

“What’s in It for Us?”

An action-research case study of Nigeria’s extractive industries



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March 2021¹

Extractive (oil, gas and mining) companies incorporated and/or publicly listed in Canada, the European Union, Norway and the United Kingdom are required by law to publish their payments to governments annually for every country of operation.² In Nigeria, extractive companies and the government also disclose their respective payments and receipts, with related information about the governance of the sector, under the Extractive Industries Transparency Initiative (EITI).³



This case study reports on an action-research collaboration between Policy Alert (<http://policyalert.org>, a PWYP Nigeria member) and PWYP UK (www.pwyp.org/pwyp_members/united-kingdom) under the campaign name [#WetinWeGain](https://twitter.com/WetinWeGain), with a contribution from Stakeholder Democracy Network (SDN, www.stakeholderdemocracy.org, a PWYP UK member).⁴ We report on using mandatory payments-to-governments data as a starting point to investigate Nigeria’s extractive sector and to promote transparency, public participation and accountability.

¹ This case study report is the second of a series of three country studies co-published in 2020-1 on Kazakhstan (Nov. 2020), Brazil (forthcoming 2021) and Nigeria. Please cite this study as Policy Alert, PWYP Nigeria, Stakeholder Democracy Network, PWYP UK and PWYP International Secretariat, “What’s in It for Us?": An action-research case study of Nigeria’s extractive industries, 2021.

² A similar United States law dating from 2010 has not yet been implemented, nor at the time of publication has the Swiss law of 2020.

³ <https://eiti.org/nigeria>; <https://neiti.gov.ng/>

⁴ “Action research ... seeks transformative change through the simultaneous process of taking action and doing research, ... linked together by critical reflection”: https://en.wikipedia.org/wiki/Action_research

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Box 1. NIGERIA COUNTRY CONTEXT⁵

"According to OPEC, Nigeria has almost 40 billion barrels of proven oil reserve. After nearly 50 years of exploration, the oil and gas sector continues to play a significant role in the economy and accounts for 65% of total revenue to the government. With a maximum crude oil production capacity of 2.5 million barrels per day, Nigeria is Africa's largest producer of oil, and the 13th largest oil producing country in the world. The country has faced significant challenges in managing the sector such as the unaccountable use of revenues and corruption" – EITI.

Nigeria also has 200 trillion cubic feet of proven gas reserves – Nigerian Department of Petroleum Resources (DPR).

Oil and gas accounted for a reported 93.8% of Nigeria's export earnings in Q4 2018.

Nigeria supplied 2.2% of world crude oil production in 2019.

Natural resource ownership: "[T]he entire property in and control of all minerals, mineral oils and natural gas in, under or upon any land in Nigeria or in, under or upon the territorial waters and the Exclusive Economic Zone of Nigeria shall vest in the Government of the Federation" – Constitution of the Federal Republic of Nigeria 1999 (as amended), section 44 (3).

Extractive Industries Transparency Initiative (EITI) status: Satisfactory progress.

NRGI Resource Governance Index: Score (oil and gas) 42/100. Rank 55/89 countries.

NRGI country profile: <https://www.resourceprojects.org/country/Nigeria>

Transparency International Corruption Perceptions Index: Score 26/100. Rank 146/198 countries.

Population: approx.

202 million

GDP per capita: (current USD)

\$2,229.2

UNDP Human Development Index:
Score

0.534/1.000

Rank

158/189 countries



⁵ Sources: EITI, <https://eiti.org/nigeria>; <https://nairametrics.com/2019/03/12/balance-of-payment-brief-shows-nigerias-oil-sector-accounted-for-93-8-of-export-revenue-in-q4-2018/>; DPR, <https://www.dpr.gov.ng/nigerias-gas-reserves-rise-to-200-79-trillion-cubic-feet-dpr/>; Statista, <https://www.statista.com/statistics/236605/share-of-global-crude-oil-production-of-the-top-15-oil-producing-countries/>; Natural Resource Governance Institute (NRGI), <https://resourcegovernanceindex.org/country-profiles/NGA/oil-gas/>; Transparency International, <https://www.transparency.org/en/cpi/2019/results/nga/>; World Bank, <https://www.worldbank.org/en/country/nigeria/overview>, <https://data.worldbank.org/indicator/NY.GDP.PCAPCD?locations=NG>, 2019; UNDP, <http://hdr.undp.org/en/countries/profiles/NGA>, 2018.

EXECUTIVE SUMMARY

The collaboration interlinked closely with Policy Alert's recently launched public awareness-raising and advocacy campaign called #WetinWeGain (Nigerian pidgin meaning "What's in it for us?")

In 2019-20 Policy Alert and PWYP UK undertook joint transparency, public participation and advocacy action research on issues relating to Nigeria's extractive sector, with input from Stakeholder Democracy Network and endorsement from PWYP Nigeria. We focused on oil and gas blocks, and a mining company cement operation, for which extractive companies had reported disaggregated project-level payment data under Canadian, European Union and UK legislation. We prioritised operations in or neighbouring Akwa Ibom State, where Policy Alert are based (in the state capital, Uyo) and have community contacts.

The collaboration interlinked closely with Policy Alert's recently launched public awareness-raising and advocacy campaign called #WetinWeGain (Nigerian pidgin meaning "What's in it for us?"). Activities led by Policy Alert included publishing data infographics on selected oil and gas blocks and mineral operations; holding Twitter chats with invited experts on Nigeria's extractive industries and the public; engaging with government and companies to clarify opaque information, communicate concerns and advocate better practice; consulting with host and impacted communities; issuing public statements; and

using social and traditional media to report activities and outcomes and influence public debate. PWYP UK supported with joint planning, research, data analysis, fact checking, co-promotion, engagement with companies, and documenting and communicating activities and outcomes. SDN made an independent survey of oil and gas companies' environmental performance in Nigeria and summarised its findings for our report.

Work on the case study was delayed for several months in 2020 by the Covid-19 pandemic. Some planned outreach activities could not be undertaken. The pandemic has also had consequences for Nigeria's extractive industries.

We have sought in this study to respond to mounting evidence of the risk to producer government finances from declining global oil and gas demand, "stranded assets" and the need for an international energy transition in response to the climate crisis.

We sent a draft version of the report for comment to representatives of government, industry, and civil society and communities ahead of publication and took all comments received into careful consideration in revising the report for publication.

Key findings summary⁶

(for the key findings in full see page 40)

- 🇳🇮 The Nigerian extractive sector is large, complex, often poorly governed and in many ways opaque and still unaccountable to citizens and communities.
- 🇳🇮 Negative impacts of the sector on host and impacted communities' livelihoods, environment, health and human rights can be severe, disproportionately affecting disadvantaged groups, and are largely uncompensated for.
- 🇳🇮 Multinational oil companies, including Royal Dutch Shell and Total, paid US \$359 million in 2018 to the Niger Delta Development Commission (NDDC), the federal government agency responsible for facilitating development in Nigeria's oil-rich but poverty-stricken Niger Delta region.
- 🇳🇮 The NDDC has a reputation for not completing projects across the Niger Delta.
- 🇳🇮 Abandoned onshore wells litter the Niger Delta following unplanned abandonment, and many offshore facilities also face unplanned abandonment, with adverse potential consequences for nearby communities.
- 🇳🇮 There is little evidence that the Nigerian government's intended benefit sharing and intervention initiatives have significantly helped host and impacted communities.
- 🇳🇮 Civil society engagement with the Nigerian government and with companies operating in Nigeria has brought about limited improvements in accountability that need to go much further.
- 🇳🇮 Payments-to-governments reporting and the EITI make a useful contribution to accountability and help deter corruption but can be undermined by poor quality implementation.
- 🇳🇮 Civil society and citizens need disclosure of Nigeria's extractive industry contracts

and fiscal terms, and of company-community agreements (MOUs), if they are to hold government, industry and (in some cases) community leaders to account.

- 🇳🇮 Beneficial ownership disclosure regimes such as the UK's People with Significant Control (PSC) register and Nigeria's register of beneficial owners of extractive companies are important but need tighter rules and better enforcement.
- 🇳🇮 Public education, awareness raising and dialogue across civil society and with communities offer an opportunity to achieve change but require sustained effort and sufficient resources.
- 🇳🇮 Nigeria is over-reliant on oil and gas and is running out of time to improve its regulation of extraction and to use its hydrocarbon income to support sustainable development and economic diversification.

Key recommendations

(for the recommendations in full see page 41)

To the Nigerian federal government

- 🇳🇮 Fast-track passage of the long-delayed Petroleum Industry Bill (PIB) to split the Nigeria National Petroleum Corporation (NNPC) into different entities that will address issues of governance and of regulatory and fiscal uncertainty in the sector, and create a sustainable community-led framework for local participation and grievance redress.
- 🇳🇮 Publish timely monthly and annual online machine-readable data on the Niger Delta Development Commission's (NDDC) receipts from the government and from oil companies, explaining how these sums are calculated and how the money is utilised.
- 🇳🇮 Ensure that all statutory payments due to the NDDC in line with the NDDC Act 2000 since inception are paid, and punish and debar officials and contractors found liable in corruption cases.

- Require the NDDC to establish mechanisms to involve states, local governments and beneficiary communities in community needs assessment, planning and monitoring to improve ownership, effectiveness and sustainability of development projects.
- Until gas flaring ceases, allocate companies' gas flaring penalty payments prioritising communities most affected.
- Create a robust legal and regulatory framework for extractive assets decommissioning and abandonment to address project closure costs and the future consequences of closure.
- Implement equitable benefit sharing arrangements that involve the direct and active participation of the affected communities.
- Establish an up-to-date public register of all extractive industry community development agreements (MOUs) making the terms of each publicly available.
- Publish for each extractive licence awarded the full text of main agreements/contracts, annexes and amendments in freely accessible and machine-readable formats in line with Nigeria's 2016 Anti-Corruption Summit and Open Government Partnership National Action Plan commitments and with the EITI 2019 Standard.
- Accelerate preparations for declining hydrocarbon income and the energy transition, prioritising the needs of communities worst affected by oil, gas and solid mineral extraction.

To other governments





- The Canadian and UK governments and the European Union should work together for greater alignment on extractive payments disclosure requirements between jurisdiction to help establish a clear and consistent reporting standard for companies. This should include a review of companies' interpretation of project-level reporting with a view to publicly

emphasising that the policy intention of the transparency laws requires project payments to be disaggregated wherever possible to the level of the individual oil or mine contract, licence or other legal agreement; and equally that joint venture partners should report proportionately any payments made on their behalf by operators so that such payments are more transparent to the public.



- The US government should strengthen its rule for payments-to-governments disclosure to fully align with global extractives transparency standards applied in Canada, the European Union, Norway, the UK and the EITI with regard to project-level reporting, exemptions and other key elements, and should rejoin the EITI as an implementing country.
- All governments of countries where extractive companies are incorporated and/or publicly listed should require timely, freely and fully accessible online payments-to-governments reporting by such companies, in open and machine-readable data format and with effective compliance monitoring.
- All governments of countries where extractive companies are incorporated and/or publicly listed should require comprehensive information disclosure about companies' environmental and social policy and practice, respect for human rights, and practices to combat corruption risk.
- Help Nigeria implement just and equitable climate adaptation, mitigation and energy transition plans.





To extractive companies operating in Nigeria

- Comply with the intention of mandatory reporting laws and the EITI by disaggregating all payment disclosures to the level of the individual oil or mine contract, licence or other legal agreement and by reporting on a proportionate basis all payments made indirectly via joint venture operators.

-  Work with state-level and local government authorities to consult publicly with affected communities about livelihood and social and environmental impacts of extractive operations and the effectiveness of mitigation and benefit sharing mechanisms, making adequate compensation to victims and encouraging the government to implement needed regulatory and fiscal reforms.
-  Publish on company websites comprehensive information on environmental and social impact assessments and resulting management plans, together with up-to-date information on environmental and social impacts, both planned and unforeseen, and how dealt with.
-  Empower women, youth and people with disabilities with skills acquisition programmes, provide appropriate learning aids in schools, and develop a quota system for the allocation of employment opportunities.
-  Contribute meaningfully to the transition to a low-carbon energy future. Help ensure that the global winding-down of fossil fuel production starts with action by and in wealthy countries that have historically emitted the most greenhouse gases, and that communities and workers are protected.

To Nigerian civil society and host communities

-  Advocate and campaign for the recommendations above, including for equitable, participatory benefit sharing and compensation for host and extraction-impacted communities, contract transparency, greater environmental transparency and accountability, economic diversification and the low-carbon energy transition.
-  Call on the Nigerian government to promptly implement the 2019 EITI Standard requirement of contract and licence publication by 2021, and publicly

-  Urge the disclosure of extractive sector legal agreements signed before that date.
-  Undertake critical research on community development agreements (MOUs) to establish which extractive industry projects involve such agreements, which lack them and where agreements are unpublished; help make such agreements and their terms public; investigate the fairness of the terms and the extent of company fulfilment.
-  Inform and train communities on how to access and interpret payments-to-governments, related data and development agreements, and in how to engage effectively with companies and government entities to account for payments and use of receipts and on issues of benefit sharing, livelihoods, and social and environmental impacts.
-  Investigate and document direct and indirect social, environmental and human rights impacts of extractive projects with a focus on differential impacts on women and men, youth, and people with disabilities and promote necessary reforms.

To international financial and multilateral institutions and institutional donors

-  Seek out and fund more civil society transparency, participation and accountability initiatives directed at securing more equitable and sustainable outcomes in producer countries and subnational localities from non-renewable natural resource extraction.
-  Increase support for capacity building for civil society organisations working on extractive sector issues.
-  Speed up the redirection of international funding away from fossil fuels and into the low-carbon energy transition and economic diversification, prioritising justice for poorer producer countries, workers and affected communities.

PROJECT OBJECTIVES AND APPROACH

The World Health Organisation expects climate change and air pollution to cause approximately 250,000 additional deaths per year worldwide from 2030 to 2050.

This project set out to:

- Use extractive companies' mandatory payments disclosures as an entry point for civil society analysis, discussion and awareness raising, to promote public participation and to hold government entities and selected companies to account for their stewardship of non-renewable natural resources, including for the resulting payments and receipts.
- Generate a useful example of transparency, participation and accountability work on the resource extraction sector, promoting progress towards more equitable and sustainable natural resource stewardship for citizens and affected communities.

To achieve fair and sustainable outcomes when a country's non-renewable natural resources are extracted involves addressing a range of governance, environmental and human rights challenges.⁷ In February 2019 Policy Alert and PWYP UK began to discuss collaborating on issues relating to Nigeria's extractive sector, especially the Nigerian oil and gas industry.

- Policy Alert aims to demonstrate that Nigerian civil society and Niger Delta communities can benefit in their everyday lives from a better understanding of mandatory extractive industry payment data and from tracking and investigating how the country's extractives-derived money flows to subnational governments and

Niger Delta institutions are used, especially at subnational level. By engaging with government entities and companies, Policy Alert seeks to improve government financial management and to make companies strive harder to earn and maintain a social licence to operate.

- PWYP UK, a coalition of 30 UK civil society organisations, is working to use payments-to-governments reporting by oil, gas and mining companies, and disclosure of receipts by governments, long advocated by civil society, to improve public outcomes in addressing the "resource curse" in the global South and transition countries;⁸ to demonstrate that transparency can make a difference; and to collaborate effectively with PWYP coalitions and coalition members overseas.

Costs, benefits, intergenerational equity and climate change

The project partners recognise the complexity of a broad cost-benefit analysis of oil, gas and/or solid minerals extraction. As a UN University study states: "[R]evenue from extractives is not income but an exchange of below-ground resource assets for above-ground cash... The process of reshuffling has costs – environmental ... and often also social. For extraction to be worthwhile ... its long-term value must exceed these costs."⁹

Oil, gas and solid minerals are inherited wealth; extraction is their sale. Extraction-related taxes, royalties, etc. are public receipts in exchange

⁷ UN Environment Programme, <https://www.unenvironment.org/explore-topics/extractives/why-does-extractives-matter>

⁸ NRG, 2015, <https://resourcegovernance.org/analysis-tools/publications/primer-resource-curse>

⁹ G. Lahn and P. Stevens, chapter 5 in T. Addison and A. Roe (eds), *Extractive industries*, UNU-WIDER, Oxford University Press, 2018, <https://www.wider.unu.edu/publication/extractive-industries>, p. 108.

for selling non-renewable mineral wealth. While the needs and right to development of present generations and extractives-affected communities are important, present generations should also consider future generations' right to benefit from a country's shared inheritance. Conventional use of the term "revenue(s)" tends to disregard intergenerational equity issues, and for this reason the present report avoids using the term "revenues" wherever possible.¹⁰






Fossil fuels' extraction results in their combustion, the primary cause of dangerous climate change. The World Health Organisation expects climate change and air pollution to cause approximately 250,000 additional deaths per year worldwide from 2030 to 2050 including from related malnutrition, malaria, diarrhoea and heat stress, with estimated direct costs of between US \$2 billion and \$4 billion per year.¹¹ We have not sought to factor Nigeria's contribution to the escalating climate crisis into the present analysis, but we recognise that the country's oil and gas sector will be increasingly challenged by rapid change in global expectations resulting from the crisis and the need for a managed, equitable and just low-carbon energy transition.

#WetinWeGain

We decided to collaborate on a public awareness-raising and advocacy campaign that Policy Alert had conceived under the name #WetinWeGain (Nigerian pidgin meaning "What's in it for us?"). We would focus on oil and gas blocks, and in one case cement operations, for which extractive companies had reported disaggregated project-level payment data under Canadian, European Union and UK legislation (not all companies disaggregate payments block by block or mine by mine).¹²

We prioritised onshore and offshore operations in or neighbouring Akwa Ibom State, where Policy Alert are based (in the state capital, Uyo) and have community contacts. Offshore oil blocks can affect communities via sea-to-shore pollution and oil pipelines. In engaging with community experiences, we sought, as far as possible, to integrate a gender perspective.

Policy Alert would:

-  create and publish infographics providing accessible information and data on selected oil and gas blocks and mines;
-  hold Twitter chats with invited experts and the public on Nigeria's extractive industries;
-  engage with government and companies to clarify opaque information, communicate concerns and advocate better practice;
-  inform, consult with and encourage participation on the part of host and extraction-impacted communities;¹³
-  use social and traditional media to report activities and outcomes and to influence public debate.

PWYP UK would support with joint planning, research, data analysis, fact checking, co-promotion, engagement with companies, and documenting and communicating activities and outcomes. PWYP Nigeria and Stakeholder Democracy Network (SDN, a PWYP member organisation working in Nigeria in partnership with Policy Alert on other issues) would provide appropriate input (see SDN's contribution on oil and gas companies' environmental performance below).¹⁴

To help ensure the accuracy of this case study, and to promote informed dialogue, we sent a draft version of this report to representatives of government (Nigeria's Department of Petroleum Resources/DPR; the Nigeria Extractive Industries Transparency Initiative/NEITI Secretariat; the

10 On the shared inheritance principle, intergenerational equity and the term "revenue(s)", see R. Basu and S. Pegg, "Minerals are a shared inheritance: accounting for the resource curse". The Extractive Industries and Society, 7, 4, Nov. 2020, pp. 1369-76, <https://bit.ly/37UTvY8>; also at, https://mpra.ub.uni-muenchen.de/102270/1/MPRA_paper_102270.pdf

11 WHO, 2018, <https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health>;

12 On the importance of companies' full disaggregation of project-level reporting see PWYP UK's guidance for companies at <http://bit.ly/38fOdFN> and PWYP's European Union advocacy at <http://bit.ly/38JiaJR>

13 The term "host and impacted communities" is widely used in the Nigerian context. See e.g. SDN, "The Petroleum Host and Impacted Communities Development Bill", Dec. 2018, <https://www.stakeholderdemocracy.org/wp-content/uploads/2018/12/HCB-11.12.18-JB.pdf>

14 <https://pwypnigeria.org/>; www.stakeholderdemocracy.org

Akwa Ibom State government; the Nigerian House of Representatives Committee Chairman on Niger Delta Affairs and the House Committee Chairman on Judiciary Matters; the Canadian government department Natural Resource Canada; and the UK company registrar (Companies House); to industry representatives

(Chevron Canada, Eni, Frontier Oil, Royal Dutch Shell, Sapetro, Seplat, Seven Energy and Tenoil); and to civil society colleagues and community representatives. We have taken all comments received into consideration in revising the report for publication.

Box 2. DATA AND INFORMATION SOURCES

Payments-to-governments and government receipt data used in this report comes mainly from three sources:

- o NRG's searchable www.resourceprojects.org online platform collates and republishes in open and machine-readable CSV format extractive companies' payments-to-governments data as disclosed under Canadian, European Union, Norwegian and UK law. www.resourceprojects.org directly incorporates companies' payments data where this is available via an application programming interface (API) (e.g. in the UK from <https://extractives.companieshouse.gov.uk>). It scrapes other data from company and government PDF, Excel and HTML files. In most cases www.resourceprojects.org also provides links to original (and back-up where applicable) sources of company payments data.
- o Many extractive companies publish payments-to-governments data on their own websites, sometimes as part of their annual reports, e.g.
 - o Eni, https://www.eni.com/assets/documents/eng/reports/2019/Report_payments_to_governments_2019.pdf
 - o Equinor, <https://www.equinor.com/content/dam/statoil/documents/annual-reports/2019/equinor-2019-annual-report-and-form-20f.pdf> (pp. 286-304)
 - o Seplat, <https://seplatpetroleum.com/media/1441/5918-sep-ar19-20-04-29-lower.pdf> (p. 316)
 - o Shell, <https://www.shell.com/sustainability/transparency/payments-to-governments.html>
- o Nigerian EITI (NEITI) reports and data are published at <https://neiti.gov.ng/> including at <https://www.neiti.gov.ng/index.php/neiti-audits/oil-and-gas>
- o Research sources also include Nigeria's Department of Petroleum Resources (DPR);¹⁵ Canadian and UK government repositories of companies' payments-to-governments reports;¹⁶ company annual reports and financial statements; the UK government's public online register of beneficial ownership (People with Significant Control, PSCs);¹⁷ industry sources such as <http://www.oilmapng.com/>; media reports; and civil society publications.

Footnotes in the text provide links to relevant reports and data.

Use of "\$" denotes US dollars throughout this report. "N" = Nigerian naira.¹⁸

¹⁵ <https://www.dpr.gov.ng/oil-gas-industry-annual-reports-ogiar/>

¹⁶ <https://www.nrcan.gc.ca/our-natural-resources/minerals-mining-resources/extractive-sector-transparency-m/links-estma-reports/18198>; <https://extractives.companieshouse.gov.uk/>; <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

¹⁷ <https://companieshouse.blog.gov.uk/2016/04/13/the-new-people-with-significant-control-register/>


¹⁸ N1 ≈ US \$0.0026, Dec. 2020.

ACTIVITIES AND OUTPUTS

International oil companies that made payments in 2018 to the Niger Delta Development Commission totalling \$359.12 million included Equinor (formerly Statoil), Royal Dutch Shell, Seplat, Total, Eni, Chevron Canada and CNOOC (formerly Nexen).

Scoping and selection

Using NRG's www.resourceprojects.org platform, in 2019 we identified 9 extractive companies reporting under Canadian, European Union, Norwegian and UK law payments made to Nigerian government entities since 2015. These are large private incorporated companies and/or companies with shares publicly traded on regulated markets in these jurisdictions:¹⁹

 Aggregate Industries UK Limited (subsidiary of LafargeHolcim Limited) (reporting jurisdiction UK)

 Chevron Canada Limited (reporting jurisdiction Canada)

 CNOOC Limited (formerly Nexen) (reporting jurisdictions Canada and UK)

 Eni Spa. (reporting jurisdiction Italy)

 Equinor ASA (formerly Statoil) (reporting jurisdiction Norway)

 LafargeHolcim Limited (Swiss; reporting jurisdiction France)

 Royal Dutch Shell Plc (reporting jurisdiction UK)

 Seplat Petroleum Development Company Plc (reporting jurisdiction UK)




 Total SA (reporting jurisdiction France)


Sample payments-to-governments data set from www.resourceprojects.org: reported payments made in 2018 to the Niger Delta Development Commission totalling \$359.12 million

Country	Government entity	Reporting company	Payment type	Fiscal year end	Value (USD)
Nigeria	Niger Delta Development Commission	Equinor (formerly Statoil)	Fees	2018	\$8,036,933
Nigeria	Niger Delta Development Commission	Royal Dutch Shell	Fees	2018	\$81,531,381
Nigeria	Niger Delta Development Commission	Seplat Petroleum	Fees	2018	\$19,363,515
Nigeria	Niger Delta Development Commission	Total S.A.	Infrastructure payments	2018	\$44,146,000
Nigeria	Niger Delta Development Commission	Eni S.p.A.	Fees	2018	\$89,901,823
Nigeria	Niger Delta Development Commission	Chevron Canada	Fees	2018	\$84,870,561
Nigeria	Niger Delta Development Commission	CNOOC (formerly Nexen)	Fees	2018	\$31,268,487
Total					\$359,118,700

¹⁹ Our search can be replicated at <https://www.resourceprojects.org/entities?tab=0&countries=Nigeria>. Payments reports by Canadian company Thor have been included at www.resourceprojects.org since our original search.

Policy Alert is also interested in several extractive companies operating in Nigeria that are not currently required to report payments made to the Nigerian government under Canadian, EU, Norwegian or UK law:

-  ExxonMobil: US-incorporated, with shares traded in the US, active in the Nigerian oil and gas sector.²⁰
-  Oando: Nigerian-incorporated, with shares traded on Nigerian and South African stock exchanges.
-  Sapetro: Nigerian-incorporated, operating a joint venture offshore of neighbouring Rivers State.

 The Savannah/Seven Energy/Frontier Oil/Universal Energy group of companies, which hold equity stakes in onshore oil blocks in Akwa Ibom State. Savannah and Seven are small UK-incorporated companies. Savannah has shares traded on London's underregulated AIM market. In November 2019 Savannah completed acquisition of Seven.²¹

In our collaboration and the #WetinWeGain campaign we focused on the following oil and gas blocks (known in Nigeria by the acronym OML – Oil Mining Licence) and on one mining company's cement operations.

Extractive projects covered		
<i>Oil & gas projects</i>	<i>Operating company (+ selected past/present joint venture partners)</i>	<i>Location (states)</i>
OMLs 4, 38, 41	Seplat	Onshore (Edo and Delta)
OML 13 (Uquo Field)	Frontier Oil/Seven Energy/Savannah	Onshore (Akwa Ibom)
OML 14 (Stubb Creek Field)	Universal Energy/Seven Energy/Frontier Oil/Savannah ²²	Onshore (Akwa Ibom)
OML 53	Seplat	Onshore (Imo)
OML 100	Total	South-eastern Delta (offshore Akwa Ibom)
OML 102	Total	South-eastern Delta (offshore Akwa Ibom)
OML 125	Eni (Nigeria Agip Exploration Company) (+ Oando)	Offshore (Ondo)
OML 130	Total (+ Sapetro)	Offshore (Rivers and Bayelsa)
OML 138 (Usan)	ExxonMobil (+ Total, Nexen, Chevron Canada) ²³	Offshore (Akwa Ibom)
<i>Cement operations</i>		
Ewekoro, Mfamosing, Ashaka	LafargeHolcim	Ogun, Cross River, Rivers, Gombe, Lagos, Abuja

²⁰ US parent company ExxonMobil Corp., which controls the company's Nigerian interests, will be required to report its payments to the Nigerian and other governments once US extractives transparency legislation is implemented. ExxonMobil's Canadian and Luxembourg subsidiaries report under Canadian and EU law payments made in several countries excluding Nigeria.

²¹ Energy Voice, Nov. 2019, <https://www.energyvoice.com/oilandgas/africa/212198/savannah-completes-nigerian-entry-with-seven-energy/>

²² Ownership and parent-subsidiary relationships between these companies are difficult to decipher.

²³ DPR oil and gas reports state incorrectly that Total operates OML 138. ExxonMobil's Nigerian subsidiary operates the field: <https://corporate.exxonmobil.com/Crude-oils/Crude-trading/Usan>. Total's interest is "non-operated": (https://www.total.com/sites/g/files/nytnzqlll/files/atoms/files/2019_total_universal_registration_document.pdf, p. 54.

#WetinWeGain campaign launch



of where information in the public domain is incomplete or apparently contradictory, meriting further investigation and clarification for citizens and communities.

Infographics and awareness raising

Policy Alert created and published a series of data-based infographics, each featuring a selected oil and gas extraction block (OML), or group of related blocks/OMLs, or in one case the LafargeHolcim mining company's cement operations.

The infographics were designed to raise public awareness by communicating company and project payments-to-governments data (such as taxes, royalties, production entitlements and fees) over recent years, together with information on joint venture ownership structures (equity shares), operatorship, contract type, lease area and duration, location and production status. Many of the infographics compare payments to the Nigerian government as reported by the companies with the government's reporting of corresponding extractives-related receipts via Nigeria's EITI (NEITI).

Policy Alert published approximately 20 infographics between April 2019 and September 2020, many of them under the title "What we know about Nigeria's oil blocks/mining sector", on its #WetinWeGain web page and via social media.²⁶

Policy Alert launched #WetinWeGain (<https://policyalert.org/wetinwegain/>) in May 2019 with a press release endorsed by PWYP Nigeria and PWYP UK and with media coverage including television: <https://www.youtube.com/watch?v=DuD016Esbas&feature=youtu.be>.

The launch highlighted the intention to "use data analysis and simplification, public sensitisation, community capacity building and advocacy to drive home messages that can propel action and help us begin to reverse the resource curse, a phenomenon that sees resource-rich countries trailing behind on most development indicators".²⁴

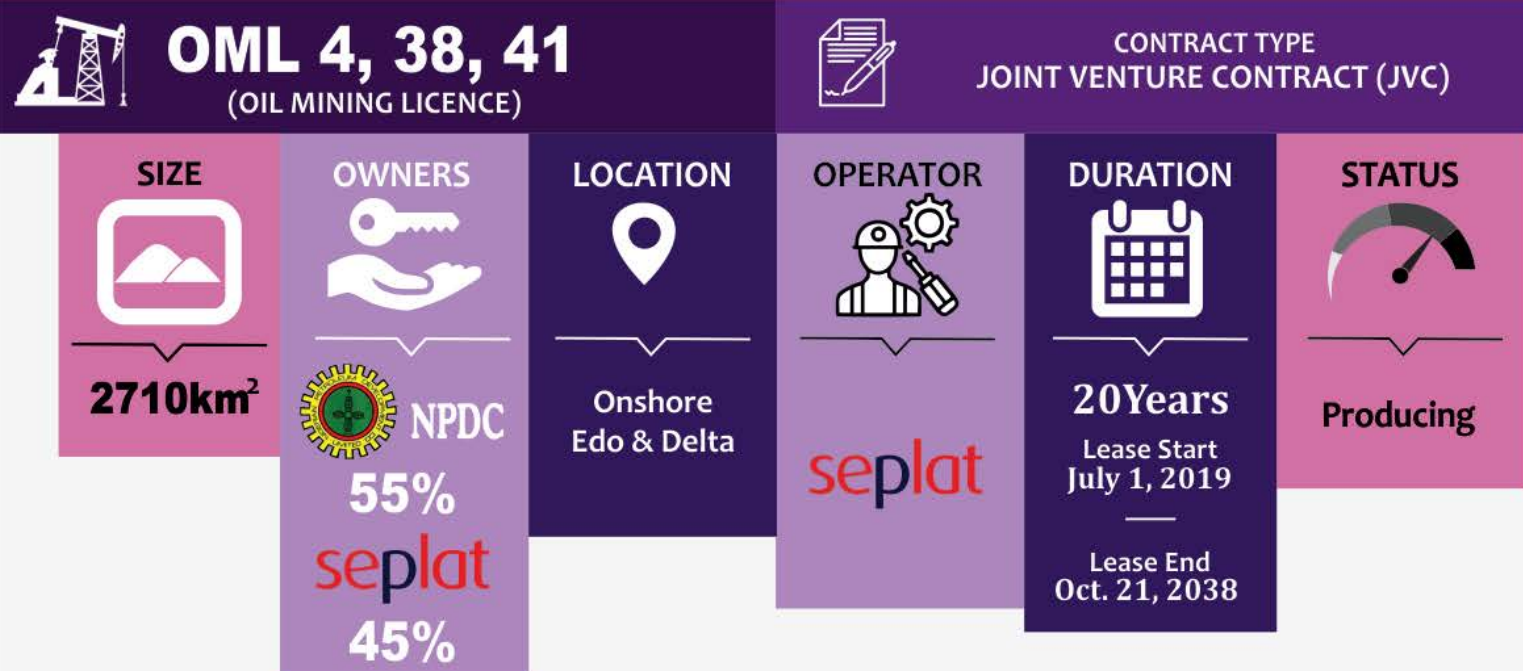
Policy Alert also published an initial web article on "Using data to insist on real benefits from extractives".²⁵ This describes in more detail the thinking behind the campaign and examples

²⁴ <https://policyalert.org/wetinwegain-ngo-launches-new-campaign-on-extractive-data-transparency/>

²⁵ <https://policyalert.org/using-data-to-insist-on-real-benefits-from-extractives/>

²⁶ <https://policyalert.org/wetinwegain/>; <https://twitter.com/PolicyAlert>; <https://www.facebook.com/PolicyAlertNG/>;

WHAT WE KNOW ABOUT NIGERIA'S OIL BLOCKS



PAYMENTS TO GOVERNMENT BY SEPLAT



FGN	NDDC	NCDMB
2016 \$279,112,689	2016 \$24,044,724	2016 \$773,622
2017 \$482,204,974	2017 \$3,347,788	2017 \$619,415
2018 \$883,859,271	2018 \$19,363,515	2018 \$2,642,818

Amount paid by SEPLAT (excluding NPDC) to the Federal Government of Nigeria in 2016, 2017 & 2018 as fees, production entitlements, & royalties as reported by SEPLAT in its Report on payments made to governments.

Mandatory fees paid to the Niger Delta Development Commission (NDDC) in 2016, 2017 & 2018 as 3% of SEPLAT's annual budget as reported by SEPLAT in its Report on payments made to governments.

The mandatory payment of 1% of every upstream contract to the Nigeria Content Development and Monitoring Board (NCDMB) as reported by SEPLAT in its Report on payments made to governments.

NEITI reported that SEPLAT made a payment of \$21,600,887 to NDDC in 2016, and a payment of \$1,724,324 to NCDMB in 2016.

SOURCES : resourceprojects.org, NNPC, SEPLAT, DPR, & NEITI

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Research and dialogue with government and companies


In researching the data and compiling the infographics, Policy Alert found that public information about Nigeria's oil blocks was often unclear, contradictory or incomplete. To address such questions, the project partners wrote to Nigeria's Department of Petroleum Resources (DPR) and to several of the companies.

Policy Alert sent a co-signed letter to the DPR in July 2019 requesting clarification of the ownership of two oil blocks where public information was contradictory about the size of respective equity percentages held by Oando and Eni (OML 125) and by Total and Sinopec (OML 138). Despite reminders, there was no response from the DPR.²⁷ At a NEITI civil society meeting in November 2019, Policy Alert asked civil society members of the NEITI Multi-Stakeholder Group (MSG) to raise the question at a coming MSG meeting. Although this was not possible, Policy Alert aims to re-engage with members of Nigeria's reconstituted MSG once it is functioning.

Dialogue with companies

We also wrote to several of the companies to raise various points. The main content of company replies is included below.

 **Sapetro:** Letter (June 2019, resent November 2019) seeking clarification of how the Nigerian Content Development and Monitoring Board (NCDMB) 1% levy on each contract is calculated before being deducted at source and why Sapetro reported making no such payment in 2016. The letter was followed up a month later and then resent a second time to the company's new managing director. No response has been received to date.

 **Seplat:** Letter (June 2019) seeking clarification of Seplat's equity share in OML 53 (which was contradictorily

reported) and corresponding payments to the Nigerian government, including the basis of the company's calculation and payment of its mandated 1% NCDMB levy payment and other points. Following several reminders, Seplat confirmed in November 2019 the size of its equity stake, explaining its payment of the NCDMB levy as a 1% deduction from every contract signed with the government, and addressing other points raised.



Seven Energy: Letter (June 2019) seeking clarification of its equity shares in OMLs 13 and 14 (which were contradictorily reported) and its payments to the Nigerian government for these blocks, which had not been reported via NEITI. OMLs 13 and 14 are of particular interest to Policy Alert because they are onshore in Akwa Ibom, directly affecting local communities in Policy Alert's home state, and because community development agreements (also known as Memoranda of Understanding or MOUs) for them are publicly available. The company replied to the letter stating that Seven's subsidiaries Universal and Seven Uquo Gas hold equity in the two fields respectively, with the latter not paying income tax because of a "pioneer status tax holiday" but making other payments via operator Frontier Oil, another Seven subsidiary, through a cash call.



Eni: Letter (July 2019) seeking clarification of the company's equity stake in OML 125 (which was contradictorily reported). The company clarified two months later that following acquisition of Oando's share it now holds 100% of OML 125.



Chevron Canada: Letter (July 2019) from PWYP Canada co-signed by the project partners requesting disaggregation of payments reported in aggregate for "Niger Delta Concessions" under Canada's extractives transparency ESTMA law.²⁸ When, as in this case, companies do

²⁷ Subsequently Eni confirmed to us by email in Sep. 2019 its 100% ownership of OML 125, while for OML 138 we learned that Total's proposed sale to Sinopec had not been completed.

²⁸ <https://www.nrcan.gc.ca/mining-materials/estma/18802>

not disaggregate payments block by block or mine by mine, this is unhelpful to stakeholders including affected communities seeking to assess costs and benefits arising from a specific oil or mine contract, licence or other legal agreement or to engage with the government regarding the use of project-specific money. This is contrary to the spirit, if not the letter, of mandatory disclosure laws.

Chevron Canada replied a month later that it complies with all applicable laws and that “Beginning next year [i.e. in 2020], we will be reporting tax payments at the project level in Nigeria aligned with revised EITI standards.” Reports published under the EITI Standard 2019, requirement 4.7, must from 2020 identify “which instances are considered a single project”.²⁹ After a further request to provide detail on how Chevron Canada defines “project” under ESTMA, and for a list OMLs whose payments the company has aggregated as “Niger Delta Concessions”, the company responded: “The regulatory framework in Nigeria does not support project level tax reporting. Based on our ongoing engagement with the Nigerian tax authorities, we are in full compliance with the law.”³⁰ Chevron Canada provided further comment in October 2020: “Chevron Canada complies with all ESTMA requirements. Chevron complies with all EITI requirements in implementing countries in which it has upstream operations. However, given the challenges implementing countries are facing with COVID-19 and resulting significant economic impacts, some implementing countries may be delayed in implementing a project level definition for 2020 EITI reporting. Nigeria has not yet issued its definition of project, on the basis formulated and required by the EITI Standard. When this has been agreed,

Chevron will report in conformity in order to be compliant with EITI obligations.”³¹



Royal Dutch Shell: Email (February 2020) from PWYP UK attaching two Policy Alert infographics and asking Shell, not for the first time, to fully disaggregate project payments to the level of the individual contract, licence or other legal agreement in its payments-to-governments reports for countries such as Nigeria. Shell currently aggregates its Nigerian oil block project payments into groupings such as “SPDC East”, “SPDC Shallow Water” and “SPDC West”. PWYP UK’s email explained that “Policy Alert are working to help local communities understand and engage directly with their government entities about oil blocks that affect them ... Without such local level information [as presented in the infographics], awareness and informed dialogue, the ‘resource curse’ in countries such as Nigeria is never likely to be resolved.” Shell did not reply at the time but sent comments on the draft report text some months later, which we have made available online.³²

Our letters and emails to the companies were intended to obtain information, to test willingness to dialogue with civil society and to demonstrate that civil society expects companies to be more accountable. The more informative responses helped clarify data used in the infographics and during the public awareness raising meetings described below.

Following the 2019 exchange with Chevron Canada, in 2019 PWYP Canada asked the view of Natural Resources Canada (NRCan), the Canadian government department responsible for administering ESTMA, regarding the company’s interpretation of extractive industry project-level reporting. NRCan indicated that the government would as part of future enhanced

²⁹ Chevron Canada email to PWYP UK, Oct. 2020.

³² Shell International email to PWYP UK, Oct. 2020, <https://bit.ly/35CNMVY>

²⁹ <https://eiti.org/document/eiti-standard-2019#download>

³⁰ Chevron Canada email to PWYP Canada, Oct. 2019.

reviews of company payments reports look into cases where companies interpret reporting obligations differently to see if further government action on this point is merited. In a more recent development, NRCan has invited PWYP Canada to be part of a new working group including civil society to help improve extractive industry payments-to-governments data access, promote the data and how it can be used, and learn from the experience of data users.

In a related action, in February 2020 Policy Alert wrote to the United States Securities and Exchange Commission (SEC) in support of PWYP's demands for a strong SEC implementing rule for the 2010 Dodd-Frank Act's section 1504 extractives transparency requirements and for the US rule's harmonisation with European, Canadian and EITI reporting requirements.³³

Beneficial ownership research in the UK

The Savannah/Seven Energy/Frontier Oil/Universal Energy group of companies are not required under UK law to report their payments to governments. Savannah is listed on the London AIM market (out of scope of the UK payments disclosure laws, which apply to the LSE Main Market only) and also falls below the definitional threshold of "large" that would require it as a UK-incorporated company to report its payments.³⁴ However, because of our interest in OMLs 13 and 14 and the controversial reputation of companies in this group (Seven Energy has been associated with alleged "looting [of] billions of dollars" and with money laundering charges),³⁵ we accessed the UK beneficial ownership register

of People with Significant Control (PSCs)³⁶ to investigate whether any politically exposed persons (PEPs) were still connected with Seven Energy (which unlike Savannah is not listed on any UK stock market). When we accessed the UK PSC register, we found Seven listing among its officers three corporate entities, each of which was linked with multiple other company directorships, which is potentially a sign of fraudulent circular ownership structures. There was also a statement that the company has no "active persons with significant control".³⁷ Policy Alert identified one named former officer, who had since resigned from the company, as potentially a PEP.

Beneficial ownership research in Nigeria

Nigeria launched Africa's first public beneficial ownership register in late 2019, covering extractive companies and linked to NEITI.³⁸ In accessing the register in mid-2020 to explore links between Savannah, Seven Energy, Frontier Oil and Universal Energy, Policy Alert found that the register contained some questionable data. For example, the register listed Akwa Ibom Investment and Industrial Promotion Council as a 12.6% equity owner of Universal Energy Resources Limited, although, according to information available to Policy Alert, Akwa Ibom State sold its shares in Universal some years ago. For Universal the registry also listed undisclosed "Others" as part-owners with 20.3% equity share (see search result reproduced on next page).

33 Policy Alert letter, <https://www.sec.gov/comments/s7-24-19/s72419-6884777-210780.pdf>

34 LSE, <https://www.londonstockexchange.com/stock/SAV/savannah-resources-plc/company-page?lang=en>. For the definition of "large", see PWYP UK, 2020, <https://bit.ly/3byjOF7>

35 Corner House and others, 2018, http://www.thecornerhouse.org.uk/resource/world-bank-red-flags-and-looting-nigerias-oil-revenues_p.4; Premium Times, Sep. 2017, <https://www.premiumtimesng.com/news/headlines/242769-special-report-diezani-men-deals-bled-nigeria.html>

36 UK Government, "People with significant control (PSC): who controls your company?", <https://bit.ly/3hthIZc>

37 Seven Energy at <https://beta.companieshouse.gov.uk/company/SC271146/officers> (accessed Aug. 2019).

38 NEITI, "Beneficial ownership register for extractive companies", <https://bo.neiti.gov.ng/>

Search result for Universal Energy Resources Limited

Beneficial Owner	Nationality	Age	% Holding	No shares	PEP	Stock Exchange Link	Owners
Akwa Ibom Investment and Industrial Promotion Council			12.50%		×	View Stock Exchange	View
Nisa Oil and Gas Nigeria			4.70%		×	View Stock Exchange	View
Others			20.30%		×	View Stock Exchange	View
Seven Exploration and Production LIMITED			62.50%		×	View Stock Exchange	View

Public policy statements

Statement on oil block renewals

In October 2019, as the Nigerian government prepared to renew 42 expiring oil drilling and prospecting licences, Policy Alert issued a press statement co-signed by more than 20 Nigerian civil society organisations (CSOs). The statement cited “cronyism ... lack of openness ... [and] massive corruption” of previous licensing rounds, and how low tax and royalty rates had financially “short-changed Nigeria”, and urged the government to apply “the highest standards of transparency, fairness, competition and accountability” in re-awarding the licences to assist Nigeria in ending illicit flows from oil deals and achieving “better development outcomes for citizens”.³⁹

The CSO recommendations included publication of: timelines and application requirements, technical and financial bid criteria and names of bidding companies and beneficial ownership information (with screening for conflicts of interest and corruption risks); information about licence-related consultations with communities including Free, Prior and Informed Consent and community development agreements (MOUs); environmental and social impact

assessments and management plans; and the full text of agreements and contracts, annexes and amendments in line with Nigeria’s open contracting commitments.

The CSO statement was reported on the front page of Nigeria’s national *Guardian* daily newspaper.⁴⁰ Policy Alert subsequently heard that a DPR spokesperson had telephoned the *Guardian*’s editor to say that the DPR was already working on some of the CSOs’ recommendations and that the press statement would cause the DPR to expedite release of its latest oil and gas industry report, which was published a few weeks later.⁴¹

Statement on gas flare penalties

Policy Alert issued a press release in March 2020 urging the federal government to publish historical data on gas flare penalty payments and distribution by oil companies operating in the Niger Delta since 1984. The statement highlighted that “the penalties paid into government coffers are shared to all parts of Nigeria without any special consideration for the communities suffering the impact of the gas flaring”. Policy Alert recommended that

³⁹ <https://policyalert.org/renewal-of-expired-oil-licences-must-be-open-fair-and-competitive> and see Nigeria Open Contracting Portal, <https://oecd-opsi.org/innovations/nigeria-open-contracting-portal-nocopo/>

⁴⁰ *Guardian* (Nigeria), Oct. 2019, <https://guardian.ng/news/criticism-trails-renewal-of-42-oil-block-licences/>




⁴¹ DPR, <https://www.dpr.gov.ng/wp-content/uploads/2020/01/2018-NOGIAR.pdf>

"a derivation formula be adopted to share gas flare revenues in the next ten years until flare-out such that the penalties can be deployed to assuage the pains of those bearing the brunt of the flares". The press release was widely taken up by traditional media:

-  <https://themail.com.ng/policy-alert-tasks-fg-on-gas-flare-penalties/>
-  <https://thedune.ng/policy-alert-urges-fg-to-adopt-derivation-formula-in-sharing-fines-on-gas-flaring/>
-  <https://extractive360.com/2020/03/17/policy-alert-urges-dpr-to-publish-historical-gas-flare-data/>
-  <https://thenationonlineng.net/akwa-ibom-oil-communities-decry-living-standards/>
-  <https://www.businessfinanceinfo.com/stakeholders-communities-decry-poor-benefits-for-oil-rich-region/>
-  <https://atlanticpostng.com/oil-wealth-not-benefiting-us-community-cries-out/>
-  <https://mediaviews.ng/policy-notify-tasks-fg-on-gas-flare-penalties/>
-  <http://www.ibomtelegraph.com/policy-alert-faults-dpr-guidelines-for-marginal-field-bid-rounds/>
-  <https://dutable.com/2019/10/14/we-arent-benefitting-from-oil-wealth-akwa-ibom-community-cry-out/>
-  <https://expressday.ng/policy-alert-wants-fg-to-account-for-gas-flare-penalties-revenue/>

Statement on marginal fields bid round

In April 2020 the Nigerian government announced a new bid round for marginal fields, the first in 18 years, and two months later the DPR published guidelines for the award and operation of such fields.⁴² Policy Alert reviewed the guidelines and in response issued a press statement in August 2020 criticising the DPR for the "continued relegation of community rights to the background in Nigeria's oil and gas business":

-  <https://newdiplomatng.com/76953/>
-  <http://www.ibomtelegraph.com/policy-alert-faults-dpr-guidelines-for-marginal-field-bid-rounds/>
-  <https://nationalambassador.com.ng/oil-gas-dpr-guidelines-for-marginal-field-bid-round-faulty-cso/>

Policy Alert's statement argued that the current marginal bid round was a "missed opportunity to prioritise the development of host communities as a precondition for awarding oil and gas exploration and production licences" and that the guidelines "provided too much latitude to potential awardees, and would end up encouraging them to pay lip service to the rights of communities". What was needed was "a more stringent prerequisite regarding the development of host communities which legally mandates oil and gas companies to create and implement development agreements with host communities". "[H]igher standards in the community engagement requirements" would "promote host community participation, commitment to social development, protection of the local environment and conflict mitigation".

Community visits and dialogue

To bring the issues closer to host and extraction-impacted Niger Delta communities, and to better understand and engage with community views, Policy Alert organised visits to, and consultation meetings with, host communities in two local government areas.

Esit-Eket

Esit-Eket Local Government Area (LGA) of Akwa Ibom State is the location of OMLs 13 and 14, in which Seven Energy subsidiaries Frontier Oil and Universal Energy hold stakes, and Frontier operates OML 14.⁴³ Major concerns

⁴² DPR, <https://www.dpr.gov.ng/fg-flags-off-2020-marginal-fields-bid-round/>

⁴³ We understood these to be the facts in 2019. Since then we believe that Savannah, which owns part of Seven, has taken over both these OMLs. Such facts are hard to establish in Nigeria's oil and gas sector.

have arisen at community level about these operations. In June 2019 Policy Alert made a scoping visit to the area, met with the LGA chair, a clan head and youth leaders in Uquo, Edo and Ebe Ekpe communities and heard complaints about Frontier's alleged broken commitments, including regarding local job creation, under a company-community development agreement (MOU).⁴⁴ A community member had previously informed Policy Alert that spilled oil "has made fishes go extinct, drinking water is colourful and the ... 'Cottage Hospital' has no medical doctor".⁴⁵



During the scoping visit, Policy Alert went to sites where community youths protesting against the company had blocked access to oil workers, shutting in production. The protestors claimed local farmers were being harassed and prevented from accessing their farmlands by military personnel guarding company facilities. Youth leaders were photographed with Policy Alert's #WetinWeGain banner by a local newspaper and reported as stating, as was the LGA chair, that Frontier had breached its community employment commitment; however, the company claimed that despite a fall in

oil production it had invested in some local development projects. Policy Alert noted that "people appeared interested in using knowledge to constructively engage with government and the companies".⁴⁶

The main Esit-Eket community consultation meeting took place under the title "Using extractives data to extract benefits" in Uquo community in October 2019. At the meeting, attended by approximately 100 women, men and youth, community members described their unfavourable living conditions and how the oil and gas extracted from their locality and the resulting public receipts had not translated into tangible improvements for themselves. In light of Nigeria's commitment – fulfilled later in 2019 and discussed above – to set up a public register of beneficial owners of extractive companies, Policy Alert highlighted the importance of public beneficial ownership information so that communities can "know who is really doing business in our backyard".⁴⁷

At the meeting Policy Alert shared details of the development agreement (MOU) between Frontier Oil and Esit-Eket communities.⁴⁸ Community members expressed shock at the existence of this document and alleged that a few community leaders had colluded with the oil companies to short-change them. They decried the high rate of local unemployment and expressed frustration with the lack of skilled and unskilled job opportunities. Despite the employment quota granted them in the MOU, they said that most the available jobs were still given to "outsiders". Frontier Oil and Universal Energy had not granted any post-secondary scholarships to indigenes of the community, they alleged.

44 Policy Alert, Oct. 2019, <https://policyalert.org/journey-to-a-risky-frontier>, and <https://policyalert.org/wetinwegain-campaign-in-the-extractive-sector-to-uquo-community-esit-eket/>

45 Policy Alert, Oct. 2019, <https://policyalert.org/policy-alert-scoping-visit-to-esit-eket-l-g-a/>

46 <https://policyalert.org/journey-to-a-risky-frontier/>

47 <https://twitter.com/PolicyAlert/status/1182700671444893698?s=20>

48 The MOU is online at <https://adobe.ly/3jKHity>



Community women and men at #WetinWeGain consultation meeting, Ibeno Local Government Area, Oct. 2019.
Photo: Policy Alert

The Esit-Eket meeting also highlighted gender concerns. Due to the gender division of labour, men in coastal communities often work in fishing while women farm and/or process the fish catch. Community women reported being denied access to their farmlands by security operatives guarding the assets of Frontier Oil, which are close by. This has undermined women's livelihoods and economic power in the community. Some women commented that female-headed households experience a

greater burden of unemployment. One woman said: "We suffer to send our children to school, only for them to come back and remain jobless. All the job opportunities are given to outsiders." The poor state of local health facilities has a disproportionate impact on women. One woman remarked that local health facilities could not treat minor ailments, and sick people had to travel to either Uyo (a 62 km journey) or Eket (a 17.4 km journey) for treatment, with women bearing the brunt of health care burdens.



Participants at #WetinWeGain community consultation meeting, Esit-Eket, Oct. 2019.
Photo: Policy Alert

Ibeno

The second community consultation meeting was held in Ibeno LGA of Akwa Ibom State at the end of October 2019. Ibeno hosts part of OML 138, which is operated by ExxonMobil, as well as Nigeria's largest crude oil export terminal at Qua Iboe, where oil from many offshore blocks operated by ExxonMobil, Seven Energy/Frontier Oil and other companies comes ashore via a network of seabed pipelines.⁴⁹

As background to the meeting Policy Alert had visited the coastal town of Ukpene, Ibeno's administrative headquarters, the previous month. During this visit Policy Alert interviewed

local residents about their living conditions and concerns, visited a poorly equipped local secondary school and a rudimentary clinic, and made a short video.⁵⁰ Lack of access to safe drinking water and decent sanitation was a key issue, with local people reporting that they buy packaged drinking water in sachets and bottles brought in from the nearby city of Eket. Water for cooking and washing comes mainly from an open river or from shallow wells, although a small minority of affluent residents own boreholes. Local water sources are contaminated with pollution from nearby oil operations and by open defecation due to the lack of public toilets.



Rusty sign outside poorly equipped secondary school, Ukpene, Ibeno, Sep. 2019. Photo: Policy Alert

The Niger Delta Development Commission (NDDC), which received a levy of 3% on ExxonMobil's annual Nigeria operating budget of \$314.8 million (approximately N113.3 billion) between 2014 and 2016, had begun and then abandoned a water supply facility for the town. The NDDC has a reputation for not completing projects across the Niger Delta, so this unfinished project was no surprise to residents. Another local water facility had been constructed by ExxonMobil but was also not functional since the company had transferred maintenance responsibility to the community.

The Akwa Ibom State government is the prime duty bearer for essential public services, but the state's annual water, sanitation and hygiene (WASH) budget is grossly inadequate (N500 million in 2019). The state released no money at all in 2019 to the Akwa Ibom State Rural Water Supply and Sanitation Agency, which is responsible for implementing WASH projects.⁵¹ It might be expected that the Nigerian government at all levels would prioritise the use of payments from extractive companies to improve water, sanitation, hygiene and health in host and impacted communities. But this is

49 Other companies include Moni Pulo and Tenoil.

50 Policy Alert, <https://policyalert.org/the-neglected-goose-that-lays-the-golden-eggs/> and video at <https://youtu.be/d2x-0nockkA>

51 Akwa Ibom State Budget Office, <https://bit.ly/33uZSzI> and <https://bit.ly/3kkNdFO>

not the case. Most oil-producing communities in Akwa Ibom do not have functional primary health care. When people fall sick, as they often do because of poor hygiene, they have to travel

far to access healthcare. "In oil-rich Niger Delta, many people are too poor to make long journeys to health clinics," admits the Shell Petroleum Development Company (SPDC).⁵²



At the Ibeno LGA consultation meeting, held in UkpeneKang, Policy Alert presented to about 120 community members locally relevant information on oil company payments to Nigerian government entities such as the NDDC and NDCMB, including mandatory payments of 3% of each company's annual Nigeria operating budget and 1% of every upstream contract respectively, made by Seven/Frontier (for OMLs 13 and 14) and ExxonMobil (OML 138). Community members spoke about the health

challenges they face, ranging from respiratory illnesses to fertility issues, birth deformities, high infant and child mortality, and cancer, and the alarming rate at which these are occurring. They also described the very poor state, and in some cases non-existence, of primary health care facilities. Residents also informed Policy Alert about their distrust of the government and the companies, about pollution from oil spills and gas flaring, poor local amenities and local unemployment.



Protesting women community members, Ibenu. Photo: Policy Alert.

One woman said: "We've lost our fish stock to oil pollution, our women now trade in imported frozen fish. It is unfair for security personnel ... to harass our fisherfolk & prevent them from fishing in their own waters."⁵³ According to another participant at the consultation meeting, security agents working for oil companies in protecting offshore production platforms often restrict the areas where fishers can fish.

Policy Alert informed participants about how communities can track government agency expenditure of oil money in their localities and followed up by sending relevant information to several interested community members.

A participant asked Policy Alert's advice on another oil field contiguous to Ibenu, OML 153. Ibenu and its near offshore are where most of ExxonMobil's Nigeria operations are located and where the company flared most of its 1 trillion-plus standard cubic feet of gas in Nigeria between 2007 and 2018.⁵⁴ Oil companies' flaring of gases in Nigeria (with mixtures of carbon monoxide, low-level ozone, hydrogen sulphide,

nitrogen dioxide, benzene, toluene, xylene and particulate matter) and the associated noise and heat have been linked to insomnia, asthma, bronchitis and other respiratory illnesses, and cancer.⁵⁵ Numerous studies have also been made of human health risks from oil spills in Nigeria.⁵⁶



Policy Alert Director Tijah Bolton-Akpan speaking at Ibenu consultation meeting, Oct. 2019. Photo: Policy Alert.

⁵³ Woman resident quoted at https://www.facebook.com/PolicyAlertNG/posts/2262626807361087?_rdc=1&_rdr

⁵⁴ Policy Alert gas flare calculation based on NNPC data at <https://bit.ly/32uHjMs>

⁵⁵ Giwa, Nwaokocha, Kuye and Adama, "Gas flaring attendant impacts of criteria and particulate pollutants: a case of Niger Delta region of Nigeria", *Journal of King Saud University - Engineering Sciences*, Apr. 2017, <https://bit.ly/35v14ld>

⁵⁶ Nriagu, Udofia, Ekong and Ebuk, "Health risks associated with oil pollution in the Niger Delta, Nigeria", *International Journal of Environmental Research and Public Health*, Mar. 2016, <https://bit.ly/2ZwODFd>

As a result of revelations made at the Ibeno community meeting, a philanthropic Nigerian diaspora group based in the USA informed Policy Alert that it hoped to embark on a medical and drinking water outreach project in the area.

While such initiatives are welcome, companies and the government are the chief duty bearers and have the means to support public health in extraction-affected communities.



Community member speaking at Ibeno consultation meeting, Oct. 2019.
Photo: Policy Alert.

Gender and disability

On 10 March 2020, to mark International Women's Day (8 March) themed #EachforEqual, Policy Alert organised a radio broadcast discussion on XL106.9FM radio involving five women from oil-producing communities in Akwa Ibom State.⁵⁷ To adequately capture the impacts of oil and gas exploration and production on a diverse demography of women, the panel included a member of a fishing community, a student, a farmer, a local community leader and a person living with disability (PLWD). Each of the women narrated the adverse effects of extractive activities on their livelihoods, environment and health.⁵⁸

Issues raised by the panellists of particular concern to women included:

- Gender based violence.
- High rates of communicable diseases such as HIV/Aids.
- Fire disasters in communities caused by oil leaks, oil bunkering (theft) and sabotage of pipelines.
- Earth vibrations caused by drilling activities.
- Sheet roofing on people's homes corroded by atmospheric acidity as a result of gas flaring.
- Lack of basic medical equipment in local health facilities.
- Underground water contaminated by oil leaks from damaged pipelines.
- Decline in fish yields due to oil spill pollution in local creeks and other activities of extractive companies.

⁵⁷ Radio clips posted at https://www.facebook.com/watch/?v=2569642323304695&extid=EgJvF4SGZg9gcXhJ&rdc=1&_rdc=1&_rdc=1 and https://www.facebook.com/watch/?v=196978721716640&extid=msfglkwE9jJZ9W3D&rdc=1&_rdc=1

⁵⁸ The participating women gave permission to reproduce the photograph here, and in one case to identify them by name.



Akwa Ibom women participating in #WetinWeGain radio broadcast for International Women's Day, Mar. 2020. Photo: Policy Alert

One of the panellists was Mercy Akpe, a woman living with disability in Esit-Eket LGA, where the Savannah/Seven Energy/Frontier Oil/Universal Energy group of companies operate. Ms Akpe stated that, as one of society's most vulnerable groups, PLWDs are often the worst hit by extractive activities. She said that there were visually impaired women in Esit-Eket and other oil producing communities who lacked access to basic medical services and that ramps for wheelchair users were unavailable in medical facilities. Ms Akpe highlighted the marginalisation of PLWDs regarding employment opportunities in oil and gas companies, with job opportunities generally skewed towards able-bodied individuals (mainly men), leaving most PLWDs (especially women) unemployed. She called on the companies to empower PLWDs with skills acquisition programmes and to provide learning aids for younger PLWDs in schools, and she advocated a quota system in the allocation of employment opportunities.

Earlier, in November 2019, Policy Alert had participated in a meeting of Nigeria's civil society Coalition for Socioecological Transformation,⁵⁹ whose focus is to end gas flaring in Nigeria, promote energy democracy and ensure a just low-carbon transition. Here Policy Alert listened to women's fisher and

smallholder farmers' groups speaking about the negative effects of gas flaring and other harmful socio-environmental impacts of extraction in their communities.

Campaign web page and social and traditional media

#WetinWeGain

Policy Alert developed the campaign web page at <https://policyalert.org/wetinwegain/> as a project resource featuring infographics, articles, links to Twitter chats, reports on outreach meetings, media coverage and extractive sector documents such as contracts, community agreements and NEITI reports.⁶⁰

Twitter chats

Policy Alert hosted seven Twitter chats between May 2019 and January 2020 with civil society, government and consultancy experts and advisers as guest speakers, stimulating public online discussion of key issues relating to Nigeria's extractive sector:



[Making extractives data relevant to resource-rich communities.](#) Guest expert: Faith Nwadishi, EITI International Board member.

⁵⁹ <https://www.facebook.com/CoSETng/>

⁶⁰ See Twitter moments and links, <https://policyalert.org/wetinwegain/>

- 🐦 [Poverty amidst plenty: why governance matters for overcoming Nigeria's resource curse.](#) Guest expert: Kolawole Banwo, Civil Society Legislative Advocacy Centre (CISLAC) and NEITI CSO representative.
- 🐦 [How can citizens take action on the NEITI 2016 Oil and Gas Audit Report?](#) Guest expert: Dr Dauda Garuba, Technical Adviser, NEITI.
- 🐦 [Are extractive revenues working for resource-rich communities in the Niger Delta?](#) Guest expert: Ken Henshaw of We The People.
- 🐦 [Making subsidy payments with extractive revenue: how long should this continue?](#) Guest expert: Abel Akeni, BudgIT.
- 🐦 [Extracting benefits from Nigeria's extractive revenues: what role for technology?](#) Guest expert: Oke Epia, OrderPaper.
- 🐦 [Fostering accountability in Nigeria's extractive sector through beneficial ownership disclosure.](#) Guest expert: Dr Michael Uzoigwe, FOSTER.

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#WetinWeGain
#WednesdayTweetChat

TOPIC

ARE EXTRACTIVE REVENUES WORKING FOR RESOURCE-RICH COMMUNITIES IN THE NIGER DELTA?

@PolicyAlert
PolicyAlertNG
www.policyalert.org

August 21st
2019
2-3pm

GUEST
Ken Henshaw
@ken_henshaw,
Executive Director, We The People

In September 2020 Policy Alert also co-hosted a live meeting and Twitter discussion on oil spill reporting, chaired by leading Nigerian environmentalist Nnimmo Bassey. Policy Alert made the case for oil spill reporting at project level with proper identification of affected

communities to help ensure that remediation efforts are appropriate and effective. The event communiqué highlighted the need for companies to disaggregate their reporting of oil spills by project and locality.⁶¹



Stakeholders Parley on
Accountability and Transparency in
Oil Spill Reporting

 Sept 18, 2020
9:00am

Register: <http://bit.do/OilSpillParley> 



Nnimmo Bassey
Chairman of the Occasion

Supported by:

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Akwa Ibom State House of Assembly
Akwa Ibom State Ministry of Environment.

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 www.nosdra.gov.ng
www.connecteddevelopment.org


Interacting with the public on Facebook


Policy Alert also used Facebook to communicate with the public on #WetinWeGain issues:


-  [What do we know about our oil blocks?](#), May 2019.
-  [Who really owns OML 138?](#), May 2019.
-  [NDDC's two revenue streams](#), July 2019.
-  [Turning the focus to activities in Nigeria's mining sector](#), January 2020.


Traditional media coverage


In addition to the traditional media attention noted above, campaign coverage also included:


-  **Guardian (Nigeria)**, "Criticism trails renewal of 42 oil block licences", Oct. 2019.⁶²


-  **Atlantic Post**, "Oil blocks renewal: Policy Alert, HEDA, CISLAC, 19 other CSOs task FG on openness, beneficial ownership", Oct. 2019.⁶³

-  **Next Edition**, "Oil wealth not benefitting us, Akwa Ibom community cries out", Oct. 2019.⁶⁴

-  **Atlantic Post**, "Oil wealth not benefitting us – community cries out", Oct. 2019.⁶⁵

-  **The Nation**, "Akwa Ibom oil communities decry living standards", Oct. 2019.⁶⁶

-  **Cybok News**, "We aren't benefiting from oil wealth – Akwa Ibom community", Oct. 2019.⁶⁷

-  **Environews Nigeria**, "Global Anti-Chevron Day: Policy Alert demands accountability from oil giant", May 2020.⁶⁸

⁶² <https://guardian.ng/news/criticism-trails-renewal-of-42-oil-block-licences/>

⁶³ <https://atlanticpostng.com/oil-blocks-renewal-policy-alert-heda-cislac-19-other-csos-task-fg-on-openness-beneficial-ownership/>

⁶⁴ <https://www.nextedition.com.ng/oil-wealth-not-benefitng-us-akwa-ibom-community-cries-out>

⁶⁵ <https://atlanticpostng.com/oil-wealth-not-benefitng-us-community-cries-out/>

⁶⁶ <https://thenationonlineng.net/akwa-ibom-oil-communities-decry-living-standards>

⁶⁷ <https://bit.ly/2ZxZPSQ>

⁶⁸ <https://bit.ly/2DYxRaJ>

WHAT WE KNOW ABOUT NIGERIA'S MINING SECTOR



LAFARGE AFRICA PLC



**BUSINESS TYPE
CEMENT PRODUCTION**

**COMBINED
PRODUCTION
CAPACITY**



10.5MTPA
(MILLION TONNES PER ANNUM)

**CEMENT
PLANTS**



**Ewekoro
Mfamosing
Ashaka**

LOCATIONS



**Ogun
Cross River
Rivers
Gombe
Lagos
Abuja**

PRODUCTS



**Elephant Cement
AshakaCem
Unicem
PowerMax
Elephant Supaset
RoadCem
Supafix
ReadyMix**

STATUS



Producing

PAYMENTS TO GOVERNMENT



2015	\$4,263,382
2016	\$2,487,722
2017	\$589,922
2018	\$1,848,509

Amount paid by LafargeHolcim Limited to the Federal Government of Nigeria in 2015, 2016, 2017 & 2018 as royalties & taxes, as presented by resourceprojects.org

SOURCES : resourceprojects.org, Lafarge Africa Plc, NEITI

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Impact of Covid-19 on project activities

In March 2020, Nigeria was hit by the Covid-19 pandemic, and the government announced lockdown measures. Policy Alert had to postpone further planned community consultation meetings and linked activities. The first postponement was of a meeting with residents of Mfamosing, in Akamkpa LGA, Cross River State. Swiss-based mining and cement-producing company LafargeHolcim, which reports its payments to governments under French law, operates the Mfamosing cement plant. The plant and community are located relatively close to Policy Alert's base in nearby Akwa Ibom. Mfamosing-related payments to governments are identifiable in LafargeHolcim's disclosed payments data, providing an opportunity to investigate the local footprint of a non-oil extractive project. Policy Alert intends to continue work on mining and its effects on communities.

Another planned meeting was to be held with members of the Oron nationality, an ethnic group who live in Akwa Ibom and Cross River states. Oron people are affected by operations of ExxonMobil and Seven Energy/Universal and seek legislative recognition as a host and impacted community. Before Nigeria's lockdown, Policy Alert paid an advocacy visit to the President-General of Oron Union, Bishop Etim Ante.⁶⁹ Other planned activities that were stalled during the pandemic were community consultations in Port Harcourt (Rivers State) and Ohaji (Imo State).

The pandemic and lockdown resulted in four to five months' suspension of activities in our collaboration, which we resumed only in August 2020. Policy Alert nevertheless aims to continue its dialogue with Esit-Eket, Ibeno, Oron and

other communities to explore how to obtain better public outcomes locally from oil, gas and solid minerals extraction and the resulting government receipts. In September 2020, Policy Alert facilitated participation of community leaders from Ibeno and Oron nationality in a webinar on "Resolving the host communities question" organised by the Nigerian House of Representatives Committee on the Niger Delta, OrderPaper and the Nigeria Natural Resource Charter.


Stakeholder Democracy Network's Environmental Performance Index

PWYP UK member organisation Stakeholder Democracy Network, which works independently with Policy Alert in Nigeria, undertook in 2019-20 as a complementary study its first annual Environmental Performance Index (EPI).⁷⁰ SDN's EPI provides a comparative assessment of the environmental performance of 43 oil and gas companies operating in the Niger Delta, including in Akwa Ibom State. A summary of SDN's findings are included under **Project findings and outcomes** below.

⁶⁹ Reported at <https://twitter.com/PolicyAlert/status/1235950002268180480> and https://www.facebook.com/PolicyAlertNG/posts/2371218373168596?_rdc=1&_rdr

⁷⁰ SDN, Jul. 2020, <https://www.stakeholderdemocracy.org/2018-nigerian-oil-industry-epi/>

PROJECT FINDINGS AND OUTCOMES



Resource dependent countries like Nigeria have been badly hit by the 2020 Covid-19 pandemic.

Complexity and opacity of the sector suits the harmful status quo

Nigeria's extractive sector, especially oil and gas, is large and highly complex, with a mass of sometimes contradictory information publicly available. Asset ownership in oil and gas changes frequently and increasingly involves smaller and at times interrelated companies. This makes it challenging for civil society to follow and understand sector developments, and even more so for project-affected communities to be sure which companies operate in their locality. And it suits people in positions of power and influence who benefit from a situation that harms the natural environment and badly hurts ordinary people.

The way companies calculate and report payments to Nigerian government entities can be unclear and insufficiently disaggregated. Approaches may be disputed, with government entities' capacity to oversee and regulate the sector apparently weak and fragmented. As NRGi has reported: "The [NDDC] commission has questioned companies' levy payments in recent years. Oil and gas companies ... have contested the meaning of the term 'annual budget', while the NDDC itself claims it cannot check that companies are meeting their payment obligations, as it does not have access to the annual budgets of the oil and gas companies operating in the Niger Delta."⁷¹

Companies operating in Nigeria are sometimes helpful in providing civil society with additional information in response to inquiries. But they are not always willing to engage, and their replies can be defensive rather than contributing to a wider public understanding of the sector in the spirit of the EITI and of mandatory reporting laws. Companies such as Chevron Canada and Shell should fully disaggregate their payments at OML level,⁷² and in the case of companies including Shell should report their proportionate share of payments made on their behalf as non-operator joint venture participants.⁷³

The Nigerian federal government, as represented by the DPR, has appeared unable or unwilling to engage with inquiries made during this project.

The Nigerian government has a long-standing but still unfulfilled commitment to publish oil and gas contracts,⁷⁴ and contract disclosure covering all contracts issued or amended after 1 January 2021 is an EITI 2019 Standard requirement. Currently lack of access to contracts, licences and fiscal terms is an obstacle that prevents Nigerian civil society and citizens from fully understanding the basis for specific extractive payments or for other obligations that companies may incur when obtaining extraction rights.

⁷¹ NRGi, Dec. 2017, <https://resourcegovernance.org/analysis-tools/publications/nigerias-oil-and-gas-revenues-insights-new-company-disclosures>, p. 16.

⁷² See pages 16-17 above for Chevron Canada's comments on this point.

⁷³ For Shell International's comments on these points, see email to PWYP UK, Oct. 2020, <https://bit.ly/35CNMYY>

⁷⁴ NRGi, Jun. 2018, <https://resourcegovernance.org/blog/nigeria-petroleum-contracts-should-be-disclosed-here-are-four-ways-make-happen>

Nigerian government entities and operating companies have not always been responsive about the exclusion and marginalisation of Niger Delta communities from decisions and discussions about the impacts of extraction on their lives. Recent research by Nigeria's National Bureau of Statistics (NBS) shows that some oil-producing states have the highest rates of registered unemployment in the country, with Akwa Ibom's rate the second highest at 45%.⁷⁵ Much more is required to achieve a level and quality of government-company-community dialogue that could be considered as meeting states' duty and companies' responsibility towards affected communities under the United Nations Guiding Principles on Business and Human Rights and the UN "Protect, Respect and Remedy" framework.⁷⁶

Beneficial ownership registers need improvement

The UK beneficial ownership register of People with Significant Control (PSC), although very welcome as an important international transparency milestone, can be improved. UK companies can report other companies as directors and can report that they have no PSCs. In the case of Seven Energy, as we noted, the company reported as officers several other companies (known as corporate directors) associated with yet more companies and "0 active persons with significant control" – all as currently permitted under UK law.⁷⁷ Commenters have pointed out that "Given the potential for the use of corporate directors to help criminals disguise their ownership of companies ... corporate directors should be banned, subject to a few exceptions."⁷⁸

PWYP member organisation Global Witness commented in 2019 that, besides the lack of official verification of UK PSC register entries, "the 25% control threshold for beneficial ownership disclosure ... remains one of the biggest loopholes for avoiding scrutiny."⁷⁹

The UK government's position on control thresholds is that 25% represents "the optimum opportunity to understand who is in a position to exert significant influence and control over a company"; that "anyone who exerts significant influence or control over an entity is captured within the meaning of 'beneficial owner'".⁸⁰ However, this view misses a key aspect of beneficial ownership transparency, which is to understand who benefits from ownership as well as who exerts influence or control.

In 2020 the UK government announced measures to strengthen the UK PSC register by requiring identity verification for company directors, PSCs and individuals filing information. And in another welcome move, the UK government proposed that "all company directors should be individuals, i.e. real people" and that it would ban use of corporate directors, which "can muddy the waters around ownership and provide a screen behind which to conduct illicit activity".⁸¹

Based on Policy Alert's initial investigation of Nigeria's public beneficial ownership register of extractive companies, if Universal Energy is permitted to report unidentified "Others" as owning a fifth of the company, the aim of transparency is not being fully met.

⁷⁵ NBC, "Labor force statistics: unemployment and underemployment report", Aug. 2020, <https://www.nigerianstat.gov.ng/download/1135>.

⁷⁶ Office of the UN High Commissioner for Human Rights, 2011, http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁷⁷ <https://beta.companieshouse.gov.uk/company/SC271146/officers> (accessed Aug. 2019).

⁷⁸ Inform Direct, Jul. 2019, <https://www.informdirect.co.uk/officers/should-corporate-directors-be-banned/>

⁷⁹ Global Witness, Consultation submission to the UK Department for Business, Energy & Industrial Strategy, Aug. 2019, unpublished, p. 6, cited with permission, and 2019, <https://www.globalwitness.org/en/campaigns/corruption-and-money-laundering/anonymous-company-owners/getting-uks-house-order/>

⁸⁰ UK Department for Business, Energy & Industrial Strategy, comments on draft report, email to PWYP UK, Oct. 2020

⁸¹ Department for Business, Energy & Industrial Strategy and Companies House, Sep. 2020, <https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform>; and Dec. 2020, <https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform-implementing-the-ban-on-corporate-directors>

Poorly served affected communities can be empowered to work for change

Host and extraction-impacted Niger Delta communities currently appear to receive negligible benefits from the presence of extractive communities in or near their homes and lands, and as Policy Alert observed in Ibeno live in conditions of shocking poverty, pollution and neglect. Yet residents are keen to know and understand better the parameters of the projects that encroach on their lives. When offered opportunities for informed dialogue and joint reflection, communities show a willingness to make time to engage constructively about the impacts of resource extraction. Too frequently, however, communities experience exclusion from and marginalisation by decisions and deals that affect them. This is contrary to well-recognised human rights to seek, receive and impart information, to take part in the conduct of public affairs of one's country and to participate in meaningful decision-making.⁸²

At the two consultation meetings that Policy Alert have so far held with host and impacted communities in the course of the project and campaign, the general view was that development agreements (MOUs) signed between oil and gas companies and representatives of communities are either non-existent or treated as classified or restricted documents. Community members do not generally have access to these agreements and believe that a few benefit captors from the communities connive with company representatives to shroud the agreements in secrecy. The meetings at which Policy Alert shared the contents of some MOUs provided an opportunity for communities to learn about the development agreements' existence, rationale and content. This has raised awareness about the potential benefits of hosting extractive

operations and of the need to ensure that such agreements are accountably implemented so that communities receive at least a degree of compensation for the negative impacts.

In a recent case, Nigeria's National Assembly House Committee on Treaties, Protocols, Agreements and Petroleum Resources (Upstream) gave an ultimatum to ExxonMobil to review an existing but abandoned MOU with host communities in Akwa Ibom State.⁸³ The National Assembly committee resolution resulted from a petition from a parliamentarian representing the Esit-Eket and Ibeno LGAs a few months after Policy Alert had held consultation meetings in these localities. Our sensitisation efforts relating to development agreements and other benefit transfer mechanisms appear to have had this positive effect following community pressure on their parliamentary representative.

The #WetinWeGain campaign also led to Policy Alert being approached in 2020 by a community leader from Ibeno seeking help on an issue involving Tenoil Petroleum & Energy Services (operator of OPL 2008) and the host community. According to the community representative, Tenoil had commenced operations without obtaining the Free, Prior, and Informed Consent (FPIC) of the host community or negotiating a community development agreement (MOU). No known member of the community had been employed by the company, contravening Nigeria's Oil and Gas Industry Content Development Act 2010.⁸⁴ He informed us that a petition had been drafted and forwarded to the company, and that the company and the community had been invited by the House of Representatives Committee on Local Content to come and state their case. He asked Policy Alert's advice and collaboration on how to engage the government and the company. At the time of drafting our report for publication, Policy Alert was advising the community leader on strategies and tools for engagement.

82 United Nations, <https://sustainabledevelopment.un.org/topics/information-integrated-decision-making-and-participation>

83 Crystal Express, Jul. 2020, <https://crystalexpressng.org/nass-directs-exxonmobil-to-review-mou-with-host-communities-in-akwa-ibom>

84 <https://www.ncdmb.gov.ng/images/GUIDELINES/NCACT.pdf>

SDN report finds decades of poor environmental performance

Local communities across the Niger Delta have seen little benefit from the oil and gas industry, while facing serious environmental impacts. These include damage from oil spilled and gas flared, or burnt off, as a consequence of exploration and production. In July 2020 Stakeholder Democracy Network (SDN) published its first annual Environmental Performance Index (EPI), which compares the environmental performance of 43 oil companies operating in the Delta, including in Akwa Ibom State. In 2018, the latest year for which information was available for this research, more than four million litres of oil were spilled across the Delta, in more than 600 incidents, according to data from the Nigerian National Oil Spill Detection and Response Agency (NOSDRA).⁸⁵

Decades of damage caused by such spills have ruined land and water sources in the Delta, where many communities depend on agriculture and fishing for their livelihoods. There are also disturbing health implications. For example, one study indicates that infant mortality rates double for children whose mothers lived near an oil spill prior to conception,⁸⁶ and other research has shown a correlation between the presence of gas flares and respiratory problems. Because the principal component of natural gas is methane (which releases carbon dioxide when burnt), Nigeria's flare stacks also contribute directly to global climate change. The Nigerian oil industry flared an estimated 440 billion cubic feet of gas in 2018, equivalent to a quarter of Nigeria's carbon dioxide emissions the year before.

Analysis in SDN's EPI indicates that the highest oil spill and gas flare emissions in Nigeria tend to be generated by major international oil companies, as well as the state-owned Nigerian

National Petroleum Corporation (NNPC). This is unsurprising, because these companies generally have higher production volumes. However, SDN found that local oil companies usually have higher emissions relative to the volume of oil they produce. Overall the Nigerian oil industry compares poorly with oil industries in other countries and regions. The amount of oil spilled and gas flared in Nigeria on a per-unit basis is far higher than elsewhere. The reasons include poor and badly maintained infrastructure and the local "artisanal" oil industry. The latter, together with bunkering (oil theft) and sabotage is, according to NOSDRA data, responsible for the majority of oil spilled. Widespread gas flaring results from lack of local infrastructure (for power generation, storage and transport) to utilise the gas and the weakness of Nigeria's gas flaring management and enforcement regime.

One of the problems SDN's research also highlights is the difficulty in accessing standardised data on environmental and other topics relating to the Nigerian oil industry. There are major discrepancies among sources, and logistical challenges mean that it is likely that official data is incomplete. For example, offshore oil spills recorded in NOSDRA's database often appear to have only a nominal volume attributed to them. This is presumably because of the difficulty in accessing and quantifying evidence relating to these spills, but it means that although Akwa Ibom State recorded 60 spills in 2018, the total volume reported as spilled amounts to only an implausibly low 12 barrels. So although the data at least records when an incident takes place, it demonstrates the need for more effective oil spill monitoring, and for greater transparency around all aspects of the Nigerian oil industry, as other sections of this case study report also show.

The complete EPI, which includes detailed discussion of environmental challenges relating to the Nigerian oil industry, and a summary report are available at <https://www.stakeholderdemocracy.org/2018-nigerian-oil-industry-epi/>⁸⁷

⁸⁵ <https://www.nosdra.gov.ng/>

⁸⁶ A. Bruederle and R. Hodler, "The effect of oil spills on infant mortality: evidence from Nigeria", Sep. 2017, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3043605

⁸⁷ SDN, <https://www.stakeholderdemocracy.org/2018-nigerian-oil-industry-epi/>

Developments at NDDC

In October 2019, Nigeria's President Muhammadu Buhari set up an Interim Management Committee (IMC) to oversee the forensic audit of the NDDC for the period 2001-19. Ten months after the IMC was established, it was yet to begin any meaningful work on the audit. The original head of the IMC was sacked in February 2020 for "insubordination", and the current head has been under parliamentary investigation for alleged grand corruption and misappropriation of funds. In July 2020 the IMC was indicted by civil society groups and Niger Delta students in a public hearing at the Nigerian National Assembly.⁸⁸

Policy Alert released in September 2020 a set of infographics on the revenue streams of the NDDC for the years 2014-19 with cross-comparisons between NDDC receipts and allocations to subnational governments in the Niger Delta area. The infographics highlight the huge receipts that have accrued to the NDDC in contrast to the smaller sums received by subnational governments. In 2018 alone, the NDDC received more money than five Niger Delta States combined (Ondo, Imo, Edo, Cross River and Abia). Yet the states have far more responsibilities and a greater burden of service delivery to citizens.

Box 3. THE NIGER DELTA DEVELOPMENT COMMISSION (NDDC)

The Niger Delta Development Commission (www.nddc.gov.ng) is a Nigerian federal government agency established by President Olusegun Obasanjo in 2000 with the mandate to facilitate the rapid, even and sustainable development of the Niger Delta into a region that is economically prosperous, socially stable, ecologically regenerative and politically peaceful. Its objectives are to tackle ecological and environmental problems that arise from the exploration and exploitation of hydrocarbons in the Niger Delta and to plan and implement projects and programmes for the sustainable development of the area in such fields as transportation, health, education, employment, industrialisation, agriculture, fisheries, housing, urban development, water supply, electricity and telecommunications.

The NDDC receives funding via 15% of total monthly statutory allocations from the government's Federation Account to NDDC member states, plus 3% of the total annual budget of any oil producing or gas processing company operating onshore or offshore in the Delta area and 50% of payments due to NDDC member states from the government's Ecological Fund.

Despite the huge receipts that have accrued to the NDDC over the past 20 years (see page 37), it continues to be plagued with corruption scandals and is widely perceived to have failed in its mandate of fast-tracking development in the Niger Delta region.

⁸⁸ ThisDay, Jul. 2020, <https://www.thisdaylive.com/index.php/2020/07/12/ex-nddc-chair-sacked-for-insubordination-says-akpabio/>; Punch, Aug. 2020, <https://punchng.com/nddc-nedc-groaning-under-weight-of-corruption/>

TOTAL PAYMENTS TO NDDC

BETWEEN
2014 & 2019

Year	Statutory Allocation	+	NDDC Levy	=	Total Payments to NDDC
2014	N 61.9bn (\$375.6m)		N 139.5bn (\$846m)		N 201.4bn (\$1.2bn)
2015	N 46.7bn (\$238.9m)		N 67.7bn (\$346.5m)		N 114.4bn (\$585.5m)
2016	N 41bn (\$161.9m)		N 124.7bn (\$492m)		N 165.8bn (\$654m)
2017	N 64bn (\$209.3m)		N 166.7bn (\$545.3m)		N 230.8bn (\$754.6m)
2018	N 81.8bn (\$267.5m)		N 209.1bn (\$683.3m)		N 291bn (\$950.8m)
2019	N 100bn (\$326.4m)		N 106.6bn (\$347.6m)		N 206.9bn (\$674m)

* Payments to NDDC captured were payments from eight companies; SEPLAT, SHELL, CHEVRON, ENI, CNOOC, EXXONMOBIL, EQUINOR ASA, TOTAL.
Total payments to NDDC is expected to be higher with the inclusion of other companies not listed above.

According to Section 14b of the NDDC Act, the NDDC collects 3% of the total annual budget of any oil producing company operating offshore and onshore in the Niger Delta area, including gas processing companies.
CBN Inter-bank Foreign Exchange Market rates for different years was used

SOURCES : resourceprojects.org, NEITI, CENTRAL BANK OF NIGERIA, NATIONAL BUREAU OF STATISTICS.

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2018

Payments to NDDC and Niger Delta States.



Total Payments to NDDC (Statutory Allocation + 3% NDDC Levy)

N291bn (\$950.8m)

Vs

Federal Government Allocation to NDDC States

(Statutory Allocation from Federal Government + 13% Share of Derivation from Crude Oil and Gas)

Akwa Ibom	Abia	Bayelsa	Cross River	Delta	Edo	Imo	Ondo
N 202.3bn (\$661.1m)	N 55bn (\$180.7m)	N 153.1bn (\$500.2m)	N 36.9bn (\$120.7m)	N 213.6bn (\$697.9m)	N 69.1bn (\$226m)	N 54.1bn (\$124.5m)	N 64.6bn (\$211.3m)

According to Section 14b of the NDDC Act, the NDDC collects 3% of the total annual budget of any oil producing company operating offshore and onshore in the Niger Delta area, including gas processing companies.
2018 Inter-bank Foreign Exchange Market rate: ₦1=₦306.08

SOURCES : resourceprojects.org, NEITI, CENTRAL BANK OF NIGERIA, NATIONAL BUREAU OF STATISTICS.

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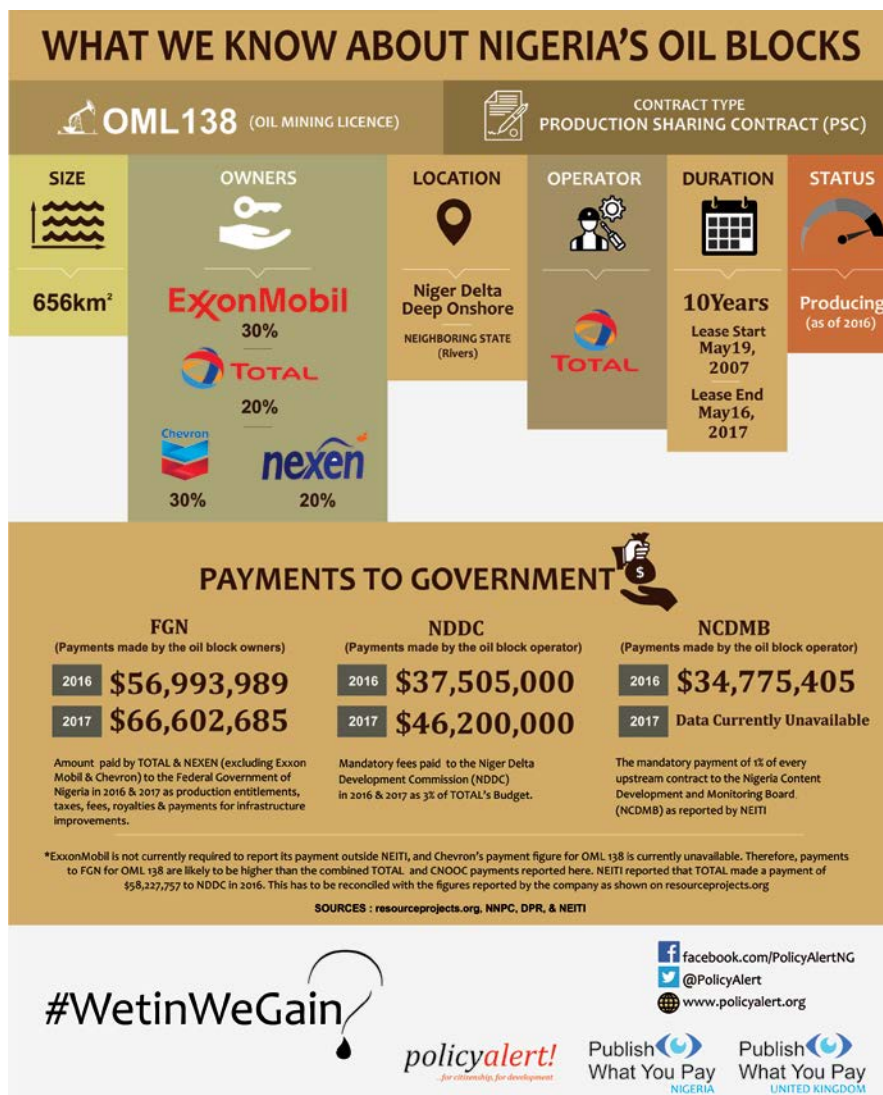
Covid-19 intensifies harmful impacts of oil dependency

Resource dependent countries like Nigeria have been badly hit by the 2020 Covid-19 pandemic. Due to the expected decline in oil receipts, in May 2020 the Nigerian government increased its budget deficit by 146% from 2.175 trillion naira to 5.36 trillion naira (\$9.2 billion).⁸⁹ 85% of the 2020 deficit was to be financed by foreign and domestic loans, increasing Nigeria's debt servicing liability to 2.68 trillion naira (25% of the budget). The director general of Nigeria's Budget Office stated that Nigeria's oil incomes had declined by nearly 90% because of a reduction in the country's projected 2020 average production volume of crude oil from 2.18 mbpd to 1.7 mbpd and a fall in the average oil price from \$57 to \$20 per barrel. This was expected to impact other sectors of the economy, most of which are import dependent. Prior to the Covid-related oil price decline, the economy was already fragile and vulnerable, with sluggish growth, a low revenue/GDP ratio, constrained fiscal space, low foreign and domestic investments, and declining foreign exchange reserves.

To help plug the gaps in its budget, the Nigerian government announced a plan to "tighten implementation of the 2018 revised gas flare penalty payment regime", resulting in an upward revision of gas flare penalties for 2020 by 131% from 44.7 billion naira to 103.51 billion naira.⁹⁰ However, with oil and gas accounting for more than 50% of government income and over 90% of the country's foreign exchange earnings,

the break-even price of crude oil required by Nigeria to run a balanced budget is \$144/barrel.⁹¹ This appears unattainable given prevailing market conditions.

As a further sign of the country getting deeper into debt and using highly uncertain future oil earnings as collateral – and not for the first time – in July 2020 state oil company NNPC signed a \$1.5 billion prepayment forward agreement with bankers Standard Chartered backed by African Export Import Bank, United Bank for Africa and oil traders Vitol and Matrix Energy.⁹² NNPC committed to publish the terms of this crude oil prepayment arrangement, during a webinar organised by the EITI on resource-backed loans.⁹³



⁸⁹ Nairametrics, May 2020, <https://nairametrics.com/2020/05/13/fg-discloses-how-it-will-finance-n5-36-trillion-budget-deficit/>; 1 naira = approx. \$0.0026.

⁹⁰ Punch, May 2020, <https://punchng.com/fg-targets-n103bn-from-gas-flaring-penalty/>

⁹¹ Financial Nigeria, Jul. 2020, <http://www.financialnigeria.com/covid-19-and-the-nigerian-oil-economy-blog-562.html>

⁹² Reuters, Jul. 2020, <https://www.reuters.com/article/us-nigeria-oil-prefinance-exclusive/exclusive-nigeria-in-1-5-billion-oil-prepay-deal-with-traders-vitol-matrix-idUSKCN24T1QW>

⁹³ Reported on Twitter at <https://bit.ly/3jgHWhR>

Box 4. NIGERIA'S PETROLEUM INDUSTRY BILL AND THE RISK OF STRANDED ASSETS

Nigeria's 20 years of efforts to overhaul its oil and gas sector have highlighted the need to address technical, operational, environmental and regulatory weaknesses. The Petroleum Industry Bill (PIB), first tabled at the National Assembly in 2008, has had a chequered history with many revisions but is still not law. Presentation of the PIB's 2020 version by President Buhari in October 2020 received a mixed response, especially from oil and gas host communities, who have long hoped for legislation to address their yearning for a better deal from the extractive sector.

In its advocacy for improved outcomes for, and greater participation by, host communities in Nigeria's oil and gas industry, Policy Alert presented a memorandum to, and participated in, public hearings on the PIB held by the Nigerian Senate and the Federal House of Representatives in January 2021.⁹⁴


Policy Alert and PWYP UK recognise that Nigeria's oil and gas sector will be increasingly challenged by rapid change in global expectations resulting from the escalating climate crisis and the need for a managed, equitable and just low-carbon energy transition. As a recent report by Carbon Tracker states: "Oil and gas producing countries face a multi-trillion dollar hole in government revenues over the next 20 years as the world decarbonises, with some needing strong international support to diversify their economies and avoid social and political instability ... Over 400 million people live in the 19 worst affected countries where declining fossil fuel revenues could see total government income fall by at least 20%, leading to cuts in public services and job losses. *Half live in Nigeria, where a 70% drop in oil revenues would cut total government income by a third*" (emphasis added).⁹⁵

Carbon Tracker's report may imply an overestimation of the contribution that oil and gas receipts make to public services in Nigeria, which as our report indicates are minimal for extraction-affected communities. However, an equitable low-carbon transition, even one led by the historically high-carbon-emitting OECD countries, will inevitably have major impacts in Nigeria, which badly needs to diversify away from hydrocarbon production. This may mean that communities such as those of Esit-Eket (pages 20-22 above) and Ibeno (pages 23-26 above) will never see a "fair share" of the money generated by oil and gas extraction in their neighbourhoods.

Policy Alert and PWYP UK believe that the fight must go on to expose and address corruption, mismanagement and injustice in Nigeria's extractive industries and to meet the needs of the most affected communities. The coming energy transition must not be permitted to further entrench the inequality and human suffering caused by Nigeria's extractives sector. Failure of the global community to adequately address the climate crisis would be likely to worsen the prospects of future generations of Nigerians.

⁹⁴ Policy Alert, Memorandum on the Petroleum Industry Bill, 2020, <http://bit.ly/3qa6jlp>

⁹⁵ Carbon Tracker, Feb. 2021, <https://carbontracker.org/petrostates-13-trillion-gap-energy-transition-pr/>



There is little evidence that intended benefit sharing arrangements have helped host and impacted communities.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This action-research collaboration and Policy Alert's #WeinWeGain campaign set out to explore, and where possible to achieve greater government and company accountability for, impacts of extractive operations on citizens and communities in Akwa Ibom State and neighbouring locations in Nigeria's Niger Delta. Focusing on selected extractive projects, particular communities and key extractives-related issues, we sought to "follow the money", based on payments-to-governments reporting by selected companies under European Union, UK and Canadian law and via the EITI, as one of several strands of informed dialogue with government, companies, civil society and communities about the public outcomes of extraction. A key element was to inform citizens and local communities and to promote public participation in decision-making to bring about better outcomes.

Over a period of months, we undertook desk research, data and issue analysis, public awareness raising, outreach to Nigerian government officials and selected companies, and consultations with civil society and host communities. Promising outcomes from Policy Alert's engagement with communities and the public via consultation meetings and social and traditional media indicate the real potential







of better-informed citizens to advocate for their rights and to achieve improvements in the regulation of Nigeria's extractive industries and its implementation. Despite the Covid-19 pandemic and subsequent public lockdown in Nigeria, which held back the momentum of our work, we hope that our findings, recommendations and future efforts can contribute to the much needed transformation of the sector.

However, an equitable energy transition, even one led by the historically high-carbon-emitting OECD countries, will have major impacts in Nigeria, which badly needs to diversify away from hydrocarbons. Communities such as those of Esit-Eket and Ibeno may never see a "fair share" of the money generated by oil and gas extraction in their neighbourhoods.





Key findings

- As is well known, the Nigerian extractive sector is large, complex, often poorly governed and in many ways opaque and still unaccountable to citizens and communities.
- Negative impacts of the extractive sector on Nigerians' livelihoods, environment, health and human rights can be severe (often more so than in other comparable countries), disproportionately affect

disadvantaged groups, including women, youth and people with disabilities, and are largely uncompensated for.

-  Multinational oil companies, including Royal Dutch Shell and Total, paid US\$359 million in 2018 to the Niger Delta Development Commission (NDDC), the federal government agency responsible for facilitating development in Nigeria's oil-rich but poverty-stricken Niger Delta region.
-  The NDDC has a reputation for not completing projects across the Niger Delta.
-  Abandoned onshore wells litter the Niger Delta following unplanned abandonment, and many offshore facilities also face unplanned abandonment, with adverse potential consequences for nearby communities.
-  There is little evidence to date that the Nigerian government's intended benefit sharing arrangements, such as the 13% receipts derivation formula for oil-producing states, and intervention initiatives like the NDDC and the Nigerian Content Development and Monitoring Board (NCDMB), have significantly helped host and impacted communities, which need to be directly and actively involved in interventions designed to improve their socioeconomic conditions.
-  Civil society engagement with the Nigerian government and with companies operating in Nigeria has brought about limited improvements in accountability that need to go much further.
-  Payments-to-governments reporting and the EITI make a useful contribution to accountability across the sector and help deter corruption but can be undermined by poor quality implementation, narrow company interpretation of their reporting

responsibilities and other factors.

-  Civil society and citizens need disclosure of Nigeria's extractive industry contracts and fiscal terms, and of company-community agreements (MOUs), if they are to hold government, industry and (in some cases) community leaders to account more effectively.
-  Beneficial ownership disclosure regimes such as the UK's PSC register and the NEITI register are important but need tighter rules and better enforcement to raise disclosure standards.
-  Public education, awareness raising and dialogue across civil society and with communities offer a major opportunity to achieve change but require sustained effort and sufficient resources to focus advocacy messages and engage with duty bearers to deliver better public outcomes.
-  Nigeria is over-reliant on oil and gas and is running out of time to improve its regulation of extraction and to use its hydrocarbon income to support sustainable development and economic diversification.⁹⁶

Recommendations

To the Nigerian federal government

1. Fast-track passage of the long-delayed Petroleum Industry Bill (PIB)⁹⁷ to split the Nigeria National Petroleum Corporation (NNPC) into different entities that will address issues of governance and of regulatory and fiscal uncertainty in the sector and create a sustainable community-led framework for local participation and grievance redress.
2. Publish timely monthly and annual online machine-readable data on the Niger Delta Development Commission's (NDDC) receipts from the government and from oil companies, explaining how these sums are

⁹⁶ On stranded assets and the just transition to a low carbon global economy, see Carbon Tracker, <https://carbontracker.org/terms/stranded-assets>, and OilChange International, Jun. 2020, <http://priceofoil.org/2020/06/01/countries-need-to-phase-out-fossil-fuels-heres-how-to-do-it-fairly>

⁹⁷ <http://www.petroleumindustrybill.com/wp-content/uploads/2020/09/Petroleum-Industry-Bill-2020.pdf>

3. calculated and how the money is utilised.
3. Ensure that all statutory payments due to the NDDC in line with the NDDC Act 2000 since inception are paid, and punish and debar officials and contractors found liable in corruption cases.
4. Require the NDDC to establish mechanisms to involve states, local governments and beneficiary communities in community needs assessment, planning and monitoring to improve ownership, effectiveness and sustainability of development projects.
5. Until gas flaring ceases, allocate companies' gas flaring penalty payments prioritising communities most affected.
6. Create a robust legal and regulatory framework for extractive assets decommissioning and abandonment to address project closure costs and the future consequences of closure.
7. Implement equitable benefit sharing arrangements that involve the direct and active participation of the affected communities.
8. Establish an up-to-date public register of all extractive industry community development agreements (MOUs) making the terms of each publicly available.
9. Publish for each extractive licence awarded the full text of main agreements/ contracts, annexes and amendments in freely accessible and machine-readable formats in line with Nigeria's 2016 Anti-Corruption Summit (held in London) and Open Government Partnership (OGP) National Action Plan commitments and with the EITI 2019 Standard.⁹⁸
10. Tighten rules on beneficial ownership disclosure for extractive companies, making full public disclosure an eligibility criterion for asset bid rounds and screening applicants for conflicts of interest, PEPs and corruption risk at the point of prequalification or prior to licence award.
11. Undertake open and accountable public investigations where the development of hydrocarbons or solid minerals results in negative social, environmental and human rights impacts, promptly publish the findings, penalise offending companies, and implement timely and appropriate remedies.
12. Formalise the artisanal and small scale mining sector and protect the rights and livelihoods of mining communities.
13. Accelerate preparations for declining hydrocarbon income and the energy transition, working with all sectors of industry and society to diversify away from fossil fuels towards becoming a low-carbon economy and prioritising the needs of communities worst affected by oil and gas extraction.

To other governments

1. The Canadian and UK governments and the European Union should work together for greater alignment on extractive payments disclosure requirements between jurisdiction to help establish a clear and consistent reporting standard for companies. This should include a review of companies' interpretation of project-level reporting with a view to publicly emphasising that the policy intention of the transparency laws requires project payments to be disaggregated wherever possible to the level of the individual oil or mine contract, licence or other legal agreement; and equally that joint venture partners should report proportionately any payments made on their behalf by operators so that such payments are more transparent to the public.⁹⁹

⁹⁸ Nigeria OGP NAP, https://www.opengovpartnership.org/sites/default/files/Nigeria_NAP_2017-2019.pdf; EITI 2019 Standard, <https://eiti.org/document/eiti-standard-2019#download>

⁹⁹ The Canadian government recommends reporting of non-operating partners' indirect joint venture payments, including on a proportional basis, under its extractives transparency law, ESTMA, at <http://www.nrcan.gc.ca/node/18802>. With proportionate joint venture payment reporting, companies' inclusion in reports of explanatory notes identifying the operator and joint venture partners will help avoid double accounting.

2. The UK government should disallow the appointment of companies or other corporate bodies as directors of another company (which encourages potentially fraudulent circular ownership structures), and consider replacing the current 25% control disclosure threshold applied by the UK's public beneficial ownership (PSC) register with a requirement for companies to report all beneficial owners' shares or voting rights in exact percentages.
3. The US government should strengthen its rule for payments-to-governments disclosure (covering such companies as Chevron and Exxon) to fully align with global extractives transparency standards applied in Canada, the European Union, Norway, the UK and the EITI with regard to project-level reporting, exemptions and other key elements, and should rejoin the EITI as an implementing country.¹⁰⁰
4. All governments of countries where extractive companies are incorporated and/or publicly listed should require and ensure timely, freely and fully accessible online payments-to-governments reporting by such companies, in open and machine-readable data format and with effective compliance monitoring by each government.
5. All governments of countries where extractive companies are incorporated and/or publicly listed should require comprehensive information disclosure about companies' environmental and social policy and practice, respect for human rights, and practices to combat corruption risk, in keeping with PWYP's recommendations to European Union consultations for strengthening the EU's Non-Financial Reporting Directive.¹⁰¹
6. Help Nigeria implement just and equitable climate adaptation, mitigation and energy transition plans.

To extractive companies operating in Nigeria

1. Comply with the intention of mandatory reporting laws and the EITI by disaggregating all payment disclosures to the level of the individual oil or mine contract, licence or other legal agreement and by reporting on a proportionate basis all payments made indirectly via joint venture operators.¹⁰²
2. Adopt, publish and implement a policy of advocating for the public disclosure by producer country governments of all oil, gas and mining contracts, licences, annexes and amendments.¹⁰³
3. Work with state-level and local government authorities to consult publicly with affected communities about livelihood and social and environmental impacts of extractive operations and the effectiveness of mitigation and benefit sharing mechanisms, making adequate compensation to victims and encouraging the government to implement needed regulatory and fiscal reforms.
4. Publish on company websites comprehensive information on environmental and social impact assessments and resulting management plans, together with up-to-date information on environmental and social impacts, both planned and unforeseen, and how dealt with.
5. Participate in and support open and accountable public investigations where the development of hydrocarbons or minerals results in negative social, environmental and human rights impacts.
6. Empower women, youth and people with disabilities with skills acquisition programmes, provide appropriate learning aids in schools, and develop a quota system for the allocation of employment opportunities.

100 PWYP US, Dec. 2020, <http://www.pwypusa.org/pwyp-resources/pwyp-us-submission-to-the-sec-on-section-1504-2018-position-statement/>

101 PWYP, Jun. 2020, <https://www.pwyp.org/pwyp-news/beyond-revenue-transparency/>

102 Inclusion in payments reports of explanatory notes identifying the operator and joint venture partners will help avoid double accounting.

103 See e.g. Total, <https://www.sustainable-performance.total.com/en/business-ethics-0>

7. Contribute meaningfully to the transition to a low-carbon energy future, with "business and society ... working together to respect and restore the planet".¹⁰⁴ Help ensure that the global winding-down of fossil fuel production starts with action by and in wealthy countries that have historically emitted the most greenhouse gases, and that communities and workers are protected.

To Nigerian civil society and host communities

1. Advocate and campaign for the recommendations above, including for equitable, participatory and effective benefit sharing and compensation for host and extraction-impacted communities, contract transparency, stricter beneficial ownership disclosure, greater environmental and transparency and accountability, economic diversification and the low-carbon energy transition.
 2. Call on the Nigerian government to promptly implement the 2019 EITI Standard requirement of contract and licence publication by 2021, and publicly urge the disclosure of extractive sector legal agreements signed before that date.
 3. Research into the beneficial ownership of the Savannah/Seven Energy/Frontier Oil/Universal Energy group and publish the findings.
 4. Undertake critical research on community development agreements (MOUs) to establish which extractive industry projects involve such agreements, which lack them and where agreements are unpublished; help make such agreements and their terms public; investigate the fairness of the terms and the extent of company fulfilment.
 5. Inform communities and train them in how to access and interpret payments-to-governments, related mandatory and EITI data and development agreements, and in how to engage effectively with companies and government entities to account for payments and use of receipts and on issues of benefit sharing, livelihoods and social and environmental impacts.
6. Investigate and document direct and indirect social, environmental and human rights impacts of extractive projects with a focus on differential impacts on women and men, youth and people with disabilities and promote necessary reforms.
 7. Esit-Eket communities should engage with Savannah/Seven Energy/Frontier Oil/Universal Energy group to press for better implementation of the company-community MOU.
 8. Ibeno communities should demand the public disclosure of the company-community MOU with ExxonMobil, push for a review where necessary and ask for full implementation of the MOU commitments.

To international financial and multilateral institutions and institutional donors

1. Seek out and fund more civil society transparency, participation and accountability initiatives directed at securing more equitable and sustainable outcomes in producer countries and subnational localities from the extraction of non-renewable natural resources.
2. Increase support for capacity building for civil society organisations working on extractive sector issues.
3. Speed up the redirection of international funding away from fossil fuels and into the low-carbon energy transition and economic diversification, prioritising justice for poorer producer countries, workers and affected communities.

¹⁰⁴ The B Team, <https://bteam.org/our-work/causes/climate>

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Policy Alert and PWYP UK alone – and for their specific contribution SDN – are responsible for the report's content and accuracy. To comment on the report and/or to inform us of any use for research, education, public awareness raising or advocacy /campaigning please contact Tijah Bolton-Akpan (tijah.bolton@policyalert.org), Iniobong Usen (iniobong.usen@policyalert.org), Miles Litvinoff (mlitvinoff@pwypuk.org) and/or Alexander Sewell (alexander@stakeholderdemocracy.org).

The international Publish What You Pay civil society movement (www.pwyp.org), comprising more than 1,000 members and 50 national chapters, campaigns for extractive companies to publish their payments to governments and for governments to disclose their receipts, to increase accountability across the sector. Transparency deters government and company corruption and mismanagement. It assists civil society in scrutinising transactions, assessing the quality of public financial management, judging how far extraction projects represent fair value, and demanding more equitable and sustainable outcomes for citizens and future generations.



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