

PROJECT AQUILA

A New e-payment Business Solution

January 2011 ushered the downstream petroleum sector of Nigeria into what has been promised to be an advanced and eagle-eyed electronic monitoring system of petroleum products distribution tagged 'Project Aquila'.

Project Aquila is a new **business solution** and baby of the Petroleum Equalisation Fund (Management) Board, PEFMB which aims to revolutionise products movement in the downstream sub sector with the introduction of electronic technology. This technology is said to engage the use of the latest Radio Frequency Identification to tag outlets and tankers and enhance the monitoring of distribution of petroleum products and speed up processing and payments of marketers' claims. "Project Aquila will bring about speed, efficiency, transparency and accuracy in products movement and claims settlement", the Executive Secretary of the Fund, Mrs. Adefunke Kasali said.

All PEF partners, especially tanker owners and operators are expected to begin the registration and tagging of their vehicles, administered by credible companies at no cost to operators. Market-



ers and transporters whilst undergoing enlightenment and implementation programmes on the advantages of the Project on the businesses would be required to register their details with the Corporate Affairs Commission, CAC, the Department of Petroleum Resources, DPR, and the Nigeria National Petroleum Corporation, NNPC, as well as provide the address of their retail outlets and trucks for tagging. "This exercise is expected to be concluded before the end of March, 2011", she commented.

PEFMB determines the volume of petroleum products bridged across the country, including accruals to marketers and transporters. In the past, the movement of these petroleum products

had been almost unchecked, thereby making it difficult to confirm or certify deliveries at designated depot areas and sale at government approved prices.

This vagueness naturally generated a twin problem and domino effect of verifying and effecting payments and claims made to some otherwise unscrupulous marketers. These marketers indicate that their tankers have set off for designated locations and depots, say Katsina, as stated on print documents but do not as much as leave Lagos. Often, they may discharge at some nearer location that is not entitled to bridging claims. The practice is said to be widespread.

Commenting on the issue, a

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source who is a major player in the industry complained that, **“The funds disbursed so far to marketers amount to about 28 Billion Naira as indicated by PEF(M)B without having accurate data on whether products were really bridged !”**

There was also the hitches associated with the manual and physical movement of files from one location to another resulting in unnecessary delays and gross dissatisfaction to the charging of (the few guileless) marketers who must receive their claims to stay in business. An observer noted that this will **speed up the processing of transporters’ and marketers’ claims since all payments made as e-payments.** According to him, “As an idea, I think it is a commendable one but however my major concern lies in the complexities of the implementation”, he said.

He noted that the data on the bridging of products already exists in some form; the task really lies in how to mine the data in its current form and make use of it – talk of repeating a chore twice. “I assume this option had been analysed and it was decided that generating data from the scratch with the modern data collection methodology would be better off”, he concluded.

“However, the real question is whether there is room for bridging in a deregulated market, he objected. He insisted that the answer in NO! “In a deregulated market (which is totally inevitable in

our context), the concept of bridging disappears through the window completely. So why

devote significant resources to this project at this particular time, he lamented.

In addition, this project is to be implemented in over 50 depots, across all 36 states, with the support and participation of all tanker and depot owners. The question is, are all the tanker and depot owners willing? There will be those who may not be looking forward to parting with the percentage profits they have been accustomed to enjoying.

Mrs. Kasali is confident despite the concerns. According to her, “the system is not complex at all, but will force marketers and transport owners who claim from us to cooperate. It is efficient and easy to use system”, she says, indicating that claims from non-compliant parties may not be countenanced, with registration possibly being a prerequisite for a tanker or depot to remain a distributor.

However, she skips the issue of deregulation, preferring to look at the positive side, saying that “regardless of deregulation, data gathered from use of the system will al-



A PEF(M)B staff tagging the truck

ways be valuable to government and the industry at large.

“The aim of the Fund is to ultimately become a reliable depository of information and data on the downstream such that the Federal Government would use the generated data and funds to plan its economic policies as well as for forecasting and long term planning”, Kasali noted.

In terms of gains of the project, all the goals set to be achieved would come top of the list. Nevertheless, the success of the project may depend entirely on the acceptability of the project to and the cooperation of the characteristic stakeholder. ■

By Jibril Agora



Mr. Harold Okey Ubabukoh (G.M.) Operations with other PEF(M)B staffs