

Minutes of meeting of the NSWG held in Abuja on the 1st of April 2004

A meeting of the EITI / NSWG was held in Abuja on the 1st of April 2004

In attendance were:

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| Mr Olusegun Adeniyi | Dr. Imo I tsueli |
| Mohammed Hayatu-Deen | Mr Trevor Akindele |
| Engr. (Mrs) J. O Maduka | Mr Gbite Adeniji |
| Dr. Bright Okogu | Mr Ballama Manu |
| Mr. B. O. N Okafor | Dr. H. Assisi Asobie |
| Mrs Apo. Okigbo | Dr Kudo Eresia-Eke |
| Dr. Akpo A Avbovbo | Dr. Tajudeen Umar |
| Mr. Tunde Ale | Hon. Shehu A. Durbi |
| Mr. Cees Uijlenhoed | Dr. Louis B. Ogbeifun |

Hon. K. Peto Dukku, Obiageli Ezekwesili, Dr Cairo Ojougboh, Hon. Rotimi Amaechi, Chief Onyeama Ugochukwu, Engr. Phil Chukwu and Hajia Lawan-Ali sent apologies for their absence.

Dr. Akpo A Avbovbo stood in for Chief Onyeama Ugochukwu, Hon. Shehu A. Durbi for Hon. K. Peto Dukku and Mr. Cees Uijlenhoed for Mr. Chris Finlayson.

Dr. Bright Okogu, head of the oil revenue unit in the Ministry of Finance, chaired the meeting. He made apologies for all the NSWG members not present and Dr. H. Assisi Asobie said the opening prayers.

The meeting began with a review of the draft report of the seminar held on the 9th of March 2004. The NSWG made comments and adjustments to the draft, urging individual members to forward further comments to the secretariat as soon as possible. This is to enable the secretariat finalise and release the report.

The NSWG went on to discuss the EITI Template. The NSWG reiterated its belief in the need for a framework to guide it, in its quest for greater transparency in oil revenue reporting and disclosure. They agreed that the terms "template, reporting guidelines or matrix" didn't matter and should not confuse the issue. The issue is whether whatever is used, guided by the TOR Consultant, will capture the essence of the NSWG, as mandated by the President.

This discussion led to the issue of the TOR of the NSWG and if it was robust enough to cover some of the burning questions the NSWG needed answers to. The NSWG agreed to seek clarification from the Coordinator.

The NSWG agreed to a framework (template) with clear work programs that identify a list of key activities that will capture fund flows from oil companies to government and from government to its three tiers.

The NSWG adopted a five-stage approach in developing the EITI template. They are as follows:

Stage 1

State of public awareness of the extractive industry: is the public sufficiently aware of the goings on in the extractive industry? If no, what can the NSWG do to ensure there is progress on ground to enable this.

Stage 2

Identification, analyses and evaluation of income flow and out flows: What has the NSWG learnt? Is it satisfied? Are the oil companies telling the truth?

Stage 3

Evaluate industry practices: How are acreages allocated? Is it transparent? Does it follow due process? Are the processes for JV planning, budgetary, contracting, materials procurement and materials management transparent? What is the state of Management Information Systems, Capacity Enhancement, Production Cost Profile and Local Content in Nigeria's extractive industry? How is crude sold? Are the processes date and time sensitive?

Stage 4

Communications strategy: What sort of communications strategy should the NSWG formulate to disseminate, the knowledge and experiences gained from the preceding three stages, to the public.

Stage 5

Is the public now sufficiently aware? what mechanisms can be put in place to ensure continuity in information gathering and dissemination.

The NSWG moved on to the presentation by Dr Imo Itsueli, Chairman of the Sub-Committee on the TOR for the Consultant. The presentation stated that an in-depth "Value for money" audit was needed to capture, amongst other things, the true value of industry procurement/cost rather than trail spending processes. The presentation frowned at the "usual" industry audits that merely recorded spending processes instead of benchmarking such expenditure. For

example, are butterfly valves actually \$400 or can they be procured for \$40 elsewhere.

The presentation centred around “who” the NSWG is looking for and “what” the consultant would assist the NSWG with, in its quest to bring greater transparency in the Nigerian oil & gas industry.

The Sub-Committee Chairman offered a draft TOR for the Consultant to the NSWG.

The ensuing debate started with the issue of precedent over what should be discussed first. The “who” or the “what”. The NSWG also alleged that a single consultant could not do all the works in the TOR and feared that local consultants could be excluded unless they formed consortiums with foreign partners.

The NSWG noted that a “Value for Money” audit might alienate its oil company stakeholders. For example the price of a bottle of water may be \$1 but on a platform about to be shut because of a lack of drinking water, the true value of that same water, may be \$10. The NSWG however called for a “Value for Money” audit that took account of such situations.

In taking its stance, the NSWG reiterated the problem of perception about the extractive industry and the need to tackle the problem head on.

The NSWG discussed the issue of conflict of interest, noting that the best consultants are already working for the oil industry. It resolved to tackle the problem by selecting a consultant with the least conflict of interest issues relative to their appropriateness for the assignment.

The NSWG called for a budget for EITI-Nigeria, made adjustments to and adopted the Sub-Committee TOR for the Consultant. (TOR for consultant attached). The meeting closed with prayers from Mohammed Hayatu-Deen.