THE PRESIDENCY

NEITI Nigeria Extractive Industries Transparency Initiative

The Way Forward in the Reform of Nigerian Oil, Gas & Mining Sector




A Policy Advisory

by

Nigeria Extractive Industries Transparency Initiative (NEITI)

NEITI House, Abuja
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THE WAY FORWARD IN ONGOING REFORMS OF THE OIL, GAS & MINING INDUSTRY

A POLICY ADVISORY
BY
THE NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (NEITI)

NEITI Nigeria Extractive Industries Transparency Initiative

EXECUTIVE SUMMARY

This policy advisory by the Nigeria Extractive Industries Transparency Initiative seeks to draw the government's urgent attention to important issues in Nigeria's oil, gas, and mining sectors that require deliberate policy interventions to pave the way forward in the ongoing sector reforms.

The purpose of the policy advisory is, therefore, to highlight the issues in the critical areas of the sector's reforms, make informed suggestions to the government on immediate steps that need to be taken to address these issues, and the implications to shore up revenue generation in the sector by blocking leakages through impactful institutional reforms which NEITI is a lead agency in advocacy and engagements.

This policy paper contains recommendations for the government's action on the following issues:

- Sustained Engagements in managing labor issues over Subsidy Removal.
- Reconvening or re-constitution of the Presidential Steering Committee on Implementing the Petroleum Industry Act.
- Tackling Oil theft.
- Developing a Gas Utilization Policy with Linkages to Nigeria's Energy Transition Plan
- Fast-tracking the repairs of government-owned refineries
- Aggressive Policy Drive on Reforming the solid minerals industry.
- Strengthening Nigeria's membership among the 57 member countries of the global Extractive Industries Transparency Initiative EITI through the local arm of the Nigeria Extractive Industries Transparency Initiative NEITI to drive the reforms with knowledge, information, and data.

The intervention by NEITI on these issues is derived from 20 years of work and data-driven engagements to facilitate transparency, accountability, and reforms in the extractive sector.

NEITI commends the government's bold action on subsidy removal as an encouraging indicator of the new administration's commitment to reform in the sector.

This policy advisory is therefore presented as part of NEITI's ongoing efforts to support the government's initiatives towards macroeconomic reforms and the governance of the extractive sector.

Introduction

In 2003 Nigeria joined the global Extractive Industries Transparency Initiative (EITI) and established our local arm, the Nigeria Extractive Industries Transparency Initiative NEITI, in 2004. The objective of the global organization which NEITI is implementing in Nigeria is to enthrone transparency and accountability in the oil, gas, and mining sectors.

Member Countries of the EITI

Nigeria	Central African Republic	Kazakhstan	Republic of the Congo
UK	Chad	Kyrgyz Republic	Sao Tome and Principe
Germany	Colombia	Liberia	Senegal
Netherlands	Côte d'Ivoire	Madagascar	Seychelles
Norway	Dem. Rep. of Congo	Malawi	Sierra Leone
Indonesia	Dominican Republic	Mali	Suriname
Mexico	Ecuador	Mauritania	Tajikistan
Philippines	Ethiopia	Mongolia	Tanzania
Ukraine	Ghana	Myanmar	Timor-Leste
Afghanistan	Guatemala	Mozambique	Togo
Albania	Guinea	Myanmar	Trinidad and Tobago
Argentina	Guyana	Niger	Uganda
Burkina Faso	Honduras	Papua New Guinea	Zambia
Cameroon	Iraq	Peru	

Over the past 20 years, NEITI has worked with the global EITI, which consists of 57 member countries, to lead impactful reforms, working with relevant agencies in the sector in improving Nigeria's macro-economic environment, strengthening public expenditure management, institutional and structural reforms in the oil, gas, and mining industry.

This policy advisory highlights the critical priority areas that require deliberate policy interventions and political will to pave the way forward.

1 

PRIORITIZE THE IMPLEMENTATION OF THE PETROLEUM INDUSTRY ACT

The PIA sets out to sanitize the industry and institute a regime of transparency, accountability, efficiency, and productivity in the sector, aligning the industry with global standards and best practices.

The immediate past administration constituted a Presidential Steering Committee to advise and develop an implementation plan for the PIA on August 18th, 2021. NEITI was a member of the Committee with a legitimate interest in mainstreaming transparency and accountability in implementing the law. The Committee identified 85 regulations and 27 model contracts to be developed to shape the implementation plan. A breakdown of the 85 regulations shows 30 upstream, 28 in the midstream and 27 downstream. On the model contracts, seven (7) were vital to drive implementation in the upstream, while 12 were needed in the midstream and 8 for the downstream. The key regulations are provided below:

UPSTREAM REGULATIONS

S/N	REGULATIONS
1.	Royalty Regulations
2.	Rent Regulations
3.	Conversion and renewal Regulations
4.	Domestic Gas Delivery Obligation (DGDO) Regulations
5.	Environmental Management Plan Regulations
6.	Upstream Technical Data Submission Regulations
7.	Acreage Management, drilling, and production regulations
8.	Assignment Regulations
9.	Gas Flaring Penalty Regulations
10.	Upstream Technical Codes & Standards Regulations
11.	Fields Unitization Regulations
12.	Licensing Round regulations
13.	Upstream Abandonment Regulations
14.	Upstream HSE Regulations
15.	Frontier Fund Regulations

16.	Host Communities Trust Fund Establishment & Trustee Regulations
17.	Host Communities Penalties Regulations
18.	NHT Regulations
19.	Back-in Rights Regulations (Rights of Participation)
20.	Environmental Funds Regulations
21.	Skills Gap Analysis and Staff Movement Regulations
22.	Beneficial Owners Register Regulations
23.	PSC Administration Regulation

MIDSTREAM REGULATIONS

S/N	REGULATIONS
1.	Wholesale Gas Classification & Pricing Regulations
2.	Midstream Open Access Regulations
3.	Midstream Transport & Storage Regulations
4.	Midstream Environmental Plans Regulations
5.	Midstream Technical & Commercial Licensing Regulations
6.	Midstream Technical Data Submission Regulations
7.	Midstream MIS Data Submission Regulations
8.	Gas Pipeline Tariff Regulations
9.	Oil Pipeline Tariff Regulations
10.	Gas Network Tariff Regulations
11.	Midstream Storage Tariff Regulations
12.	Midstream Abandonment Regulations
13.	Midstream Project Approval Regulations
14.	Midstream Technical Codes & Standards Regulations
15.	Technical License Assignment Regulations
16.	Technical Assignment Fee Regulations
17.	Midstream Compensation Regulations
18.	Midstream Decommissioning regulations
19.	Midstream Registration Regulations
20.	Midstream Commercial License Registration Regulations
21.	National Strategic Storage Regulations & National Petroleum Products Stock Management Regulations
22.	Midstream HSE Regulations
23.	Commercial License Assignment Regulations

24.	Commercial License Assignment Fee Regulations
25.	Midstream & Downstream Gas Infrastructure Fund Regulations
26.	Decommissioning & Abandonment Fund Regulations
27.	Gas Aggregator Regulations
28.	National Petroleum Products Stock Management Regulations - Remove

UPSTREAM REGULATIONS

S/N	REGULATIONS
1.	Petroleum Product Price Monitoring Regulations
2.	Downstream Open Access Regulations
3.	Downstream Transport & Storage Regulations
4.	Environmental Management Plan Regulations
5.	Downstream Technical & Commercial Regulations
6.	Downstream Technical Data Submission Regulations
7.	Downstream MIS Data Submission Regulations
8.	Product Pipeline Tariff Regulations
9.	Petroleum Products Safety Regulations
10.	Gas Distribution Tariff Regulations
11.	Abandonment Fund Regulations
12.	Downstream Project Approval Regulations
13.	Downstream Technical Codes and Standards
14.	Compensation Regulations
15.	Abandonment Regulations
16.	Downstream HSE Regulations
17.	Commercial License Assignment Regulations
18.	Commercial License Registration Regulations
19.	Downstream Registration Regulations
20.	Technical License Assignment Regulation
21.	Technical Assignment Fee Regulations
22.	Decommissioning Fund Regulations

THE MODEL CONTRACTS

UPSTREAM MODEL CONTRACTS

S/N	MODEL
1.	Model Petroleum Exploration License (PEL)
2.	Model Petroleum Prospecting License (PPL)
3.	Model Petroleum Mining Lease (PML)
4.	Model Production Sharing Contracts (PSC)
5.	Model Petroleum Risk Service Contracts
6.	Model Joint Venture Operating Agreement (JOA)
7.	Model Data Access Agreement

MIDSTREAM MODEL CONTRACTS

S/N	MODEL
1.	Model Commercial Gas Pipeline License
2.	Model Commercial Oil Pipeline License
3.	Model Commercial Gas Supply License
4.	Model Gas Aggregator License
5.	Model Commercial Oil Storage and Terminal License
6.	Model Commercial Gas Transport Network License
7.	Model Gas Export License
8.	Model Gas Purchase and Sale Agreement
9.	Model Technical Pipeline License
10.	Model Technical Gas Supply License
11.	Model Technical Gas Transport Network License
12	Model Technical Gas Processing License

DOWNSTREAM MODEL CONTRACTS

S/N	MODEL
1.	Model Commercial Gas Distribution License
2.	Model Commercial Petroleum Product Distribution License
3.	Model Commercial Petroleum Product Transport License
4.	Model Commercial Petroleum Product Storage License
5.	Model Technical Gas Distribution License
6.	Model Technical Petroleum Product Distribution License
7.	Model Technical Petroleum Product Transport License
8.	Model Technical Petroleum Product Storage License

NEITI has a legitimate interest in these critical regulations and is more clearly identified by the PIA Steering Committee as a significant actor and contributor to the development and benchmarking of the regulations against global industry best practices. NEITI's interest is to ensure that transparency and accountability mechanisms are strictly enshrined in line with the 2023 Standards of the global extractive industries through initiatives of the EITI, which Nigeria is a founding member. These regulations will strengthen implementation, especially in the fiscal regime and overall governance. For now, work on these regulations appear stalked. We need to conclude the task.

The PIA Steering Committee also commenced extensive work to guide the transition of the NNPC to NNPC Ltd, resulting in the unveiling of the commercial entity in June 2022.

The purpose of this policy advisory is to suggest as follows:

(i) Reconvene and strengthen the PIA Implementation Committee, whose assignment was stalled before the exit of the past administration.

(ii) In line with (i) above, the government should take urgent steps to conclude the ongoing privatization/commercialization of the NNPC for optimal efficiency and maximum revenue generation.

2

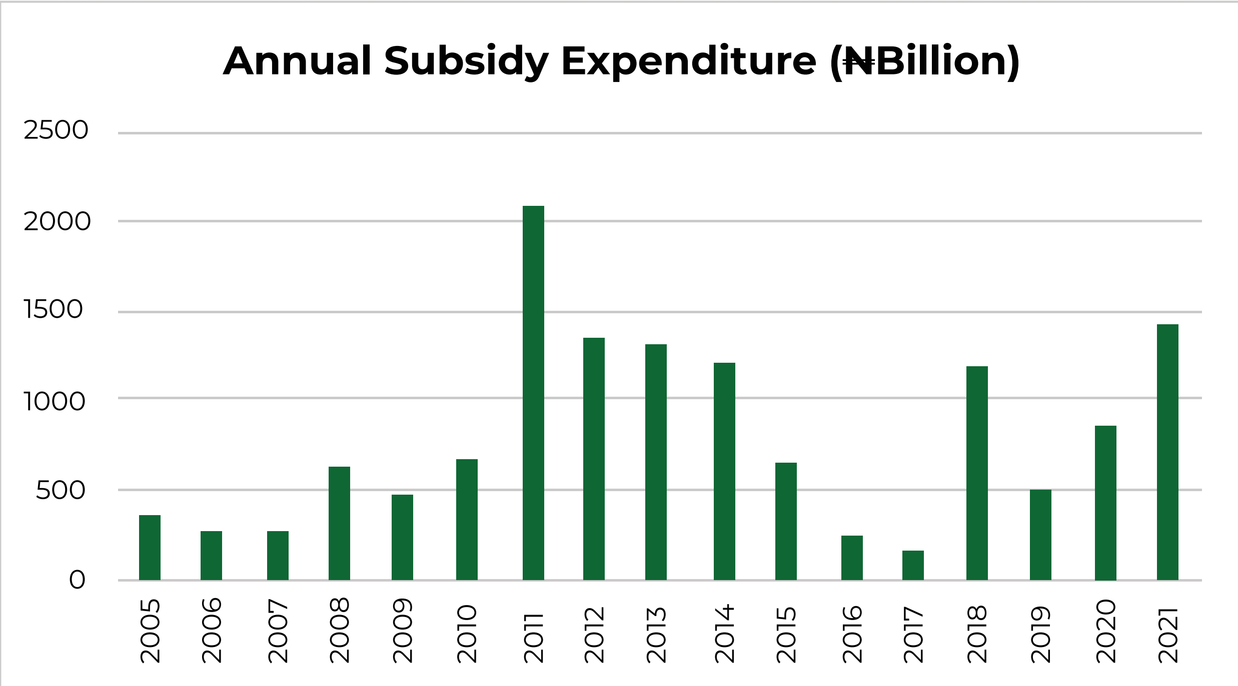
SUSTENANCE OF REMOVAL OF PETROLEUM SUBSIDY

NEITI again commends the government for the bold step taken on subsidy removal right from your inaugural speech. From our records, we support the removal of the Subsidy as a result of the enormous burden the Subsidy has imposed on the economy over the years. NEITI information and data below speak for themselves.

Year	Payments (Billion naira)	Payments($bn)
2021	1430	3.575
2020	864	2.4069
2019	508	1.6547
2018	1190	3.8889
2017	154	0.4739
2016	240	0.9449
2015	654	3.3367
2014	1220	7.3939
2013	1320	8.3019
2012	1360	8.5535

2011	2110	13.5256
2010	667	4.4172
2009	469	3.7823
2008	631	5.3025
2007	272	2.176
2006	257	1.9923
2005	351	2.66
TOTAL	**13697**	**74.3862**

Source: NEITI Reports



From the tables above, subsidy payments and their attendant less-than-transparent processes have deprived other sectors of funds that should have been used to finance development and social projects. For instance, to accommodate the increase in subsidy expenditure from N442.7 billion to N4 trillion to cover the remaining period not initially provided for in the 2022 budget, the government had to slash the budgets for health, education, planned investment in infrastructure, Niger Delta and the North-East development commissions.

NEITI's frustration is in the amount spent on Fuel subsidies between 2005 and 2021. During this period, Nigeria spent N13.7 trillion to finance fuel subsidies. If available for development, this amount was more than enough to address Nigeria's energy/power sector challenges, repair the refineries, or even build brand new ones to make the country a net exporter of refined petroleum products.

It is against this background that NEITI found the president's timely action to remove the Subsidy during his inaugural speech courageous, bold, and consistent with NEITI's position by the new administration for the last 18 years. We publicly applauded the decision.

3 INTRODUCTION OF WELFARE PROGRAMMES FOR THE POOR & THE VULNERABLE

With the Subsidy now gone, NEITI recommends that government immediately launch a comprehensive welfare Programme from the savings from subsidy removal. The target should focus on transportation, possible review of workers' salaries and emoluments, massive investments in physical infrastructure, and the creation of deliberate policy incentives and social safety nets for the poor and most vulnerable in health, access to micro credits, relief in education, etc. The implementation should be open, transparent, accountable, and evidence-based to build citizens' trust required to record visible impact.

4 DELIBERATE POLICY INCENTIVES TO ENCOURAGE PRIVATE INVESTMENT IN REFINERIES.

A deliberate policy initiative should be implemented with full Presidential backing to encourage Nigerians and foreign investors already awarded licenses to establish private refineries in Nigeria. The incentives may include tax holidays, institutional support, and availing potential investors in the downstream sector of the available opportunities within the existing "federal government ease of doing business policy." A team of experts could be set up to work out the details, the nature of support needed, the mode of application, the gestation period, and the projected impacts on the economy within the short, medium, and long term.

In this direction, NEITI strongly recommends that ongoing private sector-led efforts in this area should be identified as a potential private investor initiative to address national emergencies and, as such, should attract Presidential support such as visits, encouraging pronouncements, etc. A presidential visit to the 200,000 barrels refinery project ongoing in Akwa Ibom State by a private company, BUA group, is an example of making such bold, positive statements.

5  TACKLING CRUDE OIL THEFT/LOSSES

Implement the Report of the Special Investigative Panel on Oil Theft/Losses submitted to the government on March 28th, 2023.

This Panel was set up by President Muhammadu Buhari's administration and inaugurated by the former National Special Adviser on December 6th, 2022, with the broadest possible terms of reference to advise the government on short-, medium- and long-term measures to tackle Oil/Theft and Losses in the industry. NEITI was the only anti-corruption agency to serve on the Panel among other reputable Nigerians carefully selected for the assignment. The Report of the Panel with specific, insightful findings and recommendations was presented to the former National Security Adviser Rtd. Maj General Babagana Mungono on March 28th, 2023. The Report is current and comprehensive in content, with specifics on what needs to be done.

We now recommend that the government assemble a dependable team to develop an implementation plan with modalities and timelines to implement the Report. NEITI can offer any additional required information and data to guide implementation.

Our legitimate interest in the Report is given the terrible damage Oil theft has done to the country on revenues loss, environment, terrorism financing, stealing of Nigeria's crude, transparency, and accountability in the oil and gas industry.

NEITI's audit reports covering 2009-2020, a period of twelve (12) years, show that Nigeria loses, on average more than 140,000 barrels of crude oil daily. NEITI's audit reports the country lost 619.7 million barrels valued at $46.16 billion or N16.25 trillion. This is more than Nigeria's entire foreign reserves and almost ten (10) times the size of the country's oil savings (Excess Crude) account as of 2022.

Further analysis shows that Nigeria lost $10.7 million daily, $320 million monthly every year for 12 years between 2009 and 2020. The average yearly value of crude oil loss is nearly one-fifth of the amount Nigeria earned from the sector in 2020. In fiscal terms, the average annual loss (N1.77 trillion) represents 135% of the total proposed infrastructure spending on works, housing, power, transport water resources, and aviation for 2023.

Year	Crude Loss (Volume) (million barrels)	Crude Loss ($ VALUE in Billion)	Crude Value (N Value in Trillion)
2009	69.49	4.31	1.552
2010	28.31	2.29	824.64
2011	38.61	4.39	1.581
2012	51.58	5.82	2.095
2013	78.30	8.55	3.078
2014	40.17	4.14	1.492
2015	27.12	1.43	514.09
2016	101.05	4.42	1.591
2017	36.46	1.99	717.65
2018	53.281	3.837	1.172
2019	42.248	2.772	849.4
2020	53.056	2.21	787.7
TOTAL	**619.7**	**$46.16 Billion**	**N16.25 Trillion**

Annual crude oil losses (2009 – 2020) Source: NEITI Reports

6 REVIEWING NIGERIA'S GAS UTILIZATION POLICY TO ALIGN WITH THE COUNTRY'S ENERGY TRANSITION PLAN

Nigeria has the largest gas reserves in Africa and the ninth largest globally. NEITI reports put the country's gas reserves at over 200 trillion cubic feet (tcf). NEITI's position is consistent with the provisions of the Petroleum Industry Act passed in 2021. The PIA provided the most significant progress for the gas sector in strengthening governance and providing fiscal frameworks for the sector's growth.

We call on the government to urgently put a national gas utilization policy in place. Such policy needs to be clear on the specific roles of the industry, government, and investors in implementing the plan. Similarly, the gas utilization plan should show the market-driven opportunities that would successfully translate the gas plans into sustainable economic development. NEITI recommends a costed plan with realistic targets that is easy to implement.

For the gas utilization policy to work, there is a compelling need for deliberate ambitious investment in its infrastructure. This includes specific connectivity across upstream facilities to processing, power plants, and other end uses. The network code provides a framework through third-party access to resolve some of the connectivity issues, but to a large extent, achieving the desired gas expansion will require an estimated $20bn annually to bridge Nigeria's gas infrastructure. Given the shrinking fossil fuel investment landscape, clarity is required of the infrastructure to be prioritized.

The PIA's Midstream and Downstream Infrastructure Fund (MDIF) provides an avenue to fund the gas infrastructure if a robust transparency mechanism can be implemented to monitor the process closely.
This Policy advisory recommends a strong team of experts to assess the opportunities available within the gas sector to boost the economy and achieve energy access. The right policy and politics will send strong positive signals to investors to move into the gas sector. The work of the experts would include but not be limited to:

(i) Mapping of infrastructure gaps, prioritized gas demand and supply projects, gas demand and supply projections, and private versus public sector financing required.

(ii) A deregulation policy on gas pricing to align with the fiscal adjustments within the PIA 2021. Gas experts have argued that a market-based pricing regime, where producers and consumers are free to engage in transactions without government interference, would generate more government revenues and free up capital for government to spend in other weaker sectors of the economy.

(iii) Examine the Gas network code – The code was designed to govern gas transmission network open access and entry protocol. This was recaptured in the National Gas Policy 2017 and incorporated in the Petroleum Industry Act 2021. Implementing this policy is required to ensure projects such as the Nigerian Gas Flare Commercialization Programme works effectively and enough gas is accessible for the processing and power plants.

(iv) Review and implement the Gas infrastructure blueprint designed to provide the backbone gas pipeline and processing network originally at the heart of the Gas Master Plan. We view the proposed striking feature infrastructure networks as a key. It included connecting the western and eastern networks, building new transport pipelines from the south to Ajaokuta Steel, on to Abuja, and then to the country's northernmost reaches. There were also ambitions to construct the strategic East-West OB3 pipeline, Escriva's Lagos Gas Pipeline System, and the Trans Nigeria Gas Pipelines. Most are still not completed more than a decade after. These seven critical gas project interventions key into the findings of the National Gas Plan on the one hand, the infrastructure blueprint, and the National Gas Master Plan on the other.

NEITI also believes that a new concept analysis would be required to demonstrate the new approaches the government intends to embrace to deliver on the gas infrastructure. Besides, the projects must be prioritized given limited international funding and competing energy transition and development objectives.

Against this background, NEITI strongly recommends as follows for consideration:

(a) The Federal Government should develop and publish a detailed, realistic, costed, and comprehensive Gas Policy with clear roles for the state, non-state actors, and investors with timelines to track periodic progress.

(b) Provide an updated infrastructure blueprint outlining infrastructure commitments and priorities to address the vast shortage of gas industry infrastructure across the value chain.

(c) Direct independent assessment of the risks involved with gas expansion to create a strategy to minimize the impacts, maximize the benefits, phase out oil and gas assets, and plan for a post-oil and gas future.

(d) Develop an industry-specific linkage between the integrated gas policy with Nigeria's energy transition policies with a supporting action plan built on a robust monitoring and evaluation framework to track implementation.

(e) Marshal out a detailed plan to end gas flaring through a private sector-led commercialization program.

(v) Pursue Open, Competitive & Transparent Gas Flare Commercialisation Programme (NGFCP)

- NEITI welcomes and strongly aligns with the Federal Government of Nigeria's commitment to global emission reduction and methane abatement. This policy remains critical to achieving Net Zero emissions and arresting adverse impacts on the global environment. NEITI is also aware that through this Programme, Nigeria will join the global Committee of Nations in strengthening climate action and creating a sustainable environment.

- NEITI is also aware this program was conceived as a strategic market-driven initiative of the Federal Government to eliminate routine gas flaring in the country through commercial mechanisms. The program seeks to enable the Federal Government to award flare sites to competent third parties with proven technical capacity and financial capability to take the flare gas to market via a competitive bid round process.

- The Programme was also designed to attract credible third-party investors that will deploy proven technologies to capture flare gas under a commercial structure to enhance bankability. This Programme will forestall harmful and deleterious impacts of flaring and wastage of the premium economic resource.

- Against this background, NEITI requests the government to take urgent steps, backed by strong political will and presidential support, to ensure open, competitive, and transparent implementation of the Nigeria Gas Flare Commercialisation program being implemented by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC). This is given its immense potential for revenue generation in the gas sector, our country's net zero emission reduction, and methane abatement overall plan.

7 

STRENGTHEN DISCLOSURES AND ENGAGEMENTS IN PLANNING AND IMPLEMENTATION OF NIGERIA'S ENERGY TRANSITION.

Given our high dependence on oil and gas for industrial and domestic energy utilization, the global transition from carbon fuel to renewable energy sources poses a significant threat to Nigeria's economy. Nigeria's commitment to implement the Paris (climate change) agreement and targets set at the COP26 Glasgow climate conference requires extensive, evidence-based planning, engagements, and implementation to ensure a beneficial transition path for Nigeria and Nigerians. To navigate the delicate path of the energy transition, NEITI strongly recommends to the government the need to balance the country's economic and climate change objectives with the following fundamental steps:

- Review Nigeria's energy transition plan. Energy transition has wide-ranging impacts and dimensions with corresponding consequences on different sectors of the economy – revenues, jobs, livelihoods, environment, climate change, industry, communities, etc. Therefore, we recommend that the government directly review Nigeria's energy transition plan to align with the policy objectives of the present administration and broader stakeholders.

- Ensure deliberate policy initiative on access and availability of data to drive public debate on energy transition: Nigeria would need to produce and publish information and data on fundamental climate change and oil and gas production and consumption indices, including carbon taxes and pricing mechanisms, greenhouse gas emissions, cost of production, reserves, etc. Government should ensure that relevant information and data from the relevant sectors should support the implementation of Nigeria's energy transition program. NEITI is available, ready, and willing to support the government's policy intervention on open data to aid implementation.

- Conduct nationwide public education and enlightenment on energy transition: The government should encourage agencies and institutions to embark on grassroots-based public education and enlightenment on what energy transition is, what it is not, the benefits, risks, opportunities, challenges, and government policy action to address the challenges.

- Investment in identified strategic solid minerals. The global shift from fossil fuel to renewable energy would inevitably trigger a corresponding need for energy minerals to build renewable energy applications and an upsurge in investment and exploitation of such minerals. In response to the rise in the production of minerals supporting the energy transition, transparency over the terms of transactions and who benefits from them is vital for good governance, citizens, and investors' trust. Nigeria should therefore pay close attention to developing the country's strategic minerals, namely coal, iron ore, bitumen, gold, Limestone, lead/zinc, and barite.

8

PRIORITY ATTENTION TO REFORMS IN THE SOLID MINERALS SECTOR

- From the work NEITI has done contained in 13 cycles of independent industry reports in the Solid Minerals sector, the following urgent steps are required to reform and reposition the Solid Minerals Industry.

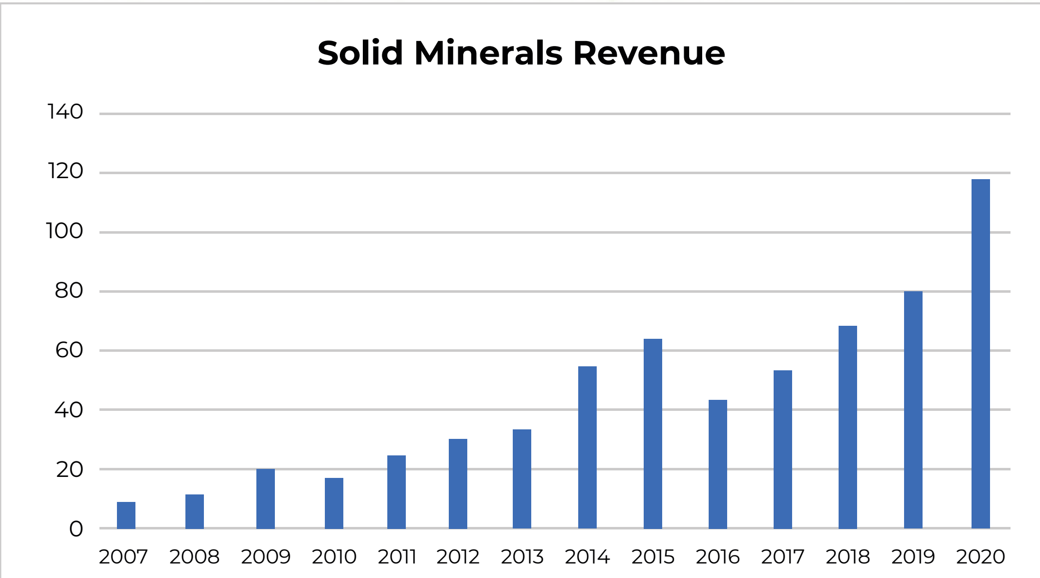
- Initiate urgent amendment of the Mining Act (2007) to streamline the roles and functions of the sector's regulators and administrative institutions to strengthen their capacities to enforce and implement the sector's policies and regulations.

- In line with the above, government, through the Federal Executive Council, should consider the need to forward a bill to the National Assembly to facilitate the amendment of the 2007 Mining law. NEITI is aware that the last administration at a meeting of the Federal Executive Council had approved a draft proposed bill. There is a need to make the document available for broader input by industry experts and stakeholders.

- NEITI recommends that government consider the need for leading state-owned enterprises like the defunct Nigeria Mining Corporation but with a solid private sector-led governance structure to be established to help drive investments into the sector similar to the roles of the NNPC in the oil sector and the NNLG in the gas sector. NEITI's comprehensive Report, findings, and recommendations have adequate information to guide the process of working closely with the Ministry and its affiliate agencies.

Year	TOTAL SOLID MINERALS REVENUE (N'Billion)
2007	8.19
2008	9.58
2009	19.43
2010	17.37
2011	23.67
2012	31.45
2013	33.86
2014	55.81
2015	63.98
2016	43.22
2017	52.75
2018	67.92
2019	79.96
2020	128
TOTAL	**635.19**

Revenues earned from Mining Sector (2007-2020) (Source: NEITI Reports)



The chart represents the government's earnings from solid minerals in 14 years (2007-2020). The data show that revenue collection has improved significantly since NEITI began to conduct industry audits of the sector.

NEITI's scoping study, as part of our mandate, revealed the mineral quality of 44 different mineral types that occur in commercial quantities in more than 500 locations across 36 states and the Federal Capital Territory. Seven of these minerals have been tagged as strategic for immediate development. These are;

- Coal
- Iron Ore
- Bitumen,
- Gold, Limestone
- Lead/Zinc
- Barite

The designation of these minerals as strategic stems from their potential to make significant contributions to Nigeria's economic development. These strategic mineral assets are available across the federation as proven reserves. With the Federal Government throwing the sector open for investment, it has the potential to contribute over 60 percent to the nation's GDP.

These minerals have been designated as strategic minerals ready for entire investments.

9 STRENGTHENING NEITI FOR EFFECTIVE OVERSIGHT AND GOVERNANCE OF THE EXTRACTIVE INDUSTRY

Nigeria, in 2003, signed up to the EITI as part of the comprehensive reform programs of the Federal Government under the National Economic Empowerment Development Strategy – NEEDS.

The reforms targeted four main areas. These are to improve Nigeria's macroeconomic environment, enable institutional and governance reforms, strengthen public expenditure management, and implement structural reforms.

NEITI is a national chapter of the global EITI based in Oslo, Norway, and a multi-stakeholder initiative comprising government, companies, and civil society. Presently, 57 countries across the globe are implementing the EITI.

Since 2004, NEITI has produced and published data from the oil and gas and solid minerals sector for 13 and 11 cycles, respectively, covering 1999 to 2020. In line with the EITI global standards, NEITI's audit reports have provided information on production, revenue, licenses, contracts, ownership information, etc. Beyond the EITI requirements, NEITI audits expenditure of oil and gas revenue allocation to statutory beneficiaries. This audit is titled "Fiscal Allocation and Statutory Disbursement (FASD)" audit. All these audits have generated information that has informed reforms and policies in the extractive sector.

The implementation of EITI in Nigeria has led to visible impacts, some of which are listed below:

- The Petroleum Industry Act, a product of NEITI, reports findings & recommendations.
- Growing Federation Revenue Through Public Disclosure: the 2019 NEITI oil and gas industry reports identified over $6Billion (N2.6 trillion) as debts owed to the federation by seventy-seven (77) oil and gas companies.
- Leading Extractive Industries Reforms with evidence-based data.
- Shaping Extractive Industry Reforms & Growth through Remediation.
- NEITI was appointed as a member of the PIA Presidential Implementation Steering Committee to ensure that its recommendations, as provided in PIA, are implemented.
- In the Solid Minerals sector, NEITI worked with the Ministry of Mines and Steel Development to develop a roadmap and a new fiscal regime for the solid minerals sector.
- Data Access & Availability to Drive National Planning & Industry-Based Reforms.
- Agency Leadership in the fight against crude Theft & Product Losses
- Pioneering Automation & Deployment of Technology in Extractive Industry Revenues Recipient Institutions.
- Implementation of Beneficial Ownership Disclosure- NEITI is currently implementing Nigeria's global action plan on Beneficial Ownership as part of the Transparency and Anti-corruption policy objective of the government's Economic Recovery Growth Plan (ERGP). NEITI has established a public register of real owners of oil and gas assets.
- Leading the Country's National Response on Gender and Environmental Reporting in Extractive Industries.

NEITI, therefore, requires the government to support the ongoing struggle through evidence-based interventions with information and data to achieve the following:

- Block the leakages,
- Incentivize and strengthen ongoing reforms.
- Build public trust and investors' confidence through public disclosure and access to information and data.
- Play its frontline roles in the implementation of the Petroleum Industry Act.

- Improve government revenue generation in the sector under the global principles of the extractive industries transparency initiative (EITI), of which Nigeria is a member.

CONCLUSION

The time to reposition the oil, gas, and mining sectors to work for all Nigerians, not just a few, has come. The removal of fuel subsidies has set the right tone and message that President Bola Ahmed Tinubu's administration can do more. NEITI is ready and available to support bold and courageous reforms with reliable information and data and leverage the technical support from our global partners in 57 member countries. We believe that this policy advisory is our humble contribution to help the new administration to know where we are in the sector reforms, where we want to be, and how we can get there.

NEITI... promoting transparency, enabling prosperity

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