



### **NEITI TO BRIEF EITI BOARD ON IMPACT IN NIGERIA**

The Executive Secretary of Nigeria Extractive Industries Transparency Initiative (NEITI), Waziri Adio has been invited to the 40<sup>th</sup> EITI International Board Meeting holding in Berlin, Germany from the 28<sup>th</sup> to 29<sup>th</sup> of June 2018.

The Executive Secretary is expected to brief the EITI Board on status of EITI implementation in Nigeria, including the impacts and how NEITI reports have helped to shape the on-going reforms in the oil, gas and mining sector.

The reform in the oil and gas industry largely influenced by NEITI reports is driven by the 7-Big-Wins launched by the NNPC. In the Solid minerals sector, the Solid Minerals Development Road Map has also been launched and implementation commenced. A close look at the contents of the two policy reform documents shows that remedial issues in NEITI reports (1999 till date) have shaped the direction and contents of the two major reform initiatives on-going in Nigeria's extractive industry.

The invitation is seen in NEITI as a timely recognition of Nigeria's high ranking profile as an important implementing country, where reports not only shape public debates but have triggered increasing public demands for reforms.

While in Germany for the Board Meeting, the NEITI Executive Secretary will also consult widely with other national coordinators of implementing countries on issues of peer learning, information sharing and capacity building.

The visit will also provide Adio with the opportunity to explore areas of cooperation with members of the EITI global community expected in Berlin.



## **EITI VALIDATION! Not Pass or Fail Exercise -EITI**

The global Extractive Industries Transparency Initiative (EITI), says that upcoming validation exercise for Nigeria is not pass or fail examination for the country.

The global Extractive Industries Transparency Initiative (EITI) validation process is a quality

assurance mechanism to ascertain the level of compliance to EITI standard in the oil, gas and mining sectors among member countries, including Nigeria.

The EITI regional Director, Mr. Pablo Valverde, explained that the exercise is a way of providing consistent assessment of progress against specific EITI requirements. The exercise, he added, is to help countries that seek to improve their oil, gas and mining sectors operations.

Speaking at a Stakeholders' Workshop on Validation in Abuja organized by the Nigeria Extractive Industries Transparency Initiative (NEITI), Mr. Valverde gave assurance that the validation is more of peer learning exercise than punitive.

The workshop was part of efforts to prepare Nigeria for the Validation exercise, slated for 11<sup>th</sup> July 2018. During the exercise, the country would be assessed based on progress against corrective/remedial actions from her first Validation report.

Executive Secretary of NEITI, Waziri Adio, who spoke on: "Beyond validation: Scaling up NEITI's Impact announced that NEITI's preparation for validation has reached advanced stage.

It will be recalled that in July 2016, Nigeria underwent validation under the 2016 EITI Standard. Based on the validation report, the EITI Board ranked Nigeria in the "Meaningful Progress" category and identified specific issues which Nigeria through NEITI needs to address before the next assessment in July 2018.

Also speaking at the event, the Group Managing Director of the Nigeria National Petroleum Corporation (NNPC), Dr. Maikanti Baru said the corporation is working in alignment with EITI objectives and opportunities, as being implemented in Nigeria by NEITI.

Represented by the Group General Manager, Crude Oil Marketing Division of the NNPC, Mr Mele Kyari, Baru noted that things had taken a turn for the better in the corporation under his watch. “I am sure our colleagues in the NGOs would recognize today that things are just different and together all of us will make our country greater. I am assuring the EITI Board and all stakeholders that things are different now and would continue to be different.” Since May 2015, NNPC has taken several measures to ensure transparency in its operations, including the elimination of dual pricing for domestic crude allocation and the automation of its transactions. “We have re-enforced auditing of our operations including third party and the direct sale of crude oil to refineries, reputable traders, upstream companies and Nigerian entities,” NNPC Boss added.

Participants at the workshop included members of parliament, government agencies, civil society organizations (CSOs), media, development partners, and representatives of extractive companies.



## **FG, STATES & OTHERS SHARE N1.9 TRILLION IN THREE MONTHS**

The Federation Account Allocation Committee (FAAC) disbursed N1.938 trillion in the first quarter of 2018. The amount shared represented an increase of 37.3% when compared with N1.411 trillion shared during the same period in 2017 and 71.1% of the N1.132 trillion shared in the same quarter of 2016.

A breakdown of the FAAC allocations shows that the Federal Government received N812.8 billion, the 36 states got N683.4 billion, while N393.3 billion went to the 774 Local Governments. A further breakdown shows that N655.2 billion was disbursed by FAAC in January, N635.6 billion in February, and N647.4 billion in March this year.

The information is contained in the latest edition of the NEITI Quarterly Review by the Nigeria Extractive Industries Transparency Initiative (NEITI).

The publication observed that even with increasing trends in the revenue disbursements to the three tiers of governments, the disbursement in the first quarter of 2018 is still 25.6% lower than the N2.6 trillion disbursed during the same period in 2013 before the crash in global oil prices.

The report projected brighter prospects for higher revenue disbursements for the rest of the year because of the rising oil prices, which currently hovers around \$70 per barrel, in addition to the increase in oil production.

The report however called for caution while celebrating the amounts disbursed in the first quarter of 2018 because of the volatility of the international oil market. "The year started on a bright note as all tiers of government received higher revenues than corresponding quarters in the past two years. This was largely on the account of sustained increase in domestic oil production and global oil prices," the NEITI report added.

On allocations received by each state, the report reveals that Akwa Ibom got the highest amount of N50.44 billion while Osun State received the lowest net share of N4.99 billion, a variance of 920% between the highest and the lowest. The NEITI report explained that these disparities in FAAC disbursements suggest differences in revenue capacities of different states and the implications for expenditure decisions in the affected states.

The publication expressed concerns about the relationship between the projected revenues of states and their proposed budgets. “The budget of all states completely outstrips their projected total revenues,” the report stated. For instance, the publication observed that the gap between projected total revenues and budgets is small in some states like Kano, Enugu, Delta and Bayelsa. In these states, projected revenue is at least 60% of the budgets.

However, in about 18 states, projected revenue is less than 40% of budgets. Examples are in the 2018 budgets of Adamawa, Akwa Ibom, Anambra, Bauchi, Benue, Borno, Cross River and Ebonyi states. Other states are Imo, Katsina, Kebbi, Kwara, Ogun, Osun, Oyo, Plateau, Sokoto and Zamfara). In particular, the NEITI report described the situation in Cross River State as chronic as its projected total revenue only constitutes 4% of the proposed budget.

The NEITI report cautioned that: “These conditions will ultimately result in a situation where the states will either not be able to execute their budgets or have to increase borrowing”.



## **JONAS MOBERG, THE EITI STRONGMAN BOWS OUT**

Encomiums from around the EITI Community have trailed the coming exit of Jonas Moberg, the Executive Director and Head of EITI Secretariat, as he takes a bow after over a decade of meritorious service to the global EITI.

The news of his exit was received in NEITI with mixed feelings as a result of his valued contributions to EITI Implementation in Nigeria as Head of International Secretariat, based in Oslo, Norway.

Jonas Moberg was known in NEITI as the EITI strongman because of his vast knowledge, as well as firm and fair disposition to issues. He speaks, dreams, walks and works EITI with passion, commitment and sincerity of purpose. The Nigeria Extractive Industries Transparency Initiative (NEITI) recalls his several positive interventions to keep NEITI on track especially on the implementation of EITI rules and standards as well as strong multi-stakeholder leadership.

For NEITI, by his exit, the EITI Community has lost an encyclopedia of knowledge, passionate and decisive resource governance expert.

It is to his credit that under his leadership of the Secretariat, the EITI grew from few implementing countries largely in sub-Saharan Africa to a global brand with strong membership in 51 countries drawn from all the continents of the world. As Head of Secretariat, Jonas took advantage of opportunity and pleasure to visit Nigeria on EITI implementation issues. One of those visits where his presence made a lot of difference was his speech at the first NEITI National Conference held on February 10, 2012 at the Transcorp Hilton, Abuja.

In that Speech he remarked *“the scope and content of NEITI Reports have and will continue to shape the future and direction of EITI now and in the coming years”*. *NEITI is at the heart of EITI. EITI is at the heart of NEITI”*.

As Jonas the EITI strongman bows out with grace, we in NEITI applaud his leadership and friendship. We also bid him farewell. His exit is in compliance with an African

proverb *“A good visitor is one who knows when to go.”* NEITI wishes him well in his future endeavors.

Jonas Moberg has been appointed as Head of Corporate Affairs at the international commodity trading and logistics company, Trafigura.

Announcing his departure from the EITI, Jonas remarked *“It has been an extraordinary once in a lifetime privilege to be at the core of the EITI, this unique collaborative governance effort. The EITI has become the global governance standard in the extractive sector, for all its flaws and challenges. Laws have changed, tax and royalty deals have been made public, corruption has been revealed and avoided, and above all, trust has been built - we have come a long way together. The implementation of the EITI is vastly different today compared to only a couple of years ago. In some areas, such as contract disclosure and disaggregated revenue transparency, significant progress has been made. In other areas, such as ownership disclosure, commitments have been made but we are only at the start of the journey to ensure that they are acted upon in our 51 countries and beyond”*.

*He reaffirmed that the EITI has been a critical part of, and responded to, an urgent need for an end to secrecy cultures. “The EITI and all of its stakeholders have a lot further to go to make sure that we realise the vision of truly meaningful transparency, where governments’ management of their natural resources is open, and payments and other important information is made available in an accessible and timely way. There are enormous opportunities for the EITI in the years ahead. With urgency, we have a duty to contribute towards improved governance of the world’s natural resources,” he opted.*



## **EFFICIENT COMMUNICATION IS KEY IN EITI**

*- Adio*

The Nigeria Extractive Industries Transparency Initiative (NEITI) with support from Trust Africa held training on Advanced Media Relations and Advocacy for its staff and stakeholders in Abuja.

The event took place from 26<sup>th</sup> – 27<sup>th</sup>, April 2018.

The Executive Secretary of NEITI, Mr. Waziri Adio, in his remarks, welcomed all participants, thanked Trust Africa for providing the support in this critical sector of media relations and advocacy, and stressed the importance of training for all stakeholders in the EITI process.

He emphasized the need for strategic communication by all stakeholders.

Mr Adio stated that “for effectiveness, we need to understand the basics of communication”.

The Executive Secretary stressed that communication stands human beings out based on their ability to device tools to communicate and reach their audiences. He called on the participants to be agents of change wherever they find themselves.

He admonished the participants to imbibe the culture of reading in their everyday life in line with the adage that “you are what you read”.

Mr Adio concluded by advising the participants to always be prepared for crisis in-line with Murphy’s Law which states that “whatever can go wrong, will go wrong”.

The workshop was designed to take participants through the basics in communication; developing press releases & statements, report writing and minute taking, producing impactful media products, anchoring events and presentation, tips on effective media relations, media tools and ethics, effective communications using podcasts and why strategy matters.

Stakeholders at the workshop were drawn from the media, civil society and NEITI.



## **EITI IS A TOOL FOR MANAGING CONFLICTS**

*–Waziri Adio*

The implementation of Extractive Industries Transparency Initiative (EITI) in Nigeria is a veritable tool for managing conflicts and insecurity in extractive communities.

Mr. Waziri Adio, the Executive Secretary of the Nigeria Extractive Industries Initiative (NEITI) stated this while delivering a speech at the 7<sup>th</sup> Sustainability in the Extractive Industries (SITEI) Conference recently held in Abuja.

“One of the tools for managing conflicts, crisis and insecurity in the extractive sector is the EITI. When you do things in the open, the possibility of conflicts or disagreements is minimized”, Mr Adio noted.

The Conference, *“Managing Conflicts and Insecurity in the Extractive Industries”* was organized by CSR-in-Action in partnership with NEITI. It examined the challenges of conflicts and insecurity in the extractive industries and how these can be managed.

The Executive Secretary noted that over dependence on natural resources predisposes a society to conflicts to the extent that resource extraction and conflicts now seem intertwined and mutually occurring.

Mr. Adio explained that EITI is a multi-stakeholders arrangement where you have companies, civil societies, and government working together to solve common problems and take conflicts and crisis out of resources governance.

“EITI is about putting searchlight on companies’ payments and government receipts, and also monitoring to ensure that the resources are used in a way that is prudent, accountable and promote development”, he explained.

He described rent-seeking behaviors, uneven distribution of resources among stakeholders and low accountability, which are features of resources-rich countries as part of the factors responsible for conflicts and insecurity in the extractive industries.

“When countries depend on natural resources, the tendency is that the government will not be accountable to their people since their people also are not paying tax, natural resources are very easy to be captured”, Adio said.

The Executive Secretary however challenged citizens to monitor the utilization of extractive industries revenues by the three tiers of government and ensure that the revenues are utilized judiciously.

“We need to follow the money, “It is not enough to know what has gone into the different tiers of government, It is also important to know what they have done with the money”.

He informed the audience of the revelations in the recent report by NEITI that analyzed allocations from Federation Account Allocation Committee (FAAC) for the first quarter of 2018.

“All the 36 states received N683 billion for the three months. The Niger Delta states, the six states in the South-South received N206 billion, that is about 30% of the entire money that went to the 36 states”, Adio revealed.

Mr. Adio urged state governments to localize the EITI. “It doesn’t have to be called EITI but we should put in place a mechanism to know what is going on in government and what is being done with public resources”.

While calling for equitable and inclusive management of resources from the extractive sector, NEITI Executive Secretary noted that there is no country that has developed based on natural resources extraction. “The wealth of a nation lies in her people,” he said. When you have natural resources endowment, use them to increase their productive capacities, invest in physical and human infrastructures, education and health”.

Earlier in his keynote address, Minister of Mines and Steel Development, Dr. Kayode Fayemi noted that mining, if properly managed has the potential to lift people and countries out of poverty from the vast foreign exchange and revenues generated by the sector.

Speaking through the Ministry’s Technical Adviser, Mrs. Amanda Lumun Feese-Ideh who represented him at the Conference, the minister lamented that in many

instances, mining has increased inequality and triggered as well as exacerbated conflicts.

“In mining, the potential for conflict is almost certain because of its nature and inherent impact on the environment and people’s livelihoods, health, and safety” Dr. Fayemi said. The minister described several structural and contextual issues as factors responsible for triggering conflicts in mineral rich countries. He explained that apart from conflicts that triggered by the introduction of a formal large-scale mining industry, many conflicts also arise on fight over control of one mineral resource.

Dr. Fayemi underscored the importance of a mining sector development strategy that balances economic and social objectives to address the structural and contextual triggers of conflicts in the sector by government.

“Our policy thrust in the robust roadmap for the growth and development of the mining sector, which we launched in August 2017, balances these objectives. We set a target of 3 percent of GDP from mining by 2025 from 0.33 percent in 2015; we are working to achieve broader macroeconomic objectives by linking the mining sector with the rest of the economy”.

In her welcome address, convener of the conference, Ms. Bekeme Masade noted that transparency and accountability in the management of extractive resources will serve as antidote to conflicts and insecurity in the extractive communities. “Implementing the recommendations of the NEITI is pivotal to ending violence and expose all those who hide behind the opaque veil of secret extractive asset ownership to fund the economy of violence in the extractive communities” Bekeme said.

The Conference which is in its 7<sup>th</sup> edition was attended by representatives of extractive industries, MDAs, Development Partners, Civil Society and the Media.



## NEITI MOURNS WITH PUNCH

The Nigeria Extractive Industries Transparency Initiative (NEITI) has expressed regrets over the death of the Chairman, Punch Newspapers, Mr. Gbadebowale Aboderin. NEITI says the death is a major setback in the promotion of corporate governance and professional ethics in the media profession in Nigeria.

In a condolence message to the Managing Director/Editor in Chief of Punch Newspapers Mr Ademola Osinubi on the death of the media executive, the NEITI Executive Secretary, Mr. Waziri Adio described Mr. Aboderin, as a reliable ally and champion on transparency, accountability and good governance issues.

Mr Adio noted that the principles of transparency and accountability which the former Chairman of Punch Newspapers were known were consistent with the principles of NEITI in natural resource governance.

He observed that Punch Newspapers under Mr. Aboderin as Chairman stand miles apart in the media industry on ethical conduct, professionalism and corporate governance.

The Executive Secretary added that an encounter with Punch Staff such as reporters, editorial team or support staff in the field of assignments attests that the virtues of ethical conduct permeated as a culture in the organization as a result of Mr. Aboderin's leadership.

Mr. Adio identified as remarkable, the open invitation to the general public on ethical complaints always at the backpage of Punch Newspapers "We, Punch Nigeria Limited, do not demand or accept gifts or gratification to publish articles or photographs, neither do our journalists. Therefore, we implore you not to offer any to our journalists. In the event that a PUNCH journalist demands such, please send your complaints to [ethics@punchng.com](mailto:ethics@punchng.com)".

This open invitation to the public to help uphold the moral uprightness of the organization not only serve as a deterrent but remains one of the enduring legacies in corporate governance which the late Chairman, Mr. Aboderin will ever be remembered.

The Executive Secretary, on behalf of the Board and Management of NEITI wishes to convey our heartfelt condolences to the Management and Staff of Punch Newspapers and to the Mr Aboderin's family.