

NEITI

Nigeria Extractive Industries
Transparency Initiatives NEITI

ANNUAL PROGRESS REPORT



2018

TABLE OF ACRONYM

APR	Annual Progress Report
BO	Beneficial Ownership
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CF	Companies' Forum
CGT	Capital Gains Tax
CSO	Civil Society Organization
CSSC	Civil Society Steering Committee
DFID	Department for International Development (UK)
DPR	Department of Petroleum Resources
ERGP	Economic Recovery and Growth Plan
EITI	Extractive Industries Transparency Initiative

FAAC	Federation Account Allocation Committee
FASD	Fiscal Allocation & Statutory Disbursement
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Services
FOSTER	Facility for Oil Sector Transformation
IA	Independent Administrator
IATT	Inter-Agency Task Team
IMTT	Inter-Ministerial Task Team
IPSAS	International Public Sector Accounting Standard
JV	Joint Venture
MCO	Mining Cadastral Office
MMSD	Ministry of Mines & Steel Development
MSG	Multi-Stakeholders Group

NAOC	Nigeria Agip Oil company
NAPIMS	National Petroleum Investment Management Services
NASS	National Assembly
NBS	National Bureau of Statistics
NDDC	Niger Delta Development Commission
NEITI	Nigeria Extractive Industries Transparency Initiative
NESS	Nigerian Export Supervision Scheme
NPDC	Nigerian Petroleum Development Company
NNPC	Nigeria National Petroleum Corporation
NSWG	National Stakeholders Working Group
OGP	Open Government Partnership
OPA	Offshore Processing Agreement
OPTS	Oil Producers Trade Section

OVP	Office of the Vice President
PPMC	Pipelines & Product Marketing Company
PPT	Petroleum Profit Tax
PSF	Petroleum Support Fund
SOE	State-Owned Enterprise
SP	Strategic Plan
ToR	Terms of Reference
TUGAR	Technical Unit on Governance & Anti-Corruption Reform
UNODC	United Nation Office on Drugs & Crime
VAT	Value Added Tax
WHT	Withholding Tax
WB	World Bank

WP	Work Plan
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INTRODUCTION

In continuation with the EITI implementation in Nigeria and pursuit of our strategic objectives, Nigeria Extractive Industries Transparency Initiative (NEITI) in the year 2018 underwent the second validation process after attaining the meaningful progress status in 2017.

NEITI has further attained satisfactory validation status in the implementation of 29 out of the 33 EITI requirements in 7 categories. This we are pleased to report as the intense effort that we put in place achieved the desired results.

The 2018 work plan was developed and approved by the National Stakeholder Working Group (NSWG). The WP outlined in detail the activities and corresponding indicators that are required to be achieved towards meeting NEITI's strategic objectives within the reporting period covering January to December 2018. The work plan was developed in accordance with Requirement 1.5 of the EITI reflecting national priorities and inputs from government, companies and the civil society.

In order to scale up the impact and relevance of NEITI's mandate the NSWG achieved majority of the objectives set for implementing EITI standards in 2018. The objectives pertain to deepening openness, strengthening demand for accountability and shaping extractive industry and overall governance reforms in Nigeria. This was achieved through the active support of the Nigerian government and donor partners like Trust Africa, Ford Foundation, DFID and Development Gateway through automation, revenue management assessments and other projects aimed at fostering accountability through EITI and OGP frameworks.

The NEITI strategic objectives

I. Deepen openness in the extractive sector through timely audits and other impactful studies.

II. Shape extractive sector and overall governance reforms through policy engagements, thought leadership and inter-agency coordination.

III. Strengthen demand for accountability in the use of extractive revenues through strategic communication with critical stakeholders and empowerment of accountability actors.

IV. Increase operational capacity, legitimacy & support through effective financial, administrative and human resource management and adequate funding

National Economic Priorities

The NSWG also aligned the NEITI work plan for 2018 with the Nigerian government's (medium term) Economic Recovery and Growth Plan (ERGP) in order to consolidate on the gains in the implementation of EITI in Nigeria, and to facilitate the implementation of EITI requirements and recommendation of NEITI audit reports. The key objectives of the government's plan are:

1. Economic Diversification
2. Corporate Governance and Anti-corruption
3. State and Regional Development
4. Infrastructure and Social Development
5. Environmental Protection.

The NSWG approved the 2018 work plan in December 2017. The WP reflected the inputs of the extractive companies through the Companies' Forum platform and the and the civil society's through Civil Society Steering Committee of the NSWG.

GENERAL ASSESSMENT OF 2018 PERFORMANCE

Nigeria's emergence from recession generally provided an improved economic outlook for the country and contributed positively to the implementation of NSWG activities that were related to government budgeting. Thus, there was greater certainty in developing and implementing the work plan than was the case in 2017.

The consultative process which guided the development of the work plan was also adopted in the implementation of the plan, with the wider civil society, extractive companies and other stakeholders participating actively in the main activities such as the audit, development of framework for beneficial ownership disclosure, implementation of audit recommendations etc. The NSWG also leveraged on the new platform provided by the Open Government Partnership to advance cross-cutting commitments in the EITI and OGP programmes.

Deepening Openness and Shaping Industry Reforms

In 2018 NEITI produced industry audits for oil and gas and solid minerals. Both reports covered industry operations for the year 2016. NEITI also commenced audits for 2017 reporting period, as well as the Fiscal Allocation and Statutory Disbursement (FASD) audits to cover the period 2012-2016. The FASD audit review and evaluates the distribution, allocation and management of revenue from the extractive sector by government at the national and sub-national levels.

In line with Nigeria's commitment to produce more timely audits, the NSWG initiated the process for the 2018 industry audits, with the development of the Terms of Reference of the audits and the initiation of the procurement process in 2018. At the time of reporting, these processes are work in progress.

The 2016 industry audits were presented to the public through key influential media and social media channels. NEITI also continued with more stakeholder engagements on the previous (2015) industry audits. The engagements were targeted at key accountability actors including, but not limited to, the media, civil society and the legislature to explore new ways of influencing action on audit recommendations. NEITI also carried out engagement with relevant governments agencies – covered entities in NEITI audit process and implementing agencies of audit recommendations – to secure necessary buy-in for needed reforms.

Some of the engagements, designed as follow-up to the audit issues was supported mainly by the Trust Africa accountability project and included civil society led remediation action plan, policy documents produced on strengthening the remediation process, and a national remediation conference at the Nicon Luxury Hotel in Abuja. The conference brought together all relevant stakeholders to address remedial issues arising from the oil & gas audit.

The NEITI data automation project is also at an advanced stage of implementation: it will enhance the quality of data collection processes, ease reconciliation and validation of data for audit reports purposes and in the long run would facilitate and support mainstreaming efforts. Overall, these processes will enhance NEITI's ability to produce more up to date EITI reports. Development Gateway, funded by Ford Foundation, is currently supporting NEITI on the project.

In the meantime, NEITI produced a Data Dashboard to ease users' access to production and revenue figures in EITI reports since inception of EITI in Nigeria. The dashboard distils and simplifies quantitative information in a way that enhances better interpretation of EITI audit data and industry performance through analysis tools like trend analysis.

Some of the studies and policy papers produced by NEITI's policy work include studies on:

- i. illicit financial flows in Nigeria's extractive industry.

- ii. review of transparency and governance processes in the solid minerals sector.
- iii. three quarterly reviews of Nigeria Federation revenue allocation to the three tiers of government and
- iv. review of three years of NNPC's financial and operational reports.

NEITI's innovative work on policy research, development and advocacy was supported by Ford Foundation, DFID and Trust Africa.

Strengthening Demand for Accountability

NEITI conducted grassroots outreach programmes at the subnational in Awka, Anambra State, (south-east geopolitical zone) and in Bauchi State, north-east geopolitical zone. These outreach programmes brought together different stakeholders including community leaders, faith-based organisations, civil society organisations, organised trade and labor unions, political actors and students in the respective zones. The relevance is to take the EITI principles closer to the grassroots and to provide update on latest evolutions in the EITI process.

NEITI also conducted further engagements with civil society and extractive companies' activities. The CSSC met four times in 2018 while the Companies' Forum met twice in 2018 to EITI related issues specifically on beneficial ownership implementation, the NEITI annual work plan and data collection template reviews.



Cross section of participant at the presentation of the effect illicit financial flows in the oil & Gas sector

Beneficial Ownership Reporting

During this reporting period, NEITI convened various stakeholders' meetings involving the main regulators in the extractive industry – the Mining Cadastral Office and the Department of Petroleum Resources – to design instruments and establish the platform for implementation of BO disclosure and reporting. These engagements have so far produced a template for BO information collection, sample BO register, plan for ICT infrastructure for collection, processing, storage and display of beneficial ownership information. Technical and material support for the activities was provided by TrustAfrica and DFID's Facility for Oil Sector Transformation.

At the level of government, Nigeria has taken a concrete step to establish a publicly accessible register of beneficial owners of companies by making a provision for BO disclosure in the *Companies and Allied Matters Act*

(Repeal and Reenactment) 2018. This provision makes it mandatory for all companies in Nigeria, including extractive industry companies, to disclose their ultimate beneficial owners. The Nigerian Senate approved the bill in May 2018 awaiting concurrence by the federal House of Representatives and subsequent signing by Nigeria's president.¹

Commodity Trading

NEITI also developed a commodity trading framework in the entire value chain of the Oil & gas industry in Nigeria. The report is awaiting NSWG review and approval.

Validation

Nigeria, as the only country in Africa implementing 31 out of the 33 EITI Validation Requirement, went through a second Validation exercise in 2018. Nigeria was subsequently adjudged to have achieved "Satisfactory Progress" in the implementation of the requirements of the EITI Standard thereby becoming the first anglophone country in Africa to achieve this status.

2018 WORK PLAN

In line with EITI Requirement 1.5, NEITI produced and published the work plan for 2018 through and with the aid of all relevant stakeholders. The work plan was periodically reviewed and assessed against established benchmarks, adjustments due to resource constraints and other environmental realities in operation in Nigeria.

See www.neiti.gov.ng for details of activities and work plan objectives.

¹ The bill was later passed by the House in January 2019. It has been transmitted to the president for assent.

ASSESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SET OUT IN THE WORK PLAN

The NSWG met the minimum statutory sitting requirement of four times in a year, in 2018 to consider, assess and review the implementation of the activities of the work plan. They met on the February 24th, 2018, June 13th, 2018, July 16, 2018, September 27th, 2018, in addition to two special sitting to consider the 2015/2016 Industry audit reports.

Audit Reporting:

In fulfillment of the EITI requirement for timely EITI reporting NSWG made efforts to bridge the gap in Nigeria's EITI reporting schedule. The 2016 EITI reports (oil & gas and solid minerals) were completed, presented and disseminated to the public at large. The 2017 EITI reports for both oil & gas and solid mineral commenced in 2018 whilst the 2018 terms of reference for both oil & gas and solid mineral was developed. The procurement of the independent administrators for the 2018

WP OBJECTIVE 1

Regular Audit reporting in line with EITI Guideline/ requirement

EITI reports for both oil & gas and solid minerals commenced in 2018

NEITI is committed to timely reporting in accordance with Requirement 4.8 of the EITI

Achievement

NEITI was able to meet the EITI reporting deadline.

Implementation of remedial issues from the EITI reports

Follow up on EITI reports remediation issues are very important. A remediation document was developed for the oil & gas sector with the

support of TrustAfrica. The document was presented and discussed at a remediation conference with all stakeholders in the oil & gas sector.

Issues resolved are:

- Use of different pricing options in marketing domestic crude
- Undisclosed volume of crude oil produced by NPDC
- Inefficiencies and losses arising from OPA and SWAP arrangements
- Unremitted proceeds from sale of NLNG feedstock
- Timing for payment of royalty by marginal field operators (MFO)
- Lingering dispute relating to applicable pricing regime for royalty and PPT
- Data on crude losses from NNPC JV operations.
- Unpaid Education Tax by Platform Petroleum and Walter Smith oil & gas exploration companies respectively.

Pending Resolution;

- Unreconciled proceed of domestic crude sales 2014.
- Unpaid consideration for shell joint venture asset (NNPC has agreed to pay)
- Unpaid consideration for Agip joint venture assets
- Outstanding debt as a result of over recovery under the petroleum support fund PSF Scheme

There are other regulatory issues such as non-compliance within 30days remittance rule by some crude oil & gas traders, limited disclosure where responding entities did not provide sufficient information to validate their argument.

Achievement:

NEITI was able to organize a remediation conference with relevant stakeholders to address key remedial issues that have accumulated over time.

Open Data Policy (Open Data Policy)

NEITI continues to implement a very robust open data policy that was established in December 2016. NEITI portal is available in other to access information in an open format at www.neiti.gov.ng.

Achievement

The open data policy of NEITI was established in 2017 and it is being sustained to date.

NEITI Automation Project

Automation of the data gathering process is one of NEITI fundamental projects. Its essence is to improve the EITI reporting process, quality and integrity of data collected on real time basis from all covered entities and reducing the cost of data collection.

Development Gateway funded by Ford Foundation is currently supporting NEITI on this project. The pilot em0) is undergoing testing.

Achievement

The data gathering automation pilot platform was developed and is undergoing testing by the development partner.

Commodity Trading

NEITI commence the commodity trading pilot scheme as part of the EITI encouraged requirement in 2016, with the objective of entrenching transparency and accountability in the trading of commodities by NNPC and to ensure that government receives a fair share of proceeds commensurate with expected market value from all transactions.

The consultants (Moore Stephens) commenced the studies on commodity trading with the cooperation of NEITI and NNPC in 2018.

Achievement

Mainstreaming

NEITI continued to sustain the process of mainstreaming data and information since its commencement in 2016 Existing reporting systems in the NNPC, MCO (Mining Cadastral office) and FAAC allocations data are used to improve our EITI reporting, and revenue management analysis.

The BO register would be mainstreamed upon completion.

Achievement

NEITI currently published FAAC monthly and quarterly reviews in addition to the NNPC monthly reports.

Conduct research to provide policy direction in line with evolving global trends in extractive industry

In order to sustain the governance reforms in the extractive sectors and ensure its success, NEITI conducted various researches in other to shape extractive industry governance and influence policy direction.

In 2018 NEITI hosted 2 public dialogues on the Petroleum Industry Governance Bill where critical stakeholders in the oil & gas sector voiced their opinions in shaping the reforms in the oil & gas sector.

In line with our strategic objective of shaping governance in the extractive sector NEITI also published:

- Four quarterly review papers on the Federation Account Allocation Committee (FAAC) on the 2018 allocations to the three tiers of government and other statutory recipients such as Niger Delta Development Commission, Tertiary Education Trust Fund, the 13% derivation etc. in addition to 2019 revenue projections.
- 1993 PSC contract reviews.

Achievement

The studies and research paper constantly placed NEITI at the fore front of public discourse on governance in the extractive sector.

Beneficial Ownership Implementation

Meeting the EITI dateline for beneficial ownership Implementation by having a BO register is a priority area in our 2018 work plan. NEITI consolidated our effort of 2017 by setting up an in-house BO committee that engaged and interfaces with different stakeholders and government agencies to ensure that a BO register is in place by January 1st, 2020.

Significant progress has been made on the BO register with the MCO and the DPR respectively for the extractive sector whilst the Nigeria Government has pledged its full commitment to the total implementation of the BO register for all companies operating in Nigeria under the OGP. In this, a legislative process has been completed awaiting presidential assent for the repeal and re-enactment of the Companies and Allied Matters Act (CAMA) 1990 which will provide the legal framework for the establishment of the BO register for all companies operating in Nigeria. It is also worthy to mention the support from the FOSTER and RoLAC toward implantation of beneficial ownership register.

Achievement

1. Establishment of two technical committees with DPR and MCO for the extractive sector
2. Draft BO register template available undergoing validation by relevant stakeholders.
3. Close working liaison with the OGP on an all-encompassing BO register for the country



WP Objective 2

**Broadened and
Deepening
Engagement with
stakeholders
(Dissemination)**

Dissemination of EITI Reports

NEITI has a robust dissemination strategy to ensure that its EITI reports are used as a tool to hold government accountable to the Nigeria citizens. Hence the need to create awareness and understanding of the EITI reports through an effective dissemination strategy.

The 2015/2016 EITI reports were disseminated to the public in accordance with the communication strategy approved by the NSWG. Dissemination is continuous venture in the EITI process and various platforms are utilized when available and necessary.

Achievement

2015/2016 EITI reports disseminated to the general public (see our Communication Strategy)

To broaden and deepen engagements with stakeholders

Deepening and broadening the EITI process in Nigeria received a boost in 2018 with stakeholders' engagement workshop conducted in Awka Anambra State (South East geopolitical zone) and Bauchi State (North East geopolitical zones) respectively.



North East Zonal Outreach in Attendance Bauchi State Deputy Governor

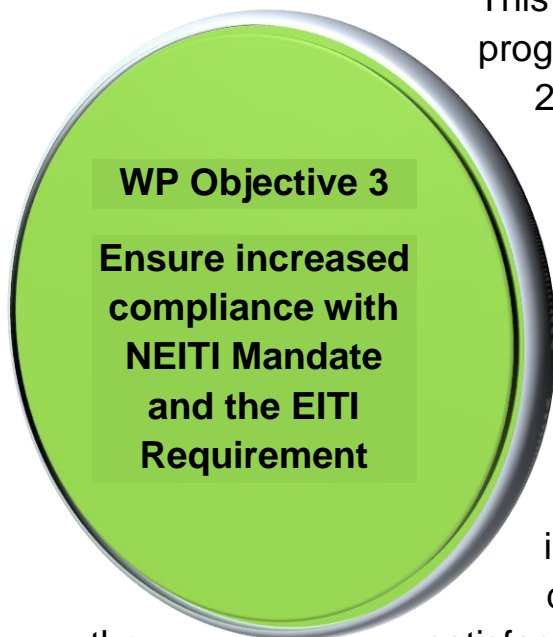
NEITI undertook the following in 2018:

- Conducted a stakeholders' mapping with a view to determining which stakeholders are better suited for achieving the objectives of the EITI process.
- Reviewed the implementation of our stakeholder communication and mobilization strategy.
- Mobilised grassroots support for implementation of EITI process.
- Deepen engagement with policy makers and stakeholders
- Expanded engagement to subnational levels including but not limited to the National Orientation Agency (NOA), Nigeria Governors' Forum (NGF) and Association of Local Governments of Nigeria (ALGON)

Achievement

Deepened and Broadened engagement with our stakeholder.

NEITI during the reporting period 2018 sustained and continued to adhere to both the NEITI Act 2007 and the EITI Standard 2016.



This review of the NEITI Act 2007 is still in progress. The intention is to align the NEITI Act 2007 with the evolving nature of the EITI Standard, recent global trends and best practices in the management of extractive resources. The review is supported by the UNODC.

the
circle.

Following the satisfactory Validation exercise in 2018, the NSWG has directed the implementation of lessons learned and a definite action plan to sustain and supersede the satisfactory Validation status in the next validation

Institutionalization of a Monitoring and Evaluation (M&E) framework was also of priority 2018. The NSWG developed an M&E framework for the implementation of NEITI's strategic objective and annual work plan. Staff capacity was also developed to understand the M&E framework in order to promote efficiency and effectiveness in discharge of their responsibilities.

The Technical Unit on Governance and Anti-Corruption Reform (TUGAR) is saddled with the responsibility of evaluating governance and anti-corruption initiatives at all levels of governance and providing data-based coordination platform in Nigeria.



WP Objective 5

**Evaluate
governance and
anti-corruption
initiatives**

The TUGAR in 2018 effectively coordinated the Inter agency Task Team (IATT) i.e. all agencies with anti-corruption initiative to celebrated the anti-corruption day on the 11th of December 2018 with the theme “Corruption: an impediment to sustainable development goals”. The TUGAR continues to conduct impact analysis and construct country specific indicators and tools for governance and anti-corruption monitoring in sector.

For instance a scoping survey/gap analysis of the Ethics Framework in Nigeria was completed.

The study aimed to improve the content and processes of preventing corruption and the provision of adequate sanction mechanisms was conducted.

Achievement

Framework for M&E implementation of the national anti-corruption strategy.



Cross section of Civil Society meeting in Abuja

Robust internal control mechanisms were put in place to guide the successful implementation of the 2018 work plan, to include:

- Financial Control
- Procurement Control
- Internal auditing
 - Result base Monitoring & Evaluation
 - Management control
 - Mapped out procurement plan.

WP Objective 6

**Effective
implementation
of internal
control
mechanism**

The NSWG constantly reviewed the various control mechanism report before is tendered at the General meeting.

These controls provides checks and balances in the implementation of EITI in Nigeria.

Achievement

Procurement process and contract award for 2017 industry audit was done and 2018 work plan performance improved by 6% as against 2017 performance.

WORK PLAN EVALUATION REPORT

The work plan implementation at the end of the 2018 was evaluated with the objective of assessing the level of compliance and implementation of the work plan in 2018. The purpose is to ensure optimum compliance with the requirement 1.5 of the EITI standard.

See www.neiti.gov.ng for work plan evaluation report detailing levels of implementation of the 2018 work plan.

Methodology

Modified Logical Framework Analysis (MLFA) was adopted for the 2018 work plan Evaluation. The template was populated on the basis of the 2018 approved work plan.

Basis of Evaluation

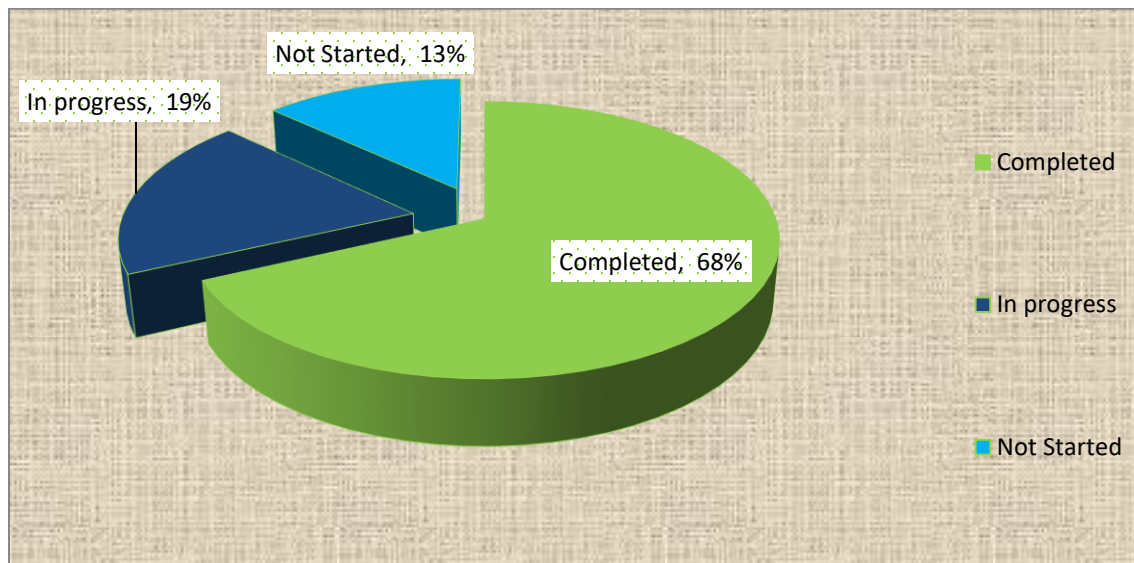
1. Activities were measured on the basis status (i.e. **not started, in progress or completed**) within the reporting period.
2. Simple average of activities was taken to determine the success or otherwise of activities on percentage basis. (i.e.) number of activities in a status divided by the total number of year activities multiplied by hundred.
3. Activities are considered “completed” when they are delivered within the reporting period.
4. Activities are considered “in progress” when financial commitments are made and deliverables are not completed during the reporting period.
5. Activities are considered “not ‘started” when it has not commenced during the reporting period.

Executive Summary

The evaluation of the work plan covers the **period January- December 2018**. The overall performance of the evaluation report indicated that **68%** of the activities were completed, **13%** in progress and **19%** not started.

The general performance of the 2018 work plan implementation is represented in the diagram below.

General Performance chart



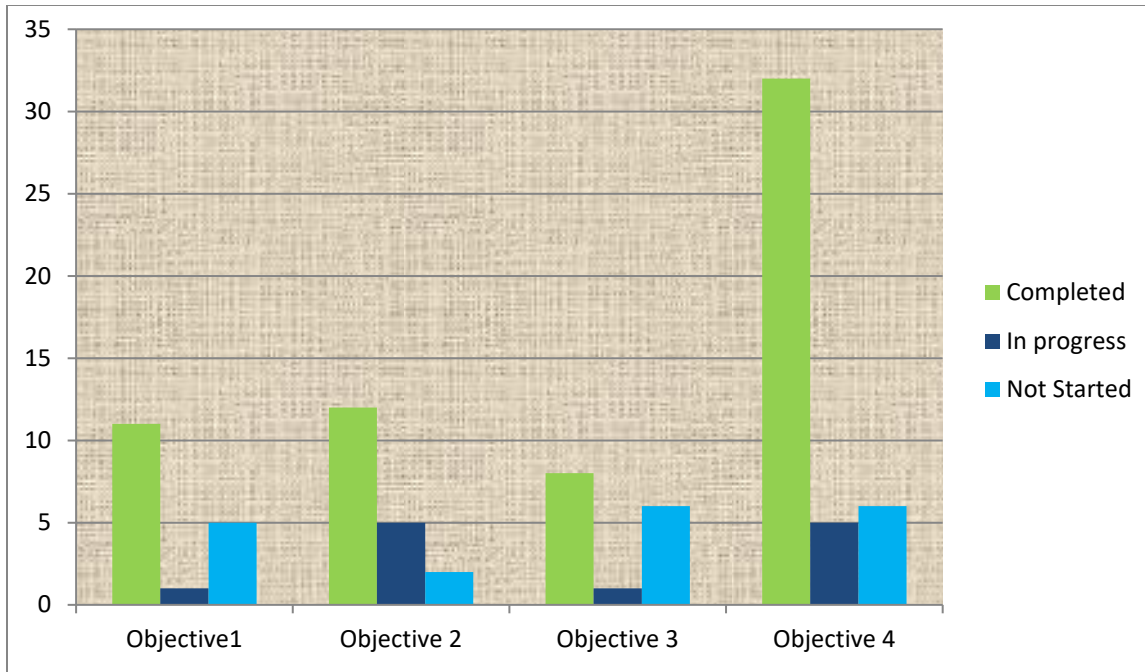
Strategic Objectives Evaluation

The objectives evaluation indicates that **Objective 4** has the highest performance level at **74%**.

Objective 3 indicates that **40%** of the planned activities were not implemented mainly due the lack of lack of funds and irregular release of funds.

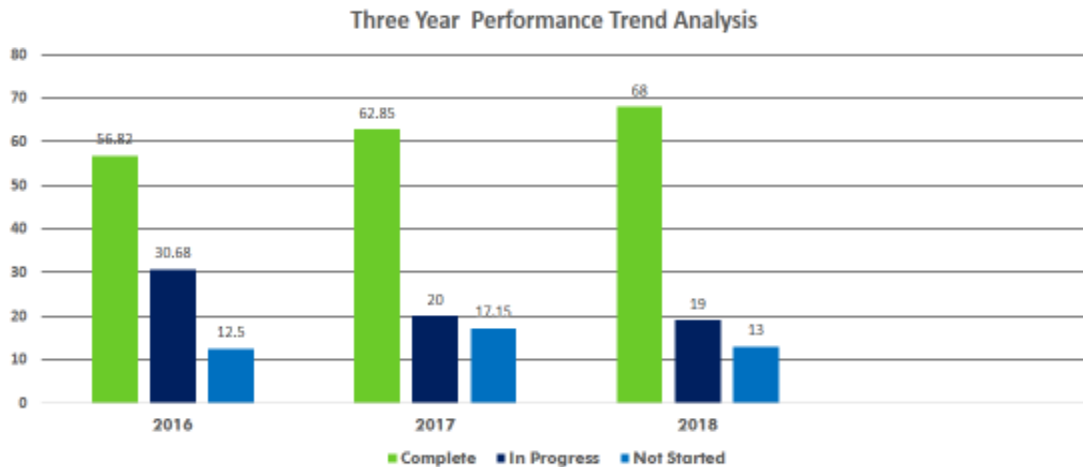
Objective 2 indicates that **26%** of the planned activities are in progress. This is as a result of the research being conducted that are beyond the reporting period and other studies that require inter agency collaboration and support.

Objective 1 indicates that **29%** of the planned activities were not implemented due to lack of funds.



General Performance Trend Analysis

Year	Completed	In Progress	Not Started
2016	56.82%	30.68%	12.5%
2017	62.85%	20%	17.15%
2018	68%	19%	13%



The trend analysis indicates a consistent improvement in the implementation of activities from the year 2016-2018 i.e. 56% -68% and steady reduction in the activities in progress from 30%-19%. However it is evident that activities not started as at the end of the reporting period fluctuates due to the volatility of funding.

Generally, the year 2018 has been very successful with a positive outlook in 2019.

Work Plan Activities Status

S/n	Activity	Objective	Start/End Month	KPI	Status of Activity (Items remove from WP should be mark not started.)			Outcome
	From work plan		From work plan	From work plan	Not Started	In Progress	Completed	As stated in the work plan

1.1	Oil and gas Audit 2016	Achieve Regular Reporting in Industry Audits	July - December 2018	Approved Oil & Gas Report				O&G Report
1.2	Solid Minerals Audit 2016/17		July - December 2018	Approve SM Report				SM Report
1.3	FASD Audit 2012/15		July - December 2018	Approve FASD Report				FASD Report
1.4	Data Automation Infrastructure Acquisition. (2017)	Automate NEITI Data Gathering Process	Mar-18	Installed Hard Ware				Improve Audit Process
1.5	Design and Develop Data Automation System Implementation		Jun-18	Installed Information Mgt. System				Improve Audit Process
1.6	Testing		Sep-18	Installed Information Mgt. System				Improve Audit Process
1.7	Deployment Cost.		Sep-18	Report				Improve Audit Process
1.8	Capacity Building (Purpose Made.)		Sep-18	Report				Improve Audit Process
1.9	Manages and Tracks Implementation of Remediation Action Plan Items For Previous Audit(s)	Implementation of Remediation issues from the Audit	May-18	Report				No. of Reforms Initiated as a result of the Remediation

2.0	Outcome Assessment of all Remediation Activities		Sep-18	Report				No. of Reforms Initiated as a result of the Remediation
2.1	Develop a framework for remediation with active participation of TUGAR and anti-corruption agencies		Sep-18	Report				No. of Reforms Initiated as a result of the Remediation
2.2	The Effect of the Decline in the Price of Crude Oil on the Oil & Gas Sector in Nigeria.		Mar-18	Research Report / Paper				Improve Audit Process
2.3	Simplification of NEITI Industry Audit reports -Oil, gas, solid minerals and FASD with infographics		Mar-18	No of stakeholders provided with copies of NEITI simplified reports				Improve citizens knowledge on NEITI mandate, issues in the EI and the 2015 audit reports
2.4	Public presentation of the NEITI Industry Audit reports		Mar-18	Presentation of reports to stakeholders at an event organised by NEITI				
2.5	Production of NEITI branded materials for outreach activities		Mar-18	Number of branded items produced				
2.6	Presentation of the reports in- Awka, & Bauchi		Mar-18	3 presentations on EITI implementation held.				

2.7	Sensitisation workshop on natural resource governance to the Legislature		June-September 2018	2 Workshops held for the Upper and Lower chambers of the National Assembly.				Improved oversight and governance of the extractive sector in Nigeria.
2.8	Workshop for state excos and states assemblies on natural resource governance and domestication of the EITI		March-May, 2018	2 workshops held for state excos and the State Assemblies				
2.9	Town hall meetings with LGA excos, opinion/Community leaders/NGOs/CSOs/FBOs		April-August 2018	2 town hall meetings held at the grassroots & locals				
3.0	Youth/ Student Outreach on EITI.		January-July, 2018	1 round of schools debate on NEITI issues.				
3.1	NEITI Annual Lecture		June-September 2018	1 annual lecture held.				Creation of accountability platforms for wider engagement and advocacy among state and
3.2	Capacity building for civil society organisations, media and professional bodies		March - October, 2018	2 workshops held for the civil society, media and professional associations.				

3.3	Productions of short video clips on EI and NEITI issues for upload on NEITI		January-March 2018	6 video clips and 6 infographs on NEITI/EITI issues produced				non-state actors on extractive industries issues.
3.4	Direct Imaging Printing Machine		March-October, 2018	Key remediation updates provided				Improved Technology and Capacity of Staff in direct image printing
3.5	Audio Visual Equipment (Studio Facilities)		May, 2018					
3.6	Capacity Building Videography Specialist.							
3.7	Scoping Survey / Gap Analysis of the Ethics Framework in Nigeria		Q1 - Q4	Report				
3.8	Publication and Launch of Ethics Scoping Survey Report		Q2	Report				
3.9	Implementation of the Budget Efficiency Project		Q1 - Q4	Key T&A Indicators developed and infused in M&E Indicators of the MBNP				
4.0	Development of a platform for updating anti-corruption database		Q1 - Q4	Platform for anti-corruption database developed				
4.1	Research Studies of Anti-Corruption and Governance Survey		Q1 - Q4	Report				
4.2	Implementation/ Monitoring & Evaluation of the National Anti-Corruption Strategy.		Q1 - Q4	Annual Report				

4.3	Corruption Risk Assessment in the Nigerian Ports - Implementation of Integrity Plan		Q1 - Q4	Report of meetings and reforms				
4.4	Implementation of the Integrity Plan in the MDG Related MDAs		Q1 - Q4	No. of reforms				
4.5	Review of Nigeria's Implementation of the UNCAC (2nd Cycle) and implementation of the Remediation Plan for the 1st review Cycle		Q1 - Q4	Country report and action plan No. of reforms				
4.6	Coordination of the Anti-Corruption Agencies on the platform of the IATT		Q1 - Q4	IATT meetings				
4.7	Joint Commemoration of the International Anti-Corruption Day		Q4	AC Day Celebrations				
4.8	Legal Retainership		Jan-Dec	Signed Contract				
4.9	NSWG Sitting allowance		Jan -Dec 18					
5.0	Round table meetings on compliance with covered entities		Mar, Jun, Sept & Nov	Minutes Of Meetings				
5.1	Round Table engagements on Recommendations from Audits for Oil and Gas, Solid Minerals and FASD		Sep-18	Resolve Issues from the Report				
5.2	Policy Papers, Development & production of policy briefs, Quarterly reviews and Occasion Paper series		Jan -Dec 18					
5.3	Stakeholders , engagements and advocacy on NEITI Policy briefs, Quarterly Reviews and Occasional Papers		Jan-Dec 18					
5.4	Track and Recommend Steps on Policy Issues from the Audits		Jun-18	Resolve Issues from the Report				

5.5	Conduct Research to Provide Policy Direction in Line with Evolving Global Trend in Oil & Gas Industry		Mar-18	Policy Document				
5.6	Review of NEITI Act		Jan-Dec	Reviewed Act				
5.7	Development of 2018 Annual work plan.		Jan	Developed WP				
5.8	Monitoring & Evaluation, Development Of Framework for Implementation of M&E		Jan-Dec	M&E Reports				
5.9	Development of EITI Annual Activity Report		May- Jun	EITI Report				
6.0	Development of 2018 Annual Budget		Aug Sept	Annual Budget				
6.1	Development Of Risk Profile		Jan-Dec	Risk Profile Report				
6.2	Workshop on Internal Audit Process and procedures		Apr & Sept	Workshop Report				
6.3	Dev of Procurement Manual.		Jan-Dec	Procurement manual				
6.4	Procurements, Advertisement, EOI, Technical & Financial bids Evaluations.		Quarterly	Proc. EOIs				
6.5	Pre Bid Meetings		Mar & Jun	Meeting Report				
6.6	Procurement Workshop for consultants			Workshop Report				
6.7	Fixed Asset Management(Financial statement conversion)		Q1-Q4					
6.8	Compliance with financial regulations (IPSAS Conversion)		Q1-Q4					
6.9	Financial planning and cash flow management		Q1-Q4					
7.0	Advances management		Q1-Q4					

7.1	Vote Book Management		Q1-Q4					
7.2	Monitoring and review of procurement documentation		Q1-Q4					
7.3	Implementing Integrated personnel payroll Information System(IPPIS) - UPGRADE		Q1-Q4					
7.4	Implementing Government Information Financial Information System(GIFMIS) -Release 2		Q1-Q4					
7.5	Implementing of New Accounting software -SAP		Q1-Q4					
7.6	SAP Training & Certification for users		Q1-Q4					
7.7	Financial Reporting- Management, NSWG (Board), Donors & National Assembly		Q1-Q4					
7.8	Financial Performance management- Departmental activity report		Q1-Q4					
7.9	Financial Reporting- Monthly		Q1-Q4					
8.0	Donor reporting management (Consultancy and deployment of software)		Q1-Q4					
8.1	Attending to External Key Stakeholders : OAGF, MOF, MOB&N P, FIRS, FCT Inland Revenue Service (Logistics)		Q1-Q4					
8.2	Statutory Audit of NEITI Account		Q1-Q2					
8.3	Welfare of Staff		Jan, May, Sept., Dec 2018					
8.4	Staff Retreat		Jan-Dec 2018					
8.5	Training & Development		Jan-Dec 2018					

8.6	Performance Management		Jan-Dec 2018					
8.7	Office Rent		Jan-Dec 2018					
8.8	Purchase of ACs & Electrical Fittings		Jan-Dec 2018					
8.9	Purchase of materials, office supplies/stationaries & furniture		Jan-Dec 2018					
9.0	Payment of utility bills(Electricity, Telephone, Water, Sewage, Tenement rate)		Jan-Dec 2018					
9.1	Maintenance services & Safety (AC, Electricity, Plumbing, Furniture, vehicle, generator, fire extinguishers.		Q1-Q4					
9.2	Fuelling of generator & Pool Cars		Jan-Dec 2018					
9.3	Other Services (Cleaning/Fumigation & Security		Q1-Q4					
9.4	Refreshment & Meals		Q1-Q4					
9.5	Courier Services		Q1-Q4					
9.6	Insurance		Q1-Q4					
9.7	Travels Local		Q1-Q4					
9.8	Travels International.		Q1-Q4					
9.9	Hardware purchase		Q1-Q4					
10.0	Software purchase		Q1-Q4					
10.1	Systems maintenance		Q1-Q4					
10.2	Internet bandwidth renewal/upgrade		Q1-Q4					
10.3	Consultancy services		Q1-Q4					
10.4	Subscriptions, Consumables & Others		Q1-Q4					

	Total				18	12	64	94
	% of implementation				19.14	12.76	68.08	100

ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENTS

OVERSIGHT BY THE MULTI-STAKEHOLDER GROUP (MSG/NSWG)	
Requirement in EITI Standard	Progress in 2018
Government Engagement: The government is required to issue unequivocal public statement of its intention to implement the EITI (Req. 1.1.a)	On March 20, 2018, the Minister of State for Petroleum Resources declared at a widely publicized event by NEITI on the Petroleum Industry Governance Bill that government is treating issues of “governance, transparency of regulations and operations, accountability of the institutions and removal of opaqueness around the petroleum industry” as a “national priority”.
Government Engagement: the Government is required to appoint a senior individual to lead the implementation of the EITI (Req. 1.1.b)	The erstwhile chairman of the NSWG was the national Minister of Solid Minerals. He, however became a governor of a state in April 2018 and could not continue as the chairman of the NSWG. Dr. Mahmoud Isah Dutse, a very senior member of government (permanent secretary of the Ministry of Finance) who was already a member of the NSWG assumed the leadership of the NSWG pending the appointment of a substantive chairman by the Government.
Companies Engagement: Companies must be fully, actively and effectively engaged in the EITI process (Req.1.2.a)	In 2018 companies participated fully in the EITI process at the levels of the EITI reports and consultations on the implementation of EITI Standard.

	Companies participated fully in the design of templates for the EITI reports, BO and on the development of the work plan.
Civil Society Engagement: Civil society must be fully, actively and effectively engaged in the EITI process (Req.1.2.a)	http://www.neiti.gov.ng/phocadownload/Minutes%20of%20CSCC%20Meeting%20April%202018.pdf http://www.neiti.gov.ng/index.php/citizen-participation
Multi-stakeholder group (MSG /NSWG): the Government is required to commit to work with civil society and companies and establish a MSG to oversee the implementation of the EITI. (Req.1.4 a-b)	NEITI Act 2007) makes it mandatory for civil society to be part of the NSWG. The NSWG has a member a member representing the civil society.
Work plan: the NSWG is required to maintain a current work plan , fully costed and aligned with the reporting and Validation deadlines established by the EITI Board (Req. 1.5.a-g)	http://www.neiti.gov.ng/index.php/resources/internal-resources/workplans-reports

LEGAL FRAMEWORK AND FISCAL REGIME INCLUDING ALLOCATION OF CONTRACTS AND LICENCES

Legal framework, including disclosure of contracts and, allocation and register of licenses. Req. 2.1-4	http://neiti.gov.ng/index.php/production
Beneficial Ownership: maintenance of a publicly available register of the beneficial owners of corporate entity (ties) that bid for, operate or invest in extractive assets. (Req. 2.5)	The implementation of the BO Roadmap by NEITI which commenced in 2016 is at an advanced stage. A template for data collection has been agreed by stakeholders, while a sample of the register is in the process of development.
State Participation: disclosure of material payments where there is state participation in the extractive industries	http://neiti.gov.ng/index.php/revenue-collection See section 3.0 of the 2016 oil and gas report

EXPLORATION AND PRODUCTION

Information is required about exploration activities (Req. 3.1); production data (Req. 3.2) and export data (Req. 3.3)	http://neiti.gov.ng/index.php/production See section 2.0 of the 2016 oil and gas report See section 3.8 of the 2016 oil and gas report
REVENUE COLLECTION	
The EITI requires a comprehensive reconciliation of company payments and government revenues from the extractive industries (Req.4)	See sections 5.17-5.19 of the 2016 oil and gas report
Data timeliness: implementing countries must disclose data no older than the second to last complete accounting period. Req.4.8	NEITI has consistently sustained the EITI requirements of publishing industry reports not later than two years in arrears. The 2016 industry audit reports were published in 2018.
Data quality and assurance: the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards	See section 1.9 of the 2016 oil and gas report
REVENUE ALLOCATION	
The EITI requires disclosures of information related to revenue allocations: how revenue is recorded in the national budget and where applicable and sub-national budgets (Req. 5)	http://neiti.gov.ng/index.php/revenue-allocation
SOCIAL & ECONOMIC CONTRIBUTION/ SPENDING	
Disclosures of information related to social expenditures and quasi-fiscal expenditure. (Req.6. 1 and Req.6.2)	http://neiti.gov.ng/index.php/social-and-economic-spending
Contribution of the extractive sector to the economy (Req. 6.3)	http://neiti.gov.ng/index.php/social-and-economic-spending

OUTCOME & IMPACT	
Public debate: EITI report should be comprehensible, actively promoted, and publicly accessible and contributes to public debate: (Req. 7.1).	The 2016 audit reports were published in both comprehensive and simplified versions. The reports are publicly available and accessible on the NEITI website: http://neiti.gov.ng/index.php/neiti-audits/oil-and-gas/category/184-2016-audit-report
Data Accessibility: (Req. 7.2)	EITI reports are published in a machine-readable format. See www.neiti.gov.ng
Discrepancies and recommendations from the EITI reports: (Req.7.3)	Discrepancies and recommendations are highlighted in the 2016 EITI reports. Remedial actions were initiated in order to address concerns raised in the reports.
Review the outcomes and impact of EITI implementation: (Req. 7.4)	The APR was produced by the NSWG in accordance with the EITI Standard.

OVERVIEW OF THE MULTI-STAKEHOLDER GROUP'S RESPONSES TO THE RECOMMENDATIONS FROM RECONCILIATION AND VALIDATION, IF APPLICABLE

The NSWG took a holistic approach in dealing with remedial issues in 2018, in other to change the narratives and approach to issues related to the EITI reports. In the oil and gas, the NSWG was able to organize a stakeholders' conference in order to validate the remedial documents and to provide an action plan to address the perennial issues that have accumulated over time.

The conference was a huge success with a large turnout of stakeholders: a remedial document/action plan was fashioned.

Below is the classification in tracking the remediation Issues in the oil & gas sector. The classification is according to level of resolution. It also reflects

the type of response from the relevant government agencies and companies

SN	Classified Remedial Issues	Actions Taken
1	Resolved Issues	http://tiny.cc/bwe08y
2	Partly Resolved/Ongoing Resolution	http://tiny.cc/bwe08y
3	Pending Resolution	http://tiny.cc/bwe08y
4	Legal – Regulatory Issues	http://tiny.cc/bwe08y
5	Pending Reconciliation	http://tiny.cc/bwe08y
6	Limited Disclosure	http://tiny.cc/bwe08y
7	Contested Findings	http://tiny.cc/bwe08y
8	Appendices	http://tiny.cc/bwe08y



EITI Audits and Remedial Action Retreat for Legislators

ANY SPECIFIC STRENGTHS OR WEAKNESSES IDENTIFIED IN THE EITI PROCESS.

Nigeria has been implementing EITI for 15 years and within the period the country has made significant progress in subjecting a previously opaque oil and gas sector to public scrutiny. Nigeria has also attained a high level of implementation of EITI through the achievement of “Satisfactory Progress” in the implementation of the EITI Standard.

Strengths in the EITI Process

Institutionalised framework for disclosure

Over the years of EITI implementation in Nigeria, reporting stakeholders have increasingly recognized their reporting obligations to the public through the EITI reports.

Platform for civil society involvement in extractive industry governance

Active participation of the civil society in the EITI process in Nigeria provides an important opportunity for independent assessment of governance of the extractive industry and the EITI process. The civil society is more or less responsible for monitoring and evaluating the whole process of the EITI.

The ability of the civil society to monitor and evaluate the EITI process in Nigeria is further enhanced through capacity building of the civil society: provides an avenue for civil society to have full knowledge of the extractive sector to better demand transparency and accountability in the sector.

Performance incentives for companies

Companies are becoming increasingly sensitive to the reputational benefits of compliance with the EITI process. The EITI validation has elicited significant reactions from companies through acclamation in various fora by the companies, clearly indicating that there were a composite part of the achievement.

Platform for inter-agency coordination and collaboration

The process of implementing EITI policies on beneficial ownership, contract transparency, commodity trading, data mainstreaming. etc. has required the establishment of project-style inter-agency task teams across functional sectors in the areas of public finance, oil and gas, solid minerals, law enforcement, corporate affairs and public accounting. Such collaboration is facilitated by the fact that most of these agencies are already part of the EITI process, while other agencies, especially accountability institutions, see NEITI as a credible partner and source of verifiable information. Thus NEITI acts as a legitimate convening platform for bringing agencies together. The strength of these collaborations lie in the fact that these task teams create a valuable pool of information, expertise and organisational resources that is more effective than individual agencies acting in isolation, and sometimes at cross-purposes. Progress so far made in the various EITI policy areas are attributable largely to these teams whose members are mostly responsible for implementing the policies.

WEAKNESS IN THE EITI PROCESS

Limited citizen action on EITI Reports

A main intention of the EITI process is that the production and dissemination of EITI reports would generate informed public debate. However, there is limited public debate around EITI reports beyond the series of engagements by organized civil society and the immediate aftermath of publication of the reports. This is despite the various programmes and activities on dissemination and public engagements conducted by NEITI on the EITI reports. NEITI is addressing this weakness by scaling up engagements at the national and sub-national levels and by establishing a policy unit to help shape extractive industry and overall governance reforms.

Major Activities not planned but contribute to wider target

Symposium on the Petroleum industry governance bill

In March 2018, NEITI conducted a stakeholder engagement on the pending Petroleum Industry Governance Bill (PIGB). With the conclusion of work on the draft bill, which is awaiting the approval of the President, NEITI created interest and advocacy on the proposed law through the organisation of a symposium comprising relevant stakeholders.

TOTAL COST OF IMPLEMENTATION

Core Priority	Total	FGN	Donor	Gap
Industry Audit Reporting	256,355,555.00	177,000,000.00		79,355,555.00
Dissemination, Education & Public Enlightenment	135,900,000.00	77,900,000.00		58,000,000.00
Effective implementation of internal control mechanism	103,700,000.00	103,200,000.00		500,000.00
Monitor and evaluate governance and anti-corruption initiatives	131,000,000.00	26,000,000	95,000,000.00	36,000,000.00
To provide Human Resource Management & Secretariat support	256,659,464.00	256,659,464.00		
Financial Support Services	47,500,000.00	47,500,000.00		-
Trust Africa Grant			95,000,000.00	
Grand Total	931,115,019.00	688,259,464.00	95,000,000.00	147,855,555.00

**HAS THIS ACTIVITY REPORT BEEN DISCUSSED BEYOND THE MSG?
DETAILS OF NSWG MEMBERSHIP AND RECORD OF ATTENDANCE AT
MEETINGS**

SN	Names	24 th Feb	13 th June	16 th July	Sept 27	% of Attendance
1	Kayode Fayemi (Chairman) ²					0%
2	Waziri Adio					100%
3	Mahmoud Isa Dutse					50%
4	Ann Adaeze Onyekwena					100%
5	Prof. Gbenga Okunlola					100%
6	Sani Shehu					100%
7	Lawan Gana Lantewa					75%
8	Gbenga Onayiga					100%
9	Benard Verr					100%
10	Emmanuel Chiejina					0%
11	Kolawole Banwo					100%
12	Achese Igwe					50%
13	Hannatu Musawa					100%
14	NNPC GMD/Proxy					100%
15	Bummi Toyobo					50%

² Dr. Kayode Fayemi resigned from the cabinet to take participate as candidate for the election of governor of Ekiti State. Mahmud Isah Dutse, a senior member of the administration was appointed to replace Mr. Fayemi as chair of the NSWG.

