

## ***NEITI, MINING AND SUSTAINABLE DEVELOPMENT***

Being welcome remarks

By

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Industries Transparency Initiative (NEITI)

At the South East Civil Society Sensitization Workshop (South  
East Road Show)

At

Protea Hotel, Nike Lake Resort, Enugu.

### **PROTOCOL**

Let me start by thanking the Executive Governor of Enugu State  
Dr Chimaroke Nnamani for making this historic event possible.

The turnout here today is a demonstration of the interest that  
the people of the South East and the Coal City in particular  
have in the work of the Nigeria Extractive Industries  
Transparency Initiative (NEITI) as it continues to put in place

policies, structures, processes and implementation procedures to open up the Extractive Sector to greater public scrutiny and deeper transformation.

As I am sure you are all aware, President Obasanjo started the implementation of NEITI by inaugurating the National Stakeholders Working Group (NSWG) with Members drawn from relevant government agencies, the industry and Civil Society.

The NSWG is made up of 28 individuals as follows: Civil Society (2), Media (1), National Assembly (2), State Assemblies (2) Indigenous and Multinational Oil Companies (3) and Organised Private Sector (4).The Federal Government is represented by 14 key agencies in the Extractive Sector.

The discovery of natural resources in a country ought to be a force for good. The revenue raised from those resources ought to help to improve the wellbeing of people of that society. However in so many cases as was the case of Nigeria before

the advent of NEITI, these resources sadly benefit a privileged few, resulting in poverty, opaqueness, corruption and in some cases, conflict.

The lack of transparency and the general state of information asymmetry that existed in the extractive sector in Nigeria led to a general sense of poor public perception and apathy. NEITI therefore sought to renew public confidence by commissioning an independent comprehensive audit of the extractive sector from 1999-2004.

The kind of audit we commissioned and carried out had a unique character which spans beyond the traditional international EITI template which has earned the Nigerian version, EITI ++ (Plus plus) status.

The NEITI therefore hired an independent Auditor through a competitive process to carry out three levels of audit.

**Financial Audit:**

A reconciled figure and coherent map that will give a complete picture who paid what money, to whom and how much.

**Physical Audit:**

A reconciled figure and a coherent map that will give a complete picture of the amount of oil and gas produced, lifted, exported in the period under review.

**Process Audit:**

A critical examination of extractive processes and levels of justification of capital expenditure.

The audit reports came out with observations related to poor information sharing among government agencies, poor record keeping, weak accounting systems and weak capacity among regulatory agencies.

In line with the recommendations of the auditors, the Federal Executive Council (FEC) inaugurated an Inter-Ministerial Task Team made up of the Heads of government agencies relevant to extractive resource management, with a mandate to develop and implement a comprehensive remediation and capacity building strategy for the lapses identified from the NEITI Audits.

Another unique aspect of our work in NEITI is the development and resurgence of the solid minerals sector. Although oil today remains the mainstay of our national economy, the solid mineral sector offers opportunities for huge revenue streams to the national and regional economy.

I will not be surprised if many of us know very little about our solid minerals sector beyond coal. Interestingly, Nigeria is hugely endowed with at least 34 solid minerals aside from crude oil. These include Gold, Tantalite, Gypsum, Kaolin, Bentonite, Bitumen, Feldspar and varieties of Gemstones.

Regrettably these resource endowments have remained largely unexploited with consequences on our industrial capacity, revenue generation, employment creation and human capital development.

NEITI has leading the effort towards mainstreaming transparency to the solid minerals sector by organizing the NEITI and Mining Stakeholders Meetings. The first held in Jos in July 2006 and others are planned for Akure, Kaduna and Enugu.

It is therefore no coincidence that the South East Road Show is focusing on the solid minerals sector to further identify entry

points for increased transparency that will ensure that our solid minerals sector is the preferred destination for global capital.

The ability of the partnership between government, private sector and civil society to deliver impressive results in the governance of the extractive industries is tremendous. We have seen this relationship play out in several advocacy-related issues in our war against corruption. We are not oblivious of the fact that this war cannot be fought or won without the deliberate cooperation, consent and partnership with civil society groups. At NEITI, when we say civil society groups, we refer to groups beyond the traditional Non Governmental Organizations, to include professional bodies, faith based organization, women's groups, the media and other grassroots based organizations.

The NEITI Bill currently awaiting passage at the Senate is a clear testimony to how civil society can complement the effort of government in the pursuit of policy priorities. To civil society

organizations like CISLAC, Common-Wealth of Niger Delta Youth and the Publish What You Pay Coalition that have provided leadership in ensuring speedy passage of the NEITI Bill, we at the NEITI say 'More grease to your elbows'.

Finally, I thank you all for taking out time out from your busy schedules to attend this event. A more transparent extractive sector is good for us all as more resources will be made available for government to pursue development projects and ensure that we meet our development targets as enshrined in the Millennium Development Goals (MDGs), by 2015.

I thank you for your kind attention