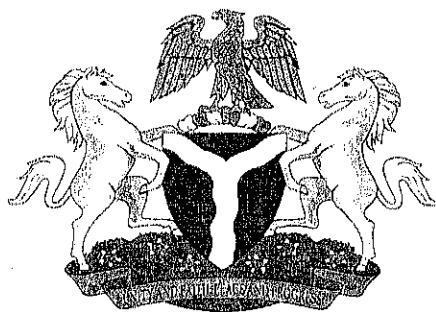




FEDERAL REPUBLIC OF NIGERIA

THE SENATE

**REPORT OF THE AD HOC COMMITTEE ON THE PLANNED
CONCESSION OF PORT HARCOURT REFINERY TO
AGIP/ENI AND OANDO PLC BY FEDERAL MINISTRY OF
PETROLEUM RESOURCES**

JULY, 2017

1. INTRODUCTION:

The Senate of the Federal Republic of Nigeria at its plenary on Tuesday, May 30, 2017 constituted the Ad hoc Committee on the Planned Concession of Port Harcourt Refinery to AGIP/ENI and Oando Plc; to carry out holistic investigation to determine how and why such a deal was sealed and the criteria used to select Agip/ENI and OANDO Plc, to maintain and operate the Port-Harcourt Refinery at what cost and time frame.

2. MEMBERSHIP OF THE COMMITTEE:

- | | | |
|-------|-------------------------------|------------|
| (i) | Senator Abubakar Kyari | - Chairman |
| (ii) | Senator Benjamin C. Uwajumogu | - Member |
| (iii) | Senator Dino Melaye | - Member |
| (iv) | Senator Sabo Mohammed | - Member |
| (v) | Senator Abdul'Aziz M. Nyako | - Member |
| (vi) | Senator Mathew A. Urhoghide | - Member |
| (vii) | Senator Duro S. Faseyi | - Member |

Secretariat:

Mr. Victor Efiog - Committee Clerk

3. METHODOLOGY: In the course of this assignment, the committee met and resolved to act accordingly as directed by the Senate. Below is the approaches adopted:

- (i) Committee meetings;
- (ii) Request for relevant information;
- (iii) Call for memoranda/ Invitation to public hearing published in various newspapers;
- (iv) Radio and Television announcements; and
- (v) Public Hearing/Interactive session.

4. ATTENDANCE: The following representatives of the ministries, departments, agencies, non-governmental organizations and the general public were in attendance during the one day investigative hearing on Thursday, 13th July, 2017:

- i. Secretary to the Government of the Federation
- ii. Federal Ministry of Petroleum Resources
- iii. Nigerian National Petroleum Corporation
- iv. Department of Petroleum Resources
- v. Infrastructure Concession Regulatory Commission (ICRC)
- vi. Bureau of Public Enterprises (BPE)
- vii. AGIP/ENI
- viii. OANDO PLC
- ix. Nigeria Labour Congress (NLC)
- x. Trade Union Congress (TUC)
- xi. PENGASSAN
- xii. NUPENG
- xiii. Alesa Community
- xiv. Okirika Community
- xv. General public

5. SUBMISSIONS BY STAKEHOLDERS AND THE GENERAL PUBLIC:

- (1) Secretary to the Government of the Federation: In their response, they stated that the Office of the Secretary to the Government of the Federation has no information on the planned concession of Port Harcourt Refinery. In the course of the public hearing, Mr. Olakunle Bamgbose, Permanent Secretary, Political & Economic Affairs, who represented the Acting Secretary to the Government of the Federation (SGF) was emphatic that the office has no information whatsoever on the matter.

- (2) Federal Ministry of Petroleum Resources: As a background, the Federal Government is committed to revamping the underperforming refineries in Nigeria to boost local refining capacity for self-sufficiency, foreign exchange savings and net export of petroleum products.

To fully restore the facilities, the envisaged business models is to partner with third-party financiers to engage the original refinery builders to repair the refineries, and recoup, their investments from incremental production. The investor is not expected to buy any refinery assets, take any shareholding interest nor benefit from any liens over refinery assets. The expertise of the original builders allows for continuity and cost management and there will be no transfer of any assets.

To drive the process, a Steering committee and Technical Committee were constituted and inaugurated to develop the roadmap for increasing the refineries' performance to minimum of 90% utilization by 2019.

The process is to identify and engage financiers that will provide both funding and technical expertise for the refineries' rehabilitation are currently ongoing. NO report and no recommendation have been submitted by the Technical Committee to the Steering Committee for subsequent approval by NNPC Board. Final decision on the refineries has not been reached.

It is worthy to restate that the several media reports on the planned concessioning of Port Harcourt Refinery are both untrue and unfounded. The attached newspaper clarification by Oando Plc with respect to the erroneous reports in the

newspapers on the Port Harcourt Refinery Concession is one of such rejoinders.

3. Nigerian National Petroleum Corporation (NNPC): The Chief Operating Officer, Refineries & Petrochemicals, Mr. Anibor O. Kragha; stated that the ongoing efforts to engage financiers to provide funding and technical expertise for the rehabilitation of the respective refineries is still at the early stage(s). No Expressions of Interest (EOIs) for the rehabilitation exercise have been evaluated and/ or due diligence conducted. In this regard, the supposed concession of Port Harcourt Refinery to Agip/ENI and Oando Plc could not have taken place. Consequently, no submission can be or has been made to the NNPC Board or Federal Executive Committee for consideration and/ or approval.

He emphasized that none of the NNPC Refineries in Port Harcourt, Warri or Kaduna have been privatized or concessioned.

4. Infrastructure Concession Regulatory Commission: The Commission informed the Committee that the Nigeria National Petroleum Corporation has not approached the Commission on any plan to grant concession over the said refinery or any other arrangement with any private company for the repair, operation and maintenance of the said refinery. If there is such an arrangement, the Nigerian National Petroleum Corporation is required under the Infrastructure Concession Regulatory Commission (Establishment, etc) Act 2005 ('the Act') and National Policy on Public-Private-Partnership (PPP) 2009 to liaise with the Commission for regulatory guidance prior to entering into any contract.

The Commission said that they only read about the proposed transaction in ThisDay Newspaper article dated Sunday, 21st May, 2017 which reported a decision by the Ministry of Petroleum Resources to revitalize the nation's refineries using Repair, Operate and Maintain financing mechanism. And they immediately wrote to the Honourable Minister of State for Petroleum Resources advising that *Repair, Operate and Maintain financing* mechanism falls under the ambit of Public Private Partnership, which is regulated by the Commission under the Infrastructure Concession Regulatory Commission (Establishment, etc) Act 2005 and the National Policy on Public Private Partnerships. The Commission also requested for the Business Case of the proposal so we can provide appropriate guidance based on our national PPP life cycle which outlines how PPP transactions should be structured to ensure value for money for Nigeria and to ensure that such projects are developed in compliance with extant laws and policies.

As at the date and time of the public hearing, the Commission insisted that they have not received the reply of the Honourable Minister of State for Petroleum Resources to their request.

- (5) Bureau of Public Enterprises (BPE): The establishment stated that Bureau of Public Enterprises is not officially aware of the plan to concession the Port Harcourt Refinery to Agip/ENI and Oando Plc. The Bureau of Public Enterprises is aware of proposal by the NNPC to rehabilitate the nation's four refineries to be able to raise their production capacity from less than 30% to 60% in the first instance and later to 90%, a proposal which Bureau of Public Enterprises objected to.

They drew the Committee's attention to the Nigerian National Petroleum Corporation advertisement for expressions of interest for investors to rehabilitate and operate the nation's four

refineries (Port Harcourt Refinery Company 1 & 2, Kaduna Refinery & Petrochemical Company and Warri Refinery & Petrochemical Company) in April, 2016. This was proposed to be done vide a joint venture arrangement between NNPC and the prospective investors.

The Bureau of Public enterprises raised issues with the plan because by the provisions of the Public Enterprises (Privatization & Commercialization) Act 1999, the BPE had scheduled the refineries for privatization. The BPE by its letter dated April 22nd, 2016 drew the attention of the Chairman National Council on Privatization (NCP) to the anomalies.

The Nigerian National Petroleum Corporation had earlier sought for the President's approval to source for interested investors to rehabilitate the Refineries before privatization, which the Bureau of Public Enterprises (BPE) objected to on the grounds that it could be prejudicial to their privatization.

- (6) Nigerian Agip Oil Company Limited/ENI: We would like to state that no mandate or agreement has been signed for the concession, sale, equity transfer or privatization of the Port Harcourt Refining Company (PHRC). NNPC has publicly disclosed that it is evaluating the current state of its refineries and the cost implications for rehabilitation; at this stage, it is having preliminary discussions with private sector organizations to aid the development of a technical and financial structure that will support these rehabilitations. As far as we are aware, the refineries remain national assets, under the control of the NNPC and there have been no indications that this position will change during or post the rehabilitation period.

ENI has proposed to support the refinery rehabilitation program, specifically Port Harcourt Refining Company in which it has a long history of technical involvement. In addition ENI's credentials and track record showcase extensive experience necessary for a successful rehabilitation program.

ENI/NOAC have selected Oando Plc as a local partner to support the Federal Government's refinery rehabilitation efforts since Oando plc and ENI/NAOC share a long standing and successful working relationship.

- (7) Oando Plc: We would like to state that no mandate or agreement has been signed for the concession, sale, equity transfer or privatization of the Port Harcourt Refining Company (PHRC). NNPC has publicly disclosed that it is evaluating the current state of its refineries and the cost implications for rehabilitation; at this stage, it is having preliminary discussions with private sector organizations to aid the development of a technical and financial structure that will support these rehabilitations. As far as we are aware, the refineries remain national assets, under the control of the NNPC and there have been no indications that this position will change during or post the rehabilitation period.

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To this end the Federal Government signed an MOU with ENI/NAOC to support the progress of deficient areas within the energy sector. Highlights of the MOU are as follows:

- Refined Product Security – Rehabilitation of refineries
- Technical services
- Training support to refinery workers both locally and internationally
- Oil & Gas Production Operations – Further participation in the onshore, offshore and Ultra Deep Water operated areas
- Power Generation – Enhancing access to energy
- Electricity Distribution & Renewables – study of local distribution network and most efficient renewable energy projects to drive enhancement and ultimately more effective power supply to Nigerians.

8. Trade Union Congress: We see this invitation as a recognition of the fact that we are all stakeholders in the Nigerian project, especially the oil and gas industry.

The fact that over 70% of our revenue/ foreign exchange is got from oil and the technological advancement sweeping across the world are enough reason to get the sector running now before it is too late. Remember, nothing lasts forever!

All considered we see the planned concession as a betrayal of trust by the leadership. It portrays impunity at its peak; especially the once concessioned or privatized are not yielding the desired result. Besides, an issue so important like this ought to be discussed with all stakeholders (workers inclusive) instead of treating us as if we not matter or count. "You don't shave a

man's hair in his absence". It is advisable the idea be dropped to forestall crisis at a time our economy is struggling.

We have four refineries yet rely on importation. Why? In the last 18 years, Turn Around Maintenance (TAM) had been carried out and billions paid, yet we cannot produce what we use. The installed capacity for Port Harcourt Refinery is 210,000 but it has never produced one third of the capacity. Licenses were given to build; they know they will always have their way. THIS ONE WILL NOT WORK.

Our concerns:

- i. Lack of consultation: The fact that stakeholders were not carried along is a testimony to the fact that the process were fraudulent. This is dangerous and sends a wrong signal to Nigerians and the international world.
- ii. The plant has not undergone a comprehensive Turn Around Maintenance (TAM) for over 15 years. The tendency is that it will function better if there is sincerity on the part of actors.
- iii. In adequate funding of the sector.
- iv. Job losses: Several concession had been made in the past with little or nothing to show for it. A case in point is the Power Holding Company of Nigeria (PHCN), Nigeria Airways, Ports, etc.
- v. Outsourcing/ casualization: Just few days ago we submitted our position on the above issue, which is very predominant in the oil and gas industry and financial sector. Manufacturing sector is also battling with the twin monsters. People take up job because of rate of unemployment in the country. If the refinery is concessioned it will not only astronomically increase the number of people looking for job, but criminals too.

PRAYERS:

- I. Drop the idea of the planned sale
 - II. Furnish us with the criteria used to select Agip/ENI and Oando Plc. We want to know the terms and conditions of the Memorandum of Understanding (MOU) between NNPC and the consortium.
 - III. Furnish us with the cost and time frame of the concession.
 - IV. Declare emergency in the oil & gas sector by fixing the refineries.
 - V. Prompt supply of crude to the refineries for optimal efficiency.
 - VI. Government should create enabling environment to encourage private individuals take advantage of the downstream liberalization policy.
 - VII. Government should encourage financial autonomy and modalities that would protect the pipelines.
- (9) NUPENGASSAN: The stakeholders in the oil and gas industry of which the Nigeria Union of Petroleum and Gas Workers (NUPENG) and PENGASSAN are part of are really disturbed about the unilateral decision of the Federal Government and NNPC to embark on a wild goose chase to concession the Port Harcourt Refinery to Oando Plc and Agip/Eni.

The union is vehemently opposed to the concessioning of the Port Harcourt Refinery to Agip/Eni and Oando Plc. Our Position:

1. The union believes that instead of concessioning the refineries, the Federal Government should declare a state of emergency for the revamp of the refineries to a functionally stable state that would guarantee efficient capacity utilization. This will drastically curtail the revenue for fuel importation.
2. We should also ensure that the refineries adhere to the Turn-Around-Maintenance processes as at when due.

3. The government should ensure prompt supply of crude oil feedstock to keep them at optimal efficiency.
 4. There should be adequate authority and financial autonomy to the refineries management to boost operational effectiveness.
 5. An enabling environment should be created to attract private investors to take advantage of downstream liberalization policy and establish refining business to enhance self-sufficiency in locally refined petroleum products.
 6. Oando Plc and Agip should take a cue from this.
 7. Funding has been a major challenge in the effective operation of the refinery. Government inability to provide funds is translated as a ploy to either sell the refineries in disguise or render them comatose for some business interests. We therefore call for adequate funding for the refineries.
- (10) Nigeria Labour Congress: The President was represented by the Deputy Head of Information. In his short address, he said the congress is against further privatization of our national wealth in whatever guise. Therefore, the planned concession of the Port Harcourt Refinery should be carefully handled so as not to increase the sufferings of the masses.
- (11) Alesa Community of Rivers State: The Onee-nsi (Greater) Alesa Committee was mandated by the One-Eh-Eta Alesa (paramount ruler) in council with the task of fashioning out a working document to present at the Senate Ad Hoc Committee on planned concession of Port Harcourt Refinery to Agip/Eni and Oando Plc that will take over the Rehabilitation, Operation and Maintenance (ROM) of the Port Harcourt Refinery Company Limited (PHRC).

How we became stakeholders: We became stakeholders through the acquisition of land for the first and fourth refineries in 1962 and 1984 respectively. We substantiate the claims that the land on which the refinery is located belongs to the Elemes with reference to Mr. Harding's report of 11th December 1942 which states: That the Elemes were the owners of all the lands up to the water's edge by native law and custom' He added further that, 'as to further development of settlements Okirikans shall not encroach further inland than 1000 feet from the High Water Mark.'

We further cite Eastern Nigeria Gazette No. 44 of 17th September 1964 which states under the subheading description:

PARCEL 'A' – All that parcel of land at Eleme-Alesa in Ogoni Division of Eastern Nigeria, containing an area approximately 57.76 acres shown on Eastern Nigeria survey plan No. PH575 the boundaries of which are described below. Starting at a concrete pillar marked PB10104, the co-ordinates of which are 2759.95 feet south and

PARCEL 'B' - All that parcel of land at Eleme-Alesa in Ogoni Division of Eastern Nigeria, containing an area approximately 89.81 acres shown on Eastern Nigeria survey plan No. PH575 the boundaries of which are described below. Starting at a concrete pillar marked PB10106, the co-ordinates of which are 2794.63 feet south and

PARCEL 'C' - All that parcel of land at Eleme-Alesa in Ogoni Division of Eastern Nigeria, containing an area approximately 6927 square yards shown on Eastern Nigeria survey plan No. PH575 the boundaries of which are described below. Starting at a concrete pillar marked PB10104, the co-ordinates of which are 2392.18 feet south and

CONSULTATION: There was no formal and / or informal consultation with the Alesa Host Community. The processes used in arriving at Agip/Eni and Oando Plc were shrouded in mystery. We do not know the how and why they entered into agreement except what was published on the pages of the Newspapers which are 'capacity improvement'. The criteria used for the assessment were not made public.

- (12) Okrika Community of Rivers State: Okrika Community is one of the acknowledged host communities to the Port Harcourt Refinery Company. Our attention was drawn to the request for memoranda vide your publication. We have been host community of Port Harcourt Refinery from its inception.

Proof of being host community

By a lease Agreement dated the 13th day of November 1956 between Chief Sampson Adoki, Chief John George, Hon. Kalada Kiri, Chief Fred Jamabo, Mr. Golden Bethel Somiari and Chief Patrick Koko (for themselves and on behalf of the Chiefs and people of Okrika and Ogoloma Towns) and The Shell D-Arcy Petroleum Development Company, the Okrika Community leased out an area of approximately 300 Acres of an unoccupied swampland and foreshore of high and low water marks for a period of 99 years beginning from the 12th of August 1954 to the 11th day of August 2053. The said 300 Acres of land is more particularly delineated by Survey Plan No. BAN/621/55 and registered as No. 38 at page 38 in volume 5 at the Land Registry, Enugu which covers the former Eastern Region. The Shell Petroleum Development Company Limited became the successor to Shell D - Arcy Petroleum Development Company Nigeria Limited, while the Port Harcourt Refinery Company Limited and others are beneficiaries of a sub-lease of their present location.

OFFENDING CONSTRUCTIONS

The Port Harcourt Refinery Company Limited developed the Port Harcourt Refinery and also constructed several pipelines which are on surface to transport refined products etc from the Refinery across several Okrika communities to the Okrika Jetty where the products are loaded and shipped for commercial purposes. pipelines were constructed on surface, dangerously close to living houses and personal properties.

Besides, the operation of the Refinery involves permanent gas flaring and effluent discharge culminating in heavy environmental pollution and degradation resulting in the cause of severe respiratory and bronchial impairments, acidic rainfalls and side effects resulting from the use of Acidic water ranging from diarrhoea, rashes and other related skin infections. This has been going on over the years without remedy. The company did not also carry out an Environmental Impact Assessment before the construction of the refinery.

OUR DEMANDS: Now that Agip/Eni and Oando are purchasing the said Refinery, we hereby DEMAND the following:-

- (1). The carrying out of an Environmental Impact Assessment/Post Impact Audit of the Refinery project.
- (2) The burying of all pipes carrying refined products or crude underground as is done in some climes.
- (3) To enter into a memorandum of Understanding with the Host Community (Okrika) to work out modalities for according Okrika with Host community status and other benefits due Host Communities by international standard/best practices.

(13) Pan Niger Delta Youth Leadership Forum: Is an organization comprising of Youth who are professionals and intellectuals from all spheres of human endeavour and cutting across the entire Niger Delta Region. Our main demographic and focal point is the youth and young persons of the Niger Delta who are most adversely affected by the rapidly deteriorating conditions of living and obtaining a livelihood in the Region and are feeling abandoned due to the vastly widening gulf between them and the so-called elders of the Region who for whatever reasons have lost touch with the youth and have been unable to effectively bring to the fore of National and Regional discourse the true needs of the highly volatile youth and young persons of the Region.

Earlier this year, after the kickoff of the Ogoni Clean-Up Initiative by the Federal Government in Partnership with the United Nations, on or about the month of May, 2017, it came to our notice that the Federal Government, through the Minister of State for Petroleum, Mr. Ibe Kachikwu planned granting Concessions in respect of Refineries located in the Niger Delta Region, specifically the Port Harcourt and Warri Refineries, to certain oil companies as "investors" particularly ENI/AGIP and Oando Plc. This development came as a shock and an unpleasant surprise to us as we were neither consulted nor considered before the decision to grant concessions in respect of the Refineries located within our region was taken by the Federal Government as announced by the Minister.

Following the above, on the 22nd of May 2017, after intense deliberations, Youth groups from the Niger Delta Region, including ourselves, issued a communiqué to that effect and on the 29th of May, 2017 our Forum wrote a strong-worded protest letter to the Acting President, His Excellency, Prof. Yemi Osinbajo, GCON., wherein our position and course of action were very clearly articulated. Annexed to this memorandum as annexure 1 is a copy of the said communiqué and letter for ease of reference. It is therefore highly commendable that your committee has been set up to look into the said issue with a view to x-raying the procedure by which the said concessions are sought to be granted as well as consulting and directly hearing from stakeholders such as ourselves in arriving at a final decision regarding the grant of concessions to the refineries in our Region, the Niger Delta.

ISSUES FOR CONSIDERATION BY THE COMMITTEE

1. Article 22 of the African charter on human and peoples' Rights provide that: "All shall have **the right to their economic**, social and cultural development with due regard to their freedom and identity and in the equal enjoyment of the common heritage of mankind" The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) in Article 21 states as follows: "Indigenous peoples have the right to improve their **economic and social well-being**, and **Government will take action to help indigenous peoples do so**, with particular attention to the rights of the indigenous elders, women, **youth**, children and

persons with disability” The Federal Republic of Nigeria has ratified the above Charter and declaration and thus it forms the legal basis for our agitation before this committee.

We respectfully reiterate that one of our grouses with the planned concession of the Port Harcourt Refinery to AGIP/ENI which operates as a surrogate of OANDO Plc was the fact that we, the Youth and indeed most stakeholders of the Region were neither consulted nor carried along before such a weighty decision was taken and neither were we carried along nor informed when the purported deals were made and various documents signed for the proposed concession. Be that as it may, it is a good start that your committee has been inaugurated to correct that earlier error and set us back on the right track.

It is therefore our position to state firstly, that the committee puts at the forefront of its consideration, the views, opinions, interests, desires and yearnings of the stakeholders in the region, particularly the Youth as exemplified by our Forum in view of their unique position as owners of the various lands wherein the refineries are sited and as the persons directly affected environmentally, socially and economically by any adverse effects of the operations of the said refineries and whom if not well considered and carried along have the capacity of derailing the successful operations of the said refineries and upsetting the balance of peace in the Region. In arriving at its decision and making its recommendations the

committee must tilt heavily and firstly in favor of and to the benefit of the people of the Niger Delta, particularly the Youth.

It is our recommendation, flowing from the above, that all agreements, deals, transactions, contracts, directives and decisions made between any parties in respect of the Concession of the Port Harcourt Refinery without due consideration and consultation with the Youth and stakeholders of the Niger Delta Region be suspended.

In addition we urge that the committee in the discharge of its mandate carries out an all encompassing and surgical analysis of the concession, debacle from its foundation stage to any purported deals and agreements made thereto and should not shy away from setting aside, rescinding or nullifying any such deals, transactions and agreements whether signed or unsigned that are shown to have been improperly, illegally and unjustly entered into or agreed upon between the Federal Government, the Ministry of Petroleum Resources, NNPC or any other Ministry, Department or agency of Government and/or with the ENI, AGIP, OANDO Plc, any other IOC, company or organization without the prior knowledge and in consultation with the Youth and other stakeholders of the Region.

2. Secondly, upon making our initial protests to the grant of the concession for the operation of the Port Harcourt Refinery to ENI/AGIP/OANDO, jointly or severally or any other company, it was communicated to us by the Federal Government that the major

reason behind the grant of the said concession to these IOC"s was due to their financial strength and their so-called investment capacity. It was stated that the capital required to be injected into the Port Harcourt Refinery by the concessionaire amounted to about \$1,200,000,000.00 (One Billion Two Hundred Million USD) and that is the sum required to be produced to the Federal Government by any would be concessionaire. It was mooted that no one from the Region, corporate or individual possessed the capacity to pull together the resources capable of funding that volume of investment and as such recourse had to be made to "investors" outside the Region to "bail" us out. This is the most absurd, degrading and unfortunate assertion to have been uttered about the Niger Delta Region in recent times. The people of the Niger Delta Region have for a very long time been victims of "colonization", and have been and continue to be victims of "despotic" and "exploitative" rule in our relationships with these IOC"s and non-indigenous corporations in the course of their oil exploration, mining and sundry businesses in the Region. A situation where the Government Hands over the Port Harcourt refinery to the non-indigenous corporations and IOC"s is tantamount to a tacit acceptance of and support for the rape, defilement and bastardization of the people of the Niger Delta Region. This ought not to be so. Article 23 of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) further states that; "Indigenous peoples have a right to set their own priorities and directions for development of their communities, government **will support Indigenous peoples to run their own organizations and**

services, and in deciding for themselves issues affecting their health, housing and other matters” It is our position therefore that if the Federal Government still insists on concession of the Port Harcourt Refinery then we would recommend, and very strongly too, that corporations or individuals from the Niger Delta Region be considered, first and foremost for the grant of the said concessions before any other corporation or individual from any other part of the country and the world. Firms, Investors and Corporations indigenous to the Niger Delta Region must be given the RIGHT OF FIRST REFUSAL. Thus where all the parameters set for the suitability of an investor for such a venture are met by an indigenous firm or an individual from the Niger Delta Region, the proposed concessions should be granted to and be undertaken by them alone as a matter of course.

In view of the above, **our Forum has gotten together a consortium of indigenous investors, financiers and corporations with the necessary resources, capital, technical know-how and manpower and created a Special Purpose Vehicle (SPV) for the purpose of taking advantage of this noble initiative.** The said consortium of investors through the SPV are ready, willing and able to provide the said sum of \$1,200,000,000.00 (One Billion Two Hundred Million USD) required to be injected into the Port Harcourt Refinery. All relevant details of the said consortium and the special purpose vehicles (SPV) for the running of the said refineries can be provided to the committee should it be requested for. We dare say sir, that at this moment, indigenes of the Niger Delta Region are

more than capable of managing and running the Port Harcourt Refinery optimally and as such no external back-up, investor or financier is required or necessary. Therefore any purported concession granted to or any agreement reached with ENI or AGIP or OANDO or any other Company or non-indigenous investor or financier, jointly or severally in respect of the Port Harcourt Refinery should be rescinded and set aside.

3. Thirdly, we are of the firm view that in the pursuit of peace and sustainable development in the Niger Delta Region, exclusionary policies, exclusionary politics and all such agendas create a massive blockade and cause a stumbling block to the actualization of those noble objectives. That is why it is of grave concern to the Forum that certain key, notable and indispensable leaders in the Region are sidelined and/or left out. It is a valid concern that should be shared by the Federal Government and any and every one interested in the peace and tranquility of the Niger Delta Region. We therefore recommend that all stakeholders in the Region are properly identified, recognized and engaged in order to achieve the much needed inclusivity and seamlessness in the peace efforts.

CONCLUSION: In view of all the foregoing we hereby recommend as follows; i. That your committee takes a wholesome consideration of the position of the Niger Delta Youth in the consideration of the concession of the Refineries in the Region.

ii. That all agreements, transactions, deals or contracts made between any parties in respect of the Concession of the Refineries

- in the Region without due consideration and consultation with the Youth and stakeholders of the Niger Delta Region be suspended.
- iii. That the committee should set aside, rescind or nullify any deals, transactions, contracts and agreements shown to have been improperly, illegally and unjustly entered into or agreed upon between the Federal Government, the Ministry of Petroleum Resources, NNPC or any other Ministry, Department or agency of Government and/or with the ENI, AGIP, Oando Plc or any other IOC, company or organization without the prior knowledge and in consultation with the Youth and other stakeholders of the Region.
 - iv. That corporations or individuals from the Niger Delta Region be considered first and foremost for the grant of the said concessions before any other corporation or individual from any other part of the country and the world.
 - v. That due to the availability of competent indigenous firms and organizations of the Niger Delta Region to manage and run the Port Harcourt Refinery optimally and no external back-up, investor or financier is required or necessary thus any purported concession granted to or any agreement reached with ENI or AGIP or OANDO or any other Company or non-indigenous investor or financier, jointly or severally in respect of the Port Harcourt Refinery should be rescinded and set aside.
 - vi. That all stakeholders in the Region are properly identified, recognized and engaged in order to achieve the much needed inclusivity and seamlessness in the peace efforts.

6. FINDINGS AND OBSERVATIONS: In the course of this assignment, the Committee perused through all memoranda submitted, read some of the newspapers publications on the matter coupled with oral presentations at the public hearing. The Committee found that:

- 6.1 There have been various contradictions in Hon. Minister of State for Petroleum Resources' (HMSPR's) public statements and media briefings on true position of the subject matter, culminating in his statement at the Public Hearing that there is no planned concession of Port Harcourt Refinery, no concession has been embarked upon and none is in the pipeline. This statement did not correspond with the alleged earlier press briefings including the one at Vienna, Austria by the Hon. Minister of State for Petroleum Resources which he denied (**Please see Annexure 1**).
- 6.2 There was advertisement for Expressions of Interest in April 2016 seeking financiers to fund, rehabilitate and jointly operate NNPC refineries but the tender process was truncated in May 2016 following concerns raised by other relevant stakeholders.
- 6.3 There appeared to be a reliance on this earlier open, competitive tender process to obtain Presidential approval in October 2016 to engage credible financiers to rehabilitate and improve performance of the refineries.
- 6.4 There were selected partners initially identified for engagement namely Agip/Saudis/Qataris. While discussions advanced with Agip, there appears to be no further engagement with the Saudis or Qataris.
- 6.5 There was a meeting held in Rome, Italy on January 23rd, 2017 between the Minister of State for Petroleum, Dr. Emmanuel Kachikwu and the Chief Executive Officer of ENI, Mr. Claudio Descalzi and their respective teams. An extract from the Minutes of Meeting reads *"the parties discussed their willingness to support the creation of more*

refining capacity in Nigeria with particular focus on Port Harcourt Refinery, while leveraging on NAOC and NAE's respective long-standing expertise with a view to support national growth and industrial development" (**Please see Minutes of Meeting held in Rome, Italy as Annexure 2**)

6.6 There is existence of an MOU between Nigerian National Petroleum Corporation, Nigeria Agip Oil Company and Nigeria Agip Exploration where it was agreed that *"NAOC, NAE and NNPC, subject to their respective joint venture partners' consent, will, thus, use reasonable efforts to proceed for the revamping of Port Harcourt Refinery..."* to include

- providing solutions for funding, supply chain optimization and technical expertise to increase performance;
- confirming technical solutions based on a preliminary study carried out in 2016;
- signing technical services agreement for implementation of technical solutions;
- setting up project team for refinery's trouble shooting; and
- agreeing terms and conditions for refinery turn around maintenance works. (**Please see Annexure 3**)

6.7 The Group Chief Executive Officer of Oando Plc, Mr. Wale Tinubu on Thursday, May 11, 2017; at the floor of the Nigeria Stock Exchange declared "Oando to take over the Port Harcourt Refinery" (**Please see Annexure 4 – The Nation Newspaper of Friday, May 12, 2017**) and also in providing clarifications on its Refinery ambitions in **The Nation Newspaper of Monday, May 15, 2017**; on a paid advertisement stated as follows: *"Accordingly, pursuant to MoU reached by the Federal Government of Nigeria and Nigeria Agip Oil Company/ENI. Oando will partner with NAOC/ENI in the proposed rehabilitation of Port Harcourt Refinery. This will be based on a Repair, Operate and Maintain (ROM) agreement which will see PHRC*

capacity grow from its current 30% to 100%, its name plate capacity of 210,000 BPSD" and "In line with concerted efforts of the Ministry of Petroleum Resources and NNPC to aggressively drive private sector led refineries rehabilitation and expansion programs, Oando as local partners to NAOC/ENI will support rehabilitation of Port Harcourt Refinery's activities of terminalling logistics, structuring and funding. Active negotiations are ongoing and it is expected that a final agreement will be reached by the end of July, 2017". (Please see Annexure 5).

- 6.8 There was an award of US\$6billion contracts for Crude-for-Products Swaps or Direct Sale – Direct Purchase (DSDP) by Ministry of Petroleum Resources to ten (10) groups or consortia included ENI/Oando Plc. It would therefore appear highly unlikely that the proposed agreement to handover the rehabilitation of Port Harcourt Refinery to ENI/Oando Plc is a coincidence.
- 6.9 There is in existence of NNPC's strategy for rehabilitation of refineries as approved by its Board involves utilizing Original Refinery Builders (ORBs) to execute rehabilitation with funding from financiers. However, in the case of Port Harcourt Refinery, ENI group is not the Original Refinery Builders. So, it is not clear in the MOU with the ENI group if their involvement was only as third-party financiers to engage an Original Refinery Builders for rehabilitation.
- 6.10 Under MPR/NNPC's strategy, cost estimates for rehabilitation of refineries were being prepared by NETCO/KBR engaged as Technical Consultants. However, NETCO is a wholly-owned subsidiary of NNPC. It is therefore improbable that credible financiers for rehabilitation of refineries, who are expected to recoup their investments from incremental production, as stated in HMSCR's submission, would rely on cost estimates prepared by a wholly-owned subsidiary of NNPC.
- 6.11 Based on international best practice, it is more likely that a credible financier will cause an independent diagnostic review to be

undertaken that would be the basis for determining cost estimates for rehabilitation.

6.12 The Ministry of Petroleum Resources and the Nigerian National Petroleum Corporation has not approached the Infrastructure Concession Regulatory Commission (ICRC) over any plan to grant concession over the said refinery or any other arrangement with any private company for the repair, operation and maintenance of Port Harcourt Refinery. This is a requirement under Infrastructure Concession Regulatory Commission (Establishment, etc) Act 2005 and the National Policy on Public Private Partnership 2009 to liaise with the Commission for regulatory guidance prior to entering the contract.

6.13 There seems to be disconnects among the Nigerian National Petroleum Corporation, the Infrastructure Concession Regulatory Commission and the Bureau of Public Enterprises which was invited to participate in the process after raising objections. There is no synergy among these agencies of government.

7. RECOMMENDATIONS: The Committee recommends as follows:

7.1 Condemns the non-transparent process that is seemingly being adopted by Ministry of Petroleum Resources/Nigerian National Petroleum Corporation to engage ENI/NAOC and Oando as financiers to rehabilitate and improve performance of Port Harcourt Refinery.

7.2 That the process to rehabilitate refineries must be open, competitive and transparent, with the participation of all relevant stakeholders otherwise it would be construed as backdoor transfer of the asset to a preferred investor.

7.3 That the discussions with ENI/NAOC with respect to revamping of Port Harcourt Refinery must be discontinued forthwith and an open, competitive and transparent process put in place to ensure that the Nation derives the full benefits of involving private sector investors.

- 7.4 That competent independent technical consultant should be engaged to review the diagnostic report (under preparation) on Port Harcourt Refinery and recommend a suitable strategy for attracting private sector investment, taking into consideration re-appraised rehabilitation cost estimates, environmental concerns of host communities and labour issues.
- 7.5 That public invitation for bids under clearly spelt out terms and conditions should be re-advertised.
- 7.6 That the Ministry of Petroleum Resources, NNPC, BPE and ICRC should collaborate for national interest in accordance with extant laws.
- 8. **CONCLUSION:** The issue of the oil and gas sector needs to be addressed as national emergency but in a transparent manner in order to increase revenue generation, create employment and infrastructural development. The Committee hereby thanks the leadership and our distinguished colleagues for the opportunity to serve.

MEMBERSHIP OF THE COMMITTEE

1. Senator Abubakar Kyari - Chairman

2. Senator Benjamin C. Uwajumogu - Member

3. Senator Dino Melaye - Member

4. Senator Sabo M. Mohammed . - Member

5. Senator Abdul'Azeez M. Nyako - Member

6. Senator Mathew A. Urhoghide - Member

7. Senator Duro S. Faseyi - Member

Mr. Victor Efiang - Clerk to the Committee

Why there won't be open bidding for refineries - Kachikwu

By Hamisu Muhammad, Vienna, Austria

The Minister of State for Petroleum Resources, Dr. Kachikwu said refineries repair cannot be done in an open bidding process.

Speaking to *Daily Trust* in Vienna, Austria yesterday at the ongoing 172nd OPEC meeting, Kachikwu said refineries concession "is a highly technical area, what we have done is to invite

those who have experience in refining, but it's open, anybody who feels he has the skills and has the money is welcome. It is not just about the skills but the money too.

"Remember, we don't have the money, and what we call them in, is to rebuild, help us manage and recoup their money from the incremental production and that is ongoing, it has not been decided, the entire three refineries are up on the

refurbishing scheme."

Responding to the alleged bias in the selection process of the AGIP and OANDO Plc as partners to operate the Port Harcourt Refinery and Petrochemical Company, Kachikwu said final decision on the refineries has not been reached.

He said the Federal Government has decided to concession all four refineries in the country by August this year saying, "We hope to award

the contracts by July/August and hopefully between 12 to 18 months to be able to get the refineries fully back, and the model is to bring investors, who will repair the refineries and they recoup their money from the incremental production.

"We are ready to offer all the three refineries for investors who have money to repair and manage.

"People keep mentioning AGIP and OANDO Plc but

nobody has made the final decision on those, they are probably the front runners because they put a lot of work on that but I am not in the technical committee, I am the chair of the steering committee, when the technical committee meet and finish their work, they will refer it to the steering committee, and then it goes to NNPC Board, so all the hullabaloo about the transparency, there is no basis for that."

MINUTES OF THE MEETING

ROME, JANUARY, 23rd 2017

ENI SPA (Eni)
FEDERAL GOVERNMENT OF NIGERIA (FGN)

These Minutes of the Meeting record the discussions held by the Minister of State for Petroleum Resources and Chairman of the Board of the Nigerian National Petroleum Corporation (NNPC), Dr. Emmanuel Ibe Kachikwu (HMPR) and the CEO of Eni, Claudio Descalzi, and their respective teams (including NNPC, NAOC and NAE) on the 23rd day of January 2017 in Rome, Eni's offices.

After the welcome remarks made by the parties, the HMPR presented the "7 Big Wins" and FGN's priorities for the near future.

Eni made a presentation with respect to its exploration activities worldwide and a second presentation on the content of the Memorandum of Understanding (MoU) that NNPC, NAE and NAOC intend to execute as resolution of this meeting.

All the presentations made at the meeting are attached.

Eni has confirmed its wish to reinforce, through NAOC and NAE, the business presence and increase the long-term resources and production base in Nigeria while promoting new activities that can ensure the efficiency of the projects as identified by the parties, as well as contribute further to Nigerian social and economic development.

The FGN has confirmed its wishes to improve the efficiency of power generation capacity and network distribution in Nigeria in order to meet the growing domestic demand for electricity.

The FGN has also confirmed its wishes to complete the rehabilitation and enhancement of plant availability and reliability as well as capacity utilization of local refineries in addition to setting up of co-located refineries to guarantee effective supply and distribution of products across the country and African sub-region.

On the basis of the above, the parties have confirmed their willingness to further improve their relationship through new initiatives aimed at pursuing the above-described common objectives, according to a long-term partnership approach for sustainable development of Nigeria, in the following fields:

Upstream

NNPC, NAOC and NAE will jointly discuss and evaluate new prospective opportunities in relation to both onshore and offshore shallow, deep and Ultra deep waters fields operated by

Ka

Eni

NAOC and/or NAE under the existing or new operated joint ventures, in accordance with Nigerian laws and regulations.

The parties discussed and recognised the efforts of the NAOC JV parties (NNPC, NAOC and Oando) to maximise oil and gas production, such as the execution, on 15th December 2016, of a repayment agreement among same, that will allow the full recovery under NAOC JV of NNPC's cash call arrears as at 31 December 2015 and defines a new effective governance for NAOC JV, which includes a new cash call payments process.

With the aim of additionally contributing to Nigeria's production growth and domestic gas expansion, in the near term, particular attention will be devoted to further enhance value from operated assets mainly through development projects.

Power

The parties discussed and recognized that the expansion of Okpai Independent Power Plant ("Phase II Project") aimed at increasing the Okpai IPP installed capacity to one (1) gigawatt, is a key element of national strategy designated to ensure constant and reliable power supply in Nigeria.

For the purpose of the Phase II Project, FGN encourages NNPC and NAOC teams, as a matter of priority, to use their reasonable efforts within a timeframe of 6 months from the execution of the HOT to:

- i) take actions and implement measures necessary for the migration of Okpai IPP unincorporated joint venture arrangement to an Okpai IPP incorporated joint venture (IJV) company;
- ii) where commercially viable, sanction and develop the Phase II Project through an agreed equity contribution, and acceptable bankable project-financing and securitization scheme;
- iii) and execute gas supply agreements with the NAOC JV and others for gas supply to the Okpai IPP for the Phase II Project;
- iv) negotiate and execute securitisation agreements that will apply to the Okpai IPP (Phase I and II) within a timeframe to be agreed by the relevant parties.

The parties, also, recognized that the national electrical grid would, subject to approvals from the Ministry of Power, require further expansion and reinforcement to ensure the smooth transmission of power generated and match at best the local population and the industrial sectors' needs.

Refinery

The parties discussed and recognized refined products availability challenges in Nigeria and the desire of the FGN to overcome said challenges.

The parties discussed their willingness to support the creation of more refining capacity in Nigeria with particular focus on Port Harcourt Refinery, while leveraging on NAOC and NAE's respective long-standing expertise with a view to support national growth and industrial development.



Renewable energy

The parties discussed and confirmed their willingness to cooperate in the field of renewable energy and to jointly explore areas of support on the following:

- a) Increase the capacities and capabilities of Nigerian companies while promoting the growth of satellite industrial activities pertaining to renewable energy;
- b) Identify and develop projects of common interest for power production from different renewable energy sources;
- c) Develop new knowledge and know-how, including innovative solutions for the resolution of technical competency gap related to large scale implementation of renewable energy related technologies in sub-Saharan natural environment.

* * *

The parties discussed the opportunity and agree to put together a Joint Working Team with representatives from each of NNPC, NAOC, NAE and relevant parties to effectively develop the activities described above.

ENI SPA

THE FEDERAL GOVERNMENT OF
NIGERIA

Name: C. DESALZI

Designation: CEO

Signature: [Signature]

Name: DR. EMMAUEL KAECHIKUN

Designation: Minister of State for Petroleum

Signature: [Signature]

MEMORANDUM OF UNDERSTANDING

This memorandum of understanding ("MOU"), is entered into as of the day of 2017 ("Effective Date") by and between:

NIGERIAN NATIONAL PETROLEUM CORPORATION, a statutory corporation established under the laws of the Federal Republic of Nigeria and whose head office is at NNPC Towers, Central Business District, Herbert Macaulay Way, Garki, Abuja, Nigeria (hereinafter referred to as "NNPC");

and

NIGERIAN AGIP OIL COMPANY LIMITED, a company incorporated under the laws of the Federal Republic of Nigeria and having its registered office at No 40/42 Aguiyi Ironsi Street, Maitama, Federal Capital Territory, Abuja, Nigeria (hereinafter referred to as "NAOC")

and

NIGERIAN AGIP EXPLORATION LIMITED, a company incorporated under the laws of Federal Republic of Nigeria and having its registered office at No 40/42 Aguiyi Ironsi Street, Maitama, Federal Capital Territory, Abuja, Nigeria (hereinafter referred to as "NAE");

NNPC, NAOC and NAE are sometimes referred to collectively as the "Parties" or individually as the "Party"

WHEREAS

- A. NNPC, NAOC and NAE have been involved in the oil and gas activities in Nigeria and have established a long standing and fruitful relationship.
- B. The Federal Government of Nigeria ("FGN") has recently promoted the Oil and Gas Industry Roadmap ("7 Big Wins") aimed at short and medium terms growth of Nigerian Oil and Gas sector. Such policy includes a "Nigerian gas revolution" seeking to introduce a significant boom in the oil and gas industry through the establishment of robust gas infrastructure and gas based industries while implementing bankable commercial framework reforms in pricing and revenue securitization to enable sustainable investment in gas supply.
- C. NAOC and NAE wish to reinforce their business presence and increase their long-term resources and production base in Nigeria while promoting new activities that can ensure the efficiency of the projects as identified by the Parties herein as well as contribute further to Nigerian social and economic development.

- D. The Parties are willing to create additional value for Nigeria, through new onshore and offshore initiatives aimed at boosting oil and gas production as well as sustainable development paths, including a gas flare down objective.
- E. The FGN wishes to improve the efficiency of power generation capacity and network distribution in Nigeria in order to meet the growing domestic demand for electricity. Further to the above, NNPC, NAOC and Oando Oil Limited ("OOL") are currently in discussions with respect to the expansion of Okpai IPP as well as its incorporation as downstream power investment to align with recent practice in Nigeria.
- F. The FGN also wishes to complete the rehabilitation and enhancement of plant availability and reliability as well as capacity utilization of local refineries in addition to setting up of co-located refineries to guarantee effective supply and distribution of products across the country and African sub-region.
- G. The Parties are, thus, willing to further improve their relationship through new initiatives aimed at pursuing the above-described common objectives, according to a long-term partnership approach for sustainable development of Nigeria.

NOW, THEREFORE, in consideration of the mutual covenants and premises contained herein, the Parties agree as follows:

ARTICLE 1 – SCOPE

The Parties wish to set out the main terms and conditions for the joint evaluation and pursuit of certain initiatives, as better described below, in the mutual interest of the Parties and following the launch of the 7 Big Wins.

ARTICLE 2 – STRENGTHENING UPSTREAM COOPERATION

NNPC, NAOC and NAE will jointly discuss and evaluate new prospective opportunities in relation to both onshore and offshore fields operated by NAOC and/or NAE under the existing or new operated joint ventures, in accordance with Nigerian laws and regulations.

The Parties recognise the efforts of the NAOC JV parties (NNPC, NAOC and OOL) to maximise oil and gas production, such as the execution, on 15th December 2016, of a repayment agreement among same, that will allow the full recovery under NAOC JV of NNPC's cash call arrears as at 31 December 2015 and defines a new effective governance for NAOC JV, which includes a new cash call payments process. Pursuant to the said repayment agreement, NNPC and NAOC hereby reinforce their full commitment to comply with the terms and conditions of the new cash call process to finally boost NAOC JV production.

In addition to the above, the Parties will use reasonable efforts to ensure the pursuit of further petroleum activities, including exploration activity focused on rapid reserves conversion, in NAE and/or NAOC's operated blocks and near-field areas and to effectively support NAOC and NAE to this extent and as required under Nigerian laws and regulations. With the aim of additionally contributing to Nigeria's production growth, in the near term, particular attention will be devoted to further enhance value from operated assets mainly through development projects like Zabazaba and Etan (following agreement with all involved stakeholders and approval by DPR of conversion of the relevant OPL to OML) and production operations on OML125 and OML134 (provided that the relevant interested parties will use best endeavours to finalise the mutually acceptable terms and conditions currently under discussion for the settlement of the ongoing disputes related to OML125 and OML 134 production sharing contracts). NAE will liaise with all involved joint venture partners and stakeholders to fast track the development process of Zabazaba and Etan projects that are fundamental to ensure future feedstock to key gas-to-power projects as better described in Article 3 below and subject to commercial terms to be agreed.

ARTICLE 3 – POWER AND ELECTRICAL GRID INITIATIVES

The Parties recognize that the expansion of Okpai Independent Power Plant ("Phase II Project") aimed at increasing the Okpai IPP installed capacity to one (1) gigawatt, is a key element of national strategy designated to ensure constant and reliable power supply in Nigeria.

For the purpose of the Phase II Project, NNPC and NAOC, as a matter of priority, will use their reasonable efforts to:

- i) take actions and implement measures necessary for the migration of Okpai IPP unincorporated joint venture arrangement to an Okpai IPP incorporated joint venture (IJV) company including the setting up of committees to agree on the terms and conditions for such migration of the Okpai IPP to an IJV. The setting of such committees including defined timelines, shall be within the periods specified in the Heads of Terms ("HOT") to be signed by FGN, NNPC, NAOC, OOL and Nigerian Bulk Electricity Trading Plc;
- ii) where commercially viable, sanction and develop the Phase II Project through an agreed equity contribution, and acceptable bankable project-financing and securitization scheme, with the further direct support of FGN as appropriate and necessary;
- iii) negotiate and execute gas supply agreements with the NAOC JV and others for gas supply to the Okpai IPP for the Phase II Project;
- iv) negotiate and execute securitisation agreements that will apply to the Okpai IPP within a timeframe to be agreed by the relevant parties to the HOT. The HOT will be executed within twenty (20) business days from the Effective Date of this MOU. The existing securitization agreement will apply until replaced.

In order to guarantee the overall NBET's payment obligations for electricity produced by the Okpai IPP complex, NBET will provide a payment guarantee in a form acceptable to the Okpai IPP developers (NNPC, NAOC and OOL). For the Okpai Phase II Project, NBET will execute a commercially bankable power purchase agreement for power off take with necessary bankable securitisation arrangements.

The Parties, also, recognise that the national electrical grid would, subject to approvals from the Ministry of Power, require further expansion and reinforcement to ensure the smooth transmission of power generated and match at best the local population and the industrial sectors' needs. NAOC will, thus, use its reasonable efforts, to coordinate the execution of the following activities:

- i) collection and analysis of the most updated database and information of the Nigerian power system (transmission, sub-transmission, loads and generation) in order to issue a load forecast for the period 2018-2025, taking also into consideration recent World Bank study;
- ii) definition of a generation and transmission expansion plan, based on above forecast;
- iii) finalization of a model of the Nigerian power generation system, for the different years of operation; and
- iv) ranking of possible interventions for the Nigerian power plants on the basis of load demand, network infrastructure and dispatching merit order of all Nigerian generating infrastructures.

To the extent that NAOC JV will be required to contribute to the cost of the above, the prior written consent of each of the NAOC JV parties shall be obtained.

Immediately after the above, the Parties will endeavour to select and prioritize main interventions and define, subject to concurrence of any other involved partner, technical service or execution agreement with NAOC and/or its affiliate or partner, as it may be appropriate.

ARTICLE 4 – REFINERY INFRASTRUCTURES REVAMPING

The Parties recognize refined products availability challenges in Nigeria and the desire of the FGN to overcome said challenges. The Parties are therefore willing to support the creation of more refining capacity in Nigeria while leveraging on NAOC and NAE's respective long-standing expertise with a view to support national growth and industrial development.

In this frame, NAOC, NAE and NNPC, subject to their respective joint venture partners' consent, will, thus, use reasonable efforts to proceed for the revamping of Port Harcourt Refinery as follows:

- a. provide solutions for the sustainable funding, supply chain optimization, and technical expertise including training and personnel deployment, required to increase performance to nameplate capacity.
- b. confirm applicable technical solutions based on the preliminary study already carried out in 2016;
- c. ensure the signing of a dedicated technical services agreement whereby the terms for NAOC's implementation of identified technical solutions will be detailed;
- d. set up a project team for refinery's trouble shooting within one (1) month from the date of execution of the technical services agreement;
- e. mutually agree on the detailed terms and conditions for the refinery turn around maintenance works and complete same by maximum six (6) months from start of joint works.

ARTICLE 5 – RENEWABLE ENERGY INITIATIVES

The Parties agree to cooperate in the field of renewable energy and accordingly agree to jointly explore areas of support in the following:

- a) Increase the capacities and capabilities of Nigerian companies while promoting the growth of satellite industrial activities pertaining to renewable energy;
- b) Identify and develop projects of common interest for power production from different renewable energy sources;
- c) Develop new knowledge and know-how, including innovative solutions for the resolution of technical competency gap related to large scale implementation of renewable energy related technologies in sub-Saharan natural environment.

ARTICLE 6 – IMPLEMENTATION OF THIS MOU

In furtherance of the Parties' acknowledgement of the necessity of putting an organizational mechanism in place to effectively oversee, provide direction and monitor the implementation of this MOU, there shall be established within fifteen (15) days from the Effective Date of this MOU, a joint working team comprising of three (3) members from NNPC and three (3) members from NAOC/NAE collectively ("**Joint Working Team**").

Each Party shall designate one of its representatives as team lead ("**Team Lead**") having overall responsibility for ensuring the attainment of this MOU's purpose and objectives. The NNPC's Team Lead shall be the chairman of the Joint Working Team while NAOC shall appoint the Secretary from amongst its representatives.

The Joint Working Team shall establish other sub committees to facilitate the review and provide recommendations on any aspects of the works envisaged by this MOU.

The Joint Working Team shall meet regularly and all recommendations by the Joint Working Team shall be unanimous and shall be submitted for the written approval of each Party.

Each of NNPC, NAOC and NAE shall bear the costs related to its own representatives within the Joint Working Team.

It is acknowledged by the Parties that any further agreement necessary for the implementation of any of the initiatives envisaged under this MOU is conditional upon the obtaining of all necessary approvals and corporate authorisations by each Party, as it may be applicable, including formal concurrence of any relevant third parties. Where such approvals and corporate authorisations are required, each Party hereby agrees that it shall use reasonable endeavours in obtaining such approvals and authorisations.

ARTICLE 7 – BUSINESS CONDUCT

In recognition of the United Nations Convention against Corruption, the principles of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions which entered into force on February 15, 1999, the Nigerian Independent Corrupt Practices and Other Related Offences Act 2000, the Economic and Financial Crimes Commission Act 2004, the U.S. Foreign Corrupt Practices Act of 1977 (as amended), the UK Bribery Act

2010, and the other public and commercial anti-bribery laws that may apply (collectively referred to as "**Anti-Bribery Laws and Obligations**"), each Party warrants that it, its affiliates, directors, employees, or any person acting on its behalf, have not offered, authorized, received, solicited, or accepted, and will not make, offer, authorize, receive, solicit, or accept, any payment, gift, promise, or other advantage, directly or indirectly, in connection with this MOU and the matters resulting therefrom to or for the use or benefit of any person (including Public Officials), where such payment, gift, promise, or advantage is for the purpose of corruption or to improperly influence the act, decision, or omission of any such person, or to illegally obtain or retain business or would violate applicable laws, including the Anti-Bribery Laws and Obligations.

In addition, each Party with regard to operations and/or activities under this MOU, warrants that it, its affiliates, directors, employees, or any person acting on its behalf, have complied, and will comply, with the Anti-Bribery Laws and Obligations applicable to such Party.

The Party shall indemnify and hold harmless the other Parties for any losses, damages, liabilities, expenses, and actions of whatever kind and nature, including legal fees and expenses suffered by them as a result of the events underlying:

- a) Such Party's admission of allegations made by a governmental authority concerning operations and/or activities under this MOU that such Party or its affiliates or their directors, officers, employees, and personnel have violated Anti-Bribery Laws and Obligations applicable to such Party; or
- b) The final adjudication concerning operations and/or activities under this MOU that such Party or its affiliates or their directors, officers, employees, and personnel have violated Anti-Bribery Laws and Obligations applicable to such Party.

In addition, upon the occurrence of any of the foregoing, a Party not in breach shall have the right to terminate this MOU.

Such indemnity obligations shall survive termination or expiration of this MOU. However, the above indemnity shall not apply for the benefit of any Party having materially breached its warranty and/or covenant set out in first paragraph above of this Article 7.

ARTICLE 8 - MISCELLANEOUS PROVISIONS

8.1 GOVERNING LAW. This MOU shall be governed by and interpreted in accordance with the laws of the Federal Republic of Nigeria.

8.2 ARBITRATION. The Parties hereby undertake to use their reasonable endeavors to amicably resolve any dispute that may arise between them in relation to this Agreement, and where the senior executives of the Parties are unable to resolve any dispute amicably within twenty (20) working days of the dispute arising, the dispute shall be referred by any Party to arbitration by one arbitrator conducted in accordance with the provisions of the Arbitration and Conciliation Act Cap A18, LFN, 2004.

Where Parties are unable to agree on an arbitrator within five (5) working days and the dispute remains unresolved, then the Chief Judge of the Federal High Court, Abuja shall appoint a single arbitrator within ten (10) working days upon written request by either Party.

The venue of arbitration shall be Abuja, Nigeria and shall be conducted in English language.

8.3 **CONFIDENTIALITY.** The existence and the terms of this MOU, as well as any information exchanged among the Parties under this MOU (collectively, "**Confidential Information**") shall be held confidential and shall not be disclosed without prior written agreement of the Parties for the duration of this MOU and for a period of three (3) years after the termination date stipulated below. The provisions of this Article 8.3 shall not apply:

- (i) to employees, officers and directors of a Party on a need to know basis in relation to the subject matter hereof; or
- (ii) to employees, officers and directors of an affiliate(s) of a Party on a need to know basis in relation to the subject matter hereof;
- (iii) to a Party's joint venture partners on a need to know basis in relation to the subject matter hereof; or
- (iv) to the extent the Confidential Information is required to be disclosed by operation of law or any applicable stock exchange regulations or any binding judgment or order, or any requirement of a competent authority; or
- (v) to the extent required to preserve and/or enforce this MOU in any appropriate dispute resolution forum; or
- (vi) to the extent that the Confidential Information is reasonably required to be disclosed in confidence to a Party's professional advisers, financial advisers and potential lenders for use in connection with matters contemplated in this MOU or for the purpose of evaluating the Confidential Information in relation to the subject matter hereof, provided that any such professional advisers undertake in writing not to disclose the Confidential Information without such Party's prior written approval; or
- (vii) to any Confidential Information which at the time of disclosure by a Party is within the public domain or has become part of public knowledge (otherwise than through any breach of the confidentiality obligations herein by the recipient Party).

8.4 **PRESS RELEASE.** No public announcement or press release in connection with the subject matter of this MOU shall be made or issued by or on behalf of either Party without the prior written approval of the other Parties. However, this restriction shall not apply if the announcement or press release is required by law, by any applicable stock exchange rules or regulations or by any governmental authority; provided however that the Party required to disclose shall inform the other Parties in writing of this requirement, prior to disclosure.

8.5 **AMENDMENT.** No amendment or variation to this MOU shall take effect or be binding on the Parties unless expressly agreed in writing and signed by or on behalf of each Party.

- 8.6 **EFFECTIVE DATE AND TERMINATION.** This MOU shall be effective from the Effective Date and shall automatically terminate on 31st December 2018, unless otherwise agreed in writing by the Parties.
- 8.7 **LIMITATION OF LIABILITY.** Without prejudice to Article 7 (Business Conduct), no Party shall be liable to the others in contract, tort, nor otherwise for any prospective loss of profits, or for any incidental, indirect, special, exemplary, punitive, or consequential damages in relation to the performance or non-performance of this MOU.
- 8.8 **NOTICES.** Any notice, request, demand or other communication required to be given to or by a Party under this MOU or any notice which any Party may desire to give to the other Parties shall be in writing and in English and shall be hand-delivered, sent by facsimile or by courier or pre-paid post mail to the Party/Parties intended to receive the same, as the case may be, and shall be effective upon receipt at the following address:

If to NNPC:

The Group Managing Director
Nigerian National Petroleum Corporation
NNPC Towers,
Herbert Macaulay Way,
Central Business District,
Abuja, Nigeria

If to NAOC and/or NAE:

The Managing Director,
Nigerian Agip Oil Company Limited
40/42 Aguiyi Ironsi Street,
Maitama, Federal Capital Territory, Abuja

A notice or such other communication given hereunder shall be deemed to have been properly received by a Party as follows:

- i. If personally delivered, at the time of delivery and evidenced by a written acknowledgement of receipt;
- ii. If delivered by courier or pre-paid post, two (2) days after the notice was delivered to the courier service or post office;
- iii. If sent by facsimile (telefax) transmission, at the time of transmission and evidenced by a successful transmittal report;

unless such date of deemed receipt is not a business day, in which case the date of deemed receipt shall be the next succeeding business day.

In proving such service, it shall be sufficient to prove that delivery was made to the Party/Parties or to the courier service, or that the facsimile (telefax) transmission was properly addressed, transmitted and received, as the case may be.

8.9 **COUNTERPARTS.** This MOU may be executed in any number of counterparts by the Parties on separate counterparts, each of which shall constitute an original but all of which taken together shall constitute one and the same instrument.

8.10 **CONFLICTS.** In case of conflict between this Article 8 and equivalent provisions contained in any agreement existing among the Parties at the Effective Date with respect any subject matters of this MOU, said provisions shall prevail over this Article 8.

In addition to the above, it is the Parties intention that this MOU should only serve as a framework agreement for the cooperation between the Parties and that the Parties will enter into specific agreements in relation to any specific activity contemplated hereunder. Where there is a discrepancy between the terms of this MOU and such agreements, the terms of such agreements shall prevail.

8.11 **LEGAL VALIDITY.** This MOU only states the intention of the Parties to cooperate in good faith. It neither expresses nor implies any legally binding commitment of each Party with the exception of Article 7 (Business Conduct) and 8 (Miscellaneous Provisions), which shall be legally binding on the Parties.

8.12 **RELATIONSHIP OF THE PARTIES.** This MOU shall not be construed to create any association, joint venture or partnership among the Parties nor impose any partnership obligation or liability upon a Party.

8.13 **NO WARRANTY UNDERTAKEN.** The Parties shall use reasonable endeavours to ensure that, in so far as possible, any information provided for use in any activities pursuant to this MOU is accurate. Neither Party gives any warranty to the other as to accuracy, fitness for purpose or suitability of any information including Confidential Information so provided or of the results.

8.14 **SEVERABILITY.** If any provision of this MOU or part thereof is rendered void, illegal or unenforceable in any respect under the law, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

8.15 **NON-ASSIGNMENT.** Any Party may assign its rights and obligations under this MOU to an affiliate and promptly give notice of such assignment to the other Parties. No assignment to a non-affiliate shall be permitted, except with the prior written consent of the other Parties. Any permitted assignee shall, following such assignment of this MOU, be treated as a Party for purposes of this MOU. In the event of such assignment, the assignor shall be relieved of its liabilities, obligations and responsibilities under this MOU.

8.16 **ENTIRE AGREEMENT.** This MOU constitutes the entire agreement among the Parties with respect to the subject matters hereof. Each Party represents that in entering into this MOU it does not rely on any previous representations, whether express or implied, or on any prior inducement or agreement of any kind or nature. All prior negotiations and representations in respect of the subject matter of this MOU are hereby deemed cancelled.

IN WITNESS WHEREOF, the Parties have duly executed this MOU as of the date first above written.

**SIGNED AND DELIVERED FOR AND ON
BEHALF OF NNPC**

Name: _____

Designation: _____

Signature: _____

**SIGNED AND DELIVERED FOR AND ON
BEHALF OF NAOC**

Name: _____

Designation: _____

Signature: _____

**SIGNED AND DELIVERED FOR AND ON
BEHALF OF NAE**

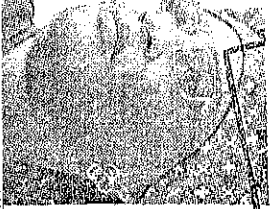
Name: _____

Designation: _____

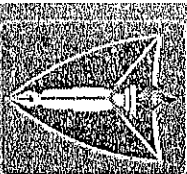
Signature: _____

Annexure #

Chibok
girls to
return' PAGE 9



- North's elders: don't exploit Buhari's absence PAGE 14
- Dino Melaye embarrassing us, say kinsmen PAGE 13
- Musa will remain in England, says agent PAGE 13
- Candidates confirm receiving UTME centres PAGE 6



THE NATION

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TRUTH IN DEFENCE OF FREEDOM

N200.00

Buhari treats me like
his son, says Osinbajo

From Augustine Ehikoye, *Asaba*

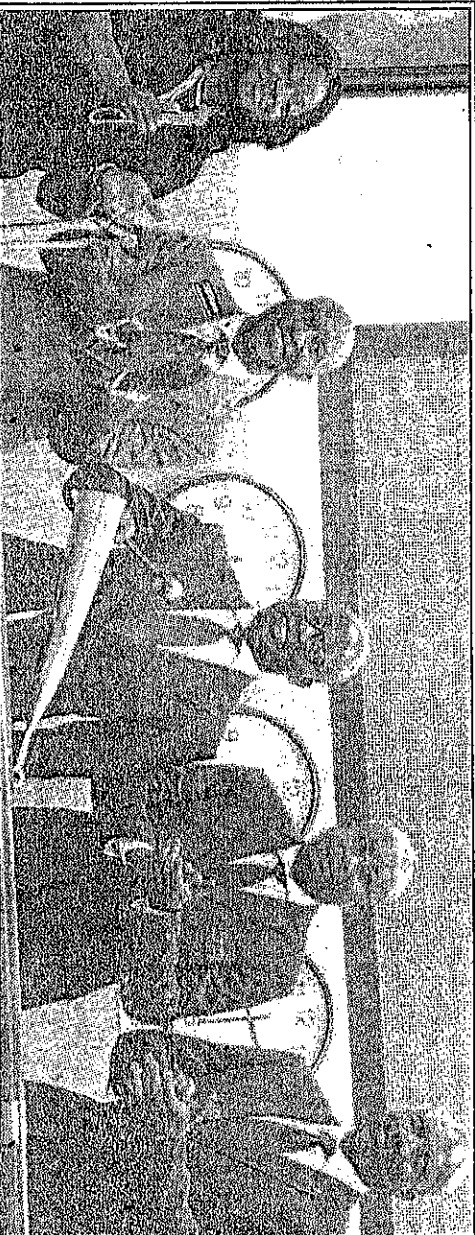
PRESIDENT Muhammadu Buhari has been treating Acting President Yemi Osinbajo like his son since they started working together two years ago.

Osinbajo let the public into this father-son relationship yesterday at the launch of Katsina State's MSMEs Clinic during his one-day official visit to President Buhari's home state.

At the ceremony were owners of small scale businesses and stakeholders from the public and private sectors.

Reflecting on the personal and official relationships between him and the President, Osinbajo said: "The President has been treating me as a brother. In fact, the

Continued on page 4



Oando to take over Port Harcourt Refinery

PAGE 38

• Oando Plc Group Executive Officer Wale Tinubu beating the closing gong at the Nigerian Stock Exchange (NSE), Lagos -- yesterday. With him are (from left) Oando Plc Chief Compliance Officer and Company Secretary Ayotola Jagun, Nigerian Stock Exchange (NSE) Chief Executive Officer Oscar Onyema, NSE Executive Director Hanuna Jalo-Waziri and Oando Chief Financial Officer Femi Adeyemo

INSIDE NIGERIA NEEDS 150,000 MORE POLICE MEN P21 NASARAWA NICSUSPHERINDSIRIKI P23

Governor builds hotel with

for... in... 1

NIGERIAN STOCK EXCHANGE

DAILY SUMMIT

DATE: 5/20/84					
		PRICE	%CHANGE	TRADES	VOLUME
FINANCIAL SERVICES				25	48992.17
	MARKET CAP/SH	18.15	4.97 %	33	48992.17
55 BARBERS					570.788.25
1 ZEPHYR INTERNATIONAL BANK PLC				TRADES	VOLUME
	MARKET CAP/SH	PRICE	%CHANGE	470	725183.842
BANKING		4.59	6.59 %	478	725183.842
559 OTHER FINANCIAL INSTITUTIONS		142.710.76		793	119,481,559
2 FIN POLYMERSTIC					
OTHER FINANCIAL INSTITUTIONS					
FINANCIAL SERVICES					
	MARKET CAP/SH	PRICE	%CHANGE	TRADES	VOLUME
INDUSTRIAL GOODS		473.30	4.39 %	145	8,167,255
551 BUILDING MATERIALS				145	8,767,205
	2853,119.03			185	9,167,205
3 EMACOTE CEMENT PLC					
BUILDING MATERIALS					
INDUSTRIAL GOODS					
PREMIUM BOARD TOTALS				578	12,238,764
Price List (Equities)					

Oando to take over Port Haco

THE Federal Government has entered into a Memorandum of Understanding (MoU) with Nigeria's

largest indigenous energy group, Oando Plc to manage the Port Harcourt Refinery under a repair, operate and maintain (ROM) arrangement.

at a presentation on the under-
lying facts of the group's op-
erations at the Nigerian Stock
Exchange (NSE) yesterday.
Lagos, said the group has r-
ceived approval of the govern-
ment to oversee the PC
Harmott Refinery.

“We also got approval from the President to repair, operate and maintain the Plover Harcourt refinery together with our partner Agip, plan to increase the refining capacity from 30 per cent to 100 per cent, subsequently 100 per cent,” Tinubu said. He said the parties to the transaction were finalising the details of the arrangement that will help to enhance

business environment
look forward to the
performance in the
come," Tinubu
come, Tinubu

He noted that the group has deleveraged its balance sheet through the divestment of its upstream services company, Cando Energy Services and embarked on the expansion of its retail and gas footprint through a strategic partnership with Helios Investment Partners and Vitol Group to recapitalise its downstream business for \$210 million and the \$115.8 equity buy-in of its Gas and Power business by Helios Investment Partners. He said the company was

considering raising some \$1 billion in new capital. Tinubu said the first quarter earnings of the group under score its proactive decision to focus on its dollar denominated export businesses. "Our resilience is evident in our capacity to grow via a diversified model, and as we continue to chart our deliberate path in this challenging

160,418
974,551
21,154,031
22,15,031
VOLUME
9
3
0
6.510
1,403,592
1,403,592
2,403,592
0
9
9
0

Sterling Bank launches

THE board and management of Sterling Bank Plc yesterday laid out the lender's priorities in 2017 as it begins the implementation of a five-year medium term plan aimed at enhancing its status as "Nigeria's financial institution of choice".

In his address to shareholders at the annual general meeting in Lagos, Managing Director, Sterling Bank, Mr. Yemi Adedola, said the directors had agreed on a five-point agenda in 2017 as the bank continues on its vision of long-term sustainable and competitive growth.

To prioritise

• Shareholders

external customers noting that the bank's service organisation must become the source of competitive advantage to deliver organisation in order to deliver on its "one customer bank" commitment.

He said the bank would emphasise commitment to execution excellence in all its transactions.

"Over the next five years, we will be steering our ship differently and aggressively growing the retail business, through electronic channels," Adedola noted.

He said the bank would continue to prioritise

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on gross earnings. The prohibition during the recession period to report it to the public remained resolute. We are the only country that took advantage of the opportunities offered by the recovery to improve the difficult period of the 1990s. "Ignorance" expressed by the international economy pointing out that the improvement in the situation of fiscal policy initiatives and the national



OANDO PROVIDES CLARIFICATIONS ON ITS REFINERY AMBITIONS

We refer to various newswire and print reports released this week on Oando PLC's refinery ambitions.

We wish to explicitly state that Oando shares the vision of the Nigerian Government to become a petroleum product self-sufficient country in the short to medium term and ultimately be a net exporter of such products.

Accordingly, pursuant to the Memorandum of Understanding (MOU) reached by the Federal Government and NAOC/ENI, Oando will partner with NAOC/ENI in the proposed rehabilitation of the Port Harcourt Refinery (PHRC). This will be based on a Repair, Operate and Maintain (ROM) agreement which will see PHRC's capacity grow from its current 30% to 100%, its name plate capacity of 210,000 BPSD.

In line with the concerted efforts of the Ministry of Petroleum Resources and the Nigeria National Petroleum Corporation (NNPC) to aggressively drive private sector led refineries rehabilitation and expansion programs, Oando as local partners to NAOC/ENI will support the rehabilitation of PHRC's on activities of terminalling, logistics, structuring and funding. Active negotiations are ongoing and it is expected that a final agreement will be reached by end of July, 2017.

It is imperative that information released about a publicly quoted company such as Oando PLC, is thoroughly verified before it is put in the public domain. The company's securities are traded daily across two exchanges (NSE and JSE). To prevent misinformation and confusion among shareholders, investors, employees, and the oil and gas sector at large, we implore all members of the Press, as the Fourth Estate, to take adequate steps to ensure the veracity of reports by fielding all enquiries with Oando PLC's Corporate Communications department.

For more information, please contact:

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