

# NIGERIA.

## EITI Annual Activity Report 2013.

**NEITI** Nigeria  
Extractive  
Industries  
Transparency  
Initiative



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## EITI Activities Report 2013

The Nigeria Extractive Industry Transparency Initiative (NEITI) is pleased to provide full information to the global Extractive Industry Transparency Initiative (EITI), on its activities for the period 2013.

The report covers its annual performance for the year in the pursuits of its National and Global mandate. This includes dissemination and engagement with Stakeholders and records of the impacts of its activities to Nigerians.

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## BACKGROUND

### a. The Nature and Structure of the NEITI

The Nigeria Extractive Industries Transparency Initiative (NEITI) is the national chapter of the global association known as the Extractive Industries Transparency Initiative (EITI). The EITI was established in June 2003 to achieve sustainable development and poverty reduction in resource-rich countries plagued by the phenomenon of 'resource curse'. It does so by promoting transparency and accountability in the management of revenues accruing from extractive industries.

### b. Commencement of Implementation of EITI in Nigeria

The President of the Federal Republic of Nigeria declared Nigeria's acceptance of the principles and criteria of the EITI and the Federal Government's decision to implement the Initiative in Nigeria on November 7, 2003. On 16<sup>th</sup> February, 2004, the Federal Government inaugurated the Multi-Stakeholder Group (MSG) to implement the EITI in Nigeria. The MSG was called the National Stakeholders Working Group (NSWG). The composition of the foundation NSWG (2004-2007) is contained in the first NEITI Handbook.

On May 28, 2007, a specific law was enacted to enforce the implementation of the Initiative in the country. This was the NEITI Act, 2007.

*The NEITI is "charged with the responsibility for the development of a framework for transparency and accountability in the reporting and disclosure by all extractive industry companies of revenue due to or paid to the Federal Government of Nigeria".*

Thus, in the family of Nigerian public entities, the nature of the NEITI is *sui generis*. Its character is dual; its mandate is twain. The NEITI is both a subset of a global movement or Initiative and a national public agency established by law. The two, inter-related, dimensions of the dual nature of the NEITI are backed by legal instruments. Consequently, the highest order is required of NEITI in its implementation of both the NEITI and EITI.

Nigeria has made giant strides in the implementation of EITI culminating in the award of the "Best EITI Implementing Country" in 2013. Where and when possible NEITI has vigorously extended the scope of EITI in Nigeria to enable ordinary citizenry be aware of the vast amounts of revenue generated by the extractive sector and the accountability for the use of those revenues.

The current NSWG made up of 15 members including the Executive Secretary was inaugurated in August 2012. The NSWG immediately set up the task of creating more awareness of the objectives and functions of NEITI from the onset. At an NSWG Retreat late in 2012, the NSWG decided to establish a Strategic plan (SP) to guide the NEITI for the next four years: 2012 – 2016. The objectives of the SP were aligned to the requirements of the NEITI Act 2007 and EITI.

This NEITI SP sets out the vision, goals, objectives and main lines of activities which NEITI is committed to pursue in the next 4 years from 2012.

Under the SP, NEITI will progress from its concentration to date on improving the transparency of the extractive industries, and notably of the oil and gas sector through the annual audits and the identification of areas requiring remediation, to a deeper engagement oriented towards achieving full and meaningful accountability in the extractive sector.

The SP is broken down into three (3) Strategic Goals, which taken together and fully implemented, will lead to NEITI impacting strongly on transparency and accountability in the extractive sector.

NEITI operations are therefore tailored to achieve the 3 broad **goals** namely:

**GOAL 1- Achieve Operational Excellence in Regulation and Enforcement across the Extractive Industries:** To develop an effective comprehensive framework for the delivery of effective Audit, continuous Monitoring and Evaluation, stronger regulation, enforcement and compliance management.

**GOAL 2 - Attain Optimum Stakeholder Development in Extractive Industries Transparency and Accountability:** To develop a Robust Multi-Stakeholder Communication and Mobilization Strategy/Framework for effective stakeholder relationship management, collaboration and cooperation

**GOAL 3 - NEITI Capacity Building:** To develop Organizational and Funding Capacity to achieve the NEITI Mandate, Vision and Strategy

The Work Plan for 2013 is further aligned to this objective in reporting the activities of 2013

Consequently, this report is presented in compliance with EITI Standards 1.6c and 7.2 of the EITI Standards. However, some aspects of the requirements stated in EITI Standards were not in existence during the period of this activity report. For the better part, the operative basis for this report is the EITI Rules, 2011 Edition.

## GENERAL ASSESSMENT OF YEAR'S PERFORMANCE

The methodology adopted: try as much as possible to adhere to the template titled "EITI Guidance Note 5: Annual activity reports". In so doing, we further laid emphasis on the core EITI activities for the year 2013, consisting principally of the

- a) **Conduct of Audits (Report):** Payments by extractive companies to government and all revenues received by government from extractive companies, reconciled by a credible, independent administrator.
- b) **Dissemination of Information contained in or derived from the Audits:** Regular publication of the Reports in a publicly accessible, comprehensive and comprehensible manner, and
- c) **Remediation** of discrepancies, weakness and inefficiencies identified by the Audits

### 1. CONDUCT OF AUDITS

#### a. OIL AND GAS 2009 - 2011 AUDITS

This the fourth cycle of Oil and Gas audit to be conducted in Nigeria under the auspices of the NSWG. The Financial aspect of the audit (known as EITI Core report under the EITI Process) was completed and approved by the NSWG in a meeting on 28 January 2013 and it was published on the NEITI website on the 30<sup>th</sup> January 2013. Copies were sent to the Presidency through the Office of the Secretary to the Government of the Federation, National House of Assembly and Auditor General of the Federation. However, due to the complexities involved in the scrutiny of various issues arising during the year (such as oil subsidies, costing of crude allocation for domestic use, etc), the physical and process audits could not be completed at the same time. It was later approved by the NSWG in June 2013.

In fulfillment of the need to produce the 2009-2011 Oil and Gas Report, NEITI carried out the following activities:

- Templates workshop for all stakeholders in oil & gas
- Field visits for data collection in collaboration with the independent auditors ("IA")
- Coordinated a financial flows reconciliation meeting with the auditors and covered entities
- Arranged crude oil volume reconciliation round table meetings with the IA and covered entities
- Metering process facility visits to Mosimi, Egbin, Atlas Cove, Forcados and Escravos
- Field visits to covered entities for validation exercise for the EITI ++ report.



### **b. SOLID MINERALS 2011 AUDITS**

This is the second cycle of Solid Minerals audit after the successful report of 2007 – 2010. The EITI Core report was completed in December 2013 with the approval of the report by the NSWG.

In completing the above process the following activities were carried out:

- Templates workshop for all stakeholders in the solid minerals sector.
- Country wide field visits for data gathering in collaboration with the independent auditors
- Reconciliation meetings were arranged at 3 centres; Lagos, Port Harcourt and Abuja to assist the independent auditors fast track the reconciliation exercise

### **c. 2012 OIL & GAS AUDITS**

The procurement of the independent auditor to conduct the industry audit was started in 2013. Given the advent of the EITI Standards, Nigeria gave a commitment to be a pilot country in the early implementation of the Standards. The audits would be conducted under the Terms of Reference (ToR) of the new EITI Standards established by the EITI International Secretariat. The old ToR was therefore discarded. A re-draft of the ToR was made in line with the new Standards.

## **2. DISSEMINATION/ OUTREACH**

The essence of conducting an EITI audit is not only to know the realities in respect of payments made and payments received, but also to extend the findings of the audit to the public at large. The public would then use such findings to hold both government and covered entities (companies in the extractive industries) accountable. This is done through a vigorous process of dissemination and outreach programmes.

Consequently, the work plan of NEITI was also designed to sustain robust dissemination of NEITI activities.

The role of the media, legislature and the civil society in the dissemination and use of NEITI Reports require sustained efforts.

During the period under review the following activities were held with far reaching positive impacts on NEITI's mandate:

### **a. 2009 – 2011 OIL AND GAS REPORT**

- Press Conference to release the Core EITI Report was held on 31 January, 2013. This was followed by media and civil society engagements on the contents of the reports.
- On 29<sup>th</sup> July, 2013 total report including the EITI ++ report was publicly presented at an event attended by high ranking government officials, the legislature, companies, CSOs and the media.
- Publication and distribution of the report all over the country was conducted

- The Report was also placed on the NEITI website and copies duly submitted to the Presidency, National Assembly, and to the Auditor General of the Federation in fulfillment of Section 4(3) of the NEITI Act 2007.

### **b. 2007- 2010 SOLID MINERALS REPORT**

- On 29<sup>th</sup> July, 2013 the full report was also publicly presented at an event attended by high ranking government officials, the legislature, companies, CSOs and the media.
- Publication and distribution of the report throughout the country was made.
- The Report was also placed on the NEITI website and copies duly submitted to the Presidency, National Assembly, and to the Auditor General of the Federation in fulfillment of Section 4(3) of the NEITI Act 2007.

The published reports were also made available to members of the National Assembly, civil society groups, research institutes, ministries, departments and agencies of government, professional bodies, covered entities, international donors. The reports and other activities of NEITI are published on the NEITI website for public consumption.

## **3. GENERAL DISSEMINATION OF ACTIVITIES AND ENGAGEMENT OF STAKEHOLDERS**

### **The Presidency:**

Two separate visits were made to the Presidency; one to present the Best EITI implementing Country Award won by NEITI in Sydney, Australia during the global EITI Conference and the other during the visit of the EITI international Chair to Nigeria in October, 2013. During both visits, the NSWG conveyed to the President the need to continue his support of the EITI process and to ensure the implementation of the recommendations of the NEITI Reports.

### **Legislature:**

Advocacy visits on the Petroleum Industry Bill (PIB) and appearances by EITI appearances at several Public Hearings at the invitation of the National Assembly.

### **Donors:**

The Department worked with DFID/FOSTER to restructure NEITI website for effective dissemination of activities by NEITI.

Liaisons were established with development partners such as UNODC, Global Rights, Oxfam, Australian Embassy, EU delegation, World Bank, Canadian Embassy, etc to foster mutual cooperation and collaboration in the enhancement of the NEITI mandate

### **Ministries, Departments and Agencies (MDAS):**

Concerted efforts were made in reaching out to government agencies, the Legislature, states and local governments and schools in order to create awareness and enhance participation of all stakeholders towards in the EITI process.

Advocacy visits were made to relevant government agencies such as the Department of Petroleum Resources,, PPPRA, Federal Inland Revenue Service, Federal Ministry of Mines and Steel Development, Nigeria National Petroleum Corporation, Revenue Mobilization Allocation and Fiscal Commission, PTFD Petroleum Technology Development Fund etc, to build support and institutional buy-in for the EITI process in Nigeria.

### **Civil Society Organisation (CSOs):**

Coordinated the reconstitution and inauguration of the NEITI-Civil Society Steering Committee to provide an interface between NEITI and the Civil Society in respect of EITI activities in the country. The newly constituted committee is made up of 12 persons, each representing a coalition of civil society organisations.

The CSOs as an integral part of the EITI process played critical roles in deepening citizen's awareness of NEITI's mandate. The NEITI was able to support the CSOs with information, materials and at events organised by the CSOs such as:

1. Resource Governance Index in May 2013
2. Stop Impunity campaign in June 2013
3. Hack team intervention in NEITI reports
4. Centre for Information Technology and Development (CITAD) school outreach in June 2013.

The CSOs were also actively present during the presentation of the audit reports.

### **Public Education, Enlightenment and Information**

- Provision of interactive social media network on a daily basis.
- Printed 3<sup>rd</sup> edition of NEITI Handbook, NEITI Act, and new editions of the "Open Audit" magazine.

### **Production and Dissemination of Syndicated Documentaries on NEITI Process**

In an effort to create public awareness on the NEITI activities and encourage public debate on the NEITI Audit reports, NEITI during the year 2013 produced 2 documentaries titled; 'EITI in Nigeria, What has changed' and 'Beyond Transparency'. These documentaries were syndicated and broadcasted on national and private television stations in Nigeria. Radio jingles were also produced and broadcasted as part of NEITI's public information and enlightenment campaign.

The NSWG Chairman and the Executive Secretary's appearances on national TV programs i.e. (Nigeria Today, The Portfolio, 360 Degrees, Late Night Edition, One on One, Economic Matters etc. to espouse the findings of the NEITI Reports.

### 4. REMEDIATION

A myriad of issues such as Petroleum Profit Tax (PPT) validation, Carry Agreements, Royalty, Crude Sales, LNG Dividend, Gas Issues, Export Issues & Illegal Mining Activities, Tax, Governance of the Solid Minerals Sector, Environmental and Health issues, Capacity Building were identified from the reports.

The Federal Executive Council had established an Inter-Ministerial task team (IMTT), a group of government, petroleum, mining and financial department heads to address the sector lapses identified in NEITI audit reports. The IMTT is to ensure that remedial issues are adequately addressed by taking responsibility for the custody, management, monitoring and regulation of extractive industries revenues with the primary mandate of developing an efficient interface framework to address remedial issues.

In 2013, the following activities and steps were taken:

- The government re-constituted the membership of the IMTT to include department heads of key institutions that would enable the issues raised to be treated at the highest level of government. It includes amongst others high ranking government officials, Chief Economic Adviser to the President of Nigeria, Permanent Secretary Ministry of Finance.
- Extensive follow up with members in resolving issues especially with respect to underassessment recoveries: meetings were held with the Department of Petroleum on Outstanding Royalty collections and a rigorous assessment and collections are being made from companies.
- Meetings were conducted with the Federal Inland Revenue Service, The Ministry of Finance, and Budget Office of the Federation with NEITI coordinating efforts to ensure issues relating to tax underassessment and recoveries are made.
- Presentation of the 2009-2011 Oil and Gas Remedial issues work plan to members and responses from agencies were received and follow up continues.
- Presentation of the 2007-2010 Solid Minerals Remedial Issues work plan to members and responses received from the Ministry of Mines and Steel development while further responses are being expected. Follow ups are ongoing and the interaction is continuous until implementations of the issues are resolved.

Following the Design of a Result Based Monitoring and Evaluation Framework for its Remediation Program the World Bank Multi Donor Trust Fund (MDTF) is assisting the IMTT in acquiring a consultant to effectively implement the Framework.

## **IMPACT OF NEITI ACTIVITIES**

The full impact of the activities of the NEITI is reflected in the benefits derived by Nigerians from the EITI process.

The first impact of NEITI's work is directly on the Nigerian people. Nigerians have become more aware of activities in the extractive industry sector. The first Solid Minerals Report for 2007-2010 to be conducted, was so rich and so informative, that not only did it literally open up the hitherto opaque solid minerals sector to wider public knowledge but also to greater scrutiny from industry experts and other stakeholders. The Oil & Gas report of 2009-2011 also brought out many issues, such as fuel subsidies payments, petroleum profit tax under assessment, crude oil allocation, etc to public limelight. Nigerians are in a better position to hold government accountable as a result of the NEITI audits.

Secondly, the increasing public awareness and education has further resulted in massive public demands for reforms in the Oil and Gas sector. By placing data and information in the public domain, NEITI empowers Nigerian to demand for accountability in the revenues derived by the government.

The third impact; the NEITI activities has led to greater collaboration between the legislative, civil society, companies and government for better governance in the extractive industry sector especially in Oil and Gas. The Petroleum Industry Bill (PIB) which is presently before the National Assembly is government's response to public demands for reforms in the Oil and Gas sector is a direct product of NEITI operations in that sector. This is in addition to series of legislative probes and interventions arising from the NEITI process.

The fourth impact has been on the economy. The NEITI audits have clearly pointed the way on how to increase the revenue accruing to the Federation Account. As the remedial issues are being tackled, the revenue going to government and investment prospect for foreigners in the Nigerian economy would increase tremendously. This can only translate into a better standard of living for Nigerians.

The Fifth impact has to do with several ongoing internal reforms among government agencies that are responsible for management of extractive industry revenues are as a result of NEITI's operation. For instance the introduction of the Software Application Project by the Nigerian National Petroleum Corporation and the development of the Upstream Operational Manual by the Federal Revenue Service are direct benefits of NEITI's activities following recommendations to the government agencies from findings in NEITI Reports.

## INNOVATIONS IN NEITI

Given the impact of NEITI's activities on the citizens of Nigeria and the need to maintain international standards of transparency and accountability NEITI continues to create new avenues in order to improve its Reports to become more encompassing, innovative, reader friendly and efficient as working tool for creation and maintenance of better awareness in the management of extractive industry sector . The SP intends to progress NEITI from "transparency to "accountability" and this has led to some innovations in the operations of NEITI.

Some of the strengths and innovations that continue to make strides for NEITI in 2013 are:

### 1. INTER MINISTERIAL TASK TEAM (IMTT)

The IMTT referred to in Remediation on page 6 of this Report continues to be the strength of the remediation process of NEITI's findings.

The NEITI 2013 remediation plan was designed to accommodate the key remedial issues outstanding from previous NEITI Reports and to ensure prompt compliance and enforcement where applicable.

The overall view in the pursuit of the remediation issues under IMTT arising from the NEITI (Oil and Gas) Reports over the years, can enumerated in the following ways:

#### a. Petroleum Profit Tax (PPT) Validation.

- The Joint Venture (JV) operators were generating PPT fiscal value in 2006 – 2008 using Realizable Prices (RP) instead of Official Selling Price (OSP) stipulated in Clause 2.4 of the 2000 Memorandum of Understanding (MOU) which is the subsisting relevant arrangement with Federal Government.
- The value implication of the above led to PPT underpayment of \$690,104,000. However the assessment raised by Federal Inland Revenue Service (FIRS) is in the sum of \$237,355,881.86. This difference arose from different price mechanism been used: this is an industry issue presently

**IMTT Resolution:**FIRS was required to provide an update on the current position including value of recoveries made so far (if any), and a summary of objections from the companies and possible litigations.

Assessment raised by FIRS is \$237,355,881.86

**Update:**A ministerial committee has been set up to look into the matter of fiscal values (OSP and RP). The FIRS is awaiting the outcome of the committee.

#### b. Education Tax

Section 2 (2) of the Education Tax Act states that the tax becomes due and payable within 60 days after notice of assessment is served on the company by FIRS. While acknowledging FIRS efforts in ensuring collections, the report however, observed that education tax owed by some oil companies amounted to \$667.8million.

### **IMTT Resolution**

FIRS has confirmed raising assessments, it is expected to provide status report on this issue in the next IMTT meeting

FIRS UPDATE: FIRS observed and assessed the amount of \$540,989,604.37 as against the audits findings of \$667.8million. The sum of \$ 355,293,274.07 has been collected and the sum of \$184,572,673 was set off by the companies against PPT as Section 10 deductions arising from the 20109-2011 Oil and Gas Report.

The sum of \$54,490,000 was also collected arising from the 2006-2008 Oil & Gas Report.

All arrears of education tax identified by the Oil and Gas Reports have been duly collected up to and including 2011.

#### **c. Bid rounds & signature bonus**

Some oil blocks are subjects of court litigation in relation to Department Petroleum Resources' (DPR) right to offer the blocks e.g. (OML 13, 16, & 69). The consequence of these litigations includes block sterilization, nonpayment of signature bonus and eventual delay in allocation of blocks with attendant setbacks in production and income loss to the Federation.

**Action:** DPR has initiated an out of court settlement with Shell.

**IMTT Resolution:** IMTT is to write the Minister of Petroleum Resources for early resolution of the matter out of court.

**Update:** Signature Bonus issue has been resolved. The DPR shall implement an appropriate accounting system to manage all signature commitments entered into by companies

#### **d. Right of first refusal**

In the 2007 licensing round, the 'Right of First Refusal' was introduced with the approval of the Presidency. Preference was given to bidders who offered to construct downstream processing projects and infrastructure. Significant concessions were offered which were mostly not financially quantifiable thereby creating doubt on the transparency of the process and the ability to manage its implementation.

**IMTT Resolution:** DPR is to provide a list of companies and proposed projects/ infrastructures tied to licenses issued on or before the next IMTT meeting.

**Update:** The list has been provided by DPR



**e. Impact of carry agreements on PPT**

Nigeria National Petroleum Corporation (NNPC) has carry agreements with some of its Joint Venture partners. The JV partners fund the full cost of executing the development of the field or for a Production Improvement Project (PIP) allowing it to recover its cost together with interest through capital allowances and investment tax allowances and sometimes by additional production entitlements. Some significant amount of PPT under assessment was noticed by the audit

**IMTT Resolution:** Updated status report from FIRS to be provided on the current reconciliation exercise with the companies.

**f. Royalty validation**

The audit observed after a review of royalty calculations that an estimated **US\$ 2,333 million was** under assessment of royalty payments for the 2006-2008. This was attributable to inappropriate application of the price variable in the determination of fiscal value for royalty calculation.

DPR also indicated that it is in the process of reconciling the outstanding royalty balance with companies. The exercise would cover 1990 to the period of the audit

DPR's RESPONSE: The DPR has commenced work on raising the under-assessment to be paid by companies but observed that the Royalty computation by NEITI was based on crude oil lifting volume as opposed to filed production figure. Also NEITI used the OSP as the fiscal price to compute Royalty due from companies from 2006-2008. DPR has set up a committee to resolve the issue of the termination of 2000 MOU in order to resolve the dispute. This has been finalised and a new fiscal pricing model will soon be in operation.

A new MOU has been proposed for signing.

**IMTT Resolution:** DPR is to demand for the under-assessment from companies. Awaiting update from the DPR

**g. Non-financial flows**

**Disputes on the 1993 Production Sharing Contract (PSC) Cost, PPT and Royalty Liabilities.**

The audit observed that PSC contractors and NNPC are in dispute over the interpretation of:-

- i. Ring fencing of PSC cost recovery and PPT calculations.
- ii. Royalty rate applicable and some expenditure deductions for PPT
- iii. Issues on Capital Allowances and Investment Tax Credit (ITC).
- iv. Management of Lifting Allocation and Scheduling



These have led to disagreement between the contractors and NNPC on crude oil allocation, amounts of PPT and Royalty payable. This dispute is presently before an arbitration panel.

**IMTT Resolution:** DPR is to provide detailed status of the arbitration proceedings at the next IMTT meeting.

**h. Dividend from NLNG to NNPC**

NNPC holds 49% share of NLNG on behalf of the Federation. So far NNPC has reported receipt of \$3,789,107,000 as dividends from NLNG for the years 2006 – 2008. However, NNPC did not confirm remittance of the money to the Federation Account.

Financial flows from NLNG include dividends and loan repayments which sum up to \$4.84billion was received by NNPC during for 2006-2008 audit.

This is in addition to the \$3.996 billion reported to have been received in the previous audit reports totaling \$8.836 billion. The report confirmed that the funds received by NNPC were not remitted to the Federation account.

**IMTT Resolution:** Discussion to continue with the Group Managing Director of the NNPC

**i. Accounting for in-kind transaction - production sharing contract**

Previous NEITI audit reports noted unresolved accounting issues for In-kind transactions. The current audit revealed that FIRS and DPR have addressed the issue by opening separate accounts in 2007 for Tax and Royalty proceeds. However, the system did not work well during the 2006-2008 audit findings. The proceeds need regular reconciliations between NNPC/DPR, FIRS & Contractors.

Update: Monthly reconciliation meeting in place. Issue resolved.

**j. Replacement of the 2000 MOU**

A replacement (new) fiscal regime is yet to be determined with the result that the 2000 MOU terms continues to apply.

**IMTT Resolution:** DPR is to provide an update on progress in executing new terms.

**k. Production sharing contract (PSC) gas treatment**

The PSCs do not make any provision on how the parties should treat gas available for commercial exploitation, other than the parties should execute separate agreements. Such agreements have not been made. The absence of an agreement as in the Bonga field would probably result in loss of income to the nation.

**IMTT Resolution:** NNPC is to confirm status of meetings on Gas Terms.

### **l. Measurement of crude oil for royalty purpose.**

This is a repeated observation; the industry has no consistent practice regarding the point at which production is measured for royalty purposes. Some companies calculate royalty based on field production volumes while others use export volumes to calculate royalty. The situation is unclear as DPR is yet to propagate a standard measurement.

**IMTT Resolution:** DPR is required to produce a measurement framework from 2014.

### **m. Management of refined product importation and distribution**

The method of measuring and recording refined products by PPMC and DPR are not in accordance with the best practice. The systems for recording the movement through the PPMC pipeline and marine transfers are fragmented, out dated, and paper based, therefore subjected to error.

As a repeat observation in 2005 audit, NNPC confirmed its intention to upgrade the system. However no action has been taken.

**IMTT Resolution:** NNPC to provide update on the status of the project.

### **n. Pipeline movements and losses from crude oil theft and sabotage**

By design, refined products are transferred from one depot to another through pipelines. Over the years, transfer of products through pipelines has significantly reduced due to huge losses arising from obsolete/defective equipment, theft and/or vandalism. The report observed a loss of 529.422 million litres of PMS (equivalent of over =N= 34.4 billion) in the Mosimi area alone.

**IMTT Resolution:** A Meeting is to be organised at very high government level to find a solution,

### **o. Measurement process**

The 2006-2008 report checked the status of metering and measurement process for upstream and downstream to assess its reliability and quality of controls among others. The report observed the following:

- Poor metering calibration at Atlas Cove
- Poor location of electronics calibration equipment at Bonny terminal
- Measurement guidelines not updated by DPR.

**IMTT Resolution:** Update required from NNPC. IMTT to write Weights and Measures Department (WMD) of the Federal Ministry of Trade and Investment on the issue and report to IMTT.

### **p. Covered entities enjoying pioneer status**

Some companies that have been long in operation are still enjoying pioneer status (with benefits of tax waivers) which should not be the case.

**IMTT Resolution:** IMTT is to write Nigeria Investment Promotion Council (NIPC) to provide the basis for granting pioneer status to companies in operations longer than the stipulated duration.

FIRS UPDATE: FIRS is awaiting directives from the Federal Ministry of Finance reviewing the pioneer status.

**q. Payments to NNDC**

NNDC levy is calculated based on the approved budget of the covered entities. Some covered entities did not provide copies of their approved performance or complete the CAPEX and OPEX template for review. The report revealed that some entities did not remit their levies as and when due: unremitted balances sum up to \$102,264,531

NNDC to ensure recovery of the amount unpaid/underpaid as appropriate

**IMTT UPDATE:** NEITI to write to NNDC to give status of payment

**r. Deduction of subsidy from domestic crude revenue.**

NNPC paid into the Federation Account domestic crude allocations less subsidy claims totaling N816.3million between 2006 and 2008. NNPC could not provide the enabling Act of the National Assembly authorizing them to make such deductions.

**IMTT Resolution:** Request from NNPC the formal approval to deduct subsidy claims from source.

**s. Decline of government export in 2009-2011**

**IMTT Resolution: To** write to the Ministry of Petroleum Resources and advice on the basis of audit recommendations

**t. Exchange rates used for conversion of us\$ into naira paid into the federation account for domestic crude allocations.**

The audit discovered that domestic crude allocated to NNPC in US\$, to be paid into the Federation in the equivalent Naira value of the US\$ prices. The audit revealed that the exchange rates used by NNPC in most instances are lower than Central Bank of Nigeria (CBN) advised rates.

NNPC should apply the CBN exchange rate in invoicing domestic crude allocation

IMTT Resolution: IMTT resolved that NNPC, CBN, Revenue Mobilization and Allocation Fiscal Commission (RMAFC are to resolved this.

**u. Disclosure of alternative funding arrangements in the audited financial statement of NNPC**

**IMTT Resolution:** IMTT to write the CME and the potential implication.

#### **v. Inadequate disclosure of information in audited financial statements (AFS)**

Some companies did not prepare their AFS according to the generally accepted reporting framework in order to provide full disclosure of transactions. This was also noticed in the PPT returns submitted to FIRS

**IMTT Recommendation:** FIRS should educate the covered entities on the standard framework for reporting financial statements and PPT returns such that information on transactions are properly identified, transparently presented and separately disclosed

FIRS UPDATE: FIRS has designed a manual and a template for better reporting.

#### **w. Product exchange and importation arrangements**

NNPC made agreements covering offshore processing, crude oil exchange, and product in 2010-2011 with some companies for the processing of part of its domestic crude oil outside the country (offshore). These parts are then returned as refined products, while the other parts are retained and paid at negotiated price. There is no cost efficiency in the transactions.

NNPC is advised to discontinue these arrangements and in its place, limit itself to exportation of crude oil and importation of refined petroleum products

**IMTT Resolution:** IMTT is to write the Coordinating Minister of the Economy (CME) on the potential Implications of this matter.

### **SUB NATIONAL EITI**

NEITI in its continuous quest to expand the EITI in Nigeria attended meetings with some state executive governors. The FASD audit has assisted in the liaisons with the States covered by the audit with a view of possibly expanding EITI to their States. However the extent to which NEITI can go is constrained by the Constitution of the Federal Government.

Meanwhile Bayelsa State which has a Bayelsa Expenditure and Income Transparency Initiative (BEITI) before the State House of Assembly for legal effect is the nearest by any State to the EITI.

NEITI is also looking at the possibility of having zonal offices in certain States of the Federation for effective implementation of EITI.

### **2007-2011 FISCAL ALLOCATION AND STATUTORY DISBURSEMENT AUDIT (FASD)**

The performance FASD is a requirement of Section 3 (j) of the NEITI Act. It states that NEITI shall "ensure that all fiscal allocations and statutory disbursements due from the federal government to statutory recipients are duly made": this is not within the ambit of EITI.

The essence of the FASD is to make all tiers of government recipients of revenue from the Oil & Gas sector to account for the funds disbursed to them. The conduct of the

audit was limited to a few states and agencies based on statutory obligations and a few other states based on geo-political zones. Eventually, the whole country would be covered by the next FASD report whenever funds are available to conduct it. The FASD audit 2007-11 was commissioned and completed within the year with Messrs SIAO & Co. as the independent auditor through open and competitive selection process. As at the end of 2013 the FASD report was awaiting the approval of the NSWG.

### MEDIA APPERANCES TO INFORM BETTER AWARENESS

NEITI'S reports were extensively reported in the media. There were constant points of reference on issues of resources governance. On very frequent basis the media especially the national dailies relied heavily on the NEITI reports in addressing issues on transparency and accountability in the extractive industry. The National Assembly has used the NEITI reports as a catalyst for various legislative investigations, reviews and oversight functions.

### PETROLEUM INDUSTRY BILL (PIB)

Presently, there are about 19 statues governing the operations of the Oil & Gas sector in Nigeria. The PIB is meant to streamline these statutes into one Act of Parliament for better and easier interpretation with a intention of ensuring the provision of better benefits for all stakeholders.

The NEITI was invited by the bicameral National Assembly to provide a position paper on the PIB. NEITI made very valuable contributions and its position was commended by various organisations.

#### SUMMARY OF NEITI'S SUGGESTIONS/ OBSERVATIONS

1	<b>OWNERSHIP</b>	NEITI suggests that section 2 of the PIB should be redrafted as follows: <i>"The entire property and sovereign ownership of petroleum within Nigeria, its territorial waters, the continental shelf, the Exclusive Economic Zone and the extended continental shelf shall vest in the sovereign state of Nigeria for and on behalf of the people of Nigeria."</i>
2	<b>APPLICATION OF NEITI PRINCIPLES TO THE PIB</b>	NEITI suggests that section 4 of the PIB should be redrafted as follows: <i>"In performing their functions and achieving their objectives under this Act, all extractive industry companies and agencies in the oil and gas sector as defined in the NEITI Act 2007 and the agencies and companies established pursuant to this Act, shall be bound by the Nigeria Extractive Industries Transparency Initiative Act"</i>
3	<b>POWERS OF THE MINISTER</b>	In order to ensure transparency in the administration and regulation of the petroleum industry, it is necessary to reduce the powers of the Minister (presently in charge of policy, regulations and operations) and create strong autonomous institutions that will promote effective governance and controls in the management of Nigeria's petroleum resources. Appointments and removal of heads of institutions created by the Bill should be with the concurrence of the National Assembly.
4	<b>THE PETROLEUM TECHNICAL BUREAU</b>	NEITI is of the opinion that movement of this sensitive Agency to the Minister's office as a special unit of that office would undermine transparency and professionalism. This function is too strategic to be

		appropriated by the Minister. NEITI is of the strong opinion that it should be created as a fully professionalised public sector agency of the industry,
5	<b>PETROLEUM HOST COMMUNITIES FUND</b>	NEITI believes that there should be complete conformity in the treatment of all communities located in mineral producing areas, including petroleum. It therefore recommends that the Petroleum Host Communities Fund should function according to the same or similar mode that is provided for under the Minerals and Mining Act, and that the clauses should therefore be redrafted accordingly. NEITI also states that, at the very least, the PIB should contain guidelines to govern the application and use of the Fund, which should not be under the control of the Minister
6	<b>FISCAL RESPONSIBILITIES AND PUBLIC PROCUREMENT</b>	The adoption of sections that allow entities responsible for large amounts of government revenues to function outside the ambit of the Fiscal Responsibility and Public Procurement Acts, is not in accordance with well-established international principles of accountability, transparency and good governance, and could easily lead to financial impropriety. The provisions and standards enshrined in these laws should instead serve as the minimum standards for these three companies.
7	<b>THE AWARD OF ACREAGES</b>	To adequately protect the interests of Nigeria, and to allow NEITI to effectively fulfill its monitoring functions, Section 190(6) of the PIB should be expanded to allow for the inclusion of NEITI in all stages leading up to the grant of the award.
8	<b>DISCRETIONARY GRANTS</b>	In the interests of transparency and accountability, Secs. 190(3) and 191 should be expunged. All awards should comply with the remaining subsections in Sec. 190: no discretionary should be allowed.
9	<b>CONFIDENTIALITY CLAUSES</b>	<p>A. NEITI suggests the following redrafts, in line with its observations outlined above.</p> <p>174 (1) "Confidentiality clauses or other clauses that are for the purpose of preventing access to information and documents by third parties shall be void, of no effect, and shall not apply in respect of any information or documents relating to</p> <p>a) the payments of taxes, royalties, fees and bonuses of whatever nature;</p> <p>b) any information and yearly summaries provided by licensees, lessees, or contractors in respect of the provisions of subsection (4) of this subsection.</p> <p>174 (4) Every company involved as licensee, lessee or contractor shall for each license and each lease provide a yearly summary of all revenues and costs on which the payments of taxes, royalties, fees and bonuses of whatever nature were based on, within twelve months from the expiration of the calendar year within which the said payments were made.</p> <p>B. NEITI believes that the process for maintaining confidentiality of proprietary industrial information should be clarified. Contract transparency should be well established in the PIB in line with modern trends.</p>
10	<b>ENVIRONMENTAL ISSUES</b>	The PIB does not adequately deal with and protect the Nigerian environment. It should provide specifically for these issues in respect of the producing environment: the Bill should have at least provided

		<p>for minimum environmental standard of requirement in the relationship between the petroleum industries operators and the environment.</p> <p>There is also the need for resolution amongst the various agencies with responsibility over the environment. The PIB should be clearly define rights and responsibilities, giving ultimate primacy to the Ministry of the Environment, in the case of a conflict with the Inspectorate regarding standards and guidelines.</p>
11	<b>METERING SYSTEM</b>	Provisions for independently verifiable metering of production should be stipulated in the PIB, and the measuring point for the purpose of ensuring allocation of revenues should be at the wellhead. A definition of 'Measurement Point,' indicating this to be at the wellhead, should also be included in the interpretation section of the PIB.
12	<b>PRODUCTION SHARING CONTRACTS</b>	The PIB should contain articles that make price reviews and renegotiations necessary in the event of specific stated occurrences.
13	<b>THE NEED TO REPEAL THE TOTALITY OF THE DEEP OFFSHORE AND INLAND BSIN PRODUCTION SHARING CONTRACTS DECREE</b>	Section 354 (as presently numbered, provides, inter alia, for the repeal of the Deep Offshore and Inland Basin Production Sharing Contract Act CAP d3, LFN, 2004, with the exception of section 16, sub-sections 1 & 2, which are t price review and renegotiation clauses. NEITI believes that, if necessary, these clauses should be specifically drafted for the PIB and made to apply to all contracts for upstream operations, not just the PSC.
14	<b>REPEALS AND OTHER ISSUES</b>	The PIB should include articles that make review and renegotiation mandatory upon certain occurrences, such as a significant change in petroleum prices, or in the international investment regime. Furthermore, the confidential requirements contained in section 302 should be amended so as to allow NEITI to obtain data required for its audits.
15	<b>THE NEED FOR AN ELECTRONIC INFORMATION SYSTEM</b>	To support the role of NEITI in ensuring transparency in the oil and gas sector with respect to taxation, NEITI believes that the PIB should include a provision in the fashion of section 408 of the 2009 inter-agency PIB draft, which is reproduced below at page 49.
16	<b>GENERAL COMMENTS ON FISCAL PROVISIONS OF THE PIB</b>	Contrary to international best practice, fiscal obligations are not easily discernible, and are not all contained within the PIB. NEITI believes that all fiscal obligations should be easily identified, and contained in the appropriate legislation or in regulations, right from the date of enactment of the PIB.
17	<b>PETROLEUM HOST COMMUNITIES FUND</b>	Fiscal provisions relating to the petroleum host communities fund are not contained in the PIB. In any case. The existence of and rationale for the PHCF needs to be reconciled with existing laws, such as the NDDC Act.
18	<b>INDIGENOUS AND SMALLER COMPANIES</b>	The tax system created by the PIB is not in the interests of the smaller players, which include indigenous companies. NEITI believes that for smaller companies, below a specified threshold, the PIB should specify a lower cumulative tax rate.
19	<b>ANOMALIES IN THE MODE OF</b>	The mode through which the PIB attempts to incorporate terms of CIT into the PIB, discussed in paragraph 1 of this section, is not in line

	<b>APPLICATION OF CITA TO UPSTREAM COMPANIES</b>	with best practices in legal drafting. CITA should be directly amended. There is a conflict between the PIB and section 19(1)(h) of CITA which states that the profits of any company engaged in petroleum operations are exempt from the Companies Income Tax Act". This needs to be dealt with, as part of a general amendment of CITA to allow for its application to upstream companies
20	<b>ALLOWABLE DEDUCTIONS FOR THE COMPUTATION OF ADJUSTED PROFITS</b>	The term "reasonableness" as provided in section 305(1) (b) may be difficult to determine since there is no industry standard in Nigeria to guide the test of reasonableness. Interest is allowed under subsection (1)(g) for all upstream operators, with the exception of PSC contractors. The rationale for this exception is unclear and should be clarified, in the interests of good governance. Why does the treatment of interest depend on whether the company engaged in upstream operations is a JV partner, a PSC contractor, or a concessionaire? The requirement for approval of pension contributions by the board as a condition for tax deductibility under the PPTA has been removed. This could adversely affect adherence by upstream companies to legal requirements for pensions.
21	<b>DEDUCTIONS THAT ARE SUBJECT TO THE APPROVAL PROCESS OF THE NIGERIAN CONTENT DEVELOPMENT AND MONITORING BOARD</b>	Sec. 306 (n) disallows 20% Of CAPEX (Section 306 (n)) incurred outside Nigeria, subject to the approval of the Nigerian Content Development And Monitoring Board,. NEITI fears that this provision could create a bottleneck that, at the end of the day, achieves little or no purpose.
22	<b>CARRYING FORWARD LOSSES INDEFINITELY</b>	The new bill proposes carry forward of losses indefinitely, in order to prevent unfettered carry-forwards from overwhelmingly reducing government revenue projection, NEITI suggests that the fiscal regime should place restrictions on the amount of losses that are recoverable each year to a percentage of the adjusted profit, as is the practice in some countries such as Brazil.
23	<b>NON-RESTRICTION OF CAPITAL ALLOWANCES FROM ASSESSABLE PROFITS</b>	The non-restriction of claimable capital allowance, as is presently the case under section 18 (4) of the Petroleum Profits Tax Act will negatively impact on government revenue.
24	<b>ADDITION CHARGEABLE TAX PAYABLE</b>	The profit (sales value) should be derived by multiplying the crude oil volume in bbls by the relevant price per bbl as any figure below this will result in re-computation of tax, which may generate additional tax liability. The company's selling price must be related to the OSP advised by NNPC, but adjusted based on the quality (API gravity) of the particular crude stream.

## COVERAGE OF SUBSIDY CLAIMS AND OIL THEFT

These issues have been in pre-eminence in Nigeria lately, more so that the former affects the every day to day living standard of Nigerians. The Oil & Gas Report 2009-2011 examined the extent to which NNPC draws subsidy from the proceeds of domestic



crude oil sales before the net proceeds are swept into the Federation account. It found out that a total sum of N1.40 trillion was deducted directly from domestic crude oil proceeds as subsidy claims.

Also the 2009-2011 Gas Report brought into limelight the issue of oil theft in Nigeria. This was novel in EITI reporting in Nigeria, maybe so because the proportion at which oil theft rose over the last few years has been astronomical: it runs into USD 10,992,776,474 for the period 2009-2011.

These items were not in the original Terms of Reference (ToR) issued for the performance of the Audit Report. However, given the exigencies of happenings in Nigeria during this period the NSWG was expeditious in amending the ToR in agreement with the independent auditor.

These additions have further increased the vibrancy in public debate and awareness in respect of the findings of the Report.

### **TUGAR**

The Technical Unit on Governance & Anti-corruption reform (TUGAR) is warehoused in NEITI to coordinate the activities of the Inter Agency Task Team (IATT).

The IATT is a platform of various government agencies with anti-corruption or accountability mandate in Nigeria. The TUGAR under the auspices of NEITI is responsible for monitoring of ongoing anti-corruption and governance initiative, evaluate both structures and their output for impact, access public feedback and generate empirical data that feed into the policy framework that enables reforms in transparency & accountability of government revenues and expenditure.

During the year 2013 specific actions were taken in monitoring and evaluating governance and anti-corruption initiatives at all levels of governance in the country and providing data-based coordination in 26 states of the federation. This exercise commenced in 2009 and has significantly achieved the desired result.

Among other activities carried out were:

- i. Research Studies of Anti-corruption and Governance Survey
- i. Implementation of the Corruption Risk Assessment report.
- ii. Monitor and evaluate compliance of anti-corruption agencies
- iii. Review the publication of the revised IATT Factsheet
- iv. Support Nigeria's participation at international meeting such as

## **OPERATIONAL AND SUPPORT SERVICES**

## **CORPORATE GOVERNANCE**

NEITI in the pursuit of its mandate continues to ensure compliance in all its activities with the highest standards of corporate governance: NEITI was able to put into effect a system of sound practice by which it continued to direct and control its operations, focusing on the internal and external corporate structures with the aim of monitoring the proceedings of management, NSWG members, thereby mitigating possible risks in its operations.

Good corporate governance is therefore very germane to the principles of transparency and accountability as espoused by the EITI principles.

### **NSWG (Board) meetings**

The NSWG was able to meet quarterly as required by law: 23 March 2013, 20 June, 2013, 19 September 2013, and 11 December 2013. The NSWG also had two emergency meetings on 17 January 2013 and 2 May 2013. Attendance rate of members averaged nearly 90%.

### **The standing committees of the NSWG:**

The standing committees of the NSWG were reconstituted during the year. The committees are:

- i. Audit And Risk
- ii. Human Resource
- iii. Finance & General Purpose
- iv. Communications
- v. Board Tender
- vi. Ethics
- vii. Technical
- viii. Civil Society Steering

The Standing Committees met on the average of about 6 times each within the year in discharging oversight function to ensure effective coordination of policy issues.

### **Trainings:**

Various trainings and capacity building programmes were held for members of the NSWG to ensure better understanding of the EITI process in the extractive industries sector. A key training attended by the NSWG members was on Anti-corruption Measures in the Extractive industries.

### **EITI Board:**

Representatives and observers of Nigeria/NEITI on the EITI International Board successfully attended all international EITI board meetings during 2013. A member of the NSWG was also appointed to the international board of the EITI, to represent CSOs on the EITI Board.

## **EITI Compliance:**

NEITI successfully submitted the Annual EITI Activities Report of EITI activities carried out throughout 2012 in Nigeria to the international EITI Secretariat in fulfillment of the EITI Compliance Requirements 2011 Edition.

## **NEITI Act 2007 Compliance**

Submissions of Bi-Annual Reports on the activities of the NEITI were duly made to His Excellency the President of the Federal Republic of Nigeria and to National Assembly in compliance with the NEITI Act 2007.

## **Legal review**

NEITI reviewed the draft industry audit contract terms, conditions and deliverables for the 2009-11 Oil and Gas and 2007-10 Solid Mineral Report to meet with the international best practices and conform to the new Terms of Reference contained in EITI Standards.

## **Capacity building**

The third goal of the SP principally states the essence of capacity building in the fulfillment of the SP. This is coupled with the evolving nature of the EITI which almost makes it mandatory for the acquisition of new skills to meet the demands of the EITI. Capacity building enables the Secretariat and relevant stakeholders to keep abreast of key challenges and innovations in the extractive industry. Capacity building was undertaken both locally and internationally. A forum was established to enable lesson sharing and retention of institutional memories. Some of the relevant trainings conducted/attended by NEITI staff in 2013 are:

- i. Oil & Gas Accounting: In other to Deepen Staff knowledge in Oil & Gas accounting, such as royalties, taxes flaring cost, cash call, JV partnership and interpretation of Oil and Gas Financial Statements staff undertook training at the London Corporate Training Centre (LCT) in UK.
- ii. New EITI Standards: this was conducted by the EITI Secretariat in conjunction with Revenue Watch International.
- iii. Inter-Agency: NEITI in collaboration with the EFCC trained both NEITI and EFCC operatives on the processes of both institutions as a prerequisite for the signing of a Memorandum of Understanding between the parties: this would enable the enforcement of sanctions for noncompliance through prosecution.
- iv. Principles of Oil & Gas Automated Data Gathering & Production Monitoring.

- v. IFRS International Financial Reporting Standards Fundamentals
- vi. Public relations & media Skills
- vii. Advance records & Information Management
- viii. Auditing in Exploration and production Industry
- ix. Monitoring, Evaluation Data collection, analysis and Interpretations.

### **Procurement services**

The NEITI procurement services are in conformity with the public procurement act 2007 and in line with the Nigerian Bureau of Public Procurement BPP Guidelines. All procurement proceedings passed through the required procurement guidelines.

This involved open advertisement in National and International Newspapers, followed by expression of interest or invitation to bid/tender in open and competitive process. The standard evaluation criteria for technical and financial proposals from qualified entities are applied in the selection process.

Some of the Procurement conducted in the year 2013 are:

- i. 2007-11 FASD Audit
- ii. 2012 Oil & Gas Audit
- iii. 2011-12 Solid Mineral Audit
- iv. DBMS for office automation
- v. Anti-Corruption Scoping study

### **Finance.**

- The production of an Accounts Manual to serve as a standard guide for all financial transaction and obligations within and outside NEITI was successfully completed. . It details rules, process and procedures for all financial transaction in NEITI.
- NEITI also fully complied with the Federal Government Financial Regulations Manual in carrying out its financial mandate.
- NEITI operational accounts were audited and published up the year 2012 in conformity with the international best practice.

### **Monitoring and evaluation**

The success rate of the activities of NEITI under the established monitoring and evaluation indices was 78% for 2013.

## **Assessment of Performance against target and activities set out in the Work plan**

### **Project/activity Performance in the Reporting Period**

*In the table below, list all project activities planned for in the reporting period.*

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
	From work plan	From work plan	From work plan	Not Started	In Progress	Completed	As stated in the work plan	As in NEITI Strategic plan
1	2009-11 Oil and Gas Audit Finalisation	Distributed at all major functions of NEITI	Report			x	2009-2011 Oil and Gas Audit	<b>Goal 1: Achieve Operational Excellence in Regulation and Enforcement across the Extractive Industries: To develop an effective comprehensive framework for the delivery of effective Audit, continuous Monitoring and Evaluation, stronger regulation, enforcement and compliance management.</b>
2	Internal Review of the 2009-2011 Oil & Gas Audit	Internal Review by NEITI Staff	Better understanding			X	✓	
3	Review of the 2009-2011 Oil & Gas audit with stakeholders	Stakeholder session with facilitators	Better understanding			x	✓	
4	Third party review of the 2009/2011 Oil and Gas audit	Consultant review with Stakeholders	Better understanding			x	✓	
5	Audit Report production	Internal Review by NEITI Staff	Report			X	2007-2010 Solid Mineral Audit presentation.	
6	Internal Review of the 2007/2010 Solid Minerals Audit	Stakeholder session with facilitators	reports			x	✓	
7	Review of the 2007/2010 Solid Minerals audit with stakeholders	Consultant review	Better understanding			x	✓	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				From work plan	From work plan	Not Started		
		w with Stake holders	ding					
8	Third party review of the 2007/2010 Solid Mineral audit	Analysis of the 2007/10 audit report	Deeper understanding			x	✓	
9	Segregation and Remedial Issues -Solid Minerals 2007-2010	Analysis of the 2009/11 audit report	Remediation Docs			X	Remediation Issues from the Audits	
10	Segregation and Remedial Issues -Oil and Gas 2009-2011		Remediation Doc			x	✓	
11	Meeting with appointed auditors OIL AND GAS	Contract award, Meetings.	Report	x			2012 Oil & Gas Audit	
12	Template workshop; oil and gas 2012		PIS	x			✓	
13	Presentation of final template/adoption; oil and gas		Approved Template	x			✓	
14	Audit monitoring /field work - 2012 oil and gas		Reports	x			✓	
15	Audit of the Solid Minerals sector-2011/2012		reports			x	2011- 2012 Solid Mineral Audit	
16	Template workshop; solid minerals		Approved template			x	✓	
17	Presentation of final template/adoption; solid minerals					x	✓	

## EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				From work plan	From work plan	Not Started		
18	Meeting with appointed auditors SOLID MINERALS, Audit monitoring /field work - 2011/2012 -solid minerals		PIS			x	✓	
19	Audit of the Fiscal Allocation & Statutory Disbursement 2007-2011 contract negotiations executed.		Reports		x		2012 FASD Audit (contract negotiation executed)	
20	Meeting with appointed auditors FASD					x	✓	
21	Template workshop; FASD & Presentation of final template/adoption; FASD		Workshop			x	✓	
22	Audit monitoring /field work - 2007/2011 –FASD		Reports			x	✓	
23	<ul style="list-style-type: none"> <li>➤ 2011 Solid minerals Audit</li> <li>➤ 2012 Oil, Gas Audit</li> </ul>		Reports	x			Effective procurement of the Oil & Gas and Solid Mineral audits on going.	
24	procurement 2012/2013 FASD Audit Procurement	Provide Technical Support to procurement unit as it relates to the procurement of the audit	Procurement	x			Facilitate the procurement of the best auditor for the FASD audit.	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				From work plan	From work plan	Not Started		
		or						
							✓	
25	Printing of NEITI oil and gas audit reports (simplified version)	NEITI Industry audit simplified & printed	Key stakeholders of NEITI are in possession of the publications & engaged in robust discussion based on the information made available in the Audit				To publicise and disseminate NEITI Audits at community, regional, national and international levels; Inform the widest possible public about NEITI	GOAL 2 - Attain Optimum Stakeholder Development in E.I. Transparency and Accountability: To develop a Robust Multi-Stakeholder Communication and Mobilization Strategy/Framework for effective stakeholder relationship management, collaboration and cooperation
26	Simplification and printing of 2007-2010 NEITI Solid Minerals Audit Report	NEITI Industry audit simplified & printed	Same as above				✓	
27	Printing of the comprehensive 2009-2011 Oil and Gas Audit Report.	comprehensive report printed & disseminated to strategic stakeholders	Same as in above			x	To provide information and enlighten stakeholders and the general public on NEITI and issues in the extractive sector	
28	Printing of the comprehensive 2007-2010 Solid Minerals Audit Report	comprehensive report printed	Same as in above			x	✓	



EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				From work plan	From work plan	Not Started		
		& disseminated to strategic stakeholders						
29	Dissemination of the 2009-2011 Oil and Gas and 2007-2010 Solid Minerals audits reports	10,000 member of NEITI stakeholder equipped with info & data from NEITI audit	Member of the public & NEITI strategic stakeholder aware of & in possession of audit report.			x	✓	
30	Quarterly Publication of Open Audit magazine (In-house publication)	90% of the publication distributed at major public event	Ensure targeted audience of NEITI has access & receive publication about NEITI			x	✓	
31	Review and development of NEITI publications and purchase of books	1000 copies of the publication made available to public	Knowledge of NEITI stakeholder engagement made public			x	✓	
32	Public education and enlightenment on NEITI process	No. of times jingles are broad	Basic information on NEITI mandate made			x	To build partnerships and restore confidence	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				From work plan	From work plan	Not Started		
		cast  Produced Jingles	<i>available to sensitise the public on NEITI activities</i>				e of stakeholders as well as their capacity to engage on NEITI Audit reports and processes so as to enable them perform their oversight functions more efficiently	
33	Production of jingles on NEITI for public education and information		<i>Same as above</i>			<b>x</b>	✓	
34	Syndicated Documentaries on NEITI process	No. of selected station & times Docs are broadcast	<i>Same as above</i>			<b>x</b>	✓	
35	Outdoor public advertising	No. of spot messages produced & placed on strategic billboard across the country	<i>Same as above</i>	<b>x</b>			✓	
36	Engagement with the media and media relations	Sustained media public	<i>Increase knowledge among general public</i>			<b>x</b>	✓	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				Not Started	In Progress	Completed		
	From work plan	From work plan	From work plan				As stated in the work plan	As in NEITI Strategic plan
		ity.	about NEITI, Its mandate, Objective, method and activities					
37	Quarterly press conference	Informed Investigative report & mention on NEOTI & EITI process	Informed Media on NEITI process			x	✓	
38	Public sector relations/CSO/Legislative Outreach/ Companies Forum, (Audit report presentation & CSO steering comm inauguration)	No of interactive & discussion forum held.	Public Debate and discussion on the NEITI audit Recommendation, findings and remediation issues.			x	✓	
39	Outreach to States and Local Governments on the Resource Disbursement Audit	Meeting & visit to State governors & LGAs	Provide basic information on NEITI mandate, take NEITI Audit findings & recommendations to state and local government areas.	x			✓	
40	Engagements on Remediation	CSO thematic plan on remediation	CSO familiarised with IMTT Remediation strategic	x			✓	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				Not Started	In Progress	Completed		
	From work plan	From work plan	From work plan				As stated in the work plan	As in NEITI Strategic plan
		diation	plan					
41	CSO support/capacity	No. of capacity Building & support	Well trained & informed CSOs company & government on their respective roles.			x	✓	
42	NEITI Public perception survey	Stakeholder analysis and data on knowledge of NEITI processes.	Effective feedback, petition & recourse mechanism	x			✓	
43	Website/Social Media Management and Development	No of hits and visit directed to NEITI website	NEITI strategic stakeholder engages in Audit report & NEITI process Using website platform.			x	✓	
44	Schools Outreach	No of participants	Increase knowledge about NEITI & its process among students	x			✓	
45	Public Information centres	Two functional office offices opera	Access to information & feedback	x			✓	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				From work plan	From work plan	Not Started		
		Final by end of 2013						
46	Newspapers & Periodicals	15 Daily x 5 days x 12 months				x	✓	
47.	Research Studies of Anti-corruption and Governance Survey	Inception Report, Mid-Term Report and feedback from States (publication of report)	Completed			x	Monitor and evaluate governance and anti-corruption initiatives at all levels of governance in the country and provide data-based coordination	<b>GOAL 3 - NEITI Capacity Building: To develop Organizational and Funding Capacity to achieve the NEITI Mandate, Vision and Strategy</b>
48.	Implementation of the Corruption Risk Assessment	Meeting Report	Completed			x	✓	
49.	Conduct CRA in selected MDAs and States that have interface with the MDGs	Report of findings, Training Reports, Attendance at Trainings	Completed			x	✓	
50.	Monitor and evaluate compliance of mandates by	Report of	Completed			x	3. Co	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
	From work plan	From work plan	From work plan	Not Started	In Progress	Completed	As stated in the work plan	As in NEITI Strategic plan
	anti-corruption agencies	findings Training Reports, Attendance at Trainings and Training Modules.	d				nduct impact analysis by evaluating the mandates, structures, desired impacts and actual impacts of key delivery channels for governance and anti-corruption	
51	Review and Publication of the revised IATT Factsheet	Relevant MDAs and State are assessed and report available	Publication Stage			x	Facilitate the building of synergy among the diverse anti-corruption monitoring	
52.	Support to the Nigeria's participation at international meetings	Printed copies of Factsheet available	Completed			x	✓	
53.	Intensive consultations at the States and local government levels on the National Strategy to combat Corruption	Attendance and contributions to meetings. Report available	Completed			x	Stimulate and lead discussion around the development of a National and Comprehensive Strategy and Action Plan against corruption	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
	From work plan	From work plan	From work plan	Not Started	In Progress	Completed	As stated in the work plan	As in NEITI Strategic plan
54	Joint celebration of the international AC Day					x	Facilitate the building of synergy among the diverse anti-corruption monitoring.	
55	Arrange scheduled quarterly NSWG meetings.		Timely arrangement of Meetings			x	To provide adequate Corporate Governance for NEITI 1	
56	Arrange emergency NSWG Meetings		Timely arrangement of Meetings			x	✓	
57	Committee meetings to facilitate decision making		Timely arrangement of Meetings			x	✓	
58	Capacity Building for NSWG members	Increased knowledge by NSWG members	N/A			x	✓	
59	Proposed increase in NSWG Allowances	Adequate incentives	N/A		x		✓	
60	Review of Draft Industry Audits Contract Agreements <b>SM</b>	Completion and execution of the Contract Agreements	N/A			x	To ensure Legal compliance of NEITI Mandate	
61	Workshop on Legal Compliance/cooperation with lawyers in covered entities during Audit Drives	Compliance to EITI	N/A	x			✓	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				From work plan	From work plan	Not Started		
		Rules						
62	Purchase of Law Materials	Faster application of knowledge	N/A		X		✓	
63	Training and capacity building on Legal Enforcement and prosecution, Effective Corporate Governance, Regulation, Policy and Compliance in EITI Principles for NSWG	Reports and plans available for application.	N/A			X	✓	
64	Meetings (Staff, Departmental, SMT, MT)	Minutes of meetings	Improved NEITI performance			X	To Maintain a conducive working environment	<b>NEITI Capacity Building: To develop Organizational and Funding Capacity to achieve the NEITI Mandate, Vision and Strategy.</b>
65	Staff training & capacity building	Nos of certificates	Highly incentivised staff			X	✓	
66	Staff Retreat	Retreat held	N/A	X			✓	
67	Review of Training/Capacity Building		N/A		X		✓	
68	Learning sessions	Learning Sessions	Improved NEITI performance	X			✓	
69	Purchase of IT/Office Equipment and Software	Payment receipts	Improved workstations			X	✓	
70	Security and Safety Equipment	No of IT Items	Improved workstations			X	✓	
71	Office Building Rehabilitation		N/A	X			✓	
72	Furniture and Fittings		N/A			X	✓	
73	Logistics and Travels (Local)	Hotel	Efficient			X	✓	



EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				Not Started	In Progress	Completed		
	From work plan	From work plan	From work plan				As stated in the work plan	As in NEITI Strategic plan
		bookings, flight tickets	Logistics					
74	Vehicle Maintenance	Maintenance, Repairs	Improved performance of vehicle			X	✓	
75	Vehicle Fuelling	Credit fuel cards	Improved performance of vehicle			X	✓	
76	Office furniture & General Maintenance	Repairs	Conducive working environment			X	✓	
77	IT Maintenance	No of maintenance carried out	N/A			X	✓	
78	Band width Charges	Bills paid	Internet availability			X	✓	
79	Telephone Charges	No of HR/General Adverts				X	✓	
80	Payment of Electricity bills	Paid bills	Conducive working environment			X	✓	
81	Water Rate		N/A				✓	
82	Refreshment and Meals	Paid bills	N/A			X	✓	

## EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
	From work plan	From work plan	From work plan	Not Started	In Progress	Completed	As stated in the work plan	As in NEITI Strategic plan
83	Insurances		N/A			X	✓	
84	Postages and Courier Services	Paid bills	N/A			X	✓	
85	Office Cleaning & Security	Daily security reports	Conducive working environment			X	✓	
86	Office Stationaries/ Consumables	Approved store requisitions	Increased efficiency in work			X	✓	
87	IT Consulting	Approval for procurement	N/A				✓	
88	MDTF Organisational Support		N/A				✓	
89	Rent	N/A	N/A			X	✓	
90	Development of Admin manual		Effective Admin management	X			To ensure efficient management of Staff productivity/ Welfare	
91	2014 Annual Workplan	Approved Draft	Effective planning & monitoring			X	Development of planning and Monitoring tool for NEITI	
92	2014 Annual Budget	Approved Draft	Effective planning			X	Compliance to the FGN operating financial guideline	
93	Turning strategy to Action	Approved Draft	N/A		X		Development of planning and Monitoring tool for NEITI	
94	Performance management	Restru	Improved		X		✓	

EITI Activities Report 2013

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
	From work plan	From work plan	From work plan	Not Started	In Progress	Completed	As stated in the work plan	As in NEITI Strategic plan
		cturing Report	staff productivity					
95	Staff Welfare		Improved staff productivity			X	To ensure efficient management of Staff productivity/ Welfare	
96	End of Year staff event	Set objectives	Improved staff productivity	X			✓	
97	Subscription to Professional bodies	Approved Welfare recommendations	N/A			X	✓	
98	Medical Insurance	Draft plan	Improved staff productivity			X	✓	
99	Audit Manual		To ensure validity, accuracy and implementation of FGN budget	X			Compliance to the FGN operating financial guideline	
100	Financial Management Systems	Paid subscriptions	To ensure validity, accuracy and implementation of FGN budget		X		✓	
101	Support and Maintenance of Accounting Software	E-payment	N/A			X	✓	
102	External Audit of NEITI Accounts	E-financial transa	N/A			X	✓	

	Project/ Activity	KPI	Outcome	Status of Activity (mark X in the appropriate box)			Objective	Strategic goal
				From work plan	From work plan	Not Started		
		ction						
103	Printing of Security docs		N/A			X	✓	
104	Printing of Non Security docs		N/A			X	✓	

### Assessment of performance against EITI Requirement

Requirements	Progress:
<p><b>Standard 1:</b>The EITI requires effective oversight by the multi-stakeholder group</p>	<p>The Nigerian government continues to show unequivocal for the EITI process Nigeria, not only through its obligation under the NEITI Act but also through various public statements reiterating its full commitment of its intention to implement EITI. At the public presentation of both the Oil &amp; Gas 2009-2011 and the Solid Minerals 2007-2010 Reports, the Honourable Minister of Finance Federal Republic of Nigeria, Dr Ngozi Okonjo-Iweala reiterated government commitment to the EITI process by stating <i>"I would like to re-affirm the Federal Government's commitment to the EITI implementation in Nigeria and the full integration of the NEITI's process into our national policies. Mr. President already made this point during NEITI's recent visit to the State House, but it worth emphasizing. We shall continue to provide adequate support for NEITI's work and uphold its independence. I am also delighted that NEITI has made valuable contributions to the Petroleum Industry Bill (PIB) which is currently being examined by the National Assembly"</i></p> <p>The Multi-stakeholder Group (MSG) otherwise known as the National Stakeholders working Group (NSWG) in Nigeria is responsible for the implementation of the EITI process in and its chaired by the prominent and world known civil society proponent in the person of Ledum Mitee who has the confidence and authority of all stakeholders to implement the EITI process.</p> <p>The composition of the NSWG is statute based and is comprised of 15 members of which 3 are from the civil society including the Chair. Others are from companies, government agencies and stakeholders in the 6 geopolitical zones of the country. The activities of the NSWG are governed by a Board Charter and it is uninhibited without</p>

	<p>restraint or coercion in the implementation of the EITI.</p> <p>The 2013 NEITI work plan was designed and aligned to conform with the EITI reporting guideline, fully costed, approved and uploaded on the NEITI website for public consumption.</p> <p>The NEITI NSWG has ensured continuous effective oversight on the Secretariat, the result of the work plan \monitoring &amp; evaluation for the year 2013 is 78% this indicate a significant improvement.</p>
<p><b>Standard 2:</b> The EITI requires timely publication of EITI Reports</p>	<p>The NEITI was able to conclude the 2009 -2011 Oil &amp; Gas Audits in January 2013 and it was published accordingly. The delay in meeting the timeline for the completion of the audits was mainly due to the complexity of various issues arising during the year (such as oil subsidies, costing of crude allocation for domestic use, etc), some of which were not in the original Terms of Reference (ToR). The Solid Minerals Audits 2007-2010 was also fully publicized in 2013. It is pertinent to note that this was the first EITI audits in this sector of the extractive industry in Nigeria. NEITI in its appreciation for historical database and to enable Nigerians have an informed understanding of the solid minerals sector decided to go back to 2007, rather than begin from 2011 when it was commissioned. In other words the NSWG had a lot more to do in respect of the years covered by the audits</p>
<p><b>Standard 3:</b> The EITI requires EITI Reports that include contextual information about the extractive industries</p>	<p>This requirement is to some extent a novelty of the EITI Standards. The EITI Reports details in 2013 did not fully meet this requirement then, because this requirement was not in existence under the EITI Rules, 2011 Edition. However, in the 2 reports mentioned above, NEITI gave some contextual insight on the activities of the extractive industries</p> <p>NEITI has undertaken that all future reports will be determined by the new EITI Standards.</p>
<p><b>Standard 4:</b> The EITI requires the production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues and disclosure of all material payments to government by oil, gas and mining companies</p>	<p>At the onset (ToR) the NSWG identified the streams of revenue to be disclosed and the materiality levels for such disclosures. The companies and government agencies to be reported were identified. The reporting was based on all disclosures of payments made to the government with the exception of such items as social expenditures, sub-national payments and transfers which were not captured because there were not in the EITI Rules.</p> <p>However, NEITI is progressing to meet all the relevant aspects of this requirement in future EITI Reports</p>
<p><b>Standard 5:</b>The EITI</p>	<p>Both Independent Auditors (Independent Administrator</p>

<p>requires a credible assurance process applying international standards</p>	<p>under EITI Standards(IA) under the NEITI Act respectively for the 2009-2011 Oil and Gas and the Solid Minerals 2007-2010 were engaged after a vigorous procedure set up by the Nigerian Public Procurement Act 2007. The exercise was transparent, competitive and the need for international procurement standards were maintained following placement of the procurement exercise on the NEITI website, national and international newspapers.</p> <p>The respective contracts were approved by the Federal Executive Council of Nigeria for the performance of the respective audits.</p> <p>The ToRs required credible reporting with relevant and reliable data to be reconciled. In agreeing to the ToR all templates for the completion of the audits were approved by the NSWG. Furthermore, an assurance process was put in place to ensure that the report complied with all laws, statutes and regulations for the time being in operation.</p> <p>International standards of professionalism in the accounting practice were complied with in the evolution of the accounting practice in Nigeria: the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board is based on compliance with International Financial Reporting Standards for all companies operating under Companies and Allied matters Act 2000. All private companies are to adhere to the acceptable International Financial Reporting Standards (IFRS), whilst government agencies complied with the International public Sector Accounting Standards. (IPSAS).</p> <p>The information given to the IA was strictly for the purpose of the audits. A confidentiality agreement was executed between the IA and the companies to protect such information.</p> <p>The final report covered recommendations, weakness, refusal of some companies to comply with the EITI process, etc. The Reports were very extensive.</p> <p>The Reports were duly endorsed by the NSWG</p>
<p><b>Standard 6:</b> The EITI requires EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.</p>	<p><b>DISSEMINATION/ OUTREACH</b></p> <p>During the period under review the dissemination activities of the Reports were held with far reaching positive impacts on NEITI's mandate. The NSWG ensured that paper and electronic copies of the Reports were produced, widely distributed and publicized: carried by the media and placed on the NEITI website. These have attracted and</p>

	<p>encouraged vibrant public debate. International donor DFID-FOSTER also made commitments and worked with NEITI to ensure effective and efficient dissemination of the Audit reports. DFID-FOSTER also facilitated the restructuring of the NEITI website for effective communication of NEITI activities.</p> <p>Brief summaries and power point presentation of the Reports were produced both in hard copies and electronic form.</p> <p>Consequently, the work plan of NEITI was also designed to sustain robust dissemination of NEITI activities. The role of the media, legislature and the civil society in the dissemination and use of NEITI Reports require sustained efforts such as: production and dissemination of syndicated documentaries on NEITI Process in the electronic media and capacity building for CSOs</p>
<p><b>Standard7:</b> The EITI requires the multi-stakeholder group to take steps to act on lessons learnt and review the outcomes and impact of EITI implementation</p>	<p>Segregation and remedial issues report on the oil &amp; gas and solid minerals audit presentation.</p> <p>A myriad of issues have been identified from the Oil &amp; Gas, Solid Mineral and FASD audits conducted by NEITI from 2009-2011 Oil &amp; Gas &amp; 2007-2010 Solid Mineral audits exercise. These have been subsumed under the umbrella of the Remediation Program put in place by government to tackle the issues raised in the Reports.</p> <p>Some of the issues are; PPT validation, Carry Agreements, Royalty, Crude Sales, LNG Dividend, Gas Issues, Export Issues &amp; Illegal Mining Activities, Tax, Governance of the Solid Minerals Sector, Environmental and Health issues, Capacity Building and a host of other issues identified by the Audits.</p> <p>These remedial issues have been captured and classified, and a remediation action plan involving all the entities from both the government and companies is put in place to ensure, effective and efficient tackling of the issues identified going forward. This step is yielding result albeit slowly at this stage but it has the potential of significantly reducing the magnitude of the issues identified. This is coordinated by the quasi government creation known the "inter-ministerial Task Team (IMTT). The IMTT is to ensure that remedial issues are adequately addressed by taking responsibility for the custody, management, monitoring and regulation of extractive industries revenues with the primary mandate of developing an efficient interface framework to address remedial issues</p> <p>In 2013, the following were some of the remedial issues attended to:</p>

	<ul style="list-style-type: none"> <li>•IMTT Meeting held 14th October 2013</li> <li>•Presentation of 2009-2011 Oil and gas Remedial issues work plan</li> <li>•Presentation of 2007-2010 Solid Minerals Remedial Issues work plan</li> <li>•Past remediation issues were discussed and updates were given. Responses expected from members on remediation issues from the 8th of November 2013.</li> <li>•Reconciliation Meeting with Covered entities.</li> <li>•DPR royalty reconciliation Meeting – 7th – 9th October 2013.</li> <li>•PPT under assessment meeting with FIRS coordinated by Federal Ministry of Finance.</li> </ul>
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## CHALLENGES OF NEITI

The major challenges of NEITI in the year 2013 were:

### Funding

Funding has been one of the major challenges to NEITI in the achievement of its objectives. The NEITI budgetary allocation from the Federal government is not sufficient to take care of the planned activities of the work plan, and as such NEITI depends on the Donor agencies grants to supplement budgetary allocation. However, in many cases funds are not accessible due to stringent policies and timing of the donor agencies.

NEITI is presently looking at alternative means of sourcing funds within guidelines set by the NEITI Act and EITI Guidance Notes.

During the year 2013 the total funds required for the planned activities was **1,349,072,980**

Total Work plan Funding Required	FGN Funding	MDT Funding WB	Shortfall	Remarks
1,349,072,980	673,268,270	75,300,000	602,207,181	

SOURCE: 2013 Work plan Costing.

For instance, some of the NEITI major activities like the simplification of the Audit report and its distribution are linked to the World Bank MDT Funding which was not accessible in the year 2013.

The lack of sufficient funding for NEITI annual activities is affecting the accomplishment of its mandate and need be given the required concern.



## Enforcement of sanctions.

The 2009-2011 Oil and Gas and the 2007-2011 Solid Minerals Reports disclosed some organisations who refused to comply with the NEITI Act 2007 in terms of various requests made for data in respect of the period under question. This is also peculiar to earlier NEITI audit reports. NEITI has found it increasingly difficult to prosecute covered entities under Section 16 the NEITI Act for non-compliance with the dictates of the Act. This is due to the lack of prosecutorial powers in the Act. NEITI is presently exploring the possibilities of either seeking for a fiat from the Attorney-General (AG) of the Federation or to pass the case files to the AG or to forward the evidence to the Economic Financial Crimes Commission (EFCC) for prosecution.

## NEITI SECRETARIAT STRUCTURE

NSWG (15) Members
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### NEITI SECRETARIAT

Total staff	Departments	Sub Coordinators
8	Executive Secretary	Director Legal
13	Technical	Director Technical
8	Communication	Director Communication
4	TUGAR Technical Unit on Governance & anti-corruption Reform	Director TUGAR
21	Finance & Administration	Director Finance & Admin
54		

This Activity Report for 2013 was approved by the NSWG on the 25 July 2013

**Zainab S. Ahmed**  
Country Coordinator. (Executive secretary)

