

**MINUTES OF THE MEETING OF THE NSWG HELD IN ABUJA ON
MONDAY, 16TH MAY 2005.**

A meeting of the NSWG was held at the Le Meridien Hotel Abuja on the 16th of May 2005.

In attendance were:

S/N	Name	Organisation
1	Oby Ezekwesili	SSA-P Coordinator NEITI
2	Bright Okogu	Oil & Gas Acc. Unit/MOF
3	Olusegun Adeniyi	Thisday
4	Chris Haynes	NLNG
5	G. T Nwachukwu	BOF/MOF
6	Funsho Kupolokun	NNPC
7	Mr. Basil Omiyi	Shell
8	Stan Rerri	NEITI Secretariat
9	Phil Chukwu	NAPI MS
10	Imo Itsueli	Dubri Oil
11	Louis B. Ogbeifun	PENGASSAN
12	B. O. N. Okafor	CBN
13	I fueko Omoigui	FIRS
14	J.O. Ajiboje	OAGF
15	Joanna Maduka	Leccom Ass.
16	Chris Nurse	Hart Group
17	S.S.O. Afemikhe	Hart Group

Apologies

1	Trevor Akindele	Sak Resources
2	Mal. M. Hayatudeen	NESG
3	Dr Edmund Daukoru	SA-P Petroleum
4	Senator Maeba Lee	Nat. Assembly
5	Gbite Adeniji	AELEX
6	Hon. Cairo Ojougboh	Nat. Assembly
7	Hon. Kawu Peto Dukku	States Legislature
8	Mrs Lawan Ali	DPR
9	Mr J. R. Pryor	Chevron-Texaco

1. The meeting was chaired by Obiageli Ezekwesili, Coordinator NEITI and started with prayers from Olusegun Adeniyi of Thisday

Peter Eigen, Chairman of Transparency International was introduced to the Group. The Group was informed that Mr Eigen currently on a visit to Nigeria had been asked by the UK Department for International Development (DFID) to Chair the International Advisory Group of the global EITI.

The chair reiterated the need for stringent time management during the meeting.

2. The Group went on to listen to a presentation by NEITI Auditor Chris Nurse of the Hart Group. He gave an update on the work of his Team that included two progress reports and a set of Financial and Physical/ Process deliverables.

Chris Nurse pointed out that there were issues that the Group should be aware of but added that the reports were generally positive. He started by saying that the reports were published on a monthly basis.

He gave an overview of the Audit Process stating that work was going well with the Nigerian National Petroleum Corporation (NNPC), the Federal Inland Revenue Service (FIRS) and the Department of Petroleum Resources. He However, stated that they were having problems with Central Bank of Nigeria (CBN) who refused them access to Federation accounts and people involved that they needed to speak to. According to Chris Nurse, CBN claims that the accounts belong to the Accountant-general and his permission would be required for access to them. He stated that he had reported this to the Coordinator who had written to the Accountant-General but that there still has been no response from the accountant general's office to resolve the issue with CBN.

He told the Group that CBN was not giving adequate information to FIRS on payments of Royalties and Petroleum Profit tax by Producing Companies. It was also noted that local currency payments of VAT and Withholding tax were treated by FIRS as non oil revenue.

He mentioned that banks hold on to funds from local payments of VAT by Upstream Companies.

He said that there has been a good positive start with the International Oil Companies (IOC's) in designing Data Collection Templates. However, some IOC's were stalling on the Confidentiality Issue.

He further lamented that progress was very slow with the smaller independent producers and the downstream Companies.

In response, the Group asked Chris Nurse to bear with them on the lateness in the transfer of payments for his fees and that the issue was being looked into.

The Group advised Chris Nurse to report problems to the NSWG/NEITI early so that the issues can be addressed promptly. Also, to make recommendations on how to solve the issue of tracking bulk payments of Upstream VAT and Withholding tax.

- 3 The Group went on to debate the thorny issue of disaggregated disclosure, by company, of revenue streams to the relevant statutory Agencies. The group agreed that the subject matter was the epicentre of everything they were doing with the NEITI.

The Group stressed the need for full disclosure by everyone and reiterated the President's mandate to waive all confidentiality, on its part.

**Letters
Have been
Sent out**

The Group added that in moving towards commitment and not legalese, they have decided to formally write to all producing companies and the letter will be signed by the Coordinator NEITI, GMD NNPC and Director DPR.

The Group was positive that since Chevron and Shell have set the example and agreed to disaggregated reporting, the others should follow.

The Group directed that since the reporting template being used was agreed to by the oil companies, the templates should be attached to the letter and it should be labelled "Initial Template" because additional inputs may follow.

- 4 Mrs J. Maduka, Member Civil Society Action Team, gave an update on the progress of her Team. She reported that an Interactive Session between the NSWG and Civil Society groups was held at the Le-Meridian Hotel on Monday 16th at 10am with about 8 Civil Society Organizations being represented. Unfortunately, the Publish What You Pay (PWYP) coalition declined to attend because H. Assisi Asobie (Team Chairman) fell ill and could not chair the Session.

She reported that the meeting went well and the following issues were discussed:

- Communication Strategy: More work to be done on the communications strategy document. Suggestions and amendments made to be handled by Secretariat. (See *CS/NSWG Interactive Session Minutes*)
- A steering Committee of 14 members was formed. 7 from CSO and 7 from NSWG.
- Website development is almost complete. The temporary site could be visited on (<http://www.neiti.org/NEITI-Website/index.htm>)
- It was agreed that GIS's suggestion to engage a

Communications Consulting firm would take too long, and so Steering Committee would implement Communications Strategy while simultaneously looking into hiring a Consultant.

- Road Show: The steering Committee to plan for the road show. The steering committee members are spread across the geopolitical zones. The proposed date for the road show is 26th to 27th of June 05 in Port Harcourt.
- The CS/NSWG have decided to have 4 Interactive Sessions a year (quarterly) and have proposed the next meeting date for 30th of June 05 to review the Port Harcourt Road Show and make plans for the next one.
- Draft MOU between the NSWG and CS was rejected and handed over to the Nigerian Bar Association for review.

Peter Eigen, Chairman, Transparency International, lamented the attitude of the leadership of the PWYP and advised the Group to carry on engaging with Civil Society Organizations willing to participate in the process.

The Group resolved to continue to try to build synergies between PWYP and NSWG.

- 5 Next, Ifueko Omoigui, Chairman, FIRS and Chairman of the NSWG Finance and Admin Sub Committee gave a presentation on the work of her Team.

She reported that the current situation at the Secretariat seemed to have no clear documentation of activities and that 90% of time was spent on logistics issues and meeting arrangements, leaving no time on technical matters like working with the Auditors.

She stated that once the bill is passed, the MOF Oil and Gas Unit will be integrated into the NEITI Secretariat so it was a

good time to start looking at the structure of the Secretariat.

She presented an Organogram of the proposed structure of the Secretariat and went further to identify staffing gaps.

The Finance & Admin Team suggested the nomination of Dr. Bright Okogu, Head Oil & Gas Unit of MOF as the acting Executive Secretary of the NEITI on the interim until the bill is passed. The Team added that the idea was to organize the secretariat for highest level functionality.

In response, the Group directed the Team to make some minor adjustments to the Organogram and look into filling the staffing gaps. The Group adopted the organisational structure as transitional and post legislation subject to the amendments.

The Group endorsed Dr Okogu as the acting Executive Secretary of the NEITI Secretariat and directed the Finance and Admin Team to present the NEITI Budget and recommendations on preparing a comprehensive Operational Manual for the NEITI Secretariat, for review, at the June 23rd 2005 meeting.

6. MM West, legislative assistant to the Speaker, Rivers State House of Assembly and the lawyer working on the NEITI bill gave the group an update on the NEITI Bill.

He reviewed the amendments made by NSWG in the April meeting as well as inputs made by GIS and OPTS.

He mentioned that the "objectives" had been expanded as suggested by OPTS and that the "The structure of NSWG" had also been redrafted as directed by the Group.

The chair asked the NSWG Members to read and review the proposed amendments to the bill and to bring up for discussion in the next meeting in June.

7. Next, Dr Bright Okogu gave a presentation titled " The Oil & Gas Accounting Unit: Toward Achieving the NEITI Mandate"

- The presentation raised a few issues of concern such as excess revenue on the price of oil per barrel that Nigeria needs to collect from the oil companies in excess of \$300m.
- FIRS's need for more clarity on taxation as they only know what the oil companies give them.

In response, the Group reiterated the need for NNPC to work with FIRS especially with the clarification, interpretation and implementation of the Joint Venture MOU.

10. David Goldwyn, Principal Partner, Goldwyn International Strategies (GIS), the NSWG Advisors, who had joined the meeting by telephone conference, asked the Group if the Oil and Gas Accounting Unit would be independent and not bureaucratically owned by the Ministry of Finance (MOF) in the future.

In response, the Group stated that the Oil and Gas Unit will be excised from the MOF and deposited in NEITI Secretariat and that the operations of the unit will be subsumed within the NEITI.

Finally, the Group agreed that work was moving in the right direction and thanked Chris Nurse of the Hart Group, adding that they had taken note of the challenges raised.

The meeting closed with prayers by Dr. Imo I tsueli, Chairman, Dubri Oil.