

An Overview of Extractive Industries Transparency Initiative (EITI) in Nigeria: the success and the challenges

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Outline

- The Journey So Far
- Achievements and lessons for other chapters in Africa
- Challenges

Background

- NEITI: is the national version of the global EITI;
- Nigeria signed on in 2003;
- 28 NSWG members inaugurated February 2004;
- A multi-stakeholder coalition.

Major Activities 1

- Commissioned the 1999-2004 financial, physical and process audits of oil & gas sector— a major landmark;
- Popularized the findings of the first audit report through road shows, medial publicity and CSOs activities;

Coordinating remediation of structural lapses identified by the audits.

Major Activities 2

- Trained 25 senior officials of Federal Inland Revenue Services (FIRS), Central Bank of Nigeria (CBN), Nigerian National Petroleum Corporation (NNPC), and the Office of the Auditor General of the Federation (OAGF) on petroleum revenue management— with support from the WB;
- Conducted capacity enhancement training on Nigerian extractive industries for 150 Civil Society actors— with support from the WB;
- Conducted public sensitization through 6 regional Road-shows— with support of WB;

Achievements 1

- Enshrining transparency in one of the Nigeria's most corrupt and strategic sectors;
- The 1999-2004 Audit Results now a weapon for the National Assembly in the fight against corruption in Nigeria
- Expanding the Frontiers of EITI by becoming an EITI++ initiative;
- Saved the Govt. more than a \$1bn through studies;

Achievements 2

- Pioneered a new mode of engagement between govt. and civil society (CS committee, CS Liaison Office, CS/NSWG MOU)
- Institutionalized the process with the NEITI Act– Nigeria the only country with an enabling law;

Donor Support a major factor

- Donor support as critical success factor;
- About 45% of total costs borne by DFID and World Bank in the initial phase; the rest by FG; (Source- NEITI Secretariat)
- With law and institutionalization, most of the costs (e.g. salaries) to be transferred to govt.;
- Interim/gap-filling support sought.

The Next Level 1

Rationale for Scaling-up

- Imperative of Building on achievements of pioneer board;
- The demands of the NEITI Act– NEITI expected to promote transparency and accountability in both revenue and expenditure;
- The need to database and regular monitoring (TUGAR), the M&E component of the initiative
- The mounting expectations of Nigerians.

The Next Level 2

- President Yar'Adua inaugurated the New NSWG on Jan. 29, 2008;
- Promised financial and moral support to NEITI;
- Charged the board to sustain momentum and break new grounds for it to be among the leading chapters in the world;

The Next Level 3

- Board held a Strategic Retreat/Orientation in mid March 2008;
- Developed a Strategic Framework, an organogram and a Code of Conduct;
- Strategic Plan and Work Plan to follow.

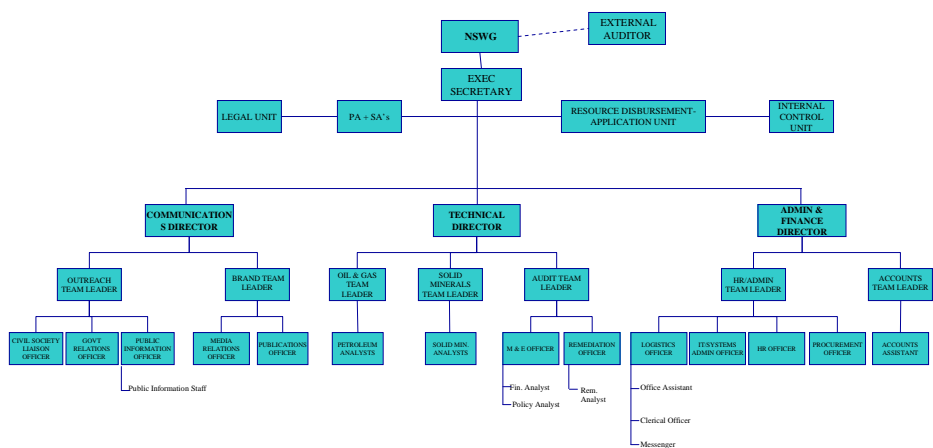
The Next Level 4

The New Vision

To build a NEITI that is accountable, effective, well-resourced and result-oriented.

The New Mission

To cultivate a culture of transparency, accountability, due process and zero-tolerance of corruption in Nigeria's extractive industries to the benefit of Nigerian citizens.



The Next Level 5

Critical Success Factors

- Competent, professional & well-paid staff;
- Strong processes and corporate governance;
- Strong partnerships;
- Financial sustainability;
- Effective communication;
- High-level political support;
- Citizens' participation.

Priorities

Short/Medium Term Priorities

- Setting up board's sub-committees;
- Strengthening the Secretariat;
- Completing the 2005 Audits/commencing the 2006-2007 Audits
- Remedying Lapses identified by 1st Audit;
- Stimulating Demand-side through effective communication/outreach (establishment of information centres on NEITI across the country)
- Getting Nigeria Validated as an EITI-Compliant Country;
- Hosting West Africa EITI Conference

Needs and the way forward

Making NEITI Secretariat Fit-for-Purpose

- Professional, fully staffed and efficient Secretariat positioned to deliver the mandate of the Act and the vision of the Board;
- All units operational, recruitments made, appropriate FG remunerations sought, staff well trained and fully kitted.
- DFID paying staff salaries till August 2008, when FG expected to take over.

Needs and the way forward

NEITI Audits

- 2005 Audits to be completed soon;
- 2006/2007 Audits procurement process to commence;
- NEITI is paying for all the audits.

NEEDS: *financial supports for hiring technical advisor for procurement, workshop for EI operators on audit templates, specialized training for journalists for better coverage.*

Needs and the way forward

Validating NEITI

- Validation a critical part of EITI Process;
- None of the 22 countries implementing has been validated;
- Nigeria, a candidate country, stands the chance of being one of the first countries to be validated.
- NEITI is paying for the validation.

Needs and the way forward

West Africa EITI Conference

- Designed as a forum for sharing experiences, encouraging other resource-rich countries to adopt EITI and mainstreaming EITI into regional/continental institutions;
- Delegates expected from West Africa, the rest of Africa, AU, NEPAD, ECOWAS etc.
- Will be held in Abuja between September 2008;
- World Bank supporting part of the cost of hosting it.

Needs and the way forward

Town Hall Meetings, Communication Outreach & Local Structures

- Designed as a follow-up to the regional road-shows, but more community and feedback-driven;
- Pilot to start in the South-south, but later extended to rest of the country;
- Meetings to be followed with establishment of local structure for monitoring application of resources (Expenditure transparency);- this is one of the reasons for road shows and town hall meetings
- Additional support to awareness campaigns and public information centres

The Role of CSOs

- The civil society is one of the pillars behind the success of the NEITI
- The Nigerian chapter of the global PWYP and other CSOs like NUPENG, CISLAC etc
- Constructive criticism
- Campaign for support to NEITI- national and international
- Campaign for the passage of NEITI Bill
- Participated in the NEITI Roadshows
- Organized training and seminar for CSOs working on revenue transparency in the extractive industries.

Challenges and the way forward

- Over dependence on donor agencies for survival;
- Inadequate financial resources
- NSWG composition has political flavor and most new members have little understanding of the extractive sector
- Gender insensitivity in the NSWG composition
- Internal crisis within PWYP (Nigeria)

- PWYP (Nigeria) need to be strengthened in term of conflict management and good governance for effective influence on NEITI process
- Political will is critical for NEITI to keep on winning the battle for transparency and accountability in the Nigerian extractive sector
- **Conclusion:**
- Friends, with the necessary commitment to NEITI from the government and the Nigerian civil society, and support from other quarters, I see a new Nigeria (sustainable development).
- Thank you all