



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
NEITI REPORTING COMPLIANCE  
APPROVED ON DECEMBER 7, 2016  
TO  
FEDERAL MINISTRY OF FINANCE

ENERGY & EXTRACTIVES

AFRICA

Regional Vice President:	Makhtar Diop
Country Director:	Rachid Benmessaoud
Senior Global Practice Director:	Riccardo Puliti
Practice Manager/Manager:	Christopher Gilbert Sheldon
Task Team Leader:	Masami Kojima



## ABBREVIATIONS AND ACRONYMS

EITI	Extractive Industries Transparency Initiative
FGN	Federal Government of Nigeria
NEITI	Nigeria Extractive Industries Transparency Initiative



**Note to Task Teams:** The following sections are system generated and can only be edited online in the Portal.

## BASIC DATA

### Product Information

Project ID P162344	Financing Instrument Investment Project Financing
Original EA Category	Current EA Category
Approval Date 07-Dec-2016	Current Closing Date 31-Dec-2019

### Organizations

Borrower Federal Ministry of Finance	Responsible Agency NEITI
---	-----------------------------

### Financing (in USD Million)

## SUMMARY

<b>Total Project Cost</b>	0.59
<b>Total Financing</b>	0.59
<b>Financing Gap</b>	0.00

## DETAILS

### Project Development Objective (PDO)

Original PDO

The project development objective is to assist Nigeria in meeting the EITI requirement for data timeliness.



### Summary Status of Financing

TF	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-A4025	07-Dec-2016	09-Dec-2016	09-Dec-2016	31-Dec-2019	.59	.44	.15

### Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

### A. Project status

1. The project supports the Nigeria Extractive Industries Transparency Initiative (NEITI) in achieving satisfactory progress in meeting the requirement for data timeliness. A lack of timeliness has in the past diminished the impact that NEITI can have on improving the governance and transparency of the oil and gas sector.
2. The project to date has received a total of US\$590,000, consisting of US\$320,000 in December 2016 (covering oil, gas, and solid minerals) and an additional US\$270,000 in July 2017 (covering oil and gas). The subject of this second restructuring paper is the third grant of US\$285,000 for oil and gas in support of the same overall development objective.
  - (a) The first round of validation conducted by the Extractive Industries Transparency Initiative (EITI) in 2016 highlighted a lack of data timeliness (the time gap between the reporting period and when NEITI reconciliation reports are published) as one of the shortcomings. NEITI will undergo a second round of validation starting in July 2018.
  - (b) In December 2016, NEITI for the first time managed to publish its reconciliation reports within two years of the end of the reporting period. Before December 2016, NEITI had not been met the deadline of two years, prompting it to seek a waiver from the EITI for each report.
  - (c) The first US\$320,000 provided funding for contracts already in place to help NEITI meet the deadline of December 31, 2016, for the publication of its 2014 oil and gas report and solid minerals report. Grant financing was needed because of the budget crisis facing the Federal Government of Nigeria (FGN) following the collapse of the world oil price markedly lowering the government's oil revenue.
  - (d) The continuing low oil prices have curtailed the government's ability to fund even recurring expenses. As a result, the FGN has not provided the officially approved amount in the Budget Law to NEITI in full.
  - (e) All of US\$320,000 has been disbursed, and US\$120,000 out of US\$270,000 of the second tranche has also been disbursed to date.
  - (f) The second tranche is being used to publish the 2015 oil and gas report before the end of December 2016, and to make an early start on the 2016 oil and gas report.



**B. Rationale for restructuring**

1. As with the rest of EITI globally, NEITI is working to move away from report publications to e-reporting, thereby reducing the scope and the resources needed for publication of the annual reconciliation reports.
  - (a) The EITI requires disclosures of information related to the rules for how the upstream oil and gas sector is managed, enabling stakeholders to understand the laws and procedures for the award of exploration and production rights, the legal, regulatory and contractual framework that apply to the sector, and the institutional responsibilities of the FGN in managing the sector. This information does not change much from year to year, but when it does, it should be made available to the public as soon as possible because of the potential impact of such changes on the sector. As a result, this information is more useful if it is made available on the government's website. The Ministry of Petroleum Resources will be undergoing restructuring if and when the Petroleum Industry Governance Bill or its equivalent is passed, setting up a new petroleum regulatory commission, and it is unclear when the newly restructured ministry and its regulator will be in a position to collect and consolidate contextual information on their websites. It would therefore be useful if NEITI could begin now by consolidating the information and posting it on its website.
  - (b) NEITI may explore other means of disclosing up-to-date and relevant information to the public.
2. NEITI in 2014 and 2015 explored automation of the data collection and preliminary analysis for annual reconciliation reports. NEITI would like to pursue automation of data collection to shorten the time and resources needed for annual data collection for reconciliation, and to consolidate all data submissions in a single platform.

## **II. DESCRIPTION OF PROPOSED CHANGES**

- A. The project development objective and the implementation arrangements remain the same. The request from the Federal Ministry of Finance dated June 16, 2017 is for an additional US\$1 million, making the total for the project US\$1.32 million. With this US\$285,000, we will have provided a total of US\$555,000 against the request of US\$1 million once this third tranche is approved, leaving US\$445,000 to fully meet the request from the Ministry of Finance. The total grant including the first tranche will be US\$875,000. Future tranches will cover additional activities within the scope approved earlier.
- B. Proposed changes
  1. The additional financing will be provided to enable NEITI to shorten the reporting cycle further by combined use of e-reporting and data collection automation.
    - (a) There is a fair amount of information of interest to EITI stakeholders that is not specific to the reporting cycle but that constitutes components of the mandatory EITI disclosure. This grant will help NEITI hire consultants to collect more detailed information than what has been published to date in annual reconciliation reports on the legal, regulatory, and commercial frameworks in the upstream oil and gas sector, analyze the information, and post summaries on its website.
    - (b) For automating data collection, this grant can be used to start the process, possibly supplemented by funding from the FGN. This will also address the concern that currently collected data are in the form of email messages, letters, and submissions that have been sent to parties in different institutions



(consultant firms, NEITI), and it is difficult to go back and cross-check the data obtained because there is no single depository of the collected data.

### III. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Results Framework	✓	
Change in Components and Cost	✓	
Change in Loan Closing Date(s)	✓	
Additional Financing Proposed	✓	
Change in Disbursement Estimates	✓	
Change in Implementing Agency		✓
Change in Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Overall Risk Rating		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Change in Implementation Schedule		✓
Other Change(s)		✓

### IV. DETAILED CHANGE(S)

#### RESULTS FRAMEWORK

##### Project Development Objective Indicators

Compliance with EITI standard on timeliness
---



Unit of Measure: Text Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	Meaningful progress		Satisfactory progress	Marked for Deletion
Date	31-Oct-2016		28-Jun-2019	

Timeliness of reconciliation report publications Unit of Measure: Text Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	Meaningful progress	No further validation since Oct 2016	Satisfactory progress	New
Date	11-Oct-2016	20-Dec-2017	30-Apr-2020	

**Intermediate Indicators**

NEITI report production Unit of Measure: Text Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	Reports not published within two years	Report published within 2 years.	Reports published within 18 months	No Change
Date	31-Oct-2016	30-Dec-2016	01-Jul-2019	

E-reporting of contextual information for oil and gas Unit of Measure: Text Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No e-reporting of contextual information	No e-reporting of contextual information	E-reporting of contextual information (legal, regulatory, contractual, and fiscal frameworks; sector structure and ownership patterns) on NEITI's website or other websites	New
Date	01-Dec-2016	01-Dec-2017	01-Jul-2019	



**COMPONENTS**

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Data timeliness	0.59	Revised	Data timeliness	0.87
<b>TOTAL</b>	<b>0.59</b>			<b>0.87</b>

**LOAN CLOSING DATE(S)**

TF	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-A4025	Effective	31-Dec-2017	30-Dec-2019, 31-Dec-2019	30-Apr-2020	30-Aug-2020

**US\$ DETAILED CHANGES ADDITIONAL FINANCING TABLE**

**ADDITIONAL FINANCING**

Source	Currency	Amount	USD Equivalent
Extractives Global Programmatic Support(EGPS)	USD	285,000.00	285,000.00
<b>Existing Net Commitment USD Amount</b>			<b>590,000.00</b>
<b>Total</b>			<b>875,000.00</b>

**DISBURSEMENT ESTIMATES**

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2017	0.00	440,000.00
2018	0.00	300,000.00
2019	0.00	100,000.00
2020	0.00	35,000.00



# The World Bank

NEITI Reporting Compliance (P162344)

---

2021	0.00	0.00
2022	0.00	0.00

---