of the CSSC was not representative of the broader constituency and should be strengthened with new members. These CSOs called for the CCSSC to be reinforced as a coordination mechanism and that the civil society NSWG member should be required to provide more consistent feedback from NSWG discussions to the Steering Committee, which was not considered to have been the case in recent years according to some CSOs consulted.

In January 2022, PWYP Nigeria submitted a complaint to the NSWG over the procedure for nominating civil society's representative to the NSWG in 2021, alleging that the then-acting PWYP Nigeria Coordinator had renominated himself for the new NSWG without adequate consultations with the broader constituency in accordance with the 2018 civil society NSWG nominations policy guidelines. The complaint, which was only considered at the NSWG's December 2022 meeting, further alleged that the former PWYP Nigeria Coordinator had misappropriated EUR 22,657 in PWYP Nigeria funds during his tenure as acting PWYP Nigeria Coordinator, rendering him ineligible to represent the constituency in the NSWG (*see Requirement 1.4*). The long delay (of over one year) in PWYP Nigeria's submission of this complaint raises questions over the robustness of the constituency's coordination mechanisms. There were significant differences of opinion across different CSOs consulted over whether the CCSSC provided an effective mechanism for the broader constituency's coordination. While some CSOs considered that the CCSSC provided a robust mechanism for civil society's engagement in the EITI, several other CSOs considered that the CCSSC's membership was too narrow and was not representative of the broader constituency's diversity. These differences of opinion and open conflicts between different segments of civil society, which reignited in early 2023 in the selection process for the new civil society NSWG member following the former PWYP Nigeria Coordinator's resignation in January 2023. The conflicts between different CSOs have also focused on the identity of CSOs included in the NEITI database of CSOs, which it maintains on behalf of the civil society constituency. While some CSOs have criticised NEITI for allegedly not including some CSOs engaged in the EITI process (such as some members of the PWYP Nigeria coalition), other CSOs considered that any CSOs omitted from the NEITI list of CSOs was due to the fact that these CSOs had simply not sent their names to be included in the NEITI list. These conflicts indicate broader challenges in the constituency's association in relation to the EITI process, which appear linked to differences between various CSOs rather than the impact of any government constraints. The NSWG's comments on the draft Validation report noted that the NSWG had identified flaws in the nomination of the former PWYP Nigeria Coordinator to the NSWG and had addressed these concerns. Following the former PWYP Nigeria Coordinator's resignation from the NSWG in early 2023, the NSWG had informed the constituency of the development and a new civil society representative was appointed in accordance with the guidelines for civil society nominations. The comments argued that the CCSSC had been very active during the period of the former PWYP Nigeria Coordinator's tenure on the NSWG, providing an effective platform for liaising with the broader constituency.

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Engagement

Notwithstanding challenges in its representation on the NSWG and within the constituency, civil society appears to be actively engaged in all aspects of the EITI process. Minutes of NSWG and CCSSC meetings indicate that the sole civil society NSWG member regularly and actively contributed to discussions in this period, but that members of the CCSSC met prior to all NSWG meetings to support the NSWG member and provide input. Minutes of CCSSC and NSWG meeting minutes appears to indicate that the NSWG member relayed the views of the CCSSC in NSWG meetings. The NEITI 'Stakeholder engagement' and 'Outcomes and impact' templates for this Validation provide evidence that inputs were sought and received from civil society during the work planning, EITI reporting, and annual review of progress processes. Through the CCSSC and other channels civil society have actively participated in outreach and dissemination events in the period under review. The NEITI 'Stakeholder Engagement' template includes a link to a list of 22 activities carried out by various CSOs in relation to EITI implementation. The CCSSC was also engaged in seeking resolutions to the HEDA Resource Centre complaint, discussing the issue at its June and September 2022 meetings. Several CSOs expressed concern over the weaknesses in communication between the civil society NSWG member (the former PWYP Nigeria Coordinator) and the broader constituency in 2021-2022, although several other CSOs considered that the CCSSC had provided a key mechanism for coordinating with the broader constituency given that it met ahead of each NSWG meeting. Other CSOs considered the CCSSC membership to be illegitimate.

The NSWG's comments on the draft Validation report argued that, since the EITI Standard does not require numerical parity in different constituencies' representation on the MSG, the Communications and Civil Society Steering Committee (CCSSC) provided a robust mechanism for the broader constituency's engagement in the EITI process. The NSWG also noted that the one civil society seat on the NSWG had not been identified as a challenge previously, nor raised as a concern by the constituency itself. The NSWG's comments note that Nigeria has "probably the most vibrant" civil society engagement in EITI implementation and that civil society engagement in the EITI was vast and broad, covering all aspects of the extractive industries nationwide.

While civil society engagement in the EITI process has been primarily driven by CSOs based in Abuja and Lagos, the NEITI 2022-2026 Strategic Plan and 2022-2026 Communication Strategy plan for an expansion in outreach beyond these urban centres and identify civil society as the key constituency to drive outreach and dissemination moving forward. Several CSOs consulted noted that civil society engagement in the NEITI process was primarily driven by CSOs in the capital city and Lagos, rather than being decentralised and representing community-based NGOs. While the NEITI zonal outreach conducted on an annual basis ensured at least some outreach to each of the six geopolitical zones, most CSOs consulted considered that this had not been sufficient to ensure broad-based civil society engagement in the EITI process, particularly among community based CSOs. However, other CSOs highlighted the engagement of new CSOs in the EITI process since 2019, including the establishment of a Federation of Nigerian Mining Host Communities steering committee to structure its engagement with NEITI, alongside national chapters of global NGOs such as Global Rights and Women in Mining. This was considered an important step in broadening civil society engagement in the EITI process to women's groups and grassroots organisations.

Access to public decision-making

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Available evidence suggests that civil society representatives are able to use the EITI process to promote public debate. The NEITI 'Stakeholder engagement' template lists public events and workshops held by civil society through the CCSSC to follow up on recommendations from EITI reporting and to undertake advocacy on natural resource governance issues. For instance, the CCSSC discussed the reference to NNPC in the Glencore corruption case in 2022 and requested the NSWG to write to the SGF and NNPC to demand an investigation into the matter. Following NEITI's letter and other advocacy activities by civil society and the media, NNPC invited the Economic and Financial Crimes Commission (EFCC), to carry out an investigation of the SOE's involvement in the case. There is also evidence of consistent civil society advocacy through NEITI for legal and regulatory reforms, such as the 2020 amendments to the Companies and Allied Matters Act (CAMA) and the 2021 Petroleum Industry Act (PIA). However, some CSOs expressed concern at the representativity of the CCSSC and its effectiveness as a coordination mechanism. Several CSOs consulted considered that the broader civil society constituency's ability to influence public decision-making through the EITI process had weakened in 2021-2022 given that the civil society NSWG member was illegitimate and was not providing sufficient feedback to the CCSSC or the broader constituency. The NSWG's comments on the draft Validation report argued for an upgrade in the assessment of Requirement 1.3 to 'fully met' given their view that the objective of full, active and effective civil society engagement in the EITI had been fulfilled. The NSWG considers that civil society has defied the numerous challenges including COVID-19 to remain actively engaged in the EITI process, including using EITI data for advocacy.

Nonetheless there is evidence of civil society's use of extractive industry data to influence public decision-making through other means beyond the EITI. There is extensive evidence of civil society use of EITI data and findings for research, analysis and advocacy related to the extractive industries. There has been frequent use of EITI data in this way by CSOs such as Civil Society Legislative Advocacy Centre (CISLAC), BudgIT, Global Rights, Spaces For Change (S4C), Policy Alert, Paradigm Leadership Support Initiative (PLSI), CSR-in-Action, among others. There is no evidence of constraints on civil society's ability to use the EITI process as a means of access to public decision-making.

Assessment

The Secretariat's assessment is that Requirement 1.3 is mostly met, which represents back-sliding since the previous Validation. The Secretariat considers that the objective of full, active and effective civil society engagement in the EITI process within an enabling environment has only been mostly fulfilled, given the lack of a transparently nominated civil society representation in the EITI process that exacerbated tensions in the broader civil society constituency and weakened its coordination and engagement in the EITI process. There were significant differences of opinion between different stakeholders consulted over whether there had been a pattern of government constraints on civil society engagement in the EITI process, with most stakeholders including from civil society considering that ad hoc government constraints had been resolved through the NEITI process, while several CSOs considered that the government had used the 2015 Cybercrimes Act and harassment by state security services to curb civil society's freedom of expression in relation to natural resource governance. While NEITI has eventually taken actions to seek to resolve government ad hoc constraints on specific CSOs such as the HEDA Resource Centre in 2022 and has established a framework for identifying and resolving allegations of government constraints on civil society, the NEITI mechanism for addressing these concerns has not yet been tested in practice and the robustness of the

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mechanism remains to be tested. While the Secretariat does not consider that there has been a pattern of government actions to seek to restrict civic space in relation to the EITI process or public debate on extractive sector governance, it does consider that there have been breaches to the EITI protocol: Participation of civil society in the period under review given harassment of CSOs engaged in the EITI in retribution for their expressing views critical of the government's management of the oil and gas sector. The lack of implementation of NEITI's mechanism for monitoring allegations of civic space constraints in practice supports the Secretariat's view that the objective of an enabling environment for civil society engagement in all aspects of the EITI process has been mostly met in the period under review.

In accordance with Requirement 1.3 and the EITI protocol: Participation of civil society, Nigeria should ensure that civil society is fully, actively and effectively engaged in all aspects of the EITI process. Civil society stakeholders, including but not limited to members of the National Stakeholders Working Group (NSWG), must be substantially engaged in the design, implementation, monitoring and evaluation of the EITI process, and ensure that it contributes to public debate. The Federal Government of Nigeria is required to ensure that there are no obstacles to civil society participation in the EITI process. The government should undertake measures to prevent civil society actors from being harassed, intimidated, or persecuted for expressing views related to oil, gas or mining governance. In the event that civil society actors engaged in the EITI experience threats or harassment for expressing views about the extractive industries or engaging in other EITI-related activities, the government is expected to undertake measures to protect these actors and their freedom of expression. The government, in collaboration with the NSWG, is encouraged to consider practical solutions for ensuring that civil society can engage in the EITI freely in all regions of the country. The NSWG is encouraged to regularly monitor developments regarding civil society's ability to engage in the EITI. In accordance with the EITI protocol: Participation of civil society, civil society NSWG members are encouraged to bring any ad hoc restrictions that could constitute a breach of the protocol to the attention of the NSWG. The government, in collaboration with the NSWG, should document the measures it undertakes to remove any obstacles to civil society participation in the EITI.

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Annex B: Assessment of adherence to the EITI Code of Conduct

Background

Over the course of conducting this Validation, which was launched on 28 November 2022, the International Secretariat came across multiples allegations of irregularities and potential conflict of interest related to the recruitment of a large number of new staff members at the NEITI Secretariat on a relatively short notice. The allegations were widely reported by the Nigerian media (including in Sahara Reporters, Daily Trust, The Cable, This Day, Premium Times, among others) and denied by NEITI. However, during stakeholders' consultations, many stakeholders in Nigeria raised concerns related to these allegations, which could constitute potential breaches of the EITI Code of Conduct. As part of the assessment of Requirement 1.4, in accordance with the Validation procedures, the International Secretariat's Validation team has conducted an assessment of adherence to the EITI Code of Conduct[9] by EITI officeholders in Nigeria. The EITI Code of Conduct applies to all EITI office holders, including MSGs members and members of national secretariats. The assessment is based on review of materials published online as well as stakeholders' views collected during Validation.

For the purposes of the EITI Code of Conduct, a conflict of interest is a situation or circumstance in which interests of EITI Office Holders influence or may influence the objective and impartial performance of their official EITI duties. In this regard, private interests include any advantage for themselves, their families or personal acquaintances.

Assessment

The Secretariat's assessment is that the allegations of breaches of the EITI Code of Conduct in Nigeria are credible. The alleged breaches relate to the lack of open and transparent process for recruiting 70 new staff to the NEITI Secretariat in 2022. The lack of documented prior approval for the NEITI recruitments by the National Assembly in approving NEITI's 2022 budget or by the NSWG in its approval of the 2022 work plan and NEITI Strategic Manpower Plan raise questions about the level of oversight of the NEITI Secretariat, including its management of financial and human resources. Despite multiple press reports, the Secretariat has not seen evidence that these allegations have been openly discussed or responded to by the NSWG. The lack of publication of different government entities' waivers for NEITI to proceed with the recruitment without public advertising of the positions and in deviation from the general Federal Government hiring freeze have contributed to a public perception that the recruitment was not carried out in accordance with proper procedures. As confirmed in consultations with senior government officials, NEITI appears to have obtained the required waivers from the Federal Civil Service Commission (FCSC) for deviating from the Federal Government's general hiring freeze during the COVID-19 pandemic and from the Federal Character Commission (FCC) to allow them not to advertise the positions. The lack of information on the profiles and intended roles of recruited NEITI Secretariat staff has exacerbated public scepticism and allegations that the new NEITI Secretariat staff recruitments were geographically imbalanced, drawing more from the South-East Geopolitical Zone than from other geographical areas.

Media allegations (including in Sahara Reporters and Daily Trust) have also included accusations that family members of current NSWG members and other politically exposed persons were

[9] https://eiti.org/documents/eiti-association-code-conduct.

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recruited in October 2022. While conflict of interest due to family ties have not been established by this Validation assessment, it cannot be ruled out either as there are similarities between the last names of over a dozen newly recruited staff and the names of sitting NSWG members, Federal Government officials and NEITI management. The lack of public NSWG response to these alleged conflicts of interest has also compounded the lack of trust around this recruitment and raises concerns over the NSWG's oversight of the EITI process, and the NEITI Secretariat in particular. The fact that the only NEITI response came from the NEITI Executive Secretary, who was a target of the allegations, did not help clarify the situation. Left unaddressed, these allegations could damage NEITI's reputation and undermine its credibility to promote transparency and good governance.

It is also important to note that NEITI employs an exceptionally larger number of staff (113) than any other EITI national secretariat, and the roles and responsibilities of new staff remain unclear. Other EITI implementing countries with significantly large and complex extractive sectors, such as DRC or Tanzania employ far less employees, 20 and 18 respectively. In its comments on the draft Validation report, the NSWG criticised the comparison of Nigeria with other EITI countries on the basis only of national secretariat staffing and argued for the need to compare the countries based on EITI implementation scope, innovations, outcomes and impact. In addition to the exceptionally large number of new hires in Nigeria, the recruitment process appears to have been undertaken in a limited time period as it was completed in a four-month process. It is extremely difficult to complete such a large recruitment that would more than double the size of NEITI in a relatively short timeframe, while adhering to national laws and international best practice. It remains therefore unclear as to whether EITI officeholders who planned and executed the recruitment did so in adherence to the principle of value-for-money and the responsible use of funds dedicated to the EITI.

The International Secretariat concludes that the NEITI Secretariat and NSWG have not made sufficient efforts to address damaging public allegations of conflict of interest. Furthermore, EITI officeholders in Nigeria did not make every effort to be seen as acting in the most transparent and accountable way possible in this recruitment process.

Corrective action

In accordance with Requirement 1.4.b.iv and the EITI Code of Conduct, all EITI officeholders in Nigeria are required to follow the EITI Code of Conduct. NEITI is encouraged to facilitate regular trainings on the Code of Conduct for its staff and for NSWG members and monitor compliance.

All EITI officeholders should discharge their duties to the EITI in compliance with applicable national laws and regulations and in line with the EITI Articles of Association, EITI Principles, EITI Standard and EITI Policies. In accordance with the EITI Code Conduct, all EITI officeholders should observe the highest standards of integrity and ethical conduct and shall act with honesty and propriety. The personal and professional conduct of all EITI officeholders should, at all times, command respect and confidence in their status as officeholders of an association that promotes an international standard for transparency and accountability and should contribute to the good governance of the EITI. All EITI officeholders should respect the principle of value-for-money and be responsible in the use of funds dedicated to the EITI. All EITI officeholders shall at all times act in the best interest of the EITI and not for interests such as personal and private benefits or financial enrichment. All EITI officeholders should avoid conflicts of private interest.

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