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NIGERIA EARNED N69.2BN FROM SOLID MINERALS IN 2015

The sum of N69.2 billion was generated by Nigeria from the solid minerals sector in 2015, as against N55.8 billion earned from the sector in 2014. This represents an increase of 24%.

This is contained in the latest independent audit report of the Nigeria Extractive Industries Transparency Initiative (NEITI) following the approval of the report by the National Stakeholders Working Group of NEITI.

The audit report disclosed that the total production of solid minerals in the country stood at 39.27 million tons. This represents a reduction of 17% from the 47.1 million tons produced in 2014. The drop in 2015's production was attributed to insecurity in parts of the country and more stringent approval process for explosives used in mining.

However, while mineral production reduced, government revenues went up in the same year. *“This increase in revenue was due to the growth in taxes collected from the sector and review of royalty rates paid by companies which came into effect within the year under review,”* the report stated. NEITI’s previous solid minerals audit reports had recommended upward review of Nigeria’s royalty rates to align with prevailing industry and present day realities.

FAAC DISBURSES N1.757 TRILLION IN Q3 OF 2017

The sum of N1.757 trillion was shared as FAAC allocations by the three tiers of government in the third quarter of 2017 as against the N1.377 trillion and N1.411 trillion disbursed in the second and first quarters respectively.

This brings the total FAAC disbursements between January and September 2017 to N4.545 trillion. The figures are contained in the latest Quarterly Review of the Nigeria Extractive Industries Transparency Initiative (NEITI).

The publication which contains information and data on FAAC disbursements for the third quarter of 2017 and on mid-year budget implementation also shows that between January and September 2017, the federal government received the highest allocation of N1.851.32 trillion, followed by state governments with N1.509 trillion and the 774 local governments with N913.8 billion. The sum of N271.78 billion went to DPR, Customs and the FIRS as cost of revenue collections.

Further analysis shows that the revenues shared to the federating units were higher in the third quarter of 2017 which has been the pattern for some years now.

For instance, while the federal government got N549.41billion in the second quarter of 2017, third quarter figures were N752.79billion, an increase of 37.02%. The trend is the same for the states and local governments which received N586.58billion and N363.98 billion in the third quarter as against N467.13 and 280.42 billion in the second quarter respectively. The percentage increases between the two quarters for the two tiers of government are 25.57% and 29.80% respectively.



NIGERIA COMMITS TO BENEFICIAL OWNERSHIP TRANSPARENCY

The Federal Government of Nigeria has assured the International Community of its commitment to fully implement Beneficial Ownership Transparency within the framework of the global Extractive Industries Transparency Initiative (EITI).

The Vice-President, Professor Yemi Osinbajo (GCON), made the commitment while addressing participants at the Extractive Industries Transparency Initiative (EITI) Beneficial Ownership Conference in Jakarta, Indonesia.

He explained that “for us in the developing world and especially in Africa, breaking the wall of secret corporate ownership is an existential matter. It is for us literally a matter of life and death. Masked or Hidden corporate ownership is deeply implicated in the sad story of our underdevelopment.... Our lived experience has shown clearly that anonymous corporate ownership could serve as vehicles for masking conflicts of interest, corruption, tax evasion, money laundering, and even terrorism financing”.

The Vice President stressed that Nigeria’s commitment to implementation of beneficial ownership transparency is total because “Nigeria is still grappling with the negative consequences of the use of opacity by senior members of government and their cronies between 1993 and 1998 awarding themselves juicy contracts in the extractive industry. One of such incidents involving a company called Malabu Oil and Gas has been and is still subject of criminal and civil proceedings in many parts of the world involving huge legal costs while the full benefit of the natural resource remains unexploited for the benefit of the people of Nigeria to which it belongs”.

Underscoring the importance of Beneficial ownership transparency to Nigeria’s overall governance, Prof Osinbajo affirmed that “For us in Nigeria, we will remain on board the EITI and the ownership transparency train because they align with our national priorities and will help to advance the electoral mandate of our administration, which is to fight corruption, combat insecurity and grow the economy”.

“You will recollect that Nigeria was one of the first set of countries to join the EITI, one of the 12 EITI-implementing countries that piloted beneficial ownership disclosure, and one of the few countries that have disclosed beneficial ownership details in three audit reports. Through our national EITI agency (NEITI), we also published a comprehensive roadmap that will culminate in the establishment of the register of beneficial owners of companies operating in our extractive sector”, the Vice President concluded.

The EITI International Beneficial Ownership Transparency Conference with the theme: “Opening up ownership – sharing practice, building systems” was held in Jakarta, Indonesia from 23-24 October 2017. The objective of the conference, attended by over 250 delegates drawn from 52 countries, was to bring together government representatives

working on beneficial ownership reform to showcase best practices so far, discuss challenges, provide peer learning and exchange experiences.



NEITI Ranks High on FOI

NEITI was ranked fifth among 200 government agencies recently weighed on the scale of compliance to the Freedom of Information Act.

The ranking exercise conducted by a non-governmental organisation (NGO), Public Private Partnership Development Centre (PPPDC) considered level of access to procurement-related information from public institutions, proactive disclosures, and

response to requests among others as benchmarks for the ranking.

Public institutions were also ranked based on benchmarks for disclosure within the framework of the Nigerian Freedom of Information Act, 2011. Specifically, these benchmarks were: Proactive disclosure which was further divided into - Full proactive disclosure (22 Points), Partial proactive disclosure (17 Points), No proactive disclosure (0 Point).

Full proactive disclosure is obtained where information on the procurement plans and capital expenditure of a public institution are found on their website. Where a part of this information is found, partial disclosure is applied. Where there is no disclosure of procurement related information on the website of the public institution, there is no proactive disclosure.

Similarly, response to requests for information made in circumstances where there is no public disclosure, ranking of affected institution is based on time and efficiency of response to the request.

At the unveiling of the PPDC ranking, the Chief Executive Officer of PPDC, Seember Nyager, explained that the exercise was designed to bring public attention to the gaps and to encourage Public institutions to improve on their level of FOI implementation as this will ultimately translate to better governance.

IMPLEMENT 2016 MINING ROAD MAP – OKUNLOLA

A renowned professor of Geology from the University of Ibadan, and member of the NEITI Governing Board, Professor Olugbenga Okunlola has called on the Federal Government to take urgent steps to implement the 2016 Roadmap for the Mining Sector.



Professor Okunlola gave this advice while

delivering the 2017 Inaugural Lecture at the University of Ibadan. He explained that the development of Solid Minerals Sector has become urgent to free Nigeria from the ‘slavery’ of oil revenues. He called for tripartite action involving a combination of Governments as regulators, the Private and Financial Sector as executors.

“The market is readily available, the potentials are huge, the weakness though real can be sustainably overcome and the threats are not peculiar in nature”.

He expressed that a clear understanding of the 2016 road map for the mining sector, will lead to a quantum leap of the mining sector’s contribution to GDP.

Prof. Okunlola called on government to provide political-will to implement the road map in a sustainable manner.

“In addition, there is need to continually re-organise and formalise artisanal mining to make them efficient and regulated, and also prepare and assist the private sector to attract investments.”

Prof Okunlola who is also Chair of the NEITI Board Technical committee, identified funding as a key challenge. *“Local mining companies do not have capacity to fund exploration activity; hence a robust funding programme involving the Central Bank, development partners and the financial institutions must be worked out.”*

He called for a robust funding programme from the Central Bank of Nigeria and Development Partners to support local mining companies that have little or no capacity to finance exploration activities.

The Inaugural Lecture titled ‘**Riches Beneath our Feet: Mineral Endowment and Sustainable Development of Nigeria**’ is Professor Okunlola’s contribution to knowledge as an erudite professor of geology and geo-sciences at University of Ibadan. The Lecture was attended by the University Vice-Chancellor, Professor Idowu Olayinka, Members of the Senate of the University and the University of Ibadan academic community.

The Executive Secretary of NEITI, Mr. Waziri Adio led a delegation of the NEITI Board to the inaugural lecture put in place to celebrate Professor Okunlola’s academic research and achievements in his chosen field of endeavor.

ECONOMIC RECOVERY: WAZIRI ADIO OFFERS FIVE TIPS TO FG



Waziri Adio, Executive Secretary of the Nigeria Extractive Industries Transparency Initiative (NEITI), has identified five key areas that Nigeria can experience sustained economic recovery beyond merely getting out of recession.

The key areas are: maximizing and adding value to endowments; entrenching transparency and accountability in management of extractive industry resources; saving enough for rainy days; restructuring the economy; and investing in health, education and infrastructure to expand the creative and productive capacities of the people.

Adio gave the insight in a paper he delivered recently at the 3rd Annual Lecture of the Dauda Adegbenro Foundation held at the University of Ibadan.

He expressed concern that as a result of exposure to oil and gas revenues for as much as 95% of exports and 85% of government revenues, our economy was not insulated enough from the well-known volatility of commodity prices and other negative consequences of resource dependence.

The NEITI Executive Secretary provided further explanation on each of the five areas that the government should pay priority attention, to sustain the country's exit from recession.

Maximising and adding value to endowments:

Value optimization in this context means going beyond just exporting crude oil and refining petroleum products for domestic consumption and export, harnessing gas instead of flaring it, and becoming major players in the petrol-chemicals arena. The real value is in value-addition; otherwise we remain price takers and marginal players. It would mean changing the solid minerals sector from an abandoned and artisanal-dominated sector to a major contributor to GDP, to exports, to industrial development and to jobs. Clear and predictable legal and regulatory frameworks, reasonable incentives, and aggressive marketing would be needed. The 7 Big Wins, the Solid Minerals Roadmap, the investment outreaches by the respective ministries and renewed efforts to pass the Petroleum Industry Bill are steps in the right direction and should be seen to the logical conclusion.”

Entrenching transparency in extractive industry:

While value addition and optimization would ensure we make more money, they cannot guarantee that the money would not end in private pockets. We therefore need more openness, not less. We need not just revenue transparency but also ownership transparency, contract transparency, expenditure transparency and assets transparency. We need to strengthen NEITI and other agencies and institutions that shine light in dark places and we need to encourage and empower our citizens to ask informed questions,” he said.

Saving enough for rainy days:

Saving enough, not just saving, for the rainy days is critical to sustaining the recovery. There is a need to save against commodity price volatility and natural resource depletion. NEITI's study into Nigeria's oil saving funds shows that Nigeria does not have a robust natural resource savings mechanism. The total amount in our three oil savings fund is \$3.9 billion, enough to fund only 16% of the 2017 federal budget. Meanwhile, the value of the

sovereign wealth fund of Norway, a country of 5.2 million people is continuously on the increase.

It is time for Nigeria to consciously save enough because the oil reserves will soon dry up. Without enough savings, Nigeria will always be vulnerable. And time is not on our side: our oil will run out in 38 years; the world is rapidly moving beyond oil, as countries embrace electric vehicles and even the oil majors are moving to gas.

Restructuring the economy:

A lot of public debate has been on the political restructuring of Nigeria. We need to come to terms with the reality that a natural resource-led development approach leads to a mirage. From 1981 to 2015, Nigeria earned a total of \$715 billion from oil. It is a lot of money, but not an awful lot when you take our population size and developmental needs into consideration.

Nigeria needs to aggressively restructure the economy and psyche. Malaysia is a good example to follow. Dependence on tin and crude oil gave way to an economy with robust value-adding agriculture, manufacturing and services sectors. We also need to move from a sharing and extractive mind-set to a productive and value-adding mind-set. There is a growing clamour for political restructuring in the country. But beyond tinkering with the form of our federalism, we need to also restructure the substance and spirit of our politics, and more importantly, we need to restructure our economy and our value-system. We need audacious and not necessarily pain-free economic and governance reforms.

Expanding creative and productive capacities:

Sustained investment in health, education, and critical modern infrastructure will make our economy more competitive and expand the creative, productive and competitive capacities of our people and by extension, of our country. We need to invest in the welfare and the productive capacities of our people. We need sustained investment. This is how we can derive optimal benefit from endowment in natural resources, not as wealth in themselves,

but as resources for necessary investments in the competitive capacities of our most prized assets: our people.



PHILIPPINES ADJUGED SATISFACTORY AS ZAMBIA MAKES MEANINGFUL PROGRESS

The Philippines Extractive Industries Transparency Initiative (PH-EITI) has made history as the first and only EITI implementing Country to have made “Satisfactory Progress” – a term used to describe a Country that has achieved all the requirements contained in the EITI Standard.

The decision was taken by the Board of EITI in its meeting in Philippine in recognition of the country’s ability to use the EITI data to hold government to account, drive government reforms and generate public debate.

The Validation report stated that Philippines presents a dynamic case of EITI implementation, with its fast-paced and innovative multi-stakeholder group engaging in strategic discussions linking the EITI to national priorities for the extractive sector.

As contained in the report, Philippines went above the minimum nine (9) requirements, particularly in disclosing information on the legal and fiscal framework, contracts, revenue management, revenue expenditure and social expenditures.

The report also showed that PH-EITI effectively used the EITI standard to engage all its stakeholders in the extractive industries.

On the other hand, the EITI Board declared Zambia as having made “meaningful progress” in ensuring transparent management of its extractive sector. The decision highlighted how the EITI implementation in Zambia had “provided valuable information along the value chain, identified gaps and opportunities for strengthening monitoring of production, and improved the public understanding of the revenues generated from oil, gas and mining activities. This work is critical to tackling corruption and addressing tax evasion.”

The Board also took note of recent efforts by Zambia EITI to place beneficial ownership transparency on the government’s agenda by seeking to understand how to include provisions related to beneficial ownership disclosures in ongoing reforms.

However, a not too encouraging development was the suspension of Niger from the global EITI. The Board noted that the country needed to give more space to civil society participation in the implementation of EITI.

The EITI Validation report concluded that Niger had made “inadequate progress” or “no progress” on 14 EITI Requirements. Outstanding EITI requirements included transparent systems for license allocation, the lack of a comprehensive public license register, gaps between the government policy on contract transparency as mandated by the constitution and the practice of limited disclosure of contracts, amongst others.