

**NEITI SOUTH –SOUTH ROAD SHOW THE 2005AUDIT REPORT:  
OPENING REMARKS BY PROF ASSISI ASOBIE, CHAIRMAN, NATIONAL  
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The event we are holding in Yenagoa today is long overdue. The South –South geopolitical zone of Nigeria, in general, and Bayelsa state, in particular occupy a PROUD place of GREAT SIGNIFICANCE in the economic history of Nigeria. Ladies and Gentlemen, we are in the home of oil and gas. For now, petroleum is the chief revenue source for the sustenance of the Nigerian state. It is the oil and gas bearing communities and states that bear the brunt of the adverse impact of exploration, exploitation and production of this valuable natural resource. It is in recognition of this, that the Nigeria Extractive Transparency Initiative (NEITI) is commencing this years “Road Show” in the capital city of Bayelsa state.

A Road Show is essentially a stakeholders outing carried out in the open to stimulate public evaluation of the work of an entity, to attract external input for its improvement, and to impact, in a practical way, on the lives of the people concerned. A Road show is mutually interactive, eminently activist, and hugely impactful in a sustainable manner. A Road show is expected to leave behind, in its wake, not just a lasting memory of the event, but also, more importantly, a structure that will further the goal of the entity. A NEITI stakeholders forum that promotes the objectives of NEITI and the principles of EITI could be an example of such a structure, as an outcome of this event. Another could be an information centre that disseminates, and receives feed back in a structured manner on, the relevance of the objectives NEITI and the goals of EITI for this region, an ICT-based centre that provides opportunity for constantly holding government to account on oil revenue and expenditure transparency.

Lest we forget, EITI has as its ultimate goal the eradication of poverty, within the context of a programme of sustainable development. The key instrument for achieving this goal is framework of transparency and accountability. NEITI, being the Nigerian subset of EITI employs a number of methods to put EITI principles into practice in our country.

The first method is disclosure and reporting, otherwise known as revenue transparency. Ideally companies and government should, separately, publish regularly and routinely how much is produced as oil and gas, or solid minerals and how much revenue is realized from them. The work of NEITI would then be to have them reconciled and widely disseminated. If this were done in 2005, for instance, it would have been easy to know whether the claim made about, or what was stated in the Federal budget as,

revenue realized from oil and gas in 2005 was indeed correct. Then the people of the South-South would have been able to ascertain whether they received as the constitution provides, “not less than thirteen percent of the revenue accruing to the Federation Account directly from any natural resource”[Section 162:2]. In the nearest future, NEITI will make this possible. For now, let us be content with periodic audits which enable us to ask the same questions retrospectively, as we shall do today. Let us look at the data revealed in the 2005 audit report conducted by NEITI and ask whether our governments told the truth then about what they realized from oil and gas and what accrued to South-South on the basis of the principle of “derivation”. We should also ask whether the oil companies themselves, including the National Oil Company declared and remitted all that was due the Federation Account

The second method is ensuring transparency and accountability by government in the application of resources from payments received from extractive industry companies. Government here is interpreted broadly to include the Federal and State Governments, the Local Government Councils, as well as the Niger Delta Development Commission (NDDC) and other public agencies that receive payments from extractive industry companies. We are in order when we ask, how much of the revenues of the States in the south-south came from payments from extractive industry companies; how much of the income of the NDDC came from such payments in 2005? What were the revenues used for and how were they managed? They should account to the people concerning such revenues. The Road Show provides us an opportunity to raise such questions and demand answers to them. In this respect, we commend the programme of the Bayelsa government which is titled “BEITI”, Bayelsa Expenditure and Income Transparency Initiative. The Road should provide us an opportunity to learn more about the programme and similar programmes in Edo and other states in the zone. We want to be assured that all these do not just amount to mere political grand standing; that the people are genuinely involved and are benefitting from them.

The third method that NEITI is using is identifying lapses and undertaking measures that shall enhance the capacity of any relevant organ of government having statutory responsibility to monitor revenue payments by all extractive industry companies to the Federal Government. The NEITI Act defines the organ of government here to include any relevant organ of Federal, State and Local Governments. This function poses a major challenge for NEITI in terms of technical capacity and constitutional obstacles. It has to be handled with a lot of tact, and much preparation. It is however a task that must be done if NEITI is to help our nation reap the highest possible value from our natural resources. You will see from the 2005 audit how we have begun to address this

challenge. We should discuss further how best to advance this important function of NEITI.

The fourth method that NEITI is meant to use consists of strategies and tools for eliminating all forms of corrupt practices in the determination, payments, receipts and posting of revenue accruing to the Federal Government from extractive industry companies. In this respect, NEITI is fortunate to have a unit known as the Technical Unit on Governance and Anti-Corruption Reforms (TUGAR) which operates under the aegis of an Inter-Agency Task Team under NEITI chairmanship. Working with a broad spectrum of anti-corruption agencies, we are coordinating efforts that will culminate in concerted efforts to tackle corruption in the extractive industries sector. It is clear that this is not the kind of work that NEITI alone can do. We certainly need the cooperation of the mainline anti-corruption agencies..

It is fitting to end this opening remark with three general points. First, EITI is an entry point in the process of good governance. It is neither the end point, nor the destination. To succeed, it must be accompanied by open and inclusive budgeting, characterized by public participation, transparency and accountability. A pre-requisite for inclusive budgeting is freedom of access to public information. We must all therefore support the passage of the FOI Bill. Second, EITI is a flexible tool. It is applied differently in different societies. It will also manifest differently in different historical epochs. We must be conscious of this truism and adapt when it is necessary. Third, EITI is a special brand with a governance structure that distinguishes it from other governance structures. This alliance linking civil society, the private sector and the government , with heavy emphasis on the active participation of civil society, needs to be taken seriously and replicated in other sectors. If, and when civil society is marginalized in the process of implementing EITI, its character changes. This is why a Road show in NEITI is usually dominated and driven by civil society and community based organizations, especially those domiciled in the area where the road show is taken place. We must never deviate from this important principle, which defines EITI. LET US HAVE VERY ROBUST AND FRANK INTERACTIVE SESSIONS IN THESE TWO DAYS

THANK YOU