

Lead Debate on Petroleum Host Community Bill 2017

Mr. President, my Distinguished Colleagues, it is my honour and privilege to lead the debate on this very important Bill, Sponsored by my humble self and Members of the Joint Committee on Petroleum Resources. This bill was read the first time in this Chamber Thursday 8th December 2016.

The Bill seeks to provide for a legal framework for the host communities in Nigeria. This Bill is unique because it recognizes the pitfalls of past efforts and is structured to bring direct funding for the development of the petroleum host communities under the direction and control of the communities themselves. This Bills when enacted into law will create the much desired harmony and partnership among the various stakeholders in the petroleum operations process and engender huge cost savings, extensive investments and overall transformation of the Nigeria oil and gas industry.

Mr. President and Distinguished Colleagues, permit me to briefly provide the background and necessary insight into the Bill to enable you understand and also share the urgency founding our request for the second reading of this Bill.

Mr. President, my Distinguished Colleagues, agitation for participation of host community in the petroleum business and the conferment of financial and other benefits of the industry on such communities is as old as the petroleum industry in Nigeria. In fact, this has been a critical issue of deliberation at several national forums and even here in the National

Assembly. Over the years, government has attempted to address this issue by providing various forms of palliatives to the host communities but this has always fallen short of the expectations of the people in the manner in which it was conceived.

Following the submission of the report of the Oil and Gas Implementation Committee (OGIC) containing the Nigeria Oil and Gas Policy and the premier draft of the Petroleum Industry Bill (PIB) to government in 2008, late President Umaru Musa Yar Adua set up the Inter Agency Team (IAT) to review the policy and the Bill. The IAT review sought to augment the PIB which was then already before the National Assembly with provisions providing for petroleum host community participation. Since then, the petroleum host community participation clauses have been an integral part of the PIB or its attendant debates.

This Bill is part of the legislative reform of the Nigeria oil and gas industry, providing for the development of petroleum host communities and is presented in line with the perspective of this 8th Senate to split the PIB into smaller logical partitions to allow for easier consideration, passage and where necessary, future amendments.

The Objectives of this Bill is to primarily curb the restiveness in the Niger Delta, by assuaging the fears of the petroleum host communities and providing a veritable regime of compensation directly to the communities to enable them develop their local infrastructure, educate their people, access healthcare, earn a livelihood and to cope with the devastated environment foisted on them by the poorly managed petroleum producing activities of the oil companies.

Mr. President and Distinguished Colleagues, it is for the above reasons that we are presenting this Bill for Second Reading to this distinguished Senate today.

Mr. President and Distinguished Colleagues, this Bill seeks to establish a pool of funding for development of petroleum host communities and specifies the sources of this funding. Specially, it provides for the Host Communities development to be funded through a direct contribution from petroleum producing companies. Furthermore, it provides for the utilization of the fund and states clearly that the principal items to which the fund shall be devoted shall be socio-economic development, infrastructure, education and other contingent matters. In addition to identifying the communities that qualify, the bill also defines the ratios of distribution of benefits among different categories of the communities. The Bill also defines petroleum host communities which shall be beneficiaries of the fund, it also delimits which communities qualify to be included. Finally, the Bill also provides reciprocal responsibilities on the part of communities by creating grounds for deductions (from the share of the community) for repairs of any damaged oil facilities resulting from sabotage.

The Bill also creates the legal structures for the Petroleum Host Community Associations. It details the legal framework, as well as governance and accountability. In addition, it also sets out the requirements for account and audit of fund paid to Petroleum Host Community Associations.

Furthermore, the Bill creates a National Committee on Petroleum Host Communities, which will be established to carry out specific tasks with

respect to the various community funds created under the Bill. This special Committee is deliberately designed not to be an operational organization, but a small advisory body which provides support to the Petroleum Host Community Associations when required. The Bill provides that the Committee shall have representatives from the beneficiary communities, oil producing companies and the government. Part 3 also provides for a small secretariat for the Committee, a pool of funding for development of petroleum host communities and specifies the sources of this funding. Specifically, it provides for the Petroleum Host Communities development to be funded through a direct contribution from petroleum producing companies. Furthermore, it provides for the utilization of the fund and states clearly that the principal items to which the fund shall be devoted shall be socio-economic development, infrastructure, education and other contingent matters. In addition to identifying the communities that qualify, the bill also defines the ratios of distribution of benefits among different categories of communities. The bill also creates the legal structures for the Petroleum Host Community Associations, it details the legal framework, as well as governance and accountability. In addition, it also sets out the requirements for account and audit of fund paid to Petroleum Host Community Associations.

Mr. President, My Distinguished Colleagues in line with our order 77 (3) the Financial Implications of this Bill proposes, inter alia, the registration of Petroleum Host Communities Associations and National Committee on Petroleum Host Communities. The cost of registration of the Petroleum Host Communities Associations will be borne by the relevant communities while the running cost of the National Committee on Petroleum Host Communities

will be deducted from the funds payable to the petroleum host communities payable by the petroleum producing companies. Therefore, no funds are needed to be appropriated by the National Assembly for funding Host Communities Associations and National Committee on Petroleum Host Communities.

Mr. President and Distinguished Colleagues, let me conclude by stating that this Bill, proposes a clear, focused, effective and robust legal framework for managing and funding host community development in the country. The framework will take into cognizance the aspirations of the host communities while also navigating the programme away from the pitfalls of past exercises to bring development funding directly to the communities. I can confidently state that this framework has the potentials to redirect the long standing agitations of the petroleum host communities and the anxieties of government and oil producing companies into a happy partnership in which all stakeholders including government, oil producing companies and communities forge a common agenda to ensure peace and harmony in all spheres of petroleum operations.

Mr. President and Distinguished Colleagues, I believe that the objectives and provisions of this Bill are very laudable and will transform the Nigerian oil and gas Industry. The Bill will provide the requisite succour to the host communities who have borne the brunt of oil production activities. Most importantly, the peace that will ensue from the passage of this Bill will attract substantial investment to the Nigerian oil and gas industry, at this critical time that such investments are required to stimulate growth in the

industry with its concomitant effect on other sectors of the Nigerian economy.

Mr. President and Distinguished Colleagues, I therefore urge you all to support the second reading of this Bill and its committal to the Joint committee on Petroleum Resources for further legislative action.

I thank you all.

Senator Kabir Garba Marafa (CON)