

The Role of NSWG

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I recall the scene as if it happened yesterday. Sometimes in the mid nineties, at the Iyana-Ipaja motor park, Iyana Ipaja by the way is a Lagos suburb, I witnessed a rather interesting spectacle. Seated in one corner was a scantily clad man decked with heavy neck chains who was being ministered to by three women of different shapes. On his makeshift table were bottles of beer and a bowl containing assorted meat. As he devoured the meat and gulped the beer, the women caressed him while the drivers who were passing by took turns to hail him: the chair!

The 'Chair' from what one knows of Motor parks is just a mere tout who feeds fat at the expense of his colleagues and it was his ability to sustain that sort of regime which earned him the homage. Anytime I remember that episode, as I did last night, I usually view it as a parody of what obtains in our oil industry where rent seekers and corrupt public officials are usually hailed with some going by such appellations as Sheikhs. Not because their parents own any oil rig but rather because they have succeeded in appropriating a huge chunk of what ordinarily belongs to the people.

This memory came flooding back last night as I tried to put my thoughts together for this presentation. On the African Independent Television (AIT) was a play titled 'The Oil Company' where veteran actor, Sam Loco Efe, and a few other people played community leaders who collude with oil companies to deny their people of millions of dollars in compensation money. Nobody needs any education as to the play being a case of art imitating life and the message could not have been lost on viewers. Because, that, many would argue, has been the story of Nigeria.

It will be repeating the obvious to say that, notwithstanding the fact that majority of Nigerians are honest and hard working people, the nation has acquired a notorious international reputation as a land of corruption. But we are also equally aware that oil, which many see as the lubricant of unwholesome practices, accounts largely for this reputation. Indeed, nothing drives the point home as succinctly as the Global Corruption Barometer 2004 by Transparency International (TI), a survey which did not go down well with this government.

Whatever the misgivings of the federal government about this sad and unfortunate report, however, TI's global Corruption Barometer 2004 is a public opinion survey that was carried out in 64 countries among more than 50,000 people to assess perceptions about corruption, experience of corruption, and expectations concerning corruption levels in the future. It compares petty and grand corruption (and compares corruption with other problems in society); evaluates the extent to which public and private institutions are considered corrupt; determines where the public believes corruption's impact is greatest; and asks about bribery and prospects for future levels of corruption.

TI believes it is important to assess what the public thinks about corruption, since public support for anti-corruption efforts and for the leaders and institutions that espouse them is critical to their success. By asking the general public their views, the Global Corruption Barometer is a unique measure of the impact of anti-corruption efforts at country level, which, when combined, reflect global public opinion on corruption and its significance for people's lives.

The key factor here is public opinion and if a poll were to be conducted among Nigerians as to what they think of the operations of our oil industry and the management of the revenue derived therefrom, I have no doubt that majority would say, as they are already saying, that all the petrodollars have hardly impacted their lives. It is based on this image crisis that the federal government exactly one year ago established the

National Stakeholder Working Group of the Extractive Industry Transparency Initiative (EITI).

The idea is based on the fact that current information about the significant revenue flows from the oil and gas sector is currently marred by inaccuracies, to use a mild word, and this gives rise to concerns about governance both within Nigeria and internationally. The implication being that once there is transparency in the collection of petroleum revenue and effective management of the monies so collected, there will, quite naturally, be improvement in the image of Nigeria at home and abroad. And more importantly, improve the quality of lives of our people.

Exactly a year ago, precisely on February 16, President Olusegun Obasanjo launched the NEITI, which builds on the existing government transparency efforts. The National Stakeholders Working Group (NSWG) made up of 28 individuals from Civil Society, Media, Government, Indigenous, National and Multi-National companies, is the platform through which the Federal Government of Nigeria is implementing the global initiative. And for the benefit of those who may still not know, the Nigeria Extractive Industry Transparency Initiative (NEITI) is the Nigerian subset of a global effort aimed at following due process and achieving transparency in payments by Extractive Industry (EI) companies to governments and government linked entities. In the case of Nigeria, at least for now, it is about the oil industry.

Even though I am basically to speak about the role of the NSWG, I believe I should give a run down of the EITI principles for those who have been asking what the whole idea means.

To drive this process in our country is the NSWG, which is the Executive Committee responsible for the formulation of policies, programmes and strategies for the effective implementation of the objectives and the discharge of the functions of the EITI. From the NEITI bill, already before the National Assembly, these functions are to develop a framework for transparency in the reporting and disclosure by extractive industry companies of revenue due to or paid to the Federal Government;

to evaluate the practices of extractive industry companies regarding acquisition of acreages, budgeting, contracting, materials procurement and production cost profile in order to ensure due process and transparency;

to ensure transparency in the management of the investments of the Federal Government in extractive industry companies;

to request, as may be deemed necessary, from any company in the extractive industry an accurate record of the cost of production and volume of sale of oil, gas or other minerals extracted by the company at any period;

to request from any company in the extractive industry, or from any relevant organ of the Federal, State or Local Government, an accurate account of money paid by and received from the company at any period, as revenue accruing to the Federal Government from such company for that period;

To ensure that all payments due to the Federal Government from extractive industry companies, including taxes, royalties, dividend, bonuses, penalties, levies and such like, are duly made;

to identify weaknesses and undertake measures that will enhance the capacity of any relevant organ of the Federal, State or Local Government having responsibility to monitor revenue payments by extractive industry companies to the Federal Government;

to disseminate by way of publication of records, reports or otherwise, any information concerning the revenue of the Federal Government from extractive industry companies, as it may consider necessary;

to promote or undertake any other activity related to its functions and which, in its opinion, is calculated to help achieve its overall objectives.

In the course of our deliberations, we have condensed these functions to three broad deliverables from our auditors.

The first is Physical Audit: Here we will demand a reconciled figure and a coherent map that will give a complete picture of the amount of oil/gas that has been produced/ lifted/ lost/ refined/ exported in the given period of review

The second is Financial Audit: What we seek here is a reconciled picture that shows who has paid money, how much and who to?

The third is Process Audit in which case we want a critical examination of crucial extractive industry processes like levels and justification of Capital Expenditure proposals; checks and balances in importation of products; comparative analysis, benchmarking and recommendations for improvement.

In the bid to realise these objectives, the NSWG has met 10 times in executive sessions, that is, once on a regular monthly basis while five sub committees have also been set up as teams which equally meet on a regular basis with reports presented to the whole house. These teams are:

- A TECHNICAL EVALUATION TEAM
- B LEGISLATIVE TEAM
- C TECHNICAL ASSISTANCE (TA) FOCAL TEAM
- D CIVIL SOCIETY TEAM
- E MEDIA TEAM

The TECHNICAL EVALUATION TEAM was formed to evaluate all tenders for NEITI assignments and report their findings to the NSWG.

The LEGISLATIVE TEAM had mandate of setting the agenda and strategy for the legislative backbone of the EITI and they have delivered. As we are speaking, the NEITI bill is already before the National Assembly for passage into law.

The FOCAL TEAM was set up for the design and oversight of a Technical Assistance (TA) Program that combines a variety of coordinated training programs, inward secondments of expertise and infrastructure support for selected government agencies. To achieve their goal, they have adopted a three-pronged approach namely short, medium and long term. The short term involves organising bi-annual Networking Seminars, Conferences and Workshops for staff and stakeholders drawn from the Oil & Gas Unit- MOF, DPR, NNPC, FIRS, Budget Office-MOF, National Assembly, Political Party leadership, Civil Society including Labour, RMAFC, Civil Service, Office of the SGF and Office of the Head Of the Civil Service. The present NEITI Conference is the start of the generic Capacity Building Plan.

The Medium Term Strategy includes Cross Posting of Agency Staff, Secondments/ Attachments/ Recruitment, Continuous and Sustained Training to mitigate attrition proportion and setting up of Technical Advisory Teams made up of upright retired staff of the relevant government Agencies-A Volunteer Force.

The long-term strategy is focused on finding sustainable funding sources for incessant year-to-year capacity and manpower development.

The CIVIL SOCIETY TEAM directly engages the wider NGO constituency.

Given the technical nature of the industry, we have had to seek the assistance of experts. It is recalled that the EITI Nigeria advertised in the Nigerian & International press for an Advisor to assist in developing Terms Of Reference/ Scope for the Selection of an Auditor(s) to carry

out an Independent Financial and Operational/ Technical (Value for Money) Audit of Nigeria's Extractive Industry. After a competitive bid process, the NSWG/ NEITI selected Goldwyn International Strategies LLC (GIS), a US-based Energy and Transparency Consultancy.

When our job is done, the NEITI intends to publish all information and data on the EI or rather the oil industry through a grass-root based communication strategy and the engagement of rural communities and regional civil society groups. This will help us change the perception of the oil industry and build ownership amongst wider stakeholders.

I need to state here that even though we are an exclusive club as it were in that we have no power to increase membership as some people wished, we have not been going it alone. We have had series of engagement with critical sectors of the populace. The purpose of the interactive session is to fashion ways in which Civil Society can contribute to the entire process.

The engagement with Civil Society commenced through a meeting facilitated by the DFID with the Publish What You Pay (PWYP) Nigerian coalition of over 47 civil society organisations, drawn from the six geo-political regions and representing a wide-range of socio-economic and cultural interests. The coalition is part of an international network of organisations calling for the mandatory disclosure of the payments made by oil, gas and mining companies to governments, and for governments to publicly reveal its revenues from these sectors so that citizens can hold them accountable for their management. While we may not have always agreed, we have become to one another partners-in-progress.

I hope I have not taken too much time but I suppose this elaborate presentation is important so that Nigerians can know what we have spent the past one year doing. But it has not been easy because we face different problems from different quarters. Our first problem was convincing the oil companies that we are there to help them because if

the truth be told, where Nigerians are concerned, oil means corruption. And that explains why some members of the Publish What You Pay Coalition say we are trying to instil transparency in a secret society.

At the Paris Workshop of the EITI which I attended, one thing oil chiefs kept harping upon was that we cannot re-invent the wheel, that all the revenues data are already available, that we should look at revenues flow from government sides. But as we explained to some of them, if indeed they have nothing to hide, it is more in their interest that this speculation be laid to rest, that Nigerians be made aware that they do not do any under-the-table deals, that they are transparent in their operations, that they are not short-changing us.

That was why I added there in Paris, and I will say it here again for the benefit of our international friends in Nigeria, and I believe I can speak for most members of the NSWG; If it means 'reinventing the wheel' to ensure we have a transparent oil sector that will be beneficial to a broad section of Nigerians, where the youth of Niger Delta would not have to open petroleum pipelines in the bid to get the basic things of life that have perpetually remained in the pipelines for them, then we will re-invent the wheel.

Thank you all for listening and to all the ladies here, I say Happy Valentine's day.