

**MINUTES OF THE MEETING OF THE NSWG/NEITI HELD AT THE  
TRANSCORP HILTON HOTEL ABUJA ON THURSDAY, 15<sup>th</sup> FEBRUARY  
2006.**

A meeting of the NSWG/NEITI was held at the Transcorp Hilton Hotel Abuja on the 15<sup>th</sup> February 2006.

In attendance were:

Name	Organisation
1. Obiageli Ezekwesili	Chairperson NEITI
2. H. Assisi Asobie	Transparency in Nigeria
3. Imo Itsueli	Dubri Oil
4. Ammuna Lawan Ali	Ministry of Petroleum Resources
5. Mrs Joanna Maduka	LECCOM Associates
6. Trevor Akindele	SAK Resources
7. Olusegun Adeniyi	THISDAY
8. Ifueko Omoigui	FIRS
9. Jay Pryor	Chevron Texaco
10. Chris Nurse	HART Group
11. David Goldwyn	Goldwyn International Strategies
12. Stan Rerri	NEITI Secretariat

Apologies

1	Mal. M. Hayatudeen	NESG
2	Hon. Rotimi Amaechi	Rivers State House of Assembly
3	Dr Edmund Daukoru	Ministry of Petroleum Resources
4	George Osahon	NAPIMS
5	Gbite Adeniji	AELEX
6	Bright Okogu	Ag. Executive Secretary NEITI
7	B.O.N Okafor	CBN
8	Amb. Sam Edem	NDDC
9	Chris Haynes	LNG
10	Joseph Ajiboye	Auditor-General
11	Senator Maeba Lee	National Assembly
12	Hon. Cairo Ojougboh	National Assembly
13	Mr. Basil Omiyi	Shell
14	Engr Funsho Kupolokun	NNPC
15	Dr Aboki Zhawa	Ministry of Solid Minerals Development

## **1 Opening**

The meeting began at 4:15pm and was chaired by Dr. Imo Itsueli.

### **1.1 Oil Block Bid Round Review Committee Report**

Stan Rerri, Special Assistant to the Minister MSMD on NEITI was asked to give a brief presentation on the Department of Petroleum Resources (DPR) 2005 Licensing Round Panel Review meeting that took place in Lagos on the 24<sup>th</sup> of January 2006. He stated that he was asked by the Chairperson (NEITI), Obiageli Ezekwesili to represent the Secretariat at the review panel.

He stated that after two days of participatory discussions the Review Team made suggestions on ways to improve transparency in the overall bidding process particularly in the following areas:

- Multiple Bidding Criteria and the desirability of a Single Bullet

The Review Team advised against the use of multiple bidding criteria in the licensing round. Criteria like Local Content and Work Program were regarded as policy issues rather than biddable items. A Silver bullet like Signature Bonus was desirable or a maximum of two biddable criteria was recommended.

- Local Content Vehicle (LCV)

While this is a laudable Government Initiative, International Operating Companies should not be forced into partnership with local companies. They should be allowed to choose from a pool of qualified local companies and given enough time to do their own due diligence.

Other recommendations include: the development of a standard Production Sharing Contract (PSC) in time before the Licensing Round, Sticking to stated rules and procedures, access to all related documents in time for Licensing Round, clear definition of roles between the DPR and NAPIMS/ NNPC and down-payment of between 25 to 50% of bid fee at tender.

In response, David Goldwyn, CEO, Goldwyn International Strategies, contributed that even after winning a bid there are various instances where the companies do not pay. He further stated that there should be as strong anti corruption mechanism that would ensure some sort of downpayment. This will contribute to stopping frivolous bids. Also local firms should be technically screened and put forward for the international firms to pick.

The concept of partnering was also discussed and deliberated upon. A suggestion that was put forward was that firms should be given a 90 days grace and then given the option to chose the LCV. The Members were of the opinion that firms should be allowed to choose local partners as opposed to them being forced upon them.

Another issue raised was that there is an overemphasis on growing the 'services and supplies' local companies as opposed to the 'exploration & production' local companies i.e. the Amni's & Dubri's. These companies should also be allowed to bid for certain fields so that they too can grow. There should also be a review of the actual contribution of LCV's. The Members also stated that the positive aspects of the current process should be applauded and highlighted. The transparent process was highly commended.

## **IAG Meeting/NEITI 2<sup>nd</sup> Year Anniversary**

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Dr. Imo Itsueli, Chairman Dubri Oil and Co-Chair Abuja IAG Meeting/ NEITI 2<sup>nd</sup> Year Anniversary was called upon to give the status on the preparations and programme of the International Advisory Group (IAG) meeting and the activities of the NEITI 2<sup>nd</sup> year anniversary. He stated that 600 invitations had been sent out to various individuals to attend the Public Lecture on the 17<sup>th</sup> February 2005, titled 'Transparency & the Oil Dilemma' to be delivered by Dr. Festus Iyayi of the University of Benin. He also confirmed the hitch free arrival of the IAG delegates and commended the reception team for ensuring this. He gave a brief overview of the programme over the next three days as well as the roles to be played by the NSWG Members in ensuring successful implementation. Important events include the NSWG/ CS MOU signing, which required the full attendance of all NSWG Members. The Members were also notified about the Presidential Lunch to be held on the 16<sup>th</sup> February 2005. The NEITI 2<sup>nd</sup> anniversary would be kicked off with a World Press Conference and a high level consultative roundtable on the Audit Results. The Public Lecture would have Dr. Edmund Daukoru, Minister of State for Petroleum as Chairman and Dr. Ngozi Okonjo-Iweala as the Special Guest of Honour.

In response, Obiageli Ezekwesili, Minister of Solid Minerals and Chairperson, NEITI commended Dr. Itsueli and his Team. She stated that she had written a letter to the Minister of Foreign Affairs commending Mrs Wadibia-Anyanwu Mni, the Permanent Secretary for her commitment and unwavering contributions towards the success of the preparations.

- 3 NSWG/Civil Society (CS) Memorandum of Understanding** **MOU signed with Civil Society on the 16<sup>th</sup> of Feb.06**

Dr Assisi Asobie, Chairman Transparency in Nigeria, presented a draft MOU to be signed between Civil Society Organisations (CSO's) engaged in the NEITI process and the NSWG. The Members reviewed the MOU, made some adjustments and adopted it.

The Members stressed the importance of proper presentation of the relationship between the NSWG and the CSO's and that it was imperative that the correct position of both parties was portrayed in the document and no position contained in the document should cause confusion or cast any party in a negative light. CSO's should also endeavour to properly interpret their positions in this exercise and also use the CS steering committee, which is the platform through which the various organisations can effectively participate and contribute to the achievements of the NEITI objectives.

Dr. Asobie further stated that the comments made have been noted and would be disseminated to the other CSO's.

- 4 NEITI BILL** **New Draft for Senate prepared by Dr. Okogu and the office of Rt. Hon. Rotimi Amaechi**

The Members reviewed the Report on the review of the NEITI bill carried out by the Joint Committee on Petroleum Resources, Justice, Solid Minerals and Finance and passed by the House of Representatives. David Goldwyn highlighted a particular alteration to 13 (11) (b) which the review panel suggested be replaced to:

*'The NEITI shall not receive grants from Extractive Industries, companies and bodies'*

Members felt that this should be re phrased to:

*'The NEITI shall not receive grants from Extractive Industries, companies and bodies belonging to extractive industry companies'*

In response, the Group reiterated the fact that there was still some time for amendments to take place before the Senate passes for Presidential assent.

- 5 NEITI ROADSHOWS** **NEITI Road Show, World Press Conference and Roundtable on Final Audit Reports fixed for 11/12 April 06**

Dr. Asobie gave a brief update on the North Central Road Show taking place in Abuja. Members proposed a Transparency March as part of the Road Show.

## 6 NEITI AUDIT REPORTS

See Appendix 1  
for Audit  
Timetable

Mr. Chris Nurse of the Hart Group was called upon to give a presentation on the Audit Report. Major issues highlighted include:

- NNPC not paying the realisable price for domestic crude. The process audit would shed more light on this.
- Findings indicate that the DPR and Oil company figures often do not reconcile.
- CBN and some indigenous companies' templates still outstanding.

He stated that some outstanding templates were stalling the progress of the work.

In response, Members gave the 31<sup>st</sup> March as the absolute final date for the submission of the outstanding templates to adhere to the current timelines. Members stated that a Presidential Forum would be held on the 28th February 2006 to implore the non-compliant companies to submit the outstanding templates.

In response, Jay Pryor, Managing Director, Chevron stated that the lack of adequate staff to effectively fill in the templates was the one of the major reasons why the companies have not yet submitted. He admitted assigning 40 staff to work on the templates full time. He also said that it was a challenge for some of the indigenous companies and DPR because of the low level of technology to support the massive amount of data that needs to be processed.

The Members agreed that it was imperative that the Report is completed by March ending and the Hart Group should endeavour to achieve this.

Obiageli Ezekwesili ended the meeting with a prayer at 6:50 pm and asked Members to proceed to the welcome cocktail at the Buka Patio for IAG members scheduled for 7pm.