Keynote Speech by Dr. Orji Ogbonnaya Orji, the Executive Secretary, Nigeria Extractive Industries Transparency Initiative and Chair, Global Contract Transparency Network at the Inaugural Meeting of the Joint Committee for the Implementation of Contract Transparency in Nigeria, Held 16th November 2021 at Bon Hotel, Abuja.

Protocols !

I feel privileged and honored to give welcome remarks at this important event, the inaugural meeting of the Joint Committee on the Implementation of Contract Transparency in Nigeria.

As you may be aware, Nigeria was recently appointed chair of the global Extractive Industries Transparency Initiative (EITI)'s Network on Contract Transparency. As the Executive Secretary of NEITI, the appointment placed on my shoulders, the responsibility of chairing this initiative on behalf of Nigeria.

The EITI global network on contract transparency is tasked with the responsibility of championing the cause of contract disclosures in the extractive industries by providing leadership in shaping the narrative around contract transparency issues. The network provides a forum for governments to share experiences and expertise on the publication of contracts within the EITI framework, including improving quality and usability of publicly disclosed contracts, among others.

The network is made of 20 EITI implementing countries including Nigeria. The countries are Indonesia, Philippines, Mexico, Armenia, Cameroun, Chad, Democratic Republic of Congo, Ghana, Malawi, Guinea, Mongolia, Mozambique, Myanmar, Senegal, Sao Tome e' Principe, Togo, Zambia and Tanzania.

The appointment of Nigeria to Chair this important global initiative by the global EITI is a direct recognition of the enormous work that the Nigerian government has done through NEITI and its stakeholders, and the leadership that the country has shown towards the implementation of the EITI over the years. As soon as the appointment was announced, I quickly reached out to all the key government agencies that have responsibilities on this issue for partnership. The meeting we are having here today is the result of that consultation.

Since 2015, our government has made several public commitments to publishing petroleum and mining contracts. These include its commitment under the global Extractive Industries Transparency Initiative (EITI); President Muhammadu Buhari's commitment at the 2016 United Kingdom Anti-Corruption Summit; and the commitment made under the 2017 Open Government Partnership National Action Plan.

Recently, the government followed this commitment with actions through the passage of the Petroleum Industry Act (PIA). The new Law mandated the Nigeria Upstream Petroleum Regulatory Commission (NUPRC) to publish the text of existing and new contracts, licenses, leases and amendment or side letters with NNPC on its website within one year after their effective date.

Similarly, under the 2019 EITI Standard, implementing countries, including Nigeria are required to fully disclose any contract and or license that is granted, entered into or amended from 1 January 2021. There are five different types of upstream contractual arrangements under which companies carry out exploration and production operations in the oil and gas industry. They include:

- Joint Operating Agreements.

- Production Sharing Contracts.
- Service Contracts.
- Sole Risk Contracts and
- Marginal Field Agreements.

For each of these contracts, government is expected to disclose the main contract document, any annexes, amendments and other associated documents, including environmental and social documents.

In the midstream and downstream sector, trading contracts such as crude oil term contracts, spot sales contracts, inter-company contracts, direct sale of crude oil and direct purchase of refined products agreements and contracts for domestic and export sales of natural gas feedstock, natural gas liquids and refined products are expected to be disclosed. Other areas where important contractual relationships may require increased transparency include but are not limited to refining, sale of products and petroleum imports.

It is important to state here that from January 2021 to date, the Nigeria National Petroleum Corporation (NNPC) has signed agreements for renewal of OML 118 and OML 130, while the Department of Petroleum Resources (DPR) has also concluded Marginal Bid Rounds. All the contracts and agreements that emanated from these exercises are to be publicly disclosed in line with Nigeria's commitment to contract transparency under the 2019 EITI Standard.

Oil, gas and mining contracts contain important information that when publicly disclosed and made accessible has enormous benefits to government, companies as well as citizens. Public disclosure of production commitments in the contracts can also have major positive influence on investments and government revenues. The disclosures on environmental commitments, social obligations, including infrastructure are great social license and trust-building mechanisms for companies and operators.

Furthermore, disclosure of contracts enables oversight actors to determine whether the state and companies are meeting their commitments. Besides, when those involved in the contracts negotiation and drafting know that contracts will be made public and subject to scrutiny, they will certainly be more careful and resist either political interference or industry pressure that usually characterize the process. It can also provide important opportunity for companies to build public trust and engender improved business environment, level playing fields and fair markets in the extractive industries.

In disclosing extractive industries contracts, government is expected to set up a contract web portal that is publicly accessible and allow users to browse contracts by company, by project and also by geography. Good examples of these kinds of portals have been developed by a range of countries including Mexico, Philippines and Ghana. The task before this important committee is to ensure effective implementation of contracts disclosure in Nigeria's oil, gas and mining sectors and help the country realize the enormous benefits of contract transparency. Therefore, the specific terms of reference of this Committee are:

i. Commit to include a statement in the Expression of Interest for Bid Rounds, Oil and Gas Term contracts and other trading contracts that agreed terms will be published according to the President's commitment on transparency and contract disclosure.
ii. Develop an action plan and activities to address how contracts are to be published going forward, i.e. what to disclose, how to disclose and when to disclose.
iii. Review the institutional or legal barriers to confidentiality clauses that may impede such publications and how to overcome these barriers going forward,
iv. Produce a list (titles) of all existing contracts that Nigeria is party to, and

v. Any other documentation that will ensure Nigeria's realization of the commitments made by Mr. President to the international community on contract transparency.

My expectation is that you will carefully study these terms of reference and develop a framework to guide our country's implementation of contract transparency. This is key to ensure that our leadership of contract transparency at the global level is impactful at all levels.

On this note I congratulate you all for being part of this revolutionary initiative of contract transparency in our extractive industries. Let me also thank you all for agreeing to partner and work with NEITI in this direction and for your acceptance to serve in the Joint Committee for the Implementation of Contract Transparency in Nigeria.

Thank you all for listening