

# PETROLEUM INDUSTRY GOVERNANCE BILL



## THE JOURNEY SO FAR

2  

UNSUCCESSFUL ATTEMPTS

There were two unsuccessful attempts since 2008 to enact an Act to reform the Nigerian Petroleum Industry

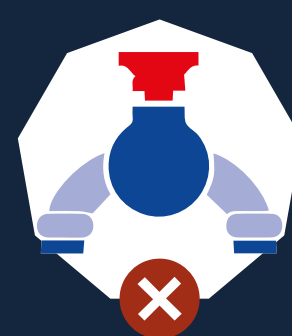
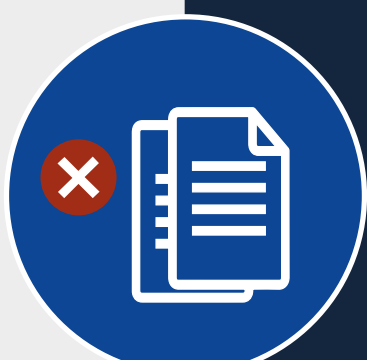


The 8th National Assembly successfully passed the Petroleum Industry Governance Bill (PIGB) in 2018 and the President of the Federal Republic of Nigeria withheld his assent to the Bill in July 2018.

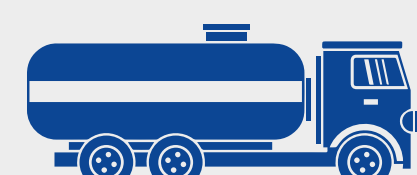
## WHY IS THE BILL GOOD FOR THE INDUSTRY?



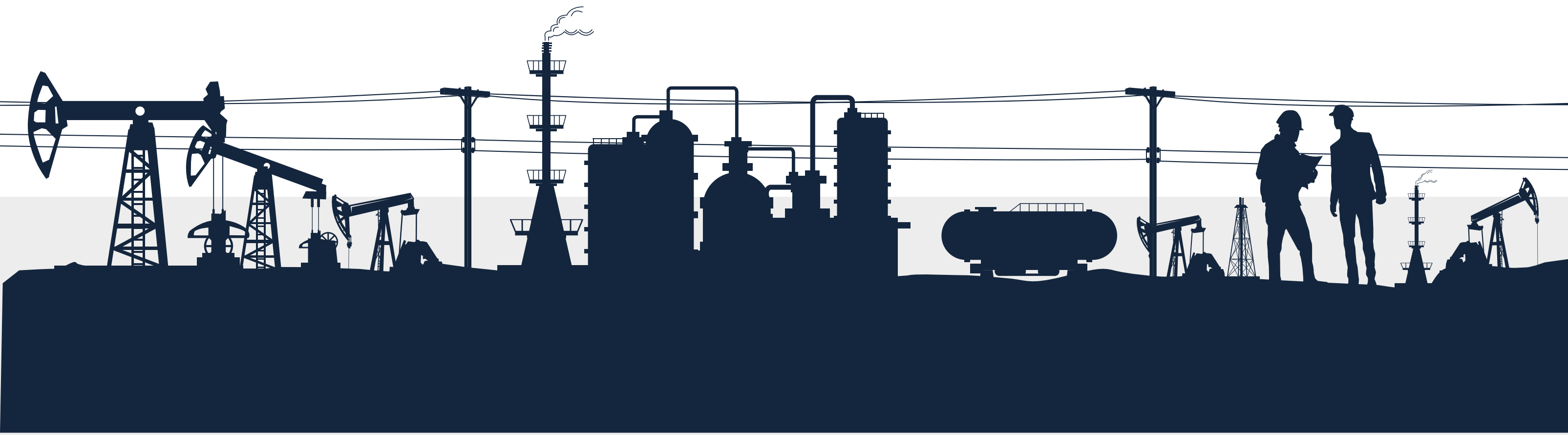
It concentrates mainly on the functions/roles of the Minister of Petroleum Resources (MoPR), Nigeria Petroleum Regulatory Commission (NPRC), the national oil companies which are: the Nigeria Petroleum Assets Management Company (NPAMC) and the National Petroleum Company (NPC) and the Petroleum Equalization Fund (PEF).



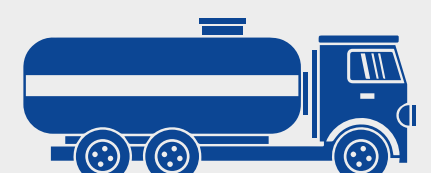
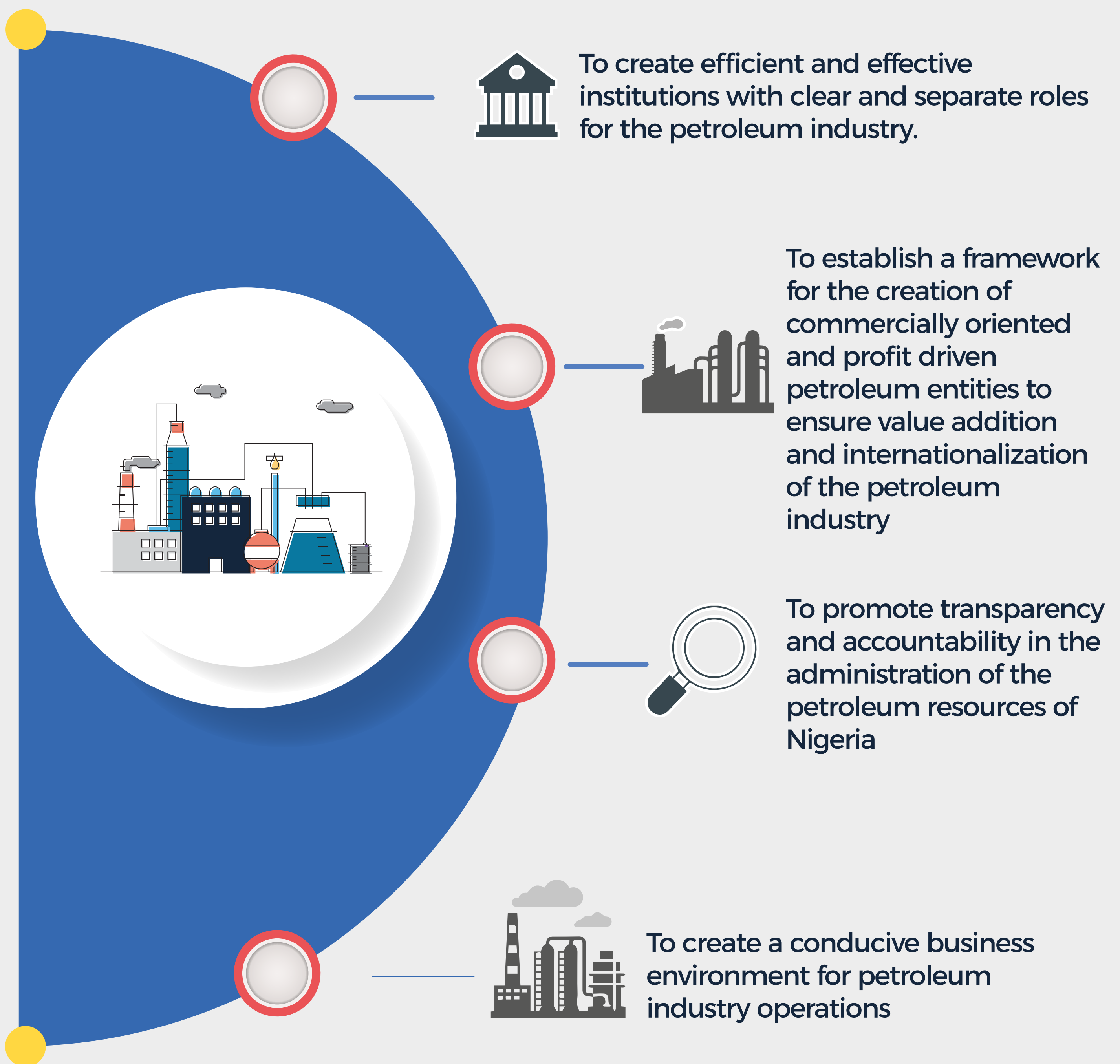
The Bill DOES NOT COVER the upstream, midstream and downstream licensing of petroleum operations as well as the fiscal framework for the industry which are in separate industry bills undergoing legislative processes at the National Assembly.



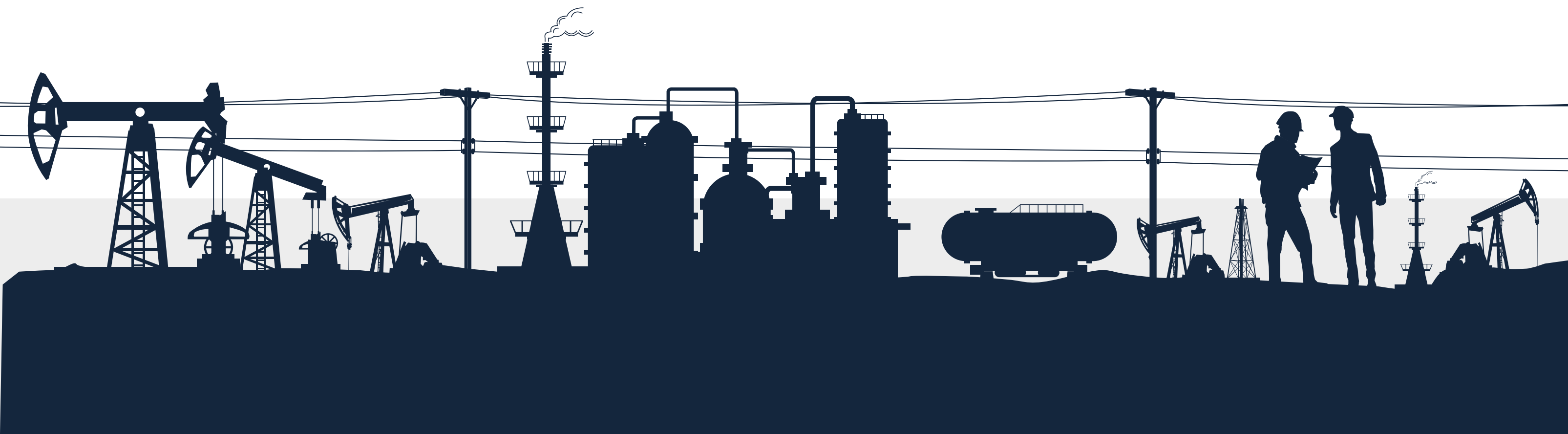
# PETROLEUM INDUSTRY GOVERNANCE BILL



## OBJECTIVES OF THE PIGB



# PETROLEUM INDUSTRY GOVERNANCE BILL



## WHICH INSTITUTIONS DOES THE BILL PROVIDE FOR?

### THE MINISTER

1



The main function of the Minister is basically policy formulation and the general supervision of the industry.

### THE NIGERIA PETROLEUM REGULATORY COMMISSION (NPRC)

2

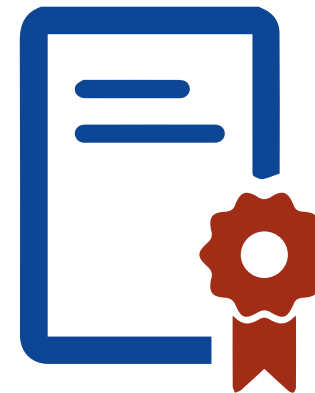


This is an independent and sole regulatory institution for the entire petroleum industry.

### ROLE OF NPERC



To make regulations for the petroleum industry through a transparent open process with the participation of major stakeholders and the public;



To awards upstream licences and leases (through transparent process), licences, permits and authorizations to the operations in the midstream, downstream and other activities in the petroleum industry;



To oversee all aspects of the health, safety and environmental matters relating to all aspects of petroleum operations;



Is required to administer and enforce policies, laws and regulations relating to all aspects of petroleum operations;



# PETROLEUM INDUSTRY GOVERNANCE BILL



## THE PETROLEUM EQUALIZATION FUND

2



The PIGB reestablishes the Petroleum Equalization Fund for the enhanced development of all regions of the Federation in order to ensure the economic balance in the price of petroleum products and to collect and provide funding for infrastructural development throughout the federation as well as to ensure efficient distribution of petroleum products throughout the federation

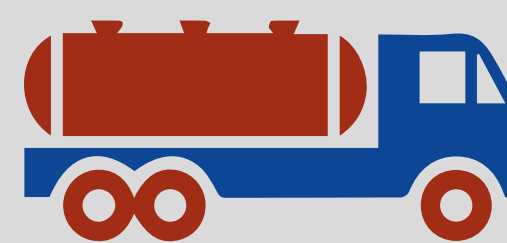
### ROLE OF PEQ



Collect all revenues and levies charged pursuant to the provisions of the Act;



Determine, at such intervals as the Board may direct, the net surplus revenue recoverable from any oil marketing company and accruing to that company from the sale by it of petroleum products at such uniform prices as may be fixed by the Minister;



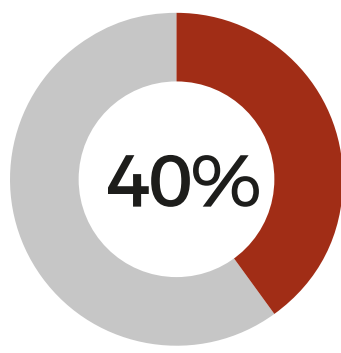
Determine the amount of reimbursement due to any oil marketing company for purposes of equalization of price of products;

# PETROLEUM INDUSTRY GOVERNANCE BILL



## THE MINISTRY OF PETROLEUM INCORPORATED

3



It is established as a corporation sole with perpetual succession and can sue and be sued. It is only authorised to hold 40% of Government shares in the Nigeria Petroleum Assets Management Company.

## COMMERCIAL ENTITIES

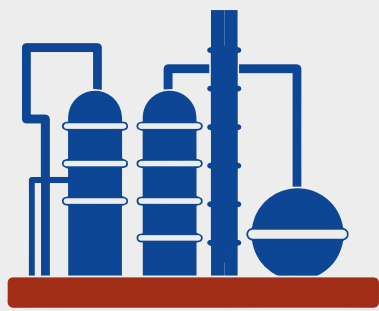


## THE NIGERIA PETROLEUM ASSETS MANAGEMENT COMPANY (NPAMC)

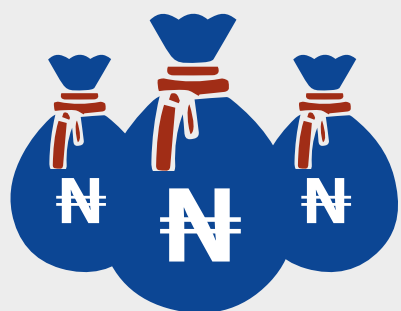


It is a limited liability Company for the management of upstream petroleum assets currently held by the NNPC under the Production Sharing Contracts and Back-in Right Provisions under the Petroleum Act 1969 as amended.

### ROLE OF NPEAMC



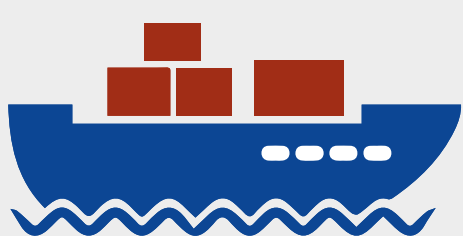
To hold and manage certain petroleum assets on behalf of the government of the Federation.



To ensure maximum value (in terms of return on investments) for the government of the Federation through prudent management of the assets.



To negotiate and enter into new exploration and production agreements with other petroleum companies as may be required by the government of the Federation.



To monitor the revenue and cost elements of the operation and the production output of its petroleum contracts and undertake the sale of crude oil or other petroleum derivatives produced from the assets.

# PETROLEUM INDUSTRY GOVERNANCE BILL

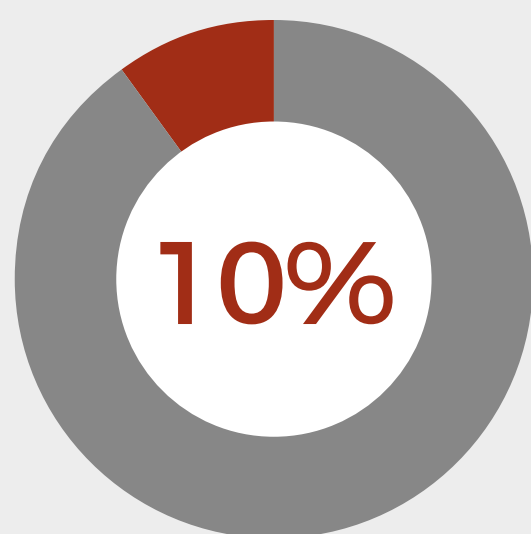


## THE NATIONAL PETROLEUM COMPANY (NPC)

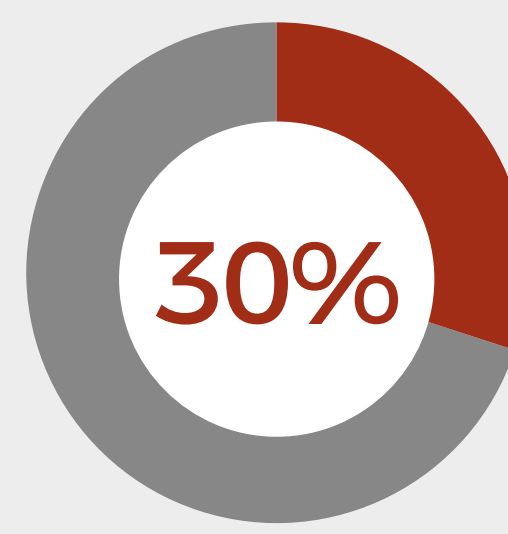


It is a limited liability company and is assigned with the responsibility to manage all other assets held by NNPC, except the Production Sharing Contract and Back-in Right assets currently held by the NNPC. Its activities would cut across the entire oil and gas value chain that is the upstream, midstream and downstream sectors of the petroleum industry.

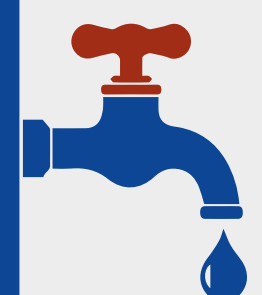
## ROLE OF NPC



The Government is required by the PIGB, within five years from the date of incorporation of the NPC, to divest in a transparent manner not less than 10% of the shares of the NPC



Within ten years from the date of incorporation, to divest not less than an additional 30% of the shares of the Company to the public in a transparent manner.





# PETROLEUM INDUSTRY GOVERNANCE BILL



## NIGERIA PETROLEUM LIABILITY MANAGEMENT COMPANY (NPLMC)



It is a limited liability company which shall be vested with certain liabilities of the Nigerian National Petroleum Corporation and the pensions liabilities of the Department of Petroleum Resources.

### ROLE OF NPLMC

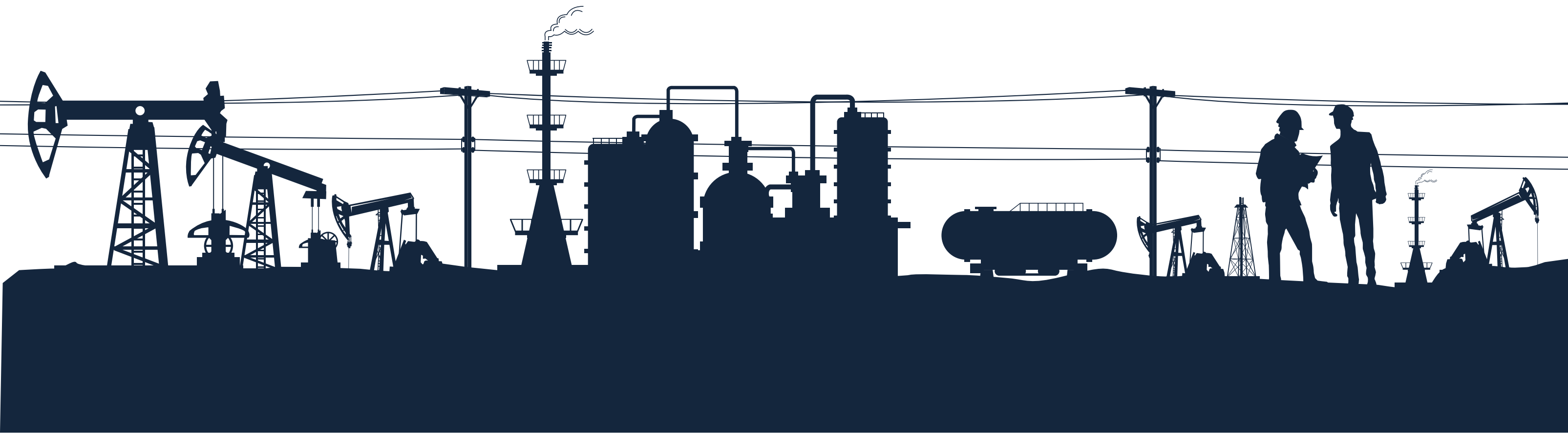


This is to ring-fence the national oil companies from liabilities that may stall their effective and efficient performance.



The Minister is required to undertake the process of the winding up of the company upon confirmation that NPLMC has concluded the settlement of all outstanding liabilities

# PETROLEUM INDUSTRY GOVERNANCE BILL



## WHAT ARE THE BENEFITS OF THE PIGB?



The proposed PIGB is practically consistent with the provisions of the National Petroleum Policy that was approved by the Federal Executive Council in July 2017. It appears to be a noteworthy Bill that would ensure a good governance in the Nigerian petroleum industry.

01



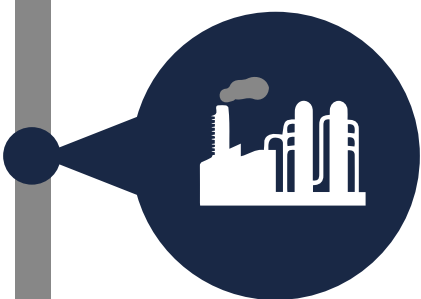
The bill will ensure a good governance in the Nigerian petroleum industry

02



It distinctly separates the roles and functions of the institutions and commercial entities in order to enable transparency and accountability.

03



It assigns the regulatory functions of the National Petroleum Regulatory Commission in such a way that it will be able to operate in an independent, objective and

04



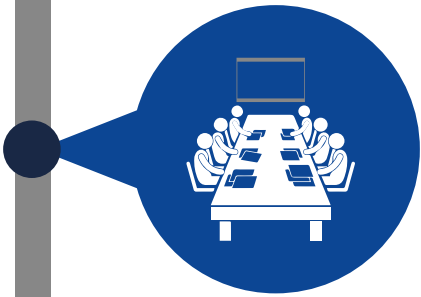
It clarifies the role of the regulator and the commercial entities managing the petroleum resources on behalf of Nigeria

05



It provides for the incorporation of the commercial entities as companies limited by shares with precise objectives.

06



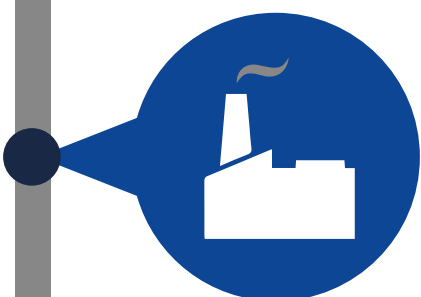
There is clear delineation of the rights and responsibilities of the shareholders as well as a degree of operational financial autonomy.

07



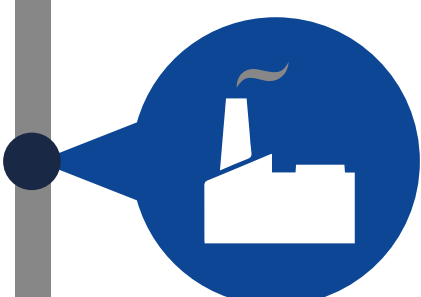
It specifies the role of the Board of Directors, the limits of its authority.

08



It imposes disclosure requirements on the National Petroleum Company ensuring accountability and transparency in its operations

09



It insulates the commercial entities; NPC and NPAMC from liabilities to encourage efficiency in the management of Nigeria's petroleum resources



# PETROLEUM INDUSTRY GOVERNANCE BILL



## CONCLUSION



**THE PASSAGE AND ASSENT OF THE PETROLEUM INDUSTRY BILL'S WILL REPRESENT A LANDMARK REFORM IN THE PETROLEUM INDUSTRY AND FOR THE BUHARI-LED ADMINISTRATION.**

**FINALLY, THE JOURNEY OF TRANSFORMING THE GOVERNANCE FRAMEWORK FOR THE INDUSTRY MAY HAVE STALLED, BUT THERE ARE POSSIBLE OPTIONS THAT CAN BE TAKEN TO REVISE THIS BEFORE THE 2019 ELECTIONS. THE NATIONAL ASSEMBLY CAN EITHER PASS THE PIGB INTO LAW BY A TWO-THIRDS MAJORITY OR RE-SUBMIT THE BILL TO THE PRESIDENT FOR HIS ASSENT. ALTERNATIVELY, THE EXECUTIVE CAN PRESENT ITS OWN VERSION OF THE PIGB TO THE NATIONAL ASSEMBLY FOR PASSAGE TO ENSURE THAT ULTIMATELY, THE GOVERNANCE FRAMEWORK IS TRANSFORMED.**

**THE SPEEDY PASSAGE AND ASSENT TO THE PIGB AND OTHER THREE COMPONENT BILLS OF THE PETROLEUM INDUSTRY BILL'S, NAMELY: THE PETROLEUM INDUSTRY ADMINISTRATION BILL (PIAB), THE PETROLEUM INDUSTRY FISCAL BILL (PIFB), AND THE PETROLEUM HOST AND IMPACTED COMMUNITIES DEVELOPMENT BILL (PHICDB) MUST BE ACHIEVED WITHOUT FURTHER DELAY.**

**LET US JOIN HANDS TO SAVE NIGERIA'S OIL AND GAS INDUSTRY.**

