Welcome Remarks by Dr Orji Ogbonnaya Orji, the Executive Secretary of the Nigeria Extractive Industries Transparency Initiative (NEITI) at the NEITI –Companies Forum on 22nd November 2023 at Black Diamond Hotel, Victoria Island, Lagos.

Protocols

1. I wish to welcome you all to the Companies Forum, the first formal meeting we are having for sometime now. This meeting is very important to NEITI in view of our renewed hope and renewed commitment to deepen our engagement with Oil, Gas and Mining Companies.
2. We are passionate about our relationship with the Oil, Gas and Mining Companies because without the Companies there will actually be no industries. The Companies define out scope of engagement with the industries. They define the essence of the level of revenue generation in the industry, government take, companies profit and the level of investments that can flow into the industry.
3. The Nigeria Extractive Industries Transparency Initiative (NEITI) as an offshoot of the global Extractive Industries Transparency Initiative (EITI) stand shoulder to shoulder and in solidarity with the Companies. Our only role in the engagement with the companies is to draw national and international attention on best ways to do business in areas of transparency, accountability in order to provide profit for the companies in a decent and accountable manner and provide revenues for government to be able to address the standard of living of the people.
4. In implementing the EITI, it must be clear that in a business environment characterized by acrimony, violence, insecurity and conflicts, business opportunities will be limited and, in most cases, completely shrank or

impeded. Therefore, when we provide enabling environment for business to thrive both the host communities, host states, host country and the companies that do business in the industry will be happy. That is why the EITI believes very strongly that on transparency and accountability everyone gains.

5. Our role therefore is to draw attention of the government to provide enabling environment, security, infrastructure, governance structure that allows businesses to thrive in a manner that companies will be able to conduct business in a profitable manner bringing revenues to government as at when due and also smile home with their hard-earned profit. This can only happen when governance structure allows transparency, accountability and good governance to thrive. This is the only goal NEITI seeks to achieve.
6. Many asked us what is the benefit of the Companies' Forum in the whole EITI process? The Companies Forum today provides us another opportunity to explain clearly that the benefit of companies in the implementation of EITI are huge. One, in transparency like we said earlier, everyone gains. In transparency, environmental pollution will be attended to because violation of environmental impact on the host communities and host countries will naturally attract violence and sanctions which I am sure no Company will like to experience.
7. When we do not have fair, equitable and accountable industry, violence is almost inevitable and these actions impede businesses. NEITI's role is to avoid all of this by ensuring that companies are allowed fertile and veritable opportunities to carry out their business. We will therefore require Companies to cooperate with us by providing data in our revenue reconciliation, industry administration and annual revenue reconciliation

process which we normally call Audit. That is the Industry Audit which we conduct in the Oil, Gas and Mining sector and we also do same with the Fiscal Allocation and Statutory Disbursement Audit.

8. That is why when we commence this process, we normally develop templates and share with you to make inputs. We also share the Terms of Reference that guide the process and expect to secure your inputs.
9. Throughout the process of industry audits, we work with companies from stage one to the last stage. Up to the stage of signing off. We work with you from the early stages of developing the Terms of Reference, through the process of conducting the template workshop where we seek your inputs into the templates that will guide the process.
10. We equally work with you in the process of data gathering, reconciliation and validation of whatever data that has been generated. So our process is industry driven and stakeholders' ownership in terms of approach. We will not expect that our reports will generate concerns.
11. Recently, there were understanding and misunderstanding when we made pronouncements about company remittances. The records are there on the companies that do not fail to remit revenues to government as at when due. All we are asking for is for those Companies that fail to remit to learn from companies that are remitting revenues when due.
12. We do not make empty pronouncements, we make pronouncements based on data provided by you and reconciled with the data from the Companies, Federal Inland Revenue Service (FIRS), Nigeria Upstream Regulatory Commission (NUPRC), Nigeria National Petroleum Company Limited (NNPCL), Ministry of Finance and other relevant agencies covered by our process.

13. It is our reconciliation that traces out these figures and at the end of every process, we collectively sign off on the report.
14. May I therefore appeal to the Companies to please come to terms with the NEITI/EITI process. We are very confident that when we work together, areas of mutual suspicion and information gaps will be narrowed to the barest minimum. I am here in Lagos to appeal to the Companies to continue to work with us. I also want to use this opportunity to express regrets that in the last report, six companies failed completely to comply with the process.
15. The Companies that failed to comply with the process out of 69 companies covered by the materiality threshold that we worked with have no one to blame but themselves if they are now open to further scrutiny by other Anti-Corruption agencies that are interested in our work and in whom we have a Memorandum of Understanding. It is their responsibility to enforce sanctions for violations. We believe their work begins after our work ends.
16. We do not wish any company to pass through these kind of interventions by simply not complying. If there are reasons for not complying with the EITI process, which is an international and national obligation, those companies should be able to reach out to us or through this Forum contact us to understand why. We can always reach a middle point. Excuses such as no production, deferred production, litigations or where a Company has any of those challenges we will be able to offer our assistance and also support as a government institution but what we will not tolerate is outright refusal to comply with the process. That will not be tolerated.
17. Therefore, we are highlighting that for the six companies, we are no longer in control of how their sanctions will shaped out because at this time government is looking for revenue, NEITI's report is geared towards

unraveling circumstances beyond leakages, identifying leakages, blocking those leakages through policy interventions and then incentivizing government revenues. That is why we are very strong in providing information and data for the government to fight oil theft which we know is a very huge challenge to Companies. We are equally very vocal in the way the government is out to manage reforms by helping the government to guide the reforms in a manner that it does not hurt company operations.

18. For instance, the Oil and Gas Report released recently showed that Nigeria earned a total revenue of $23.046bn from the sector in 2021. The sum is about 13 percent higher than the corresponding total of $20.43bn realized in 2020.
19. Breakdown of the earnings showed that about $8.67bn, or 37.6 percent of the revenue was realized from the sale of crude oil and gas; $13.37bn, or 58.02%, from taxes and other specific revenue flows, and $1.01bn, or 4.38 percent, went into payments to sub-national entities.
20. A ten - year trend analysis of financial flows from the oil and gas sector from 2012 to 2021 showed earnings of $348.63Billion.
21. From the Report, out of 69 companies that fall within the materiality threshold, 47 companies have liabilities totaling $8.265Billion. The liabilities are in areas of non-payment of taxes, royalties, levies and rents.
22. May I appeal to your respective companies to please take issues of prompt payment of taxes and statutory fees and levies quite seriously to protect your hard earned corporate reputation.
23. The NEITI reports have in recent times highlighted developments around liabilities, refineries, subsidy, oil theft, sabotage and vandalisation and the need for reforms in the oil and gas sector.

24. On solid minerals contribution to the economy, the recent NEITI report revealed that the solid minerals sector contributed 0.63% to GDP. While there has been some improvement compared to previous years where it contributed 0.45% in 2020 and 0.26% in 2019, the sector has not yet reached its full potential in making a significant impact on the overall Nigerian economy.
25. The report identified a total sum of N1.06 Billion as outstanding company liability to government within the period under review. The liability was as a result of the failure of some of the companies to pay their annual service fees for the respective mineral titles. Annual service fee is a statutory payment by mineral title holders for each cadastral unit on mineral titles.
26. We have also registered several success stories in the areas of Artisanal Mining, Seven Strategic Minerals and Community Development Agreement amongst other sterling achievements.
27. One of the success stories of NEITI in Nigeria's solid minerals sector is the opening of the Solid Minerals Revenue Account. In June 2021, N7.94 Billion was distributed to the three tiers of government from that account based on the mineral revenue sharing formula, with a balance of N5.67Billion left in the account as at 31st December 2021. The Federal government got N3.64Billion, states N1.85Billion while local government councils got N1.42Billion, while 13% derivation share was N1.03 Billion. This is a pointer to the benefits of the EITI/NEITI process when the three constituents collaborate and work together. The citizens are the ultimate beneficiaries.
28. We will like to use this opportunity to thank all the Companies that participated in the 2021 Industry Report and to announce formally that the Terms of Reference for the 2022 & 2023 report has already been circulated to you for comments. If you are yet to make comments, you still

have the opportunity. We will be seeking your formal approval of the Terms of Reference so that we can make progress.

29. Very soon we will be convening the template workshop to review the templates together with you and agree on how those templates will be populated and amended to suit your peculiar operations.

30. NEITI has done nothing and will do nothing to jeopardize the business interest of any organization or the companies working with us. But we will also appeal to you to understand our mandate in the industry and to please do your utmost best to comply with our requirements.

31. NEITI remains your friend, friend of the industry and one of you. Our duty is simply to help us improve governance of the sector for the benefit of all.

32. Before I end my address, I will like to use this opportunity to formally welcome Dangote Refinery into the Companies Forum, if there are not yet attending, we will reach out to them to welcome them into the industry, this is a huge investment in our industry in the Downstream and Midstream sector for which we are very delighted.

33. In the next coming days, NEITI will design a format of engagement to engage the company because it stands very tall as the biggest refinery in this sub-region, perhaps in Africa and one of the best in the world and we are very proud of that investment.

34. I am using this opportunity to assure Dangote Refinery in advance, ahead of our meeting with them, of our cooperation and to guide them with the governance process that will be competitive and aligns with global best practices, obligations and standards of the EITI & NEITI Act 2007.

35. I also want to thank the OPTS that has midwifed this meeting, there are very strong allies and I want to use this opportunity to commend their

leadership for their faith in us. The new team representing OPTS in the NEITI process are very strong and have been very available and accessible.

36. I equally want to use this opportunity to thank the former representative of the OPTS on our Board, Mr Bunmi Toyobo for the excellent work he has done.

37. May I therefore appeal to this Forum to please strengthen their leadership by conducting a process that will bring out a stronger structure of their leadership.

38. We are aware that the solid minerals sector is yet to be fully represented at the organs and we do think that this is a forum to make sure that the gap is bridged and covered. We are therefore thinking that by this meeting you should be able to elect your vice chairman and all other necessary officials.

39. From now on let us change the narrative by ensuring the Companies play a vital role in the EITI process because without you there is no industries, and with you, the industry can be stronger.

40. This meeting is expected to discuss among other things, the highlight of the report that we have unveiled, identifying the areas we can do more and looking at how the recommendations affect each of the Companies and possibly reflecting strategies for remediation.

41. We will also like to look at the challenges we have encountered in engaging with companies and how we can surmount these challenges. Take your comments on the terms of reference that we have shared on the industry reports for 2022 2023.

42. We do hope that your comment will help us finalise and we will be seeking your formal approval of that Terms of Reference so that we can also make progress.

43. In addition to this, we will interact generally with you on other areas not covered by this agenda which we can build a stronger relationship with the companies for the overall best interest of EITI implementation in Nigeria.
44. NEITI is fully here to help strengthen our governance process and institutions of government to be available to support you in this business environment.
45. We thank you for coming and expect that this meeting will be able to discuss all those areas of concerns with a view to strengthening NEITI-EITI relationship with the extractive industries in Nigeria.
46. Thank you very Much and God bless you.