SUMMARY OF THE 2014 BENCHMARKING EXERCISE REPORT

CHANGES BY PRECEPT SINCE **2012**

1 Securing benefits for all

Nigeria focuses solely on the short term commercial gains of the extractive industry

Oil production and reserve remain beneath the governments target indicating ineffectiveness in regulation

2 Transparency and Accountability

Scare and inadequate information, poor financial reporting and inadequate audit for public entities like NNPC

In 2013, Nigeria scored 38/100 on oil sector reporting, ranking 42/58 countries

3 Fiscal regime and contractual terms

Outdated contract terms that haven't been revised has created a leakage where the state loses income

Politics MAYBE the reason the status quo has been maintained, given there are opportunities for a revision or to pass the PIB

4 Award of contracts and sector roles

There is uncertainty, political influence, and potential for corruption and collusion in awarding the various contracts and licenses

Sector roles under the Ministry of Petroleum Resources aren't explicitly known which results in conflicts and confusion

5 Managing local impacts

Environmental impacts in oil producing regions worsens as pipeline breaks and oil spillage began to rise from 2012

Few methods exist for host regions to complain about injustice from the oil companies who don't comply with environment regulations.

6 Nationally owned resource companies

NNPC carried debts to the Federation of over $6 billion each year.

Nigeria collected $76 billion in crude sale revenues, but the Federation Account only received $48 billion of this due NNPC financing issues.

7 Investing for growth

There is no National Development Plan covering the Federal, state and local governments

MTSS appear to have been abandoned for other budgeting techniques that prioritises short term agendas over long term investments

8 Stabilizing Expenditure

The pre-existing Excess Crude Account, which contained $9.7 billion at the end of 2012, has declined to $4 billion in 2014.

Positively, between 2012 - 2014 where oil prices where high, the country maintained a relatively effective monetary policy

9 Efficiency and equity of public spending

Subsidy Reinvestment and Empowerment Programme has been assessed as ineffective mechanism for advancing development, despite its huge infrastructure budget. It is perceived as a "political disbursement to government cronies

10 Private sector investment

In the downstream sector, Dangote Group's investment in a $9 billion refinery development for private sector investment.

Outside the oil sector, there also appears to be some large-scale investment in other sectors which could further economic diversification.

11 Role of companies' home governments

The European Parliament approved new reporting requirements after about a year ago with focus on tax, trade and transparency.

In the US, a similar law was passed in 2012, but has not come into force due to a lawsuit brought by a collection of American oil companies.

12 Role of private sector companies

Home companies can emulate best practices, by joining the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI).
There are currently 26 participants in the UNGC in Nigeria, though most participants are from outside the oil sector.

NIGERIAN NATURAL RESOURCE CHARTER