

SELECTION OF CONSULTANTS
Nigeria Extractive Industries Transparency Initiative (NEITI)
Nigeria

Request for Expression of Interest (EOI)

This request for expressions of interest refers to the following services to be provided in support of Nigeria's Extractive Industries Transparency Initiative (EITI):

- i** The provision of Extractive Industry Revenue Management Training for Nigerian Government Agencies relevant to Extractive Resource Management
- ii** The provision of Capacity Enhancement Training on the Nigeria Extractive Industry Revenue Management for Nigerian Civil Society Organizations

A Background

The Nigeria Extractive Industry Transparency Initiative (NEITI) is the Nigerian subset of a global initiative aimed at following due process and achieving transparency in payments by Extractive Industry (EI) companies to governments and government linked entities.

President Olusegun Obasanjo GCFR, at a Workshop on the 19-20 February 2004, launched the NEITI, which builds on existing government transparency efforts.

Also, the Federal Government had in year 2000 commissioned a report on the Oil & Gas Sector which revealed lapses in four broad segments namely crude output and disposal, funds inflows, funds outflow and institutional effectiveness.

The National Stakeholders Working Group (NSWG) made up of 28 individuals from Civil Society (2), Media (1), Government (14), Indigenous and Multi-National companies (3), the Organised Private Sector (4), National Assembly (2) and State's Houses of Assembly (2), is the platform through which the Federal Government of Nigeria is implementing the global EITI initiative.

As part of efforts of this working group, the need to improve the capacity inadequacies of relevant Government Agencies and Civil Society Organizations has become imperative.

B Scope of Work

The NEITI Secretariat therefore invites qualified training Consultancies to express interest in the provision of the following Modular Programmes:

1 Petroleum Industry and Industry Economics

- Introduction to the oil and gas industry and its segments, with special emphasis on the upstream industry (exploration and production and related service operations), its organization and the activities it comprises.
- Discussion of price/revenue formation for both oil and gas (including volatility aspects)

- Key cost categories and their division into capital and operating cost. International industry cost benchmarks
- Basic petroleum economics methodology at the project level. Cash flow and IRR concepts, sensitivity analysis, pre- and post- tax analysis.
- Familiarization with the Nigerian sector: major ongoing and planned oil and gas projects (including integrated aspects of the latter, e.g., LNG, GTL...); sector outlook; sector participants; the Nigerian cost context; international comparisons; and implications of OPEC membership.

2 Petroleum Tax Policy and Design

- Objectives of petroleum taxation: adequate investor incentives; escalating country share of project rents; early and stable revenues; ease of administration; incentives to control cost; revenue transparency, etc.
- Instruments available to realize objectives: income taxes, royalties, bonuses, sliding scale payments and excess profits taxes, production sharing, cost recovery rules, etc. Their pros and cons. International examples.
- Interaction of fiscal provisions in contracts and tax legislation.
- Foreign tax credit criteria and issues.
- Special discussion of tax and revenue sharing among different levels of government or regions. Principles and international practice.
- Other taxes and their roles: VAT, withholding taxes, deemed taxes (application to service company operations), etc.
- Nigeria's oil and gas tax systems: tax and royalty MOU; PSAs; special regimes applied to gas (NLNG, AGFA and other...); service sector taxation; special taxes (VAT, Education Tax, NDDC charge, etc.). Description and critique.

3 Petroleum Industry Accounting and Cost Control

- Basic principles and practice of oil and gas industry accounting, for both contractual and tax purposes.
- The revenue recording and budget cycle in oil and gas operations: lifting and invoice arrangements and reporting; work program preparation and approval process; AFE procedures, etc.
- Cost allocation issues: oil vs. gas; headquarters vs. in-country, etc.
- Use of reference prices and cost benchmarks.
- Transfer pricing and "thin capitalization" issues.
- Tax management and cost control issues: consolidation vs. ring-fencing; cost or investment uplifts....Nigerian "tax inversion" provisions (MOU).
- Revenue and cost oversight: corporate, partner and government audits ("value for money" and tax).
- Selected Nigerian issues and case studies

4 Tax Administration

- Organization and management of the tax administration function (including administration of contractual payment obligations such as production shares). Inter-agency coordination: roles of central bank, ministry of finance, ministry of petroleum, national oil company, and their inter-action.
- Staffing and funding of the administration function.
- IT skills and resources required.
- Assuring professionalism, independence and transparency.
- International models/practice
- The “flow of funds” in Nigeria. Description and critique of theory and practice.

5 Petroleum Revenue Management

- Re-cap of the proceeding modules and their relevance for ensuring appropriate, reliable and transparent revenue flows.
- Transparency issues: monitoring, auditing and reporting.
- Aggregating project revenues to sector revenues.
- Macroeconomic and governance challenges posed by major dependency on petroleum revenues.
- Managing revenue flows: stabilization and savings objectives and instruments (e.g., special petroleum revenue funds and/or fiscal rules related to budgetary treatment of petroleum revenues..); oil revenues and the budget.
- Public expenditure design and control
- Ensuring accountability at all stages in the oil revenue expenditure chain and at all government and agency levels.

6 Civil Society Training

- Overview of the Nigerian Extractive Industry.
- Oil & Gas Operations and Management
- Fiscal Regimes
- Oil & Gas Contracts (MOU, JVs, etc): general and Nigeria-specific aspects
- EITI and Transparency Mechanisms in the Nigerian context
- Link between EITI/revenue transparency and the Budget /expenditure transparency and management
- Nigeria Centred-ness
- Role of Civil Society Organizations in extractive industries’ revenue and expenditure transparency

C EOI Requirements

The EITI Secretariat now invites eligible Consultancies to indicate their interest in providing the services above stated. Interested Consultants must provide information indicating that they are qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of skills among staff, etc); Consultants/Consultancies may associate to enhance their qualifications. Interested qualified Consultancies or their accredited representatives must submit the following:

- Proof of similar consultancies successfully undertaken in the past;
- List and CVs of key personnel to be deployed for the listed tasks;
- Description of the strategies proposed to implement the modular training programme
- Proof of ability to implement training programme at various locations, both locally in Nigeria and internationally

D Submission of EOI's

Interested Consultancies may obtain further information by visiting the Nigeria EITI website www.neiti.org or contacting the EITI Secretariat on info@neiti.org and +234 (0)803 3002585.

Expressions of interest must be delivered both by e-mail and hard copy to the address below by Friday 26th August 2005:

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