

SUMMARY OF THE 2017 BENCHMARKING EXERCISE REPORT

1 Strategy, Legal Framework & Institutions



Nigeria's resource strategy was strengthened in 2017 with the approval of the National Oil and Gas Policies by the FEC. These have yet to be fully implemented and may not have been fully integrated into the recently passed PIGB by the NASS and the other component parts of the PIB being considered.

2 Transparency and Accountability




The government has taken steps to improve transparency and accountability of public institutions. Instruments to track public spending are being implemented while information management systems have been deployed in government agencies.

3 Exploration, Licensing and Monitoring Operations




Laws, policies and practices reveal absence of strategic impact assessment and poor disclosure of exploration and licensing information. Monitoring of operations across every stage of projects is ineffective as the government agencies responsible lack sufficient capacity.

4 Taxation and Other Company Payments




Fiscal Regimes remain unfavourable to Nigeria with the IOCs benefiting more. The FEC approved the National Tax Policy. However, taxes in the sector remain complex with multiple agencies saddled with the responsibilities of collecting diverse types of taxes, yet not having adequate capacity to collect revenue due.

5 Local Impacts




Policies to ensure meaningful participation by the affected communities are absent and the negative effect outweighs extraction benefits. The government agencies responsible for monitoring ESAs lack the technical and financial capacity to enforce compliance.

6 State-Owned Enterprises




The observed muddling of the corporation's business roles with its non-commercial and auxiliary regulatory functions continues. Commercial decisions and operational activities of the corporation are still subject to political interference.

7 Investing for Growth




The share of recurrent expenditure remains disproportionately high, while capital expenditure and net financial accumulation are experiencing rapid decline. Also, medium term sector strategy (MTSS) hasn't been updated since 2011.

8 Stabilizing Expenditure



The major oil price shock that started in 2014 exposes the weakness in the existing exchange rate and expansionary fiscal policy of government. The SWF, though supported by a strong legal framework and globally recognized as the 2nd best governed SWF, is grossly underfunded thus insufficient to mitigate expenditure shortfall.

9 Public Spending



More MDAs have become TSA compliant since the FGN directive in September 2015 to promote financial accountability among government organs. The budget has been without any specific calendar as the 1999 FRA stipulated timelines have not been typically followed.

10 Private Sector Development



There is no appreciable improvement in the ease of doing business over the last couple of years, although the government has recently taken steps to facilitate an enabling business environment for a sustainable growth and development of the private sector.

11 Role of Extractive Companies



Multinational oil companies have taken active steps to engage with host communities and contribute to national development. However, regulations that mandate disclosure of contract agreements between oil companies and the government are not fully adhered to.

12 Role of International Community



In the European Union, significant traction towards increased extractive industry disclosure seems to have been eclipsed by the repeal of the Dodd Frank Act in the United States, effectively paving the way for increased secrecy.