



# Validation of the Extractive Industries Transparency Initiative in Nigeria

## Final Report

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For:  
The Executive Secretary  
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Nigeria

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## Acknowledgements

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## Acronyms

ACRONYM	DESCRIPTION
CATEIFFN	Coalition for Accountability and Transparency in the Extractive Industry, Forestry & Fisheries
CBN	Central Bank of Nigeria
C4C	Coalition for Change
CISLAC	Civil society Legislative Advocacy Centre
CSO	Civil Society Organisation
CSSC	Civil Society Steering Committee
DFID	Department for International Development
DPR	Directorate for Petroleum Resources
EITI	Extractive Industry Transparency Initiative
FAAC	Federation Account Allocation Committee
FEC	Federal Executive Council (National Cabinet)
FIRS	Federal Inland Revenue Service
FRN	Federal Republic of Nigeria
ICAN	Institute of Chartered Accountants of Nigeria
IMTT	Inter-Ministerial Task Team
JDZ	Joint Development Zone
KPI	Key Performance Indicator
MDTF	Multi-Donor Trust Fund
MOU	Memorandum of Understanding
NDEBUMOG	Niger Delta Budget Monitoring Group
NEITI	Nigerian Extractive Industry Transparency Initiative
NNPC	Nigerian National Petroleum Company
NSWG	National Stakeholders Working Group
NUPENG	National Union of Petroleum & Natural Gas Workers
OGIC	Oil and Gas Committee
OPTS	Oil Producers Trade Session at the Lagos Chamber of Commerce and Industry
PENGASSAN	Petroleum and Natural Gas Senior Staff Association of Nigeria
PPT	Petroleum Profit Tax
PWYP	Publish What You Pay
RMAFC	Revenue Mobilization, Allocation and Fiscal Commission
STP	Sao Tomé and Príncipe
The Act	Means the NEITI Act of 2007 (except otherwise stated)
TI	Transparency International
TOR	Terms of Reference

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# 1. Introduction

## 1.1. Foreword

NEITI selected the IDL Group, in association with Synergy Global Consulting Ltd, to conduct the Validation exercise. The core validation team included: Edward O’Keefe (Team leader and extractive sector specialist); Tagbo Agbazue (National extractive industry specialist) and Magnus Macfarlane (EITI and extractive sector specialist).

The following report presents the results of the 2009/10 Validation of the Nigerian Extractive Industries Transparency Initiative (NEITI). A consortium of the IDL Group, in association with Synergy Global Consulting Ltd, conducted the Validation exercise. The report is structured according to the following sections:

- Section 1 introduces the report and provides background to global EITI and NEITI.
- Section 2 summarises the approach and methods of the validation exercise.
- Section 4 assesses Nigeria’s progress against each of the EITI Validation Indicators.
- Section 5 presents the overall assessment of Nigeria’s EITI status.
- Section 6 presents the recommendations.

This report includes the following annexes:

- Annex A summarises the assessment of progress against the validation indicators.
- Annex B presents the Company Self-Assessment Forms.
- Annex C lists the key people consulted in undertaking the validation.

## 1.2. About the EITI

EITI is a global initiative that aims to increase transparency in transactions between governments and companies operating in the extractive sector as a way of ensuring that revenues from the extractive sector contribute to sustainable development and poverty reduction. The full publication and verification of company payments and government revenues helps stakeholders (including extractive companies, home countries where the extractive companies are resident, and NGOs and other interested actors) to address issues of systemic corruption, poor governance, poverty and conflict.

EITI was launched at the World Summit on Sustainable Development in Johannesburg, South Africa in September 2002. The EITI approach is to strengthen governance by improving transparency and accountability in the extractives sector ‘through the verification and full publication of company payments and government revenues from the extractive sector, including oil, gas and mining.’<sup>1</sup>

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<sup>1</sup> See the Global EITI website ([www.eitransparency.org](http://www.eitransparency.org)) for more information about the global EITI initiative.

### 1.3. Development of NEITI

The Nigeria Extractive Industry Transparency Initiative (NEITI) is the Nigerian subset of the global EITI initiative. It is aimed at following due process and achieving transparency in payments by Extractive Industry (EI) companies to governments and government linked entities. President Obasanjo launched the NEITI at a Workshop in February 2004 to build on existing government transparency efforts.

The NEITI Act passed in May 2007 institutionalised NEITI and made Nigeria the first EITI implementing country to provide a legally enshrined framework for EITI. By virtue of the NEITI Act, NEITI became both a formal government agency under the Presidency as well as a country chapter of global EITI. While NEITI seeks conformity with the principles of global EITI, its specific objectives under the Act are to:

- Ensure due process and transparency in the payments by extractive industry companies and accountability in the revenue receipts of the Government and other statutory recipients;
- Monitor and ensure accountability in the revenue receipts of the Federal Government from extractive industry companies;
- Eliminate all forms of corrupt practices in the determination, payments, receipts, and posting of revenue accruing to the Government from extractive industry companies;
- Ensure transparency and accountability by the government in the application of resources from payments received from extractive industry companies.

By virtue of the 2007 Act, NEITI combines its international responsibilities under the EITI with its national legal mandate and policy agenda. The latter expands the scope of the initiative beyond that of the global EITI framework, to include, most notably, physical and process audits, in addition to financial audits of the extractive sector. A chronologically organised overview of key NEITI developments since its inception is outlined below:

## History of NEITI

<b>February 2004</b>	President Obasanjo appoints Obiageli Ezekwesili, a founder of Transparency International, as coordinator of NEITI National Stakeholders Working Group (NSWG), which consists of 28 stakeholder representatives.
<b>March 2004</b>	Oil & Gas Knowledge Acquisition Seminar for NSWG Members and the first NSWG Meeting.
<b>April 2004</b>	The NSWG chooses Goldwyn International Strategies LLC (GIS), to develop the Scope and TOR for auditor selection.
<b>June 2004</b>	The Scope and TOR developed for the audit make Nigeria the first EITI country to base the audit on disaggregated revenues and include physical systems and business processes as well as financial flows.
<b>July 2004</b>	NSWG's Focal Team adopts a Capacity Needs Strategy Agenda with a short, medium and long-term approach.
<b>November 2004</b>	NSWG accept Development Grant from DFID to engage a Technical Advisor.
<b>December 2004</b>	NEITI Act drafted by NSWG's Legislative Team and introduced as a Bill to the National Assembly to give legal backing to the work of NEITI.
<b>February 2005 - June 2006</b>	Hart Group is selected and, backed by Executive Order, carries out financial, physical and process audits for the 1999-2004 period.
<b>April 2005</b>	NSWG's Civil Society Team produces a CS Engagement Strategy.
<b>June 2005</b>	A Civil Society Steering Committee, composed of 10 additional CSO representatives, is set up to enhance civil society input into the NEITI process.
<b>July-December 2005</b>	Road-shows are undertaken across three regions of Nigeria to promote civil society and government engagement in NEITI.
<b>February 2006</b>	NEITI MOU is signed between the government and civil society.
<b>April 2006</b>	Hart Group releases its first financial, physical and process audits of the oil and gas sector for the period 1999-2004. It identifies \$232m in revenue / receipt discrepancies. The group is instructed to do further reconciliation work.
<b>May 2006</b>	The Federal Executive Council (FEC) requests the Inter-Ministerial Task Team to put together a comprehensive remediation action plan.
<b>December 2006</b>	Final audit report for 1999-2004 period presented by Hart Group to NSWG, and FEC approves remediation plan and 2005 Audit.
<b>March 2007</b>	NSWG commission the Hart Group to undertake the 2005 Audit of the Nigerian oil and gas industry.
<b>May 2007</b>	NEITI Act becomes law and makes Nigeria the first EITI-implementing country with statutory EITI. The Act makes NEITI a government agency under the Presidency and technically disbands the inaugural NSWG.
<b>July 2007</b>	Last meeting of the inaugural NSWG held.
<b>August 2007</b>	A revised edition of reconciliation exercise is published with discrepancies narrowed down to just \$8.5m.
<b>27 September 2007</b>	Nigeria is accepted as EITI candidate country for validation.
<b>29 January 2008</b>	President Yar'Adua appoints members of reconstituted NSWG whose membership is cut back to just 15 representatives under the NEITI Act.
<b>February 2008</b>	Some six months after the inaugural NSWG is disbanded, a meeting of the newly constituted NSWG is held.
<b>March 2009</b>	Publication of the 'popular audit' for the 1999-04 period.
<b>August 2009</b>	The 2005 audits are published.
<b>December 2009</b>	Nigeria undertakes validation of the NEITI process.

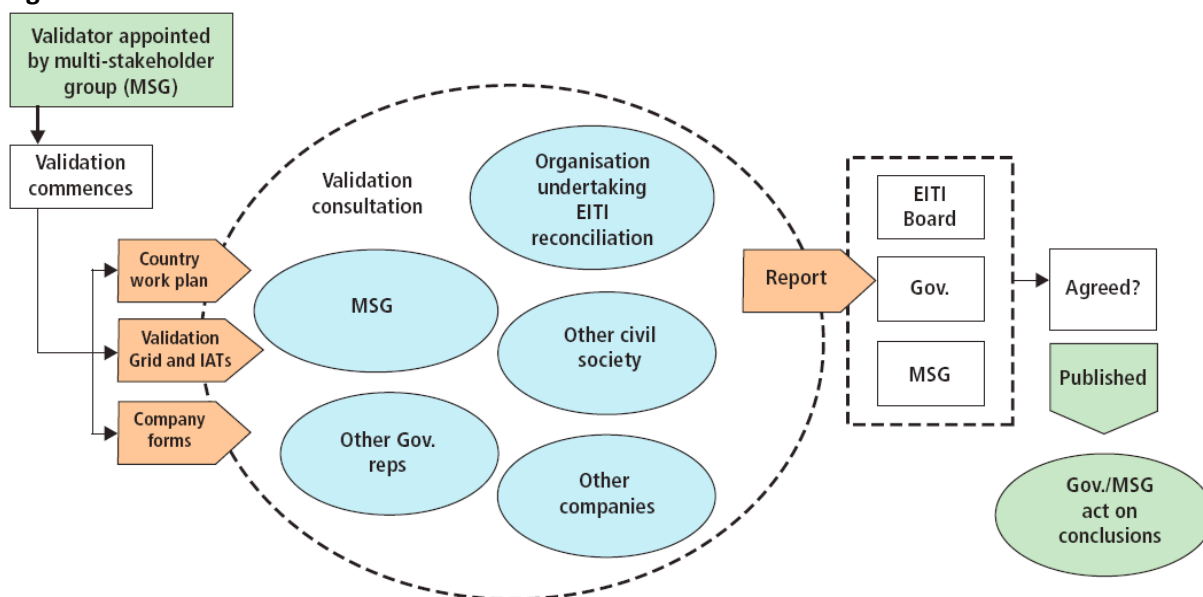
## 2. Validation Approach and Activities

### 2.1. EITI Validation

Validation represents the EITI’s Quality Assurance Mechanism and is, therefore, an integral component of the international initiative and critical to maintaining its integrity and status. Validation is also the mechanism that the global EITI Board uses to determine a country’s Candidate or Compliant status. There are currently twenty-nine Candidate countries, and one Compliant country. Candidate countries, including Nigeria, are deemed to have met the four initial sign-up indicators. The EITI requires these Candidate countries to complete a Validation to evaluate progress in implementing EITI and to establish whether Compliant status has been achieved (EITI 2006)<sup>2</sup>.

The main objective of EITI validation, therefore, are to establish whether a country is EITI Compliant by providing an independent evaluation and verification of the progress a country has made in implementing EITI, and to make recommendations that may help improve and sustain the initiative going forward. The general approach for the Validation assignment is set out in the EITI Rules including the Validation Guide<sup>3</sup> (see Figure 1).

**Figure 1 – General Overview of the Validation Process**



The general approach of the validation team to the NEITI validation exercise closely followed the approach set out in the EITI Validation Guide, with the Validators using the Country Work Plan, Indicator Assessment Tool and Company forms as well as other documented information and stakeholder consultation to underpin their validation work. The specific approach and activities undertaken for the validation exercise can be differentiated across three key stages: (a) Preparation, (b) Field Visits, (c) Reporting.

<sup>2</sup> EITI (2006) Validation Guide.

<sup>3</sup> Available online at: <http://eitransparency.org/document/rules>



The work schedule outlined below was agreed with the NEITI Secretariat and NSWG and followed by the validation team.

Activity / milestone	Date
Request for Proposals	21 February 2009
Selection of Validator	30th March 2009
Contract Signing	21 <sup>st</sup> December 2009
Receipt of documentation from NEITI	
Receipt of Company Self Assessment Forms	
Validation preparation visit	14th - 23rd December
Inception Report	20th December.
Review of documentation & preparation	4th January – 22nd January
Validation team site work	25th January – 5th February
Presentation of initial findings to NSWG	4th February
Submission of Draft Report	11th February
Receipt of comments on Draft from NSWG	15th February
Revision of Draft Report	15th – 17th February
Submission of Final Draft Report to NSWG	17th February
Meeting of NSWG to discuss Final Draft Report	18th February 2010
Final Draft Report to EITI International Secretariat	22nd February 2010

Comments on the Final Draft Report were subsequently received from the Validation Committee of the EITI International Secretariat. The report was then revised based on this information. The NEITI Secretariat and NSWG, as well as the NEITI auditors, also provided responses to these comments. Some of these responses have been included in this version of the report.

### 2.1.1. Preparation

Between the 6th of November and the 14th of December 2009, the validation team made preparations for the validation. The preparations included the following activities:

- Agreeing timetable for field visit;
- Briefing stakeholders on work plan and validation team's requirements;
- Arranging initial meetings for field visit;
- Receiving and reviewing relevant documents;
- Distributing, and starting to receive, company self- assessment forms.

In addition, and on the request of the Validators, the NEITI Secretariat placed an advert / public notice, inviting stakeholders to submit written comments to IDL / Synergy on the NEITI process. This advert was posted in the following national newspapers:

- Daily Trust Newspaper, Monday January 4, 2010. Page 35.
- Punch Newspaper, Monday January 4, 2010. Page 56.
- Champion Newspaper, Monday January 4, 2010. Page 41.
- This Day Newspaper, Monday January 4, 2010. Page 10.
- Leadership Newspaper, Monday January 4, 2010. Page 42.

### 2.1.2. In-country methodology

A preparatory trip was conducted by Tagbo Agbazue between the 14<sup>th</sup> and 22<sup>nd</sup> of December 2009. This included; the collection of various supporting documentation for review by the team; attending the NSWG meeting of 14<sup>th</sup> December 2010; and a number of stakeholder interviews, including with NEITI secretariat staff and NSWG members and key civil society actors.

Full fieldwork, including all three validation team members, was carried out between the 25<sup>th</sup> of January and the 5<sup>th</sup> of February 2010. The fieldwork on this second trip involved focus group discussions, workshop participation and interviews with members of the NEITI Secretariat, NSWG, CSSC and the NEITI auditors. Further interviews were undertaken with wider company, government and civil society stakeholders. Annex C contains a list of stakeholders consulted by the validation team.

The overall approach for selecting stakeholders was based on the following:

- Firstly, the validation team undertook a desk top review of NEITI's operating environment and key background documents and articles. This enabled the validation team to map out NEITI's key stakeholders and sectors that would be relevant to the validation exercise. The desk top exercise involved a review of on-line and newspaper articles and publications regarding NEITI, which was useful in identifying key resource people from the respective sectors (particularly civil society), especially those that have been vocal and visibly critical of NEITI. Importantly, the NEITI Reports provided an indication of key stakeholders and covered entities involved in NEITI processes and reports.
- In-depth interviews and engagement with key functionaries within the NEITI Secretariat (including the co-ordinators for civil society and companies) as well as NSWG members also provided important leads and enabled the validation team to validate some of the assumptions regarding stakeholders to be interviewed.
- The validation team sought to engage with as many NSWG members as was possible. The validation team engaged with the NSWG as a group on two occasions (December 14 2009 and February 4 2010). The engagement with NSWG members individually was based on availability but the validation team managed to engage individually with a significant number of NSWG members.
- The companies engaged with were based on the list provided by NEITI Secretariat and comprised of company representatives of covered companies.
- The co-ordinator for civil society provided an indication of CSOs involved in the NEITI process. The validation team in addition approached CSOs that have been vocal in the press and other on-line sources about NEITI.

It should be noted that despite consulting with a wide range of stakeholders, time and resources for the validation exercise were necessary finite. Due to the time constraints of the validation exercise, most of the stakeholder engagement and interviews were undertaken during the months December 2009 and January 2010, which are perhaps not the most productive months given that these months in Nigeria are usually utilized for leave and holiday periods. This factor presented some challenges in terms of the validation team's ability to secure certain interview appointments. Therefore, not all key stakeholders could be consulted. In acknowledgement of this, NEITI Secretariat placed a public notice, inviting stakeholders to submit written submissions to IDL / Synergy on the process.

As indicated in the inception report, the key stakeholders that the Validation Team wanted to meet from the government side were members of the Inter-Ministeral Task Team (IMTT) which is made up of key staff of government agencies relevant to petroleum management and tasked with formulating and implementing a comprehensive remediation programme for identified lapses in the NEITI reports. The Validation team was able to engage with:

- Federal Inland Revenue Service (FIRS) – the validation team had the opportunity of engaging with the chairperson of FIRS, firstly during the NSWG meeting of 14 December 2009 and secondly, on the 4<sup>th</sup> of February during the validation team’s feedback session with the NSWG.
- Nigerian National Petroleum Corporation (NNPC) – the validation team met with the representative of the Managing Director of NNPC on the NSWG.

However, the validation team was unable to secure appointments with representatives of the following Government agencies:

- Department of Petroleum Resources.
- Central Bank of Nigeria.
- Accountant General of the Federation.
- Revenue Mobilization, Allocation and Fiscal Commission (RMAFC).

Semi structured questionnaires were developed and tailored to obtain information from the groups of stakeholders i.e. company, civil society and government. Questions covered the EITI Validation grids, country work plans and overall assessment of EITI in Nigeria. Cross-cutting key questions were on the following:

- How is the government demonstrating its commitment to implement EITI?
- How is the government engaging with other stakeholders (especially civil society and companies) to implement EITI?
- Has the implementation of EITI been transparent and agreed with stakeholder representatives (especially MSG members)?
- Has civil society taken an active and independent role in EITI?
- Do you think the EITI reports are accurate, trusted and comprehensive?

In the “Stakeholder views” section of each Indicator report, the following terms are used: all = 100%, vast majority = >90% of interviewees, most/many = >60-90% of interviewees, half = 50% of interviewees, some = <30% of interviewees. Where different stakeholders hold differing opinions on an issue, these differences are noted.

In order to provide evidence of the extent to which the country is effectively implementing EITI, the Validators also relied on other documented information relating to NEITI. Key information requirements which provided evidence for multiple criteria included;

- Country work plans
- Company forms (see Annex B)
- Other documents and reports
- EITI reports
- NSWG minutes
- Various EITI workshop presentations
- Internet articles

### **2.1.3. Reporting**

An inception report was produced for the NEITI Secretariat on the 4th of January, and the validation team started to compile, analyse and write the full validation report from the 25<sup>th</sup> of January for presentation of a final draft to the NSWG on the 4<sup>th</sup> February 2009.

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## 2.2. Notes and Limitations

The Validation team wish to highlight the following points:

- The validation of NEITI was conducted against EITI Validation Criteria and not against NEITI's mandate under the NEITI Act of 2007, which has a wider scope than the global EITI.
- Despite consulting with a wide range of stakeholders, time and resources for the validation exercise were necessary finite. Therefore, not all key stakeholders could be consulted. In acknowledgement of this, NEITI Secretariat placed a public notice, inviting stakeholders to submit written submissions to IDL / Synergy on the process.
- With regard to indicators 14 and 15, the validators relied on discussions with S.S. Afemikhe and Company, Hart Group's Nigerian partner - the organisation appointed to reconcile the figures, with verification through consultation with the NSWG.
- Where the wording of the Validation Criteria is ambiguous, or open to interpretation, the validators used their experience of validation exercises to interpret the wording.
- It is important to note that the process of implementing EITI in Nigeria commenced before validation guidelines were developed and distributed to candidate countries. Therefore, NEITI focused on the priority material area of oil and gas and initially left out solid minerals, although plans are now underway to mainstream solid minerals.

### 3. Country Work Plan

The table below presents a summary of the NEITI Work Plan Areas listed in the 2008-09 work plan. Next to each of the Areas is the validator's summary evaluation of progress against the Area. This is followed by a brief overall assessment of the progress made against the Work Plan and of the Work Plan itself against the EITI Work Plan Criteria.

Implementation Area	Validator's Judgement
CONDUCT STUDIES AND ANNUAL AUDITS	Substantially completed
REMEDY IDENTIFIED LAPSES	Substantially completed
ENSURE ACCOUNTABILITY IN RESOURCE APPLICATION BY GOVERNMENT	Substantially completed
BUILD CAPACITY OF CRITICAL STAKEHOLDERS	Substantially completed
ENHANCE PUBLIC AWARENESS	Substantially completed
STRENGTHEN NEITI SECRETARIAT	Substantially completed
STRENGTHEN LINKAGES WITH REGIONAL AND GLOBAL EITI	Substantially completed

#### Delays in implementing the 2008-9 Work Plan

However, it is noted that there have been delays in the implementation of the 2008-2009 Work Plan. As noted by the NEITI Secretariat, factors which have contributed to these delays include:

- Delay in release of capital grants for 2008 (for the audits);
- Delay in NASS approval of supplementary budget (from which auditors were paid for 2005 Audit) thereby delaying conclusion of 2005 audit and submission of report, which started in 2006, until November, 2008;
- Completion of the term of previous NSWG when the NEITI Act came into effect in May, 2007, and delayed inauguration of current NSWG on 29/01/08. The result was that for 8 months there was no NSWG to comment on the usual monthly reports of the auditors on the 2005 audit;
- Bureaucratic delays in working new salary structure for NEITI, from June 2008, when President Yar'Adua approved it in principle to June, 2009 when details were worked out within the Federal bureaucracy;
- Delay in granting of self-accounting status to NEITI, owing to staffing deficiencies;
- Intra-NEITI delay in constituting necessary committees of both the NSWG and NEITI Secretariat.

The NEITI Secretariat informed the validators that none of these delays would be likely to be repeated if NEITI appoints NEITI-Federal Government relations officers and NEITI-National Assembly relations officers. More importantly, most of the delays were inherent in the transition at the level of the Government, NSWG and NEITI Secretariat. A strengthened NEITI Secretariat and NSWG, through establishing a Board Charter, would be likely to considerably minimize future delays.

#### Overall Assessment

Most of the activities and actions specified under the 2008-09 work plan have been substantially completed, and where activities or actions have not been completed, or have not been completed in accordance to the originally specified schedule, the validator is satisfied that this has been largely related to funding restrictions or bureaucratic and political delays outside the Secretariat's immediate control, or to rational revisions or refinements to the activity or action in response to evolving operating conditions or circumstances. In addition, some delays to activities have occurred where the NSWG has sought to ensure that NEITI processes meet the high standards of transparency and accountability of EITI.

## 4. Validation Indicators Progress

This section of the report presents a narrative account of the validator's assessment of progress against the Validation Grid Indicators. For each of the indicators, the following is presented: any associated validation criteria in the Validation Guide; an empirically supported account of progress against the indicator; stakeholder views of progress against the indicator; and the validator's overall judgement. Annex A presents a summary account of the validation grid assessment.

The validator's judgement for each indicator is based on the EITI Rules on the status (Figure 1, page 38) and assessed as either meeting or not meeting the requirements of the indicator. The validator's assessment of whether each indicator has been met or not has been supplemented with a qualitative assessment of the extent to which each requirements has been not met, met or exceeded:

**Requirements not met** – does not meet the requirements of the indicator

- **No meaningful progress** – no significant action taken which meets any of the requirements of the indicator
- **Meaningful progress but not meeting requirements** (significant or long term action required to meet requirements)
- **Close to meeting requirements** – relatively small and verifiable actions which could be completed in a short period could potentially meet requirements

**Requirements met** – meets the requirements of the indicator

- **Requirements met – recommendations to ensure continued meeting of requirements** - there is potential that within the short-term the country may not continue to meet the requirements unless key actions are taken
- **Requirements met – recommendations for improvement** – there is not significant potential that the country could fall below the requirements in the short-term, but suggestions are made to improve implementation of EITI, which may go beyond the specific requirements of the indicator
- **Requirements met** – no specific recommendations
- **Requirements met – good practices** – the country provides examples which other implementing countries could benefit from and/or practices which go significantly beyond basic implementation requirements. It is important to note that these refer to specific good practices and may not mean that all practices covered by this indicator are considered to be good practices.

Phase	Sign-Up
Indicator	<b>1. Has the government issued an unequivocal public statement of its intention to implement EITI?</b>
Criteria	None
Progress to date	<p>The implementation of the Nigeria Extractive Industries Transparency Initiative (NEITI) was launched in February 2004 by the President of the Federal Republic to develop a framework for, and ensure transparency and accountability in, the reporting and disclosure of revenues from the extractive industry to the Nigerian government.</p> <p>The Nigerian government, under the previous dispensation, made a series of unequivocal public statements of the intention of the Federal Republic of Nigeria to implement EITI in the country. The inception of the initiative in Nigeria was based on a Presidential Directive, which mandated the then Minister of Solid Minerals to drive the implementation of EITI in Nigeria.</p> <p>With the passage of the NEITI Act in May 2007, Nigeria became the first EITI-implementing country with an enabling legal framework for EITI implementation. The NEITI Act institutionalised NEITI not only as a Nigerian chapter of the global EITI initiative but as an autonomous self-accounting body that reports to the President of the Federal Republic and the National Assembly<sup>4</sup>. The incoming President appointed the new members of the NSWG. Although the members were only appointed several months after the new government came in, this was one of the first of similar government Boards to be appointed by the President.</p> <p>The current government's commitment is evident from the implementation of the NEITI Act by the current administration, which includes the appointment of current NSWG members by the President pursuant to the Act. Also during the inauguration of NSWG members, President Umaru Yar'Adua made key comments indicating the commitment of his administration.</p> <p>While inaugurating the NEITI NSWG in Abuja, President Yar'Adua on Tuesday 29 January 2008 said that the Federal Government had recovered more than \$1bn(about N115.81bn) from the oil sector through probes by the Nigeria Extractive Industries Transparency Initiative<sup>5</sup> President Yar'Adua noted that the government had benefited from its decision to check corruption in the extractive industry by signing on to the Transparency Initiative four years ago. He said:</p> <p><i>"Given its specific mandate which is the promotion of transparency and accountability in the management of revenues from the oil and gas, as well as the mining sectors of the economy,</i></p>

<sup>4</sup> See section 1 of NEITI Act.

<sup>5</sup> Excerpts from The Punch (Nigeria), by Ihuoma Chiedozie / Wednesday, 30 January 2008. See <http://www.afrika.no/Detailed/15898.html> .



*NEITI is critical to the realization of our developmental and national restoration objectives ... In line with our commitment to entrenching zero-tolerance for corruption and institutionalizing accountability and transparency in the conduct of governance, we are glad to partner with NEITI in the discharge of its mandate. ... We signed on to the Extractive Industries Transparency Initiative (EITI) four years ago with a view to boosting our fight against corruption in all its ramifications. I am glad to state that NEITI has recorded major achievements in its four years of operations.”*

The President also pledged support for NEITI:

*“The pioneering NSWG deserves commendation for all the hard work, dedication and sacrifice with which they executed their mandate. Their sterling contributions have, to some extent, mitigated the negative international perception of Nigeria with respect to the corruption index. On account of this laudable antecedent, much is expected of the new NSWG being inaugurated today. While challenging you to continue in the same focused and dedicated fashion as your predecessors, I assure you that this Administration will give you all the necessary support you need to make a success of this assignment.”*

The President has also made similar unequivocal statements about the current government’s commitment to fighting corruption and supporting NEITI at a number of international forums, including during his address to corporate leaders under the auspices of Partnering Against Corruption Initiative during the week of 21 January 2008, in Davos, Switzerland.

During the Keynote Address by His Excellency, President Umaru Musa Yar’Adua, GCFR, at the Opening Ceremony of the West Africa EITI Conference in Abuja at the ECOWAS Secretariat on 11 September 2008, the President *inter alia* said:

*“We are reforming because it is the right thing to do; because we are convinced that we need to behave in a different way to achieve different results and to achieve the desirable outcomes that have eluded us for a long time; because it strengthens our hands to deliver on our Seven-Point Agenda and our social contract with the Nigerian people. It is precisely because of these reasons that we have resolved to give all the necessary support to NEITI, including ensuring full compliance with the NEITI Act, and leveraging our position as a leading EITI-implementing country to ensure that EITI becomes an international benchmark for transparency and accountability in the management of extractive resources”.*

On 1 April 2010, the (then Acting) President, Dr Goodluck Jonathan, spoke at the NEITI High Level Roundtable meeting with stakeholders and re-iterated the government’s support for NEITI and the important



	<p>role it has as part of wider government priorities.</p> <p>The commitment of the present government to EITI implementation in Nigeria is further demonstrated by the following documented speeches and actions of the Federal Government:</p> <ul style="list-style-type: none"> <li>• Speech of the Minister of State for Petroleum Resources at the EITI conference in Doha Feb,2009</li> <li>• President Yar’Adua’s scheduled meeting with the Chair of EITI Dr Peter Eigen in October, 2009, aborted and postponed because Dr Eigen was unable to travel to Nigeria then</li> <li>• Annual budget provisions, by Fed Govt, for NEITI activities, worth several millions of dollars, 2008, 2009, 2010</li> <li>• President Yar’ Adua’s strong assurance of support for enforcement of NEITI Act provisions, made to Chair and ES of NEITI at a meeting with the President in June, 2008.</li> <li>• Commendation and support for NEITI by Federal Executive Council (FEC)at presentation of NEITI 2005 Audit Report to the FEC on 22/07/09</li> <li>• Inclusion of NEITI staff in Oil and Gas Committee (OGIC) that produced the Petroleum Industry Bill (PIB)</li> <li>• Provision in the Nigerian Petroleum Industry Bill 2009. Section 5, that all Oil and Gas Institutions and the National Oil Co., “shall be bound by the Principles of the NEITI Act 2007”.</li> <li>• Inclusion of NEITI among agencies consulted by IMF/ Ministry of Finance consultative team on the Petroleum Industry Bill in October, 2009.</li> <li>• Ranking of NEITI as among “Special” Category (highest level) in hierarchy of Federal Government agencies (in 2008).</li> <li>• Approval, by the Federal Government, of special salary scale (much higher than Federal civil service salary scale) for NEITI staff in 2009.</li> <li>• Inclusion of NEITI in Inter-Agency Task Team (IATT) on Anti-Corruption, with Chair of NEITI as Chair of IATT.</li> </ul>
<p><b>Stakeholders views</b></p>	<p>The stakeholders consulted by the validators agree that the government has issued an unequivocal public statement of its intention to implement EITI. Stakeholders indicate that the passing of the NEITI Act in 2007 by the National Assembly is also a concrete indication of the government’s commitment towards EITI implementation in the country. Several stakeholders noted the delays in re-establishing the NSWG, and the delays in some NEITI activities which had resulted from this.</p> <p>According to stakeholders, the NEITI Act is a key victory for transparency in Nigeria because it protects the autonomy of NEITI and ensures that EITI implementation in the country cannot be subject to political manipulation or reversal by any incoming government. They indicated that the Act also enables the NSWG to act without political interference.</p>
<p><b>Validator’s judgement</b></p>	<p><b>Requirements met.</b> The validator’s judgement is that this indicator has been met.</p>

Phase	Sign-Up
Indicator	<b>2. Has the government committed to work with civil society and companies on EITI implementation?</b>
Criteria	None
Progress to date	<p>The NEITI Act of 2007 provides for the involvement and collaboration of both companies and civil society in the implementation of NEITI. Extractive companies are mandated to co-operate with NEITI and comply with the Act, which criminalises and provides punitive measures for non-compliance (see s.16 of NEITI Act).</p> <p>The Presidential Directive (PRES 158 of 22 February 2005) addressed to the Managing Directors of oil and gas companies operating in Nigeria specifically invited extractive companies to co-operate with NEITI on financial, physical and process audits of Nigeria’s extractive industry. This directive requires all such companies to also assign a senior staff member to assist the audit team.</p> <p>The chairperson of the Oil Producers Trade Session of the Lagos Chamber of Commerce and Industry (OPTS)<sup>6</sup> – currently held by Shell – represents industry on the NSWG alongside the leader of an extractive sector labour union PENGASSAN The current Chair of the NSWG (Prof. Assisi Asobie) is a highly respected academic and civil society figure<sup>7</sup>, and, alongside community representatives from the six geopolitical zones and a member of the media, represent civil society on the NSWG.</p> <p>In addition, the NEITI Secretariat has special co-ordinators for both extractive companies (within the NEITI’s Technical Department) and civil society (a Civil society Liaison Officer), and both civil society and companies are involved in NEITI’s processes and programmes, including workshops and road shows. Finally, an MOU between the NSWG and the Civil Society Steering Committee formalises the commitment of NEITI to civil society engagement.</p>
Stakeholders views	The stakeholders consulted by the validators agree that the government has committed to working with civil society and companies on this issue, and several stakeholders highlighted NEITI as the only government agency to have institutionalised both company and civil society engagement.
Validator’s judgement	<b>Requirements met.</b> The validator’s judgement is that the requirements of this indicator have been met.

<sup>6</sup> Forum of Oil and Gas Companies in Nigeria

<sup>7</sup> Former Head of the Academic Staff Union of Nigerian Universities (ASUU) and President of the Nigerian Chapter of Transparency International

<b>Phase</b>	<b>Sign-Up</b>
<b>Indicator</b>	<b>3. Has the government appointed a senior individual to lead EITI Implementation?</b>
<b>Criteria</b>	None
<b>Progress to date</b>	Under the former dispensation, the President appointed the Minister of Solid Minerals (Obiageli Ezekwesili -who was also a founder of Transparency international in Nigeria) to lead the EITI implementation in Nigeria based on a Presidential Directive. With the advent of the NEITI Act in 2007, the new President (President Yar'Adua) appointed senior individuals Professor Assisi Asobie (see previous indicator) and Mr Mallam Haruna Yunusa Sa'eed (former Accountant General of Kaduna State) to be the respective Chair for the NSWG and Executive Secretary for the NEITI Secretariat.
<b>Stakeholders views</b>	Stakeholders expressed divergent views on this issue. Some stakeholders expressed some concern about the adequacy of having a civil society representative as the NSWG Chair and felt a Ministerial appointment, as was the case under the former dispensation, would give NEITI the political influence necessary for development of the initiative. Most stakeholders, however, felt that Professor Asobie had an indispensable command of NEITI issues, and that with the passing of the 2007 NEITI Act and that provides NEITI with the necessary force of law it was no longer a prerequisite to have someone at the Ministerial level chairing the NSWG.
<b>Validator's judgement</b>	<b>Requirements met.</b> The validator's judgement is that the requirements of this indicator have been met.

Phase	Sign-Up
<b>Indicator</b>	<b>4. Has a fully costed Country Work Plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (government, private sector and civil society)?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator 4 states:</p> <p>“Purpose: The Country Work Plan is the foundation of the country Validation process. The sixth EITI criterion requires that a Work Plan be produced that is agreed with key EITI stakeholders and is publicly available.</p> <p>Evidence: To give this indicator a tick, the Validator is expected to see evidence the Work Plan has been agreed with key stakeholders and contains:</p> <ul style="list-style-type: none"> <li>• measurable targets;</li> <li>• a timetable for implementation;</li> <li>• an assessment of potential capacity constraints;</li> <li>• how the government will ensure the multi-stakeholder nature of EITI, particularly in terms of the involvement of civil society;</li> <li>• a timetable for Validation during the stage at which a country is a Candidate. This should reflect country needs, but should take place once every two years; the Work Plan should also elaborate on how the government will pay for validation.</li> <li>• [In addition Section 3.2 of the Validation Guide notes “The EITI Criteria require that the Work Plan be financially sustainable”]</li> </ul> <p>The Validator will need to assess progress on the implementation of the EITI against these targets and timetables, and assess whether a country has acted on the identified capacity constraints. A key element in the country Validation process will be whether the timetable for implementation is being followed. If the timetable is not being met, the Validator – based on evidence from key stakeholders and others – will need to determine whether delays in meeting the timetable are reasonable. If unreasonable, the Validator will need to consider whether to recommend that the country be de-listed from the list of Candidate countries.”</p>
<b>Progress to date</b>	<p>Between NEITI inception in 2004 and re-constitution in 2007, DFID provided core funding for NEITI’s activities. As a result, NEITI’s work plan of activities was based primarily on DFID’s logical framework (‘logframe’) during this period. Following the appointment of the new NSWG board members, NEITI developed the 2008-09 work plan, and is currently finalizing the 2010 work plan while awaiting the 2010 budget and approval by the NSWG, which is expected in February 2010. The 2008-09 work plan is reviewed below against the work plan validation criteria:</p> <p><b>Agreement with key stakeholders:</b> The 2008-09 work plan was approved by the NSWG, and, therefore, has the agreement of key stakeholder representatives. The plan was developed in consultation with civil society with the costing (budget) approved by NSWG, the Presidency and National Assembly. The budget is usually posted on the website of the Ministry of Finance and the workplan is on the NEITI web site.</p>

**Public availability:** The 2008-09 work plan is publicly available, being featured on NEITI's website, and is also available on request from the Secretariat.

**Measurable targets:** Being derived from DFID's logframe format, the targets of the 2008-09 Work-plan are articulated as 'outputs' and 'outcomes'. While most of these outcomes and outputs are quantitatively measurable, there are some outputs and outcomes that are intrinsically of a more qualitative nature, for which quantified measurement would not be appropriate.

**Timetable:** Schedules are attributed to each proposed activity and action in the 2008-09 work plan.

**Capacity constraints:** The 2008-09 work plan addresses capacity constraints and proposes related activities to manage these, including the absence of directors at the NEITI Secretariat to ensure appropriate implementation of the work plan. These are based on capacity constraints identified in a variety of other NEITI documents and reports by other agencies (e.g. DFID). According to the NEITI Secretariat, the timetable and process for the appointment of directors are as follows: *"The interviews for the directors and the new staff of NEITI, now on-going, will be concluded on 13 – 15 of April 2010. The results will be considered in a meeting of the NSWG on the 13<sup>th</sup> of May 2010. To guarantee merit, the following steps have been taken: Advert in six national dailies; short listing of candidates and management of the process by an independent consulting firm; interviews and tests under supervision of staff committee of NSWG; and oversight by NSWG. Also the Federal Character Commission (FCC), an arm of the federal government, observes the interviews, as required by law, to ensure merit and regional balance in recruitment. Recruitment will be followed by training and implementation of Staff Manual prepared by consultants. NEITI Secretariat will thereby be strengthened and NEITI activities will pick up greatly". Recruitment has now been concluded.*

**Multi-stakeholder involvement:** The 2008-09 work plan addresses a number of areas and proposed activities related to the involvement of wider stakeholders, in particular civil society stakeholders. Related documents, including, for example, a NEITI Communications Strategy, further elaborate the processes and mechanisms specified in the work plan for ensuring continuation of the multi-stakeholder nature of the initiative, including means to achieve the ongoing engagement of civil society stakeholders. The work plan receives input from all stakeholders especially Civil Society. Through the civil society sub-committee, diverse civil society groups discuss the content of the work plan and make recommendations before the NSWG approves it for implementation. The validators were informed by NEITI that the current NEITI work plan will be hosted on NEITI's website for maximum stakeholders' access.

According to the NEITI Secretariat, the following steps will be taken going forward towards ensuring greater ownership of the work plan by stakeholders: (i) Set up a forum similar to CSSC for NSWG/EI companies regular interaction; (ii) Revive, reconstitute, strengthen the Inter-Ministering Task Team (IMTT), and broaden its mandate to improve interaction, on a

	<p>regular basis, between NEITI and government agencies involved in, or associated with, implementation of Extractive Industries Transparency Initiative in Nigeria; (iii) Have representatives of the six geo-political zones of Nigeria, in consultation with NEITI Secretariat, set up forums for reporting of the activities of NEITI and getting feed back from their constituencies, to fulfil the requirements of democratic representation and create greater awareness and participation at the sub-national level; (iv) establish NEITI Information and Response Centres in the different geopolitical zones of Nigeria; (v) Continue to implement a robust communication strategy.</p> <p><b>Timetable for validation:</b> The validation is scheduled in the work plan for the first quarter of 2009. With the output and outcome for this plan respectively relating to Nigeria ‘becoming compliant’ and to Nigeria ‘becoming the first EITI country to be compliant’. Although the target schedule for Nigeria to become the first compliant EITI country has been missed, it is not considered to cause any significant impairment to EITI implementation or development. Moreover, the explanation for this is considered reasonable and to have been outside the immediate control of the NSWG and NEITI Secretariat.</p> <p><b>Financial sustainability:</b> Current funding for the NEITI Secretariat and the NSWG and its core activities comes from the Federal Government of Nigeria. DFID and the Multi-Donor Trust Fund (MDTF) provide supplementary funding for a range of NEITI activities. DFID has provided two phases of core financial support to NEITI to help launch (Phase I) and institutionalise (Phase II) EITI. A third phase of DFID funding is currently planned and will differ substantially from previous support. The proposed new Facility for Oil Sector Transparency (FOSTER) will provide some support to NEITI but will also make available resources to other government agencies, non-governmental organisations and business associations involved in the oil sector transparency area.</p> <p><b>Progress on implementation:</b> <i>See Section 3. Country Work Plan</i></p>
<b>Stakeholders views</b>	<p>Many CSOs indicated that civil society were asked to submit their workplans which then fed into the final NEITI workplan. Two key CSO stakeholders consulted, expressed concern that the 2010 work plan was not publicly available and had not been made available to the CSOs despite requests to the NEITI Secretariat. DFID consultants Derby and Gilles (2009) also commented that “While a Workplan has been agreed and a strategic plan drafted, it is not clear that there is any deep ownership of either document by the Secretariat or NSWG”.</p>
<b>Validator’s judgement</b>	<p><b>Requirements met</b> – recommendations to ensure continued meeting of requirements</p> <p>NEITI has an ambitious work plan for the coming year, which will require significant additional resources to implement successfully – particularly to publish and disseminate the planned EITI reports. NEITI has already begun a process of staff recruitment, and the senior positions will be critical to successful implementation of the work plan. Therefore, it is the validator’s recommendation that NEITI appoints competent Directors to the NEITI Secretariat in order to ensure the effective implementation of the work plan.</p>

Phase	Preparation
<b>Indicator</b>	<b>5. Has the government established a multi-stakeholder group to oversee EITI implementation?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:  “Purpose: Implementation of EITI should be overseen by a group comprising all appropriate stakeholders, including, but not limited to, the private sector, civil society and relevant government ministries. The group should agree clear, public terms of reference (TOR). The TORs should at least include: endorsement of the Country Work Plan; choosing an auditor to undertake audits where data submitted for reconciliation by companies or the government are not already based on data audited to international standards; choosing an organization to undertake the reconciliation; and, other areas as noted in the Validation Grid.</p> <p>Evidence: To give this indicator a tick, the validator is expected to see evidence that a multi-stakeholder group has been formed, that it comprises the appropriate stakeholders and that its terms of reference fit the purpose. Evidence should include:</p> <ul style="list-style-type: none"> <li>• Stakeholder assessments, where these have been carried out.</li> <li>• Information on the membership of the multi-stakeholder group:</li> <li>• Was the invitation to participate in the group open and transparent?</li> <li>• Are stakeholders adequately represented (this does not mean stakeholders have to be equally represented)?</li> <li>• Do stakeholders feel that they are adequately represented?</li> <li>• Do stakeholders feel they can operate as part of the committee – including by liaising with their constituency groups and other stakeholders – free of undue influence or coercion?</li> <li>• Are civil society members of the group operationally, and in policy terms, independent of government and/or the private sector?</li> <li>• Where group members have changed, has there been any suggestion of coercion or an attempt to include members that will not challenge the status quo?</li> <li>• Do group members have sufficient capacity to carry out duties?</li> <li>• Do the TORs give the committee a say over the implementation of EITI?</li> <li>• Are senior government officials represented on the committee?”</li> </ul>
<b>Progress to date</b>	<p>The implementation of NEITI was initially based on a Presidential Directive issued by former President Obasanjo in 2004. Under this dispensation, the NSWG was constituted, consisting of 28 individuals led by the then Minister of Solid Minerals.</p> <p>The 2007 NEITI Act dissolved the inaugural NSWG and empowered the President of Nigeria to reconstitute the NSWG and appoint new membership of 15 individuals (inclusive of both the Chairman and Executive Secretary) (see section 5, 6 and 7 of the Act). The current NSWG was appointed by President Yar’Adua and inaugurated in Abuja, on Tuesday 29 January 2008.</p> <p>As a result of ongoing civil society organisation (CSO) concerns about under representation on the NSWG, a civil society steering committee (CSSC) was established. The CSSC includes four members of the NSWG and</p>



	<p>representatives from different CSO sectors (professional organisations, gender, transparency and accountability, environment, physically challenged groups, media and youths).</p> <p>Senior government officials and extractive companies are represented on the NSWG although their attendance is inconsistent, with some members attending through proxies who do not have voting rights.</p> <p>All NSWG members are appointed for a maximum of one term, with four-year tenures, while the Executive Secretary has a five-year tenure. Since the inauguration of NSWG members in 2008, the composition has not changed except where representatives of member institutions have been changed, for example the Group Managing Director of NNPC.</p>
<p><b>Stakeholders views</b></p>	<p>Some stakeholders, including extractive companies, expressed concern that the President has absolute powers under the 2007 NEITI Act over NSWG composition and membership, which leaves the process vulnerable to appointments of political patronage. Indeed, a small number of stakeholders went as far as to suggest that the present appointments were already ones of political patronage. Note that many stakeholders indicated that the President appointing civil society representative is probably the most expedient way to get a civil society representative on the NSWG.</p> <p>Potentially connected to this, many CSOs indicated that although civil society is represented on the NSWG, the civil society members of the NSWG might not be representative of CSOs, extractive sector communities or revenue transparency issues. Some extractive company representatives at our company focal group discussions were also unconvinced about the level of representation extractive companies have on the NSWG (See observations under Indicator 7 below regarding the engagement of companies in the process).</p> <p>A number of CSO stakeholders felt that their alleged lack of representativeness would not be of such significant concern if the views of the CSSC were formally and systematically mainstreamed into the NSWG or if the NSWG outcomes were formally and systematically fed back to the CSSC (See observations under Indicator 6 below regarding the engagement of civil society in the process).</p> <p>A number of NEITI stakeholders also alluded to tensions between the chairperson of the NSWG and the Executive Secretary concerning their respective roles and responsibilities. In addition, some NSWG members felt that NSWG meetings were poorly planned, often called at short notice, and were unduly lengthy.</p> <p>No evidence emerged through our stakeholder consultation to suggest NSWG members did not have freedom to operate from coercion.</p>
<p><b>Validator's judgement</b></p>	<p><b>Requirements met</b> – recommendations to ensure continued meeting of requirements</p> <p>The validators concluded that while the EITI Rules and the 2007 NEITI Act create an essential legal and institutional framework for the Secretariat and the NSWG, they do not adequately address some key governance issues that</p>



are critical to addressing stakeholder concerns on this issue.

Governance issues were at the core of many of the wider issues of NEITI implementation and performance. There is a risk that these governance issues may result in non-compliance with EITI criteria in the future, especially when the current tenure of NSWG members expires and a new Board is appointed. The multi-stakeholder nature of the NSWG, and the need to maintain the integrity of the EITI brand further increases the need to have effective board governance. Therefore these issues are dealt with in some detail here.

The NEITI Act, in bestowing power to the President for NSWG composition, leadership and membership, assumes representative and accountable Presidency through free and fair democratic elective processes. Given Nigeria's political history, the assumption is problematic, and cannot ensure substantive NSWG independence going forward. If the President retains the right to appoint the NSWG, there is the need, at the very least, for greater transparency of appointments to increase accountability of the process.

With respect to the power of the President to appoint NSWG members, the validators agree with the view expressed by some stakeholders that this could, in principle, compromise their independence from government. There is, however, no evidence to suggest that the NSWG is not currently operating independently, with the minutes of all NSWG meetings indicating diverse views and healthy analysis and debate around the issues. In the absence of a more expedient or democratic model for NSWG appointment being developed, or the opportunity to significantly revise the existing Act, the validators feel that this issue is most appropriately addressed through fulfilment of the validation criteria; Was the invitation to participate in the group open and transparent? The appointment of current members cannot be described as satisfactorily open and transparent, and the appointment of future members by the President will need, therefore, to be accompanied by a statement of rationale for the selection of each member that is accessible by the public.

The NEITI Act does not specify clear delineation of the roles and responsibilities of the NSWG Chair and NEITI Executive Secretary, NSWG members and NEITI Secretariat staff. This has, in turn, generated questions about: who is the official head of NEITI; who has the authority to speak on behalf of NEITI; what are the discretionary decision-making powers, if any, of the Secretariat; what are the discretionary implementing powers, if any, of the NSWG; and how is the Secretariat accountable to NSWG for their performance.

The NEITI Act and EITI Rules do not address detailed issues of accountability and transparency of the NEITI Secretariat and NSWG. In particular, the NEITI Act creates tenures for NSWG Chair and members, without detailing their duties or linking this to performance or termination should members be found ineffective or negligent. In addition, the Act, while being inclusive of civil society, and making reference to auditing NEITI's records, does not specify mechanisms for wider civil society input or feedback, or specify

internal control mechanisms - including an Audit committee, internal audit function and a delegation of authority framework.

The NSWG has a Civil Society sub-committee which liaises with the Civil Society Steering Committee (CSSC). However, this mechanism could be improved by formalising the existing processes, and having clearer requirements for NSWG members to consult with and feedback to civil society through this mechanism. In addition, it would be beneficial for a similar structure to be established to broaden engagement with companies. (See also Indicators 6 & 7).

NSWG meeting minutes, and observation of one NSWG meeting by a member of the validation team, confirm that while meetings are often lengthy and lack full attendance, they are also comprehensive in their analysis and scrutiny of the issues. In a bid both to encourage slightly greater expediency and attendance and, more importantly, address shortfalls over NSWG roles, responsibilities, representativeness, and duties, the validator's regard the development of an NSWG Board Charter as essential in order to ensure ongoing effective implementation of EITI in line with letter and spirit of both the NEITI Act and EITI Rules. This NSWG Charter should be derived from an independent review of the corporate governance environment of the NSWG. This governance review should include full consultation with the NSWG, the Secretariat and other key stakeholders and cover analysis, recommendations of actions across the following areas:

- Transparent process for the rationale of appointment of NSWG members
- Clear TORs for NSWG members and a delegation of authority framework indicating the limits of the Secretariat's powers and the powers reserved for the NSWG.
- Mechanisms for performance assessment of NSWG members
- Establishment and TORs for sub-committees for CSO engagement, company engagement and internal audit.
- The nexus between the CSSC and NSWG needs to be further formalised and systematic.
- Concrete capacity building programmes in board governance to enable NSWG members to carry out their duties (e.g. fiduciary, care and skill, good faith) in line with local and international corporate governance good practice.

Therefore, it is the validator's recommendation that in order to ensure NEITI continues to meet the requirements of this indicator, NEITI implements the following actions:

- Develop and agree an NSWG Board Charter
- Formalise structures for engagement between NSWG and both civil society and companies, including the solid minerals sector.

In response to this recommendation the NEITI Secretariat has proposed the following action plan:

- (i) Develop and Agree on NSWG Board Charter- The Process will be kick-started at the NSWG Training scheduled for the 26<sup>th</sup> and 27<sup>th</sup> April, 2010.
- (ii) Rework the MOU between the NSWG and the CSSC, and have the new MOU signed by the relevant leaders and officers of the parties involved in

April, 2010.

(iii) Create the NSWG-EI Companies forum and have an MOU agreed upon and signed by the parties involved in May, 2010.

(iv) Concrete capacity building programme in board governance of NSWG members- This will start with the training in April, and continue with the implementation of the training programme outlined in the 2010 Work Plan.

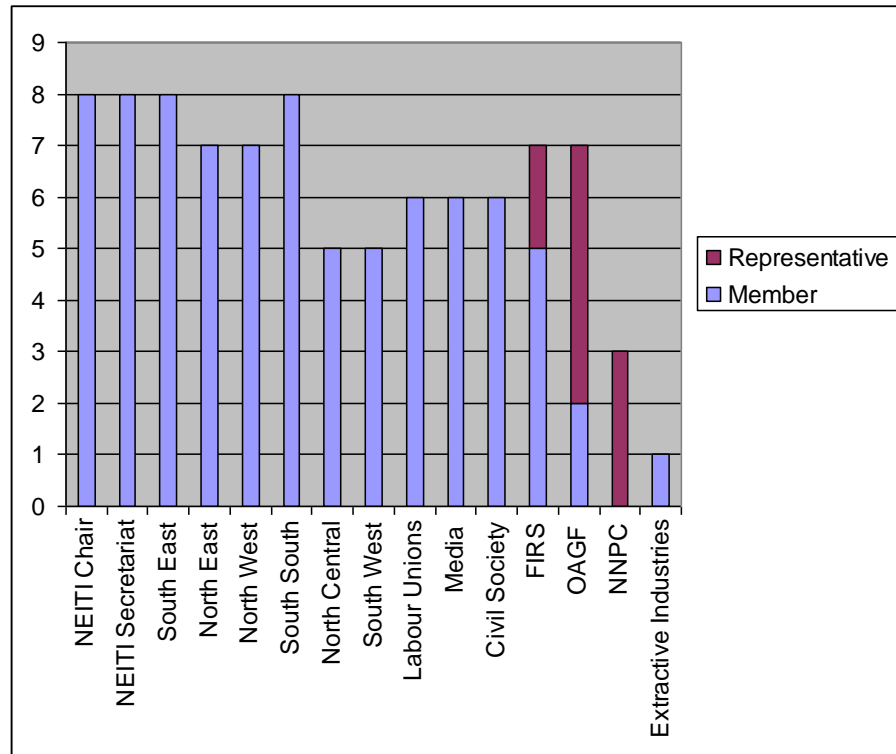
Phase	Preparation
<b>Indicator</b>	<b>6. Is civil society engaged in the process?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: The EITI criteria require that civil society is actively engaged as a participant in the design, monitoring and evaluation of the process, and that it contributes to public debate. To achieve this, EITI implementation will need to engage widely with civil society. This can be through the multi-stakeholder group, or in addition to the multi-stakeholder group.</p> <p>Evidence: To give this indicator a tick, the validator will need to see evidence that the government, and the EITI multi-stakeholder group where appropriate, have sought to engage civil society in the process of implementing EITI. This should include the following evidence:</p> <ul style="list-style-type: none"> <li>• Outreach by the multi-stakeholder group to wider civil society groups, including communications (media, website, letters) with civil society groups and/or coalitions (e.g. a local Publish What You Pay coalition), informing them of the government’s commitment to implement EITI, and the central role of companies and civil society.</li> <li>• Actions to address capacity constraints affecting civil society participation whether undertaken by government, civil society or companies.</li> <li>• Civil society groups involved in EITI should be operationally, and in policy terms, independent of government and/or the private sector.</li> <li>• Civil society groups involved in EITI are free to express opinions on EITI without undue restraint or coercion.”</li> </ul>
<b>Progress to date</b>	<p>Indicator 2 (commitment of government to work with civil society and extractive companies) and Indicator 5 above (establishment of NSWG) provide supporting evidence for civil society engagement in NEITI structures and processes.</p> <p>In addition, CSO engagement in NEITI includes:</p> <ul style="list-style-type: none"> <li>• CSOs were significantly involved in the development of the NEITI Act.</li> <li>• Several members of the NSWG have a civil society background, in addition to the formally appointed Civil Society representative, including the NSWG Chair.</li> <li>• The Secretariat has a Civil Society Liaison Officer, dedicated to engaging with CSOs.</li> <li>• An MoU between civil society and NSWG, which formalises NEITI’s engagement with CSOs. The MoU provides for collaboration towards EITI implementation in Nigeria and whereby the civil society could have their own programmes around EITI which could be sent to the NSWG for approval. Also the civil society steering committee meets on the eve of every NSWG meeting to input into the agenda. The civil society representative on the NSWG is supposed to chair the civil society steering committee meetings and when not available the meetings are chaired by the representative of the south-south geo-political zone on the NSWG.</li> <li>• Many civil society organisations have implemented advocacy, campaign, capacity building, outreach and research projects and programmes on NEITI. The projects and programmes of the Coalition for Change, Publish What You Pay Coalition, and the Civil Society Legislative Advocacy Centre</li> </ul>

	(CISLAC) are particularly notable, respectively helping to develop NEITI civil society forums, disseminate audit findings, and playing a critical role in facilitating the development of the NEITI Act.
<b>Stakeholders views</b>	<p>There are divergent views about the current level of civil society engagement in NEITI. Some stakeholders felt that the engagement of civil society at NEITI had waned in recent years; many citing factions and a lack of co-ordination among CSOs as the main reason for the reduced level of engagement, while a number cited a lack of opportunity to influence the NEITI process as the main reason. In contrast, other CSOs, including those comprising part of the PWYP Coalition, were content with the level of engagement both of their coalition and wider civil society. Many stakeholders noted that there were opportunities to improve civil society's capacity to understand, disseminate and use the outputs from the NEITI process in order to empower citizens.</p> <p>Some respondents indicated that one of the issues that has united NEITI and civil society is the engagement regarding the new Petroleum Industries Bill especially with regards to the structures of the composition of new agencies created under the Bill; the issue of the extent of discretionary powers of the Minister under the Bill; and confidentiality clauses under the Bill.</p> <p>Whilst no specific concerns were voiced by stakeholders about the independence of civil society participating in the NSWG per se, there were some major concerns about the appointment of civil society members of the NSWG by the President of the country (particularly in terms of how democratic the process of selection of civil society representatives to NSWG was), which led to the perception among CSOs that the civil society representatives on the NSWG did not adequately represent CSOs in the country. However, there was the recognition by many civil society stakeholders interviewed that this was the best practical approach to getting civil society members represented on the NSWG. There was also a concern about possible political patronage in the appointments to the NSWG, although the validators were not able to identify any evidence to indicate that this may have been the case in practice..</p> <p>The other key civil society concern was how often, how well and through what channel does the CSO members of the NSWG report to their constituencies. To address this concern, a sub-committee was created by the NSWG and civil society groups themselves were allowed to elect representatives in the enlarged sub-committee based on specific clusters. The cluster representation resolved all the concerns including the one on gender mainstreaming. Critical stakeholders like the labour unions, media organisations, gender organisations and physically challenged groups are included in the sub-committee. Key gains of the CSSC are:</p> <ul style="list-style-type: none"> <li>• The CSSC meets a day before the NSWG/NEITI Board meeting. This is to ensure that all their concerns and input are carried along by their representatives and presented as memos at the board meeting.</li> <li>• Furthermore civil society groups were involved in the enactment of NEITI Act. Several civil society groups including the Publish What You Pay Coalition participated in the lobbying of the parliament for the enactment of the NEITI Act.</li> </ul>

<b>Validator's judgement</b>	<b>Requirements met</b> – recommendations for improvement. The requirements of this indicator have been met, but will be enhanced by the formalisation and systematisation of the input of CSSC on the NSWG through the development of an NSWG Charter derived from the full review of governance processes in the NSWG (see Indicator 5). In addition, it is recommended that NEITI takes actions to support: <ul style="list-style-type: none"><li>• Building CSO capacity to critically analyse information</li><li>• Building CSO involvement in outreach work</li></ul>
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Phase	Preparation
<b>Indicator</b>	<b>7. Are companies engaged in the process?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: EITI implementation requires companies to be actively engaged in implementation and for all companies to report under EITI. To achieve this, EITI implementation will need to engage widely with the companies through, or in addition to, the multi-stakeholder group.</p> <p>Evidence: To give this indicator a tick, the validator will need to see evidence that the government, and the EITI multi-stakeholder group where appropriate, have sought to engage companies in the implementation of EITI. This should include the following evidence:</p> <ul style="list-style-type: none"> <li>• Outreach to extractive companies, including communications informing them of the government’s commitment to implement EITI, and the central role of companies.</li> <li>• Actions to address capacity constraints affecting companies, whether undertaken by government, civil society or companies.”</li> </ul>
<b>Progress to date</b>	<p>Indicator 2 (commitment of government to work with civil society and extractive companies) and Indicator 5 (establishment of NSWG) provide supporting evidence for extractive company engagement in NEITI structures and processes. Companies were also significantly involved in the development of the NEITI reporting templates (See Indicator 9)</p> <p>The Presidential Directive (PRES 158 of 22 February 2005) addressed to the Managing Directors of oil and gas companies operating in Nigeria specifically invited extractive companies to co-operate with NEITI on financial, physical and process audits of Nigeria’s extractive industry. This directive requires all such companies to also assign a senior staff member to assist the audit team.</p> <p>The NEITI Act also provides for the involvement and collaboration of companies in the implementation of NEITI. Extractive companies are further mandated to co-operate with NEITI and comply with the Act, which provides for punitive measures to be applied for non-compliance (see s.16 of NEITI Act).</p> <p>Only 2 companies did not provide the required information for the 2005 NEITI report. These were Cavendish and Express. The two companies explained that they had not started producing at that time. Later when the audit procedure was explained to them, they complied. Efforts have been made to obtain the information from the companies. The NEITI auditors met several times with the representatives of the companies before they complied. This non-reported information was not considered to be material by both the reconciling auditor and the NSWG. Initially, it was thought that, not being in production in 2005, the main revenue payments Cavendish and Express had to report was the Signature Bonus. As it became clear when they eventually reported, the amount involved was not materially significant in the context of the NSWG’s definition of materiality.</p>

Extractive companies are represented in the composition of the NSWG, both by the chair of OPTS (presently Shell), and by the NNPC. However, it is significant to note that the OPTS representative has been recorded to have only attended one of eight consecutive NSWG meetings<sup>8</sup>, and that the NNPC Group Managing Director attends the meetings through proxies who do not have voting rights. The diagram below illustrates attendance at the 8 NSWG meetings since June 2008, including where representatives/proxies have been present (data from NSWG minutes).



The NEITI Secretariat has also designated one of its officers within its technical department to act as a co-ordinator for extractive companies to ensure the sector is fully involved in NEITI, and specific NEITI projects have been developed for extractive companies. Companies were also reported by several Secretariat staff to have ad hoc informal engagement with NEITI as required.

NEITI is also planning to expand the reporting process to solid minerals, and this is reflected in activities in the 2009 and draft 2010 work plans.

Actions undertaken by NEITI to action that have been undertaken to increase company engagement and address capacity constraints affecting companies include:

- NEITI Chair and the Secretariat met with companies in early 2008 to acquaint them with issues concerning their response to the auditors request and their in-house capacities
- The Chair of NSWG and the ES reported the non-cooperation of

<sup>8</sup> Updated from S. Darby and S.E.B. Gillies (2009) "DFID Phase II Support to NEITI Report" at page 8.



	<p>certain companies to the President and requested for his intervention. His immediate response was that the companies should be given one more opportunity to respond by NEITI, with a warning and if they failed to comply, the provisions of the NEITI Act should be strictly enforced, and that he would fully back up the enforcement. This position was made clear to the Chair and ES of NEITI in June, 2008, at a meeting with the President..</p> <ul style="list-style-type: none"> <li>• NEITI placed adverts in major dailies to threaten companies who failed to comply with NEITI audit with sanctions. This elicited a positive response from the companies which then, subsequently complied.</li> <li>• A team from the NEITI Secretariat visited the Group Managing Director of NNPC, the Nigerian national oil company seeking their cooperation on the NEITI audits.</li> <li>• The NEITI Secretariat held a pre-audit workshop with oil companies where a team from the NEITI and the auditors explained the templates to the representatives of companies.</li> <li>• During the validation exercise, a meeting was held with oil companies and a request for input was advertised in the national dailies to ensure that companies who could not attend the meeting had an opportunity to send their concerns directly to the Validators.</li> </ul> <p>It is also noted that 15 companies were represented at the focus group session for companies held as part of the validation process.</p>
<p><b>Stakeholders views</b></p>	<p>Many stakeholders were of the view that companies are engaged in NEITI's processes. Stakeholders interviewed generally felt that the most important areas for company involvement in NEITI were in the development of the reporting templates and in provision of information for the reporting process. Most stakeholders felt that this involvement had been satisfactory to date.</p> <p>However, although they did not perceive it to be a significant issue of concern for the extractive sector, stakeholder representatives of extractive companies consulted by the validators, were unconvinced about the level of current extractive sector representation on NSWG and the sufficiency of feedback on outcomes of NSWG meetings to extractive companies. Several stakeholders noted that the current NSWG company representative is a senior executive based in Lagos and therefore may often be unable to attend NSWG meetings. They also noted this low attendance may be exacerbated by the concerns about NSWG meetings being called at short notice and lasting a long time.</p> <p>Several stakeholders also noted the need for NEITI to expand its scope to solid minerals.</p>
<p><b>Validator's judgement</b></p>	<p><b>Requirements met</b> – recommendations to ensure continued meeting of requirements and for improvement</p> <p>While there have been attempts to engage companies beyond NSWG involvement - through special projects and invitations to road shows – company engagement remains sufficient rather than active. This is regarded to be partly symptomatic of geography, in the case of company attendance</p>

on the NSWG (Port Harcourt and Lagos, not Abuja, are the centres of company activity and presence), and partly symptomatic of company interests (company agendas on NEITI tend to focus on reporting obligations under NEITI rather than wider concerns). The validators believe that the lack of active company engagement on NEITI is not significantly detrimental to the initiative, and that the scope, rather than the depth, of company engagement is the main issue requiring action. Wider measures to improve the effectiveness of NSWG governance (see Indicator 5) are also likely to result in improved company representation. In addition, the proposed expansion of NEITI to include the solid minerals in NEITI reporting and auditing needs to be reflected in NSWG composition.

Therefore, it is the validator's recommendation that in order to ensure NEITI continues to meet the requirements of this indicator:

- Formalise structures for engagement between NSWG and both civil society and companies, including the solid minerals sector.

It is also recommended that:

- The composition of the NSWG is reviewed to consider whether it would benefit from an additional oil and gas company representative, and a representative of solid mineral companies.

Also note the recommendation for Indicator 14 ("Implement a strategy and work plan to expand NEITI to the solid minerals sector and the Nigeria/STP JDZ") and the recommendation for Indicator 9 ("Renew engagement of companies on template").

Phase	Preparation
Indicator	<b>8. Did the government remove any obstacles to EITI implementation?</b>
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: Where legal, regulatory or other obstacles to EITI implementation exist, it will be necessary that government remove them. Common obstacles include confidentiality clauses in government and company contracts and conflicting government departmental remits.</p> <p>Evidence: To give this indicator a tick, the validator should see evidence that the government has removed any obstacles. This might be following a proactive assessment of obstacles, or through action to remove obstacles as they arise. There is no one way of dealing with this issue - countries will have various legal frameworks and other agreements that may affect implementation, and will have to respond to these in different ways.”</p>
Progress to date	<p>As part of a wider climate of reform, President Obasanjo’s administration strong support for NEITI implementation in Nigeria, notably through the Presidential Directive and appointing a senior Minister to drive the initiative, removed initial potential obstacles in implementing NEITI.</p> <p>The wide scope of the NEITI reports to include physical and process audits enabled a clearer understanding of the industry, which has supported ongoing implementation of NEITI.</p> <p>The NEITI Act concretised this process, and removed any existing obstacles to NEITI implementation by:</p> <ul style="list-style-type: none"> <li>Establishing NEITI as legal entity, which in turn ensured financial sustainability by ensuring access to government funding</li> <li>Enshrining the multi-stakeholder nature of NSWG</li> <li>Providing punitive measures for non-cooperation by companies</li> <li>Providing NEITI with wide scope and strong powers</li> </ul>
Stakeholder views	All stakeholders consulted by the validators felt that the indicator has been complied with. In particular, stakeholders pointed to the NEITI Act as the major way government removed obstacles.
Validator’s judgement	<b>Requirements met.</b> The validator’s judgement is that the requirements of this indicator have been met.

Phase	Preparation
<b>Indicator</b>	<b>9. Have reporting templates been agreed?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: Reporting templates are central to the process of disclosure and reconciliation, and the production of the final EITI Report. The template will define which revenue streams are included in company and government disclosures. The templates will need to be agreed by the multi-stakeholder group. The EITI criteria require that “all material oil, gas and mining payments to government” and “all material revenues received by governments from oil gas and mining companies” are published. EITI templates will need, therefore, to define by agreement of the multi stakeholder group what these material payments and revenues comprise, and what constitutes ‘material’. It will also be necessary for the multi stakeholder group to define the time periods covered by reporting. A revenue stream is material if its omission or misstatement could materially affect the final EITI Report.</p> <p>Evidence: To give this indicator a tick, the validator will need to see evidence that the multi-stakeholder group was consulted in development of templates, that wider constituency had the opportunity to comment, and that the multi-stakeholder group agreed the final templates.</p>
<b>Progress to date</b>	<p>The principal mechanism for collecting the data required for the NEITI audit was a set of templates designed by Hart Group (the organization appointed to reconcile the figures). The templates were developed through a consultative process that involved:</p> <ul style="list-style-type: none"> <li>• Meetings with companies in oil and gas industry to discuss and agree the design and development of the templates.</li> <li>• A review process involving the NSWG and the CSSC.</li> <li>• Piloting the templates on Shell and Exxon Mobil.</li> </ul> <p>The templates were sent to NSWG for approval and training sessions were held for the Secretariat on their interpretation. Despite piloting, the experience of the 1999-2004 audit exposed some misinterpretation or misclassification of line items on the templates. The templates developed for 1999-2004 audits were therefore modified for the 2005 audit to make template reporting less ambiguous. According to NEITI, the templates were made available to all stakeholders, including the multi-stakeholder NSWG/NEITI Board, covered entities (including Extractive Industry companies) and civil society.</p> <p><b><u>According to the written submission of the NEITI Auditors to the validators:</u></b></p> <p>“The NSWG in the approval of the contract for the 1999-2005 audits set out that all the flows in the oil and gas industry should be covered viz:</p> <p>“The audit is to produce a complete and comprehensive detailing of</p> <p>a) revenue flows in the oil and gas industries, including all payments streams made by all Covered Entities to any Federation (Federal Government, State Government, Local Government) entity, including to</p>

	<p>/ by state owned enterprises, to certain calculations that underlie the calculation of payments, fees, taxes and royalties owing by private or public sector companies; and</p> <p>b) investment flows involving Government payments by way of Joint Venture investment, loan (including loan repayment) and equity investment transactions in Covered Entities. “</p> <p>“The schematics of all these flows was reconfirmed with the upstream companies and set out in a report for the approval of the NSWG in 2005. They capture ALL flows in the Nigeria Oil and Gas Industry.</p> <p>“With specific reference to the materiality of reporting, the NSWG set out very strict materiality levels that were translated into the audit contract as the EXTRACT FROM 1999 – 2004 RE MATERIALITY FOR FINANCIAL AUDIT sets out below:- “The analysis, findings and recommendations set forth by Consultant are to be based upon underlying data and other information which has been materially verified by the Consultant, otherwise such data or information and the corresponding findings and recommendations to be drawn from such data or information are to be considered not reliable and Consultant shall report accordingly. ‘Materially’ means that aggregated financial flows for the period are not misstated by more than five percent. Consultant shall strive to report its findings with at least a 90 percent confidence level, a level which is consistent with international audit standards on the date of this Contract.””</p> <p>The non-reported information was not considered to be material by both the reconciling auditor and NSWG. NEITI reports that since Cavendish and Express were not in production in 2005, they only had to report on Signature Bonus. Whilst the approximate scale of these payments was known, information to verify these payments was not made available. As it became clear when they eventually reported, the amount involved was not materially significant in the context the NSWG’s definition of materiality.</p> <p>The STP JDZ was included in the 1999-2004 and 2005 audits but the STP government refused to cooperate with the auditors because they felt it was a bilateral issue. Subsequently, in March 2009, the two countries agreed to form a joint committee on EITI. Implementation process has begun in partnership with the World Bank. Nigeria hosts the Secretariat of the joint committee for the first year.</p>
<p><b>Stakeholders views</b></p>	<p>Two CSOs indicated that, despite requests to the NSWG and NEITI Secretariat, they had not been provided the 2005 templates. A number of oil and gas companies (notably those operating in Nigeria since template development) expressed dissatisfaction with the template, feeling it was the wrong format, did not fit with their financial reporting items, or was too rigid or onerous. However, an equal number of oil and gas stakeholders had no significant objection to the template. A few stakeholders pointed to the length and technical complexity of the templates making it challenging to have wider effective consultation with stakeholders.</p>
<p><b>Validator’s judgement</b></p>	<p><b>Requirements met</b> – Good practice and recommendations for improvement. The validators note the good practice of the reporting templates, particularly the detail and scope of the reporting template and the level of</p>

	<p>consultation with key stakeholder companies to ensure the templates were workable.</p> <p>The validator's judgement is that the requirements of this indicator have been met, but recommends that both NEITI and the auditors continue to review the template to ensure that concerns and lessons from the earlier audits are taken into account and/or mainstreamed going forward. It is therefore recommended that:</p> <ul style="list-style-type: none"><li>• NEITI renews engagement with companies on template in order to explain the current format, the process required for completing the templates and to provide informed feedback from companies.</li><li>• NEITI reviews and updates templates with the auditors and input from wider stakeholder consultation.</li><li>• NEITI includes the JDZ in the scope of the 2006-2008 audits.</li></ul>
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Phase	Preparation
<b>Indicator</b>	<b>10. Is the multi stakeholder committee content with the organization appointed to reconcile figures?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: An organisation will need to be appointed to receive the disclosed company and government figures, reconcile these figures, and produce the EITI Report. This organization is variously known as an administrator, reconciler, or auditor. It is vital this role is performed by an organisation perceived by stakeholders to be credible, trustworthy, and capable.</p> <p>Evidence: To give this indicator a tick, the validator will need to see evidence that the multi-stakeholder group were content with the organisation appointed to reconcile figures. This could include the following evidence:</p> <ul style="list-style-type: none"> <li>• TORs agreed by the multi-stakeholder group.</li> <li>• Transparent liaison with EITI Secretariat and Board to identify potential reconcilers.</li> <li>• Agreement by the multi-stakeholder group of the final choice of organisation.”</li> </ul>
<b>Progress to date</b>	<p>The first audit for Nigeria was done in 2005 by Hart Group (and their Nigerian partner: S.S. Afemikhe) and covered the years 1999-2004. A procurement document featured on the NSWG website (<a href="http://www.neiti.org.ng/Press%20Releases/selectofhartgrp.pdf">www.neiti.org.ng/Press%20Releases/selectofhartgrp.pdf</a>) demonstrates the close involvement of NSWG in the selection of the HART Group, which appears to be transparent, competitive and mindful that the audit reaches international standards.</p> <p>The second audit (for the year 2005) was not commissioned until early 2007 because of delays caused by national political transition. And its conclusion was delayed because of the challenges of implementation of the NEITI Act, the establishment of NEITI Secretariat as a government agency, and the reconstitution of the NSWG pursuant to the 2007 NEITI Act. The Hart Group had been re-selected, in early 2007, by the former NSWG as the 2005 auditors, months before the 2007 NEITI Act came into effect.</p> <p>The selection of the auditors for the current backlog of 2006-2008 audits has commenced within NEITI. However, there have been some delays as a result of complexities around auditor selection due to legal interpretations of consecutive commissioning of the same auditor under the NEITI Act. The NSWG is insisting on the ensuring that due process is adhered to regarding the selection and appointment of auditors and has adopted the resolution that the process, in respect of a part, be commenced <i>ab initio</i> in accordance with due process. (The 2006-2008 audits has now been commissioned).</p> <p>Discussions are also underway between NEITI, the World Bank, Government of Sao Tome and Principe and the Joint Development Zone (JDZ) with regard to including the JDZ owned by Nigeria and Sao Tome and Principe in the 2006-2008 audit reports. It is not clear at this stage whether the JDZ will be included in the 2006-2008 audit. The JDZ was included in the 1999-2004 and</p>

	<p>2005 audits but the STP government refused to cooperate with the auditors because they felt it was a bilateral issue. Subsequently, in March 2009, the two countries agreed to form a joint committee on EITI. Implementation process has begun in partnership with the World Bank. Nigeria hosts the Secretariat of the joint committee for the first year.</p>
<b>Stakeholders views</b>	<p>Consultation with members of the NSWG indicate that they are content with both the processes for the appointment and re-appointment as well as the work done by HART Group on the 1999-2004 and 2005 audit reports. Several stakeholders noted concerns about the delay in appointing an auditor for the 2006-2008 report. A few stakeholders raised concerns about the re-appointment of same auditor for 3 consecutive periods.</p>
<b>Validator's judgement</b>	<p><b>Requirements met</b> - recommendations to ensure continued meeting of requirements</p> <p>It is the validator's judgement that the requirements of this indicator have been met for the 1999-2004 and 2005 auditors. The detailed and transparent documentation of the appointment process for the auditor for the 1999-2004 report is considered to be good practice, particularly the involvement of the NSWG in the process and the details of the criteria and process for selecting the auditor.</p> <p>However, concerns are noted over the timely and appropriate appointment of auditors for the 2006-2008 period that need addressing. The fact that the last published report was for 2005, and that the 2006-08 reporting process still has not been commissioned reflects a process lacking momentum. Therefore, it is the validator's judgement that in order to continue to ensure the requirements of this indicator are met, the following actions are recommended:</p> <ul style="list-style-type: none"> <li>• <b>Appointment of Auditor(s) for 2006-8 Reports</b>, with clear agreement of the TORs by the NSWG, transparent liaison between NEITI Secretariat and NSWG to identify potential reconcilers, and agreement by the NSWG on the final appointment (within a timescale to be determined between the EITI International Secretariat and NEITI).</li> <li>• <b>Documentation of appointment process for 2005, and 2006-08, in line with documentation for 1999-2004.</b> In the interest of good governance practice, this requirement extends to the need to provide a transparent legal review and rationale for the appointment of the same auditor for three consecutive audit reports covering a ten-year period in the context of section 4(6) of the NEITI Act stipulating that an auditor or auditing firm shall not be engaged for more than two years consecutively for the purpose of undertaking reconciliation of the figures and producing the NEITI audit reports envisaged under the Act.</li> </ul>



Phase	Preparation
<b>Indicator</b>	<b>11. Has the government ensured all companies will report?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: The EITI criteria require that all companies – public, private, foreign and domestic – report payments to the government, according to agreed templates, to the organization appointed to reconcile disclosed figures. The government will need to take all reasonable steps to ensure all companies do report. This might include the use of voluntary agreements, regulation or legislation. It is recognised that there might be reasons why some companies cannot be made to report in the short term. In this situation, government must demonstrate that they have taken appropriate steps to bring these companies in to the reporting process in the medium term, and that these steps are acceptable to other companies.</p> <p>Evidence: To give this indicator a tick, the Validator will need to see evidence that the government has done one of the following:</p> <ul style="list-style-type: none"> <li>• Introduced/amended legislation making it mandatory that companies report as per the EITI Criteria and the agreed reporting templates.</li> <li>• Introduced/amended relevant regulations making it mandatory that companies report as per the EITI Criteria and the agreed reporting templates.</li> <li>• Negotiated agreements (such as memoranda of understanding and waiver of confidentiality clauses under production sharing agreements) with all companies to ensure reporting as per the EITI Criteria and the agreed reporting templates.</li> <li>• Where companies are not participating, government is taking generally recognised steps to ensure these companies report by an agreed date.”</li> </ul>
<b>Progress to date</b>	<p>The Presidential Directive (PRES 158 of 22 February 2005) from President Obasanjo addressed to the managing directors of oil and gas companies operating in Nigeria specifically invites them to co-operate with NEITI on financial, physical and process audits of Nigeria’s extractive industry. This directive requires all such companies to also assign a senior staff member to assist the audit team.</p> <p>The passing of the NEITI Act 2007 makes it mandatory that companies report in accordance with the EITI Criteria and the agreed reporting templates. By virtue of the Act, companies that fail to comply with the reporting requirements can be liable for the commission of an offence with punitive sanctions up to N30 million or have their licences to operate revoked (See s. 16 of NEITI Act).</p> <p>NEITI had various engagements with companies in order to secure their cooperation with reporting.</p> <p>There were only two non-reporting companies for the 2005 report. Unreported data was not considered to be material. The NSWG minutes note various follow up activities on these companies by NEITI and working with other government agencies. According to NEITI, the two companies</p>

	<p>explained that they had not started producing at that time. NEITI also noted that later when the audit procedure was explained to the defaulting companies, they complied. Thus, production figures are available for Express (1.6mbbls) and Cavendish (1.4mbbls), but not financial flows, now being followed up. According to NEITI, there was no need for punitive measures, yet. In general the NEITI strategy is to first use persuasion, and then threats; where these fail, then sanctions are evoked and applied with the cooperation of the law enforcement agencies. Indeed, immediately after the first audit report for 1999-2004 was presented to the Federal Executive Council, at a meeting of NEITI's ad hoc Executive Strategy Planning Committee meeting, held on 3<sup>rd</sup> May, 2006, it was resolved that, such matters as un-reconciled financial flows would be passed on to the Economic and Financial Crimes Commission (EFCC) for further investigation and possible prosecution. NEITI heads the Inter-Agency Task Team in which all the Nigerian anti-corruption agencies, including EFCC and ICPC, as well as the Police are represented.</p>
<p><b>Stakeholders views</b></p>	<p>The stakeholders consulted by the validators agree that this indicator is being complied with, particularly the provisions of the NEITI Act which makes it a legal requirement for companies to report.</p>
<p><b>Validator's judgement</b></p>	<p><b>Requirements met – good practice.</b>  The validator's judgement is that the requirements of this indicator have been met. The validators note the good practice example of the NEITI Act legally requiring companies to report and provides punitive measures for non-compliance.</p> <p>In respect of companies operating in the solid minerals sector, it is noted that Nigeria's exemption from this initial Validation was endorsed by the EITI Board at a meeting in Washington DC in 2009, where Nigeria was encouraged to continue towards Validation on the assumption that solid minerals would not be covered yet. However, the Validators recommend that a clear, time-bound plan for inclusion of the solid minerals sector should be agreed by the NSWG.</p>

Phase	Preparation
<b>Indicator</b>	<b>12. Has the government ensured that company reports are based on audited accounts to international standards?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: The EITI criteria require that all data disclosed by companies is based on data drawn from internationally audited accounts which have been audited to international standards. This is a vital component of EITI implementation.</p> <p>Evidence: To give this indicator a tick, the Validator will need to see evidence that the government has taken steps to ensure data submitted by companies is audited to international standards. This could include the following:</p> <ul style="list-style-type: none"> <li>• Government passes legislation requiring figures submitted to international standards.</li> <li>• Government amends existing audit standards to ensure they are to international standards, and requires companies to operate to these.</li> <li>• Government agrees an MoU with all companies whereby companies agree to ensure submitted figures are to international standards.</li> <li>• Companies voluntarily commit to submit figures audited to international standards.</li> <li>• Where companies are not submitting figures audited to international standards, the government has agreed a plan with the company (including SOE) to achieve international standards against a fixed timeline.</li> <li>• Where figures submitted for reconciliation are not to audited standards, the multi stakeholder group is content with the way of addressing this.”</li> </ul>
<b>Progress to date</b>	<p>Section 16 of the NEITI Act makes it an offence for companies to misrepresent any record. It is also a legal requirement for company accounts in Nigeria to be audited according to international standards (Statements of Accounting Standards issued by the Nigerian Accounting Standards Board and relevant International Financial Reporting Standards). Also, the Institute of Chartered Accountants of Nigeria (ICAN) ensures that companies’ financial reports comply with Nigerian and international standards. In addition, HART Group asked the auditors of respective extractive companies to sign a representation confirming that their accounts were audited to international standards.</p> <p>NEITI indicates that a number of actions are being taken to reliably track financial payments against physical production, rather than only relying on the companies’ own assessment of their profits. In this regard, following the release of the 2005 audit report, meetings were held between NEITI auditors and the leadership of the Federal Inland Revenue Service (FIRS) on this issue, among others; and the FIRS, whose Chairperson is member of NSWG, is taking the matter on hand. The IMTT will implement the ICT-based Revenue Flow Inter-Face already agreed upon with the regulatory agencies; it will also faithfully implement the recommendations on the study on metering infrastructure, commissioned by NEITI with DFID funding. Meanwhile, steps are already taken to obviate the problem as described by NEITI auditor.</p>

<p><b>Stakeholders views</b></p>	<p>Some NSWG members alluded to some companies expressing their concern that the requirement from HART Group (requesting the auditors of the extractive companies to sign a letter of representation that their accounts were audited to international standards) created more financial burden on them. However, most stakeholders agreed that this practice was necessary.</p> <p>The NSWG members interviewed and S.S. Afemikhe &amp; Company both stated that this indicator has been complied with.</p> <p>No stakeholders made comments suggesting that company accounts were not audited to international standards.</p> <p><u>According to the written submission of the NEITI auditors to the validators:</u>          “The reconcilers assert that financial payments were reliably tracked against physical production as NNPC crude sales, petroleum profit tax and royalty volumes were all reconciled to their related financial flow elements (see Appendix A for Crude Sales Reconciliations).</p> <p>“The perception that tax revenue authority is still relying on the companies’ own assessment is strictly speaking not correct. The PPT assessment is “a self assessment scheme”. However, the 2005 audit confirmed that FIRS now carries out desktop reviews and reconciliation before the assessments are confirmed. They also now carry out in-company audits to validate the details of the self assessment submitted by the companies.</p> <p>“However, for the avoidance of doubt, the auditors confirm that:</p> <ul style="list-style-type: none"> <li>• Upstream companies’ books are audited using Nigerian and international audit standards</li> <li>• The Hart Group requested a letter of representation from the auditors of each company to this fact. Some auditors complied while some did not.</li> <li>• The Hart Group received letter of representation from the companies.”</li> </ul>
<p><b>Validator’s judgement</b></p>	<p><b>Requirements met – good practices</b>          The validator’s judgement is that the requirements of this indicator have been met. Several good practices are noted in this area, including:</p> <ul style="list-style-type: none"> <li>• The NEITI Act makes it a legal offence to misrepresent information.</li> <li>• The NEITI auditor checked with company auditors to ensure that data they had been provided was consistent with the audited accounts of the company, providing an extra level of cross-checking.</li> </ul>

Phase	Preparation
<b>Indicator</b>	<b>13. Has the government ensured that government reports are based on audited accounts to international standards?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: EITI criteria require that all data disclosed by the government is audited to international standards.</p> <p>Evidence: To give this indicator a tick, the Validator will need to see evidence that the government has taken steps to ensure data submitted is audited to international standards. This could include the following:</p> <ul style="list-style-type: none"> <li>• Government passes legislation that requires figures to be submitted to international standards.</li> <li>• Government amends existing audit standards to ensure they are to international standards, and ensures compliance with these.</li> <li>• Where figures submitted for reconciliation are not to audited standards, the multi stakeholder group is content with the way of addressing this.”</li> </ul>
<b>Progress to date</b>	<p>The government ensures that government accounts are audited to international standards. Auditing standards in Nigeria are done in accordance with the requirements of the Institute of Chartered Accountants of Nigeria (ICAN), which are in consonance with international auditing standards. However, it is important to note that the NEITI audit reports did not directly use audited government accounts because financial revenue flows in Nigeria are paid offshore to a JP Morgan account with the exception of flows from domestic crude which are reconciled to a separate NNPC/CBN account. Hart Group therefore audited and reconciled the flows to these respective accounts as well as to the Federation Account Allocation Committee (FAAC).</p> <p><u>According to the NEITI Secretariat’s written response to the validators:</u> In Nigeria at the Federal level, annual audits are conducted unfailingly of the accounts and financial transactions of all public agencies, by independent auditors, and the Office of the Auditor-General for the Federation. The Reports are regularly submitted to the Public Accounts Committee of the National Assembly and also published. The NEITI audit was, therefore, conducted with this in mind. As the Auditors stated on page 9 of the financial audit report: “The [Audit] templates were designed to provide linkage between the data declared by covered entities [companies and public agencies] for this audit and the audited financial statements of the entity”. However, in future, as in the case of the companies, specific requests could be made of public agencies to certify that the information they supply is based on audited accounts. This will serve as an additional check, which will be strictly monitored by the NSWG.</p> <p><u>According to the written submission of the NEITI auditors to the validators, in response to concerns raised about the reconciliation and confirmation of signature bonus payments:</u></p> <p>“It is unclear how inability to confirm signature bonus can translate into government’s inability to confirm that the books of government agencies have been audited to international standards. The issues are again being</p>

	<p>mixed up and should be separated for clarity.</p> <p>“The reconciliation process was based on a confirmation of flows paid by companies into Central Bank of Nigeria (CBN) bank accounts and duly confirmed by CBN as having been received.</p> <p>“The documentation underlining the payments by the companies including bank statements, payment instruments and ledgers were validated. Conversely, the CBN receipt documentation including bank statements and transfer notices were validated at the CBN. This is the most authentic basis of reconciliation and validation particularly in a “Cash basis” accounting system like is maintained in government ministries, departments and agencies.</p> <p>“The Signature bonus issue is peculiar as the processes of payment and receipt were cumbersome and not streamlined to be easily auditable. The weaknesses in this one single revenue flow are being addressed in cooperation with the office of the Accountant-General for the Federation. The difference is not material within the NSWG definition of “Materiality” as to create doubts regarding the validation of government flows which were ‘substantially and materially’ confirmed with a very significant level of confidence.”</p>
<b>Stakeholders views</b>	The NSWG and S.S. Afemikhe & Company both stated that the requirements of this indicator had been complied with
<b>Validator’s judgement</b>	<p><b>Requirements met.</b></p> <p>The validator’s judgement is that the requirements of this indicator have been met.</p>

Phase	Disclosure
Indicator	<b>14. Were all material oil, gas and mining payments by companies to government (“payments”) disclosed to the organisation contracted to reconcile figures and produce the EITI report?</b>
Criteria	None
Progress to date	<p>All material oil and gas payments by companies to government (“payments”) were disclosed to the organisation contracted to reconcile figures and produce the EITI report.</p> <p>This was based on detailed mapping of all the physical and financial flows (both oil flows and non-oil flows) showing how flows move from respective entities to the government. This was produced by Hart Group as part of the 1999-2004 audit, and was approved by all key stakeholders including the NSWG (NEITI), government and extractive companies. The approval of the schematic chart (which is a template for all material payments and receipts) was an indication that all material flows were captured by the audit processes.</p> <p>The NSWG had deliberations regarding defining material payments and revenues. As indicated above (Indicator 9), the NSWG defined “materiality” in the course of consideration and approval of the contract for the 1999-2004 Audit: “Materiality’ means that aggregate financial flows for the period are not misstated by more than five percent. Consultant shall strive to reports its findings with at least a 90 per cent confidence level, a level which is consistent with international audit standards on the date of this contract”.</p> <p>Further, during both the 1999-2004 and 2005 audits, Hart Group requested the extractive companies to sign a letter of representation to the effect that all material flows have been disclosed to the organisation contracted to reconcile figures and produce the EITI report.</p> <p>The scope of NEITI was initially limited to the oil and gas sector due to the significance of the sector to Nigeria’s economy. Although NEITI is planning to extend its focus to the solid minerals sector, its audit reports for 1999-2004 and 2005 have only focused on the oil and gas sector. Payments from solid minerals were not included in the scope of the 1999-2004 and 2005 audits. However, it is considered that payments and revenues relating to the solid minerals sector are not material compared with the oil &amp; gas sector, as most solid mineral production is currently small scale. However, the government is promoting the development of the mining sector, therefore there is a possibility that mining-related payments may become material in the future.</p> <p>According to the NEITI Secretariat, all companies that make payments in respect of their activities in the oil and gas sector participate in the reporting process. The companies that did not comply initially are now participating. The final report on the 2005 audit made available in the last quarter of 2009 refers.</p>
Stakeholders views	The NSWG and S.S. Afemikhe & Company both stated that this indicator is being complied with, including satisfaction that mining-related payments



	were not material compared to oil and gas payments.
<b>Validator's judgement</b>	<p><b>Requirements met</b> – recommendations to ensure continued meeting of requirements</p> <p>The requirements of this indicator are currently being met. However, in order to ensure these continue to be met, specifically to ensure that material payments from the mining sector and the Nigeria/STP JDZ are incorporated, it is the validator's recommendation that NEITI:</p> <ul style="list-style-type: none"> <li>• Implement a strategy and work plan to expand NEITI to the solid minerals sector and Nigeria/STP JDZ</li> </ul>

Phase	Disclosure
Indicator	<b>15. Were all material oil, gas and mining revenues received by the government (“revenues”) disclosed to the organisation contracted to reconcile figures and produce the EITI report?)</b>
Criteria	None
Progress to date	<p>See comments regarding Indicators 12, 13 and 14.</p> <p>The approval of the schematic chart (which is a template for all material payments and receipts, showing the regulatory agencies involved and collection centres) was an indication that all material flows were captured by the audit processes.</p> <p>The validators note that the 2005 NEITI financial report states (page 57), that signature bonuses are paid into accounts owned by the Accountant General of the Federation of Nigeria and operated by the Central Bank of Nigeria. However, the reconciler states that: "Neither the Accountant General of the Federation nor the Central Bank of Nigeria provided any template data on signature bonus." The data on signature bonuses in the 2005 NEITI report comes from the DPR and the NEITI report indicates (page 60) that the DPR did not acknowledge some \$60 million in revenue payments reported by companies.</p> <p>As the audit report highlighted, record-keeping on signature bonus was a major challenge because of the many government agencies that are involved in the process. The discovery of this problem by the NEITI auditors has exposed the deficiencies in the overall governance of the sector, which NEITI has the mandate to remedy. The reconciliation of signature bonus collection has now become an important part of remediation strategic plan of NEITI. According to NEITI based on the Auditors’ comments in their 2005 report, the reconcilers/auditors noted that this type of revenue is not a recurring transaction type (such as monthly royalty). Therefore, while there is need to significantly improve its management and complete the reconciliation process in that respect, the implementation of the revenue flow interface by all covered entities will enhance the EITI reporting process in future. Indeed, one of the benefits of EITI in Nigeria is the improvement it is already provoking in record keeping in, and information sharing among public agencies.</p>
Stakeholders views	The NSWG and S.S. Afemikhe & Company both agree that this indicator is being complied with.
Validator’s judgement	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements. See comments and recommendations as per Indicator 14.

Phase	Disclosure
Indicator	<b>16. Was the multi stakeholder group content that the organization contracted to reconcile the figures did so satisfactorily?</b>
Criteria	None
Progress to date	<p>See also Indicator 10 for details.</p> <p>The work of Hart Group (and their Nigerian partner – S.S. Afemikhe and Company) was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements and the ToR issued by the NSWG for both the 1999-2004 and 2005 audit reports.</p> <p>The fact that Hart Group were commissioned to undertake the 2005 audit following their first audit (1999-2004), and are presently also being considered by the NSWG to undertake the financial and physical components of the 2006-2008 audit demonstrates that NSWG has confidence in their technical ability and are content with the work done to date. In addition, the NSWG minutes confirm that they are content with the work of the auditor.</p>
Stakeholders views	The NSWG members consulted all indicated that they were content with the work of HART Group (and S.S. Afemikhe and Co.) on both their 1999-2004 and 2005 audit reports. In addition, no stakeholders interviewed raised any concerns about the quality of the work of the auditors within the TORs they were operating within. NSWG members consulted indicated that the methodology being applied by HART Group has been very rigorous and appropriate and has met the expectations of the NSWG.
Validator's judgement	<b>Requirements met.</b> The validator's judgement is that the requirements of this indicator have been met.

Phase	Disclosure
Indicator	<b>17. Did the EITI report identify discrepancies and make recommendations for actions to be taken?</b>
Criteria	None
Progress to date	<p>The 2005 and 1999-2004 audits, identified significant discrepancies in the financial, process and physical flow audits, (and made recommendations) which need to be addressed, including;</p> <ul style="list-style-type: none"> <li>• A total of US\$ 2.008 billion and N656.4 billion being pursued for recovery for 1999 to 2005.</li> <li>• A total PPT costs for reassessment by FIRS (estimated at US\$4.313 billion). The value for recovery to be determined by FIRS.</li> <li>• A total crude oil for reconciliation with NNPC and PPT reassessment is 65,856,237 barrels</li> <li>• Outstanding crude oil for recovery from Pan Ocean at prevailing market price of 36,245 barrels.</li> <li>• A key area identified is regarding the deficiencies in Nigeria’s oil and gas metering infrastructure.</li> </ul> <p>1999-2004 Report initially identified significant discrepancies. These were narrowed down with further investigation.</p> <p>The NEITI Audit Remediation Strategic Plan has five components. NEITI, NNPC and DPR are currently addressing the <b>metering infrastructure component</b>. The <b>overall governance and process component</b> has been substantially addressed through the Petroleum Industry Bill. The <b>revenue flow interface</b> has been addressed partially by improvement in physical communication among public agencies, but needs to be addressed through an ICT-based technology. In this respect, the NNPC has taken the initiative by developing a SAP programme that could be generalized to all agencies. The <b>cost determination component</b> is being addressed by the FIRS and NEITI (See provision for VFM audit in NEITI’s 2010 Work Plan). The <b>infrastructure and human capacity component</b> received a major attention from NEITI, supported by the World Bank, through training programmes in London and Lagos for oil workers and civil society members respectively. Each NEITI Country work plan also has capacity building programmes for civil society.</p> <p>The timing of the audit reports impacts on remedial work relating to discrepancies. For instance, the 2005 audit failed to benefit from remediation in the systems and methods used to report data as many recommendations from the 1999-2004 audit report were not acted on until after 2005. Also, because the audits to date have been performed long after the fact, some discrepancies may have been addressed before the audits are done, therefore rendering the audits redundant. The NSWG maintains that the timeliness problem arose partly because of a decision by the NSWG and Government to cover a long back log period of six years, in the first instance. In their view, Nigeria could simply have started with just 2004, as many other implementing countries did, thus making things easier for NEITI. They further indicate that the historical survey has, however, paid off very well as it has assisted the country to recover up to one billion US dollars as backlog of under payments, in the first instance, with more money being likely to be</p>

	<p>recovered as a result of the 2005 audit. It also assisted in determining the direction of reforms in the new Petroleum Industry Bill. It also provides good data base to justify NEITI's central role in remediation.</p> <p>The NSWG intends to use two main forums to ensure that the discrepancies identified are resolved, which are the Inter-Ministerial Task Team, and the NSWG/companies forum to be created. According to the NSWG, the use of these forums will be preceded by background work by a strengthened Technical Department of NEITI, working in collaboration and consultation with appropriate relevant agencies, especially, Central Bank, Office of the Accountant General, NNPC, DPR, FIRS, RMAFC and NNDC. Where some figures remain unreconciled, the appropriate investigative and law enforcement agencies will be brought in, as a means of activating the sanction provisions of the NEITI Act. Some of the provisions for sanction require action by the President on the recommendation of NEITI. Civil Society will also be mobilized to apply moral pressure.</p>
<p><b>Stakeholders views</b></p>	<p>There was consensus among stakeholders interviewed that both the 1999-2004 and 2005 audit reports identified discrepancies and made recommendations for actions to be taken. Many of these actions related to addressing discrepancies caused by methodological or system accounting anomalies. However, some stakeholders noted that the 2005 audit failed to benefit from remediation in the systems and methods used to report data as many recommendations from the 1999-2004 audit report were not acted on until after 2005.</p>
<p><b>Validator's judgement</b></p>	<p><b>Requirements met – Good practices</b></p> <p>The validator's judgement is that the requirements of this indicator have been met. Good practice is noted in the level of detail of recommendations provided by the auditor to deal with discrepancies, and that these have formed the basis for a comprehensive remediation plan and focussed stakeholders' attention on critical areas requiring further action.</p>

Phase	Disclosure
Indicator	<b>How have oil, gas and mining companies supported EITI implementation?</b>
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: In accordance with the EITI Principles and Criteria, all companies operating in the relevant sectors in countries implementing EITI have to disclose material payments to the government in accordance with agreed reporting templates and support EITI implementation. This includes: expressing public support for the initiative; taking part, or supporting, the multi-stakeholder process; disclosing agreed data, which is audited to international standards; and cooperating with the Validator where they have queries over company forms.</p> <p>Evidence: This indicator does not require the validator to provide an overall assessment. The Validator should provide a written assessment in the EITI Validation Report based on the self-assessed Company Forms each company is required to complete. Where companies do not fill in forms, the validator should note this in the final report. In addition, the validator should include in the final report any relevant information on the company concerned that is already in the public domain. The company should be given the opportunity to check this information. As well as using the forms to summarise company performance in the EITI Report, the forms should be publicly available and a table collating company responses should be included in the EITI Report.</p> <p>The validator should contact all the companies required to fill in forms at the start of the validation, inform them of the requirement to complete the form and request that the forms be returned to the validator. In addition, the validator should ask companies to comment on lessons learnt and best practice. Companies have two ways of providing such comments:</p> <p>Companies can use the space provided on the self assessment forms, or Companies can provide verbal evidence to the validator where issues the company wishes to note are of a sensitive nature. The validator will summarise anonymised lessons and experiences in the Validation Report.</p>
Progress to date	<p><i>See comments under Indicators 2, 5 and 7 and Section 5: Company Implementation.</i></p> <p><i>See Annex B for details of responses to the Company Forms.</i></p>
Stakeholders views	<p><i>See comments under Indicators 2, 5 and 7 and Section 5: Company Implementation.</i></p> <p><i>See Annex B for details of responses to the Company Forms.</i></p>
Validator’s judgement	<p>The criterion above states that: “This indicator does not require the validator to provide an overall assessment”. The validator’s account for this indicator is reflected in Indicators 2, 5 and 7, Section 5: Company Implementation and supplemented by the company assessment forms included in Annex B of the report.</p>

Phase	Dissemination
<b>Indicator</b>	<b>18. Was the EITI report publicly available in a way that was: accessible, comprehensive, and comprehensible?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: EITI is ultimately fully implemented when the EITI Report is made public, and it is widely disseminated and openly discussed by a broad range of stakeholders. The EITI Criteria require that the Report is publicly available in a way that is publicly accessible, comprehensive and comprehensible.</p> <p>Evidence: To give this indicator a tick, the validator will need to see evidence that the government ensured the Report was made publicly available in ways that are consistent with the EITI Criteria, including by:</p> <ul style="list-style-type: none"> <li>• Producing paper copies of the report, which are distributed to a range of stakeholders, including civil society, companies, the media and others.</li> <li>• Making the Report available on-line, and publicising its location to stakeholders.</li> <li>• Ensuring the Report is comprehensive, including information gathered as part of the validation process and all recommendations for improvement.</li> <li>• Ensuring the Report is comprehensible, including by ensuring it is written in a clear, accessible style and in appropriate languages.</li> <li>• Ensuring outreach events – whether organised by government, civil society or companies – are undertaken to spread awareness of the Report.”</li> </ul>
<b>Progress to date</b>	<p>The 1999-2004 and 2005 audit reports are very comprehensive and extend to physical and process, as well as financial, reporting.</p> <p>The reports are also accessible, being publicly available on-line through the NEITI Website. Printed versions of the reports are also available from the NEITI Secretariat on request and have also been made available through distribution events and town hall meetings across different geopolitical regions of the country. Radio programmes, as well as road show drama events, have also been developed to disseminate the report, and its key findings, to communities in an understandable manner.</p> <p>NEITI commissioned a simplified (popular) and comprehensible version of the 1999-2004 audit report, but is yet to commission a simplified version of the 2005 audit report, and there are currently no plans to produce a popular version of the 2006-2008 report.</p> <p>As follow-up to the launch of the 2005 Audit Report, a roundtable meeting kicked off the dissemination process, followed by roadshows in the South-south and South-East geopolitical zones in October and November 2009 respectively. The use of local-language drama at these road shows helped to popularize and improve understanding of the audit reports and the NEITI process, and enhanced the capacity of the communities to serve as advocates for transparency. In addition to learning about the oil industry and NEITI, the road shows provided opportunities for CSOs (including community based organisations) and representatives of companies and governments to network and interact. The mode of communication was</p>



	<p>simple, entertaining, and audio-visual.</p> <p>According to NEITI, a high-level roundtable is planned (April 1, 2010) with key players to address issues of discrepancies and remediation arising from these road shows, with the keynote presentation by the Acting President of Nigeria.</p> <p>NEITI is planning for the next road show (North-west/North-east) which is scheduled for May 4, 2010 in Kaduna. The Communication Committee of the NSWG and the Communication Department of NEITI Secretariat have also updated the NEITI Communication strategic plan for implementation. A capacity-building workshop was held with energy, business and development line editors March 25, 2010, to enhance the communication of the EITI process and information to better address misunderstandings and misinterpretations, and to enhance popular participation and consultation. Training for media reporters covering NEITI related issues has also been slated for April 8, 2010.</p> <p>There is a general increase in the understanding of the Nigerian extractive sector when judged pre and post NEITI. The frequency and quality of civil society debates on extractive industry-related issues have increased. Furthermore, media articles, analyses and opinion pieces are on a steady increase. NEITI Audit findings and its dissemination have increased public debates. These debates have facilitated improvements in systems in the sector, including the introduction of the SAP at the NNPC. The Federal Inland Revenue Service (FIRS) has also greatly improved because of the findings of NEITI audits. NEITI reports influenced the content of the Petroleum Industry Bill especially on fiscal regimes recommended.</p>
<p><b>Stakeholders views</b></p>	<p>Most stakeholders consulted on this issue felt that the audit reports were accessible and comprehensive, but that only the popular version of the 1999-2004 audit report could be described as comprehensible by the wider general public, as the full reports are incredibly lengthy, detailed and technical.</p> <p>Many stakeholders raised concerns about the delays in producing the 2006-2008 report and despite the significant value of the current reports, their relevance was reducing as the information is now 5 years out of date and there have been significant changes in the sector since 2005.</p>
<p><b>Validator's judgement</b></p>	<p><b>Requirements met</b> – recommendations to ensure continued meeting of requirements</p> <p>The judgement of the validators is that the requirements of this indicator have been met. The validators however observe that so far, the roadshows have only had limited coverage and have been limited to one event per geo-political area and only two geo-political areas have so far been covered as at the end of 2009. Having a roadshow event in one city in respect of each geo-political zone in the country has limited coverage as the message of NEITI needs to be taken to every local government area of Nigeria. It is noted that irrespective of the planned strengthening of the human resource capacity at the NEITI Secretariat, this will still be a challenge in itself. There is the need to effectively empower and partner with CSOs as a conduit to ensure</p>

	<p>effective outreach and dissemination of NEITI reports to local communities.</p> <p>There appears to be a good understanding of the objectives of NEITI within CSOs involved in the extractive sector throughout the country. It is not clear whether the same can be said of all local communities throughout the country. As indicated in the report from the validation team, the data produced by NEITI audit reports are technical in nature and not easily discernable to the lay person. The simplified version of the NEITI report is easier to understand but it should be noted that this was not available at the time the roadshows regarding the 2005 audit report were held.</p> <p>The validator’s judgement is therefore that this indicator has been met, but further delays in producing more up-to-date reports will mean that NEITI will no longer meet the EITI Criteria of “regular publication” of payments and revenues (Criteria 1). Therefore, in order to maintain compliance it is necessary for NEITI to:</p> <ul style="list-style-type: none"><li>• <b>Prioritise the production of a popular version of the 2005 report.</b></li><li>• <b>Publish the 2006-8 Reports, including a popular version</b> (within a timescale to be determined between the EITI International Secretariat and NEITI).</li></ul>
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Phase	Dissemination
<b>Indicator</b>	<b>What steps have been taken to act on lessons learnt, address discrepancies and ensure EITI implementation is sustainable?</b>
<b>Criteria</b>	<p>The Indicator Assessment Tool for this indicator states:</p> <p>“Purpose: The production and dissemination of an EITI report is not the end of implementation of EITI. The value comes from the process as much as the product, and it is vital that lessons learnt in implementation are acted upon, that discrepancies identified in the EITI Report are addressed and that EITI implementation is on a stable, sustainable footing.</p> <p>Evidence: The Validator should see evidence that a review mechanism has been established that takes account of the purpose outlined above. The validator should comment on this in the Validation Report.”</p>
<b>Progress to date</b>	<p>Following the release of the 1999-2004 audit report, the NEITI Secretariat sent a memorandum to the Federal Executive Council (FEC) informing it of the discrepancies and recommendations identified by the report. In response, the FEC asked the NEITI secretariat to devise a strategy to address identified lapses and to recover revenues exposed through reporting discrepancies. The strategy involves working with the auditor and relevant agencies to ensure coordinated agreement and recovery of outstanding payments.</p> <p>An Inter-ministerial Task Team (IMTT), involving the department heads of different government agencies in the petroleum and finance sectors, was also set up by the former administration as a standing committee to meet when called upon by NEITI’s Executive Secretary and to discuss how to implement the recommendations of the audits. The purpose of the IMTT is to identify the deficiencies reported in the audit reports and find ways to remedy those deficiencies. The IMTT outlined a five themed approach to addressing remediation:</p> <ul style="list-style-type: none"> <li>• Revenue flow interface between the government agencies;</li> <li>• Improvement of Nigeria’s oil and gas metering infrastructure;</li> <li>• Cost determination and other related issues;</li> <li>• Infrastructure and human capacity building; and</li> <li>• Improvement of petroleum sector governance.</li> </ul> <p>The IMTT proceeded to get the relevant government agencies involved to propose ways of remediation. Although many of the regulatory bodies (e.g. NNPC and FIRS) have started putting in place remediation systems, the IMTT does not meet regularly (no meeting has been held since 2007) and could be more proactive in driving the remediation process. As a result, and as previously noted in Indicator 17, the 2005 audit did not benefit from significant improved audit reporting systems and methods recommended in the 1999-2004 audit.</p> <p>Some remediation has been done e.g. issues of manual record of data and ineffective sharing of data within an organization. On the issue of metering, the DPR has been directed by the government to drive the issue of introducing proper metering at the appropriate points (including at the well heads). Also,</p>

NEITI has commissioned a study into metering.

Towards dealing with the remediation issues, the NEITI Secretariat has segregated those differences and gaps and developed a strategy for recovery of revenues due to the Federal Government, which involves working with the auditor and the relevant agencies to ensure adequate co-ordination, agreement and recovery of any outstanding payments, including:

- The total of US\$ 2.008 billion and N656.4 billion being pursued for recovery for 1999 to 2005.
- Total PPT costs for reassessment by FIRS US\$4.313 billion. The value for recovery to be determined by FIRS.
- Total crude oil for reconciliation with NNPC and PPT reassessment is 65,856,237 barrels
- Outstanding crude oil for recovery from Pan Ocean at prevailing market price of 36,245 barrels.

The NEITI Secretariat has a Technical Department which is focused on issues of remediation. NSWG minutes also demonstrate that it actively considers activities which are acting on the recommendations and lessons learned from previous EITI reports. Of particular note are providing input into the development of the Petroleum Industry Bill (PIB), the wellhead survey and the recovery of outstanding payments.

It is also noted that the implementation of the report recommendations do not currently appear to be implemented in a systematic manner. This appears to be due to a variety of factors, including:

- Remediation is still relatively new in the country and a significant challenge to address. There is presently the tension between bureaucracy and transparency in the country which cuts across all government agencies in the country.
- The inter-ministerial committee tasked with following through with this has not been properly effective and coordinated.
- Some of the affected government agencies have sought individual ad hoc measures towards implementing the recommendations of the report rather than a coordinated systematic approach by all the agencies at the same time.
- The timing for producing the 2005 reports has not enabled the lessons of the prior audit report to be mainstreamed.

According to the written submission of the NSWG to the validators, in response to concerns that the implementation of the report recommendations not happening in a systematic manner may partly be a reflection of the apparent marginalisation of the NEITI Secretariat from the Government: "The NEITI Secretariat is not and has never been marginalised by government. As stipulated by NEITI law, concerned government agencies are collaborating with us. NEITI Secretariat is also scaling up efforts in creating awareness on the activities of NEITI both among government agencies and among other tiers (state and local) governments. NEITI indicates that a Petroleum Economist from the Technical Department of NEITI served on the OGIC. Besides, the NEITI Chair and ES were among the first public officers to

	<p>be visited, briefed on the PIB and given a draft copy of the PIB in 2008.</p> <p><u>According to the written submission of the NEITI auditors to the validators, in response to concerns raised that ‘without significant institutional reform and better physical production measuring, the figures emerging from the EITI process will be of limited use’:</u></p> <p>“The unavailability of fiscal meters at the flow stations only means that crude oil losses between the flow station and the terminal cannot be quantified and validated with certainty. The process for the measurement of production through fiscalisation at the terminals and netting back to the flow stations and the well heads with a pre-determined factor is an international practice. However, the above average losses that arise in Nigeria oil and gas industry between the flow station and the terminal make it necessary to carry out a volumetric reconciliation between the flow station and the terminal. This reconciliation can only be achieved when flow station throughput to the terminals can be measured at the flow station with a higher degree of certainty. This can be made possible by the use of higher accuracy meters at the flow stations which is currently not the case.</p> <p>“All figures emanating from the terminals – production, production appropriation, export, crude supply to the refineries are highly reliable. These figures are applied in the determination of government financial flows such as proceeds from crude sales (export and domestic), petroleum profit tax, royalty etc which were fully validated in the 1999-2005 audits. An example of Crude Sales (NNPC) volumetric reconciliation (Physical and Financial) that has been provided.”</p>
<p><b>Stakeholders views</b></p>	<p>As noted, many stakeholders felt that the remediation steps recommended by the auditors in the 1999-2004 audit report had not been commenced in time to benefit the 2005 audit. Some stakeholders indicated that because the audits to date have been performed long after the fact some discrepancies may have been addressed before the audits are done, rendering them redundant. Many stakeholders indicated remediation is a key area that requires further attention and more action. They expressed the hope that NEITI could champion the remediation process.</p>
<p><b>Validator’s judgement</b></p>	<p><i>The validator should comment on this indicator, but it does not require the validator to provide an overall assessment.</i></p> <p>It is recognised that considerable initial progress has been made on acting on the recommendations in the NEITI reports to date. However, the effectiveness of these measures will only become apparent in the 2006-2008 and subsequent reporting periods. It is also noted that a coordinated and strategic approach to implementing and reviewing the remediation plan appears to have slowed. It is therefore recommended that NEITI:</p> <ul style="list-style-type: none"> <li>• <b>Takes action to follow up on the remediation plan</b>, by updating and ongoing review and monitoring of progress on the remediation plan, including regular public progress reporting.</li> <li>• <b>Reinvigorating the Inter-Ministerial Task Team</b>, or establishing a similar multi-stakeholder forum, to coordinate implementation of the remediation plan and consider the findings from the forthcoming 2006-2008 report.</li> </ul>

## 5. Company implementation

This section provides a short narrative summary based on the more detailed information provided in each of the indicators in Section 4 of this report.

### Company involvement in the audit process

The involvement of companies in NEITI is primarily driven by the strong legal requirements in place for complying with the requirements of EITI. The NEITI Act of 2007 provides for the involvement and collaboration of both companies in the implementation of NEITI. Extractive companies are mandated to co-operate with NEITI and comply with the Act, which criminalises and provides punitive measures for non-compliance (see s.16 of NEITI Act). The requirement for companies to comply with the Act has at times been backed up by strong messages from government. For instance, the Presidential Directive (PRES 158 of 22 February 2005) addressed to the Managing Directors of oil and gas companies operating in Nigeria specifically invited extractive companies to co-operate with NEITI on financial, physical and process audits of Nigeria's extractive industry.

There were only two non-reporting companies for the 2005 report. These were Cavendish and Express. Not being in production in 2005, the main revenue payments Cavendish and Express had to report was the Signature Bonus. This unreported data was not considered to be material, but was followed up. The NSWG minutes note various follow up activities on these companies by NEITI and working with other government agencies, including liaison with the President on the issue. According to NEITI, the two companies explained that they had not started producing at that time. NEITI also noted that later when the audit procedure was explained to the defaulting companies, they complied. The NEITI auditors met severally with the representatives of companies before they complied. According to NEITI, there was no need for punitive measures.

### Company involvement in development of templates

Companies were also closely involved in the development of the reporting templates. The templates were developed through a consultative process that involved:

- Meetings with companies in oil and gas industry to discuss and agree the design and development of the templates.
- A review process involving the NSWG and the CSSC.
- Piloting the templates on Shell and Exxon Mobil.

However, it was also noted that companies not involved in the original development of these templates may need to be re-engaged in order that they fully understand the reporting template requirements and have the opportunity to review the template.

### Company involvement in the NSWG

Beyond complying with the requirements of the audit process, companies have had some direct involvement in the NEITI process. Extractive companies are represented in the composition of the NSWG, both by the chair of Oil Producers Trade Session of the Lagos Chamber of Commerce and Industry (OPTS)<sup>9</sup> (presently Shell), and by the NNPC, as well as the leader of an extractive sector labour union PENGASSAN. In addition, the NEITI Secretariat has a special co-ordinators for both extractive companies within the NEITI's Technical Department, and companies have been involved in NEITI's processes and programmes, including workshops and road shows. Companies were also reported by several Secretariat staff to have ad hoc informal engagement with NEITI as required.

<sup>9</sup> Forum of Oil and Gas Companies in Nigeria

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However, it is significant to note that the OPTS representative has been recorded to have only attended one of eight consecutive NSWG meetings<sup>10</sup>, and that the NNPC Group Managing Director attends the meetings through proxies who do not have voting rights.

However, although they did not perceive it to be a significant issue of concern for the extractive sector, stakeholder representatives of extractive companies consulted by the validators, were unconvinced about the level of current extractive sector representation on NSWG and the sufficiency of feedback on outcomes of NSWG meetings to extractive companies. Several stakeholders noted that the current NSWG company representative is a senior executive based in Lagos and therefore may often be unable to attend NSWG meetings. They also noted this low attendance may be exacerbated by the concerns about NSWG meetings being called at short notice and lasting a long time.

While there have been attempts to engage companies beyond NSWG involvement - through special projects and invitations to road shows – company engagement remains sufficient rather than active. This is regarded to be partly symptomatic of geography, in the case of company attendance on the NSWG (Port Harcourt and Lagos, not Abuja, are the centres of company activity and presence), and partly symptomatic of company interests (company agendas on NEITI tend to focus on reporting obligations under NEITI rather than wider concerns).

#### **Extension to the solid minerals sector**

The scope of NEITI to date has focussed on the oil and gas sector and has not included the solid mineral sector. This decision was based on the challenges of dealing with the level of complexity in this sector and the significance of the revenue streams relative to the small solid mineral sector. This issue has been raised by the EITI International Secretariat, but it was agreed that Nigeria could continue towards Validation on the assumption that solid minerals would not be covered yet. However, NEITI is planning to expand the reporting process to solid minerals, and this is reflected in activities in the 2009 and draft 2010 work plans.

Whilst the solid minerals sector is currently relatively small, the government plans to support the growth of this sector, and therefore revenue streams can be expected to become more significant in coming years. The Validators therefore recommend that a clear, time-bound plan for inclusion of the solid minerals sector should be agreed by the NSWG.

#### **Company involvement in the validation process**

During the validation exercise, a meeting was held with oil companies and a request for input was advertised in the national dailies to ensure that companies who could not attend the meeting had an opportunity to send their concerns directly to the Validators. 15 companies were represented at the focus group session for companies held as part of the validation process.

Annex B provides the responses to the Company Self-Assessment Forms which are required to be completed as part of the EITI validation process. These forms were sent to all oil and gas companies in Nigeria, based on contact details available to NEITI Secretariat. There was a very low response rate, with the validators only receiving 9 completed forms. Several of these were from companies who had not yet participated in the NEITI reporting process as they had not made any payments during the periods covered by the reports.

The validators have had access to adequate information from other sources to ensure the findings of this validation have not been hampered by the low response to the Company Forms. However, the low response is perhaps indicative of the wider engagement of companies in the NEITI process. Whilst

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<sup>10</sup> Updated from S. Darby and S.E.B. Gillies (2009) "DFID Phase II Support to NEITI Report" at page 8.



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companies recognise the legal requirement to comply with the auditing process, there appears to be a low level of engagement where participation is not legally mandated, and that the level of understanding and support for NEITI is inconsistent.

### **Overall assessment**

Company involvement in the NEITI reporting process has been strong, with only 2 companies non-reporting companies for the 2005 report, both of which were considered to be non-material payments, and which have subsequently been resolved. However, this involvement has been due to the legal requirements within the NEITI Act, backed up by Presidential directives. Wider involvement of companies in the NEITI process has been weaker.

The validators believe that the lack of active company engagement on NEITI is not significantly detrimental to the initiative, and that the scope, rather than the depth, of company engagement is the main issue requiring action. Wider measures to improve the effectiveness of NSWG governance are also likely to result in improved company representation. In addition, the proposed expansion of NEITI to include the solid minerals in NEITI reporting and auditing needs to be reflected in NSWG composition.

Many stakeholders were of the view that companies are engaged in NEITI's processes. Stakeholders interviewed generally felt that the most important areas for company involvement in NEITI were in the development of the reporting templates and in provision of information for the reporting process. Most stakeholders felt that this involvement had been satisfactory to date.

Therefore, the following recommendations are made to improve company involvement in NEITI:

- Formalise structures for engagement between NSWG and companies.
- Implement a strategy and work plan to expand NEITI to the solid minerals sector
- The composition of the NSWG is reviewed to consider whether it would benefit from an additional oil and gas company representative, and a representative of solid mineral companies.
- Renew engagement of companies on template



## 6. Overall Assessment

Nigeria is currently a Candidate country. Based on the findings of the validators, it is their overall assessment that the implementation of EITI **meets the requirements** of the EITI indicators.

The validators have noted several good practices. The validators recommend that in order to ensure the requirements continue to be met NEITI implements the following critical actions are implemented:

1. Appointment of competent Directors to Secretariat
2. Develop and agree an NSWG board charter
3. Formalise structures for engagement between NSWG and both civil society and companies
4. Appointment of Auditor(s) for 2006-8 Reports
5. Documentation of appointment process for 2005, and 2006-08, in line with documentation for 1999-2004
6. Implement strategy and work plan to expand NEITI to solid minerals sector and Nigeria/STP JDZ
7. Publication of 2006-8 Reports, including popular version

The table below summarises the assessment for each of the indicators in the Validation Grid. The full Validation Grid is included in Annex A.

1. Government intent to implement	<input checked="" type="checkbox"/>	<b>Requirements met</b>
2. Intent to work with companies & CSOs	<input checked="" type="checkbox"/>	<b>Requirements met</b>
3. Senior government leadership	<input checked="" type="checkbox"/>	<b>Requirements met</b>
4. Country work plan	<input checked="" type="checkbox"/>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
5. Establish multi-stakeholder group	<input checked="" type="checkbox"/>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
6. Civil society engagement	<input checked="" type="checkbox"/>	<b>Requirements met</b> - recommendations
7. Company engagement	<input checked="" type="checkbox"/>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
8. Removal of obstacles	<input checked="" type="checkbox"/>	<b>Requirements met</b>
9. Reporting templates agreed	<input checked="" type="checkbox"/>	<b>Requirements met</b> - good practice & recommendations
10. MSG contentment with aggregator	<input checked="" type="checkbox"/>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
11. Ensuring companies report	<input checked="" type="checkbox"/>	<b>Requirements met</b> - good practice
12. Ensuring audited company accounts	<input checked="" type="checkbox"/>	<b>Requirements met</b> - good practice
13. Ensuring audited government accounts	<input checked="" type="checkbox"/>	<b>Requirements met</b>
14. All material payments disclosed	<input checked="" type="checkbox"/>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
15. All material revenues disclosed	<input checked="" type="checkbox"/>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
16. MSG contentment with work of aggregator	<input checked="" type="checkbox"/>	<b>Requirements met</b>
17. Report discrepancies & recommendations	<input checked="" type="checkbox"/>	<b>Requirements met</b> - good practice
18. EITI report publicly available	<input checked="" type="checkbox"/>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements

## 6.1. Positive outcomes

The implementation of NEITI has had a variety of positive outcomes. Whilst in some cases these outcomes cannot be solely or directly attributed to NEITI, it has certainly played a significant role in achieving these outcomes. Some of these outcomes include:

- There is a notable improvement in terms of wider civil society and government awareness and understanding of extractive revenue issues.
- The discrepancies identified by the 1999-2004 and 2005 audit reports have presented the opportunity for significantly improved revenue recovery (involving several billions of dollars that are outstanding and owed to the Nigerian government).
- The commitment to implement EITI in Nigeria is indicative of the shift towards greater transparency and accountability in the country which has contributed to an improved investment environment.
- The implementation of EITI in Nigeria and the passing of the NEITI Act have provided a platform for expanding into issues of transparency in government procurement and expenditure.
- The audit reports have highlighted key related issues regarding transparency and accountability in the extractive sector, notably metering of well heads and content of agreements between companies and government.
- The implementation of EITI in the country has provided a new way for civil society to engage companies and government on revenues issues

## 6.2. Good practices

As noted above, NEITI has taken a leading role in implementing EITI and as such has developed a number of good practices which go significantly beyond the basic requirements of compliance with EITI principles and provide useful examples for other implementing countries. Some of the notable good practices include:

### NEITI Act

The NEITI Act passed in May 2007 institutionalised NEITI and made Nigeria the first EITI implementing country to legally enshrine the EITI process. By virtue of the Act, NEITI's implementation is based on a tripartite model involving government, civil society and extractive companies. The Act ensures that civil society is formally included as part of NEITI's structures. The NEITI Act also makes it a legal requirement to report and provides punitive measures for non-compliance, including misrepresenting information.

### Audit reports

NEITI's audit reports are exemplary for covering physical and process as well as financial audits. Also, NEITI's audits are done on a disaggregated basis. The NEITI auditor checked with company auditors to ensure that data they had been provided was consistent with the audited accounts of the company, providing an extra level of cross-checking. There was a high level of detail of recommendations provided by the auditor to deal with discrepancies, and these have formed the basis for a comprehensive remediation plan and focussed stakeholders' attention on critical areas requiring further action. In addition, the methods for the dissemination of the audit reports are very innovative and include the use of road shows and dramas which involve key Nollywood personalities to drive the message around revenue transparency. Further, NEITI produces summary audit reports and popular versions.

### Sustainability of NEITI

There are concrete structures in place towards ensuring the long term sustainability of NEITI. In addition to being a country chapter of global EITI, by virtue of the NEITI Act, NEITI is also enshrined in Nigeria as a formal government agency under the Presidency. This ensures that appropriate budgetary allocation and

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oversight is provided by the President and National Assembly. In addition, NEITI is headed by a rigorous NSWG which exercises appropriate oversight function over the NEITI Secretariat.

### 6.3. Challenges

During the validation exercise, a number of challenges and growth areas were brought to the fore that are worth highlighting.

Firstly, NEITI is a new organisation in a national context that is still evolving in its character, especially considering the tension between transparency and bureaucracy in Nigeria; whilst many old laws and regulations are still in place, NEITI has been superimposed upon this system. In the words of Prof. Asobie, Chair of the NSWG:

*“It is clear even now, that although the multi-stakeholder framework is a new structure, with a new culture, in Nigeria, it is superimposed upon an existing traditional organizational structure, that is, the structure and culture of orthodox bureaucracy. The result is a deep-seated tension between, on the one hand, a tradition of confidentiality, secrecy, opacity and highly personalized authority, and on the other, a philosophy of transparency, public accountability and civil participatory governance. In the last two years, that tension has been poignantly manifested in the process of trying to implement the NEITI Act. We as a board cannot afford to continue to avoid confronting that reality.”*

Irrespective of the aforementioned tension, NEITI also faces the challenge of having to “walk the talk” of transparency and accountability. This is only possible by ensuring that NEITI maintains the necessary systems and processes to guarantee its integrity in the long term. While the 2007 NEITI Act creates an essential legal framework for the Secretariat and the NSWG, it does not adequately address some key governance issues that are critical to addressing stakeholder concerns (see detailed assessment in Indicator 5 above), which are key towards ensuring that NEITI runs on the basis of the principles of responsibility, accountability, transparency, fairness, and independence.

Secondly, there is the need to build the capacity of the NEITI Secretariat in order to enable it to fulfil the ambitious mandate established by the NEITI Act. The NEITI Secretariat currently has a staff strength of around 10–12 professional staff, although many of these are consultants. It is worth mentioning that even without recruiting more people, the present staffing should be adequate to deliver on the minimum EITI criteria. Many stakeholders highlighted an ad hoc approach regarding human resource management at the NEITI secretariat and indicated the challenges of the civil service culture in Nigeria, where there is no detailed occupational scheme, strategic guidelines or key performance indicators. NEITI is presently involved in a recruitment drive in which the Secretariat envisages employing about fifty new staff. Over 50,000 applications have been received for these positions. The challenge for NEITI is to transparently recruit the best people to enable it deliver on its mandate and at the same time adhering with the requirements of the Federal Character Commission regarding ensuring appropriate spread of the appointments to cover the six geo-political zones in the country.

Thirdly, a key issue highlighted by many stakeholders that also has some bearing to the capacity of the Secretariat is the need to have more regional presence and to take NEITI to the more rural communities of Nigeria, but which are significantly affected by extractive industries.

Also, while NEITI’s audit reports for 1999-2004 and 2005 have been very extensive (covering physical and process in addition to financial audits) there is currently a back-log of audits for 2006 to 2009 as a result of delays in commissioning the audit work. The challenge is that if audits are undertaken so far in arrears

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after books have closed, the opportunity to mainstream the learning from prior audit processes may be lost, as well as their relevance and use to stakeholders. For instance, many stakeholders noted that the 2005 audit failed to benefit from remediation in the systems and methods used to report data as many recommendations from the 1999-2004 audit report were not acted on during the 2005 fiscal year because the 1999-2004 reports were only available after the fact.

A further challenge that NEITI is faced with is with regards to driving issues of remediation by acting on discrepancies and recommendations identified in the prior audit reports.

While NEITI has been one of the flagship chapters of the global EITI with many notable accomplishments and good practice, it needs to improve on its performance towards delivering on its mandate under the Act rather than resting on its laurels.

## 7. Recommendations

The recommendations below are based on the findings of the validation process detailed above and are intended to help ensure Nigeria continues to meet both the basic requirements and spirit of the EITI Criteria and Principles

'Recommendations' are key actions which in the validators' opinion the country should consider implementing due to potential to not meet the requirements of the EITI validation criteria in future validations or in order to enhance implementation.

***Recommendations to ensure continued meeting of requirements are highlighted in bold italics.***

### 1. Secretariat capacity

- i. Appointment of competent Directors to Secretariat in order to ensure effective implementation of the work plan***
- ii. Define roles and responsibilities for all staff.
- iii. Develop performance-based targets and contracts for staff which are linked to the work plan
- iv. Develop stronger regional presence to empower local communities on NEITI and how they can use the information. This will also need to be linked to supporting activities to build the capacity of civil society organisations to act as disseminating conduit

### 2. Reporting

- i. Appointment of Auditor(s) for 2006-8 Reports***, with clear agreement of the TORs by the NSWG, transparent liaison between NEITI Secretariat and NSWG to identify potential reconcilers, and agreement by the NSWG on the final appointment.
- ii. Documentation of appointment process for 2005, and 2006-08, in line with documentation for 1999-2004.*** In the interest of good governance practice, this requirement extends to the need to provide a transparent legal review and rationale for the appointment of the same auditor for three consecutive audit reports covering a ten-year period in the context of section 4(6) of the NEITI Act stipulating that an auditor or auditing firm shall not be engaged for more than two years consecutively for the purpose of undertaking reconciliation of the figures and producing the NEITI audit reports envisaged under the Act.
- iii. Implement a strategy and work plan to expand NEITI to the solid minerals sector and the Nigeria/STP JDZ.***
- iv. Publish the 2006-8 Reports, including a popular version.***
- v. Renew engagement with companies on template in order to explain the current format, the process required for completing the templates and to provide informed feedback from companies.
- vi. Review and update templates with the auditors and input from wider stakeholder consultation.

### 3. Governance

- i. Develop and agree an NSWG board charter***
- ii. Implement a comprehensive independent board governance review.
- iii. Develop a NSWG Board Charter, based on the governance review, and which potentially includes:
  - Transparent process for the rationale of appointment of NSWG members, including consultation process to identify suitable candidates, and competencies required for appointees.
  - Clear TORs for NSWG members, including requirements for members to consult with, be accountable to and provide feedback to their constituencies
  - Delegation of authority framework indicating the limits of the Secretariat's powers and the powers reserved for the NSWG.
  - Mechanisms for performance assessment of NSWG members

- Establishment and TORs for sub-committees for CSO engagement, company engagement and internal audit.
  - Process issues (e.g. prior notice of meetings, schedules of meetings, timing of sub-committee meetings and information provision prior to meetings, etc)
  - Decision making processes (e.g. quorum requirements, processes for voting between meetings, appointment of proxies, types of voting, etc)
  - Processes for removal of members (e.g. in the event of continued non-attendance, or inappropriate conduct)
  - Transparency and public accountability of the NSWG (e.g. what aspects of meetings might be publicly disclosed, annual public meetings, progress reports, etc)
- iv. Formalise structures for engagement between NSWG and both civil society and companies, including the solid minerals sector.**
- v. Review the composition of the NSWG to consider whether it would benefit from an additional oil and gas company representative, and a representative of solid mineral companies.
  - vi. Capacity building programmes on board governance skills to enable NSWG members to carry out their duties more effectively (e.g. fiduciary, care and skill, good faith) in line with local and international corporate governance good practice.
  - vii. Establish a formal complaints and grievance mechanism to timely, transparent, and consistent responses to stakeholder concerns, such as about the NEITI reports and the functioning of the NSWG and Secretariat.

#### **4. Building capacity of civil society organisations**

- i. Support activities to build CSO capacity to critically analyse information provided in NEITI reports.
- ii. Support activities to build CSO involvement in outreach work.

#### **5. Remediation**

- i. Follow up on action plan, by updating and ongoing review and monitoring of progress on the remediation plan, including regular public progress reporting.
- ii. Reinvigorate the Inter-Ministerial Task Team (ITT), or establish a similar multi-stakeholder forum, to coordinate implementation of the remediation plan and consider the findings from the forthcoming 2006-2008 report.

## ANNEX A: Validation Grid

Indicator	Validator Comments	Validator Judgement
<b>Sign-up</b>		
1. Has government issued an unequivocal public statement of its intention to implement EITI?		<b>Requirements met</b>
2. Has the government committed to work with civil society and companies on EITI implementation?		<b>Requirements met</b>
3. Has the government appointed a senior individual to lead on EITI implementation?		<b>Requirements met</b>
4. Has a fully costed work plan been published and made widely available, containing measurable targets, implementation timetable, and an assessment of capacity constraints?	NEITI has an ambitious work plan for the coming year, which will require significant additional resources to implement successfully – particularly to publish and disseminate the planned EITI reports. NEITI has already begun a process of staff recruitment, and the senior positions will be critical to successful implementation of the work plan. Therefore, it is the validator’s recommendation that NEITI appoints competent Directors to the NEITI Secretariat in order to ensure the effective implementation of the work plan.	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
<b>Implementation</b>		
5. Has the government established a multi-stakeholder group to oversee EITI implementation?	See detailed comments for Indicator 5. Governance issues were at the core of many of the wider issues of NEITI implementation and performance. There is a risk that these governance issues may result in non-compliance with EITI criteria in the future. The multi-stakeholder nature of the NSWG, and the need to maintain the integrity of the EITI brand further increases the need to have effective board governance. Therefore, it is the validator’s recommendation that in order to ensure NEITI continues to meet the requirements of this indicator, NEITI implements the following actions: <ul style="list-style-type: none"> <li>• Develop and agree an NSWG Board Charter</li> <li>• Formalise structures for engagement between NSWG and both civil society and companies, including the solid minerals sector.</li> </ul>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
6. Is civil society engaged in the process?	This requirements of this indicator have been met, but will be enhanced by the formalisation and systematisation of the input of CSSC on the NSWG through the development of an NSWG Charter derived from the full review of governance processes in the NSWG (see Indicator 5). In addition, it is recommended that NEITI takes actions to support: <ul style="list-style-type: none"> <li>• Building CSO capacity to critically analyse information</li> <li>• Building CSO involvement in outreach work</li> </ul>	<b>Requirements met</b> - recommendations

Indicator	Validator Comments	Validator Judgement
7. Are companies engaged in the process?	<p>While there have been attempts to engage companies beyond NSWG involvement company engagement remains sufficient rather than active. The validators believe that the lack of active company engagement on NEITI is not significantly detrimental to the initiative, and that the scope, rather than the depth, of company engagement is the main issue requiring action. Wider measures to improve the effectiveness of NSWG governance (see Indicator 5) are also likely to result in improved company representation. In addition, the proposed expansion of NEITI to include the solid minerals in NEITI reporting and auditing needs to be reflected in NSWG composition.</p> <p>Therefore, it is the validator's recommendation that in order to ensure NEITI continues to meet the requirements of this indicator:</p> <ul style="list-style-type: none"> <li>• Formalise structures for engagement between NSWG and both civil society and companies, including the solid minerals sector.</li> </ul> <p>It is also recommended that:</p> <ul style="list-style-type: none"> <li>• The composition of the NSWG is reviewed to consider whether it would benefit from an additional oil and gas company representative, and a representative of solid mineral companies.</li> </ul> <p>Also note the recommendation for Indicator 14 ("Implement a strategy and work plan to expand NEITI to the solid minerals sector and the Nigeria/STP JDZ") and the recommendation for Indicator 9 ("Renew engagement of companies on template").</p>	<p><b>Requirements met</b> – recommendations to ensure continued meeting of requirements</p>
8. Did the government remove any obstacles to EITI implementation?		<p><b>Requirements met</b></p>
9. Have reporting templates been agreed?	<p>The validators note the good practice of the reporting templates, particularly the detail and scope of the reporting template and the level of consultation with key stakeholder companies to ensure the templates were workable. The validator's judgement is that the requirements of this indicator have been met, but recommends that both NEITI and the auditors continue to review the template to ensure that concerns and lessons from the earlier audits are taken into account and/or mainstreamed going forward. It is therefore recommended that:</p> <ul style="list-style-type: none"> <li>• NEITI renews engagement with companies on template in order to explain the current format, the process required for completing the templates and to provide informed feedback from companies.</li> <li>• NEITI reviews and updates templates with the auditors and input from wider stakeholder consultation.</li> <li>• NEITI includes the JDZ in the scope of the 2006-2008 audits.</li> </ul>	<p><b>Requirements met</b> - good practice &amp; recommendations</p>



Indicator	Validator Comments	Validator Judgement
10. Is the multi-stakeholder committee content with the organisation appointed to reconcile figures?	<p>It is the validator's judgement that the requirements of this indicator have been met for the 1999-2004 and 2005 auditors. The detailed and transparent documentation of the appointment process for the auditor for the 1999-2004 report is considered to be good practice, particularly the involvement of the NSWG in the process and the details of the criteria and process for selecting the auditor.</p> <p>However, concerns are noted over the timely and appropriate appointment of auditors for the 2006-2008 period that need addressing. Therefore, it is the validator's judgement that that in order to continue to ensure the requirements of this indicator are met, the following actions are recommended:</p> <ul style="list-style-type: none"> <li>• <b>Appointment of Auditor(s) for 2006-8 Reports</b>, with clear agreement of the TORs by the NSWG, transparent liaison between NEITI Secretariat and NSWG to identify potential reconcilers, and agreement by the NSWG on the final appointment (within a timescale to be determined between the EITI International Secretariat and NEITI).</li> <li>• <b>Documentation of appointment process for 2005, and 2006-08, in line with documentation for 1999-2004.</b> In the interest of good governance practice, this requirement extends to the need to provide a transparent legal review and rationale for the appointment of the same auditor for three consecutive audit reports covering a ten-year period in the context of section 4(6) of the NEITI Act stipulating that an auditor or auditing firm shall not be engaged for more than two years consecutively for the purpose of undertaking reconciliation of the figures and producing the NEITI audit reports envisaged under the Act.</li> </ul>	<p><b>Requirements met</b> – recommendations to ensure continued meeting of requirements</p>
11. Has the government ensured that all companies will report?	<p>The validator's judgement is that the requirements of this indicator have been met. The validators note the good practice example of the NEITI Act legally requiring companies to report and provides punitive measures for non-compliance.</p> <p>It is noted that Nigeria's exemption from this initial Validation was endorsed by the EITI Board at a meeting in Washington DC in 2009, where Nigeria was encouraged to continue towards Validation on the assumption that solid minerals would not be covered yet. However, the Validators recommend that a clear, time-bound plan for inclusion of the solid minerals sector should be agreed by the NSWG.</p>	<p><b>Requirements met</b> - good practice</p>
12. Has the government ensured that company reports are based on audited accounts to international standards?	<p>The validator's judgement is that the requirements of this indicator have been met. Several good practices are noted in this area, including:</p> <ul style="list-style-type: none"> <li>• The NEITI Act makes it a legal offence to misrepresent information.</li> <li>• The NEITI auditor checked with company auditors to ensure that data they had been provided was consistent with the audited accounts of the company, providing an extra level of cross-checking.</li> </ul>	<p><b>Requirements met</b> - good practice</p>
13. Has the government ensured that government reports are based on audited accounts to international standards?		<p><b>Requirements met</b></p>

Indicator	Validator Comments	Validator Judgement
<b>Disclosure</b>		
14. Were all material oil, gas, and mining payments by companies to government disclosed to the organisation contracted to reconcile figures and produce the EITI report?	This indicator is currently being met. However, in order to ensure these continue to be met, specifically to ensure that material payments from the mining sector and the Nigeria/STP JDZ are incorporated, it is the validator's recommendation that NEITI: <ul style="list-style-type: none"> <li>• Implement a strategy and work plan to expand NEITI to the solid minerals sector and Nigeria/STP JDZ</li> </ul>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
15. Were all material oil, gas, and mining revenues received by government disclosed to the organisation contracted to reconcile figures and produce the EITI report?	See comments and conditions as per Indicator 14.	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
16. Was the multi-stakeholder group content that the organisation contracted to reconcile the company and government figures did so satisfactorily?		<b>Requirements met</b>
17. Did the EITI report identify discrepancies and make recommendations for actions to be taken?	The validator's judgement is that the requirements of this indicator have been met. Good practice is noted in the level of detail of recommendations provided by the auditor to deal with discrepancies, and that these have formed the basis for a comprehensive remediation plan and focussed stakeholders' attention on critical areas requiring further action.	<b>Requirements met</b> - good practice
How have oil, gas, and mining companies supported EITI implementation?	The validator's account for this indicator is reflected in Indicators 2, 5 and 7, Section 5: Company Implementation and supplemented by the company assessment forms included in Annex B of the report.	No overall assessment is required
<b>Dissemination</b>		
18. Was the EITI report made publicly available in a way that was publicly accessible, comprehensive, and comprehensible?	See also detailed comments for Indicator 18. The validator's judgement is that the requirements of this indicator have been met, but further delays in producing more up-to-date reports will mean that NEITI will no longer comply with the EITI Criteria of "regular publication" of payments and revenues (Criteria 1). Therefore, in order to maintain compliance it is necessary for NEITI to: <ul style="list-style-type: none"> <li>• <b>Prioritise the production of a popular version of the 2005 report.</b></li> <li>• <b>Publish the 2006-8 Reports, including a popular version</b> (within a timescale to be determined between the EITI International Secretariat and NEITI).</li> </ul>	<b>Requirements met</b> – recommendations to ensure continued meeting of requirements
What steps have been taken to act on the lessons learnt, address discrepancies and ensure EITI implementation is sustainable?	It is recognised that considerable initial progress has been made on acting on the recommendations in the NEITI reports to date. However, the effectiveness of these measures will only become apparent in the 2006-2008 and subsequent reporting periods. It is also noted that a coordinated and strategic approach to implementing and reviewing the remediation plan appears to have slowed. It is therefore recommended that NEITI: <ul style="list-style-type: none"> <li>• Takes action to follow up on the remediation plan, by updating and ongoing review and monitoring of progress on the remediation plan, including regular public progress reporting.</li> <li>• Reinvigorating the Inter-Ministerial Task Team, or establishing a similar multi-stakeholder forum, to coordinate implementation of the remediation plan and consider the findings from the forthcoming 2006-2008 report.</li> </ul>	No overall assessment is required

## ANNEX B: Country Self-Assessment Forms

All reporting companies were requested to complete the form below, as well as invited to provide any further information or comments to the validators.

**EITI COMPANY SELF-ASSESSMENT FORM COUNTRY-LEVEL**

ResetSubmit

**COMPANY:** \_\_\_\_\_ **COUNTRY:** \_\_\_\_\_

Mark indicators below with a ✓

1. Has the company made public statements in support of the EITI process in this country?  
 Yes     No
  
2. Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g.laws and MoUs) and, where appropriate, meeting with stakeholders?  
 Yes     No
  
3. Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?  
 Yes     No
  
4. Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?  
 Yes     No
  
5. Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?  
 Yes     No

**Narrative opinions**  
If any indicators above are marked "No", please provide an explanation:

Any other comments:

## Company responses to the Self-Assessment Form

The table below includes the full responses from all the forms received by the validators.

Company	1. Public statements of support for EITI?	2. Commitment to support & cooperate with implementation of Work Plan?	3. All material payments disclosed?	4. Data based on accounts independently audited to international standards?	5. Responded to queries from Aggregator?	Notes and further information
Allied Energy	Yes	Yes	Yes	Yes	Yes	Allied Energy is committed to support and cooperate with the implementation of the EITI work plan.
Dansaki Petroleum	No	Yes	Yes	No	Yes	Dansaki Petroleum Ltd is an independent operator and a co-farmer of a marginal field. The field has never produced. Dansaki Petroleum has 49% participatory interest while Associated Oil and Gas Services Ltd with 51% participatory interest is the operator. The oil and gas field is Tom Shot Bank Marginal Field in OML14 (Shallow waters of Akwa Ibom St).
Express Petroleum & Gas	No	Yes	Yes	Yes	Yes	There has not been any occasion for such public statement. The company has participated in both the first NEITI (1994-2004) and second NEITI (2005) processes.
Nigerian Agip Oil	No	Yes	Yes	Yes	Yes	Occasion for such statement has not arisen
Pan Ocean Oil	Yes	Yes	Yes	Yes	Yes	-
Sahara Group	No	No	Not applicable	Not applicable	Yes	NEITI did not have Sahara within the scope of the 2005 (or prior year) audit. This has been Sahara's first contact with NEITI and Sahara will cooperate with the audit going forward.
South Atlantic Petroleum	Yes	Yes	No	No	No	South Atlantic Petroleum Ltd has never been invited in the NEITI audit exercise. As a result we have never been contacted for disclosure of data. More importantly we just resumed production in April 2009!
Statoil	Yes	Yes	Yes	Yes	Yes	-
Total E&P	Yes	Yes	Yes	Yes	Yes	-

## ANNEX C: List of Respondents and Interviewees

Name	Position	Organisation
Ms. Mary-Ann Ikoku	Head of Communication	NEITI Secretariat
Tony Onyekweli	Procurement Officer	NEITI Secretariat
Mallam Haruna Sa'eed	Executive Secretary	NEITI Secretariat
Comrade Shehu Sani	Civil Society Representative	NSWG, NEITI
Prof. Assisi Asobie	Chairman	NSWG, NEITI
Stan Rerri	Head of Operations	NEITI Secretariat
Ms. Amanda Fease	Consultant	World Bank
George Anthony	Companies coordinator	NEITI Secretariat
Soji Apampa	Executive Director	CBI, Nigeria (Civil Society)
Tony Igwe	Civil Society co-ordinator	NEITI Secretariat
Ms. Fatimah Ciroma		
Mazi Sam Ohabunwa	Representative of South-East zone	NSWG member
T.K Ogoriba	Representative of South-South zone	Civil Society Activist and NSWG member
Ms. Faith Nwadishi	National Coordinator	Publish What You Pay, Nigeria (PWYP)
Halima Wali-Inuwa	IBP Manager	Coalition for Change (Civil Society)
Olumide Olaniyan	IBP Manager	Coalition for Change (Civil Society)
Dr Kenneth Okoro	Secretary-General	Nigerian Medical Council
Excellence Eyo Offiong Uso	Head, Programmes and Policy	Young People's Initiative
Emmanuel Ogbonnaya	Director (Research and Technical)	The Institute of Chartered Accountants of Nigeria
George-Hill Anthony	Executive Director: Niger Delta Budget Monitoring Group Chairperson: CATEIFFN Member NEITI CSSC	
Auwal Musa Ibrahim Rafsanjani	Executive Director	Civil Society Legislative Advocacy Centre
Dauda Garuba	Director	Revenue watch
Dudu Mamman Manuga	Executive Director	Association for Responsible Citizenship
Sam Afemikhe		S.S. Afemikhe & Company
Tony Iniomoh		S.S. Afemikhe & Company
Andy Nmorka		S.S. Afemikhe & Company
Vincent Imowo		S.S. Afemikhe & Company
David Ajibola	Finance Director	
Al-Amin Musa	Representative of Group Managing Director NNPC on NEITI NSWG	NNPC

## FOCUS GROUP MEETINGS

### Tuesday, Dec 22

Individual interview and focus group meetings in Asaba, Delta State with participants from Publish What You Pay Coalition, representing civil society to obtain feedback on progress on EITI, challenges at the local level

Ms. Faith Nwadishi	Civil Society – KIF and National Coordinator, PWYP Nigeria
Arum Chukwudi	Civil society – PWYP Enugu (South East)
Avwenaghagha A.	Office of Special Adviser on Oil and Gas to the Delta State Governor
Arum Chukwudi	Civil society – PWYP Enugu (South East)
Chike Paul	Civil society – CYPRAD Abuja and PWYP
Nwaumeadia Henry	Media - The Pointer
Aruba Harrison	Media - The Pointer
Patrick Esuzor,	Civil Society – KIF, Delta State
Okolie Stephen	Civil Society – KIF, Delta State
Akpelikpo Juliet	Civil Society – KIF, Delta State
Ms. Adikankwu Rita	Civil Society – KIF, Delta State
Oweh Mike	Civil Society – KIF, Delta State

## FOCUS GROUP MEETINGS

### Wednesday, Jan 27

Individual interview and focus group meetings in Port Harcourt, Rivers State with Civil Society Organisations and Community Leaders to obtain feedback on progress on EITI, challenges at the local level

Ms. Faith Nwadishi	Civil Society – KIF and National Coordinator, PWYP Nigeria
Innocent Adjenughure	PWYP, Delta State
Chike Princewell	PWYP, Akwa Ibom State
Ms. Mimido Achakpa	NEITI Secretariat / WREP Abuja
Ms. Ene Ede	Equity Advocates, Abuja
Alabo (Comrade) Nengi James	Community Leader, Bayelsa State
Comrade Kunoun Marshal	Community Leader, Bayelsa State
Comrade (Hon) Kalsuo D.D.	Community Leader, Bayelsa State
Hon. Dandeson M. Hart	Joint National Assembly of Persons with Disabilities
Jimoh Olu	NUJ, Abuja
Jonjon Oyeinfie E.	UOIP, Bayelsa State
Comrade Emmanuel Wolfloanus	Community Leader, Imo State
Comrade Tony Anyanwu	Imo State
Atonye Gary Linda	Abuja
AKo Ayebatonye	Bayelsa State
Yakubu Josua W.A.	Bayelsa State
Chief Charles C. Chigbu	Owaza Community, Abia State
Fidelis Ogili	President, Small Scale Miners Welfare Association, Enugu
Bishop Chike Elendu	Owaza Consultative Assembly
Ms. Halima Sadiq	NCWS, Abuja
Uche Igwe	Civil Society Co-ordinator, NEITI Secretariat

## FOCUS GROUP MEETINGS

### Friday, Jan 29

Individual interview and focus group meetings in Ikeja, Lagos State with Representatives of Oil and Gas Companies

E.O. Aninye	ADDAX Petroleum
Dare O. Odejayi	ADDAX Petroleum
Nwosu Martins	Allicol Energy
Anshin Elikwo	AMNI International
Garba Bello	CHEVRON
Agustus Famose	CHEVRON
Kolawole Adewale Olabode	CHEVRON
Jonathan Igburuke	CONOIL Producing Ltd
Busari Damilola	Dubri Oil Company Ltd
Salisu Aminu Aliyu	EXPRESS Petroleum
Tunji Ladipo	EXPRESS Petroleum
Mary Ekpeyong	Exxon Mobil (MPNL & EEPNL)
Adott F.O.	Midwestern Oil and Gas
Obi Nwafor	Midwestern Oil and Gas
Segun Ogunlere	Mobil Producing Nigeria
Anthony A. George	NEITI Secretariat
Mary-Anne Ikoku	NEITI Secretariat
Vincent U. Imowo	S.S. Afemikhe Consulting
Samuel S.O. Afemikhe	S.S. Afemikhe Consulting
Kingsley Agwu	SAHARA Group
Abiola Ogunleye	SAHARA Group
Charles Nwoko	STATOIL
Awoeju E. Helen	SHEBAH Exploration
Ojimba Walter O.	SHEBAH Exploration
Oge Obianuka	SHELL Nigeria Exp
Femi Olojo	SHELL Nigeria Exp
Samuel Ajiboye	TEPNG
M.O. Jegede	TEPNG
Anyanwu Bennett	TEPNG