

MINUTES OF MEETING OF THE NATIONAL STAKEHOLDERS WORKING GROUP (NSWG) OF THE NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (NEITI) HELD AT THE HILTON HOTEL ABUJA ON THURSDAY, 15TH SEPTEMBER 2005.

A meeting of the National Stakeholders Working Group (NSWG) of the Nigeria Extractive Industries Transparency Initiative (NEITI) was held at the NICON Hilton Hotel Abuja on the 15th of September, 2005.

In attendance were:

S/N	Name	Organization
1	Obiageli Ezekwesili	Min. of Solid Minerals & Chairperson
2	Bright Okogu	Ag. Executive Secretary NEITI
3	Imo Itsueli	Dubri Oil
4	Basil Omiyi	Shell
5	Trevor Akindele	SAK Resources
6	U. M Okoro	PENGASSAN
7	Dr A Asobie	TIN
8	Stan Rerri	NEITI Secretariat
9	Mrs Joana Maduka	NSE
10	B O N Okafor	CBN
11	David Goldwyn	GIS
12	Stanley Ukaga	GIS
13	Chris Nurse	Hart Group
14	Bill Peachey	Hart Group
15	Sam Afemikhe	Hart Group
16	Chuck Taylor	Chevron
17	Chris Haynes	NLNG

Apologies

1	Mal. M Hayatudeen	NESG
2	Dr Edmund Daukoru	Minister of State Petroleum Res.
3	Senator Maeba Lee	Nat.Assembly
4	Gbite Adeniji	AELEX

5 Dr Aboki Zhawa
6 Rotimi Amaechi
7 Olusegun Adeniyi
8 Dr Cairo Ojougboh
9 Hon. Kawu Peto Dukhu
10. Mr Ajiboye
11 Jay Pryor
12 Amb. Sam Edem
13 Ammuna Lawan Ali

Min. Solid Minerals Dev
Rivers State House of Assembly
Thisday Newspaper
Nat. Assembly
States Legislature
Auditor Gen. of Fed
Chevron Texaco
NDDC
Min. Pet Res.

1 The meeting was Chaired by Dr Imo Itsueli, Chairman Dubri Oil and started at 3.44pm.

The Group reviewed both the Minutes of the National Stakeholders Working Group (NSWG) meeting held on the 23rd of June, 2005 and the Minutes of the extra-ordinary NSWG meeting held on the 9th of August, 2005. After the review, the Group made the following observations/ amendments:

⇒ The Minutes to state the time the Meeting started

⇒ Inclusion of B. O. N. Okafor in the list of attendants

Comrade Okoro President PENGASSAN moved the motion for adoption of both Minutes and was seconded by Mr Trevor Akindele, Group CEO SAK Resources.

2 On Matters Arising from the extraordinary meeting the NEITI Secretariat informed the Group that Mr. Nuhu Ribadu Chairman Economic and Financial Crimes Commission (EFCC) had resolved to commence payment negotiations with Federal Inland Revenue Service (FIRS) and ABZ Consultants with respect to services rendered to EFCC on the recovery of \$6.5m un-remitted Petroleum Profits Tax. A letter notifying Mr. Uzonwanne, Managing Director, ABZ has been sent by the NEITI Secretariat

3 The Group noted a letter from the EFCC informing the NSWG that it was carrying out investigations in the Oil & Gas Sector and requesting NSWG/ NEITI to furnish the EFCC with information regarding NEITI's Audit of the Oil and Gas Sector.

In response to the EFCC letter, the Group stated that the NSWG is not investigating the Nigerian Extractive Industry but carrying out comprehensive Financial, Physical and Process Audits of the Sector, the result of which will be made public. The Group reiterated the fact that the Audits were on going and the full report is still awaited. The

Group mandated the Secretariat to assure the EFCC that the NSWG would furnish them with the necessary information if it found something needing investigation as entrenched in Section 16 of the NEITI bill.

The Group cautioned against all forms of misrepresentation of information in the press reiterating that it is auditing and not investigating the Nigeria Extractive Industry.

4 The Group sought an explanation from Mr Chuck Taylor acting CEO Chevron for the absence of Mr Jay Pryor CEO Chevron at the extra ordinary meeting that discussed the Chevron tax evasion claims by Mr. Fidelis Uzonwanne.

In response, Mr. Chuck Taylor explained that Mr J Pryor was out of the country at the time of the meeting and that he spoke to Obiageli Ezekwesili, the Minister of Solid Minerals Development and Chairperson NEITI requesting to send a representative, to which she deemed inappropriate. He went on to state that he was attending

current meeting by virtue of his role as acting Managing Director of Chevron.

5 The Kaduna Road Show:

Mr Stan Rerri, Special Assistant (NEITI) to the Minister of Solid Minerals Development and Chairperson NEITI, made a presentation to the Group on the upcoming Kaduna Road Show stressing the change of date to the 12th-13th October 2005, which had become necessary due to conflict with programs of some Members.

He reiterated the objective of the Road Show which is to create awareness among community based Groups about the NEITI process, educate them and most importantly receive feedback.

Mr Basil Omiyi, Chairman Shell Companies Nigeria, pleaded to be represented due to a prior engagement. The Group then directed the Secretariat to ensure that the invitation letters to Resource Persons are signed by the Chairperson, NEITI.

6 NEITI Timeline of Activities :

Stan Rerri took the Group through the programme of events of NEITI as contained in the time line of activities highlighting the progress made so far with regards to the Secretariat accommodation, draft brochure, EOI's for Trainings and other international activities to be done later in the year.

In response, the Group made changes to Timeline as follows:

- i. Kaduna Road Show 12th- 13th October,2005
- ii. Lagos Road Show 17th- 18th November,2005

Subsequently, dates for NSWG meetings were fixed as follows:

- i. 14th October,2005 in Kaduna 10 am
- ii. 16th November, 2005 in Lagos 4pm
- iii. 13th December,2005 in Abuja 3pm
- iv. 12th January,2005 in Abuja 3pm
- v. 16th February,2005 in Abuja. 3pm

7 Expressions of Interest (EOI) for Training

With regards to the EOI for the training of Civil Society Groups and Federal Government Executives relevant to Oil & Gas Revenue Management, the Group mandated the Technical Team to evaluate the bids and report to the next meeting of the NSWG on the 14th of October 2005.

8 International Advisory Group of the EITI

Obiageli Ezekwesili, Minister of Solid Minerals Development, Chairperson NEITI and Member of the International Advisory Group (IAG) of the EITI, made a brief presentation on the inaugural IAG meeting in London, the next meetings in Washington (21 October 2005), Azerbaijan (April) and the honour given to the NSWG to host the February meeting in Abuja.

She highlighted the central thematic issues that emerged in the debate on the governance of the International EITI that included

⇒ Validation: Who should validate EITI implementing Countries/
Companies?

⇒ Incentives: What are the incentives to implementing Countries/
Companies and how should they be administered

⇒ Governance: How Should the International EITI be governed

In response, the Group Accepted to host the February 2006 meeting of the IAG and welcomed the development as an avenue to mark its second year anniversary and the publication of the final report of the comprehensive Financial, Process and Physical Audits of Nigeria's Extractive Industry. The Group directed the Secretariat to prepare a brief paper on the IAG for its records

9 NEITI AUDIT

NSWG Advisor David Goldwyn of Goldwyn International Strategies (GIS) gave an update on the Proposed Confidentiality Agreement (CA) between the Hart Group and the Oil Companies.

He made clarifications on the Scope of the CA, its arbitration, the ultimate authority of the NSWG to disclose information and defined the Hart Group's limitation on the use of information from the Audits as Perpetual.

In response, the Group adopted the CA and directed the Secretariat to ensure that Hart Group's limitation on the use of information from the Audits was clearly stated in the CA. The Group then adopted the CA.

10 HART GROUP UPDATE

Mr Chris Nurse of the Hart Group introduced Mr Bill Peachey as a replacement for Mr. Rennie for the on going Audit process and went on to give an update on the NEITI Audits.

He took the Group through the Progress Report describing the Audits as on going and proposed changes in the manner the reports are sent to the NSWG. He proposed to send verified information rather than data received, for the sake of ambiguity and misinterpretation e.g. PPT, Royalties etc.

He stated that the Hart Group was having some problems with the population of the Audit Templates sent to Government Covered Entities (GCE) like CBN and FIRS's.

In response, the Group directed the Secretariat to write to the Heads of all the GCE's giving them a deadline of the 4th of October 2005 to populate and return the Audit Templates to the Hart Group.

Chris Nurse then promised to have a Report on the revenue side of the Audits within six weeks of signing of the CA (November 05) and a Process Audit Report in December 05.

11 Additional Audit Work: Detailed Cost Analysis

The NSWG reminded Hart Group that the random sampling Cost Analysis is not an additional work. Additional work for the purposes of the current NEITI Audits refers to a detailed qualitative cradle to grave analysis that will include not just procurement processes but detailed Cost Benchmarking taking a specific year and conducting a detailed cost Audit.

The Members directed the Hart Group to send in a proposal on the cost implication and time frame for a detailed Cost Audit to the NEITI Secretariat.

Chris Nurse went on to present an "Executive Summary", an extract from the Financial Audit Interim Report: *Baseline Analysis of Financial Flows* that highlighted the findings and recommendations for reform from the Financial Audit work done so far.

http://www.neiti.org/A2_App_8Aug05.pdf

In response, the NSWG informed the Hart Group that there are on-going Legislative Processes that would address problems like; the lack of exchange of information between Government Agencies; low monthly estimation of PPT; Complexity of the MOU and such like, in the shortest possible time.

12 NSWG Advisor David Goldwyn informed the Group that he was yet to receive specimen copies of the Joint Venture (JV) and Production Sharing Contracts (PSC) from the Nigerian National Petroleum Corporation (NNPC). He went on to reiterate the importance of strengthening the NEITI Secretariat particularly with the secondment of staff from the relevant Government Agencies to assist in the administration and support of the NEITI Audits.

Goldwyn went on to advise he Group to begin the thought process on what to do with the information (data/ figures) from the Final Audit Report expected in February 2006. He reiterated the importance of the NEITI Communications Implementation Plan and the Legislative

Reforms. He also stated the value of having a timeline in terms of administration and scoping with regard to Post Audit issues.

In response, the Group directed the Secretariat to liaise with the relevant Government Agencies on the secondment of staff to the NEITI Secretariat and agreed to take Goldwyn's comments into advisement.

Engr. Funsho Kupolokun, Group Managing Director, NNPC promised to make the JV/ PSC specimen copies available to the Hart Group by Tuesday the 20th of September 2005.

13 NEITI SECRETARIAT REPORT

Dr. Bright Okogu, Ag. Executive Secretary, NEITI, took the Group through the activities of the Secretariat. He informed the Group that new premises had been secured to accommodate the integration of the Oil & Gas Accounting Unit (MOF) with the NEITI Secretariat.

He stated that renovation works, furnishing and installation of IT infrastructure & networking is on going and would be completed in a matter of weeks.

He informed the Group about the draft Operation Manual and the need for a Consultant to fine tune it for the proper functioning of the Secretariat.

On the staffing plan, Dr. Okogu acknowledged the need for skilled and professional staff for the IT and legal units, with Oil and Gas background. He reminded the Group about the draft brochure (NEITI handbook) and promised to make copies available to Members.

14 NEITI BILL

The Chairperson informed Members that she attended the Public Hearing on the NEITI bill at the Federal House of Representatives and observed that they were discussing some of the positions of the

initial bill sent to the National Assembly in December 2004. She reminded Members that they had since made certain amendments..

She went on to state that the Honourable Lawmakers were concerned about the job function of the NEITI with regard to the constitutional functions of the office of the Auditor General Of the Federation (OAGF). Furthermore, the Lawmakers sought clarification on the following issues:

- ⇒ Provision in the NEITI bill for the Audit Report to be submitted to the National Assembly.
- ⇒ Confirmation of Members of the NSWG by National Assembly.
- ⇒ Clarification from the Auditor General Of the Federation regarding issues about the law on NEITI as it affects Auditing the Extractive Industry

She stated that the Lawmakers generally agreed that the NEITI bill is necessary if for no other reason than the fact that the Extractive Sector needs proper scrutiny.

In response, the Group noted the Lawmakers position on the appointment of NSWG Members but were of the opinion that only the Chairman should be subjected to confirmation as Members of the NSWG as constituted in the NEITI bill, were institutional appointments. E.g. CBN, FIRS, NNPC etc.

The Group stated that the NEITI should be domiciled in the Presidency and as the Audit Report would be in the public domain within 30 days of submission to the NSWG, it would be pleased to submit a copy to the National Assembly.

The Group agreed to have an Interactive Session with the Auditor General on the NEITI bill and asked Members to review the GIS position and suggestion on the bill and send their comments to the Secretariat which will form the basis for the interaction with the Auditor General before the next public hearing.

The Group reiterated the important role of the Office of the Auditor General as embedded in the Constitution and its powers to conduct Audits of a 'Special Nature'. The Group debated the possibility of an amendment in the form of the Auditor General Bill to enable the NEITI Audits draw on those powers.

The Group then discussed the viability of funding, independent from Government, for the activities of the NEITI. Members were in agreement that it was feasible option particularly if the funding came from the Oil companies.

15 The Group directed the Secretariat to write a formal letter to the House Committee on Petroleum about the outcome of extraordinary NSWG/ABZ meeting of 9th August, 2005. Also, to write a letter to ABZ Consultants for a full report of its findings for verification by the Hart Group

16 The Group resolved to review the Foreign Investment Network (FIN) Proposal.

17 Mrs Maduka informed Members about the Memorandum of Understanding (MOU) requested by the CS/NSWG Interactive Session to be signed between Civil Society Organisations and the NSWG. She stated that a Committee had been set up to review the suggested text and make recommendations to the NSWG.

18 Finally, the Group directed the Secretariat to write a letter to Mr. Olusegun Adeniyi, Editor, ThisDay and Member NSWG, congratulating him on the publication of his book 'The Last 100 days of Abacha'

19 The Chairperson thanked Members for attending the meeting and the meeting came to an end at 7.23pm with closing prayers by Mr Basil Omiyi of Shell Nigeria