POLICY RECOMMENDATION FOR APPROVAL OF EXPANDED NEITI INDUSTRY REPORTING SCOPE TO ALIGN WITH THE 2023 EITI STANDARD AND ENERGY TRANSITION REQUIREMENTS – WITH SPECIAL ATTENTION TO IOC DIVESTMENTS, ENVIRONMENTAL DISCLOSURES, AND HOST COMMUNITY IMPACTS

MEMO TO NSWG ON 9TH MAY 2025

Following a two-day retreat organised for the National Stakeholders' Working Group, with the support of Ford foundation, to:

(i) Assess the progress of NEITI's ongoing project on energy transition, particularly the status of the study on the impact of energy transition on Nigeria's economy.
(ii) Explore opportunities in the EITI process (reporting; stakeholder and policy engagements) to increase knowledge and facilitate debate on energy transition impacts.
(iii) Consider likely next steps (action plan) for the findings and recommendations of the report

The following recommendations are hereby made from extensive deliberations on the issues and the urgent need to ensure that Nigeria's energy transition programme reflects the principles of equity, justices, inclusiveness as well and transparency and accountability, the Board resolve as follow:

Background

The global energy transition is fundamentally transforming the extractive industries and redefining the scope of transparency, environmental governance, and social accountability.

The 2023 EITI Standard mandates implementing countries to significantly broaden their disclosures to include forward-looking information on climate-related risks, environmental impacts, social inclusion, and energy transition planning.

In Nigeria, these evolving demands have intersected with pressing national concerns, particularly regarding the divestment of upstream assets by International Oil Companies (IOCs). In a recent petition, the Human and Environmental Development Agenda (HEDA) and allied CSOs raised critical issues around the lack of transparency in these divestment processes, insufficient engagement with host communities, unresolved environmental liabilities, and weak regulatory oversight.

Following NEITI's careful review of the petition, and guided by key resolutions from the recent Special Retreat on the Energy Transition and Nigeria's economy, it has become evident that Nigeria's extractive transparency framework must be urgently updated.

As the national custodian of extractive sector disclosures, NEITI is duty-bound to respond decisively—strengthening its industry reporting in line with the 2023 EITI Standard and Nigeria's national priorities for a just and inclusive energy transition.

Proposal

The NEITI Secretariat seeks the formal approval of the NSWG to expand the scope and depth of NEITI's industry reporting to:

1. Energy Transition
   - (i) Endorse the development of the proposed framework for reporting and engagements on energy transition
   - (ii) Expand the scope to cover ESG (environment, sustainability and governance)-related disclosure requirements.
   - (iii) Address national and subnational implications of the energy transition.
   - (iv) Integrate energy transition and climate metrics by:
     - Reporting on Scope 1, 2, and 3 emissions; climate-related financial risks; transition plans; and GHG data.
     - Tracking Nigeria's performance against its Energy Transition Plan (ETP) and Nationally Determined Contributions (NDCs)
   - (v) Expand sectoral coverage and scope to include:
     - Renewable energy (solar, wind, hydro), energy storage in line with EITI's emerging themes.
     - Forestry and fisheries in line of adaptation principles of Nigeria's energy transition programme, the NSWG considered the expansion of the scope of Nigeria EITI reporting to cover forestry and fisheries.
     - Endorse implementation of Requirement 4.10c of the 2023 EITI Standard on disaggregated project-level reporting of OPEX to improve tracking of 3% funding for HCDTs.
   - (vi) In pursuance of (v) above, conduct a scoping study and develop a framework reporting on forestry and fisheries.
   - (vii) Conduct a stakeholder mapping to expand the scope of stakeholders' beyond the traditional environmental governance institutions and organisations.
   - (viii) A strategy for enhancing existing requirements to reflect transition realities
2. The board is therefore requested to approve the inclusion of the above additional reporting requirements as well as ITM 3(i) below to be included in NEITI's industry reports, starting from the 2024 oil and gas and solid minerals reports.

3. Given the risk of potential decline in exploration and production activities and the consequent decline in the remittances to oil producing communities through the Host Communities Trust Fund (HCTF), there is need to maximise collection of all revenues due to beneficiary communities from current exploration and production activities. There is also need to ensure transparent, accountable, efficient and sustainable management of funds accruing to beneficiary oil producing communities.

(i) Report Capex/Opex at the project level, ESIA compliance, local content metrics, compensation payments, and HCDT project execution

(ii) Engagement with the Nigerian Upstream Regulatory Commission, the Ministry of Petroleum Resources and the industry operators to enable and ensure participation of civil society in the selection of members of the Host Community Trust.

(iii) The design of programmes to enhance the capacity of the local communities to engage more effectively with oil companies on the determination / calculation and remittance of funds to the HCTF.

4. The framework for engagement would expand the scope of Nigeria EITI ET stakeholders beyond the traditional CSOs and environmental management agencies to include institutions like ministry of agricultural, the private sector, and new development partners.

5. Commission Strategic Studies and Frameworks and the conduct of targeted diagnostics on:

- Fossil fuel phase-out risks and transition finance pathways,
- Gaps in the implementation of PIA provisions on host communities,
- Regulatory readiness for emerging sectors.

6. Organize National Stakeholder Engagements:

  (i) Convene a critical national stakeholder forum to:
  (ii) Disseminate findings of NEITI's energy transition study,
  (iii) Establish NEITI's coordination role,
  (iv) Build a functional inter-agency platform for energy transition governance.

7. Leverage Digital Infrastructure for Real-Time Disclosures:

- Deploy digital tools for near-real-time data on licensing, divestments, environmental liabilities, host community fund utilization, and renewable project transparency.

8. Given the overarching objectives of civil society, and the NSWG's commitment to promote a just, equitable and inclusive transition, the NSWG resolved to support civil society to develop national guidelines on just energy transition, which would serve as blueprint for a national Just Energy Transition Plan (JETP) to be jointly developed by government, civil society and the private sector.

9. Respond to civil society concerns about IOC divestments, environmental stewardship, and host community rights; and
    (i) Reinforce NEITI's role in leading national transparency efforts in the extractive sector through data, dialogue, and institutional coordination.
    (ii) Enhance Oversight of IOC Divestments:
        - Disclose asset sales, buyer credentials, residual liabilities, regulatory approvals, and post-divestment plans for environmental remediation.
        - Include social impact assessments, consultation records with host communities, and compliance with Chapter 3 of the PIA (2021) on Host Community Development Trusts (HCDTs).

Conclusion

This policy recommendation addresses Nigeria's evolving transparency obligations, energy transition risks, and the urgent need for inclusive extractive governance. It reflects the 2023 EITI Standard, CSO advocacy, host community priorities, and Nigeria's national development goals.

The NEITI Secretariat respectfully seeks the formal approval of the NSWG to adopt this expanded reporting framework and to authorize the implementation of the above measures beginning with the 2024 NEITI industry reports. This direction will reposition NEITI as a global leader in energy transition governance, deepen accountability, and secure Nigeria's economic, environmental, and social interests in a changing energy future.