



## NEITI: Renewed Quest for Extractive Transparency

By Abimbola Akosile and Juliana Taiwo, 09.04.2007

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### All About NEITI

The Nigerian Extractive Industries Transparency Initiative (NEITI) held a two-day road show in Bauchi, State, representing the North-Eastern geo-political zone of the country, to sensitise gathered stakeholders on the issues surrounding the extractive industry, especially the need for transparency and accountability in the mining sector.

The intensive forum had the theme, 'Operationalisation and Implementation of the NEITI Act and its implications for civil society, community groups and wider stakeholders.

Though a stakeholder jocularly claimed there was no miner in sight as a majority of them were operating illegally, the forum still witnessed the attendance of participants from the NEITI National Stakeholders Working Group (NSWG), the National Assembly, professional organisations like the Nigerian Medical Association and the Revenue Mobilisation and Fiscal Planning Commission (RMAFC), labour unions in the mining sector, women's groups, faith-based organisations, youth organisations and traditional rulers. The road-show was the sixth and final round in the NEITI Action plan, having gone round the other five zones in the country in the last two years.

The NEITI is mandated by law to promote transparency and accountability in the management of Nigeria's oil, gas, and mining revenues. It is a major component of the ongoing anti-corruption reform in Nigeria, and the national version of the Extractive Industries Transparency Initiative (EITI), a global movement aimed at ensuring that extractive resources aid sustainable development.

NEITI was inaugurated in February 2004 by former President Olusegun Obasanjo when he set up the NSWG under the leadership of Mrs. Obiageli Ezekwesili, now a Vice President (Africa) with the World Bank.

NEITI commissioned the first comprehensive audit of Nigeria's petroleum industry for the period 1999 to 2004, and is working with various stakeholders to build national consensus on the need for extractive revenue transparency in Nigeria.

To give legal backing to the work of NEITI, a bill was introduced to the National Assembly in December 2004, eventually passed and harmonised by both chambers, and signed into law by Obasanjo on May 28 of this year. Nigeria is the first country to sign the EITI instrument into law.

### Gubernatorial Concern

Even though Bauchi State Governor was unable to personally attend the NEITI road-show, his concern for revenue transparency and development of the mining sector was highlighted by his representative, Alhaji Sanusi Maijamaa, President of the National Association of Small Scale Industrialists (NASSI).

Yuguda, in the keynote address, underlined the need for transparency in two words: transparency matters. According to him, this is because power is held in trust on behalf of the people and because the common wealth should be engaged in a manner transparent to all the trustees.

"Transparency matters because it engenders trust among citizens and between the government and the governed, thereby facilitating the growth of social capital, a critical ingredient for peace and growth. It limits graft in governance, ensuring that resource endowment promote the common good, rather than the good of a few. Transparency matters because it guarantees due process and competition, thereby facilitating investment, growth and development", he said.

To him, "transparency holds the key to the transformation of our country from a potential rich country to a really prosperous one. Nigeria is richly endowed with abundant natural resources like minerals, stones

and metals, apart from oil and gas".

He frowned at a situation where the billions of dollars revenue from oil exports have not transformed the lives of the people. "Despite this super-abundance, our people are still among the poorest in the world, hindered by low per capital income, abysmal infrastructure and limited opportunities. We need to reverse this paradox of pervasive poverty in the midst of plenty, and to ensure that endowments become blessings, and not curses on the people".

Although he agreed that revenue transparency being promoted by NEITI offers a path to achieving above reversal Yuguda called for an expansion of the scope far beyond oil and gas and even beyond the extractive sector. "This sector is critical to national life, but equally critical is the need to adopt transparency in the management of all revenues accruing to government".

Warning that transparent and accountable management of extractive resources would not automatically translate to economic growth and development, the governor called for visionary and competent leadership that will use the gains of transparency to unlock the productive capacities of the people, investing in human, physical and social infrastructure and providing an enabling environment, as the path to sustainable growth and development.

Between NEITI & Poverty Eradication

Even though the twin concept of transparency and accountability form the fulcrum of NEITI's drive, stakeholders at the forum sought to link it to the issue of poverty eradication.

In a keynote address by Dr. Otive Igbuzor, Country Director of ActionAid Nigeria at the forum, he linked revenue transparency to fair distribution of wealth and eradication of poverty; where if companies publish what they pay and governments publish what they earn, the revenue flows can be traced and governments can be held accountable for a sustainable management of those revenues.

Igbuzor outlined alarming details of the poverty situation in Nigeria, where a steady economic growth in the last few years have allegedly not translated into economic emancipation of the people and where there are doubts whether the benefits are evenly distributed to the poor and excluded.

"Poverty is widespread and deep in Nigeria. The country which is was one of the richest 50 countries in the early 70s, has retrogressed to become one of the 25 poorest countries in the 21st century. Nigeria, which is the sixth largest exporter of oil and at the same time has the third largest number of poor people after China and India. The main reason for persistent widespread poverty in Nigeria is lack of transparency and accountability. Therefore, revenue transparency and accountability will contribute to poverty reduction and eventual eradication".

Igbuzor, who spoke about the NEITI Act, transparency and the extractive industries, claimed there is no regulatory agency for the gas sector and five million barrels of oil could not be accounted for in 1999. A revised figure of \$6m was also un-accounted for according to an audit by NEITI.

Beyond revenue transparency to improve governance and fight corruption in Nigeria, the activist-academician called for a multi-pronged approach to fighting corruption.

He called for a legislative framework for transparent and accountable government and for fighting corruption including Freedom of Information (FoI) Act, Budget law, Fiscal Responsibility law, Whistle-blowers Act; a political will and commitment to fight corruption; a comprehensive strategy that is systematic, focused, comprehensive and non-partisan; protection of whistle-blowers; political reform to curb political corruption; and an independent media.

Igbuzor also sought mobilisation for social re-orientation with participation of civil society and faith-based organisations (FBOs); effective parliamentary oversight through the public accounts committee; adequate remuneration for workers to reflect the responsibilities of their post; a code of ethics for political office holders, business people and CSOs; a movement for anti-corruption; and a reform of administrative procedures.

To him, corruption in Nigeria must be routed out by Nigerians. "One of the main reasons for widespread and deep poverty in Nigeria is lack of transparency and accountability. In the last few years, there has been a movement for revenue transparency typified by the EITI and PWYP. The NEITI law is a necessary step in the fight against corruption, but there is the need to go beyond revenue transparency to implement an integrated strategy to fight corruption in Nigeria", he said.

### NEITI Act: PWYP's Call

Following the signing into law of the Nigeria Extractive Industries Transparency Initiative (NEITI) Bill into Law by the immediate past administration led by former President Olusegun Obasanjo, there have been growing concerns on the need to make operational the NEITI Act.

As a way forward, the National Coordinator of the Publish What You Pay (PWYP) Nigeria Campaign, Rev. David Ugolor, has called on President Umaru Yar'Adua to constitute a National Stakeholder Working Group (NSWG) of the NEITI in line with the provisions of the NEITI Act and the EITI principles and criteria.

"The NEITI Act is significant in the task of institutionalising revenue transparency in Nigeria and it provides for a multi-stakeholder Working Group to oversee the implementation of the NEITI in line with the EITI principles and criteria. President Umaru Yar'Adua needs to move quickly to constitute a NSWG taking into cognisance, the provisions of the NEITI Act", said Ugolor.

Ugolor said the composition of the NSWG and the appointment of an Executive Secretary for the NEITI would help to strengthen of the operations of the NEITI secretariat and generate the needed resources to take the initiative to the next level.

According to a statement by Mr. Newton Otsemaye, PWYP's programme officer, Ugolor observed that the NEITI Secretariat currently needs attention from government and other stakeholders, which to him, can only happen when the President focuses attention on the NEITI.

The transparency activist reminded the President of his electoral promise to stick to the NEITI implementation and Nigeria's leadership role among the international community in the implementation of the global initiative, adding that delay in the constitution of the NSWG and appointment of an Executive Secretary as provided by the NEITI Act could reduce the tempo of activities and consequently undermine Nigeria's current rating.

Daniel Yerima, Programme Officer of RAHAMA Women Dev. Program in Bauchi urged other stakeholders to brace up to the new challenge. According to him, recommendations of the 1999-2004 NEITI audit report were yet to be implemented by key stakeholders in both the oil industry and Government Agencies, thus necessitating a need for full compliance.

### Stakeholders' Decisions

Malomo, Chairman of NEITI: For the quest for transparency and accountability in the extractive industry to succeed, there is need for constant sensitisation and consultation.

Malomo, who spoke at the media conference after the two-day forum said this was the idea behind the road show, which will now move from the zonal to sub-zonal levels, to be complemented with other public outreach activities.

To him, the road-show apart from spreading the message about NEITI, also provided a great opportunity to receive inputs from stakeholders in the zone and across the country on the implications and mechanisms for operationalising the NEITI Act, which was signed into law on May 28.

Building on the foundation laid by Mrs. Obiageli Ezekwesili his predecessor, Malomo pledged to go beyond oil and gas to cover the entire gamut of the extractive sector; and also to link NEITI work with issues of poverty reduction, achievement of the Millennium Development Goals (MDGs), and sustainable development for the benefit of all Nigerians.

A comprehensive communiqué of the road show in Bauchi dwelt on several keys issues to move the extractive industry forward and ensure required transparency and accountability.

Participants at the forum welcomed the opportunity of the road show to learn about the operations of the extractive industries sector of the Nigerian economy and lauded the efforts of NEITI secretariat in extending transparency in the mining sector.

This, they claimed would help increase opportunities for revenue generation, employment creation and economic diversification in the country. The move to reposition the mining sector for private sector-led development to allow it contribute to sustainable development of the economy was also welcomed.

Applauding the recent passage of the NEITI Act, the stakeholders called for full implementation of said Act, although they called for a thorough review of certain provisions of the Act with a view to amending the salient provisions to strengthen the process.

The abolishment of discretionary licensing in the mining sector was welcomed and the revalidation and reprocessing of mining licenses was endorsed by the participants, who supported proposed financial incentives for participation of small-scale miners in Nigerian rural communities.

Calling for further reforms of the mining sector to ensure transparency in the collection of mining revenue from large and small companies, there was also a call by participants for urgent enforcement of rules at mining sites to prevent illegal mining.

NEITI was called upon to extend their sensitisation campaigns to the grassroots miners and enlighten them on the benefits of adopting transparent mining practices.

Participants also canvassed a need to mainstream environmental considerations and education in the mining sector to reduce the long-term negative man-made effects on the environment at the end of mining projects and to avoid the mistakes of the oil sector in the Niger Delta region.

NEITI was urged to act as focal point for all relevant stakeholders in the extractive industry, including the Federal, States and Local Governments, mining ministry, operators; which will help provide the required impetus for growth of the mining sector.

Participants also recommended that the NEITI should engage dedicated, competent and motivated staff for increased effectiveness; and to partner with other anti-corruption agencies like the EFCC and ICPC, with a view to forming synergy in the quest for effective enforcement of the provisions of the NEITI Act especially on the issues of transparency and accountability.

Reforms in the extractive sector now reinforced by the NEITI Act were also identified as capable of contributing significantly to the fight against poverty and the quest for sustainable development if and when fully implemented.

Civil society groups were urged to partner with government in advocacy for transparency and accountability especially in the extractive sector and to become change agents in their organisations and communities; while participants identified critical roles for CSOs and communities in making transparency take into cognisance issues of community empowerment, conflict management and eradication of poverty.

Participants requested for more programmes like the NEITI road show especially at grassroots level, to deepen the transparency and accountability message and to enable Nigerians learn more about the extractive industries transparency initiative.

The Federal Government was commended for the initiative, while there was a recommendation for the NEITI Act to be translated into Nigerian languages to enable Nigerians know more about the extractive industry.

#### National Transparency

The mantra that transparency begins at home is very apt in the above situation. Beyond the lucrative extractive industry, there is a need for transparency and accountability at all tiers of government and in every sector of the society.

As much as it were possible, if every citizen becomes a natural whistle blower and undergoes constant peer review of each other, corruption would be severely checked and good governance would be enshrined.

The issue of naming and shaming identified perpetrators and imposition of heavy sanctions, including jail sentences' on offenders, would also go a long way to sanitise the overall economy.

NEITI and others like PWYP and ActionAid have begun a relevant process towards turning the nation around onto the path of sustainable development. Other stakeholders like politicians, legislators and security organisations must toe a similar line for the benefit of all Nigerians. There is nothing like too much transparency.