NEITI Nigeria Extractive Industries Transparency Initiative
THE PRESIDENCY

Policy Brief
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Unremitted Funds, Economic Recovery, and Oil Sector Reform

NNPC and NPDC owe the Federation Account more than $20 billion, which could help jumpstart the economy. Beyond the golden opportunity for economic recovery, there is also a compelling case for deepening transparency and accountability in the improving oil sector

Table 1: Summary of Outstanding Remittances to Federation Account

Description	$	₦
NPDC		
Transfer of 8 OMLs from SPDC JV	1,700,000,000.00	
Transfer of 4 OMLs from NAOC JV	2,225,000,000.00	
Cash-calls paid for transferred OMLs (not refunded)	148,278,000.00	2,420,507,000.00
Legacy liabilities	1,458,618,285.76	70,014,589,266.45
Sub-total	**5,531,896,285.76**	**72,435,096,266.45**
NNPC		
NLNG Dividends (2000 to 2014)	15,822,713,000.00	
Cash-calls refunded to NAPIMS but not remitted	424,185,000.00	
Unpaid earnings from domestic crude sales		243,639,000,000.00
Sub-total	**16,246,898,000.00**	**243,639,000,000.00**
TOTAL	**21,778,794,285.76**	**316,074,096,266.45**

In keeping with conventional macroeconomic logic, Nigeria plans to spend its way out of the current economic slump. The fiscal stimulus began with the N6.06 trillion budget for 2016, and is continuing in 2017. The proposed budget for 2017 is N7.298 trillion, about 20% higher than the 2016 budget, which itself was a record number. This year's budget estimate includes a proposed deficit of N2.32 trillion, to be financed

Action Points

- The Federal Government should recover the over $20b withheld or owed by NNPC and NPDC and use it to fund economic recovery;
- OMLs divested to NPDC but not fully paid for should be revalued, retrieved and auctioned for higher value to the country;
- Status and operations of NPDC should be reviewed in line with global best practices to ensure greater efficiency and optimal value to the country;
- FG should investigate the status and use of NLNG dividends from 2000 to 2014 and undertake criminal proceedings against anyone found wanting;
- FG should fast-track comprehensive reforms of the improving petroleum sector.

through borrowing. This level of borrowing will further compound the Federal Government's total debt liability by about 16%.

Implementing the fiscal stimulus has other challenges. The budget is based on an oil benchmark of $42.5 and projected production volume of 2.2 million barrels/day. Last year's projections were less ambitious but still unrealized, as conditions were not favourable. While the country hopes that both international and domestic factors will be more clement in 2017, Nigeria's experience with crude oil-based budget benchmarking has shown that hope alone is not enough.

Realizing that revenue projection for this year faces some real challenges, the Federal Government set up a cabinet committee last December to "increase the revenue accruals to the government in order to implement the budget". This committee was charged with not only identifying new revenue sources, but also with harnessing existing sources by improving collection and blocking leakages.

Findings from a series of audits of the oil and gas sector carried out by the Nigeria Extractive Industries Transparency Initiative (NEITI) show that NNPC and its upstream arm, NPDC, have failed to remit $21.778 billion and N316.074 billion to the Federation Account. These are amounts due from three main sources: federation assets divested to NPDC and NPDC's legacy liabilities; payments for domestic crude allocation to NNPC; and dividends from investment in Nigerian Liquefied Natural Gas company (NLNG) paid to but withheld by NNPC.

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Recovery of these funds will significantly enhance government's fiscal position in the short term. Addressing the underlying causes of withheld revenues will boost government's collection in the medium to long term, thereby enhancing government's capacity to implement its infrastructure development programme, to successfully carry out its social intervention policies, and to put the economy on a sound and sustainable footing. It will also expand revenue options for the country at this critical period. In addition, the system and structure that allow funds to be withheld at discretion and with impunity point to an important area of reform in the oil and gas sector.

The Curious Case of NPDC

The Nigerian Petroleum Development Company (NPDC) was created in 1988 as a wholly-owned subsidiary of NNPC. NPDC functions as NNPC's upstream arm and has the mandate for exploration and production (E&P). Currently, the company operates three categories of Oil Mining Leases (OMLs), totaling 21 in all. In the first category are five OMLs that are reputedly owned 100% and operated by NPDC. These OMLs were acquired by NPDC before 2001*. These are: OMLs 64, 65, 66 acquired in 1989; OML 111 acquired in 1996; and OML 119 acquired in 2000.

[1] "2017: Buhari Sets up Cabinet Committee on Revenue". See http://www.nationalplanning.gov.ng/index.php/news-media/news/current-news/716-2017-buhari-sets-up-cabinet-comiittee-on-revenue

[2] Change of Operatorship of the Joint Operating Agreement (JOA)


In the second category are OMLs in which NPDC acts as an operator on behalf of NNPC. The OMLs involved were actually part of Shell and Chevron joint ventures but were transferred to NPDC (as Operator only) in 2005 and 2006 as a result of NNPC exercising its rights under Article 2.7 of the Joint Venture Agreement (JOA). That article allows NNPC to assume the role of the operator in specified portions of the joint venture and NNPC, in exercising this right, appointed NPDC to manage the operatorship of the transferred fields on its behalf. These OMLs are: OMLs 49, 51 (transferred from Chevron in August 2005); and OMLs 13, 20 (transferred from Shell Petroleum Development Corporation in May 2006). NPDC has no ownership claim over these OMLs and acts only as an operator on behalf of NNPC.

In the third category are OMLs transferred to NPDC from NNPC through divestment. These are assets divested from the SPDC and NAOC (AGIP) joint ventures. NNPC assigned its 55% equity in eight OMLs covered under the SPDC (Shell) Joint Venture on the approval of the Honourable Minister of Petroleum Resources. These OMLs are: OMLs 4, 38, 41 assigned on 16 September 2010 and OMLs 26, 30, 34, 40, 42 assigned on 21 April 2011. In December 2012, the Federation's 60% equity in four OMLs (60, 61, 62 & 63) from the NAOC (Agip) Joint Venture were similarly assigned to NPDC by NNPC.

The unremitted funds from NPDC fall under three categories. First, is the full payment for the 12 OMLs divested from the Shell and Agip joint ventures. NNPCs divestment of 55% of its stake in the Shell JV was valued at $1.8 billion by the Department of Petroleum Resources (DPR). However, considering the figures from Shell's divestment of between 30% and 45% of its own share in the same joint venture, PwC arrived at an alternative commercial valuation of these assets of $3.4 billion. 'This means the eights OMLs were undervalued by, or valued at a discount of, 47%. Despite this, NPDC has paid only $100 million on these OMLs divested between 2010 and 2011, leaving an outstanding of $1.7b of the discounted valuation. The four assets divested in 2012 by NNPC to NPDC under the NAOC JV were not valued until four years later. In the third quarter of 2016, DPR valued these four OMLs at $2.225 billion . NPDC has asked for clarification of the basis of the valuation. Therefore, NPDC owes the Federation $3.925 billion for these 12 divested assets.

However, while waiting for the determination of the consideration, NNPC reported it had remitted US$1.3 billion to the Federation Account from the gas revenue derived from the assigned assets from January 2013 to date. Thus, the NPDC effectively intends to pay for these assets using revenues accruing from them. This is, to say the least, a very crude way of doing business and at the expense of the Federation. It is inconceivable that this would have been possible somewhere else, that is: buy an asset from someone, take possession without paying any amount, and use the proceeds from those assets, at your own convenience, as part-payments.

NPDC has continuously enjoyed full rights and benefits accruing from the assets transferred as dictated by the terms of the deed of assignment, i.e. oil and gas revenues from the assigned fields have been paid to the account of NPDC. (This should not be an issue if NPDC had fully paid for these assets. As owners, NPDC should be entitled to the proceeds and will pay only taxes and royalties). But despite enjoying full

[3] Auditor-General of the Federation/PwC (2015), Investigative Forensic Audit into the Allegations of Unremitted Funds into the Federation Accounts by the NNPC

[4] NEITI's audits show that NNPC has written to DPR requesting further engagement to ascertain the basis and assumptions that went into the valuation as to the reasonableness of the amount taking cognizance of all associated risks and assess its impact on the NNPC bottom line.

benefits without consummating the conditions for full ownership, the parent company of NPDC, that is NNPC, did not declare any surplus to the Federation from the operations of the group since these OMLs were assigned to its subsidiary.

Second, the NEITI audits also reveal that cash calls amounting to $552 million were erroneously paid on these divested assets by the National Petroleum Investment Management Services (NAPIMS), the investment arm of NNPC. Although NPDC refunded $424 million to NAPIMS (which was not refunded to the Federation Account), NPDC is yet to refund $148.278 million and N2.42 billion from the cash-calls mistakenly paid to it.

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The third element of unremitted revenues in this category relates to arrears of liabilities of taxes, royalties and levies. The NEITI 2014 audits revealed that as at December 2014, NPDC had failed to remit $1.458 billion for Royalty Oil, Royalty Gas, PPT, and NDDC Levy. Also, NPDC had failed to remit N70.014 billion for PAYE, WHT, EDT, VAT, Gas Flare Penalty and NDDC Levy. (See Table 2 below).

NPDC's Legacy Liabilities

	₦	$
PAYE	42,330,334.09	
WHT	17,095,101,913.3	
EDT	15,692,422,800	
VAT	7,029,211,381.68	
Royalty on Oil		451,373,112.44
Royalty on Gas		15,228,040.77
PPT		910,937,132.55
NDDC Levy	28,335,833,752	81,080,000
Gas Flared Penalty	1,819,689,085.38	
Total	**70,014,589,266.45**	**1,458,618,285.76**

In summary, NPDC owes the Federation $5.531 billion and N72.435 billion. It should be noted that this is without factoring the interests that should have accrued, over time, on these funds.

Beyond the issue of unremitted monies, there are two other concerns with the operations of NPDC: transparency and efficiency. Since 2005, NNPC has transferred 16 OMLs to NPDC. However, the process of transfer of these assets raises serious questions, as there appears to be no clear-cut criteria for transfer of oil mining assets to NPDC. The process for the transfer of Federation's assets to NPDC does not seem to pass the transparency test. One of the upshots of this is the undervaluation of these assets, thereby depriving the Federation of optimal value for the assets. It has also created a situation where NPDC continues to be unaccountable to state institutions and the laws of the country. NPDC has consistently declined to give account of its operations and its management of national oil assets in its possession. NPDC failed to cooperate with the forensic audit ordered by the Auditor-General of the Federation in 2015. Similarly, the company failed to cooperate with NEITI for five audit cycles and only partially cooperated during the 2013 and 2014 audits. Consequently, the 2013 and 2014 audits have discovered significant sums of money that the NPDC has withheld from the Federation Account.

NNPC justifies granting of OMLs to NPDC on the grounds that it needs to develop local capacity. However, evidence shows that the NPDC neither has the technical expertise nor the financial wherewithal to manage

[5] Ibid., pp. 13, 16, 22, 29

these assets. The lack of technical know-how has been evident since the mid-2000s when the NPDC started engaging in service contracts with international oil companies. Also, NPDC's lack of finances has been evident since the beginning of the 2010s, when the company resorted to Strategic Alliance Agreements (SAAs) with indigenous oil companies to carry out production on the fields in its possession. There are red flags around some of these SAAs too.

NEITI's review of transfer of the country's oil assets to NPDC also shows that these decisions were not underpinned by sound economic judgment. Although NPDC was established to foster indigenous participation in the upstream sector, it is not really able to produce at substantial levels on its own. In mid-2006, total output from its wholly owned production was just 10,000 bpd. On the other hand, production from its service contract agreement with Agip was 65,000 bpd . Reasons given for NPDC's disappointing performance include: undue interference by NNPC, inadequate financial structure, inability to source project finances**. These bottlenecks in indigenous production seem to have led to the current strategy of the NPDC entering into partnerships with both international and indigenous oil companies who do the actual exploration and production on NPDC assets. Despite NPDC's clear operational and capacity deficiencies, the company continues to be allocated valuable concessions of Nigeria's most productive OMLs.

Convenient Uncertainty over NLNG Dividends

The Nigeria Liquefied Natural Gas (NLNG) Limited was incorporated as a limited liability company in Nigeria in 1989 with the core mandate of producing Liquefied Natural Gas (LNG) and Natural Gas Liquids (NGL) for export. The NLNG is a joint venture between the Nigerian government, represented by the Nigerian National Petroleum Corporation (NNPC), and three multinational oil companies: Shell Gas BV; Total LNG Nigeria Limited; and Eni International. The Nigerian government is the majority partner with a shareholding of 49%, followed by Shell Gas BV with 25.6%, Total LNG Nigeria with 15% per cent, and Eni International with 10.4% .

As at 2010, NLNG had six trains (liquefaction plants) with an overall capacity of 22 mtpa (metric tonnes per anum). The Final Investment Decision (FID) for trains one and two (Base Project) with a combined cost of US$3.6 billion was agreed in November 1995 and construction started in February 1996 . Production of LNG commenced from train two in September 1999 and production started in train one in February 2000 and this was followed shortly after by train three (Expansion project) which cost US$1.8 billion and came on stream in November 2002. The next five years witnessed rapid expansion of the capacity of the company with three trains becoming fully operational. Train four came on stream in November 2005; train five started operation in February 2006; and train six commenced operations in December 2007. The cost for trains four and five (NLNGPlus Project) was US$2.2 billion while the cost of train six was US$1.7 billion

[6] G.U. Nwokeji (2007), The Nigerian National Petroleum Corporation and the Development of the Nigerian Oil and Gas Industry: History, Strategy and Current Directions, The James A. Baker III Institute for Public Policy, Rice University
[7] Adenikinju, A., Fowowe, B. and Ola-Peters, J. (eds.) (2012) The Impact of the Nigeria LNG Project on Nigeria, CEAR Monograph Series 2, Centre for Econometric and Allied Research, University of Ibadan
[8] Ibid.
[9] Ibid.
[10] Ibid

. There are already plans for further expansion as proposals for train seven are already being negotiated.

The NLNG plant is situated in Finima, Bonny Island in Rivers State. The company has 24 ships, owned by Bonny Gas Transport Limited, a wholly-owned subsidiary of the NLNG. In addition, the plant has four LNG storage tanks with a combined capacity of 336,800 cubic meters, four LPG refrigerated tanks with a combined capacity of 260,000 cubic meters, and three condensate storage tanks with a combined capacity of 108,000 cubic meters . The expansion and growth of NLNG has made it one of the largest LNG plants in the world. In 2008, Nigeria was the fourth largest exporter of LNG in the world, accounting for 9.72 per cent of global exports. Within a decade, NLNG has been able to outperform, in both liquefaction and storage capacities, older LNG companies such as Sirte Oil Co. of Libya, established in 1970; Adgas of Abu Dhabi, established in 1977; Brunei LNG, established in 1973; and ConocoPhillips, established in USA in 1969 .

NLNG operates as a private company run by its private partners. Despite owning majority shares, the government of Nigeria is not involved in its management but earns revenues from its investment in the enterprise in form of dividends, interests and loan repayments. Since the Federation's shareholding in NLNG is held through NNPC, dividends are paid to NNPC, which should remit same the Federation. However, NEITI's audits have revealed that until 2015, NNPC failed to remit the interests and dividends

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Table 3: NLNG dividends, interests and loan repayments 2000 to 2014

Year	USD
2000	211,341,000.00
2001	322,077,000.00
2002	226,562,000.00
2003	436,272,000.00
2004	280,095,000.00
2005	207,282,000.00
2006	332,980,000.00
2007	842,957,000.00
2008	2,613,170,000.00
2009	879,839,000.00
2010	1,427,512,000.00
2011	2,537,503,000.00
2012	2,795,531,000.00
2013	1,289,592,000.00
2014	1,420,000,000.00
TOTAL	15,822,713,000.00

[11] Ibid
[12] http://www.factualreporters.com/?p=4227
http://www.naijaonpoint.com/nigerian-news/unremitted-13-3bn-we-did-no-wrong-nnpc-replies-neiti.html

from NLNG to the Federation Account. Table 3 below shows the breakdown of payments from NLNG to NNPC for the period between 2000 and 2014. In those years NLNG paid a total of $15.8 billion to NNPC, which NNPC acknowledged receiving but failed to remit to the Federation Account.

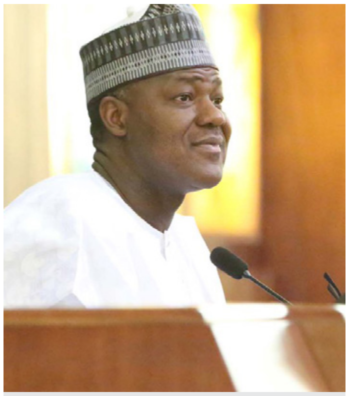
The dividends from Nigeria's investment in the NLNG are undoubtedly covered by clear constitutional provisions which prescribe that all revenue received by the Federation must be paid into the Consolidated Revenue Fund of the Federation. Section 80 (1) of the 1999 Constitution states:

> *"All revenues or other moneys raised or received by the Federation (not being revenues or other moneys payable under this Constitution or any Act of the National Assembly into any other public fund of the Federation established for a specific purpose) shall be paid into and form one Consolidated Revenue Fund of the Federation"*

Also, Section 162 (1) of the 1999 Constitution states thus:

> *"The Federation shall maintain a special account to be called "the Federation Account" into which shall be paid all revenues collected by the Government of the Federation, except the proceeds from the personal income tax of the personnel of the armed forces of the Federation, the Nigeria Police Force, the Ministry or department of government charged with responsibility for Foreign Affairs and the residents of the Federal Capital Territory, Abuja"*

These sections of the Constitution are especially important because NNPC once stated that it had spent part of the NLNG dividends on gas projects . NNPC maintained that this was done in line with approvals from the Federal Government. The NNPC has also stated that it thought that the shareholdings were owned by the Federal Government and not the Federation. However, it is doubtful if this alibi on lack of clarity on ownership can hold up to scrutiny. The NNPC is the joint venture partner with international oil companies on behalf of the Federation in all oil mining projects. NNPC also does all liftings for crude oil for the Federation. Can it now be said that revenue accruing from such liftings belong to the Federal Government alone, because the NNPC is an agency of the Federal Government? Analogously, the NNPC holds shares in NLNG on behalf of the Federation and cannot possibly claim that such shareholding is for the Federal Government alone. It is also doubtful that even revenue belonging to the Federal Government can be expended without appropriation. The issue of lack of clarity seems to have been settled in 2015 when President Muhammadu Buhari directed that the NLNG dividends for that year be paid into the Federation Account. However, it is important for the NLNG dividends due between 2000 and 2014 be paid to the Federation Account. Though NNPC claims that the NLNG account is one of the most transparent accounts, it is doubtful if the entire $15.8 billion due from 2000 to 2014 is still intact. It will be important to investigate if any part of the NLNG has been spent, whether such expenditure followed due process, and to ascertain if the expenditure was for specified purposes.



Oily Matters: NNPC, Domestic Crude and Withheld Payments

NLNG dividends are not the only earnings withheld by NNPC. One prominent area is earning from the 445,000 barrels of crude oil per day for domestic use and originally meant for the country's four refineries. This practice, over time, has been wasteful and resulted in colossal revenue losses for the Federation. First, the refineries have been operating at below full capacity for a long time and currently process less than 100,000 barrels per day. Between January 2015 and September 2016, NNPC lifted a total of 245.4 million barrels of crude oil for domestic use. Out of this total, only 24.7 million barrels was delivered to the refineries. This represents a mere 10.06% of the total crude oil lifted for domestic use for that period. The remainder of this allocation was exported through a variety of channels: 64.8 million barrels or 26.4% were exported directly; 97.6 million barrels or 39.77% were sold under the Offshore Processing Agreements (OPA); and 58.29 million barrels or 23.75% were sold under the Direct Sales- Direct Purchase (DSDP) scheme. These reflect the dire condition the nation's refineries are in .

Concerns raised in NEITI's audits and by other stakeholders about the inefficiency of these arrangements, especially the Offshore Processing Agreement (OPA), led to the discontinuation of the OPA in April 2016. However, NEITI audits have shown that earnings from transactions arising from domestic crude allocation have not been fully remitted to the country's treasury. Between January 2012 and July 2013, total revenue for domestic crude sales was $28,215,731,691 but NNPC only remitted $14,542,654,329 . Thus, about half of the revenue generated from crude oil sales was not remitted into the Federation Account by NNPC. Over time, the national oil company has been retaining a larger proportion of revenues from domestic crude sales. In 2004, NNPC retained over $1.6 billion (27%) from sales of domestic crude; and by 2012, this had risen to $7.9 billion (42%). NNPC explains that it withholds DCA earnings to pay for downstream-related operational costs and subsidies. However, there are serious doubts about such withholdings as they regularly exceed actual subsidy costs. Between 2007 and 2009, KPMG found that NNPC retained N885.89 billion ($6.5 billion) for subsidies on petrol, kerosene and diesel that "apparently were not available to the Nigerian market" . NEITI audits have revealed the scale and depth of unremitted funds from DCA. The 2014 NEITI audit showed that as at 2014, cumulatively, NNPC did not remit N243.639 billion to the Federation Account, even when allowances had been made for subsidy recovery and other expenses.

Another area is the failure to remit refunds due to the Federation. NEITI's audits showed that NPDC refunded to NAPIMS some cash-calls mistakenly paid to NPDC on the divested assets mentioned earlier. But these refunds have not been remitted to the Federation Account. $35.127 million was refunded by NPDC into JP Morgan Chase Cash Call Account, but there was no evidence that the money was remitted

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to the Federation Account. Also, a review of NAPIMS documents indicated $389.058 million was refunded by NPDC to NAPIMS, and which should have gone into the Federation account but is still outstanding. Thus, a total of $424.185 million has not been remitted to the Federation Account from wrongfully-paid cash calls.

Implications and Recommendations

The above analysis shows that failure of NNPC and its upstream subsidiary, NPDC, to remit revenue to the Federation Account is caused by:

- Lack of transparency in some of the commercial decisions involving Nigeria's national oil assets;
- Lack of accountability mechanisms guiding the operation of organizations managing the country's valuable assets;
- Clear violations of constitutional provision requiring remittance of government revenue to the Federation Account.

Other issues which relate to lack of sound economic judgment and operational efficiencies have led to huge financial losses to the Federation.

It is therefore recommended that:

- All outstanding revenues from NNPC and NPDC should be remitted to the Federation Account. In order to achieve this, it would require the urgent intervention of the highest political authorities namely the Presidency and the National Assembly. It is also recommended that further investigation should be carried out to determine actual value of some of the transactions identified in this paper.
- Cases of criminal breach and willful violations should be assigned to relevant state institutions for appropriate actions.
- Oil and gas revenue rules should be reviewed to ensure that revenues are collected directly by state revenue collection agencies or are remitted immediately by the national oil corporation and its subsidiaries.

Beyond the recovery of outstanding revenue dues to the Federation, the following medium to long-term measures will ensure greater efficiency, profitability and accountability in the management of Nigeria's oil assets:

- Revaluation of the assets divested to NPDC to determine the actual market prices with a view to recovering the full value of these assets and securing optimal benefits from them;
- Review of the relationship between NPDC, NNPC and the Federation to determine and establish effective lines of accountability of NNPC's subsidiaries, and determine optimal mode of operation in line with global best practices;
- Review of the process of acquisition of OMLs by NNPC and NPDC to ensure that long-term net positive value is realized given the availability of alternative economic options. Clear criteria should be put in place for allocation of oil assets to state corporations; clear performance timelines should be established and periodic review should be undertaken to assess whether set objectives are met by state-owned operators of oil assets.

[13] NEITI (2016) Review of NNPC's Monthly Financial and Operations Reports, Occasional Paper Series, Issue 1
[14] Auditor-General for the Federation/ PwC (2015), Investigative Forensic Audit into the Allegations of Unremitted Funds into the Federation Accounts by the NNPC
[15] A. Sayne, A. Gillies, C. Katsouris (2015) Inside NNPC Oil Sales: A Case for Reform in Nigeria, Natural Resource Governance Institute
[16] Ibid.
[17] Ibid., p.32

Conclusion

The failure of government agencies to remit revenue to the treasury has significant implications for Nigeria's economy in two ways. The questionable practice of withholding revenues due to the treasury is partly implicated in government's current fiscal struggles. Yet, the withheld funds offer huge and interest-free opportunity to stimulate the economy, much easier and much better to access than internal and external borrowings, depending on government's capacity and willingness to use its machinery to recover unremitted funds.

From the computation above, total unremitted revenues to government's treasury amount to $21.778 billion and N316.074 billion. At current exchange rate, this comes to about N7.2 trillion. Achieving a recovery rate of just 20% would significantly offset the projected deficit for the 2017 budget. A third of the computed unremitted revenues would completely eliminate the need to borrow to finance the budget. This has both short and long-term positive implications for the economy. Short-term macroeconomic benefit has been discussed in relation to the implementation of the 2017 budget. In the long run it would improve Nigeria's stock of productive infrastructure as envisaged by the current administration, with attendant multiplier effects on the economy.

NEITI believes that at an institutional level, enforcing collection of arrears of revenues accruing to the Federation but withheld by NNPC and NPDC would significantly advance the accountability objective of government, which is the main pillar of President Buhari's administration. However, recovering the outstanding revenues without reforming the system that allowed the anomalies in the first place will be a missed opportunity. The country has thus been presented with a loud and compelling case for a root-and-branch reform to deepen efficiency, transparency and accountability in Nigeria's improving but not yet squeaky-clean petroleum sector.

"NEITI believes that at an institutional level, enforcing collection of arrears of revenues accruing to the Federation but withheld by NNPC and NPDC would significantly advance the accountability objective of government"

[18] For instance NEITI's assessment of unremitted revenue from NNPC's liftings on behalf of NPDC in 2014 was based on an estimate of average yearly crude oil price of $101.9 per barrel.

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NEITI, the Nigerian chapter of the global EITI, is mandated by the NEITI Act (2007) to promote transparency and accountability in the management of revenues from oil, gas, and solid minerals sectors in Nigeria.

The NEITI Policy Brief is one of NEITI's policy and advocacy instruments, designed to focus the attention of policy makers and the populace on important issues in the extractive sector in Nigeria.

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