POLICY PAPER ON NEITI ENERGY TRANSITION & CLIMATE ACCOUNTABILITY FRAMEWORK.

EXECUTIVE SUMMARY

The Nigeria Extractive Industries Transparency Initiative (NEITI), in alignment with the 2023 EITI Standard and Nigeria's national energy transition objectives, has developed and formally adopted a comprehensive Energy Transition and Climate Accountability Framework. The policy was approved by the NEITI National Stakeholders' Working Group (NSWG) at its 6th Board Meeting and Strategic Retreat held in Umuahia, Abia State-an oil-producing state known for its bold fiscal reforms and impactful infrastructure projects.

This framework redefines NEITI's role in the energy transition by providing a transparent, accountable, and inclusive mechanism for monitoring climate-related financial risks, divestments by International Oil Companies (IOCs), greenhouse gas emissions, and the implementation of Host Community Development Trusts (HCDTs) under the Petroleum Industry Act (PIA). It responds to emerging obligations under the Paris Agreement, Sustainable Development Goals (SDGs), and EITI requirements concerns of the Civil Society and positioning Nigeria at the forefront of a climate-compliant natural resource governance, nation.

The framework sets out practical responsibilities for NEITI's Oil, Gas, and Mining departments in the conduct of its 2024 industry reports and beyond. It leverages digital tools, multi-stakeholder collaboration, and data integration to ensure credible disclosures and informed policymaking. As Nigeria navigates the dual imperatives of energy security and climate resilience, NEITI's leadership in this domain reinforces the value of EITI implementation in addressing global challenges through national reforms, with local context.

1. Background and Context

Nigeria's journey towards a low-carbon economy has intensified under growing global and domestic pressures to address climate change, reduce fossil fuel dependence, and implement inclusive development mechanisms. As a signatory to the Paris Agreement, and an active participant in the 2030 Agenda for Sustainable Development, Nigeria faces urgent expectations to embed climate accountability within its extractive governance architecture.

The 2023 EITI Standard further requires implementing countries to broaden their transparency scope to include forward-looking data on:

- Climate-related financial disclosures,
- Emission monitoring and reporting,

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- Just transition policies,
- Environmental and social impacts,
- Divestment processes and community engagement.

In response, NEITI has developed this policy framework to integrate these elements into its future industry audits, policy engagements, and stakeholder collaboration platforms.

The policy is also coming in response to the progress report from NEITI ongoing study on the impact of Energy Transition on Nigeria as an oil dependent economy made to the NSWG in Umuahia.

The policy is also designed to respond to concerns of the civil society for adequate policy measures to address climate and environmental justice through out oil investments and divestments value chain, especially in lost Communities in the oil producing areas, in Nigeria.

2. Objectives of the Framework

The Energy Transition & Climate Accountability Framework aims to:

- Ensure that NEITI's industry reports capture disclosures related to greenhouse gas emissions, energy transition risks, and adaptation strategies.
- Monitor divestments of oil and gas assets, particularly by IOCs, for compliance with due process, environmental liabilities, and community rights.
- Promote transparency in the establishment and operation of Host Community Development Trusts (HCDTs) under the PIA.
- Align NEITI reporting and stakeholder engagement with national climate policy instruments, including the Energy Transition Plan, NDCs, and Green Bond Initiatives.
- Support informed policy reforms and public discourse on Nigeria's pathway to sustainable energy.

3. Strategic Pillars of the Framework

A. Emissions Tracking and Climate Risk Disclosures

- Collect and publish data on emissions from oil, gas, and mining operations.
- Report on mitigation actions by companies and government agencies.
- Monitor national climate risk disclosures tied to extractive projects and infrastructure.

B. Just Transition Planning

- Track government and private sector initiatives to shift from fossil fuel dependency.
- Assess socio-economic impacts on communities, labor, and local economies.
- Engage with vulnerable groups to ensure inclusive transition pathways.

C. Transparent Monitoring of Divestments

- Publish information on planned and ongoing divestments by IOCs and other entities.
- Verify adherence to environmental, social, and governance (ESG) standards.
- Ensure host community consultation and benefit-sharing in line with PIA.

D. Host Community Development Trusts (HCDTs) Oversight

- Monitor the registration, funding, and implementation of HCDTs.
- Track project delivery, grievance mechanisms, and community feedback.
- Publish annual summaries of HCDT operations and outcomes.

E. Digital Transparency Tools and Open Data Systems

- Deploy real-time data dashboards and emissions mapping tools.
- Integrate climate and transition data into the NEITI Data Center.
- Partner with relevant MDAs, civil society, and donors for data harmonization.

4. **Implementation Plan for 2024 Reporting Cycle**

To operationalize the policy, NEITI's Secretariat will take the following steps:

A. Oil & Gas Sector Reporting

- Incorporate emissions and climate disclosures into the 2024 Oil and Gas Industry Report.
- Develop a reporting template for divestment tracking and HCDT performance.
- Engage with NUPRC, NMDPRA, and IOCs to access and validate data.

B. Solid Minerals Sector Reporting

- Integrate baseline GHG tracking for large-scale mining operations.
- Include community environmental impact disclosures and energy use trends.
- Monitor corporate climate action plans in line with global mining standards.

C. Institutional Coordination

- Establish an internal Climate Accountability Task Team across departments.
- Collaborate with the Federal Ministry of Environment, NESREA, and NCCC.
- Provide capacity building for NEITI staff and partners on climate governance.

D. Stakeholder Engagement

- Launch a policy brief series on energy transition transparency.
- Convene dialogues with communities, companies, and civil society on just transition.
- Participate in global forums on extractives and climate disclosures.

5. Monitoring, Review and Learning

NEITI will institute a bi-annual monitoring and review mechanism to assess:

- Progress in integrating climate disclosures into its audits,
- Quality and completeness of company data,
- Stakeholder feedback and use of published information.

An Annual Climate Accountability Progress Note will be published alongside NEITI's reports to share key outcomes, lessons learned, and evolving priorities.

6. Conclusion

The Energy Transition and Climate Accountability Framework is a bold step in ensuring that Nigeria's natural resource governance evolves with the global shift towards sustainability. By institutionalizing these reforms through its EITI mandate, NEITI reaffirms its leadership in transparency, equity, and climate-resilient development.

The NEITI NSWG commends this policy to the EITI International Secretariat and peer implementing countries as a reference for integrating climate accountability into extractive sector governance.

Approved by:
NEITI National Stakeholders' Working Group (NSWG)
6th Board Meeting, Umuahia, Abia State, 9th of May 2025

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