

SPEECH BY THE EXECUTIVE SECRETARY OF NEITI, DR. ORJI OGBONNAYA ORJI, AT THE MID-YEAR REVIEW AND PRESS BRIEFING ON THE IMPLEMENTATION OF THE EITI AND UNVEILING OF THE NSWG MEMBERS HELD ON THE 28TH SEPTEMBER, 2021 AT TREASURE SUITES AND CONFERENCES, ABUJA.

PROTOCOLS

My Dear esteemed ladies and gentlemen of the Media

I bring you greetings from the Board and management of NEITI. I am delighted to welcome you all to this meeting which is in fulfilment of the pledge I made during my inaugural address to you when I took over as the Executive Secretary of NEITI in February this year. At that meeting, I promised to constantly update you on the progress that we all are collectively making by having quarterly and mid - year briefings.

I wish to start by thanking you for your continued and staunch support to the EITI process and implementation in Nigeria. Your voices and commitment to the process has contributed immensely to the modest achievements we have recorded in the past seven months which I will be sharing with us in the course of this address.

CONSTITUTION AND INAUGURATION OF THE NEITI BOARD

Seven months ago when I delivered my inaugural speech, I was surrounded by the Senior Management Team of NEITI alone. Today's briefing is different in many respects. The table is wider and there are new distinguished faces around it. We committed at that meeting that the Secretariat will work assiduously with government to ensure the speedy reconstitution of the NEITI Board. I am glad to

announce to you that this has been achieved. On the 22nd July, 2021, President Muhammadu Buhari constituted and inaugurated the 5th NEITI Board- the National Stakeholders' Working Group. This came a year and five months after the expiration of the tenure of the 4th NSWG and barely five months after my assumption of office as the Executive Secretary.

So, we are on course. The Extractive Industries Transparency Initiative EITI process which NEITI is implementing in Nigeria is a coalition of government, companies and civil society. It is a tripartite alliance under a multi-stakeholders approach-the NSWG which is the governing Board of NEITI. Each of these tripartite stakeholder groups has very crucial roles to play in the EITI process both at the national and international levels. As a result each stakeholder group is amply represented on the Multi Stakeholders' Group and participate independently as equals. The NEITI NSWG recently constituted by the President is no different. Members were drawn from the private and public sectors, civil society, the academia, labour unions, professional associations and grassroots representatives.

Distinguished ladies and gentlemen, I have the honour to formally present to you, the members of the 5th NEITI Board led by a seasoned bureaucrat and former permanent secretary in the Presidency, Mr. Olusegun Adekunle as the Chairman. (Members will be introduced one after the other). A week-long induction retreat and Board Meeting was held to bring the newly constituted NSWG up to speed on EITI implementation in Nigeria. This is one of the major achievements of the present NEITI Management under my watch.

LINKING NEITI REPORTS TO VISIBLE IMPACTS

The EITI is built on a basic framework of free, open and unrestricted disclosure of taxes, royalties, bonuses, rents etc paid by extractive industries companies to governments in resource rich countries. This basic framework also requires a diligent and honest acknowledgement of full disclosure by government of such countries of what it actually received from the companies on behalf of its citizens. The EITI process also requires implementing countries to verify and reconcile these payments and discrepancies where they exist through an independent auditor or reconciler who writes a comprehensive report of his findings including recommendations. This is then published and widely disseminated by the NSWG. As a result of the above mandate, NEITI has in the past 17 years engaged independent auditors to reconcile the payments by companies and receipt by government. These reports have also been published and widely disseminated to Nigerians and are on the NEITI website. The NEITI reports based on findings in its 2019 audit reports of the oil and gas sector show that oil and gas companies in Nigeria owe government about \$6.48Billion which equals about Two trillion, six hundred and fifty nine billion Naira (N2.659Trillion) at today's exchange rate of N410.35. Data available to NEITI indicates that 77 companies (including international and Nigerian owned oil and gas companies) owe these debts which arise from failure to remit petroleum profit tax, company income tax, education tax, value added tax, withholding tax, royalty and concession on rentals. This debt is at a time that government is borrowing money to fund the provision and upgrade of infrastructure for Nigerians, uplift their standards of living, provide steady power supply and access to good roads, quality healthcare and security. A breakdown of the figures shows that a total of \$143.99million is owed as

petroleum profit taxes, \$1.089billion as company income taxes and \$201.69Million as education tax. Others include \$18.46Million and £972Thousand as Value Added Tax, \$23.91million and £997Thousand as Withholding Tax, \$4.357billion as royalty oil, \$292.44Million as royalty gas, while \$270.187Million and \$41.86Million were unremitted gas flare penalties and concession rentals respectively.

A comparative analysis of what this huge sum can contribute to economic development shows that it could have covered the entire capital budget of the federal government in 2020 or even used to service the federal government's debt of \$2.68billion in 2020. In 2021, the 2.659trillion could fund about 46% of Nigeria's 2021 budget deficit of N5.6Trillion, cover about 65% of the present \$4billion loan which the federal government seeks to borrow to fund some of its infrastructure projects and is even higher than the entire projected oil revenue for 2021. This is why it is important that the process of recovering this humongous sum be set on course to support government in this period of dwindling revenue. NEITI therefore, in furtherance of its mandate and the focus of my tenure which is "Relevance Built on Revenue Growth and Impact" is determined to help government recover this money. We therefore appeal to these companies to ensure that they remit the various outstanding sums against them before the conclusion of the 2020 NEITI audit cycle to the relevant government agencies responsible for collection and remittances of such revenue. The NEITI will no longer watch while these debts continue to remain in its reports unaddressed. We will provide all necessary information and data to sister agencies including anti-corruption agencies whose responsibilities are to recover these debts into government coffers. NEITI made a commitment that it will ensure that its reports

are linked to visible impacts that are measurable. This is one key area where we want to ensure compliance to extant rules on remittances due to government.

STRENGTHENING OF NEITI POWERS AND FUNCTIONS

Recall also that I committed to strengthen the powers and functions of the NEITI through an amendment of the NEITI Law enacted since 2007. The amendment is to align the Law with EITI emerging issues, the new Petroleum Industry Act and on-going reforms in the industry. A gap analysis was developed on the present Law and a draft review sent to the Attorney General of the Federation and the Secretary to the Government of the Federation. We have received commitment from the SGF's office while the office of the Attorney General of the Federation is working with us on this.

INDUSTRY REGULAR REPORTING

NEITI Management upon my resumption as ES, resolved to release the 2019 audit reports. We had no Board at the time. We secured a waiver from the EITI and on 18th May, 2021, a validation process was held with stakeholders and the reports have since been publicly presented to stakeholders in Lagos and posted on our website. I am pleased to report that the NEITI 2020 Reports – oil/gas and solid minerals reports are now at final stages of completion. We expect the Reports to be ready for release by the NSWG on or before the end of November. In addition the on-going Fiscal Allocations and Statutory Disbursement Report that tracks revenues receipts and utilization in resource-rich states and statutory recipients for the period 2016 -2019 will also be ready by end of October. It is equally important to announce that the procurement process for the conduct of the 2021 industry audit will commence this month. Let me state that one major area we

are bringing new perspectives to our work is in the widening of the scope of the NEITI reporting. We are expanding our scope of engagement with the FIRS in the areas of tax computation and analysis, the DPR in policy regulation especially in metering. NEITI is interested on the basis of computation of taxes to ensure that the process is clear, transparent and accountable. The FIRS as a member of the NEITI Board is cooperating with NEITI.

A NEW PERMANENT HEAD OFFICE FOR NEITI

When I assumed office in February, one of the tasks before NEITI was how to permanently resolve the issue of office accommodation. As you may be aware, NEITI has been squatting in rented accommodation for the past 17 years. Given the high profile of our clients in the oil,, gas and solid minerals sectors and leveraging on the strong support we are getting from government, I made a strong submission to government on the issue. Six months after, I am delighted to announce that NEITI today has an office it can call its own. This also makes Nigeria the first implementing country with such a status. Permit me at this juncture to pay glowing tributes to the President and his team as this is yet another legacy of his administration.

PARTNERSHIP WITH SISTER AGENCIES AND ANTI-CORRUPTION NETWORKS.

In the past seven months, NEITI has held series of meetings and consultations with the diverse stakeholder groups involved in the EITI process. The outcomes of these engagements have culminated in the signing of Memorandum of Understanding with some of them to support NEITI in the implementation of the EITI in Nigeria. MoUs were signed notably with the EFCC, ICPC and the NFIU.

THE PASSAGE OF THE PIA AND APPOINTMENT INTO THE PIA IMPLEMENTATION STEERING COMMITTEE

Part of NEITI's expectations is that there would be an omnibus Law that will guide the operations of the petroleum industry. The expectation has been met and with the enactment of the PIA, NEITI is poised to work with all stakeholders in the petroleum sector to commence the implementation of the Act. The President also appointed NEITI into the PIA implementation Steering Committee. The President noted that NEITI's appointment was in recognition of its role in identifying the need for the legislation, the work by NEITI to get the PIB passed, how NEITI reports have helped to shape the contents of the new law and the direction of ongoing reforms in the sector. NEITI will be working with 9 other key relevant government agencies including the Minister of Petroleum Resources and the GMD NNPC, to develop the framework, guidelines, regulations and road map for the implementation of the new Law. NEITI's specific task will be to ensure adherence to EITI principles and standards. NEITI as a watchdog of the extractive sector is committed to support every effort aimed at laying the foundation for a smooth take-off of the various Commissions and agencies identified in the Act. Specifically, the transparency agency held a two day workshop on the provisions of the PIA and the role of NEITI in the process. We have identified areas that we need to start work immediately and a committee set up to monitor the process.

A 5-YEAR STRATEGIC PLAN FOR NEITI (2022-2026)

NEITI five-year strategic plan (2022 -2026) with the theme "Relevance Built on Revenue Growth and Impact" is currently being developed and the draft plan is undergoing stakeholder' validation. The plan will be ready for launch before the end of the year.

NEITI AUDIT AUTOMATION PROJECT

The NEITI Audit Management System (NAMS project) which is being jointly executed with Development Gate Way under the World Bank support will be completed and unveiled this Month. The project will transit NEITI information/data gathering process from analogue to an automated/digital process, improving efficiency in time and resources while reducing human interference and error in the audit process.

OPENING EXTRACTIVES.

Opening Extractives is a new EITI program aimed at deepening beneficial ownership implementation in select member countries. The Minister of State, Budget and National Planning has been officially designated Nigeria's lead government official on the Opening Extractives Initiatives. Nigeria's national launch of the initiative in Nigeria has been fixed for 9th of November. NEITI is coordinating and I have already set up a team to midwife the process.

CONTRACT TRANSPARENCY NETWORK

I have been appointed to lead the global EITI Contract Transparency Network on behalf of Nigeria. I have held meetings with the Anglophone Country Manager of EITI in Nigeria to discuss details and modalities and the next steps. I will also be reaching out to you as we work to develop the framework, develop a program, and commence work and will greatly appreciate your support.

ENVIRONMENT/GENDER

NEITI has commenced the process of conducting a scoping study as well as the development of a framework for reporting environment and gender with the support from Ford Foundation. We are working with Ministries of Environment, Women Affairs and the Civil society.

DESIGN OF A NEW, FUNCTIONAL AND INTERACTIVE WEBSITE

NEITI is currently designing a brand-new website. The project is already at advanced stage. The New Website will be launched on 1st October 2021 to usher in our country's 61st Independence Day. The new Website is necessary to reflect the new image of NEITI in information and data content as well as in outlook.

RECONSTITUTION OF THE CSSC.

Ladies and gentlemen, the multi-stakeholder nature of the EITI requires that each group in the EITI process participates in the process in an independent manner. For the civil society, NEITI has always depended on the civil society for guidance, monitoring and evaluation of the process in Nigeria and internationally. At the international level, it is the civil society organizations that form the back bone of the maintenance of high standards and relevance in EITI implementation across countries. In Nigeria and NEITI in particular, it is civil society organizations that mobilise the citizens to enlighten, educate, inform and build their capacity to understand their rights in the extractive sector value chain and through the process, hold government and companies to account on the use and management of these resources. In the implementation of EITI therefore, the role of civil society organizations are multi-dimensional. They are expected to freely monitor and evaluate independently, the implementation of the EITI Standard, ensure transparency and accountability in the operations of the sector and open up the sector in a manner that elicits popular participation and compliance.

NEITI in the past set up the civil society steering committee to act as an advisor to the NSWG and ensure that the third sector is strengthened to contribute to the EITI process in Nigeria. The present Board has also identified the CSSC as one of its

standing Committees. I intend to strengthen the capacity of the civil society to function in this role.

Just yesterday a 13 Member Civil Society Steering Committee was selected for NEITI. The 13 Member Civil Society Steering Committee comprises the 5 Board members nominated into the Committee and eight other members drawn from different clusters. These clusters include: media, professional body; gender; people living with disability; youth; academia and PWYP coalition. Alternate members were also selected for each of the clusters and constituencies.

The Chairman of the Civil Society and Communications Committee of the Board is Peter Egbule. The Civil Society Steering Committee also acts as the liaison between the Civil Society at the grassroots, the citizens and the Secretariat. Also to be considered today is the initiation of an annual media roundtable.

Distinguished ladies and gentlemen of the press, you can assess for yourselves how much progress that we have made in the past seven months and how farther we can go together with your support. I enjoin you to support the NEITI so that together we can make our natural resource wealth work for our people and generations yet unborn.

Thank you for coming.