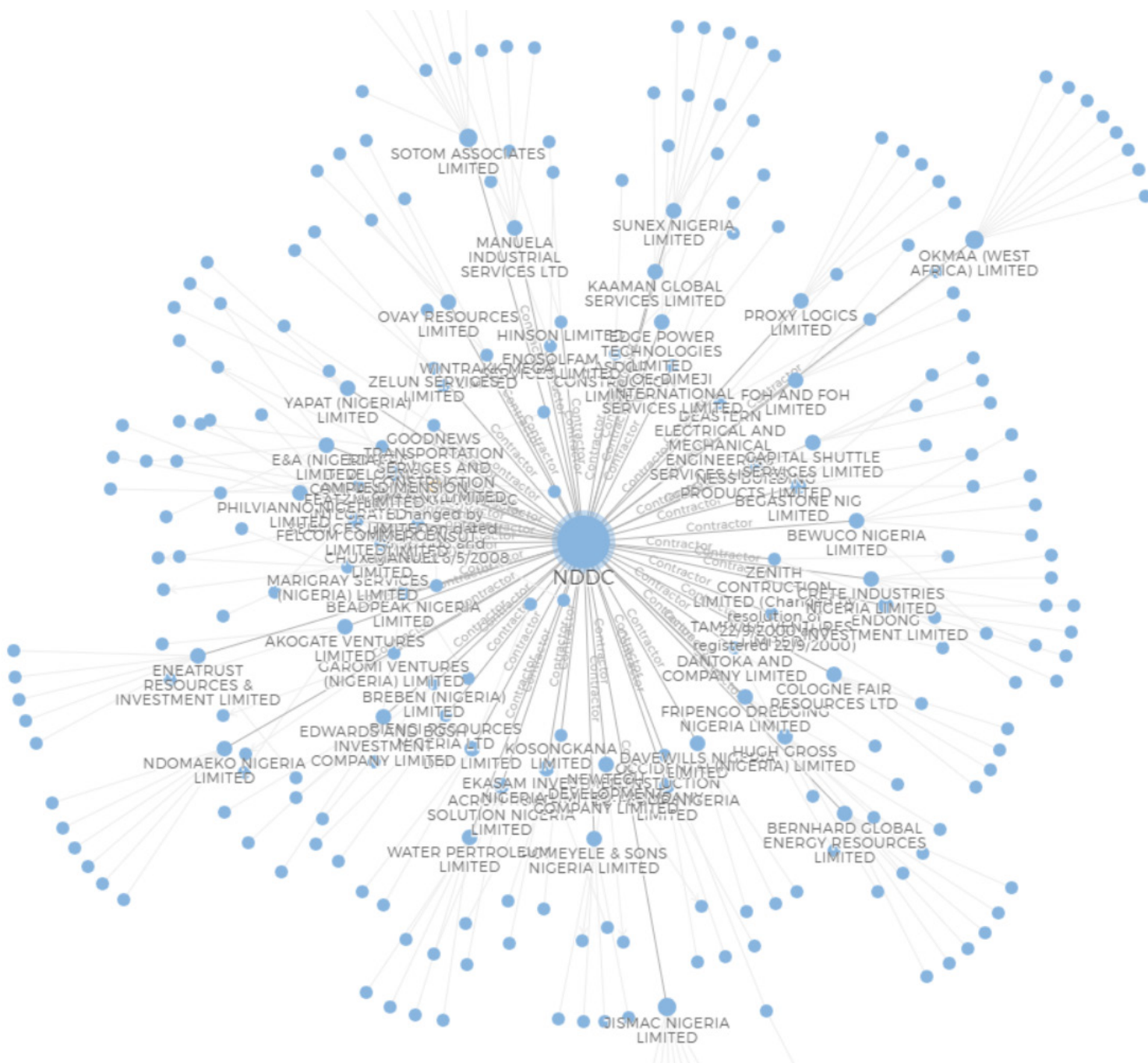


NDDC BENEFICIAL OWNERSHIP ANALYSIS

OWNERSHIP STRUCTURE OF CONTRACTORS



PREMIUM TIMES CENTRE FOR
INVESTIGATIVE JOURNALISM



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About PTCIJ

Premium Times Centre for Investigative Journalism [PTCIJ] is a non-governmental organization, founded in 2014, to promote a truly independent media landscape that advances fundamental human rights, good governance and accountability in West Africa through investigative journalism, open data and civic technology.

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Executive Summary

i. NDDC mandate

ii. NDDC gets funding from different sources which include 3% of the total annual budget of oil-producing companies; 15% of total monthly statutory allocations due to member states of the Commission from the Federation Account; 50% of Ecological Funds due to member states and other sources which include registration, tender fees, bank interests, sales of shares etc. which has grossed over N2 trillion in the last 18 years.

iii. Not much development since

Niger Delta Development Commission is the Niger Delta-focused agency that receives the most funds from the federal government as well as from the oil companies. The NDDC, by the [Act setting it up](#), is charged to drive the development of the Niger Delta.

The mandate of the Niger Delta Development Commission is to conceive, plan and implement, in accordance with the set rules and regulations, projects and programmes for the sustainable development of the Niger-Delta area in the fields of transportation (including roads, jetties and waterways), health, education, employment, industrialization, agriculture and fisheries, housing, land, urban development, water supply, electricity and telecommunications; design and development of infrastructure projects in the region.

In the last twenty years of its establishment, over 2 trillion naira has accrued to the Commission as budget allocation and revenues from other statutory sources. Within the same period, Nigeria Extractive Industries Transparency Initiative (NEITI) reports that the Commission has spent over N2.16 trillion on project implementations. The NDDC claims that, within the same period, it awarded over nine thousand projects to contractors.¹

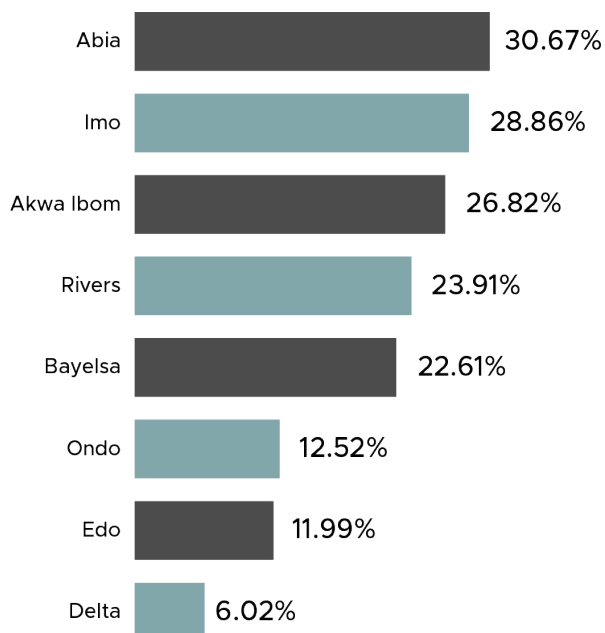
The study estimates that NDDC received at least N2.16 Trillion from the Federal Government and Oil and Gas Company allocations in the 18 years of its existence (2001-2018) according to figures obtained from the Nigeria Extractive Industries Transparency Initiative (NEITI).

Despite trillions of naira allocated to NDDC over the last two decades, there are no commensurate development outcomes in the Niger Delta. The region lacks critical infrastructure and is slow on economic development. For instance, the average poverty rate in the area is above 20 percent despite the revenue that has accrued to NDDC and the states. This average poverty rate is high when compared to the status in the South-West region (12 percent) although it is lower than the national average (40 percent). The situation is much worse when the analysis includes other complementary developmental initiatives in the Niger Delta. Some of these initiatives include the funding for the Ministry of Niger Delta, Presidential Amnesty Programme², TETFUND, and the various corporate social responsibility projects of the oil companies.

1 Data on NDDC revenue from both budgets and oil company contributions are sourced from NEITI

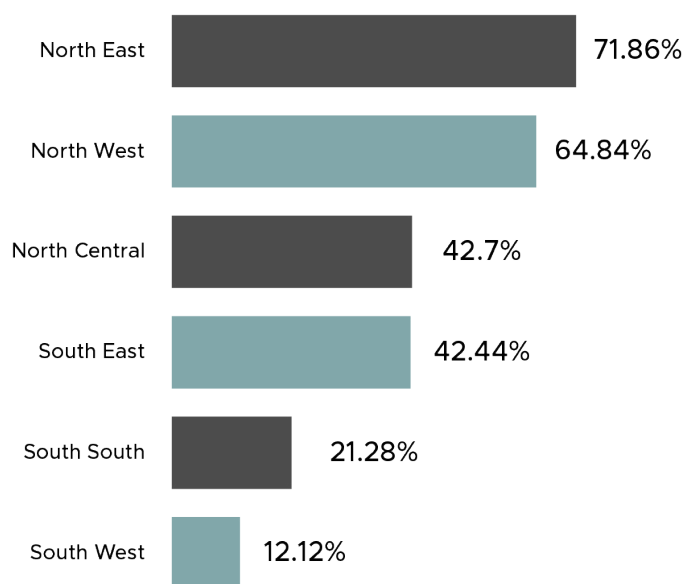
2 N65,000 is paid to each Niger Delta ex-militant as part of the Presidential Amnesty Programme and this is a major injection of funds in the communities every month.

Poverty headcount rate



Source: NBS, 2019 Poverty and Inequality in Nigeria

Average poverty headcount by Geopolitical zones



Source: NBS, 2019 Poverty and Inequality in Nigeria

The poor development outcomes in the Niger Delta result from high levels of corruption in the management of the funds. This report presents the outcome of a content analysis of 170 investigative reports³, official statements and policy documents on the NDDC. Over 80 reports linked contract-related corruption to the poor implementation of various development projects analyzed. Where known, the reports mentioned the names of companies awarded the contracts. However, most of the reports did not identify the beneficial owners of the companies. In addition, the reviewed reports did not cover possible conflict of interest between the companies and NDDC personnel or management or politically exposed persons in the regions.

This report seeks to establish a link (where it exists) between the companies and their beneficial owners to explain the reasons for the poorly executed and abandoned projects throughout the Niger Delta. A network map of the interconnection between the companies and the key actors in the Niger Delta resulted from the analysis.

The project team sampled one hundred (100) companies that were awarded contracts by NDDC to determine their beneficial owners. The project team filed company search applications with the Corporate Affairs Commission (CAC). The Commission had ownership information on 64 companies out of the 100 companies in the sample. It is uncertain if the remaining 36 companies were legally registered or have records of their registrations with the CAC.

The project team used a social network mapping tool to evaluate the connection between the beneficial owners of the companies and the contracts. The goal of the social network mapping revealed the web of connectivity between beneficial owners of the implementing companies and the poorly delivered projects. The social network analysis revealed mostly singular connectivity of beneficial owners to the individual company sampled. The little or no connectivity of the beneficial owners to multiple companies could be due to little or no due diligence information about the company directors.

Many of the projects in the Niger Delta are either abandoned or unusable by the public. The analysis linked the 64 companies to poorly executed or abandoned projects in the Niger Delta. Indeed, many of the NDDC public

3 See Appendix for list of reports used for content analysis

infrastructure and development projects are either abandoned or poorly executed. Special reports and independent verification of selected projects support this fact. The status of the projects further worsens the development outcomes in the communities.

This report recommends the following:

- a. The CAC should intensify efforts to make its company register comprehensive and open. The register should link all registered companies in Nigeria to their beneficial owners. CAC should notify companies that do not have such information that they will be deregistered unless they provide the required information.
- b. NDDC should maintain a public register of companies that have defaulted on contracts. The names of all their beneficial owners should be made available in a searchable database. Nigeria's Bureau of Public Procurement should maintain a national and networked database of companies indicted for poor performance. All Procurement Units at the Federal and State Ministries, Departments and Agencies (MDAs) should update the database with information on companies after every contract payment. All submissions for BPP approval (at both the Federal and State levels) should include a printout from the database indicating the performance rating of the companies. Such an intervention will serve as a deterrent for companies to ensure they deliver.
- c. Anti-corruption agencies should work with media and civil society organizations to prosecute and if possible recover contract funds from identified defaulting NDDC contractors.
- d. Community-level project accountability mechanisms should be put in place to promote grassroots engagement in project monitoring and to provide real-time feedback mechanisms on malpractices by contractors.

Introduction

The Federal Government of Nigeria established the Niger Delta Development Commission (NDDC) in 2000 to facilitate sustainable development in the Niger Delta. NDDC's core focus is to address the underdevelopment, deliver a more economically prosperous, socially stable, ecologically regenerative and politically peaceful Niger Delta.

The poor development indicators in the Niger Delta are evidence of the failure of NDDC to deliver on its mandate. From its inception, NDDC has had a series of challenges, including revenue inefficiency, undue leakages caused by poor contract management, cost inflation, abandoned projects, etc. Attempts by various administrations in Nigeria to reform the Commission have not yielded any sustained results.

Various investigative reports have shown that several public infrastructure and development projects executed in Nigeria have either been abandoned or poorly executed. Several of the projects in the communities are either abandoned or unusable by the public, further worsening the development outcomes in these communities.

The level of project completion or abandonment in Nigeria is linked to the relationship between contractors and public officials awarding the contracts. Senator Victor Ndoma-Egba, as Chairman of NDDC, noted that various government interventions are unremarkable, starting from the Niger-Delta Development Board (1961 – 1972), Niger-Delta River Basin Authority (1972 – 1983), Oil Minerals producing Areas Development Commission (1972 – 2000) to the NDDC which started in 2001. According to him, the intervention agencies failed because of a “loss of focus, mismanagement, inadequate funding, corruption and the lack of the appropriate will to develop the region.”⁴ Speaking on contract-related corruption, Senator Ndoma-Egba said, “the story in the public (sic) is that a ‘Commission’ of 10-15% is paid by contractors to get their payments from the Commission. This is absolutely

4 https://www.researchgate.net/publication/281295248_Challenges_Facing_Niger_Delta_Development_Commission_NDDC_Projects_in_Imo_State_and_Niger_Delta_Region_in_Nigeria

wrong if it is true. Getting payments for contractors has become an industry by itself. There is no reason why contractors who have met the conditions for payment should not be paid without any intervention.”⁵

Several reports indict the NDDC on poor contract management. In the last ten years, over 100 investigative reports have been published by different news organizations on the corruption in the project implementation and contract awards by NDDC. Likewise, various independent scorecards and audit reports show evidence of poorly implemented projects due to poor contract management practices at the Commission.

Despite scores of investigative reports and scorecards by civil society organizations, there is little or no information on the beneficial owners of the defaulting companies. However, the reports describe the projects, costs, and the companies awarded the contract. The goal of this report is to provide this missing information on a select number of defaulting NDDC contractors. The project publicly names and link the poorly implemented or abandoned projects to the individuals who are behind the companies. The project draws connections (where they exist) between the beneficial owners of the companies and NDDC officials and other politically exposed individuals in the region.

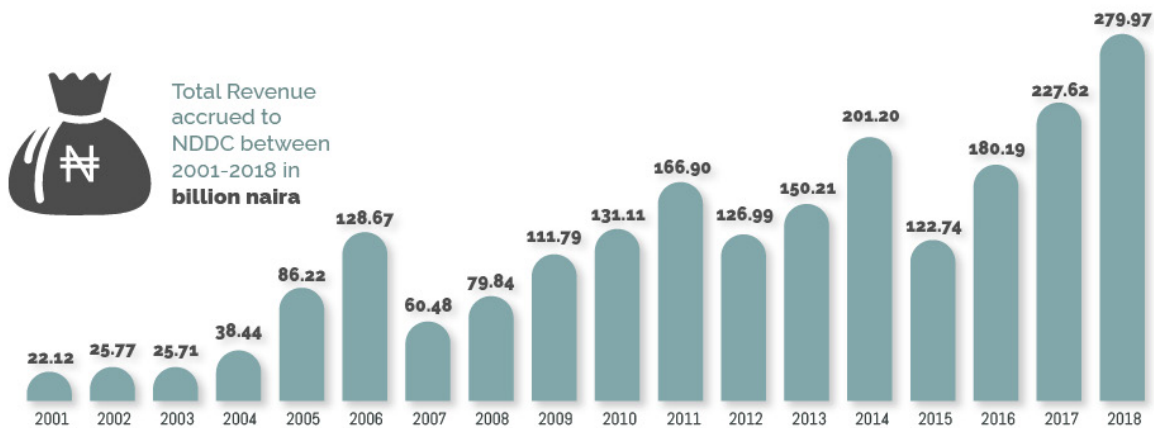
The research on the ownership of companies executing public projects for NDDC showed that, between 2001 and 2019, over 7,500 companies were awarded contracts to implement different projects across the Niger Delta. Based on available data, 9,313 projects were awarded to these contractors. Out of these projects, only 3,600 projects (less than 40 percent) were marked as completed while 5,713 projects (over 61 percent) were either abandoned or untraceable.

The lack of adequate information about project location as well as ownership of contracted companies hampered the depth of the scrutiny and investigation by accountability agents, as well as possible sanctions on the part of anti-corruption agencies. For instance, NDDC awarded over 930 projects worth over 250 million naira to over 600 contractors with reported cases of corruption. However, there is little or no sanction or conviction of any of

5 NDDC BOARD TO RESTORE COMMISSION TO ORIGINAL MANDATE accessed 14 January 2020 at http://www.nddc.gov.ng/news_id11z.html

the defaulting contractors or even officials who probably conspired with the former.

ON RECORD: NDDC Revenue in 18 years



Statutory Payments
by Companies

N1.35trn

Statutory Payments
from Federal
Government

N801.54bn

Other Incomes

N14.12bn

Total
N2.165trn

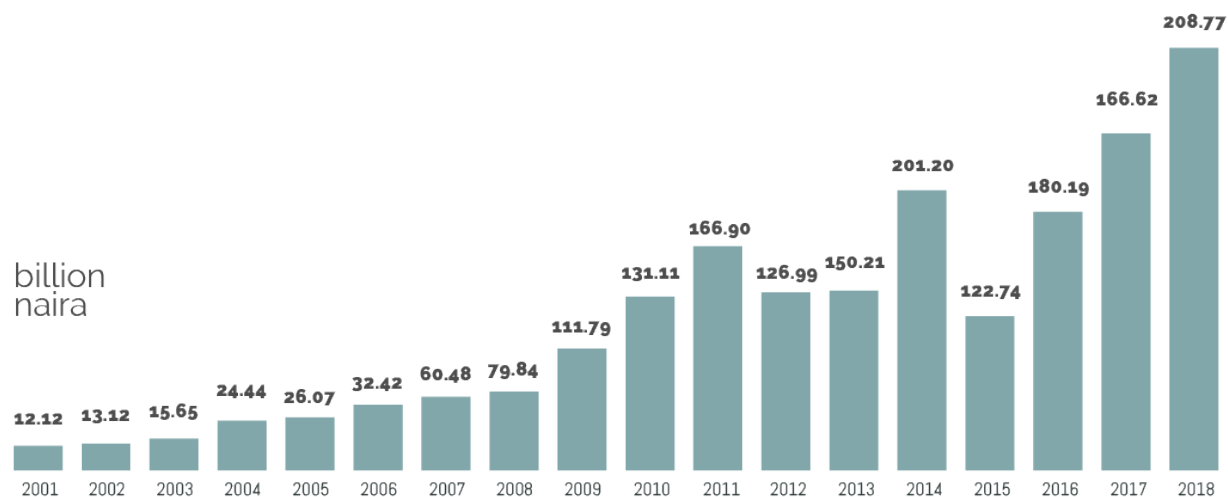
Source: Consultant's Research, NEITI





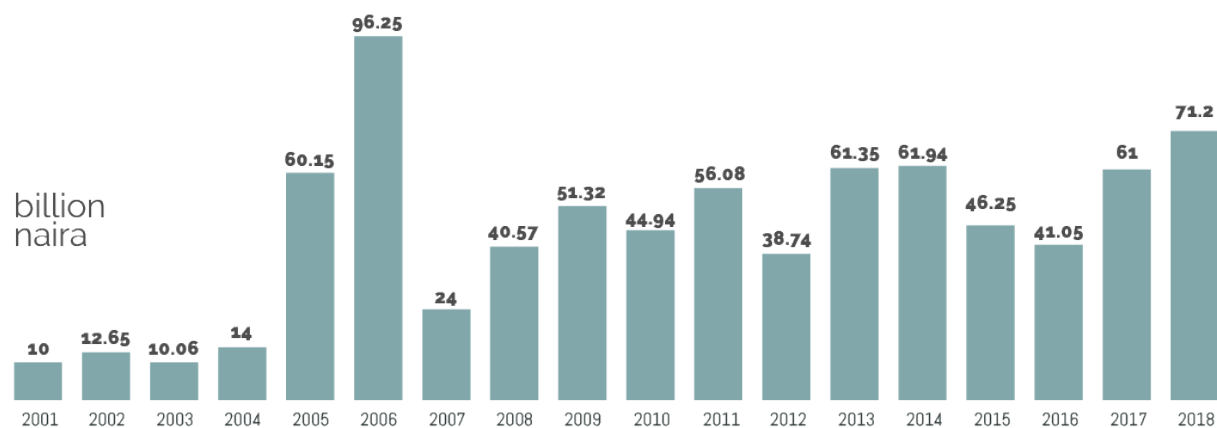
N1.35trn

What Oil Companies paid NDDC in 18 years



N801.54bn

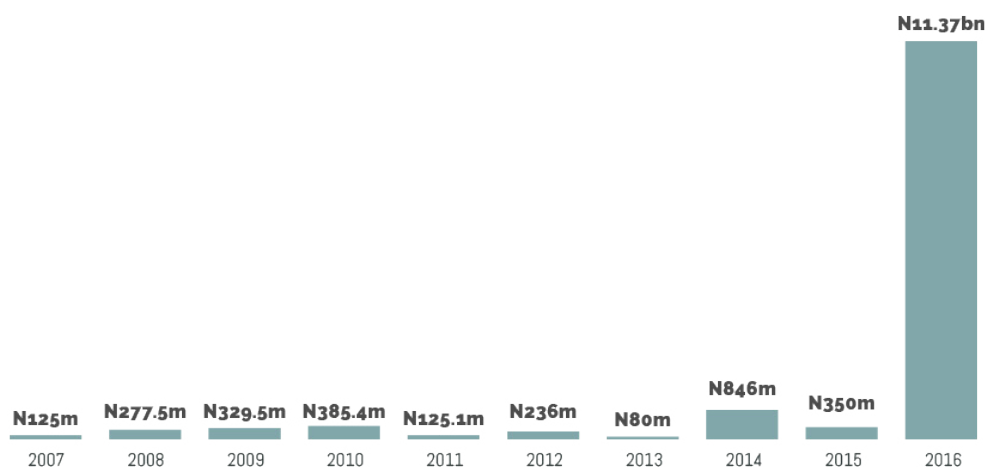
Federal Government Budget Allocation to NDDC





N14.12bn

What NDDC made from Non Statutory
Sources in 18 years



Source: Consultant's Research, NEITI



Implementation is the critical challenge with development initiatives in the Niger Delta. The Commission has developed various initiatives to promote peace and stability with limited results. Several policy documents acknowledge the implementation challenges. The NDDC Third Quarter Report (July to September 2016), under the leadership of the newly appointed NDDC Chairman and Managing Director, revealed critical institutional and policy gaps including:⁶

- Poor governance, structural and weak institutional capacity to carry out their mandate
- Poor leadership style which is transactional and not transformational
- Non-alignment of the activities of the Commission to the Niger Delta Regional Development Master Plan

6 3rd quarter activities of the Commission for the period July – September 2016

- Poor budgeting processes where the Boards made budgeting decisions with minimal input from stakeholders
- Poor performance management and quality assurance systems in NDDC
- Weak ability to initiate and handle partnerships and collaborations

Although it has failed to deliver on its mandate, NDDC is still the highest-funded government agency focused on the development of the Niger Delta. The Federal Government of Nigeria has also failed to adequately supervise the Commission to ensure it can deliver on its mandate. The government has been unable to minimize or eliminate contract wastages and as well as the mismanagement of funds.

This report is exploratory research to identify and map the ownership of companies that defaulted on contracts awarded by the NDDC. The value of the affected projects was quantified as part of this research effort.

The report is structured as follows:

- a. Introduction: This section provides an overview of the report, the rationale and goals of the report as well as the outline of the report.
- b. Methodology: This section provides an overview of the process and rationale for selecting the projects and the contracting agents.
- c. Results: Contractors' Ownership Mapping and Analysis
 - i. Cost Estimation of NDDC projects (2001 to 2019)
 - ii. Overview of Contracts and Challenges
 - iii. Ownership Mapping of Sample Contractors
 - iv. Analysis of Sample Contractors
- d. Recommendations: This section provides forensic observation and literature insights for improving NDDC project contracting and implementation going forward.

Methodology

This methodology section sets out the critical literature and documentary evidence that has been reviewed for mapping and analyzing the beneficial owners of the companies. It explains how the contractors have been broadly defined and selected as the sample for analysis. It also details various public sources consulted as well as other sources of inquiry.

The report deployed two main approaches for data gathering: desk research and official company searches with the Corporate Affairs Commission (CAC). The desk research gathered information on the various projects awarded or implemented by NDDC. It aggregated the value and location of each project and linked the projects to the contractors who were awarded contracts to implement the job.

Key documents and reports used for the research and analysis include:

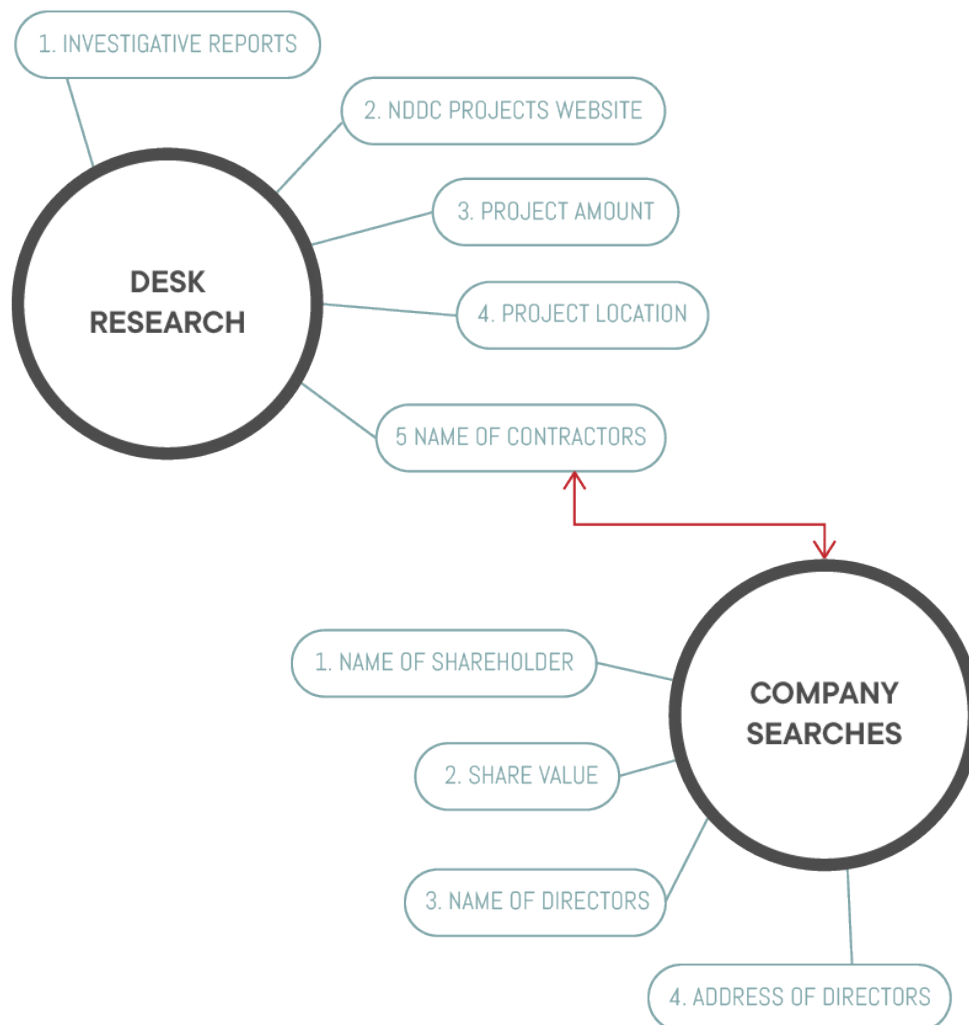
- List of projects implemented by the NDDC (obtained from NDDC website)
- Documents of projects approved by the Federal Executive Council (FEC)
- Certificate of No-Objection published by the Bureau of Public Procurement (BPP)
- Fiscal Allocation and Statutory Distribution (FASD) and Oil and Gas Audit Reports published by the Nigeria Extractive Industry Transparency Initiative (NEITI)
- Niger Delta Development Policy Strategy
- Media reports and academic research articles

The company search at the Corporate Affairs Commission (CAC) identified the beneficial owners of the sample companies in the analysis. The CAC provided the following information in response to the request for the official corporate records of the sampled companies:

- Name of directors
- Address of individual directors,
- Share value

The sample companies were selected using purposeful sampling. This research method was chosen due to the lack of detailed information in the public space about NDDC contractors. This option was adopted as NDDC refused to respond to the Freedom of Information (FOI) request for information on their contracts and contractors.

The selection was based on projects that were previously tracked by PTCIJ's commissioned journalists and field monitors.







Analysis of Result

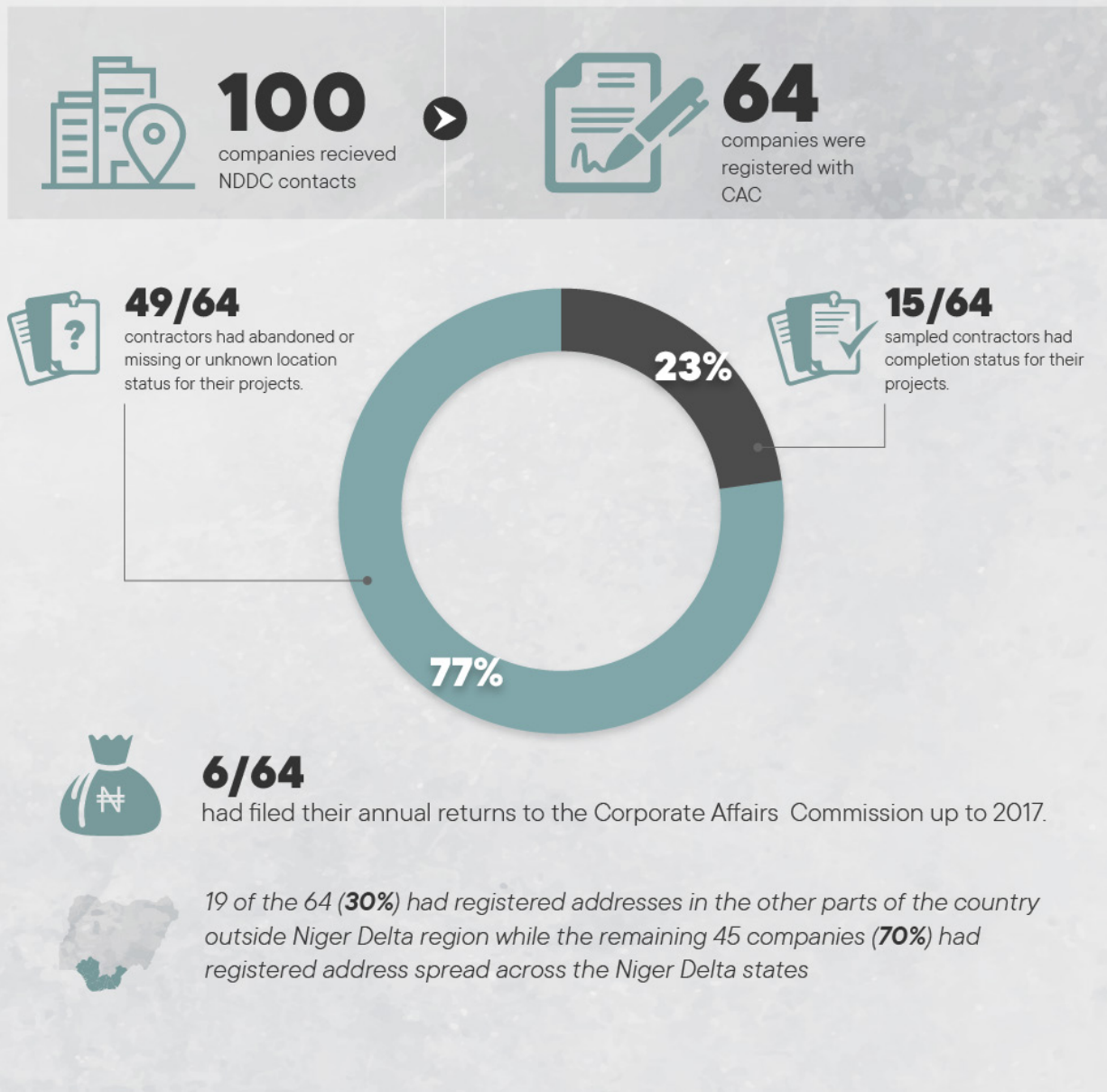
The project team sampled one hundred (100) companies that have received contracts from NDDC. To determine the beneficial owners of the companies, our analysts filed company search applications with the Corporate Affairs Commission (CAC). Out of the 100 companies, CAC responded with information on only 64 companies. It is uncertain if the remaining 36 companies were legally registered or have any records of registrations with CAC.

The report reviewed the status of companies with respect to the projects they were meant to execute. The report provided registration details of the beneficial owners of the companies and also mapped the beneficial owners using a social network mapping tool known as [ONODO](#). The goal of the social network mapping was to reveal the web of connectivity between beneficial owners of the implementing companies.

The analysis matched the individual contracts to 100 investigative reports on NDDC projects and also to information provided on the Commission's website. The project team linked the findings to project status, location, as well as the cost of the award. Furthermore, these details were linked with the corporate information of individual contractors to produce a full picture of the beneficial ownership of the companies and the project's status.

- 15 of the 64 sampled contractors had completion status for their projects. This situation means that only 23 percent of the contractors completed the projects they were awarded.
- 49 of the 64 contractors had abandoned or missing or unknown location status for their projects. This represents 77 percent of the contractors either abandoned or poorly implemented the awarded projects.
- Only 6 out of 64 had filed their annual returns to the Corporate Affairs Commission up to 2017.
- 19 of the 64 (i.e. 30 percent) had registered addresses in the other

parts of the country outside Niger Delta region while the remaining 45 companies (70 percent) had registered address spread across the Niger Delta states.



Based on the analysis, about twenty percent (23%) of the contractors completed their work while close to eighty percent abandoned or poorly executed the projects. This result supports various investigative reports and field monitoring done by media and civil society organizations in the recent past. For instance, 100 out of the 172 projects tracked by the Premium Times Centre for Investigative Journalism and reported on the news website of Premium Times had various levels of challenges. For instance, there is the non-completion of a multi-billion naira shore protection project, which NDDC awarded in 2004 and awarded again in 2009. The failure to complete the project means that Ayetoro, one of the largest riverine communities in Ondo state, may be washed away into the ocean.

The research raised issues with the suitability of the companies that won the contracts. Only 6 out of 64 companies filed their annual returns with the Corporate Affairs Commission up to 2017. This finding raises questions about the quality of verification conducted during the contracting process. The fact that 36 percent of the sample population do not have company registration information with the CAC highlights the poor procurement processes at NDDC.

For more details of poorly implemented and abandoned projects, see [Appendix](#).

Overall, the [social network analysis](#) revealed mostly singular connectivity of beneficial owners to the individual company sampled. The little or no connectivity of the beneficial owners to multiple companies is likely due to the small sample of companies used for the analysis. The result is limited by little or no due diligence information about the company directors. This challenge is due to the lack of public information and is also beyond the scope of work for this report.

Recommendation

- 1 The CAC should intensify efforts to make its company register open, comprehensive and linked to the beneficial ownership details of all registered companies in Nigeria. This provision will increase the transparency of beneficial owners in the country and curtail corruption related to colluding and conflict of interest in the Nigeria public procurement. For the practical realization of beneficial ownership, an inter-agency database interface is required. This initiative would involve connecting the database of the Federal Inland Revenue Service (FIRS), Corporate Affairs Commission (CAC), Pension Commission (Pencom), Bureau of Public Procurement (BPP) and NFIU and Bank Verification Number (BVN) of company directors and shareholders. In early July 2020, CAC and FIRS announced that they had merged their databases such that every CAC form will now have the Tax Identification Number of the company. This development is the first step in an extensive effort required to interconnect the various databases. The CAC should enable a functional open search or open API request to allow easy access to information for citizens and stakeholders.
- 2 NDDC should maintain a public register of companies that have defaulted on contracts. The names of all their beneficial owners should be made available in a searchable database. Nigeria's Bureau of Public Procurement should maintain a national and networked database of companies indicted for poor performance. All Procurement Units at the Federal and State Ministries, Departments and Agencies (MDAs) should update the database with information on companies after every contract payment. All submissions for BPP approval (at both the Federal and State levels) should include a printout from the database indicating the performance rating of the companies. Such an intervention will serve as a deterrent for companies to ensure they deliver.
- 3 Anti-corruption agencies should work with media and civil society organizations to prosecute and if possible, recover contract funds from identified defaulting NDDC contractors. The collaboration will, firstly, supplement the workforce and technical capacity requirement to track

project locations across the country. Secondly, the collaboration will help to mobilize information or contract data for anti-corruption efforts. Existing partnership framework between ICPC and PTCIJ and other relevant civil society organizations in tracking constituency projects in the country can be replicated or strengthened for a broader intervention.

- 4 Community-level project accountability mechanisms should be put in place to promote grassroots engagement in project monitoring and to provide real-time feedback mechanisms on malpractices by contractors. There is a need to first build the capacity of grassroots gatekeepers to participate in the development and project monitoring. Likewise, it provides native intelligence and expansionary political awareness and self-governance for the communities.



Appendix

1. [Social Network Analysis: Beneficial Owners of Defaulting NDDC Contractors](#)
2. [Analysis of Field Experience](#)

