

# Assessment Report

Feasibility study on implementing an Extractive Industries Open Data Portal (EIDP) – NIGERIA

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## Submitted by

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## ACRONYMS

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BPP	Bureau of Public Procurement
BVN	Bank Verification Number
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CODE	Connected Development
CSO	Civil Society Organization
CSSC	NEITI Civil Society Steering Committee
DPR	Department of Petroleum Resources
EFCC	Economic and Financial Crimes Commission
EI	Extractives Industries
EITI	Extractives Industry Transparency Initiative
FAAC	Federation Account Allocation Committee
FG	Federal Government
FIRS	Federal Inland Revenue Service
FOSTER	Facility for Oil and Gas Sector Transformation
IOC	Indigenous Oil Company
IMTT	Inter Ministerial Task Team
KII	Key Informant Interview
MCO	Mining Cadastre Office
MMSD	Ministry of Mines and Steel Development
MoPR	Ministry of Petroleum Resources
NEITI	Nigeria Extractives Industry Transparency Initiative
NBS	National Bureau of Statistics
NNPC	Nigerian National Petroleum Corporation
NPRC	Nigerian Petroleum Regulatory Commission
NSWG	National Stakeholders Working Group
OAGF	Office of the Auditor General for the Federation
OGP	Open Government Partnership
OPTS	Oil Producers Trade Section of the Lagos Chamber of Commerce
OSIWA	Open Society Initiative West Africa
PEFMB	Petroleum Equalization Fund Management Board
PIB	Petroleum Industry Bill
PPDC	Public and Private Development Centre
PPT	Petroleum profits tax
PSC	Production sharing contract
PWYP Nigeria	Publish What You Pay Nigeria
RMAFC	Revenue Mobilization Allocation and Fiscal Commission

## EXECUTIVE SUMMARY

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Nigeria's extractive sector is made up of oil, gas and mining. The 2016 NEITI audit report records total flows from Nigeria's oil and gas sector (including related taxes and income) at \$17.055 billion,<sup>1</sup> only a marginal increase from the sector's profits under the previous year and over 3 times smaller than the country's total flows in 2012<sup>2</sup> prior to the fall of global commodity prices.<sup>3</sup> The report identified over 100 million barrels of crude oil, which were reported as losses due to theft and/or sabotage in 2016.<sup>4</sup> The oil and gas sector makes up just over **8% of the government's Gross Domestic Product (GDP)**,<sup>5</sup> while the mining sector contributes about \$1.4 billion, less than 1% of the GDP.<sup>6</sup> Nigeria's GDP was \$375.8 billion in 2017.<sup>7</sup> There is considerable national debate, and an ensuing wariness to trust data, regarding how much crude oil the country actually produces.

The Nigerian government has been trying unsuccessfully, for almost two decades, to replace the outdated Petroleum Act of 1969. The most recent proposed legislation breaks the Act into three parts, which are all currently pending at various stages of the legislative process. Legal reform of the petroleum sector is critical, along with what will hopefully be a **strengthened information disclosure regime that obliges the proactive disclosure of oil and gas data.**

The legal framework for the mining sector was overhauled in the 2000s to make licensing more transparent and strengthen the government's geophysical data capacity. These have been necessary improvements, but the sector can still benefit **from increased human, financial, and technological capacity to enable government agencies conduct sufficient oversight** as well as a detailed policy designed to **improve the local processing of minerals** in Nigeria.

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<sup>1</sup> NEITI Oil and Gas Audit Report - Executive Summary, 2016 available at <http://www.neiti.gov.ng/index.php/neiti-audits/oil-and-gas/category/184-2016-audit-report>

<sup>2</sup> Ibid.

<sup>3</sup> Total financial flows have dropped from \$62.94 billion in 2012 to \$17.05 billion in 2016.

<sup>4</sup> NEITI Oil and Gas Audit Report 2016.

<sup>5</sup> "Nigeria's oil sector realised \$17.05bn in 2016; lowest in a decade," December 22, 2018, Premium Times, available at <https://www.premiumtimesng.com/business/business-news/302390-nigerias-oil-sector-realised-17-05bn-in-2016-lowest-in-a-decade-neiti.html>

<sup>6</sup> "Growth of Nigeria's mining industry fails to lift tax revenues," 8 August 2018, The Guardian, available at <https://guardian.ng/energy/growth-of-nigerias-mining-industry-fails-to-lift-tax-revenues/>

<sup>7</sup> "Nigeria GDP Data," The World Bank, available at <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

While the FOI Law is welcomed as a vital contribution to increasing access to information in Nigeria, there is still room for improvement, particularly in **expanding government agency capacity to respond to FOI requests** through web portals and designated information desks. Also, the FOI law is applied unevenly, with some actors such as NNPC refusing to respond to requests from non-public organizations.

EI stakeholders (government, private sector, development partners and civil society organizations) collaborate to ensure a constructive national debate around transparency in extractive resource management. However, there is room to continue building on cross-actor relationships. For the government, this means **making data accessible to non-technical audiences** to strengthen the relationship (and trust) with citizens as well as **investing in interagency coordination** to improve data quality. For CSO actors, this should focus on **improving engagement with the media**. Lastly, the private sector can further support transparency efforts by **proactively publishing contracts and subsequent amendments**.

Nigeria has been a voluntary EITI member since 2003, and became the first country to support EITI implementation with legislation through the NEITI Act of 2007. NEITI operates as a government agency, rather than a stand-alone committee as in other EITI countries, and has a unique mandate that goes beyond fulfilling EITI requirements to include audit of other relevant financial flows in the country. Across the board, NEITI is treated as an essential partner for many stakeholders as well as being the most reliable source of data on the oil, gas and mining sector. However, NEITI still struggles to publish its data in a timely fashion and in formats that are accessible and applicable to ordinary citizens. Going forward, it will be critical for NEITI to invest in the **routine creation of data visualizations to render its audit findings more accessible**, as well as to consider how its data can be utilized more effectively at the state, local and community level for increased impact.

Nigeria's longtime membership in EITI means it is compelled to embrace beneficial ownership (BO), linked to a fear of failing EITI validation.<sup>8</sup> Most government agencies and companies show some understanding of BO, although some wariness lingers over the potential impact of more stringent ownership regulations.<sup>9</sup> In the mining sector, BO is perceived as being an issue that should primarily focus on the bigger, more corrupt oil and gas sector. Interviews noted that **advocacy around BO needs to link to incentives - it should be clear to ordinary citizens how transparency in the ownership of companies directly relates to their daily lives**.

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<sup>8</sup> Interview with NEITI Civil Society Forum.

<sup>9</sup> Interview with the Oil Producers Trade Section.

The greatest challenge to transparency and accountability in Nigeria’s EI sector centers on an environment of distrust, particularly between CS actors and government agencies, which impacts access to information. **CS actors note with frustration the limits of published data, as it does not provide a full picture of the production, revenues and management of the oil and gas sector. Conversely, government critique highlights that some CS actors do not engage constructively or offer concrete solutions to help improve the climate around access to information.**

EI actors lamented that the current data does not help them meet their needs as data is: i) not easy to understand; ii) incomplete; iii) too focused on financial figures; and iv) in non-machine-readable formats. There is also a latent **“data fatigue,”** among actors who are frustrated with creating/providing data that appears to go unused.<sup>10</sup>

The need across a larger ecosystem for digitization of relevant data has been expressed and is a central recommendation, as the implementation of an EIDP will alleviate some of the expressed challenges including:

- Time-consuming, manual data collection methods;
- Lack of real-time data
- Lack of exhaustive and reliable data

**The Government of Nigeria should partner with well qualified IT companies to design and implement a centralized system** – with an eye to encouraging interoperability across different government agencies. The system should include sustained efforts to digitize records and, should include an API<sup>11</sup> module so that other government agencies can access data directly and more easily.

**NEITI could benefit from a web-based system designed to make its data collection process more efficient and useful for both data producers and data users.** The system should follow a modular approach – allowing modules to be added on as new requests/demands arise – on **open-source software** to avoid annual payments that halt work if support is not available. The system should be designed to account for EITI's requirements as well as NEITI's extensive validation and reconciliation process. In addition, the system should provide open and machine-readable data and include audio-visual tools in local languages to increase access to information for more users.

Implementation of a system should take a phased approach to allow NEITI and other stakeholders to provide continuous feedback on system improvements.

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<sup>10</sup> Interview with FOSTER.

<sup>11</sup> Application Programming Interface

IT Tools should be accompanied by **capacity building (training) and data management plans** which will set clear roles and responsibilities for each stakeholder in data collection, use, and publication. Finally, critical needs in the data ecosystem include **funding support for dissemination and domestication of EITI standards** at the subnational level with state and local governments.

# 1. PURPOSE, METHODOLOGY & FIELD STUDY INFORMATION

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## 1.1. Purpose

The global [EITI Principles](#) include improving EI data disclosure, as EITI recognizes how important public understanding of government revenues and expenditures is in sparking public debate, informing decision making for sustainable development, and holding the government accountable. Effective resource usage will optimize the EI sector's potential for positive social and economic impacts and outcomes. Functionally, the [EITI Requirements](#) are the underlying framework of the EITI Principles. Requirements include the disclosure of exploration and production, revenue collection and allocations, and social and economic spending information. EITI understands that extractives data should be *available, accessible, and understandable* – and encourages citizen participation. Central to participation is trust between citizens and the government, built through creation and implementation of accountability and verification mechanisms. In 2017, EITI began encouraging systematic disclosure of disaggregated information – an approach currently being implemented in countries including Sierra Leone<sup>12</sup> and Mauritania,<sup>13</sup> both of which have moved toward a regular dissemination process that could be facilitated through EIPD implementation.

The primary aim of the Nigeria data needs assessment, supported by the Open Society Initiative for West Africa (OSIWA) and conducted in partnership with the Nigeria EITI Committee, was to complete a comprehensive evaluation of the current EI data landscape. The assessment included: i) *review of existing legal and institutional frameworks* to determine Nigeria's readiness to open up EI data; ii) *review of existing systems and data sources* used to collect, analyze, and share extractives data; iii) *review of the interactions between EI sector actors* and each group's enthusiasm for enhancing the use of open data on mineral resources; iv) *review of data use*, including the extent to which data is currently used to inform policy changes and improve transparency; and iv) *mapping of relevant actors' data needs* and *review of human and technical capacities* to implement and sustain an EIDP.

Through the assessment, the DG research team gained a comprehensive overview of current EI data availability, identified data use challenges, and determined opportunities

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<sup>12</sup> <https://eiti.org/blog/mainstreaming-transparency-in-sierra-leone>

<sup>13</sup> <https://eiti.org/blog/tracking-extractives-revenues-in-mauritania>

in which optimizing data use could lead to sector governance improvements and the strengthening of citizens' demand for accountability.

The DG team would like to thank Dr. Dauda Garuba, Ms. Olubukola Moronkola, Ms. Adaure Njoku and the entire NEITI staff who coordinated, facilitated and/or participated in the country mission meetings as well as provided inputs to this report. We also express our gratitude to the government institutions, development partners and civil society organizations that took the time to meet with us and provided invaluable information that informed this assessment.

## 1.2. Methodology

The methodology followed during this assessment included: i) desk research; and ii) one-on-one interviews with key stakeholders (key informant interviews [KIIs]) – including government actors, CSOs, DPs, and private corporations – to build understanding of each group's interactions, challenges, needs, and expectations. A full list of organizations and individuals interviewed is available in Annex 1. The interview guide was used as a basis of discussion, but interviewees were able to provide additional information as needed.

## 2. OVERVIEW OF THE COUNTRY CONTEXT

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Nigeria has been a voluntary EITI member since 2003, and became the first country to support EITI implementation with legislation through the NEITI Act of 2007. The Nigeria EITI (NEITI) is notable in its operation as a government agency whose Executive Secretary is appointed by the President. Under its current strategic plan (2017-2021), NEITI focuses on strengthening integration of the EITI standard into Nigerian government functions and on implementing data collection systems to facilitate public access to information.

NEITI has been recognized internationally for expanding its scope beyond financial audits to include **physical audits**, which track production volumes, and **processes audits**, which monitor oil block licensing and the management of key sector institutions. NEITI

also investigates the non-payment of royalties and subsidies that NNPC should pay to the Federal Government.<sup>14</sup>

The 2016 NEITI audit report records total flows from Nigeria's oil and gas sector (including related taxes and income) at \$17.055 billion, a marginal increase from the sector's profits under the previous year and 3 times smaller than the country's total flows in 2012<sup>15</sup> prior to the fall of global commodity prices.<sup>16</sup> The report identified over 100 million barrels of crude oil, which were reported as losses due to theft and/or sabotage in 2016.<sup>17</sup> The oil and gas sector makes up just over **8% of the government's Gross Domestic Product (GDP)**,<sup>18</sup> while the mining sector contributes less than 1%.<sup>19</sup> Nigeria's GDP was \$375.8 billion in 2017.<sup>20</sup> There is considerable national debate, and an ensuing wariness to trust data, regarding how much crude oil the country actually produces.

The oil and gas sector is governed by the Petroleum Act of 1969, which is currently under review by the National Assembly in the form of several bills: **the Petroleum Industry Governance Bill** (harmonized); **the Petroleum Industry Fiscal Bill**; **the Petroleum Industry Administration Bill**; and **the Petroleum Host and Impacted Communities Development Bill**.

Nigeria possesses roughly 40 different kinds of solid minerals and precious metals governed by the Minerals and Mining Act of 2007. Due to historical underdevelopment and the disproportionate impact of oil and gas on the federal budget, the mining sector is much smaller and is approached as secondary to the lucrative oil and gas sector.

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<sup>14</sup> "Nigeria," last updated 20 December 2018, EITI Global Secretariat, available at <https://eiti.org/nigeria>

<sup>15</sup> NEITI Oil and Gas Audit Report - Executive Summary, 2016 available at <http://www.neiti.gov.ng/index.php/neiti-audits/oil-and-gas/category/184-2016-audit-report>

<sup>16</sup> Total financial flows have dropped from \$62.94 billion in 2012 to \$17.05 billion in 2016.

<sup>17</sup> NEITI Oil and Gas Audit Report 2016.

<sup>18</sup> "Nigeria's oil sector realised \$17.05bn in 2016; lowest in a decade," December 22, 2018, Premium Times, available at <https://www.premiumtimesng.com/business/business-news/302390-nigerias-oil-sector-realised-17-05bn-in-2016-lowest-in-a-decade-neiti.html>

<sup>19</sup> "Growth of Nigeria's mining industry fails to lift tax revenues," 8 August 2018, The Guardian, available at <https://guardian.ng/energy/growth-of-nigerias-mining-industry-fails-to-lift-tax-revenues/>

<sup>20</sup> "Nigeria GDP Data," The World Bank, available at <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

### 3. GENERAL POLICY & LEGAL CONTEXT

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The following section presents some policies, strategies, and laws that shape the extractive sector in Nigeria. Critical to the policy context is the presence (or lack thereof) of political will to encourage data publication, which varies widely. Currently, there are no national legal requirements to publish EI sector data including contracts.<sup>21</sup> Ultimately, as with other pieces of the EI data ecosystem, it is critical that advocacy for disclosure is coupled with initiatives that equip advocates to use the data.<sup>22</sup>

It is important to understand which agencies are responsible for what pieces of oversight, and to select partnerships wisely – as engagement can stall when an agency of higher rank halts an initiative it feels it has not been involved in.

- Interviewee

#### 3.1. Freedom of Information (FOI) Law

The FOI Law helps in laying a framework for better access to information in Nigeria. A handful of organizations such as the Socio Economic Rights and Accountability Project (SERAP) have taken advantage of the law to request access to specific contracts.<sup>23</sup> Helpfully, the FOI act stipulates that agencies must respond within 7 days to requests, and may take an additional 7 days to furnish requested data.<sup>24</sup> In practice, however, some agencies get around this by responding to requesters noting that they are working on a request, but then never follow up with the requested document.

It is hard to determine the FOI Act impact on contract disclosure specifically without more data on which organizations and individuals have successfully requested, and received, contracts. Nevertheless, there is still room to build upon the law's starting position – particularly in including the new, more stringent public disclosure requirements for senior government officials in the public service regulations.

Several government agencies are setting up web portals to reduce the burden of responding to multiple similar requests. NEITI and the Commission for Social Affairs

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<sup>21</sup> *Ibid.*

<sup>22</sup> Interview with the Open Society Foundations in West Africa.

<sup>23</sup> Interview with DFID-Foster.

<sup>24</sup> Freedom of Information Act, Art. 5 and 6. Available at <https://www.cbn.gov.ng/FOI/Freedom%20Of%20Information%20Act.pdf>

(CAC) each have a dedicated staff member to manage information requests through an online portal, although all staff members can respond as needed.<sup>25</sup> Some actors, however, hide behind the “sensitive”<sup>26</sup> nature of their data, a relatively subjective notion, to explain their unwillingness to disclose data. NNPC, for example, refuses to respond to requests from non-public organizations in direct conflict with the Access to Information Act.<sup>27</sup>

### 3.2. NEITI Act of 2007

The NEITI Act compels all EI actors (including government officials) to participate in NEITI audit activities.<sup>28</sup> However, the Act is unclear about which government agency can/should initiate sanctions. Similarly, the Office of the Auditor General for the Federation does not have sanction power: it can audit the accounts of the Federation and the courts, but it can only check, *not audit*, “government corporations, commissions, authorities, agencies, or any body established by an act of the National Assembly.”<sup>29</sup>

NEITI has never instituted procedures against companies who fail to submit information, partly because it does not have the resources to prosecute offenders.<sup>30</sup> Instead, it takes a “**name and shame**” approach that this has been effective in encouraging disclosure. NEITI creates a scorecard ranking for timeliness and share it confidentially, giving stakeholders a chance to submit their data before the final rankings are published in national newspapers.

A review of the NEITI Act is currently underway which will attempt to address the lack of sanction power and other gaps.<sup>31</sup>

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<sup>25</sup> Interview with the Communications Department, NEITI and the Corporate Affairs Commission.

<sup>26</sup> Interview with NEITI Civil Society Forum.

<sup>27</sup> “NNPC to Falana: We can’t disclose how much Nigeria earns daily from crude oil sales,” Cable Newspaper Journalism Foundation, 1 March 2018, <http://petrobarometer.thecable.ng/2018/03/01/nnpc-falana-cant-disclose-much-nigeria-earns-daily-crude-oil-sales/>

<sup>28</sup> <https://nass.gov.ng/document/download/5836>

<sup>29</sup> Constitution of Nigeria, Art. 85-86.

<sup>30</sup> Interview with Executive Secretary Waziri Adio.

<sup>31</sup> Email communication with Michael Uzoigwe, FOSTER, February 2019.

### 3.3. Nigeria Joins the Open Government Partnership (OGP)<sup>32</sup>

In the past, there has been some movement towards creating a national open data policy, but this initiative has not taken off.<sup>33</sup> However, stakeholders view Nigeria's membership in OGP positively, as it helps bring together agencies and CSOs in service of shared goals,<sup>34</sup> and acts as a platform through which CSOs can continue supporting open disclosure advocacy.<sup>35</sup>

### 3.4. Beneficial Ownership – Nigeria's Approach

Nigeria is intimately familiar with beneficial ownership, most famously through the ongoing Malabu Oil Scandal, in which a sitting petroleum minister was awarded a multi-billion-dollar oil block at a steep discount through a company he co-owned, partly because the company ownership was not disclosed.<sup>36</sup> In addition, the Panama Papers have renewed calls for greater transparency in company ownership to combat tax evasion, money laundering, and corruption.

#### 3.4.1. Current Legal and Policy Framework

The existing legal framework seldom refers in explicit terms to ownership disclosure. The **FOI Act** and the **Code of Conduct and Tribunal Act** could be used collectively or individually to request ownership information from government officials. However, neither requires government officials to proactively publish their assets and ownership stakes. In the case of the **Code of Conduct Bureau and Tribunal Act**, government officials do disclose their assets and interests, but not to the public.<sup>37</sup> Ownership information can be requested under the **Corporate Law** and the **Public Complaints Commission Act**. However, the Corporate Law requires a suit to be filed, and the information is released only to parties to the suit. The Public Complaints Commission Act requires a complaint and a formal request to be lodged before information can be gathered, with no guarantee that information provided will extend beyond the legal ownership of

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<sup>32</sup> [http://mbgpe.sn/index.php?option=com\\_content&view=article&id=73%3A5eme-sommet-mondial-du-partenariat-pour-un-gouvernement-ouvert-pgo&catid=15&Itemid=599h](http://mbgpe.sn/index.php?option=com_content&view=article&id=73%3A5eme-sommet-mondial-du-partenariat-pour-un-gouvernement-ouvert-pgo&catid=15&Itemid=599h)

<sup>33</sup> Interview with the Communications Department, NEITI.

<sup>34</sup> Interviews with the Corporate Affairs Commission and Right to Know.

<sup>35</sup> Interview with NEITI Civil Society Forum.

<sup>36</sup> "Fact Sheet on Beneficial Ownership in Nigeria," CISLAC, available at <http://cislacnigeria.net/wp-content/uploads/2018/02/BO-FACTSHEET.pdf>

<sup>37</sup> <http://lawnigeria.com/LawsOfTheFederation/CODE-OF-CONDUCT-BUREAU-AND-TRIBUNAL-ACT.html>

companies.<sup>38</sup> The **Money Laundering Prevention Act of 2011** requires banks and designated Non-Financial Institutions to identify and verify the beneficial owners of all accounts, which resulted in the creation of the **Bank Verification Number (BVN)**. The BVN has improved the identification of individuals behind some corporate and private accounts.<sup>39</sup>

### 3.4.2. Positive Developments

Along with 11 other EITI countries, Nigeria volunteered in 2013 to pilot reporting on beneficial ownership in the annual audit. NEITI's 2012 audit report included some ownership information, but mostly on the legal, rather than beneficial, company owners covered by the audit.<sup>40</sup>

With support from DFID-FOSTER, NEITI is also exploring opportunities within government agencies to establish a beneficial register before the January 1, 2020 EITI deadline.<sup>41</sup> CAC is taking steps to address beneficial ownership, recently consulting with NEITI to adopt the "persons of significant control" standard, setting a threshold of 5% ownership of shares,<sup>42</sup> revenue, or voting rights in a company. As of 2018, CAC has a draft bill pending to repeal and update the **Companies and Allied Matters Act (CAMA)** of 1990. The draft bill passed the Senate in May 2018, and awaits passage in the House as well as Presidential approval.<sup>43</sup> CAC discussed the new bill with both the Open Ownership and OGP Global Secretariats to bring the legislation in line with international standards on ease of doing business and the monitoring of corporate entities and individuals.<sup>44</sup>

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<sup>38</sup> "The Need to Know: Who Owns What in Nigeria's Extractive Sector," May 2016, available at <http://www.neiti.gov.ng/index.php/2017-07-27-13-55-55/policy-brief>

<sup>39</sup> *Ibid.*

<sup>40</sup> *Ibid.*

<sup>41</sup> Email communication, Michael Uzoigwe, FOSTER, February 2019.

<sup>42</sup> NEITI, CISLAC and other CSO advocates are arguing for a significantly lower threshold of 1%, given that even a small fraction of ownership in a multi-billion dollar company can constitute significant wealth for an individual, such as in the oil and gas sector.

<sup>43</sup> "The Repeal and Re-Enactment of The Companies and Allied Matters Act- A Bold Step Towards Business Reform," 16 May 2018, Templars Law Firm, available at <https://www.templars-law.com/repeal-re-enactment-companies-allied-matters-act-bold-step-towards-business-reform/>

<sup>44</sup> Interview with the Corporate Affairs Commission.

### 3.4.3. Perceptions of Beneficial Ownership

Government officials are aware, in theory, of the importance of beneficial ownership. However, there is some hesitation around which government agency is mandated to implement ownership disclosure, particularly in the absence of a national law governing implementation. Nigeria's EITI membership means it is compelled to embrace BO, in order to maintain its EITI validation.<sup>45</sup>

Beneficial ownership is important beyond the EI sector, and should be encouraged and enforced from a cross-sectoral perspective.

- Interviewee

Interviews highlighted that attitudes (and understanding) of beneficial ownership varied across oil and gas companies. Some suggested that more stringent guidelines "did not need to target indigenous oil companies,"<sup>46</sup> while others thought beneficial ownership referred to the sharing of profits with local communities. This suggests that there is room for awareness activities to ensure that the definition and benefits of transparency in BO are understood among oil and gas actors.

In the mining sector, ownership inconsistencies have largely escaped broader public scrutiny because of the sector's smaller size in comparison to the oil and gas sector. Interviews underscored this reality, where the perception was that BO is not really an issue and actors felt BO compliance should focus on the oil and gas sector before looking to engage with the mining sector.<sup>47</sup> The MMSD is working to formalize artisanal miners and clarify ownership/participation through the registration of mining cooperatives, but there aren't any current initiatives that strengthen BO transparency among larger mining companies.

From the DP perspective, BO is not high on the current government priority list. DPs noted that advocacy around beneficial ownership needs to link to incentives - it should be clear to ordinary citizens how transparency in the ownership of companies directly relates to their daily lives. Publishing a BO registry is of little use if the information is not used to drive sector reforms.

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<sup>45</sup> Interview with NEITI Civil Society Forum.

<sup>46</sup> Interview with the Oil Producers Trade Section.

<sup>47</sup> Interview with the Miners Association of Nigeria.

#### 3.4.4. Expressed Challenges

The implementation of beneficial ownership faces some challenges in Nigeria's current context such as:

**Revenue model** – There are costs associated with making company registration information available, verifying submissions, and ensuring compliance. Agencies struggle to balance a sustainable revenue model with the need to keep access affordable for the public.

**Lack of legal framework** – Without laws, policies, and a robust sanctions regime, information disclosure remains voluntary, with no consequences for failing to disclose.

**Lack of linkage between relevant government systems** – For example, CAC struggles to verify the IDs of company shareholders and directors, partially because it does not have access to photo data from the national ID, immigration, or national driver's license systems.

**Lack of linkage to the daily struggles of ordinary citizens** – Important to improve advocacy and drive sector reforms

**Conflict of interest/lack of political will** – The same policymakers and regulators who encourage open ownership are often beneficiaries of an opaque disclosure regime.

**Companies hiding in plain sight** – At least a quarter of companies in Nigeria are not active, but still have assets. FIRS does not have the capacity to chase down these companies to clarify the nature of their ownership. Instead, they are focused solely on tax paying companies.

**Managing data protection/fear of exposure to bribery and corruption via political witch-hunt<sup>48</sup>**

**Disagreement over the minimum threshold requiring disclosure**

### 3.5. Recommendations

The following recommendations aim to strengthen the general legal framework with strategies that support the publication of data on the EI sector, specifically:

**Support the creation of a national open data policy** – No current policy requires, or strongly encourages, broad information disclosure. The FOI Act is valuable, but can be further supported by a parallel open data policy to encourage government agencies to

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<sup>48</sup> CISLAC Beneficial Ownership Fact Sheet, pg. 4.

proactively release data. An open data policy would facilitate data exchange across government agencies and clarify what kinds of data should be shared.

**Invest in the systematic rollout of FOI portals in government agencies** – Portal rollout has been piecemeal, often driven by individual partnerships between CSO partners and specific agencies.<sup>49</sup> One of the complaints with EI sector data is the lack of completeness, which could be partially remedied (at least in theory) through the use of FOI requests. Investing in systematic rollout of FOI portals could help operationalize the core obligations laid out in the FOI Law.

**Continue to use Nigeria’s OGP membership** to push for legal reform around the OGP requirement that assets declaration records be made publicly accessible.

**Explore a strategic partnership with the Office of the Vice President**, which has a team dedicated to exploring database harmonization across government agencies.

**Sensitize private sector actors** to beneficial ownership and why it (should) matter to them in the context of international best practices, creating shareholder satisfaction, and generating community-level good will.

**Create and disseminate international best practice on BO thresholds in other countries** – while best practices can be used for benchmarking purposes, they will have to be modified to fit Nigeria’s specific context.

## 4. EI SECTOR STAKEHOLDER IDENTIFICATION

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Nigeria’s oil and gas sector is dense with actors, from the President and the Nigerian National Petroleum Corporation (NNPC) to the Ministry of Petroleum (MoPR) and its several departments, funds and committees.

The Ministry of Mines and Steel Development (MMSD) governs the mining sector. The Mining Cadaster Office (MCO) grants mining licenses on a first come, first served basis, while some mining licenses, such as for brownfields, are awarded via a competitive bidding process.

Under the framework of EITI standards, NEITI ensures transparency and accountability in the EI sector through its role as an independent government agency, monitoring the payments and revenue receipts of the Federal Government. Civil society (CS), including industry and professional associations, monitors mining contract publication, revenues

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<sup>49</sup> Interview with Right 2 Know.

received by the Government, revenue redistribution to local communities, and occasionally plays an advisory role in the license granting process. Members of the National Assembly who closely monitor the effective disbursements of revenue shares to local communities supplement CS efforts.

Private corporations are willing to provide information, but only to the Government. A number of groups such as the Oil Producers Trade Section (OPTS) of the Lagos Chamber of Commerce, the Petroleum Club, and the Miners Association of Nigeria (MAN) interface directly with government agencies to manage constituent information requests. Outside of formal industry groups, public engagement of private corporations is limited.

Finally, Development Partners (DPs) prioritize transparency and good governance in the management of extractive resources by supporting the Government and CSOs through capacity building, institutional and organizational activities.

#### **4.1. Government Actors – Oil and Gas**

President Buhari currently serves as *de facto* Minister of Petroleum. He nominated a Minister of State for Petroleum Resources to oversee the management of the Ministry of Petroleum Resources (MoPR). A separate Managing Director is in charge of the Nigerian National Petroleum Corporation (NNPC).

##### **Ministry of Petroleum Resources (MoPR)**

The Ministry of Petroleum Resources governs the administration of the oil and gas sector, granting licenses, formulating policy and providing direction to other government agencies in the sector. MoPR also oversees downstream, midstream, and oil services. MoPR has half a dozen departments and parastatals that operate under its umbrella, the most essential being the Department of Petroleum Resources (DPR).

##### **Department of Petroleum Resources (DPR)**

DPR ensures compliance with oil license award terms and develops regulations to ensure company operations are consistent with international best practice. DPR collects royalties, signing bonuses, and issues an annual permit (DPR Permit) to all oil and gas companies to allow them to operate.

##### **Nigerian National Petroleum Corporation (NNPC)**

NNPC, the state-owned corporation, has some responsibility for upstream and downstream development. It houses several subsidiaries including: the National Petroleum Investment Management Services (supervises government investment in the oil sector); the Nigerian Petroleum Development Company (responsible for exploration

and production); and the Nigeria Liquefied Natural Gas Limited (joint venture between NNPC, Shell, Total and Eni International).

Recent NEITI audits have revealed that NNPC and NPDC owe the Federation Account over \$20 billion in federation assets, payments for domestic crude allocations given to NNPC, and dividends from investments in the gas sector that have not been passed onwards to the appropriate account.<sup>50</sup> In 2016 NNPC began publishing some of its financial data on a monthly basis on its website. While this data remains limited, it is seen as progress towards opening the EI sector.

## 4.2. Government Actors – Mining

The mining sector is led by a Minister and Minister of State who are both appointed by the President and oversee the Ministry of Mines and Steel Development (MMSD). Similar to MoPR, MMSD includes several agencies under its umbrella that oversee different parts of the sector. The following section will highlight the most critical to the management and function of the sector.

### Ministry of Mines and Steel Development (MMSD)

MMSD oversees the development of the solid minerals sector, from monitoring environmental compliance and creating an enabling investment environment, to protecting worker safety and welfare.<sup>51</sup> MMSD operates a number of field offices around the country that produce monthly hard copy reports. These reports are the primary source of data for the Ministry.

### Mining Inspectorate Department

The Inspectorate monitors mining activities, ensuring that operations comply with the law during the life of a mining license. The Inspectorate also notifies the Mining Cadastre Office of a breach of obligations so that the latter may take action (e.g. suspension or revocation of a license).

### Nigerian Geological Survey Agency (NGSA)

The NGSA gathers, assesses, and shares all geospatial information related to rocks, minerals, and groundwater resources. NGSA does some mineral exploration and

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<sup>50</sup> "Unremitted Funds, Economic Recovery, and Oil Sector Reform," NEITI, March 2017, available at <http://www.neiti.gov.ng/index.php/2017-07-27-13-55-55/policy-brief>

<sup>51</sup> Part II - Administration of the Act, Nigerian Minerals and Mining Act of 2007, available at [http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/Nigerian\\_Minerals\\_and\\_Mining\\_Act\\_2007.pdf](http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/Nigerian_Minerals_and_Mining_Act_2007.pdf)

investigations at potential mine sites, and manages a variety of research partnerships on behalf of state governments, other ministries, education institutions, and independent researchers.

### Mining Cadastre Office (MCO)

The Nigerian MCO grants and manages mining titles and permits for operation in the country's solid minerals sector. As part of its mandate, MCO:

- Manages all aspects of the mining title process (application, issuance, transfer, renewal, suspension, and revocation);
- Maintains a record of all mining titles and mining applications in a physical register;
- Maintains cadastral maps and title applications in both paper and electronic formats;<sup>52</sup>
- During competitive bidding processes, reviews and selects competitive bids for exploration/mining licenses.

MCO, along with the Mining Inspectorate Department, also receives quarterly reports from license holders on the progress made under mining titles. Plans include enabling this reporting to be submitted and viewed through a private, web-based portal.<sup>53</sup> The application evaluation team also independently evaluates the information received in these quarterly reports. MCO also maintains close collaboration with numerous partners: state governments, who request data from the MCO monthly; local government agencies; and traditional rulers.<sup>54</sup>

### 4.3. Other Government Actors

Several other government agencies play a role in the management of the oil and gas sector. Both the House of Representatives and the Senate are involved in the oil and gas sector collectively as the **National Assembly**, passing legislation related to the sector, and requiring actors to submit EI data upon request through the House Committee on Oil and Gas.

**Federal Inland Revenue Service (FIRS)** collects payment on the petroleum profits tax (ppt) and may determine sanctions in the event of non-compliance.<sup>55</sup> The Agency meets

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<sup>52</sup> Cadastral Maps are available at <https://gisportal.minesandsteel.gov.ng/MMSDGeoMiningInvestor/>

<sup>53</sup> Interview with the Mining Cadastre Office.

<sup>54</sup> Interview with the Mining Cadastre Office.

<sup>55</sup> Interview with the Federal Inland Revenue Services.

monthly with DPR, the Central Bank of Nigeria (CBN), and NNPC's marketing department to determine benchmarks for pricing in the oil and gas sector.

The **Central Bank of Nigeria** holds accounts for NNPC and the Federation Account, working with NNPC to ensure that funds from the CBN-NNPC Domestic Crude Sales Revenue and Gas Revenue Accounts are transferred to the Federation Account in a timely manner.<sup>56</sup> CBN produces annual reports that are a key source of data on the country's revenue.

Additionally, the **Revenue Mobilization Allocation and Fiscal Commission (RMAFC)** also plays a role in monitoring EI sector funds, as it collects data and returns on investment from most of the major actors in the EI sector including NNPC, FIRS, CBN, the Customs Administration, and the Ministry of Finance. RMAFC has a good data sharing relationship with NEITI, providing data from various sources (customs, taxes, revenue generation bodies), but struggles to receive data on a monthly basis from the solid mineral sector on artisanal and/or illegal mining activities.

The **Office of the Auditor General for the Federation (OAGF)** audits all public accounts of the federal offices and courts of the Federal Government,<sup>57</sup> but it cannot audit parastatal organizations (such as NNPC). OAGF does, however, conduct periodic checks<sup>58</sup> on state owned entities. Audits are mandated to occur annually for all Federal ministries, agencies, and departments, but due to a lack of capacity and funding, not all agencies are audited annually.<sup>59</sup>

The **Corporate Affairs Commission (CAC)** oversees the creation, management, and closure of companies in Nigeria. At the time of writing, parts of the company registration process are available online through the CAC website,<sup>60</sup> with the intent to eventually make the full registration process (60 processes) available online. Stakeholders in the oil, gas, and mining sector with monitoring/oversight responsibility frequently refer to CAC for company registration information. EI Companies must be registered through CAC before receiving an operating license.

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<sup>56</sup> NEITI Audit 2016, pg. 48 available at <http://www.neiti.gov.ng/index.php/neiti-audits/oil-and-gas/category/184-2016-audit-report>

<sup>57</sup> About the Office of the Auditor-General for the Federation, available at <https://oaugf.ng/about-oaugf/about-us>

<sup>58</sup> The term "period check" is not defined in the Constitution, thus the scope of these occasional checks is not clear.

<sup>59</sup> NEITI Audit Report 2016, 1.9.6, available at <http://www.neiti.gov.ng/index.php/neiti-audits/oil-and-gas/category/184-2016-audit-report>

<sup>60</sup> Access to the pre-enrolment portal is password protected, available at <https://www.ninenrol.gov.ng/>

Two inter-agency initiatives are in operation. The **Inter Ministerial Task Team (IMTT)** was originally convened to facilitate NEITI's data remediation process but recently has become less active.<sup>61</sup> NEITI remediation issues are increasingly being discussed during meetings of the **Federation Account Allocation Committee (FAAC)**. FAAC discusses issues around revenue sharing among the states. Recently, the committee found itself in a deadlock when NNPC refused to agree on the amount it must remit to the Federation Account. As a result, presidential intervention was required to break the stalemate and force revenue sharing for the 2019 fiscal year.<sup>62</sup>

#### 4.4. Nigeria EITI (NEITI)

Under the NEITI Act of 2007, NEITI was created as an independent government agency that reports its findings to the President and the National Assembly.<sup>63</sup> Its primary responsibility is to ensure due process, transparency, and accountability in the payments made by EI companies while monitoring the revenue receipts of the Federal Government. As part of its work, NEITI:

- Produces annual audits for the oil, gas and mining sectors;
- Produces occasional reports on the Federal Government Fiscal Allocation and Statutory Disbursement, broken down by state;
- Develops other studies (policy papers, briefs, and quarterly reviews) to shape the EI sector and overall governance reform;
- Engages in strategic communication initiatives to strengthen demand for accountability in the use of extractive revenues.<sup>64</sup>

NEITI is unique in that its mandate goes beyond fulfilling EITI requirements to include audit of other relevant financial flows in the country, such as its occasional reporting on the state allocations of the Federal Allocation Accounts Committee (FAAC). The National Stakeholders Working Group (NSWG) oversees NEITI, shaping the policies, programs, and strategies NEITI requires to function. NSWG is made up of representatives from EI companies, civil society, EI labor unions and other EI experts who are selected by the President and serve a maximum of 4-year terms.

The agency maintains relationships with several organizations outside of the Civil Society Steering Committee (CSSC) to enable the annual audit to reach a larger audience. Civil

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<sup>61</sup> Email communication with BudgIT, February 2019.

<sup>62</sup> Interview with NEITI Policy Department.

<sup>63</sup> <https://nass.gov.ng/document/download/5836>

<sup>64</sup> <http://www.neiti.gov.ng/images/pdf/NEITI-Strategic-Plan-2017-2021-260118.pdf>

society organizations (CSOs) generally view NEITI positively, although they highlighted that NEITI’s work is skewed towards the oil and gas sector at the expense of solid minerals.<sup>65</sup> One challenging relationship has been with the Nigerian National Petroleum Corporation (NNPC) and its subsidiaries. Recently, however, NNPC reticence appears to be improving, resulting in a functional, if tenuous, relationship.

Most actors hailed NEITI’s work on the annual audit report as a vital, trustworthy source of EI data. Outside of the annual audit reports, NEITI routinely provides ad-hoc data, research, and policy briefs to support cases for transparency and accountability in EI revenues.

NEITI’s ongoing challenge is making its reports, briefings and other documentation more accessible to ordinary citizens. NEITI has worked in the past, with some partners such as BudGIT, to introduce data visualizations but this effort has been inconsistent. **Improvements to systematically make data accessible to non-technical audiences remain critical for NEITI going forward – data must be both timely and visually accessible to meet target audience needs.**

#### 4.4.1. NEITI Audit Process

The annual audit for the oil and gas sector makes up the vast majority of NEITI’s work each year, and is an extremely time-consuming endeavor due to the large number of actors involved at each point of the sector’s revenue stream. For example, for any given payment, the NEITI audit will need to reconcile the figures of at least three actors:

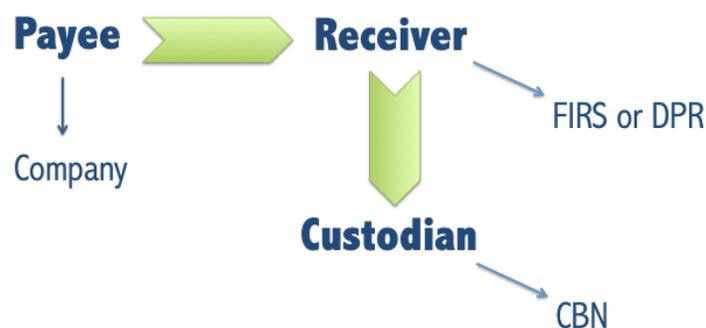


Figure 1 - NEITI Audit & Reconciliation Actors

<sup>65</sup> Interview with NEITI Civil Society Forum.

NEITI has been publishing annual audit reports since 2006 and, recently released the 2016 fiscal year report in December 2018; it is common for these reports to be published up to two years late, which is in part due to the many stages of the audit process:

1. Select and oversee an independent, external auditor;
2. Review and revise standard and unique templates through a template workshop;
3. Create and disseminate templates to be filled by 100+ national stakeholders;
4. Manage initial verification and validation of the provided information;
5. Convene the reconciliation process, gathering company, government agency, and NEITI technical representatives to resolve discrepancies discovered in the initial verification, as follows:
  - a. Produce a draft report and findings, to be shared and discussed with companies and government agencies;
  - b. Obtain sign off for the final report from the companies, government agencies, the NEITI governing body, the National Assembly, and the Auditor General of the Federation;
  - c. Publish and disseminate the final report to the general public; and
  - d. Develop a list of issues requiring urgent remedy, presenting the findings before the IMTT.<sup>66</sup>

At the time of publication, some issues are no longer relevant making it difficult for NEITI and its partners to use timely data to feed their advocacy and trigger reforms in the definition of future national policies and strategies. The implementation of a EIDP, containing an online reporting module, will accelerate the data collection and validation process and will allow more time for analysis of public data critical for transparency in the EI sector.

#### 4.5. Community Development Councils/Commissions

As the region with the highest amount of oil and gas operations, the Niger Delta has unique structures in place that interface between host communities and oil companies. These councils were developed due to decades of environmental damage and socioeconomic-driven conflict that, at times, has halted the country's oil production. Perception varies among stakeholders as to the efficacy of these councils in adequately representing host community needs. Some stakeholders see the councils as "gatekeepers" or "middle men" who enrich themselves first, and release very little data.

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<sup>66</sup> "Basic Steps in the NEITI Audit Process," NEITI, 23 November 2016, available at <http://www.neiti.gov.ng/index.php/resources/internal-resources/publications>

## 4.6. Civil Society<sup>67</sup>

CSOs play an active role in monitoring, oversight, and public education on critical issues in the EI sector. Some organizations focus on promoting disclosure of data through FOI requests, while others work to publish, disseminate, and visualize data on the sector. Most CSOs focus efforts on the oil and gas sector, with few focused exclusively on the mining sector.

A key impediment for CSO actors is inconsistent government data disclosure – whether agencies simply do not collect some data (e.g. production volumes), or whether they are deliberately not sharing that information. Several organizations mentioned difficulty working with NNPC, in particular in how to combat the corporation’s refusal to respond to FOI requests.<sup>68</sup> Conversely, government critique of CSO engagement notes that some CSOs do not necessarily engage constructively or offer solutions.

As mandated by law,<sup>69</sup> CSOs are encouraged to participate in competitive bidding for exploration licenses. The Ministry of Mines and Steel Development maintains a CSO Forum to encourage participation.<sup>70</sup> However, there is a perception among CSOs that some of the sector’s regulatory agencies, from licensing to environmental protection, struggle with adequate oversight due to limited funding.

To combat the dearth of data, many CSOs partner with public institutions to identify champions and create buy in for systems (e.g. the FOI portal) to encourage the release of data on the sector. CSOs also use these relationships to support agency-to-agency advocacy on the benefits of transparency and greater public engagement. Often, CSOs are only able to access data through relationships cultivated with specific agency staff.<sup>71</sup>

**Media engagement remains a perceived weak point**, as getting media outfits to use EI data, interpret the data in an accurate manner, and voluntarily cover critical stories on

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<sup>67</sup> This list is not exhaustive, but reflects some of the most prominent CSOs working towards accountability in the extractives sector whom the team was able to meet during the assessment visit.

<sup>68</sup> Interview with NEITI Civil Society Forum.

<sup>69</sup> Section 9 of the Minerals Act of 2007.

<sup>70</sup> The Ministry could not recall which organizations were involved. Interview with the Ministry of Mines and Steel Development.

<sup>71</sup> Interview with NEITI Civil Society Forum. One interviewee recalled that a government official said one thing in front of cameras and stated another thing behind closed doors, openly admitting that he could not verify certain kinds of data in front of the media/out in the open.

the EI sector, is challenging. Some stories do not sell and/or editors do not see value in covering these stories.<sup>72</sup>

CSOs in EI	
<b>BudGIT</b>	<ul style="list-style-type: none"> <li>• Simplifies public spending across sectors at the national and subnational level to make information more accessible to citizens, often using print, tv, and social media.</li> <li>• Has supported NEITI in the past by visualizing data from the annual audit report (in 2015 and 2016)</li> <li>• The most utilized CSO in the area of visualising data on the EI sector, also provides training/ad-hoc support to smaller CSOs on data visualisation.</li> </ul>
<b>Right to Know (R2K)</b>	<ul style="list-style-type: none"> <li>• One of the primary CSO supporters of the FOI Law</li> <li>• Has piloted portal installation in three government agencies to facilitate FOI request management</li> <li>• Worked with NEITI to build the Audit Dashboard, to make the contents of audit reports more easily (and visually) accessible to the public.<sup>73</sup></li> </ul>
<b>Public Private Development Centre (PPDC)</b>	<ul style="list-style-type: none"> <li>• Works in the health and education sectors to support open procurement</li> <li>• Partnered with the Bureau of Public Procurement (BPP) and other CSOs to increase disclosure of procurement information through the Nigeria Open Contracting Portal (NOCOPO)</li> <li>• Works on citizen engagement and making data more available.</li> </ul>
<b>Connected Development (CODE)</b>	<ul style="list-style-type: none"> <li>• Works to close the feedback loop between marginalized communities and government officials, focusing on participatory capacity building</li> <li>• Uses mobile and web-based apps to increase local community data usage.</li> </ul>
<b>Civil Society Steering Committee (CSSC) of NEITI</b>	<ul style="list-style-type: none"> <li>• Includes a cross-section of the media, professional associations, academia, EI sector unions, and others</li> <li>• MoU between NEITI and members guides engagement<sup>74</sup></li> <li>• Some members are represented in the NSWG, while others play a role during NEITI's audit remediation process.</li> </ul>

<sup>72</sup> Interview with PPDC.

<sup>73</sup> Available at <http://dashboard.neiti.gov.ng/oil-and-gas/>

<sup>74</sup> "Civil Society in the NEITI Process," NEITI, 2012, available at <http://www.neiti.gov.ng/index.php/resources/internal-resources/publications>

## 4.7. Private Sector

Private companies in the sector generally have a constructive relationship with government agencies, sharing information upon government request in compliance with laws such as the NEITI Act of 2007. There is a perception that companies are less forthcoming with CSOs and communities outside of site-specific local community relationships (e.g. councils in the Niger Delta or other corporate social responsibility (CSR) initiatives).

NEITI believes prompt company participation in the audit process is driven by a “good for business” approach: engagement in the audit process both keeps investors happy and complies with international best practices. NEITI’s relationship with companies has been further bolstered by the creation of the Companies Forum in 2016, which meets four to five times yearly.

A number of international oil companies<sup>75</sup> operate in Nigeria, making up the majority of the country’s oil reserves and production. Multinational companies are usually required by law to partner with NNPC in one of the three following ways:

1. **Joint Venture (JV)** – NNPC and the oil company share the exploration and financial risks based on each partner's equity share;<sup>76</sup>
2. **Production Sharing Contract (PSC)** – NNPC remains the holder of the prospecting license or mining lease while the company is responsible for the financing, production, and risk; and
3. **Service Contract** – NNPC holds the prospecting license while the service company funds oil operations.<sup>77</sup>

The Government began promoting **indigenous oil companies (IOCs)** in the 1970s to increase Nigerian ownership of oil concessions and increase local expertise in exploration and production operations. This effort has had limited success. Currently, IOCs operate in partnership with multinational companies who provide funding and technical expertise for operations.

The biggest issue in private sector operations is production-sharing contracts (PSCs) between NNPC and IOCs as the contracts and amendments governing these

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<sup>75</sup> Some of the big name companies include Shell, Chevron/Texaco, Exxon Mobil, Total, Elf, Agip and Petrobras.

<sup>76</sup> JVs have been phased out as a contract type due to the inability of NNPC to pay its share of costs under JV agreements.

<sup>77</sup> “Nigeria’s Oil and Gas Industry Brief,” KPMG Nigeria, June 2014, available at <http://www.blog.kpmgafrica.com/wp-content/uploads/2016/10/Nigerias-oil-and-gas-Industry-brief.pdf>

partnerships are often not publicly available. **Contracts and subsequent amendments are not published systematically on any government websites in Nigeria.**

In the mining sector, the private sector and CSOs collaborate more closely. For example, the Miners Association of Nigeria partners with Publish What You Pay (PWYP) Nigeria and the African Centre for Leadership, Strategy and Development (Centre LSD) on projects.<sup>78</sup> Mining company engagement is limited, due to the informal nature, rural location, and smaller financial quantities of many operations. As a result, the NEITI mining audit does not consider all actors, only the companies that meet the minimum profit threshold of N3 Million (about \$8,300).<sup>79</sup>

The **Miners Association of Nigeria (MAN)** is a key stakeholder representing companies, individuals, service providers, and subsector interests (such as gemstones and bauxite). MAN briefs companies who meet the NEITI threshold for the annual audit, and has worked to formalize artisanal miners<sup>80</sup> through the creation of cooperatives. MAN also interacts with state and national government agencies, such as engaging with MCO on increases to processing fees and working with state governments to understand limits (and opportunities) to develop their state's mining sector.<sup>81</sup>

#### 4.8. Development Partners (DPs)

DPs support the EI sector by working with government agencies and CS actors. For example, **FOSTER**<sup>82</sup> grew out of first providing the financial and technical support to set up NEITI; **OSIWA** helps CS actors improve their advocacy at the national level to hold institutions more accountable; and **NRGI** works across the spectrum but particularly in training up media actors. Other partners with specific EI sector programs include the Ford and MacArthur Foundations.

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<sup>78</sup> Interview with the Miners Association of Nigeria.

<sup>79</sup> Interview with NEITI.

<sup>80</sup> A key challenge in artisanal mining in Nigeria (and numerous other countries where this type of mining occurs) is the lack of formalization/regulation of activities. Many artisanal miners operate "illegally," without formal approval or oversight from government entities. Gathering individual miners into cooperatives has been one approach to formalizing the sector (and protecting the miners who work within it).

<sup>81</sup> Interview with the Miners Association of Nigeria.

<sup>82</sup> The Facility for Oil Sector Transformation (FOSTER 2010-2016) is a £14 million DFID-funded programme that promotes transparency and accountability in Nigeria's petroleum sector.

DPs work closely with CSOs at the grassroots level, but encounter “actor fatigue,” as the same few CSOs tend to focus their activities on EI sector accountability and transparency. There is also a perception that CSO coalitions have not worked as well in Nigeria, which has resulted in some DPs redirecting support to focus on individual partners to continue pushing sector reform.<sup>83</sup>

With the high financial stakes and sensitivity around reform of the sector, DPs typically prefer to direct most funding to CSO partners.<sup>84</sup> One exception is NEITI, which convenes a partner’s forum on an ad-hoc basis to share funding challenges and coordinate partner interventions.

There is a shift among some DPs away from working on Nigeria’s EI sector.<sup>85</sup> For those who remain, actors make some effort to collaborate on an informal basis to reduce fragmentation of activities. For example, DPs may ask partner government agencies such as NEITI which other partners it works with, and aim to take over funding from wherever a previous partner has left off.<sup>86</sup> Current DP priorities include:

- Developing creative ways to push forward fundamental oil and gas sector reforms;
- Raising awareness among local elected representatives on financial stakes;
- Supporting local development plans; and
- Measuring environmental consequences.

## 4.9. Recommendations

While government agencies take steps to improve transparency across the EI sector, a culture of secrecy persists, with some government actors more reluctant than others to provide data. Interviews suggest a correlation between financial interests and primary responsibility – the more financial and political power at stake the less willing ministries will be to disclose information.

Government actors expressed frustration with inaccurate media reporting, some CSOs misrepresenting data, and an overwhelming number of repeat Freedom of Information (FOI) requests as blockers to more constructive relationships with civil society.

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<sup>83</sup> One of the reasons given behind unsuccessful coalitions was financial management issues and infighting among coalition members - Interview with the Open Society Foundations in West Africa.

<sup>84</sup> Interview with the Open Society Foundation in West Africa.

<sup>85</sup> Interview with Open Society Foundations in West Africa. Interviews with Oxfam staff also noted that its flagship global Extractives program no longer runs activities in Nigeria.

<sup>86</sup> *Ibid.*

CSO actors noted that while some agencies publish relevant data, the data does not provide a full picture of the production, revenue, and management of the oil and gas sector.

The following recommendations are aimed at improving stakeholder relations by improving trust in government through the systematic exchange of reliable data in the EI sector.

**Increase state-level engagement with EI data** – One way to concretize the large figures from the sector is to connect revenue flows to state budgets, helping citizens conceptualize how revenue (or lack thereof) could impact community initiatives. Some organizations<sup>87</sup> are already investing in budget literacy to strengthen subnational budget participation, which could be a vital entry point.

**Invest in the routine creation of data visualizations of audit findings** – A consistent theme across most non-technical stakeholders, and even some sector experts, is difficulty engaging practically with EI data. Even if data becomes increasingly available, in real-time, its impact will remain limited if audiences are unable to grapple meaningfully with the data.

**Continue supporting a more engaged media (print, web-based, radio, TV)** – NEITI audit reports are filled with valuable information on the EI sector, which is used, and sometimes mischaracterized,<sup>88</sup> by local media outlets. There is a critical need for EI data to be more accessible to non-technical audiences, and the media are a primary conduit through which the public can digest NEITI's findings.

**Consider engagement with National Youth Service Corps** – One interviewee<sup>89</sup> suggested looking at non-traditional partners such as the National Youth Service Corps (NYSC) community development groups (CDs), which could help engage a new generation in tackling transparency and expand the number of citizens and CSOs that are actively engaging in the EI sector.

### **Strengthen interagency cooperation**

In the **oil and gas sector**, interviews did not reveal digital or analog tools that connect data between agencies, aside from face to face meetings of the Inter Ministerial Task Team (IMTT) and the Federal Allocations and Revenue Committee (FAAC). Agencies

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<sup>87</sup> Interviewees from Oxfam and BudgIT spoke of their community-based work in over a dozen states to make state budgets more accessible and understandable to citizens.

<sup>88</sup> Some NEITI staff in interviews mentioned that occasionally media outlets would take data from the audit reports but portray it in a way that was misleading or mischaracterized the data.

<sup>89</sup> This recommendation is based on the direction in which R2K is going, who mentioned the NYSC community development groups as an avenue for engagement during their interview.

could benefit from exploring technical (e.g. web-based) and analog (e.g. shared Excel sheets) tools that would enable more efficient sharing of critical information.

This recommendation acknowledges that political will is essential for inter-agency cooperation, and that the routine change of senior leadership, among other issues, can make it difficult to improve long term inter-agency collaboration.

In the **mining sector**, there is a need for linkage to other sectors - as the financial case for investment grows, linkage to other sectors such as agriculture and infrastructure development will be critical. The mining sector contributes a number of essential inputs required for other sectors to operate sufficiently – from minerals for fertilizer production to cement used in construction. There is an untapped opportunity for mining sector agencies to take a proactive role in developing shared policy strategies to drive investment.

## 5. LEGAL FRAMEWORK OF THE OIL AND GAS SECTOR

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Nigeria has attempted for almost two decades<sup>90</sup> to pass legislation replacing the Petroleum Act of 1969. As of September 2018, the Petroleum Industry Governance Bill (PIGB) passed both houses of the Assembly, but remains unsigned by President Buhari due to inconsistencies, too much funding for the Nigerian Petroleum Regulatory Commission (NPRC), and an expansion of Petroleum Equalization Fund (PEF) activities that is “inconsistent with Federal Government policy.”<sup>91</sup> There are diverse theories<sup>92</sup> as to why reform has consistently stalled.

This section will focus on the current context around the bill reform process, briefly suggesting recommendations that highlight open data and disclosure-focused interventions that can help build a stronger, more accountable ecosystem in the oil and gas sector while the sector awaits an overhaul of the legal framework.

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<sup>90</sup> Discussion on act reform has swirled for about sixteen years. See “The Urgency of a New Petroleum Sector Law,” NEITI, October 2016, available at <http://www.neiti.gov.ng/index.php/2017-07-27-13-55-55/policy-brief>

<sup>91</sup> “PIGB Assent: What Has Happened Since,” NEITI, September 4, 2018, <http://www.petroleumindustrybill.com/2018/09/04/pigb-assent-what-has-happened-since/#more-1074>

<sup>92</sup> Some of the roadblocks to passing the reformed bill cited by interviewees include: disagreement among stakeholders on the regulatory framework, including the desire of successive presidents to retain power over the allocation of oil blocks; the desire of the private sector to avoid further regulation/increased payments; the restart from scratch of the bill drafting process each time a new administration enters office.

## 5.1. Revisions to the Petroleum Act

The **Petroleum Industry Bill** has taken different forms over time, as successive administrations have become more aggressive in pursuing reform. A version almost made it through the National Assembly in 2012 before it stalled in the Senate,<sup>93</sup> in part due to its attempt to address many aspects of the oil and gas sector in one document.<sup>94</sup> In response, the National Assembly's current approach has been to break down the bill into smaller pieces:

1. **Petroleum Industry Governance Bill (harmonized)** – passed the House and Senate, pending presidential approval
2. **Petroleum Industry Fiscal Bill** – under consideration in the National Assembly
3. **Petroleum Industry Administration Bill** – under consideration in the National Assembly
4. **Petroleum Host and Impacted Communities Development Bill** – under consideration in the National Assembly

The bills address long standing issues such as increasing the country's share of revenues through a more progressive fiscal regime; revision of the license granting process; expanding job opportunities for Nigerians under updated local content provisions; increasing the rights and opportunities of local communities; and better aligning the sector with global oil and gas industry standards.<sup>95</sup> Areas of contention include the potential reorganization of NNPC, DPR, and MoPR; reducing the scope of powers given to the Minister of Petroleum;<sup>96</sup> and state-by-state arguments over the control of resources (particularly regarding environmental issues in the Niger Delta).

## 5.2. Recommendations

**Continue advocacy for the passage and signing of all the Petroleum Bills** – It is clear that the 50-year-old oil and gas law is in great need of reform. Once signed, there will also be a need to support stakeholders in the implementation of the new law(s).

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<sup>93</sup> "New Oil & Gas Fiscal Regime in Nigeria?" Bargate Advisory, May 18, 2018, available at [https://docs.wixstatic.com/ugd/fa00c0\\_ff92dcd5f2f7432e9d143ab7963519fe.pdf](https://docs.wixstatic.com/ugd/fa00c0_ff92dcd5f2f7432e9d143ab7963519fe.pdf)

<sup>94</sup> *Ibid.*

<sup>95</sup> *Ibid.*

<sup>96</sup> "Analysis: Petroleum Industry Bill: Lessons Nigeria can learn from Ghana," The Premium Times Online, September 3, 2018, available at <https://www.premiumtimesng.com/business/business-data/282396-analysis-petroleum-industry-bill-lessons-nigeria-can-learn-from-ghana.html>

**Develop incentives and protection for whistleblowers** – There is currently very little incentive to speak out against corruption for fear of retribution. We recommend exploring what, if any, legal incentives could facilitate accountability and discourage hiding critical oil and gas revenue data.

**Strengthen information disclosure in the draft PIB** – Given the volume, diversity, and uneven disclosure of oil and gas sector data, we recommend that as review of the pending PIB bills continues, the draft bill(s) should include robust disclosure provisions for the sector. At minimum, this should include: routine disclosure/publishing of contracts and licenses; reporting on payments and revenue in the sector from companies; financial balances; earnings projections; profit and loss data; and beneficial owners of corporations.

## 6. LEGAL FRAMEWORK OF THE MINING SECTOR

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The mining sector legal framework was recently updated (mid 2000s). Interest has increased, albeit slowly, in further developing the sector. This section briefly highlights current law and policy followed by targeted recommendations that highlight current gaps in strengthening the sector.

### 6.1. Current Law and Policy

In 2007, the **Mines and Minerals Act** overhauled the sector's legal framework to make the licensing regime more transparent and strengthen the government's geophysical data capacity. The Act is accompanied by the Minerals and Mining Regulation 2011, as well as the Guidelines on Mineral Titles Application 2014. Separate legislation addresses nuclear safety, environmental impact assessments, and the use of explosives in mining activities.

MMSD also developed a **National Minerals and Metals Policy**<sup>97</sup> in 2008 detailing strategic interventions to reinvigorate the sector. The policy strengthens key departments responsible for overseeing the sector. Its subsector strategies focus on market growth, local production, and creating a regulatory framework. At the time of the policy's development, there was considerable political will to increase sector investment.<sup>98</sup>

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<sup>97</sup> National Minerals and Metals Policy 2008, available at <https://a-mla.org/countries/37?name=Nigeriaundefined>

<sup>98</sup> "What I Achieved as Minister of Mines - Fayemi, " Premium Times, May 31, 2018, available at <https://www.premiumtimesng.com/news/more-news/270471-what-i-achieved-as-minister-of-mines-fayemi.html>

However, there is a sense that the drive to reinvest has waned with changing leadership.<sup>99</sup>

## 6.2. Artisanal Mining

Artisanal mining occurs throughout Nigeria, with the highest concentration in Zamfara, Kaduna, and Niger due to the presence of gold.<sup>100</sup> There are approximately 720 formalized artisanal mining cooperatives, with a backlog of over 1000 applications sent to MMSD in hard copy via its field offices.<sup>101</sup> Under previous political leadership, and with World Bank support, there had been a concerted push to formalize artisanal miners. This has incentivized the creation of mining cooperatives to reduce the number of unregulated miners in operation.<sup>102</sup> Without dedicated funds to sustain the initiatives, the formalization process continues, but at a slower rate.<sup>103</sup>

## 6.3. Recommendations

**Build on monitoring capacity** – The robust legal framework is limited by inadequate financial investment in agency monitoring capacity. Increased financial support will enable agencies to move away from “spot check” monitoring, with limited independent verification, to routine inspection. This will help reinforce an efficient, environmentally sustainable, and safe mining sector.

**Develop detailed policy for investment in local mineral processing** – there is limited information about the loss in tax revenue due to license holders paying lower taxes on raw minerals that are taken overseas for value addition and then brought back for sale.<sup>104</sup> Increased investment in local capacity (and infrastructure) to process minerals can help stem lost tax revenue and boost the overall value add of the mining sector to Nigeria’s GDP.

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<sup>99</sup> Interview with the Miners Association of Nigeria (MAN).

<sup>100</sup> Interview with the Ministry of Mines and Steel Development.

<sup>101</sup> *Ibid.*

<sup>102</sup> *Ibid.*

<sup>103</sup> *Ibid.*

<sup>104</sup> As a starting point, the Miners Association of Nigeria (MAN) is setting up a committee to explore local beneficiation

## 7. DATA ECOSYSTEM – DEMAND, SUPPLY AND USE

### 7.1. Existing IT Systems

NEITI maintains a dashboard that contains visualizations on production, lifting and revenues for oil, gas and solid minerals. The figures used to create the visualizations come from NEITI’s annual audit report, but there is a lag due to the time it takes to process final figures from each audit report. Users can compare audit data for oil, gas and solid minerals, with a short video as a user guide.

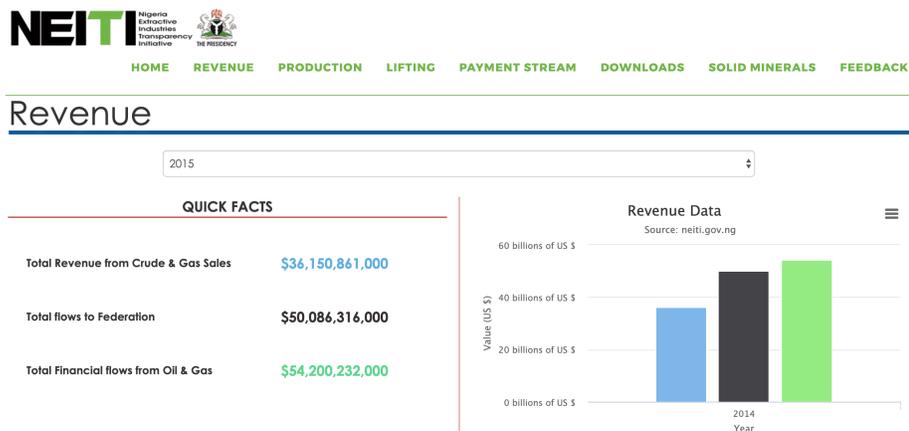


Figure 2 - NEITI Oil and Gas Dashboard

CAC operates the company registration system and has been looking to invest in a platform that would enable more efficient registry solutions for companies doing business in Nigeria.<sup>105</sup>

The **Ministry of ICT** maintains a Government Services Portal,<sup>106</sup> which links to 36 services across different government agencies. However, the portal does not include all e-services currently available,<sup>107</sup> and is not designed as a “one-stop shop” – meaning that visitors are still directed to the respective agency website to access services.

RMAFC recently organized a multi-agency meeting to discuss the implementation of a revenue monitoring and validation system. RMAFC is currently awaiting approval of the technical system requirements to begin implementation.<sup>108</sup> The system will streamline

<sup>105</sup> Interview with the Corporate Affairs Commission.

<sup>106</sup> Available at <https://services.gov.ng/>

<sup>107</sup> The Ministry of ICT approached CAC to integrate its e-registration into the portal, but at the time the portal could only include 10 of CAC’s 60 services. CAC declined to participate.

<sup>108</sup> Interview with the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC)

daily, monthly, and annual production figures for oil, gas, and solid minerals, enhancing the quality of planning and decision-making. It will provide electronic storage of structured and unstructured data, in addition to a management tool that will mitigate data loss and ensure easy data access, retrieval, and analysis.

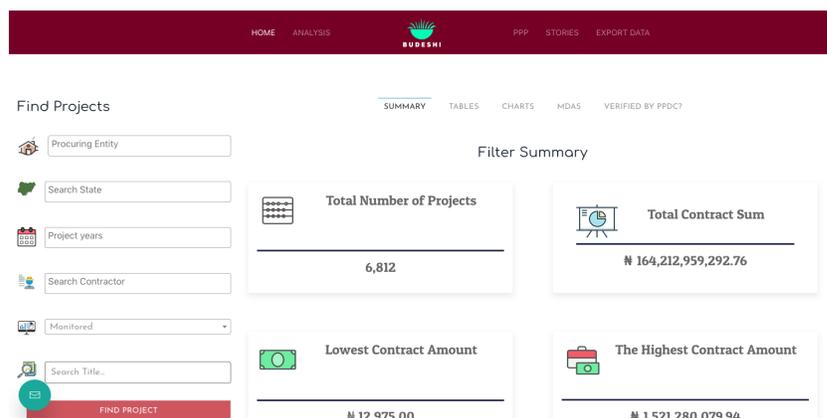


Figure 3 – Budeshi System for contracts and procurement monitoring<sup>109</sup>

## 7.2. Data Supply

### 7.2.1. National Bureau of Statistics

The National Bureau of Statistics (NBS) generates, on a continuous and sustainable basis, socio-economic statistics on all facets of development in Nigeria, including in the EI sector. Most of NBS survey data collection efforts now use computer-assisted personal interviewing (CAPI). NBS is also directly connected to a number of agencies both at federal and state levels through its web portal.

NBS coordinates efforts to centralize and digitize data, provides capacity building (e.g. the Federal Bank of Nigeria and Post Authority), and manages a data center that receives information from other public agencies. The Research and Policy Analysis Unit conducts research to align NBS data collection methods with international standards. In the EI sector, NBS collects aggregated data on oil (LPG) and crude oil by sending templates to different agencies including NNPC, PPRA and DPR.

**Conflicting data:** Due to the overlapping roles of different organizations in some sectors, NBS often receives conflicting administrative data. NBS works to address this both before and after data collection by working with different organizations to set data

<sup>109</sup> <http://www.budeshi.ng/>

collection standards and engaging with organizations after data collection to reconcile the data provided. To further facilitate the process NBS also designates data coordinators for each sector. Once the coordinator is selected, all sector stakeholders agree that the sector coordinator has the final word on data.

**Open Data:** One of the requirements of the African Charter of Statistics is for each country to have an Open Data Platform. NBS is already compliant through the Nigeria Data Portal (<http://nigeria.opendataforafrica.org/>), which is sponsored by the African Development Bank. NBS open data efforts are also supported by the IMF.

### 7.2.2. Ministry of Mines and Steel Development (MMSD)

One of the challenges faced by the mining sector to a higher degree than by the oil and gas sector is lower capacity around data. Mines operate in more rural areas with limited computer literacy, access to internet, and cellular reception.

MMSD works through its field offices to obtain data, which arrives in hard copy and is converted manually into tabular form.<sup>110</sup> The Ministry is working to develop an electronic database that would connect the different field offices, in spite of acknowledged internet connectivity challenges. MMSD routinely shares information with the National Assembly, the National Planning Commission, the Central Bank of Nigeria, and the National Bureau of Statistics.<sup>111</sup>

There is also a particular gap in the supply of data on unregulated operations. In the mining sector, it is hard to obtain (and share) this data in part due to a high percentage of artisanal/illegal mining activities that are difficult to track through technical tools.

### 7.2.3. Mining Cadastre Office

The Mining Cadastre Office (MCO) maintains a free ARCGIS site online for applicants to confirm that the area in their application is not covered by another mining title. MCO's internal database of mining title applications contains rigorous safety controls to prevent tampering with an application at any stage of the review process. Staff have varying permission levels, and only at the highest level can a user make changes. Staff track renewal dates manually, but the office plans to move to a digital system that will auto-generate reminders. However, this database is not complete, as not all applications and

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<sup>110</sup> Interview with the Ministry of Mines and Steel Development.

<sup>111</sup> *Ibid.*

active licenses are digitized. MCO receives a variety of data requests, including from state officials seeking to confirm greenfields and brownfields<sup>112</sup> in their states.

#### 7.2.4. Corporate Affairs Commission

CAC is the first entry point for companies in the EI sector. CAC shares company (and ownership) data upon request, frequently exchanging data with NEITI, MCO, and other key agencies in the EI sector. CAC has an internal system that is directly linked to the Federal Inland Revenue Service (FIRS) to facilitate data sharing for tax collection purposes.

A significant concern with CAC data is reliability, as the agency operates on the “presumption of regularity”: **CAC receives information from companies on faith, and does not conduct independent validation to confirm the veracity of registration information.**<sup>113</sup> CAC relies on external actors such as the Economic and Financial Crimes Commission (EFCC) to bring errors to their attention in order to pursue civil or criminal complaints against companies.<sup>114</sup>

### 7.3. Data Use Cases and Demand

#### 7.3.1. NEITI Use Cases

NEITI occasionally presents its data to the National Assembly as a whole and responds to individual Assembly member demands for data upon request.<sup>115</sup> The National Assembly uses NEITI data for budget planning (specifically oil benchmarking); preparing physical infrastructure allocations; creating the country’s debt profile; monitoring projects; and oil revenue trading. Some state governors also request data to understand EI revenues in their respective states. The National Economic Council, Bureau of Statistics, and labour unions request and use data for comparison. NEITI typically provides data upon request, and does not proactively disclose data to anticipate particular agency or ministry data needs.

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<sup>112</sup> Greenfields refer to land that is has not previously been explored, where mineral deposits are not already known to exist. Brownfields refers to areas where mineral deposits have previously been identified.

<sup>113</sup> Interview with the Corporate Affairs Commission.

<sup>114</sup> CAC has never exercised its power to prosecute a company for a violation.

<sup>115</sup> Interview with NEITI Policy Department.

The NEITI audit report is the main source of information for EI data because it is the only source through which disparate government revenue sources are reconciled.

- *Multiple Interviewees*

Although the NEITI audit report is a critical source of EI data, the report is released approximately two years after the current fiscal year. This delay makes it difficult for actors to use the data to take actions and identify potential issues.

### 7.3.2. Blockers to Data Demand

Critical needs in the data ecosystem include **funding support for dissemination and domestication of EITI standards** at the subnational level with state and local governments.

**Data is frequently collected manually** in both the oil and gas sector and especially in the mining sector. Data is sometimes received, and often shared, in hard copy. In the case of the mining sector, rural field workers collect information verbally from operators and transmit it via cell-phone to officials in more centralized locations.<sup>116</sup> In some areas, data is available, but only in PDF form – which makes information difficult to sort/filter,<sup>117</sup> often requiring users to manually convert information from PDFs into Excel in order to make the data usable.

There is a **lack of real-time data** in the EI sector, primarily because of the extensive process of reconciliation among the various stakeholders. In the mining sector, CSOs/professional associations collect limited data.

**Limited human capacity** hampers the gathering and exchange of data. Often small teams within government agencies respond to all requests from a variety of stakeholders. Staff turnover impedes data exchange processes.<sup>118</sup> There is also an understanding that data is power, and the perception (at least theoretically) that an agency's data should be private and protected.

**Limited data literacy** remains a challenge to make the contents of sector outputs (such as the NEITI oil and gas audit report) more accessible. This applies to the media, where

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<sup>116</sup> Interviews with MAN and the Ministry of Mines and Steel Development.

<sup>117</sup> Interview with CODE.

<sup>118</sup> Interview with the NEITI Technical Team.

the perception is that it is hard for journalists (and other non-technical people) to understand and use EI data.

**Reliability** can be a concern from government sources. Government agencies are required to use Audited Financial Statements (AFs), but not all statements are consistently audited each year.<sup>119</sup>

## 7.4. Expressed Data and System Needs

Interviews highlighted that the current data does not help meet user needs, as data is: i) not easy to understand; ii) incomplete; iii) too focused on financial figures; and iv) in non-machine-readable formats. One interviewee mentioned **“data fatigue,”** the idea that **some actors are frustrated with creating/providing data that appears to go unused.**<sup>120</sup> There is a need across the larger ecosystem for digitization of relevant data. The sections below summarize the general perception from each group of actors as well as their specific data needs.

### 7.4.1. Civil Society

With limited data analysis capacity, CSOs struggle to take complex production data and make it more relevant and accessible. Visualization and translation into local languages is difficult when data is only available uncategorized, and in hard copy.

CSOs rely heavily on organizations such as BudgIT to fill the gap in data visualization and analysis. The biggest concern across CSOs is tracking state based allocations to harness citizen engagement, as this is where citizens can see the direct impact of EI sector revenue. Better data visualization is also tied to dispelling the perception that data is for “urbanites” and is targeted at Nigerians living in big cities. CSOs are actively engaging with how to get data “offline” to continue to make information accessible to those without computers and/or internet.

### 7.4.2. Private Sector

Numerous actors highlighted the importance of security in the development of any future system. Actors also mentioned the burden of a pervasive “hard-copy culture” across government agencies: although some processes can be done online, the delivery

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<sup>119</sup> Ibid.

<sup>120</sup> Interview with FOSTER.

of original documents and the pickup of certifications/licenses/notices must still be done in person at agency offices.

Actors also highlighted the distinction between multinational companies and indigenous companies, each with different internal capacity to respond to information requests, noting that not all NEITI templates are applicable across both types of companies.<sup>121</sup>

Mining sector stakeholders understood the drive for digitization and automation, but expressed wariness about limited adoption among their constituents. As mentioned, mining operations in rural settings make relying on computers, Internet access, and computer literacy potentially problematic for many mining operators.

More accurate statistical data on minerals (and their earning potential) was needed to continue building the use case for developing the mining sector, particularly in the securing of loans from private banks.

- Interviewee

### 7.4.3. Government

Many agencies are eager to digitize their work, but several cited the need to preserve in person/hard copy options. This would help ease the transition for some of their constituents. In rare cases, it makes sense for some data to remain offline – for example, verification of identities should be done in person at the CAC to prevent misrepresentation,<sup>122</sup> and hard copies of files at the MCO should be kept in the event of litigation.<sup>123</sup>

Due to the sometimes-controversial stances NEITI takes towards reforming the oil and gas sector, **data integrity is essential**. This is particularly important as NEITI's work is considered one of the few reliable sources providing an overview of all payments in the sector.

Data use by citizens continues to be a gap.<sup>124</sup> NEITI's outputs are often highly technical, making it difficult for users with limited financial knowledge to understand and engage

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<sup>121</sup> Interview with the Oil Producers Trade Section.

<sup>122</sup> Interview with the Corporate Affairs Commission.

<sup>123</sup> Interview with the Mining Cadastre Office.

<sup>124</sup> Interview with the Communications Department of NEITI; Interview with FOSTER.

with the information provided. NEITI has mitigated this through CSO partnerships – however, these are typically on an ad-hoc, rather than systematic, basis.

RMAFC expressed a need for historical data (also echoed by the MMSD) in order to better understand trends, develop more precise, longer term projections, and allow for their Department of Planning, Research and Statistics to analyze data for policy and advisory purposes.

#### 7.4.4. Development Partners

Partners such as the International Monetary Fund (IMF), embassies, and high commissions request data on the EI sector to compare with internal findings and share with country investors (in the case of embassies and high commissions).

### 7.5. Recommendations

The Government should partner with well qualified IT companies to design and implement a centralized system – with an eye to encouraging system linkage across different government agencies. The system should include efforts to digitize records, particularly where information has previously only been available in hard copy. Any future system should consider including an API (application programming interface) module so that other government agencies can access data directly. For example, the contracts board could connect via API to the CAC registry look for conflicts of interest before a contract is awarded to a politically exposed person.<sup>125</sup>

NEITI needs a web-based system designed to make its data collection process more efficient for both data producers and users. The system should follow a modular approach – allowing modules to be added on as new requests/demands arise, on **open-source software**, to avoid annual payments that halt work if support is not available. This also allows local IT staff to get the source code and amend as needed.

The basic characteristics of the IT tool are summarized in the following table.

Online data entry for private companies	Reduce the delays in information collection, validation and reconciliation
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<sup>125</sup> Suggestion provided by BudGIT, email communication, February 2019.

Archive module	Attach relevant documents including the vouchers received when royalties and taxes are paid
Reporting Tool	Generate dynamic reports as needed
Visual Tools	Incorporate statistics and indicators for more precise analysis of issues & challenges at the national level

The system should be designed to account for EITI's requirements as well as NEITI's extensive validation and reconciliation process. In addition, the system should follow the open data model and provide open and machine-readable information/data. The system could also include audio-visual tools in local languages to increase access to information for more users.

As the system implementation process is very important, we recommend continuous involvement of relevant stakeholders such as the National Stakeholders Working Group (NSWG) throughout the development and implementation of the system. Additionally, system development should take a phased approach to allow NEITI and other stakeholders to provide continuous feedback on system improvements.

**IT Tools should be accompanied by capacity building and data management plans** which set clear roles and responsibilities for each stakeholder in data collection, use, and publication. In NEITI's case, the upcoming system will require more skilled IT staff to:

1. Help improve the management of IT tools at NEITI and make them independent from the audit system vendor once it is installed and deployed;
2. Allow the IT Unit to better respond to growing internal demand for technical support, training, and maintenance;
3. Reassure reporting entities who have concerns about where their data is stored; and
4. Increase the IT Unit's responsibilities within the audit process.

This might also require some technical adjustments, such as hosting the system at Galaxy Backbone,<sup>126</sup> purchasing and installing a redundant server, subscribing to a more sustainable internet connection, and developing and adopting an internal IT manual of procedures.

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<sup>126</sup> Galaxy Backbone is an ICT services provider owned by the Federal Government and supervised by the Federal Ministry of Communication Technology. It was established in 2006 based on the need for pursuing a coordinated and harmonized approach to ICT acquisition, operation and use in the public sector.

## ANNEX 1: MEETING LIST

	Name	Position	Organization
1.	Abel Akeni	Team Lead, Extractives Department	BudGIT
2.	Adam Talsma	Regional Director for Africa	Reboot
3.	Busaria Kamala		MoPR
4.	Bunmi Toyobo	Companies present: Chevron; Exxon Mobil; Petrobras; Walter Smith; Shell	Oil Producers Trade Section (OPTS)
5.	Chambers Umezulike	Senior Program Manager	Connected Development
6.	Cyriacus Ekechi	Director	FIRS
7.	Dauda Garuba	Technical Advisor, Head of NEITI Policy Department	NEITI
8.	Dieter Bassi	Head, Technical Department	NEITI
9.	Ene Eneche-Nwankpa	National Coordinator	Right 2 Know
10.	Esiri Ojo	Technical Advisor to the Statistician General of the Federation	National Bureau of Statistics (NBS)
11.	Lola Talabi-Oni	Technical Advisor to the Statistician General of the Federation	NBS
12.	Samuel Adakole	Statistician	NBS
13.	Simon B. Harry	Statistician	NBS
14.	Henry Ushie	Program Officer	Oxfam
15.	Iyapo Adedoyin		DPR
16.	J. Deinma Anga	Deputy Director, Compliance	CAC
17.	Jide Fowowe	Technical Advisor	NEITI
18.	Joseph Amenaghawon	Program Coordinator	OSIWA

19.	Michael Uzoigwe	Technical Lead	FOSTER
20.	Mohammed Aliyu	General Manager	NNPC
21.	Mohammed Amate	Director General	Mining Cadastre Office
22.	NEITI Civil Society Forum	CSOs present: PWYP Nigeria; African Centre for Leadership, Strategy and Development; Civil Society & Legislative Advocacy Centre; Media Initiative on Transparency in Extractive Industries; Women in Mining Nigeria; Public and Private Development Centre; Connected Development; Right 2 Know; BudgIT;	
23.	Nkem Ilo	Chief Executive Officer	PPDC
24.	Obi Onuorah	Assistant Director of Communications	NEITI
25.	Ojeka Patrick	Director, Artisanal and Small Scale Mining	MMSD
26.	Sani Shehu	President	MAN
27.	Segun Alabi	IT Unit	NEITI
28.	Suleiman Bello Kumo	Deputy Director	RMAFC
29.	Tunde Afolabi	Chairman, Board of Directors	Petroleum Oil Club
30.	Wale Ajayi	Partner, Tax, Regulatory & People Services	KPMG
31.	Waziri Adio	Executive Secretary	NEITI