

Oil & Gas Breakout Session

Challenges on the PIB

- Too many new institutions created at high costs.
- Negative impact of new taxation
- De-regulation of petroleum products
- Domestic Gas Obligation & Gas Flare reduction
- Indigenization/Local Content
- Oil Community Equity

Challenges on Niger Delta

- Wide gap exists between amnesty and post amnesty
- Deep mistrust of Government by the stakeholders in the Niger Delta
- Enforcement/Compliance gap on post amnesty agreement
- Funding of post amnesty programme
- Inadequate structuring of the post amnesty negotiation process

Challenges on Unemployment

- Insufficient contribution to employment by the oil & gas industry
- Industry is highly capital and technology intensive
- Lack of multiplier effect that translates to employment generation
- Inadequate access to finance

Recommendations

- Regulatory institutions under the Minister should not be more than 2. i.e PPRA & Inspectorate should exist.
- PEF (Petroleum Equilization Fund) should be scrapped, while PTDF should be converted into trust investment fund.
- De-couple physical framework of PIB – simply amend the PPT Act 1958 & upgrade the Petroleum Act, 1969.
- Effective tax rate should be made more explicit from the multiple tax system.
- The requirement of new tax system requires re-training of FIRS personnel.
- Petroleum deregulation should be in tandem with PPA for Gas & MYTO for electricity.
- More effective communication of benefits rather than emphasizing price change.
- Do not enact field development plan (FDP) by the inspectorate without an integrated gas plant.
- Make the Gas Master Plan clear on who builds the national gas grid.

Recommendations ...cont'd

- Government should create the interface between science & technology & industrial base.
- The least management policy in PIB should enhance indigenous capacity enhancement, as is practiced in other developed and developing jurisdictions like Norway, Ecuador, etc).
- Consider one single interest of royalty which is more definable by community on wellhead on gross oil & gas production basis to replace the multiple levels community interest in derivation, NDDC, potential 10% equity at less administrative cost.
- Articulate comprehensive, inclusive and multi-stakeholder post amnesty collaborative process – structured as a PPP based on successful global practices models and domesticated to the Niger Delta situation.
- Post amnesty roundtable should be based on equity, transparency and respect by all participants
- It should also be collaborative and not consultative approach, and inline with global best practice models

Recommendations ...cont'd

- A binding code of conduct outlining the rules of engagement and prescribing sanctions for all stakeholders should be the major outcome of the post amnesty collaboration process
- Independent expertise should guide and supervise the process
- PPP cost sharing model based global best practice should be adopted to guarantee transparency.
- Establish a Quasi-NGO to see through the formulation and implementation of the programme
- Ensure greater involvement and commitment by all parties
- Pass and judiciously implement the Local Content Bill
- Government should put in place enabling environment for business and employment generation

Recommendations...cont'd

- Science education – special training programmes should be pursued to meet skill gaps. There is need for comprehensive and strategic National industrial policy to be pursued vigorously
- Build and revamp existing refining capacity and place emphasis on petrochemicals to ensure greater employment generation
- Expand the Nigerian content support fund and ensure easy access to stakeholders
- Entrench increased access to fund through continuous dialogue and collaboration between industry operators and financial services players
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