

# PETROLEUM, PEOPLE AND POWER

## ANALYSIS OF STAKEHOLDERS' SUBMISSIONS TO THE NATIONAL ASSEMBLY ON THE PIB

OrderPaper Nigeria

February, 2021

OrderPaper 

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# ACKNOWLEDGEMENTS

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February, 2020



# EXECUTIVE SUMMARY

This Analytical Brief on the Public Hearing on the Petroleum Industry Bill (PIB) conducted by the National Assembly in January, 2021 is in furtherance of the mandate of **OrderPaper Nigeria** which is to bridge the gap between people and parliament.

It contains a summation and distillation of the broad range of memoranda submitted by citizens and stakeholders in the petroleum sector of Nigeria. This work basically provides a bird's eye view of citizens' and stakeholders' response and recommendations to government efforts to enact sweeping reforms for a sector that is the mainstay of the country's economy.

It further provides insights into the level of awareness, understanding and engagement of citizens in the governance of the sector on one hand; and the perception and extent of participation of various stakeholders, including operators, labour unions, host communities and the broader organized civil society in its affairs, on the other hand.

This work is a concrete expression of the citizen engagement component of the extractive advocacy stream of **OrderPaper** encapsulated under the **Petroleum, People and Power** Series.





## BRIEF ON THE PETROLEUM SECTOR OF NIGERIA

**W**ith a proven reserve of 37 billion barrels of oil and 203 trillion cubic feet of gas, Nigeria is one of the world's largest producers of petroleum. Her brand of high value, low sulphur content, light crude is highly sought after.

According to the Nigerian Bureau of Statistics (NBS), the oil sector contributed 8.93% of the entire GDP of the country in Q2 of 2020. Also, 94% of total export earning comes from oil.

Since the discovery of oil in commercial quantity in Oloibiri (present-day Bayelsa State) in 1956, the petroleum sector in Nigeria has gone through evolution and transformation.

The discovery was made by Shell-BP, at the time, the sole concessionaire in the country. Until the establishment of Nigerian National Petroleum Corporation (NNPC), Nigeria had no stake in production; rather the state restricted itself to regulation and collection of rent.

However, the Petroleum Act of 1969 changed the role of the state in the sector. It allowed the government to own stakes in oil ventures. This was the precursor to the nationalization wave of the 1970s and the process of joining the Organization of Petroleum Exporting Countries (OPEC).

With the establishment of the Nigerian National Oil Company (NNOC), the country ramped up its nationalization process by acquiring stakes in existing International Oil Companies (IOCs). In 1975, the Ministry of Petroleum Resources absorbed the Nigerian National Oil Company (NNOC). The incorporation of the Nigerian National Petroleum Corporation (NNPC) in 1977 formally established a national oil company and regulator.

The petroleum sector is divided into upstream, midstream and downstream. The upstream covers the exploration and extraction of black gold and is dominated by major multinational oil companies due to its capital intensive nature. The companies collaborate with the NNPC under Joint Ventures, Production Sharing Contracts and other contractual arrangements to extract crude oil. Midstream has to do with transportation, logistics, refining and storage of



petroleum products. Pipelines, shipping companies, trunks, storage and refining make up this segment. Nigeria has 4 refineries- two in Port Harcourt, one each in Warri and Kaduna respectively- and they have a combined capacity of 445,000 barrels installed capacity, However, the refineries have failed to produce at optimal level despite billions on turn around maintenance by the NNPC. This has led to the importation of refined products for country-wide consumption. Downstream is the end-user stage dealing with distribution and sales for consumption. Some oil companies are integrated companies because they operate in the upstream, midstream and downstream.

Due to her monolithic economy, Nigeria remains at the risk of exogenous pressure due to volatility in the price of crude oil at the international market. Besides, alternative energy sources and battle against climate change spells more doom for the future of oil as more countries move to reduce carbon footprint in the coming years.

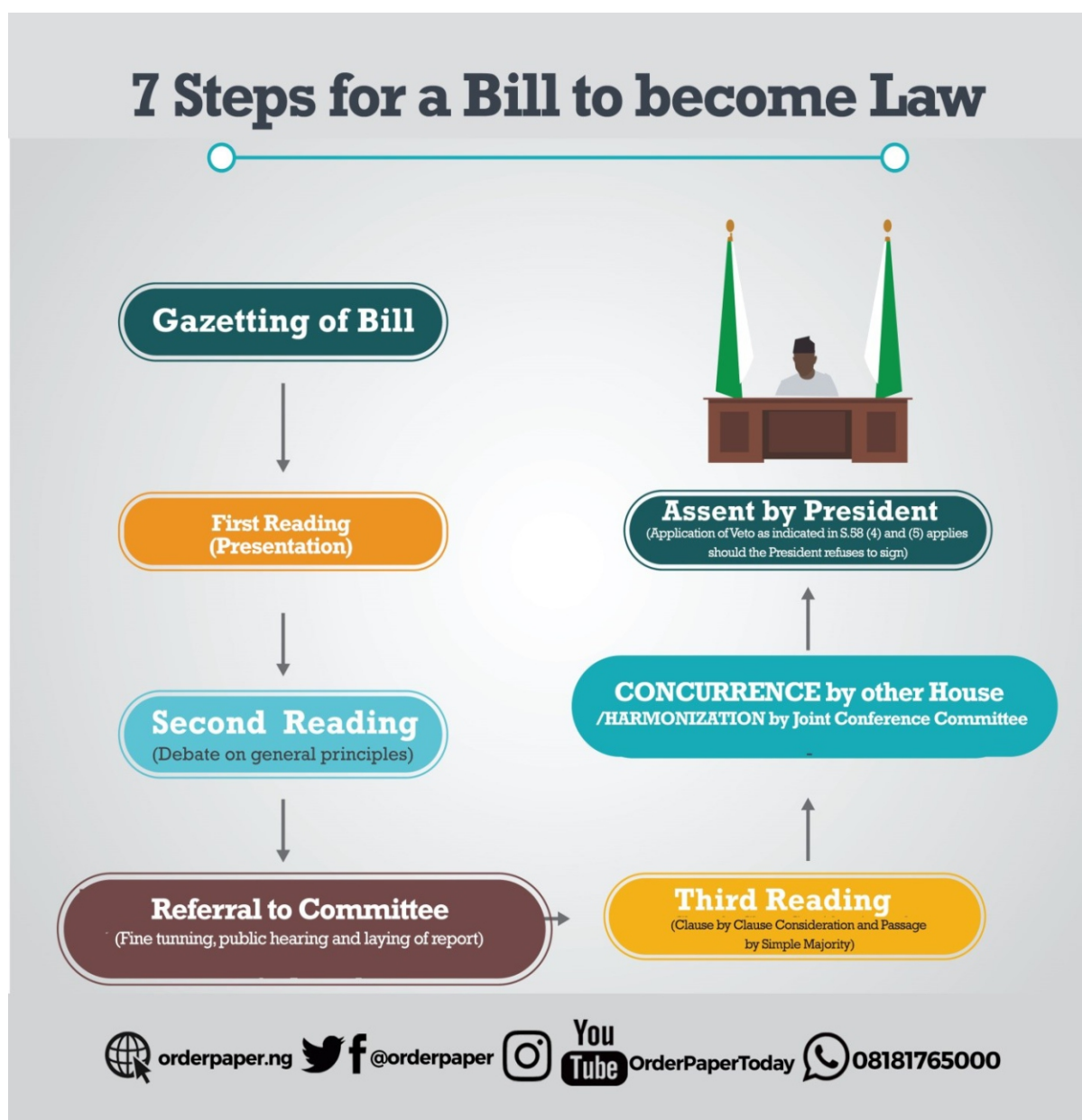
To adjust to these new realities, oil-producing countries are making efforts to maximize proceeds from oil. In 2019, Saudi Arabia-owned Aramco Oil was listed on the country's stock exchange and over \$29billion was raised in the initial public offer.

In this light, Nigeria must hurriedly undertake major reforms in the petroleum sector. The COVID-19 pandemic has already exposed the fragility of the economy with a second recession in less than 5 years as hard evidence. It is against this background that the removal of subsidy on PMS and passage of the Petroleum Industry Bill (PIB) are on the front burner.



# NATIONAL ASSEMBLY AND THE LAW MAKING PROCESS

The National Assembly is one of three arms of government created by the Constitution of the Federal Republic of Nigeria, 1999 (as amended). It has the exclusive responsibility for making laws for the governance of the country. The National Assembly consists of a Senate and a House of Representatives. The law-making process is indicated in the illustration below:





# THE PIB JOURNEY THROUGH TIME

**I**t is 20 years since the Nigerian state started a move to set right the mainstay of the country's economy – petroleum.

## **Precursor to PIB...**

On the 24th of April, 2000, former President Olusegun Obasanjo inaugurated the Oil and Gas Reform Committee (OGRC) with a mandate to review and streamline all existing petroleum laws and advise on establishing a regulatory framework for the sector.

In 2005, the then President followed up on the first move by inaugurating the Oil and Gas Implementation Committee (OGIC) to bring to life recommendations made by the OGRC. The committee had the mandate to “develop strategies for the implementation of the oil and gas reform committee. The report of the committee was not submitted till 2007. And some of the recommendations morphed into what has since been known as the Petroleum Industry Bill (PIB).

## **The tortuous PIB journey in parliament...**

The petroleum bill began its official sojourn in the parliament in September 2008, when late President Umar Yar'Adua sent a copy of the PIB to the 6th National Assembly. The bill faced some criticism, particularly from international oil companies. The bill consequently languished in the 6th Assembly till its tenure lapsed in 2011.

In the succeeding 7th Assembly, the bill was once again reintroduced on the 19th of July, 2012 by the Goodluck Jonathan administration following review by a special taskforce chaired by former Petroleum Minister, Deziani Allison Madueke.

The 7th House of Representatives Ad-hoc Committee on PIB had a public hearing on the 9th and 10th of July 2013, while the Senate Joint Committee on PIB held same on the 17th of July of that year.

The bill was not passed by the Senate till the 7th Senate adjourned sine die, whereas, the House passed the bill on the 4th of June, 2015. But without concurrence from the Senate, the bill did not meet the requirement for passage.

The journey of the PIB continued in the 8th National Assembly: this time not as a single bill but multiple bills: the Petroleum Industry and Governance Bill (PIGB), 2016; the Host Communities Entitlement and Protection Bill, 2016; and the Petroleum Industry Fiscal Bill, 2017; all sponsored by Sen Tayo Alasoadura.

Also, Sen. Kabir Gaya and Sen. Bassey Akpan co-sponsored the Petroleum Industry Administration Bill, 2017 which was read the first time on the 25th of July 2017 but did not make it beyond the committee stage in Senate.

On the 29th of March, 2018, the Senate passed the PIGB, a very significant step in the 20 years journey of petroleum reforms.

In the House, a total of six PIB-related bills were considered. On the 27th of January, 2016, the Nigerian Petroleum Industry Bill, 2016, sponsored by Daniel Reyenieju was read the first time but did not make it beyond committee state.

A version of the Petroleum Industry Governance Bill (PIGB), 2016 was sponsored by Pally Irase, and was passed by the House the 25th of January, 2018. Four other PIB-related bills were sponsored by Victor Nwokolo: Petroleum Industry Bill, 2016; Petroleum Industry Fiscal Framework Bill, 2016; Petroleum Host Community Development Bill, 2016; and Petroleum Industry Administration Bill. None of the bills made it beyond the committee stage.

However, the harmonized PIGB passed by both Senate and House of Representatives, was rejected by President Muhammadu Buhari, citing drafting inconsistencies and other disagreements over the bill.

Again, in April, 2019, the Senate reconsidered the bill and passed it, while the House on the 24th of March also reconsidered the bill and passed same on the 23rd of May. But it was not signed by the President, perhaps due to time.

Thus the brightest chance of uhuru for a 20 years old reform bid was blighted on the alter of intra-governmental egos.

### **The return of the phoenix bill...**

Once again, the PIB is back in the National Assembly, and unlike the 8th Assembly, the PIB is back as a single bill and as an executive proposal.

The bill was transmitted to the National Assembly on the 29th of September, 2020. It was passed for a second reading on the 25th of Nov, 2020 in the House of Representatives. Earlier in October, the Senate passed it for second reading thereby referred it to joint committees on Petroleum downstream, upstream and gas resources. The stage for public hearing is now set as it seems for another significant attempt to bring to closure a journey of 20 years.



# THE REFORM PROMISE OF THE PIB

## Objectives of the Bill:

1 Create efficient and effective governing institutions, with clear and separate roles for the petroleum industry

2 Establish a framework for the creation of a commercially oriented and profit-driven national petroleum company

3 Promote transparency, good governance and accountability in the administration of the petroleum resources of Nigeria

4 Foster a business environment conducive for petroleum operations

## The Four-prong Reforms

### Governance of the Industry – the Bill creates:

1 The Nigeria Upstream Regulatory Commission

2 The Nigeria Midstream and Downstream Regulatory Authority

3 The Nigerian National Petroleum Company (NNPC) Limited

### Administration of the Industry

1 Detailed outline on practices, processes and procedures for administering provisions contained in the Bill

2 Detailed provisions regarding the management of Upstream activities

3 Detailed provisions regarding the management of Midstream and Downstream activities

### Host Communities Development

1 Foster sustainable prosperity within host communities

2 Provide direct social and economic benefits from petroleum operations to host communities

3 Enhance peaceful and harmonious co-existence between licensees or lessees and host communities

4 Create a framework to support the development of host communities

### Fiscal Framework

1 Establish a progressive fiscal framework that encourages investment in the Nigerian petroleum industry, balancing rewards with risk and enhancing revenues to the Federal Government of Nigeria

2 Provide a forward-looking fiscal framework that is based on core principles of clarity, dynamism and fiscal rules of general

3 Establish a fiscal framework that expands the revenue base of the Federal Government, while ensuring a fair return for investors

4 Simplify the administration of petroleum tax

5 Promote equity and transparency in the petroleum industry fiscal regime

#### FACTFILE:

- The Petroleum Industry Bill (PIB), 2020 was presented by **President Muhammadu Buhari** to the National Assembly in September 2020



## THE PUBLIC HEARINGS

The National Assembly in January, 2021 held public hearings on the PIB after both chambers - Senate and House of Representatives- passed the draft law for second hearing in the last quarter of 2020. While the Joint Committee of Petroleum Upstream, Downstream, and Gas conducted the hearing in the Senate, an Ad-hoc Technical Committee on the PIB did that of the House of Representatives.

The Senate held the hearing on January 18th and 19th without adequate and sufficient public notice as is expected of such exercise. The House, which had weeks before made public announcements and called for submission of memoranda, followed suit for two days immediately after that of the Senate.

The immediate implication of that arrangement was that stakeholders were expected to make appearances and/or practically same submissions to both chambers within days at their own expense.

However, the hearing heard successfully in the Senate and was proceeding in similar direction in the House of Representatives before it was abruptly thwarted by an embarrassing fracas between groups of stakeholders from host communities right in the room.





# OVERVIEW OF SUBMISSIONS

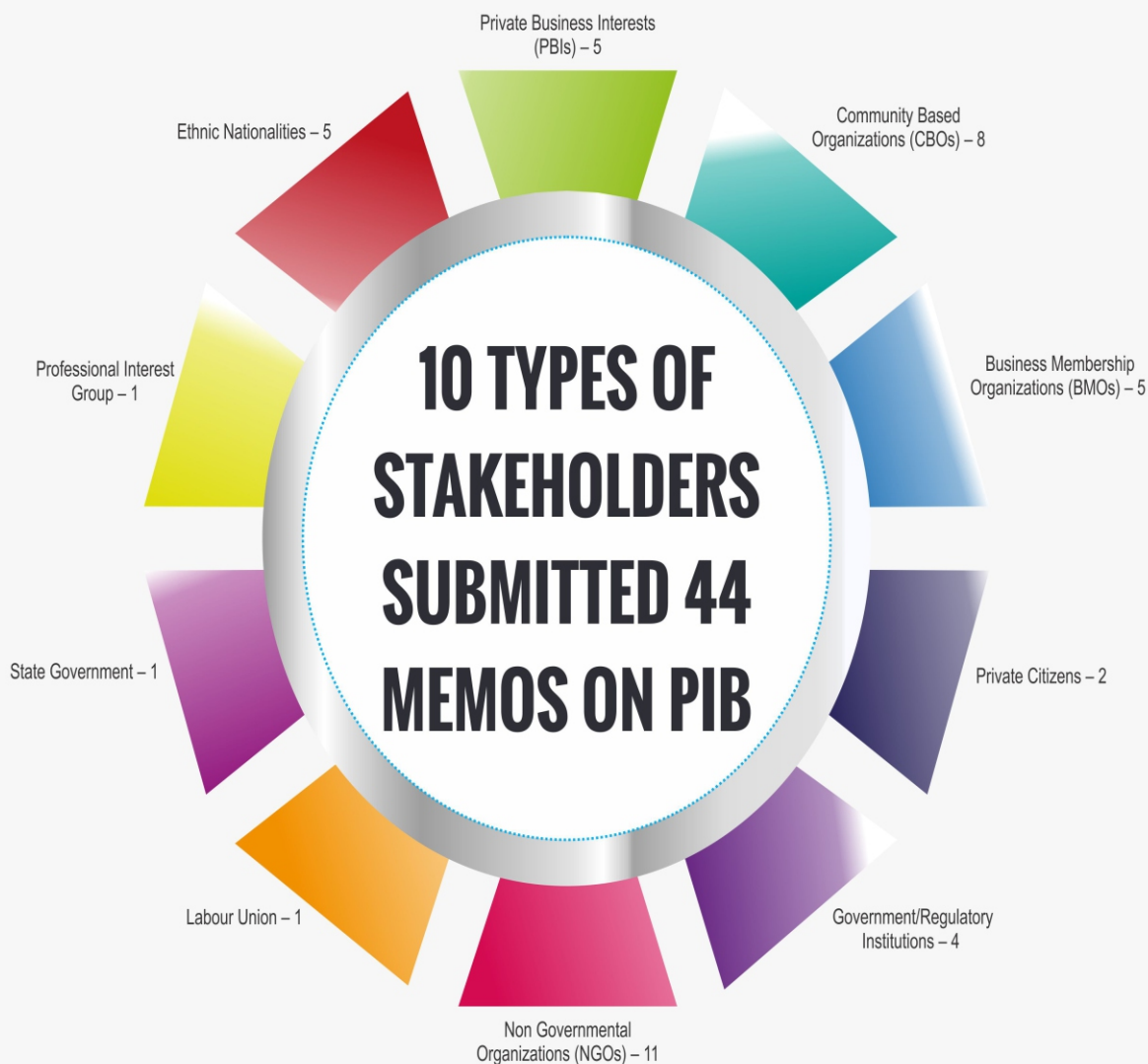
**D**ifferent stakeholders made various representations to the public hearings via submitted memoranda. These have been categorized broadly into kinds of stakeholders and broad issues compartmentalized in the PIB, viz: **Governance, Administration, Fiscal, and Host Community Development**. As indicated in the illustrations in this Brief, some stakeholders intervened on cross-cutting issues while majority stayed within areas of interest and pertinence to their operations. From a varied but fully representative sample of 44 memoranda sent to the National Assembly, the following findings were made after painstaking analysis:

A. 44 memos are broken down into the categories below:

- i. Private Business Interests (PBIs) - 5
- ii. Community Based Organizations (CBOs) - 8
- iii. Business Membership Organizations (BMOs) - 5
- iv. Private Citizens - 2
- v. Government/Regulatory Institutions - 4
- vi. Non Governmental Organizations (NGOs) - 11
- vii. Labour Union - 1
- viii. State Government - 1
- ix. Professional Interest Group - 1
- x. Ethnic Nationalities - 5

B. Furthermore, 4 organizations made cross-cutting submissions to cover all 4 components of the PIB – Governance, Administration, Fiscal, and Host Community Development.

C. While 31 memos spoke to HostCom issues, 21 focused solely on it. 17 of the memos are on Governance; 7 on Fiscals; and 20 memos spoke to Administration issues.



**Factfile:**

- The 44 memos are the representative sample used for analysis
- The Petroleum Industry Bill (PIB), 2020, was submitted to the National Assembly by President Muhammadu Buhari in September, 2020
- The Public Hearings held in the National Assembly in January, 2021

# SIX CONCERNS OF STAKEHOLDERS ON PIB



## Factfile:

- 44 memos accessed serve as representative sample used for analysis
- The Petroleum Industry Bill (PIB), 2020, was submitted to the National Assembly by **President Muhammadu Buhari** in September, 2020
- The Public Hearings held in the National Assembly in January, 2021





# KEY FINDINGS

A deep dive into the submissions from the 44 stakeholders revealed some cogent key points that the National Assembly should note in further processing of the PIB. These points are also of salient value to policy makers in the Executive arm of Government while operators, governance advocates and observers of the petroleum sector can also benefit therefrom.

## These key findings are:

### A. Concerns over investment climate


Although the PIB holds the promise of an attractive investment climate for the petroleum sector, some stakeholders still have concerns with provisions on royalties, new disallowable expenditures and certain other fiscal regimes, additional cost obligations, etc, that could deter fresh and existing investors.

### B. Mixed messages on downstream deregulation

The PIB is expected to put a definite legislative seal on recent decision of the government to deregulate the downstream sector. But some stakeholders have raised concerns regarding perceived mixed messages on the policy. Certain players in the downstream like DAPPMAN raise issues with price fixing and tariff regulation frameworks in the PIB and called for repeal of the Price Control Act and the Petroleum Pricing Regulatory Act.

### C. Hints of discretionary powers in acreage awards

Even though the PIB makes provisions for bid and licencing rounds, some stakeholders are concerned yet about hints of discretionary powers & political interferences in acreage awards/renewals. While the Nigeria Academy of Engineering recommends that the Bill



“eliminates any suggestion of discretionary awards outside bid rounds,” a coalition of CSOs comprising the NNRC, CISLAC, Oxfam, CPPA and BudgIT, expressed that such hints be dispensed with.

#### D. Unclear dispute resolution mechanisms

Submissions from some stakeholders suggest that the PIB is vague on dispute resolution, especially between operators and regulators. Also, concerns are raised over possible arbitrariness and ‘ouster’ clauses that deter recourse to courts.

“Dispute resolution mechanism should be stipulated,” Centre for Social Studies and Rural Development (We The People) recommended in relation to host community issues.

#### E. Industry regulation and regulatory overlaps

The debate over having a single regulator for the petroleum industry is awakened as some stakeholders root for this option in place of the dual regulatory organs stipulated in the Bill. Many stakeholders also raise observations about regulatory overlap on matters of environmental laws and enforcement.

#### F. Host community development

Host community issues received perhaps, the most attention from submissions to the public hearings. Many raised observations about lack of local ownership of development planning and deliverables as reflected in the organs of the Development Trusts; funding options; and participation of indigenous players in the sector, among others. Recommendations on these matters were as varied and diverse as the stakeholders which made them.

## 7 HOSTCOM ISSUES DISTILLED FROM SUBMITTED MEMOS

### 1 The Ownership Question – vesting of resources

### 2 Beneficiation

- (a) Determination of host communities should not be solely determined by companies
- (b) Vagueness or avoidance of impacted communities question
- (c) Local Ownership of Development Choices, Plans and Delivery
- (d) Incorporation, Composition, Management and Administration of organs of the Trusts
- (e) Funding the Trusts- increment in OPEX; Royalties; addition of CAPEX; NDDC, 13%; ETC
- (f) Matrix of usage of the fund should not be solely determined by settlors
- (g) Definite sanctions for companies for default or delays on Trusts-related obligations
- (h) Oversight of the Trusts by the Commission & Authority should be in conjunction with Producing States

### 3 Participation - shareholding, royalties, right of first refusal, empowerment of indigenous operators/providers, employment, ETC

### 4 Gas flares

- (a) elimination; and (b) redistribution of income from penalties to benefit impacted communities

### 5 Environment Protection & Management

- (a) Decomposition and Abandonment Fund
- (b) Environmental Remediation Fund
- (c) Ambiguous Regulation/Agency Overlap (with respect to environmental mandates of Fed. Ministry of Environment, NOSDRA, NESREA, ETC)

### 6 Ambiguous or lack of Dispute Resolution Mechanisms

### 7 Responsibility and Risks for Security of Assets

#### Factfile:

- Above is preponderance of issues raised by submissions focusing on HostCom component of the PIB. A few others were flagged as well
- 31 of 44 total memos analysed made submissions on HostCom
- 21 of the 44 memos dwelt entirely on HostCom
- The Petroleum Industry Bill (PIB), 2020, was submitted to the National Assembly by **President Muhammadu Buhari** in September, 2020
- The Public Hearings held in the National Assembly in January, 2021

# HOSTCOM: ALTERNATIVE FUNDING MODELS FOR THE TRUSTS

	7.5% of Production Cost – <b>Isoko Ethnic Nationality; and Ndokwa East Development Organization</b>		Prescribed 2.5% of OPEX plus funding from NDDC – <b>Girls to Women Research and Development Centre</b>
	Change prescribed 2.5% of OPEX to Production Cost – <b>HOSCON</b>		Community to make contribution of 2% of total project cost in addition to prescribed 2.5% of OPEX (may be in kind, e.g labour) - <b>Centre for Social Studies and Rural Development (We The People)</b>
	Prescribed 2.5% of OPEX be changed to 5% of earnings of the field – <b>CEPAD</b>		Prescribed 2.5% of OPEX be increased to 15%; Plus the 13% derivation from FG to producing states – 4 different submissions from <b>Omoku Communities of Rivers State</b>
	13% of OPEX – <b>NDD</b>		50% of Royalty – <b>Odioama Community, Bayelsa State</b>
	A matrix of 25% of Royalty & 10% CAPEX & OPEX before production for Upstream; and 10% OPEX & CAPEX for Midstream and Downstream or 10% shareholding of facility/asset – <b>Rivers State Government; and HOSTCOM</b>		Redistribution of NDDC funds in addition to prescribed 2.5% of OPEX – <b>Policy Alert</b>
	40% of the 13% derivation revenue accruing to each beneficiary state – <b>RMAFC</b>		Pro-rated per production volumes – <b>Ekpeye Communities of Rivers State</b>
	1% of OPEX – <b>Women in Energy Network</b>		Company contributions to the Trusts should be deducted from the 3% of annual budget being currently paid to NDDC - <b>OPTS</b>

## Factfile:

- Of 7 preponderant issues raised by submissions focusing on HostCom, funding of the Trusts attracted the most diverse and varied proposals
- 31 of 44 total memos analysed made submissions on HostCom
- 21 of the 44 memos dwelt entirely on HostCom
- HostCom issues received attention from mostly NGOs and CBOs while BMOs and Govt/Regulatory bodies were mostly silent on them
- The PIB prescribes a 2.5% of OPEX of companies as contribution to funding the Host Communities Development Trusts
- The Petroleum Industry Bill (PIB), 2020, was submitted to the National Assembly by **President Muhammadu Buhari** in September, 2020
- OPTS is a cluster of 30 indigenous and international oil companies operating in Nigeria



# FLAGGED: AREAS OF CONCERNS OR CLARITY RAISED BY STAKEHOLDERS ON PIB



## On Corporate Governance

- Further clarity raised in role-allocation per regulation and operator in some cases
- Post-qualification experience for appointments into Boards and Management of Regulatory Bodies and the Midstream Gas Infrastructure Fund be increased to between 15 and 25
- Inclusion of Labour and other relevant interests into Boards of Regulatory Agencies and Funds created by the Bill
- Gender and youth representation issues propped



## On HostCom:

- Non-clarity over definition and determination of 'host' and 'impacted' communities; and the elastic interplay of kinship, families, clans and other blocs of customary identification
- Tenure of Office in the Trusts – Single tenure and sacrifice of experience/continuity Vs Consecutive renewal and the prospect of 'sit-tight' leadership
- Determination of Quantum of Production in cluster communities vis-à-vis fund allocation
- Debate over nomenclature: Settlor or Operating Company?



## On Regulatory Overlap

- Environmental laws and regulations props overlaps with Ministry of Environment, NOSDRA, NESREA, ETC
- Consumer protection and competition regulation props concerns over FCCPC
- FRC, ICRC, BPE and BPP are among agencies impacted by Bill



## Missing Voices?

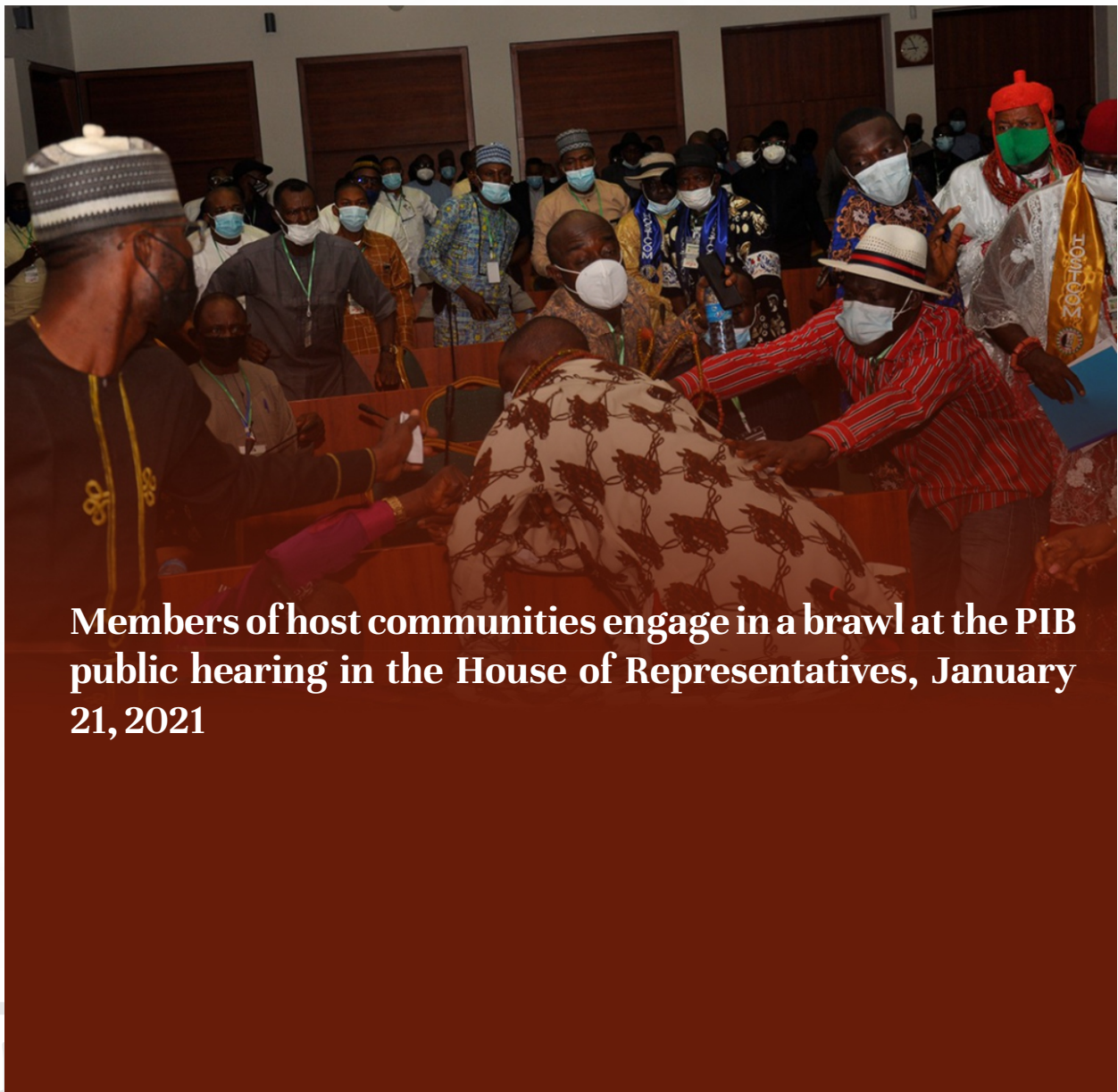
- Stakeholders impacted by the PIB whose contributions could make a difference
- Nigeria Governors Forum (NGF)
  - South South Governors
  - Oil producing States of Abia, Imo and Ondo
  - Newly oil-producing States like Lagos
  - Frontier basin areas
  - Conference of State Legislatures of Nigeria
  - Association of Local Government of Nigeria (ALGON)
  - Independent Petroleum Producers Group (IPPG)
  - Independent Petroleum Markers Association of Nigeria (IPMAN)
  - Federal Inland Revenue Service (FIRS)
  - Fiscal Responsibility Commission (FRC)
  - Infrastructure Concession and Regulatory Commission (ICRC)
  - Bureau of Public Enterprises (BPE)
  - Bureau of Public Procurement (BPP)
  - Petroleum Technology Development Fund (PTDF)

### Factfile:

- The Petroleum Industry Bill (PIB), 2020, was submitted to the National Assembly by **President Muhammadu Buhari** in September, 2020
- The Public Hearings held in the National Assembly in January, 2021

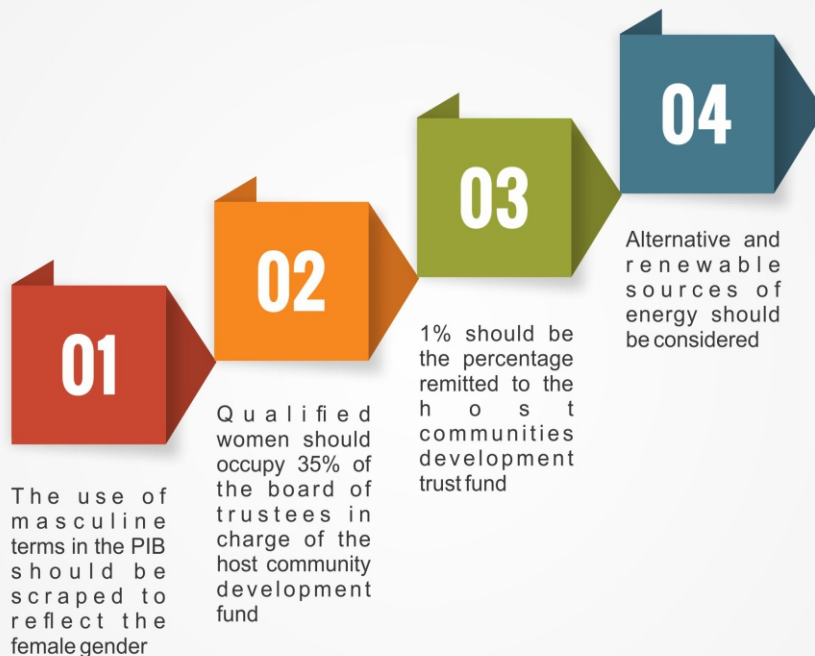


# JAW-JAW NOT WAR-WAR



**Members of host communities engage in a brawl at the PIB public hearing in the House of Representatives, January 21, 2021**

# 4 DEMANDS OF WOMEN IN ENERGY GROUP (WIEN)



## Factfile:

1. These demands were articulated by the President, Women in Energy Network (WEIN) during the public hearing on PIB held by the Senate on January 25, 2021
2. The PIB was presented to the National Assembly by **President Buhari** in September, 2020

# PIB: 7 Issues of Concerns for IOCs

 ISSUE	 READING	 RECOMMENDATION (S)
Deepwater developments	<ul style="list-style-type: none"> <li>Makes no guarantee for favourable environment for future investments/launching of new projects</li> </ul>	<ul style="list-style-type: none"> <li>Full royalty relief for first 5 years of production or a graduated royalty scheme</li> <li>Removal of Hydrocarbon Tax since companies still subjected to Company Income Tax (CIT)</li> <li>1% royalty for natural gas, natural gas liquids and condensates</li> </ul>
Domestic gas development	<ul style="list-style-type: none"> <li>Inadequate midstream infrastructure</li> <li>Regulated gas pricing</li> <li>Huge and long outstanding debts</li> <li>Potentially jeopardizes realization of government's aspirations for the sector</li> </ul>	<ul style="list-style-type: none"> <li>Provide a clear path for transitioning to free market-based pricing</li> <li>Allow pre-existing contracts and agreements to run full course</li> </ul>
Preservation of base businesses & rights a	<ul style="list-style-type: none"> <li>Fails to clearly preserve the terms of existing investments</li> <li>Jeopardizes Nigeria's reputation amongst investors</li> </ul>	<ul style="list-style-type: none"> <li>Operators be allowed to retain entirety of their lease areas</li> <li>New terms should apply to new contracts, licenses and leases only</li> </ul>
Segregation of Upstream and Midstream assets	<p>Requirement that companies operating consolidated upstream and midstream assets separate and incorporate them as distinct legal entities is complicated</p>	<ul style="list-style-type: none"> <li>The proposed separation should be applicable for new projects</li> <li>Current integrated projects be allowed to complete their lifecycle</li> <li>Inclusion of a savings provision to allow post-conversion continuity of activities undertaken by a single legal entity</li> <li>Segregation should include a provision for the specific exemption of associated taxes, e.g., Capital Transfer Tax, Capital Gains Tax.</li> </ul>
Absence of robust dispute resolution framework	<ul style="list-style-type: none"> <li>Several provisions introduce administrative complexities and ambiguities that could potentially lead to disputes</li> <li>Absence of clear dispute resolution mechanism</li> <li>Several government agencies imbued with powers to make final rulings on matters without recourse to judiciary or independent arbitration</li> </ul>	<ul style="list-style-type: none"> <li>Provision for access to a fair and independent dispute resolution mechanism</li> <li>Current practice of dispute resolution in accordance with Nigeria Law under the Arbitration and Conciliation Act be sustained</li> </ul>
Taxes, capital allowances and deductions	<ul style="list-style-type: none"> <li>Introduction of a dual tax system for multiple terrains complicates tax reporting</li> <li>Imposition of new taxes and levies in addition to the already existing plethora of taxes, fees and levies</li> <li>Prohibition of Capital Allowance pre-production for Hydrocarbon Tax (HT)</li> </ul>	<ul style="list-style-type: none"> <li>Harmonize tax practices and ensure capital allowances and allowable deductions are consistent with existing tax legislations like Companies Income Tax Act (CITA)</li> <li>Deductions for Hydrocarbon Tax should follow WREN (Wholly Reasonably Exclusively Necessary) practices</li> <li>Royalties should be explicitly excluded in the cost calculation of the cost price ratio and the limit should be increased from 65% to at least 70% of revenue</li> <li>Harmonization of taxes into a single tax system to allow for consolidated filing and tax reporting</li> </ul>
On Marginal Fields	<ul style="list-style-type: none"> <li>No specific incentives for all indigenous companies besides provision for reduced royalties for small producers (&lt;15,000bpd) and small field allowances for marginal field producers</li> </ul>	<ul style="list-style-type: none"> <li>Companies should be allowed to operate their marginal fields under the current royalty rates and farm out agreements.</li> </ul>

**Factfile:**

- These issues were articulated by the Oil Producers Trade Section (OPTS) of the Lagos Chamber of Commerce and Industry (LCCI) at the Senate Public Hearing on the PIB on January 25, 2021
- The PIB was presented to the National Assembly by President Buhari in September, 2020



# APPENDIX

## BREAKDOWN OF MEMOS ACCESSED FOR THE ANALYSIS OF SUBMISSIONS MADE TO THE PUBLIC HEARING ON PIB HELD BY THE NATIONAL ASSEMBLY

### 1. BUSINESS MEMBERSHIP ORGANISATION (BMO)

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
DAPPMAN	GOVERNANCE, ADMINISTRATION
Lawyers in Oil and Gas Network	GOVERNANCE
OPTS	ADMINISTRATION, GOVERNANCE, HOSTCOM, FISCAL
Chartered Institute of Taxation of Nigeria (CITN)	GOVERNANCE, FISCAL, ADMINISTRATION
Women in Energy, Oil and Gas Nigeria	GOVERNANCE, ADMINISTRATION
Women in Energy Network (WiEN)	ADMINISTRATION, GOVERNANCE, HOSTCOM

### 2. COMMUNITY BASED ORGANIZATION (CBO)

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
Bayelsa Cluster Development Board	HOSTCOM
Etisong Oil and Gas Autonomous Host Community Development Trust, Akwa Ibom State	HOSTCOM
Omoku Youth Federation, Rivers State	HOSTCOM
Ndakwa East Development Organisation	HOSTCOM
Obosi Community, Omoku Town, ONELGA Rivers State	HOSTCOM
Oodioama Kingdom Chiefs Council, Bayelsa	ADMINISTRATION, GOVERNANCE, HOSTCOM
Omoku Communities Youth Leaders Forum, Rivers State	HOSTCOM
Omoku Youth Federation, Rivers State	HOSTCOM

### 3. ETHNIC NATIONALITY

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
Ekpeye Oil and Gas Pipelines Host Families Association – Rivers State	HOSTCOM
Itsekiri Oil and Gas Host/Producing Communities of Warri North, Delta	HOSTCOM
Itsekiri Oil and Gas Host/Producing Communities of Warri South, Delta	HOSTCOM
Itsekiri Oil and Gas Host/Producing Communities of Warri South West, Delta	HOSTCOM
Isoko Monitoring Group	HOSTCOM



#### 4. GOVERNMENT/REGULATORY INSTITUTIONS

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
Federal Competition and Consumer Protection Commission (FCCPC)	<b>ADMINISTRATION</b>
Revenue Mobilization Allocation and Fiscal Commission (RMARFC)	<b>ADMINISTRATION, GOVERNANCE, HOSTCOM</b>
NOSDRA	<b>ADMINISTRATION</b>
PPPRA	<b>GOVERNANCE, ADMINISTRATION</b>

#### 5. LABOUR UNION

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
NUPENG and PENGASAN	ADMINISTRATION, GOVERNANCE, FISCAL

#### 6. NON-GOVERNMENTAL ORGANISATIONS (NGOS)

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
Gas Alert for Sustainable Initiative (GASIN)	GOVERNANCE, ADMINISTRATION, HOSTCOM
Girls to Women Research and Development Centre	HOSTCOM
Host Communities of Nigeria Producing Oil and Gas (HOSCON)	HOSTCOM
Centre for Social Studies and Rural Development (We The People)	HOSTCOM
Centre for Environmental Preservation and Development (CEPAD)	ADMINISTRATION, GOVERNANCE, HOSTCOM
Niger Delta Dialogue (PANDEF)	HOSTCOM
Niger Delta Students Union Government	HOSTCOM
Oxfam, NNRC, BudgIT, CISLAC, CPPA	ADMINISTRATION, GOVERNANCE, HOSTCOM, FISCAL
Host Community of Nigeria Producing Oil and Gas (HOSTCOM)	ADMINISTRATION, GOVERNANCE, HOSTCOM
Spaces for Change	HOSTCOM
Policy Alert	HOSTCOM

#### 7. PROFESSIONAL INTEREST GROUP

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
Nigeria Academy of Engineering	ADMINISTRATION, GOVERNANCE, HOSTCOM, FISCAL



## 8.PRIVATE BUSINESS INTEREST

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
Alex Legal Practitioners & Arbitrators	GOVERNANCE
Gas Aggregation Company Ltd (GACN)	GOVERNANCE, ADMINISTRATION
Greatwaves Global Energy	HOSTCOM
Law Corridor	GOVERNANCE, ADMINISTRATION
Total Oil	FISCAL, ADMINISTRATION

## 9.PRIVATE CITIZENS

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
Deborah Oghenechuko	HOSTCOM
Muhammed Jimada	Random Submission (on leadership)

## 10.STATE GOVERNMENT

<b>ORGANIZATION</b>	<b>ISSUE(S) OF INTEREST</b>
Rivers State Government	ADMINISTRATION, GOVERNANCE, HOSTCOM

# ABOUT ORDERPAPER NIGERIA

**OrderPaper** is Nigeria's preeminent policy think-tank and multi-platform legislative interface intervening in the extractives space through civic technology and policy advocacy, including convening of the **HostCom Colloquiums** on host community relations as well as the Post Covid-19 Petroleum Agenda for Nigeria (PoCoPAN) conferences.

**OrderPaper Nigeria** has designed, developed and deployed two novel mobile applications: (1) **ConsTrack** – for public projects and budget tracking; and (2) **RemTrack** – for citizen engagement and tracking transparency and accountability issues in extractives.

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