Nigeria Extractive Industries Transparency Initiative

THE PRESIDENCY

# Office of the Executive Secretary/CEO

14th March, 2025

NIGERIAN NATIONAL PETROLEUM COMPANY LTD.
ACKNOWLEDGMENT
17 MAR 2025
GCEO'S OFFICE
Sign:

The Group Chief Executive Officer (GCEO),
Nigerian National Petroleum Company Limited (NNPC Ltd),
Herbert Macaulay Way,
Central Business District,
Abuja, Nigeria.

Dear Sir,

**Subject: Forwarding of Petition by Civil Society Organisations & Request for Clarifications on Issues Concerning NNPC**

The National Stakeholders Working Group of Nigeria Extractive Industries Transparency Initiative (NEITI) presents its highest compliments to the Group Chief Executive Officer of the Nigerian National Petroleum Company Limited (NNPC Ltd) and writes to forward the attached petition submitted by a coalition of Nigerian civil society organisations and activists. (A copy attached).

The petition raises serious concerns regarding the ongoing divestment of onshore assets by International Oil Companies (IOCs) across the Niger Delta and highlights several issues that fall within the scope of NNPC Ltd's responsibilities and obligations.

The concerns presented in the petition demand urgent attention, particularly considering NNPC Ltd's central role in Nigeria's oil and gas sector. The key issues raised include:

1. **Allocation and Use of Nigeria's Profit Oil:**

The petitioners allege that substantial volumes of Nigeria's Profit Oil have been allocated to NNPC Ltd, ostensibly to generate earnings under arrangements lacking transparency.

It is alleged that, contrary to the provisions of the Petroleum Industry Act (PIA) of 2021, which allows NNPC Ltd to withhold up to 30% of Profit Oil, the scale of retention has at times reportedly reached or exceeded 60%. The petition further claims that NNPC Ltd's revenue withholding practices have contributed to a prolonged period during which no revenues were transferred to the Federal Treasury, despite high international oil prices.

2. **Oil-Backed Loans and Financial Arrangements:**

Allegations have been made that NNPC Ltd engaged in high-interest oil-backed loans with commodity traders under terms that may not serve Nigeria's financial interests. The petitioners cite concerns about:

- The mortgaging of future oil production, potentially placing Nigeria in a position of economic vulnerability.
- Presale of oil at prices below prevailing market rates, leading to considerable revenue losses.
- Terms of the loans that appear one-sided, disproportionately favoring the lenders.
- The potential use of State Profit Oil for repaying these loans under highly opaque circumstances, which is alleged to be tax-deductible and contributing to revenue shortfalls.

3. **Transparency and Accountability of Financial Flows:**

The petitioners raise concerns that NNPC Ltd's arrangements for withholding revenues and securing loans have not been transparently disclosed, which runs contrary to the principles of accountability established under the PIA and the EITI framework. They also claim that the financial arrangements have not been subjected to sufficient scrutiny or oversight.

4. **Environmental Liabilities and Divestment Processes:**

The petition highlights NNPC Ltd's involvement in Joint Ventures with IOCs where asset divestments are being conducted without credible and adequately funded plans for remediating extensive pollution legacies. Given the scale of environmental degradation across the Niger Delta, it is alleged that the divestments may be proceeding without holding the IOCs accountable for their remediation obligations.

5. **Incoming Companies and Transparency Concerns:**

Serious doubts have been raised about the technical and financial capacities of incoming companies acquiring divested assets. Allegations include the absence of adequate financial guarantees for environmental cleanup and the potential involvement of politically exposed persons in ownership structures. The petitioners call for the full disclosure of the ultimate beneficial owners of entities acquiring these assets.

Given the gravity of these concerns, NEITI respectfully requests NNPC Ltd to provide:

- **A Comprehensive Explanation of the Current Status:**

Detailed information on the volume of Nigeria's Profit Oil withheld by NNPC Ltd, the legal and financial basis for such withholdings, and the justification for deviations from statutory requirements.

- **Documentation of Oil-Backed Loans and Related Agreements:**

Full disclosure of all agreements made between NNPC Ltd and external entities, including the terms of such loans, volumes of oil pledged, repayment conditions, and current status of funds raised.

- **Clarification of Financial Reporting and Treasury Transfers:**

Clear evidence of revenue transfers to the Federal Treasury from 2022 to date, including explanations for any revenue withholdings and their intended use.

- **Measures to Address Environmental Liabilities:**

Detailed plans and actions taken by NNPC Ltd to ensure IOCs fulfill their environmental remediation obligations before divestment, as well as NNPC Ltd's role in monitoring and enforcing compliance.

- **Oversight and Transparency Mechanisms:**

Evidence of steps taken by NNPC Ltd to ensure full compliance with the PIA, EITI standards, and other applicable transparency requirements, particularly concerning revenue management, oil-backed loans, and environmental remediation.

NEITI believes that addressing these concerns with the transparency and urgency they deserve is essential to uphold public confidence and ensure accountability in Nigeria's extractive sector.

We kindly request your detailed response on the issues raised on or by 15th April, 2025 for the attention and necessary action of NEITI National Stakeholders Working Group led by the Secretary to the Government of the Federation (SGF) as Chairman.

Please accept the assurances of our highest consideration.

Yours sincerely,

Orji Ogbonnaya Orji, Ph.D.
**Executive Secretary/CEO**

# Office of the Executive Secretary/CEO

14th March, 2025

Honourable Minister of Environment,
Federal Ministry of Environment,
Abuja, Nigeria.

OFFICE OF THE HON. MINISTER
17 MAR 2025
Sign...
MIN. OF ENVIRONMENT ABUJA

Dear Honourable Minister,

**Subject: Forwarding of Petition Civil Society Organisations & Request for Clarifications on Environmental Issues Related to IOC Divestments**

The Nigeria Extractive Industries Transparency Initiative (NEITI) presents its highest compliments to the Honourable Minister of Environment and writes to forward the attached petition submitted by a coalition of Nigerian civil society organisations and activists. The petition raises urgent and critical environmental issues concerning the ongoing divestment of onshore assets by International Oil Companies (IOCs) across the Niger Delta.

The concerns presented are serious and demand immediate attention from your esteemed Ministry. Specifically, the petition highlights the following key issues:

1. **Inadequate Environmental Remediation Plans:**

The petitioners express concern over the lack of transparency and accountability regarding financial provisions made by IOCs for the comprehensive cleanup of their extensive pollution legacy. Credible estimates suggest that effective remediation may require tens of billions of dollars. However, there is no clear evidence that adequate funds have been set aside or that such funds are accessible to address the pollution legacy effectively.

2. **Failure to Enforce Environmental Standards and Regulations:**

Allegations of procedural breaches have been raised, where certain divestment approvals appear to have been granted despite non-compliance with statutory requirements, including environmental obligations. The petitioners allege that political influence may have overridden professional and legal assessments by regulatory authorities, undermining the enforcement of environmental laws and standards.

3. **Persistent Environmental Degradation and Lack of Accountability:**

Decades of oil spills, gas flaring, inadequate maintenance of infrastructure, and general neglect have devastated the Niger Delta environment. The IOCs' continued failure to meet their remediation obligations has contributed significantly to environmental degradation, adversely affecting the livelihoods, health, and well-being of affected communities.

4. **Absence of Public Consultation and Environmental Impact Assessments:**

The petitioners allege that the ongoing divestment processes have been conducted without due public consultation or adherence to Free, Prior, and Informed Consent (FPIC) requirements. This omission violates Nigerian environmental laws and international standards, raising questions about the integrity of the divestment processes.

5. **Concerns Over Incoming Companies' Capacity:**

The technical and financial capability of incoming companies to effectively manage transferred assets and undertake necessary remediation work remains questionable. The absence of clear guarantees and credible plans for addressing existing environmental liabilities is a matter of grave concern.

In light of these concerns, NEITI respectfully requests the Honourable Minister of Environment to provide:

- A comprehensive and factual explanation of the current status of environmental remediation efforts associated with the IOCs' divestment processes.
- Details of the measures implemented by the Ministry to ensure IOCs comply with their legal and regulatory obligations concerning environmental clean-up and remediation.
- Information on the financial provisions made for remediation, including their adequacy, sources, locations, disbursement mechanisms, and the entities responsible for oversight.
- Documentation of all public consultations, environmental impact assessments, and other related processes conducted to ensure compliance with statutory requirements.
- Clarification of the Ministry's ongoing actions to address these environmental concerns and ensure the transparent and accountable remediation of damages in line with applicable laws.

NEITI believes that addressing these concerns with the urgency and transparency they deserve is crucial for ensuring the integrity of Nigeria's environmental governance framework.

We urge your esteemed Ministry to take decisive actions to ensure that the interests of impacted communities and the Nigerian environment are adequately protected a response to the petition by CSO will be quite helpful.

Hon. Minister, Sir, we kindly request your Ministry's detailed response on the issues raised from the CSOs petition on or before 15th April 2025 for the attention and further necessary action of NEITI National Stakeholders Working Group under the Secretary to the Government of the Federation (SGF) as Chairman.

Please accept the assurances of our highest consideration.

Yours sincerely,

Orji Ogbonnaya Orji, Ph.D.
**Executive Secretary/CEO**

NEITI Nigeria Extractive Industries Transparency Initiative

THE PRESIDENCY

# Office of the Executive Secretary/CEO

14th March, 2025

The Commission Chief Executive (CCE),
Nigerian Upstream Petroleum Regulatory Commission (NUPRC),
No. 7 Sylvester Ugoh Crescent,
Jabi District,
Abuja, Nigeria.

NIGERIAN UPSTREAM PETROLEUM REGULATORY COMMISSION
ACKNOWLEDGED
17 MAR 2025
Signature:
OFFICE OF THE CCE

Dear Sir,

**Subject: Forwarding of Petition by Civil Society Organisations and Request by NEITI BOARD for Regulatory Clarifications**

The National Stakeholders Working Group (NSWG) of Nigeria Extractive Industries Transparency Initiative (NEITI) presents its highest compliments to the Commission Chief Executive and Management Team of Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and writes to forward the attached petition submitted by several Nigerian civil society organisations and activists concerning the International Oil Companies' (IOCs) divestment of onshore assets across the Niger Delta.

The petition raises critical regulatory concerns related to the divestment processes, which appear to lack transparency, accountability, and adherence to established laws and regulations. Notable among the issues raised are:

1. **Transparency and Public Interest**: Lack of published proposals detailing how IOCs will address outstanding pollution liabilities, contrary to public interest and legal requirements.

2. **Non-Compliance with Legal Standards:** Reports suggesting that certain divestment proposals were approved despite not meeting legal requirements, with political influence allegedly overriding regulatory assessments.

3. **Lack of Environmental Remediation Funding:** Absence of clarity on funds set aside by IOCs to clean up pollution legacies, which reportedly run into tens of billions of dollars.

4. **Public Consultation Requirements:** The alleged absence of public consultation processes concerning these divestments, which violates legal requirements and standards for Free, Prior, and Informed Consent (FPIC).

5. **Suitability of Incoming Companies:** Concerns about the technical and financial capacity of incoming companies to adequately manage transferred assets and conduct necessary environmental remediation.

Given the seriousness of the issues raised, NEITI respectfully requests the NUPRC to provide:

- A comprehensive explanation, based on facts, of the current status of the divestment processes under your purview.
- Clarification of the actions taken by NUPRC to ensure compliance with relevant legal frameworks and regulatory standards, particularly regarding environmental clean-up responsibilities and public consultation requirements.
- Documentation of the regulatory procedures applied in assessing and approving the divestments, including evidence of public consultations, financial provisions for remediation, and criteria for evaluating incoming companies.
- Information on ongoing efforts by the NUPRC to address these concerns and ensure that the divestment processes adhere strictly to Nigerian law and established regulatory procedures.

We would appreciate receiving your detailed response on or by the 15th April 2025 for the attention and necessary action of NEITI National Stakeholders Working Group under the Secretary to the Government of the Federation (SGF) as Chairman.

Please accept the assurances of our highest consideration.

Yours sincerely,

Orji Ogbonnaya Orji, Ph.D.
**Executive Secretary/CEO**

NEITI Nigeria Extractive Industries Transparency Initiative

THE PRESIDENCY

## Office of the Executive Secretary/CEO

14th March, 2025

The Director General/CEO,
National Oil Spill Detection and Response Agency (NOSDRA)
NAIC House, Plot 590 Zone AO,
Central Business District,
Abuja, Nigeria.

OFFICE OF THE DIRECTOR GENERAL /CEO
RECEIVED
17 MAR 2025
SIGN..................
NATIONAL OIL SPILL DETECTION & RESPONSE AGENCY(NOSDRA) ABUJA

Dear Sir, ...my brother

**Subject: Forwarding of Petition and Request for Clarifications on Environmental Issues**

The Nigeria Extractive Industries Transparency Initiative (NEITI) presents its highest compliments to the National Oil Spill Detection and Response Agency (NOSDRA) and writes to forward the attached petition submitted by several Nigerian civil society organisations and activists concerning the International Oil Companies' (IOCs) divestment of onshore assets across the Niger Delta.

The petition raises several grave environmental concerns linked to the divestment processes, particularly highlighting:

1. **Inadequate Provisions for Environmental Remediation:** The lack of transparency concerning the funds set aside by IOCs to ensure comprehensive clean-up of their pollution legacy, which is estimated to require tens of billions of dollars.

2. **Accountability for Environmental Damage:** Persistent failure by the IOCs to properly address and remediate widespread environmental degradation caused by oil spills, gas flaring, and inadequate maintenance of infrastructure over several decades.

3. **Lack of Clarity on Environmental Cleanup Responsibilities:** Reports indicating that certain divestments are proceeding without appropriate financial and technical plans to remediate environmental damages.

4. **Absence of Public Consultation and Environmental Impact Assessments:** Allegations that the divestment processes have proceeded without adequate public consultations with impacted communities, as required by law.

5. **Failure to Enforce Environmental Laws:** Concerns that regulatory standards have been undermined by political influence, leading to approvals that do not meet legal requirements for environmental management and protection.

Given the seriousness of these environmental concerns, NEITI respectfully requests NOSDRA to provide:

- A detailed explanation of the current status of environmental remediation efforts concerning IOCs' divestment processes.
- Clarification of measures in place to ensure that IOCs comply with their environmental responsibilities under Nigerian law.
- Evidence of the funds allocated for cleanup operations, including their adequacy, source, location, and mechanisms for disbursement and oversight.
- An outline of NOSDRA's ongoing actions to remedy the situation and ensure that environmental remediation is achieved effectively and transparently.

We would appreciate receiving your comprehensive response on or before April 15th 2025 for further necessary action of NEITI National Stakeholders Working Group under the Secretary to the Government of the Federation (SGF).

Please accept the assurances of our highest consideration.

Yours sincerely,

Orji Ogbonnaya Orji, Ph.D.
**Executive Secretary/CEO**