

# HANDBOOK

## **Introduction**

The Nigerian Extractive Industries Transparency Initiative (NEITI) occupies an important place in Nigeria's socio- economic reform. It represents a national domestication of the global Extractive Industries Transparency Initiative (EITI).

The underlying principle of the EITI is the belief that sustainable development which encapsulates eradication of poverty is possible in resource rich countries which are often victims of "resource curse". But it is only possible when the government of resource rich countries recognize that it is their sovereign duty to manage their country's resource wealth for the benefits of all their citizens. A complementary fundamental tenet of the EITI is the conviction that public understanding of national revenue and public expenditure, over time, facilitates public debate and informs rational choice of appropriate option and strategies for sustainable development.

Furthermore, the EITI is founded on the faith that transparency in revenue management coupled with the principle and practice of accountability, by government to all citizens constitutes the hall mark of good government. This is the rationale for the use of a multi-stakeholder structure to govern the EITI process. It is also the basic explanation for the mainstreaming of the role of civil society in the implementation of the EITI at the global and national levels.

Nigeria was the first country in the world to take concrete and practical steps to implement the EITI. It was also the first country to institutionalize the implementation of the EITI through a triple mechanism. First was the enactment of a specific EITI - law with enforceable sanctions. Second was the establishment of a national EITI secretariat with full time staff, devoted entirely to EITI implementation. And the third was the provision of a special annual budget for EITI implementation and the creation of a special committee of the legislature to undertake public over-sight over EITI implementation at the national level.

The NEITI Act of 2007 specifies five key objectives of EITI implementation in Nigeria. However to realize those objectives, certain functions have to be performed. The key functions of the NEITI are to develop a framework for transparency and accountability in

the reporting and disclosure by all extractive industry companies of revenue due to be paid to the federal government. More specifically, the NEITI is to ensure that all payments due to the federal government from all extractive industry companies are duly made. It is also to ensure that all fiscal allocations and statutory disbursements due from the federal government to statutory recipients are duly made.

Since it proclaimed its policy of implementing EITI in 2003 and commenced implementation in 2004, Nigeria has produced and published three EITI reports, spanning ten years: 1999-2004, 2005; and 2006-2008. The EITI reports emanating from NEITI are unique in several respects. The scope of the issues covered is large, diverse and complex: they consist of financial, physical and process Audit reports. The data and information placed in the public domain by their publication is immense. Therefore, the public debate which they generate is wide-ranging, profound and critical for national development. The reports have stimulated public policy reforms that are far reaching in consequence and new pieces of legislation that are revolutionary in import.

Nigeria's commitment to EITI implementation is very strong for several reasons. Nigeria is a quintessential resource rich country with a large population of very poor people. Several national and international studies have shown that, at the root of Nigeria's underdevelopments and its people's poverty is the lack of transparency and accountability in the management of the revenues derived from its natural resources. It is not surprising that Nigeria has played a key role in shaping the nature of the EITI's framework of governance and rules of engagement. The NEITI is also not just a subset of EITI; it is EITI and extra.

This Handbook provides a snapshot of the profile of the NEITI - its character in the context of the EITI; its beginnings, growth, achievements and challenges; and above all, its vision and mission. This second edition of the Handbook contains an update on the data and information about the NEITI. It also provides an insight into Nigeria's extractive industry sector. And it describes the significant advance which the global initiative, the EITI, has made in a short while.

This is a highly informative and thought-provoking account of an initiative whose revolutionary potentiality is buried beneath a soft diplomatic exterior. The handbook makes a compelling and interesting reading.

**Prof Humphrey Assisi Asobie**  
*Chairman NEITI and Member*  
*EITI International Board*

# Chapter 1

## Extractive Industries Transparency Initiative (EITI)

The Extractive Industries Transparency Initiative (EITI) was proclaimed in September 2002 at the World Summit on Sustainable Development held in Johannesburg, South Africa .It is a global initiative meant to help improve the management of oil, gas and mining revenues in resource – rich countries. The objective is to ensure that huge revenues accruing to government from payments made by extractive industry companies are managed transparently to promote development, and reduce poverty.

### How It All Began

Original concept of EITI as reported to Tony Blair by George Soros: “The Proposal by Global Witness and a host of other Groups” calls for oil and gas and other natural resource companies to disclose all payments to national governments as a condition of being listed on major stock exchanges. These payments could then be compared against national budgets to ensure that funds are not misappropriated (May 13, 2002).The President of Nigeria, in November 2005 described this as simply ‘Publish What You Pay’, adding that there was need to complement the process with ‘Publish What You Earn’.

### Operations

The EITI operates by two basic methods. The first step is for companies to disclose payments made to government and for government to disclose revenues received from companies. The second is for an independent audit to be conducted to verify and reconcile these figures under the management of a multi stakeholder committee. The aim is for the average citizen of an EITI implementing country to use the data generated from the audit to ask informed questions and hold government to account. There are 33 member countries as at October, 2010.

### The Benefits

Implementation of EITI has several benefits to implementing countries. Most developing countries rich in natural resources such as oil, gas, and mining have under-performed economically. They tend to have a higher incidence of conflict, and suffer from poor governance. These effects are not inevitable and it is hoped that by encouraging greater transparency in countries rich in these resources, some of the potential negative impacts can be mitigated.

The primary benefits of EITI to member countries include but not limited to the following:

- Ensures that revenues generated from oil, gas and solid mineral resources aid development and better living standard for the people.

- Strengthens accountability and good governance.
- Promotes greater economic and political stability and contributes to the prevention of conflict based around the oil, gas and mining sectors.
- Strengthens budget process, monitoring and oversight.
- Reinforces broader anti-corruption and good governance agenda.
- Builds citizens trust in public institutions.
- Reduces social conflict and suspicion; through availability of information on revenue payments and receipts, thereby making governments more accountable.

As at the time of this publication, February, 2011, the following are implementing countries of EITI:

**EITI Compliant countries:** Azerbaijan, Liberia, Ghana, Mongolia, Timor-Leste.

**EITI Candidate countries:** Afghanistan, Albania, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Guinea(suspended), Indonesia, Iraq, Kazakhstan, Kyrgyzstan, Madagascar, Mali, Mauritania, Mozambique, Niger, Nigeria, Norway, Peru, Republic of the Congo, Sierra Leone, Tanzania, Togo, Yemen, Zambia.

The following countries have also officially stated that they want to implement EITI including Solomon Islands, Papua New Guinea, Ethiopia and Ukraine .

### **The EITI Process**

The core EITI process consists of the following stages.

#### **Sign-Up**

- Issue government announcement
- Commit to work with Stakeholders
- Appoint implementation Leader
- Compose, agree and publish work plan.

#### **Preparation**

- Establish multi-stakeholders Committee
- Engage Civil Society
- Engage Companies
- Remove obstacles to implementation
- Agree reporting Templates
- Approve EITI Administrator
- Ensure full participation from companies
- Ensure that Company accounts are properly audited
- Ensure that Government accounts are properly audited

#### **Disclosure**

- Disclose payments by Companies to Government to Administrator

- Disclose revenues received by the Government to Administrator
- Ensure that payment and revenue figures are reconciled
- Identify discrepancies and recommend improvements

#### **Dissemination**

- Disseminate EITI report
- Examine Companies' implementation support
- Review actions taken on lessons learned

#### **Validation**

- Country undertakes external validation.  
Within two years of attaining Candidate country status, an implementing country is expected to undergo a process of validation; a quality assurance mechanism to assess level of performance in the implementation of EITI principles and objectives.

## Chapter 2

### NEITI: The Birth of Extractive Industries Transparency Initiative in Nigeria

NEITI stands for “Nigeria Extractive Industries Transparency Initiative”. Over the years, majority of Nigerians have no idea how much money companies pay to their government and how much government also receives from the companies for doing business in the extractive sector. These payments include royalties, signature bonuses, profit tax etc. In most cases even some of those in government have little or no information of what companies pay or are expected to pay. They may also not know if what they receive is what they ought to receive from the companies.

As a result of this huge information gap, it has been difficult for an average Nigerian to explain why revenue from abundant natural resources has not translated into sustainable development. Poor information flow in the extractive sector in Nigeria is believed to be one of the reasons for poor social infrastructure, poverty, corruption, mistrust and series of social conflicts. The decision of the Federal government to **sign up** to the Extractive Industries Transparency Initiative (EITI) in 2003 was thus informed by the need for enhanced information, transparency and accountability on revenue flows in the sector.

NEITI is the Nigerian arm of the global EITI established primarily to enthrone transparency and accountability in the management of payments made by extractive industries to government and revenues received by governments and other statutory recipients. The NEITI Act of 2007 provided legal backing to NEITI to implement EITI principles and objectives in the Nigeria Extractive sector.

#### **Vision**

To build a NEITI that is accountable, effective, well resourced and result – oriented.

#### **Mission**

To cultivate a culture of transparency, accountability, due process and zero – tolerance for corruption in Nigeria’s extractive industries, for the benefit of the citizenry.

#### **Goal**

To empower the citizenry with information and data to hold government and extractive industry companies accountable and strengthen participatory democracy.

#### **Objectives**

The primary objectives of the NEITI are:

1. To ensure due process and transparency in the payments made by all Extractive Industry Companies to the Federal Government and statutory recipients.
2. To monitor and ensure accountability in the revenue receipts of the Federal Government from Extractive Industry Companies.

3. To eliminate all forms of corrupt practices in the determination, payment, receipts and posting of revenue accruing to the Federal Government from Extractive Industry Companies.
4. To ensure transparency and accountability by government in the application of resources from payments received from Extractive Industry Companies.
5. To ensure conformity with the principles of Extractive Industries Transparency Initiative.

### **Impact of NEITI**

- NEITI has so far conducted three audits namely 1999 – 2004, 2005 and 2006 – 2008 audits. These audits cover a period of Nine years.
- The data provided by NEITI audits are now major tools used by Civil Society organizations and other stakeholders in making inputs to Government's planning and budgetary process.
- Because of NEITI audits, there is growing public awareness about revenue flows in the extractive sector which were earlier treated as information reserved for a privileged few.
- The recovery of over 3.8 million dollars from one of the covered entities as under payments to the federation account is the most recent achievement in Nigeria. Many more recoveries in this area have been achieved in the past.

## **Chapter 3**

### **Structure of NEITI**

Administratively, NEITI is made up of the National Stakeholders Working Group (NSWG) and the NEITI Secretariat.

#### The NSWG

The governing body of the NEITI is the National Stakeholders Working Group. This is a multi-sectoral group made up of representatives from the Civil Society, Media, Oil Companies and Government entities.

The NSWG Functions are as follows:

- Formulates policies, programmes and strategies for effective implementation of the objectives and functions of NEITI.
- Approves annual budgets and work-plans of the NEITI Secretariat.
- Provides policy direction, guidance and ensures periodic review of programme performance of the secretariat.
- Constitutes such Special Committees as it considers fit to deal with different aspects of its responsibilities.
- Creates departments and engages services of such staff and consultants, as it may consider necessary for effective administration of NEITI.
- Ensures engagement of reputable audit firms for the purpose of annual NEITI audits.
- Regulates the functions and responsibilities NEITI.

#### Appointment, Composition & Tenure

The NSWG is constituted by the President of Nigeria and members serve on part-time basis. The Executive Secretary/ Chief Executive Officer of NEITI also serve as Secretary to the NSWG. The Executive Secretary is on full time appointment. The NSWG is made up of 15 members drawn from the Extractive Industry, civil society, labour unions in the extractive sector, and representatives of the six geo-political zones of Nigeria.

A person appointed as member of the NSWG shall hold office for a single term of four years. The Executive Secretary is appointed for a single term of five years (See NEITI Act 2007 Section 6 for details).

The current members of the NSWG are:

- Professor Assisi Asobie – Chairman
  
- Mr. Andrew Fawthrop – Oil Producing Trade Section (OPTS) of the Lagos Chamber of Commerce and Representative of the Extractive Industries.



- Comrade Shehu Sani - Human Rights Activist and Representative of Civil Society.
- Mr. Peter Esele - President of Trade Union Congress (TUC) and Representative of Labour Unions in the Extractive Sector.
- Mr. Austin Olusegun Oniwon - Group Managing Director, NNPC.
- Alhaji Jafaru Aliyu Paki - Former Adviser to the President on Petroleum Matters and Representative of North-West Zone.
- Dr. M. I. Yahaya - Representative of North-Central Zone.
- Alhaji Aliko Mohammed - Representative of North-East Zone.
- Mr. Leke Alder - Lawyer/Brand Strategist and Representative of South-West Zone.
- Mr. T. K. Ogoriba - Representative of South-South Zone.
- Mazi Sam Oluabunwa - Representative of South-East Zone.
- Accountant-General of the Federation.
- Mrs. Ifueko Omoigui - Okauru - Chairperson, Federal Inland Revenue Service (FIRS).
- Mallam Mahmud Jega - Editor, Daily Trust Newspapers, representing the Media.
- Mrs Zainab Shamsuna Ahmed – Secretary to NSWG and Executive Secretary of NEITI.

#### NSWG Committees

The NSWG is also constituted into the following committees:

- A. Standing Committees
  - Audit and Risk Committee
  - Finance and General Purpose Committee
  - Human Resources Committee
  - Communications Committee
  - Board Tender Committee
  - Ethics committee
- B. Stakeholder Related Committee
  - Civil Society Steering Committee
  - Extractive Industry Committee
  - Technical Committee
  - Inter-Ministerial & Remediation Committee.

## The Secretariat

The Executive Secretary, Mrs Zainab Shamsuna Ahmed is the Chief Executive Officer of NEITI and Head of the Secretariat. There are three Directors in the Secretariat and a Secretary/General Counsel as follows:

- Orji Ogbonnaya Orji - Director, Communications
- Donald Tyoachimmin - Director, Finance & Admin
- - Director, Technical Services
- Peter B. Ogbobine - Secretary/General Counsel.

Each Department is made up of Team Leaders and other categories of staff with diverse responsibilities (For details visit [www.neiti.gov.ng](http://www.neiti.gov.ng) ).

## Functions of the Secretariat

The Secretariat under the Executive Secretary is responsible for the day to day administration of NEITI through the following key departments:

### Executive Secretary's Office

The office is managed by the Secretary/General counsel who also provides secretariat functions for all NSWG meetings. Among other functions, the office performs the following key responsibilities:

- Ensures that NEITI complies with appropriate legal requirements for its continued existence and effectively mitigate its legal exposure;
- Provides advice on all legal aspects of NEITI's activities with the aim of promoting its corporate image and managing the interface with other corporate entities and the public/ society at large;
- Provides strategic and operational support to the Executive Secretary.

### Communications Department

The Communications Department is charged with the following responsibilities:

- Develops and ensures the implementation of an effective / comprehensive communications strategy, policies and procedures for grass root understanding of NEITI in Nigeria.
- Defines overall operational plan for the management of the day-to-day communication related issues.
- Provides professional advice and guidance to NEITI on communications and public relations issues.

- Manages cross-functional relationships with other stakeholders such as the Mass Media, Print Media, Consultants, Subcommittees, and CSOs.
- Provides advice on communication and public relation issues across the country.
- Shares collaborative case studies, Audit findings, issues, policy analysis results and other research that informs policy of critical issues in NEITI's thematic areas in terms of transparency, accountability, service delivery and its design.
- Develops and monitors corporate communication plan Countrywide with the aim of achieving the NEITI's set objectives.
- Coordinates and acts as the central communication anchor point for national media activities in NEITI.
- Documents all NEITI activities library services and publications.
- Provides Feedback channels between NEITI and its diverse publics.

### Technical Department

The technical department provides qualitative expertise, leadership and technical support to NEITI's operations in the following areas;

- Implements the Secretariat's technical policies and procedures in the extractive sector.
- Develops strategies for data capturing, system strengthening, and revenue management tracking.
- Provides expertise and technical support in the conduct and management of NEITI audits and develops / supervises remediation master plan.
- Designs and coordinates the planning and implementation of the technical component of the audit.
- Designs, develops and monitors the implementation of a technical capacity building strategy to enhance understanding and interpretation of technical issues identified in NEITI annual audits.
- Supports the NSWG in creating a strategic plan for remediation, which is updated and extended following on from each annual audit.
- Responsible for the facilitation of the development of new and existing technical processes and procedure to ensure the secretariat is abreast with the continuous changes in the sector and prompt generation of Management Information report as at when due.

## Finance & Administration

The Department provides qualitative support services to NEITI's operations through effective implementation of business policies and procedures governing finance and administration.

Other functions of the department include but not limited to the following:

- Effective support to the Secretariat as regards Human Resources Planning (staffing, promotion, compensation and succession).
- Ensures effective and optimal utilization and allocation of resources to all arms of the Initiative;
- Defines overall operational plan for the management of the day-to-day support related issues;
- Reviews and updates administrative procedures and accounts manuals and protects NEITI Assets;
- Develops and implements financial information systems, management policies and procedures;
- Co-ordinates budgetary processes and controls;
- Facilitates and co-ordinates external audits.

## Chapter 4

# Major Stakeholders

The major stakeholders within the purview of NEITI are the government and its agencies in the extractive sector, the oil companies that exploit these extractive resources on behalf of the government, and the coalition of civil society organisations that put pressure on both government and the oil companies to give account of their transactions to the people of Nigeria.

### (A) Government

The following government agencies in the oil and gas industry are involved in the NEITI process:-

- Department of Petroleum Resources (DPR)  
This is a Department in the Ministry of Petroleum responsible for the monitoring, collection of royalties, and for the production data used in the calculation of petroleum profit tax (PPT)
- Nigeria National Petroleum Corporation (NNPC)  
Two agencies within the NNPC are quite important to NEITI. These are;
  - (a) The Crude Oil Marketing Department (COMD) is responsible for verifying production and sales data, and for establishing a representative price for tax purposes for different crude oils based on market realizations.
  - (b) The National Petroleum Investment Management Service (NAPIMS) approves capital expenditure, purchase contracts, monitors operating and financial results from the Joint Ventures (JVs) and PSCs. NAPIMS also receives management reports and audited accounts from the upstream companies.
- Federal Inland Revenue Service (FIRS)  
The Petroleum and International Tax Department (PITD) of the Federal Inland Revenue Service (FIRS) is responsible for assessing and collecting Petroleum Profit Tax PPT and other direct taxes from the JVs and PSCs.
- Central Bank of Nigeria (CBN)  
The Central Bank of Nigeria (CBN) is the depository for royalties, petroleum profit tax (PPT) and other direct taxes, and provides collection information for reconciliation with the tax assessments of the FIRS.
- Crude Oil Reconciliation Committee  
The Crude Oil and Other Revenue Reconciliation Committee is supposed to perform the actual reconciliation of the above listed revenue streams with the CBN accounts. The Committee works under the Federal Ministry of Finance and is composed of representatives from the NNPC, FIRS, DPR and CBN.
- Petroleum Products Sales Reconciliation Committee This Committee is mainly concerned with the reconciliation of revenues received in relation to petroleum

products sales. It reconciles revenues received in relation to FGN's allocation of crude oil to NNPC for purposes of meeting domestic petroleum product market demand and in this capacity is a relevant agency.

- Office of the Accountant-General of the Federation (OAGF)

The OAGF is Accountant to the Federal Government and 'owner'/Manager of the Federal Government Accounts with the CBN.

**(B) Companies**

The oil companies covered by NEITI process are in two categories. The first categories are companies in joint ventures with the Federal government. The second categories are those simply involved in exploration and production.

Joint Venture Partners

- Chevron Nigeria Limited
- Elf Petroleum Nigeria Limited
- Mobil Producing Nigeria Unlimited
- Nigerian Agip Oil Company (NAOC)
- Panocean Oil Corporation 60%
- Shell Petroleum Development Company (SPDC)
- Texaco Overseas (Nigeria) Petroleum Company

Others

- Addax Petroleum
- AMNI International Petroleum Development Company
- Atlas Petroleum International
- Cavendish Petroleum Nigeria
- Chevron Oil Company Nigeria
- Chevron Texaco
- Conoil Producing
- Continental Oil and Gas
- Dubri Oil Company
- Elf Petroleum
- Express Petroleum
- Moni Pulo Petroleum Development Company
- Nigerian Agip Energy & Natural Resources
- Nigerian Agip Exploration
- Nigeria LNG
- Ocean Energy
- Panocean
- Petrobras
- Phillips Oil Company (Nigeria)
- Shell Nigeria Exploration and Production Company
- Statoil Nigeria

(The list of companies is in exhaustive).

### **(C) Civil Society**

Civil Society represents the conscience of any society. CSOs are non-governmental organisations primarily involved in advocacy for free, equitable and better society. These include organised labour, professional associations, student unions and others working in specific thematic areas of interest. In the EITI/NEITI process, the role of the civil society is key and unique from the elementary stage of *Sign-Up* through *Preparation* to the critical stage of *Disclosure* through *Dissemination* to the stage of *Validation*. In each of these stages in the NEITI/EITI process, the civil society roles are summarized as:

- Advocacy
- Sensitisation/education/enlightenment
- Whistle-blowing
- Monitoring/Oversight
- Agenda setting

Apart from having members of civil society on its governing board, NEITI also has a Civil Society Steering Committee, which partners with NEITI on outreach activities. NEITI also has a full time Civil Society Liaison Officer. Civil Society plays a critical role in the campaign for revenue transparency by deepening citizens' awareness and holding companies and governments accountable.

As a matter of fact, the success of any social accountability and transparency initiative is dependent on the extent of interaction, synergy and deliberate interface between the civil society and the government. The following are members of NEITI - CSO Steering Committee:-

<b>S/N Name</b>	<b>Organisation</b>
1. Comrade Shehu Sani	NEITI NSWG- Chairman
2. Comrade Peter Esele	NEITI NSWG-Member
3. Comrade T K W Ogoriba	NEITI NSWG-Member
4. Barrister Chima Williams	Environmental Rights Action
5. Yakubu Joshua	National Youth Council Youths
6. George-Hill Anthony	Niger Delta Budget Monitoring Group
7. Mimido Achakpa	Women's Right to Education
8. Mohammed Jimoh Yahaya	Nigeria Union of Journalists
9. Comrade Igwe Achese	National Union of Petroleum and Natural Gas Workers (NUPENG)
10. Doyin Odebowale	Nigerian Bar Association (NBA)
11. Engr. Adenike I. Amao	Nigeria Society of Engineers
12. Sani Shehu	Miners Association of Nigeria
13. Faith Nwadishi	Publish What You Pay (PWYP)
14. To be Represented	Institute of Chartered Accountants of Nigeria (ICAN) or Association of National Accountants of Nigeria (ANAN)
15. To be represented	National Association of Persons with Disability.
16. Muhammed Mustapha	Coalition for Accountability and Transparency In Extractive Industries, Forestry and Fisheries in Nigeria (CATEIFFN)

## Memorandum of Understanding between NEITI and CSOs

In order to firm up the relationship between NEITI and CSOs, a Memorandum of Understanding (MOU) was drawn up to properly define the relationship between them on 16<sup>th</sup> February, 2006. This MOU was made to advance the Civil Society's participation in the NEITI process and systematize CSO working relationship with the NSWG in furtherance of the vision of a constructive engagement.

The common principles that underpin this engagement are as follows:

- That this MOU is based on the EITI principles.
- NSWG and Civil Society working together through meaningful consultation will enhance accountability and transparency in the Extractive Industries and in Government.
- Civil Society Groups are important stakeholders in the development and implementation of NEITI principles.
- NSWG and Civil Society Groups have complimentary and distinct roles to play in the delivery of NEITI objectives.
- That sustaining an independent and vibrant network of Civil Society actors and Groups on NEITI is critical for the delivery of the NEITI vision.
- Civil Society groups that are signatories to this MOU are free to develop their own independent programs in the promotion of transparency in the extractive industries.
- Building capacity of CSO's to respond to NEITI process is a joint responsibility of the CSO's and NSWG.
- NSWG and CSO's acknowledge the need to promote the equality of opportunity for all people in the NEITI process regardless of culture disability, gender or religion.
- In recognizing that the NSWG and CSOs are united by the common purpose of entrenching transparency in the Extractive sector, any issue of disagreement will be mutually resolved.



## Chapter 5

### NEITI Audits

One of the key statutory functions of NEITI is conduct of regular audits of the extractive sector. The Audit is necessary because information about revenue flows in the extractive sector has remained a secret in Nigeria. This created mistrust, mutual suspicion, hostility and conflict. Majority of Nigerians do not know how much money companies pay to government in the form of royalty, profit tax, bonuses etc. Nigerians also do not know how much the government receives and how the revenue has supported provision of social amenities, to make their lives better. NEITI audit is therefore a thorough examination, process or assessment of audited accounts and activities of all stakeholders in the extractive sector toward the efficient/effective revenue flow management of the industry. NEITI audit is not an exercise to witch-hunt any person or organization but designed to maximize the benefits accruing to the people of Nigeria from the natural resources in their land.

The process focuses on generating vital data on revenue flows between government and the companies and placing the information in the public domain. The goal is to promote dialogue, debate and informed discussions around these issues.

NEITI conducts the Audit through independent consultants selected through open, transparent and competitive process. The first audit conducted by NEITI in the oil/gas industry covered the periods of 1999 – 2004. This was followed by 2005 Audit. As at the time of this publication, NEITI is about concluding the 2006 – 2008 Audit. Evaluation of Expression of Interest for the 2009 Audit has been concluded while NEITI has commenced arrangements to carry out similar exercise for the first time in the solid minerals sector.

#### Scope of NEITI Audits

NEITI carries out three main categories of audit as follows:

#### Financial Audit

This type of audit reconciles financial flows following the chain of custody for finances derived from the sector over a period of time with a view to establishing what was paid and what was received and identify specific agencies that can be held accountable for any discrepancies. For instance, financial audit reconciles company payments with receipts of the government's banker, the Central Bank of Nigeria, and with the records of the Federal Inland Revenue Service, (FIRS) the department responsible for petroleum profit tax (PPT) assessments, and the Department of Petroleum Resources (DPR) which is responsible for the monitoring, collection of royalties and for the production data used in the calculation of petroleum profit tax (PPT).

Then it samples some companies' tax returns and royalty statements to verify the calculations, and the assessments of FIRS and DPR.

### Physical Audit

The physical audit tracks the sector's oil and gas and refined product flows. It checks if the extracted volumes are accurately reported and if each company's reported production tallies with the numbers the government uses for tax and royalty calculations. This takes the audit into some highly technical areas featuring metering, temperature and pressure measurements, as well as the more controversial area of oil theft.

### Process Audit

Process audit examines how key agencies run the business. It explores how the regulator auctions and sells oil blocks. For instance how does DPR conduct upstream licensing rounds? It assesses whether NNPC's Crude Oil Marketing Department (COMD) prices the government's share of equity crude accurately, and how and why other companies are contracted to export this crude. The audit also examines NNPC's upstream division, the National Petroleum Investment Management.

### Structure of NEITI Audit Report

The Structure of NEITI Audit Report depends largely on the decisions of the NSWG, the NEITI Work – Plan for the Audit and the Terms of Reference given to the Auditors specifically appointed to conduct the exercise. However, a typical NEITI Audit Report seeks to provide the following basic information:

- Material Revenues and Payments – The report makes disclosures on material revenues, lists all government entities and companies covered and the basis of definition of materiality for revenue streams for covered entities and government agencies.
- Discrepancies-The Audit must reveal the discrepancies between what companies reported they paid and what government entities reported they received. It should also identify and publish list of companies that failed to comply.
- Recommendations-The Report must contain recommendations on ways to improve on the NEITI Audit, integrity of financial systems, record keeping, accounting practice and other legal issues that can enhance the process.

The audit is usually presented in aggregated and disaggregated formats for easy understanding and analysis. **Disaggregated** format shows what each of the companies paid to government; this means separately identifying payments made by individual companies and the types of payments made by them. NEITI requires companies to provide disaggregated statements for its audits to enable the report explain clearly and accurately, individual company payments with government receipts.

**Aggregated** format on the other hand collates the same information but without delineating or separating them on the basis of individual receipts or payments. It presents a wholesome picture of total payments and receipts.

## 1999 – 2004 Audit at a Glance

The 1999-2004 audit report identified four components of financial flows and their relative contributions as follows:

Table 1: Aggregate Financial flows

Items	Amount US\$	%
Crude Oil Sales	27.345	66.5
Petroleum Profit Tax	9,349	22.7
Royalty	4,374	10.7
Penalty for Gas flaring	31	0.01
Total	41,099	100

Table 2: Financial Flows - Differences by Source

Item	Payment by Oil Companies A	Received by CBN B	Differences C= B - A
Crude Oil Sales			
Petroleum Profit Tax	8,925	9,349	424
Royalty	4,376	4,374	(2)
Penalty for Gas flaring	32	31	(1)
Total	13,333	13,754	421

Two revenue agencies of government namely, the Department of Petroleum Resources and the Federal Inland Revenue Service (FIRS) respectively assess the PPT and Royalties/ Gas Flaring penalty. However the report indicates the yardsticks/ criteria being employed by both agencies are quite at variance with that used by the operators. The cumulative effects of these differences are outlined in table 3 below.

Table3: Cumulative effects of differences

Item	Amount US\$ Payment by Oil Companies	Amount US\$ Received by CBN	Amount US\$ Differences
Petroleum Profit Tax	170,5	5,975	5804,5
Royalty	4,376	4374	2.0

Despite significant difficulties, CBN's tax and royalty receipts were largely reconciled with producers' payments. Discrepancies totaled less than \$16 million, around 0.02% of total flows over the seven years.

### 2005 Audit Report at a Glance

<b>FINANCIAL FLOWS TO THE REVENUE ACCOUNT</b>			
<b>TABLE 1: AGGREGATED OIL - RELATED FINANCIAL FLOWS TO THE FEDERATION</b>			
<b>The amount received in 2005 by the Federation from the specified companies and in respect of the identified classes of financial flows were as follows:</b>			
	<b>Reported by companies</b>	<b>Reported by CBN</b>	<b>Difference</b>
	<b>US\$ 000</b>	<b>US\$000</b>	<b>US\$000</b>
Petroleum Profits Tax	10,638,047	10,396,176	241,871
Reserves Additional Bonus	-	65,292	65,292
Royalty	4,357,491	4,679,468	-321,977
Gas Flare Penalty	18,605	28,909	-10,304
<b>Sub-Total</b>	<b>15,014,143</b>	<b>15,169,845</b>	<b>155,702</b>
Signature Bonus	90,025	-	90,025
Company Income Tax	55,595		
<b>Total</b>	<b><u>15,159,763</u></b>	<b><u>15,169,845</u></b>	<b><u>65,677</u></b>
<i>Analysis</i>			
IOC -owned companies	14,526,960	14,519,150	7,810
Other Companies	577,208	585,403	-8,195
<i>Note that the Company Income Tax receipt could not be confirmed by CBN due to the way in which the system of tax collection operates ,without distinguishing oil and gas payments from other payments. Accordingly, we do not identify any 'difference' against CIT.</i>			

**TABLE 2: NEITI 2005 FINANCIAL AUDIT SHOWING ROYALTY**

The Royalty payments recorded by CBN and the royalty payments recorded by the companies are shown in the table below, together with the net difference from CBN records

<b>Royalty-IOC Owned Companies</b>	<b>Reported by Companies</b>	<b>Reported by CBN</b>	<b>Difference</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>	<b>US\$ 000</b>
<b>Chevron Nigeria Limited</b>	542,614	547,509	(4895)
<b>ConocoPhillips</b>	129,897	132,330	(2433)
<b>ELF Petroleum Nigeria Limited</b>	735,900	997,455	(261555)
<b>ELF Petroleum Nigeria Limited(gas)</b>	2,807	2,773	34
<b>Mobil Producing Nigeria Limited</b>	964,573	964,573	-
<b>Nigerian Agip Oil Co. Ltd</b>	327,598	334,801	(7203)
<b>Pan Ocean Oil Corporation</b>	36,225	40,077	(3852)
<b>Shell Petroleum Development Co. Ltd</b>	1,179,735	1,179,834	(99)
<b>Total</b>	<b><u>3,919,349</u></b>	<b><u>4,199,352</u></b>	<b><u>(280003)</u></b>
<b>Royalty- Other Companies</b>	<b>Reported by Companies</b>	<b>Reported by CBN</b>	<b>Difference</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>	<b>US\$ 000</b>
<b>Amni International Petroleum Ltd</b>	3,654	3,779	(125)
<b>Atlas Petroleum International</b>	608	608	
<b>Cavendish Petroleum Nigeria Ltd</b>			
<b>Conoil Producing Ltd</b>	9,611	201,826	(192215)
<b>Continental Oil &amp; Gas</b>	170,600	96,482	74118
<b>Dubri Oil Co Ltd</b>	1,492	1,352	140
<b>Express Petroleum &amp; Gas Co. Ltd</b>			
<b>Moni Pulo Ltd</b>	49,843	63,882	-14,039
<b>Nigeria Petroleum Development Company</b>	202,334	112,187	90147
<b>Brass Exploration Unlimited</b>			
<b>Total</b>	<b><u>438,142</u></b>	<b><u>480,116</u></b>	<b><u>(41974)</u></b>
<i>Analysis</i>			
<b>IOC Owned Companies</b>	3,919,349	4,199,352	(280003)
<b>Other Companies</b>	438,142	480,116	(41974)

**TABLE 3: AGGREGATED OIL - RELATED FINANCIAL FLOWS TO THE FEDERATION ACCOUNT**

The amount received in 2005 by the Federation from the specified companies and in respect of the identified classes of financial flows were as follows:

	Reported by companies	Reported by CBN	Difference
	US\$ 000	US\$000	US\$000
Petroleum Profits Tax	10,638,047	10,396,176	241,871
Reserves Additional Bonus	-	65,292	65,292
Royalty	4,357,491	4,679,468	321,977
Gas Flare Penalty	18,605	28,909	10,304
<b>Sub-Total</b>	15,014,143	15,169,845	155,702
Signature Bonus	90,025	-	90,025
Company Income Tax	55,595		
<b>Total</b>	<b><u>15,159,763</u></b>	<b><u>15,169,845</u></b>	<b><u>65,677</u></b>
<i>Analysis</i>			
IOC -owned companies	14,526,960	14,519,150	7,810
Other Companies	577,208	585,403	8,195

*Note that the Company Income Tax receipt could not be confirmed by CBN due to the way in which the system of tax collection operates ,without distinguishing oil and gas payments from other payments. Accordingly, we do not identify any 'difference' against CIT.*

## Chapter 6

### Overview of Nigeria's Extractive Industry

#### Oil and Gas

Nigeria's petroleum industry is well grounded in successful exploration, beginning with the first commercially viable discovery at Oloibiri in the Niger Delta in 1956, with a modest production rate of 5,100 barrels per day. From NNPC records, current reserves of crude oil stand at 28.2 billion barrels while natural gas reserves total 165 trillion standard cubic feet (scf), including 75.4 trillion scf of non-associated gas.

In 1971 Nigerian National Oil Corporation (NNOC) now NNPC was established to build local capacity and country ownership of the industry. NNPC is currently responsible for exploration, production, transportation, refinery, processing and marketing of crude oil, petroleum products and natural gas as well as conduct research relevant to the petroleum industry. It carries out these functions through its subsidiaries namely; the Pipelines and Products marketing Company (PPMC); Integrated Data Service Ltd; the Kaduna Refining and Petrochemical Company; Warri Refining and Petrochemical Company; Port Harcourt Refining Company; Nigeria Liquefied Natural Gas (NLNG); the Nigerian Petroleum Development Company (NPDC); Nigerian Engineering & Technical Company (NETCO); Hyson; Nigerian Gas Company (NGC); Eleme Petrochemicals Company; and the National Petroleum Investments Management Services (NAPIMS).

NNPC upstream operations are in joint partnerships with the major oil companies. These multi-national E & P companies are operating predominantly in the on-shore Niger Delta, coastal offshore areas and lately in the deep waters. As with many other developing countries, the multinationals in Nigeria had been operating under what is called a concession system, with NNPC being the concessionaire, while the companies are the operators. NNPC also is responsible for the management of the exploration bidding rounds for oil and gas.

The multinational oil companies operate in partnership with NNPC under Joint Operating Agreements (JOAs) or Production Sharing Contracts (PSCs). Others, especially the indigenous oil companies, operate in partnership with international companies under sole risk or as independents.

An important ingredient in NNPC's exploration success is the Integrated Data Services Ltd (IDSL), a subsidiary of NNPC. IDSL is one of the largest and most advanced earth science facilities in Africa. Field data is sent to IDSL for analysis using advanced computer systems, giving the company the critical edge in its upstream operations. IDSL processes and interprets in 3-D configurations data from the hydrocarbon reservoirs. This

technological capability is instrumental in developing reservoir management strategies, which provide optimum recovery rates over the life of a field. IDSL has been responsible for most of the country's major oil discoveries and is continuing an intensive exploration programme to increase the nation's hydrocarbon reserves. Oil exploration and production are on-going in commercial quantities in Bayelsa, Rivers, Delta, Akwa-Ibom, Ondo, Cross River, Imo, Abia and Edo states. These states constitute the Niger Delta. Meanwhile, the search for oil in other parts of Nigeria including the Chad Basin is in progress

### Production

With a maximum crude oil production capacity of 2.5 million barrels per day, Nigeria ranks as Africa's largest producer of oil and the sixth largest oil producing country in the world. Nigeria appears to have a greater potential for gas than oil. Nigeria's gas production in the year 2000 was approximately 1,681.66 billion scf, 1, 3715 billion scf was associated gas and the rest 310.16 billion was non associated gas. Nigeria produces only high value, low sulphur content, light crude oils - Antan Blend, Bonny Light, Bonny Medium, Brass Blend, Escravos Light, Forcados Blend, IMA, Odudu Blend, Pennington Light, Qua-Iboe Light and Ukpokiti.

NNPC through its subsidiary the Nigerian Petroleum Development Company (NPDC) is directly responsible for four oil and gas fields with a total production of 15,000 bpd. NPDC is committed to expand its production capacity and has thus entered into strategic alliance with Agip Energy to develop the Okhono offshore field.

The Nigerian Gas Company, a subsidiary of NNPC transmits gas to major commercial centres in the country. The Escravos - Lagos pipeline feeds the commercial nerve-centre of the nation, as well as fuelling the main power station at Egbin, near Lagos.

### Solid Minerals Development

Before the discovery of oil, solid minerals and agriculture were key sectors of Nigeria's economy. Until the 1960s, coal and tin were mined and exported on a large scale. Poor management, coupled with serious institutional negligence led to a decline in existing operations. The result is that Nigeria's solid minerals sector is very poorly developed and is presently dominated by informal activities in spite of its huge investment potentials. Currently, there are no medium - or large-scale mining operations in Nigeria.

It is estimated that as many as 500,000 households (potentially 2-4 million people) depend directly or indirectly on informal mining for their sustenance. These mining operations adhere minimally or not at all to safety and environmental standards, and are carried out in an ad hoc manner with little or no supporting infrastructure (physical or institutional).

A committee was set up on July 26, 2002 on the development of Solid Minerals under the auspices of the Ministry of Solid Minerals Development (MSMD). The Committee was



mandated to draft a strategy for correcting the poor performance of the solid minerals sector and to improve its capacity to stimulate additional economic growth. A seven-year strategic action plan to set the framework for sector renewal and growth was published recently. The Government has recognized that it must re-build capacity within government agencies to provide the necessary geo-scientific support and the improved and transparent administrative oversight that will be necessary to foster the development of a modern, market driven solid minerals sector.

In concrete terms, this strategy calls for the definition of effective ways and means to empower and engage mining communities in the development process and to promote responsible behaviour and social investment on the part of mining companies and entrepreneurs.

The Department for International Development (DFID), the World Bank (WB) and the NEITI support the development of other non-oil sector activities in Nigeria to promote sustainable development and economic growth. On April 25, 2005, Nigeria made effective the World Bank Sustainable Management of Mineral Resources Project (SMMRP). The Project's objectives are to:

- Increase the Government's long-term institutional and technical capacity to manage Nigeria's mineral resources in a sustainable way;
- Establish basis for poverty reduction and rural economic renewal in selected areas of the country via the development of non-farm income generating opportunities through small-scale and artisanal mining and to diversify away from oil sources of income.

The SMMRP will work with NEITI on the issues of governance in small - and artisanal mining areas, and on sustainable development of the sector in Nigeria. In addition, the Federal Government of Nigeria, with the assistance of SMMRP, will develop a transparent international-standard legislative system in the mining sector to improve Nigeria's competitiveness to attract private investment in mining, and the administration of mining rights and activities. ) **The World Bank has extended its \$120 million programme on the Sustainable Management of Mineral Resources project in Nigeria which should have terminated in December 2009 by 23 months and would now terminate in 2011.**

**The project which started in 2005 was for the development of the nation's solid mineral's sector for a period of four years. The extension followed an appeal by Nigeria for the bank to sustain its on-going development in the sector. The legal and institutional framework has been put in place for the new arrangement while the Mines and Steel Ministry and its agencies have been restructured to deliver more effectively. Equally, various schemes have been put in place to develop artisanal and small scale mining which account for a large percentage of mining activities in the country.**

## Distribution of Mineral Resources in Nigeria

Nigeria is geologically composed of two major geologic units; these are the Basement Complexes and the Sedimentary Basins. Due to this unique setting Nigeria is richly endowed with abundant mineral resources in virtually all the states of the federation. The mineral resources found in Nigeria are grouped into the following sub groups: base metals i.e. lead/zinc sulphide; industrial rocks and minerals i.e. limestone, kaolin; gemstones i.e. sapphire; energy minerals i.e. uranium, coal. The table below shows the major mineral deposits and where they are found in Nigeria.

**Table showing some major minerals found in some states of Nigeria**

S/No	Mineral Deposits	States/Location
1	Tantalite	Cross River, Ekiti, Kogi, Kwara, Nasarawa
2	Kaolin	Akwa Ibom, Anambra, Bauchi, Bayelsa, Ekiti, Imo, Katsina, Kebbi, Kogi, Ogun, Ondo, Plateau, Rivers
3	Mica	Ekiti, Kogi, Kwara, Nasarawa, Oyo
4	Baryte	Benue, Cross River, Nasarawa, Plateau, Taraba, Zamfara
5	Coal	Abia, Adamawa, Anambra, Bauchi, Benue, Cross River, Delta, Ebonyi, Edo, Enugu, Gombe, Imo, Kogi, Nasarawa, Plateau
6	Rutile	Bauchi, Cross River, Kaduna, Plateau
7	Talc	Ekiti, Kaduna, Kogi, Niger
8	Bismuth	Kaduna
9	Gypsum	Adamawa, Edo, Gombe, Ogun, Sokoto, Yobe
10	Feldspar	Bauchi, Borno, FCT, Kaduna, Kogi,
11	Gold	Fct, Kaduna, Kano, Katsina, Kebbi, Kogi, Kwara, Niger, Osun, Zamfara
12	Clay	In All The States Of The Federation
13	Silver	Ebonyi, Kano
14	Sand	In All The States Of The Federation
15	Ilmenite	Bauchi, Cross River, Kaduna, Plateau
16	Limestone	Benue, Cross River, Ebonyi, Edo, Gombe, Kogi, Ogun, Sokoto, Abia (Arochukwu)
17	Columbite	Bauchi, Cross River Kaduna, Kano, Kwara, Nasarawa, Plateau
18	Cassiterite	Bauchi, Cross River, Kaduna, Kano, Kwara, Nasarawa, Plateau
19	Diatomite	Borno, Yobe
20	Silica Sand	Delta, Jigawa, Kano, Lagos, Ondo, Rivers
21	Fluorite	Bauchi, Ebonyi, Plateau, Taraba

22	Bitumen	Edo, Lagos, Ondo, Ogun
23	Lead/Zinc	Cross River, Ebonyi, Fct, Plateau, Zamfara
24	Benonite	Borno, Edo, Kogi, Ogun, Ondo
25	Kyanite	Kaduna, Niger
26	Iron Ore	Enugu, FCT, Kaduna, Kogi, Nasarawa, Zamfara
27	Lithium	Kaduna, Nasarawa, Niger, Zamfara
28	Magnesite	Adamawa, Zamfara
29	Wolframite	Bauchi, Kaduna, Kano, Kwara, Nasarawa, Niger, Zamfara
30	Phosphate	Ogun, Sokoto
31	Marble	Edo, FCT, Kogi, Kwara, Nasarawa, Oyo
32	Molybdenite	Plateau
33	Manganese	Katsina, Kebbi, Zamfara
34	Gemstones	Bauchi, Kaduna, Kogi, Kwara, Nasarawa, Niger, Ogun, Oyo, Plateau, Taraba
35	Uranium	Borno, Plateau, Katsina, Sokoto

## APPENDIX

### Milestones in NEITI

January,17 <sup>th</sup> 2011	Inter-Ministerial task team on remediation issues reconstituted
January 14 <sup>th</sup> ,2011	NEITI holds video conference on validation with EITI Secretariat at World Bank office, Asokoro.
December,29 <sup>th</sup> 2010	NEITI Relocates Secretariat to 1, Zambezi Crescent, Off Aguiyi Ironsi Street, Maitama, Abuja.
December 6 <sup>th</sup> -9 <sup>th</sup> ,2010	World Bank Team from Washington DC on working visit to NEITI.
December 3 <sup>rd</sup> 2010	World Bank Country Director Onno Ruhl visits NEITI Secretariat
November 24 <sup>th</sup> 2010	NEITI Executive Secretary Mrs Zainab Shamsuna Ahmed Assumes Duty at Secretariat.
November 24 <sup>th</sup> 2010	NEITI holds Training workshop for oil & gas upstream operators and CSOs on Audit Templates in Abuja.
November 11 <sup>th</sup> 2010	Federal Government appoints Hajiya Zainab Shamsuna Ahmed as Executive Secretary of NEITI
November 1 <sup>st</sup> -3 <sup>rd</sup> ,2010	NEITI holds training workshop for Civil Society Organisations in Sokoto and Calabar
October 19 <sup>th</sup> 2010	EITI Board rates Nigeria as 'Close to Compliant' in its Validation exercise in Dar es Salaam.
Sept 16 <sup>th</sup> 2010	The NSWG resolved to present Mrs Zainab Ahmed to the presidency for appointment as the Executive Secretary .
Sept 1 <sup>st</sup> , 2010	Newly appointed staff including 8 Team Leaders and other categories of staff assumes duty at NEITI Secretariat.
23 <sup>rd</sup> August 2010	Three Directors-Technical, Communication and Finance and Administration assume duty. Secretary/Legal Adviser too.
August 10 <sup>th</sup> 2010	A new member from the North West Zone Mrs Zainab S Ahmed joins the NEITI Board to replace Haruna Saeed the former Executive Secretary..
December 2009	Nigeria undertakes validation of the NEITI process.
August 2009	The 2005 audits are published.
Sept 2008	Submission of 2005 Audit Reports to NSWG
Sept 2008	West African EITI Conference
July 2008	Hiring of HR Consultant & report from the Consultant

May 2008	MTDF Grant for NEITI conference
March 15 – 16 <sup>th</sup> 2008	Retreat for NSWG in Calabar
29 January 2008	President Yar'Adua appoints members of reconstituted NSWG.
27 September 2007	Nigeria accepted as EITI candidate country for validation.
August 2007	A revised edition of reconciliation exercise of the audit report published with discrepancies narrowed down to \$8.5m.
July 2007	Last meeting of the inaugural NSWG held.
May 2007	NEITI Act becomes law and makes Nigeria the first EITI-implementing country with statutory EITI. The Act makes NEITI a government agency under the Presidency.
March 2007	NSWG commissions the Hart Group to undertake the 2005 Audit of the Nigerian oil and gas industry.
December 2006	Final audit report for (1999–2004) period presented by Hart Group to NSWG. Federal Executive Council approves remediation plan and the 2005 Audit.
May 2006	The Federal Executive Council (FEC) requests the Inter-Ministerial Task Team to put together a comprehensive remediation action plan.
April 2006	Hart Group releases its first financial, physical and process audits of the oil and gas sector for the period 1999–2004. The report identifies \$232m in revenue / receipt discrepancies. The audit firm instructed to do further reconciliation work
February 2006	NEITI MOU signed between the government and civil society.
July-December 2005	Road-shows undertaken across three regions of Nigeria to promote civil society and government engagement on NEITI.
June 2005	A Civil Society Steering Committee, composed of 10 additional CSO representatives, set up to enhance civil society input into the NEITI process.
April 2005	NSWG's Civil Society Team produces a Civil Society Engagement Strategy.
February 2005 - June 2006	Hart Group selected and, backed by Executive Order, carries out financial, physical and process audits for the 1999-2004 period.
December 2004	NEITI Act drafted by NSWG's Legislative Team and introduced as a Bill to the National Assembly to give legal backing to the work of NEITI.
November 2004	NSWG accept Development Grant from DFID to engage a Technical Advisor.
July 2004	NSWG's Focal Team adopts a Capacity Needs Strategy Agenda with a short, medium and long-term approach.

June 2004	The Scope and Terms Of Reference developed for the audit. This makes Nigeria the first EITI country to base the audit on disaggregated revenues which includes physical systems and business processes as well as financial flows.
April 2004	The NSWG chooses Goldwyn International Strategies LLC (GIS), to develop the Scope and Terms Of Reference for auditor selection.
March 2004	Oil & Gas Knowledge Acquisition Seminar for NSWG Members and the first NSWG Meeting held.
February 2004	President Obasanjo appoints Obiageli Ezekwesili, a founder of Transparency International, as Coordinator of NEITI National Stakeholders Working Group (NSWG). The inaugural NSWG consists of 28 stakeholder representatives.