

CONTRACT TRANSPARENCY, NATURAL RESOURCE BENEFITS SHARING & ENERGY TRANSITION

PAST, PRESENT & FUTURE

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HISTORY OF NEITI

- In 2003, the FGN commenced a comprehensive reform program – under NEEDS.
- The reform targeted four areas;



Improve Nigeria's
Macroeconomic
Environment



Strengthen public
Expenditure
Management

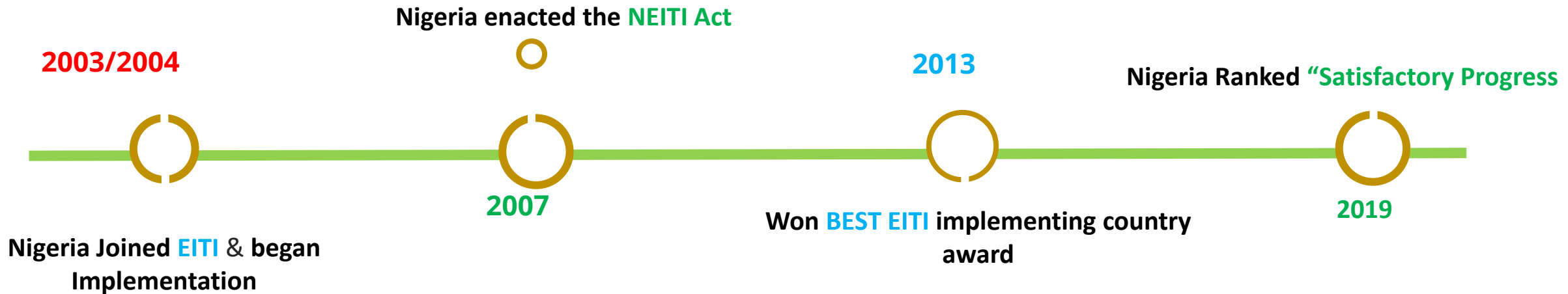


Pursue Structural
reforms

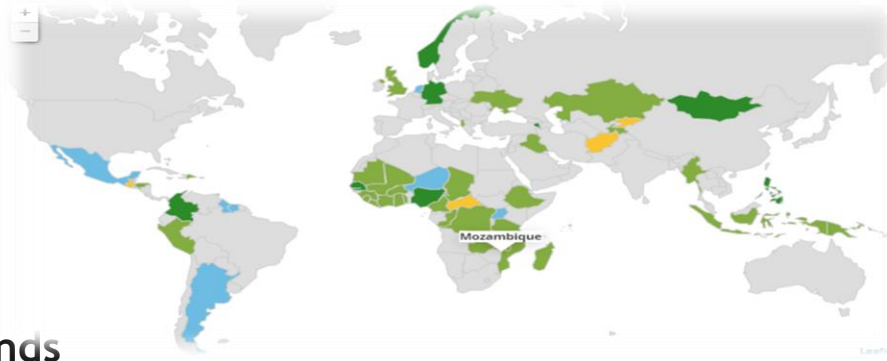


Institutional & Governance
reforms.

Decision to implement EITI was part of the overall reforms.



EITI 56 MEMBER COUNTRIES & BOARD



Nigeria
UK
Germany
Netherlands
Norway
Indonesia
Mexico
Philippines
Ukraine
Afghanistan
Albania
Argentina
Burkina Faso
Cameroon
Central African
Republic
Chad
Colombia

Côte d'Ivoire
Dem. Rep. of Congo
Dominican Republic
Ecuador
Ethiopia
Ghana
Guatemala
Guinea
Guyana
Honduras
Iraq

Kazakhstan
Kyrgyz Republic
Liberia
Madagascar
Malawi
Mali
Mauritania
Mongolia
Myanmar
Mozambique
Myanmar

Niger
Papua New
Guinea
Peru
Republic of the Congo
Sao Tome and
Principe
Senegal
Seychelles
Sierra Leone
Suriname
Tajikistan
Tanzania
Timor-Leste
Togo
Trinidad and Tobago
Uganda
Zambia



EITI Board (2019-2022)

Decides on policies for the EITI

Evaluates countries performances in meeting the Requirements of the EITI Standard

Consists of 20 members representing implementing countries, CSOs, Companies & investors

Information Disclosure

- Accurate and verifiable information/data on extractive sector.
- Citizens engagement and public debate.

Governance & Reforms of the Sector

- Petroleum Industry Act (PIA) 2021
- Improved record keeping and update of laws.
- Solid Minerals Development Roadmap.

Resource Mobilisation

- Recovery of over \$3billion.
- Tracked and Identified over \$20billion recoverable revenues.
- Initiated the share of 13% solid minerals derivation N9.8B shared as derivation from Solid Minerals sector.



The overarching objective for pursuing contract transparency is to ensure accountability and transparency in the management of public resources derived from the extractive industries in Nigeria.

- To enable citizens to understand and monitor compliance with the terms, obligations and payments arising from the extractive projects in Nigeria
- To help curb corruption by empowering citizens to assess whether contractual obligations have been breached and who should be held responsible.



WHY DO WE DISCLOSE CONTRACTS ?



2019 EITI STANDARD

Requirements on Contract Transparency

Document the government's policy on the disclosure of contracts and licenses setting out the terms and conditions for the exploration and exploitation of oil, gas or minerals.

Publicly disclose all contracts and licenses that are granted, entered into, or modified on or after January 1, 2021.

Provide a list of titles of all active contracts that govern the exploration and exploitation of oil, gas or minerals.

Implementing country is expected to adopt and publish a plan for systematic disclosure of contracts with timeliness and deadlines for disclosure



REASONS FOR CONTRACT DISCLOSURE

Citizens ownership of projects by government.

Check corruption and inflation of contract costs.

Enlighten host communities on construction.

Hold government and companies accountable.

Address tax evasion.

Free resources to tackle national development - promote the culture of achieving much less.

WHAT DO WE DISCLOSE IN CONTRACTS?

OIL & GAS SECTOR

The terms and conditions set out in the contracts for exploration and exploitation of Nigeria's oil and gas assets under:

- Joint Operating Agreements;
- Production Sharing Contracts
- Service Contracts
- Sole-Risks Contracts
- Crude oil term contracts, contracts for domestic and export sales of natural gas feedstock and natural gas liquids.

MINING SECTOR



- Community Development Agreements - This contract is to ensure the flow of economic and social benefits to the local community,;

LEGAL INSTRUMENT FOR CONTRACT DISCLOSURE IN NIGERIAN OIL & GAS SECTOR



- Petroleum Industry Act (PIA) 2021 mandates contract transparency disclosure.
- NUPRC is to implement and disclose the full text of any existing contracts, licenses and leases (including amendments and side letters with NNPC) to be published on the website of the Commission within 1 year after the effective date of the Act.
- The law placed responsibility on contractors of NNPC to provide contract, and imposes a penalty of US\$10,000 for everyday a default persists.
- NEITI is to monitor and provide oversight for implementation

WHAT WE HAVE DONE ON CONTRACT TRANSPARENCY

Nigeria was appointed the Chair of the global EITI global Network on Contract Transparency in June 2021. The network, chaired by the NEITI's Executive Secretary is tasked to develop a framework for engagement on contract disclosures



Inter-agencies committee on the implementation of contract transparency in the extractive sector was set up with NEITI serving as its Secretariat.

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The committee has since commenced work and produced a draft implementation roadmap and work plan.

NEITI is currently coordinating efforts to deliver on this important task and ensure that provisions of the PIA regarding contracts disclosure are activated.

NATURAL RESOURCE BENEFITS SHARING



Benefit sharing involves distribution of monetary and non-monetary benefits from natural resources between governments, companies or investors and communities.



Equity in resource allocation.



Prudent and efficient utilisation of resources.



Revenue utilisation based on needs.



Track utilisation and monitor same with efficiency



Exposes the gaps on the over-dependence on oil



Underlines the need for internally generated revenue



Encourages creativitiy & investments in talents



Support natural development and promotes generational equity



Energy transition is the ongoing process of replacing fossil fuels with low carbon energy sources.



On 2 February 2022, FEC approved Energy Transition Plan (ETP) that defines a pathway to achieving net zero targets in 2060



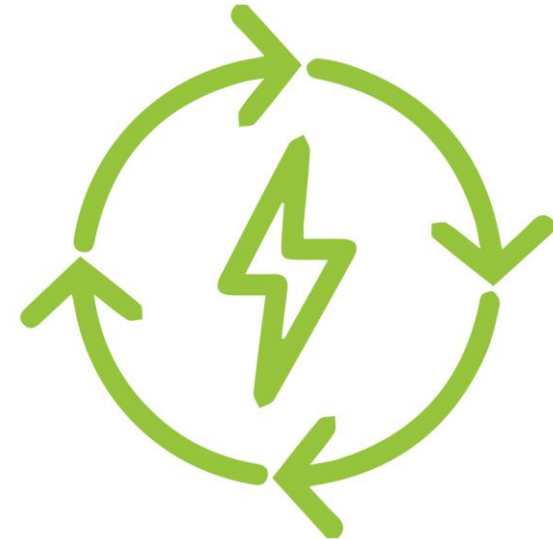
The ETP recognises that the net zero target can focus on technologies that maximise emission reduction across sectors like building, transport, energy and Oil & gas sectors.



Energy Transition debate puts Nigeria on the edge and opens up opportunity for diversification of Nigeria's economy



Energy Transition underlines the need for investment on human capital



NEITI ROLE IN THE NIGERIA'S ENERGY TRANSITION JOURNEY



Lead the public debate on Energy Transition



Bridge the knowledge gap on information & data.



Define a roadmap to support Nigeria's participation



Build requisite manpower and skills.



Align the policy with Nigeria's energy policy and economic reform programme.



Serve as a bridge between Nigeria and the 56 resource rich countries of the EITI



NEXT STEPS



NED to define the direction of these debates (Energy Transition, Contract Transparency and Benefit sharing).



Define a framework for public education.



Agree on contents for public education & enlightenment on Energy Transition.



Identify roles and responsibilities for Government, Companies, Civil Society, Investors & media.



Agree on policy plan to support FGN Energy Transition policy



Identify risks and opportunities.

THANK YOU