

SITEI 2016 Introductory Speech delivered by Bekeme Masade, Executive Director, CSR-in-Action and Convener, SITEI Conference

Imagine a Nigeria where our economy is truly as diversified as the natural resources available to us? Have you ever wondered how different our story would be today if agriculture, mining, manufacturing, services and many of the other sectors of our economy were thriving? In recent times, I have wished that we could go back in time to 1960s when oil was discovered, and change just a few decisions that would alter the realities we face today. Perhaps by now, we would have actualised the prosperity that statisticians have foretold we can reap from the mining sector; or have the capacity to harness solar or wind power and turn it into usable energy; or maybe even attained the multiple, diversified and steady streams of income a healthy economy needs. Unfortunately, we are faced with the backlash of a crash in oil prices in depleted resources and a weak currency. Where is the way out?

Five years ago, when we started the Sustainability in the Extractive Industries (SITEI) Conference with the Deputy High Commission of Canada, we envisioned a platform that would bring together the key drivers for change not only within the industry, but for the entire nation. Five years later, I'm glad to see them all present in the room today. Over the years, many statistics have been reeled out indicating the huge potential inherent in Nigeria, both in terms of natural and human resources; unfortunately, we have been hard pressed to translate this huge potential into actual value, and therein lies our biggest challenge: our inability to add value to these natural resources.

It becomes increasingly clear every day that if there will be true diversification within the Nigeria economy, its success will be premised on the sectors where we can add value to raw materials and deliver excellent products and services. I, and many other progressives, are confident that the resulting impact of this approach will create a ripple effect on productivity, local consumption, export stimulation, import substitution, consumption spending, and even the strength of the currency, spurring equal parts growth and development in the economy. With the recent spotlight that has been placed on the mining sector as a key focus area in the drive for diversification, it has, therefore, become necessary to develop a value-driven strategy that will allow us to maximise its potential if we will make meaningful progress.

If you look through the Mining Road Map recently released by the Ministry of Mines and Steel Development, you will see clearly itemised the various challenges that the mining sector faces including a lack of infrastructure, unavailability of data, activities of illegal miners, to name a few, many of which apply to the other sectors in the extractive industries as well. With the sector constituting majorly cement, construction & mining/quarry companies, and so heavily burdened by artisans and illegal miners who have hitherto been unregulated – so much so that we are reported to be losing \$1.5 billion annually to illegal/unregulated mining - there lies a huge gap between our potential and any desirable reality we hope to have.

It is, therefore, imperative that we adopt an inclusive approach where we align thoughts, actions and policies within the extractive industries, rather than taking random stabs in the dark one can only hope and pray will work. To begin, we must invest the necessary resources to turn our precious raw materials into valuable end products that can compete in the international market. The mining value chain is said to be a five-stage process involving exploration, evaluation, mining, beneficiation, and then market. The question however arises: do we have the required expertise to increase our chances of success right from exploration?

It may surprise many of us here as was the case with me, but statistics show that fewer than 1 in 10,000 mineral showings discovered actually become a mine. More so, exploration programmes where a promising mineral showing is even discovered will take at least 5 or 10 years to start a new mine. That implies that it requires as huge a risk as it does an investment to venture into the mining space; yet, the benefits are well worth it. Look at gold, for instance. From 1934 to 1972 the price of gold remained US\$35/oz, today, it's worth well over US\$1,000/oz, not because it is particularly desirable in its raw form, but because the value skyrockets once it is turned into fancy trinkets and ornaments; the same applies to all mineral resources. The value of a mineral depends largely on its end use and the amount of processing it has undergone. We know what happened with oil; we exported a raw product only to import the finished product at a great many times the initial cost, and we're still paying the price today. We, therefore, need to look beyond the immediate pay off and begin to explore the backward and forward linkages that abound for mineral resources among industries within the Nigerian economy, and foster healthy growth and development.

Next and fortunately, we must build on the notable commitment from the federal government to strengthen a viable and inclusive system. The activities of the Ministry of Mines and Steel Development and bodies like NEITI and the Mining Cadastre Office, have shown that there is indeed a mapped out actionable strategy that will bring the sort of change we want to see. To build on this, the importance of state and local governments, as well as host communities must not be overlooked. It was rather impressive to find out recently that in 2012, an account was opened with the CBN to ensure revenue from mining is shared to state and local governments, and in 2016, N9.9 billion was shared accordingly. I am however forced to ask, how much of this went to the development of the local communities that house these mining sites?

Yes, the constitution dictates a 13% derivation fund that is intended to 'trickle to the base' in states where there are active mining sites, but I dare say there are communities that have been exploited and left in ruins, with the unfortunate residents benefitting little or nothing from these funds. This implies that we have squandered various opportunities to simultaneously improve the lives of members of local communities and build production sites that are safe and peaceful enough to attract investors. Through the revival of the Mineral Resources and Environment Management Committees (MIREMCOs), the transparency that NEITI's audit brings, and the adoption of the Sustainable Energy and Extractive Principles (SEEP) – which will be launched at SITEI today – we are have hope that this is a trend that will end immediately.

While regulatory bodies like NEITI and Civil Society Organisations have an important role to play in upholding the rights of local communities, the MIREMCOs also stand in an opportune position that allows them to act as a link between government at the three levels, companies and the host communities themselves. Vested with responsibilities including advisory, environmental management, regulation and the implementation of social protection laws, the MIREMCOs have the capacity to oversee the entire gamut of sustainability within the industry, and have the additional advantage of being localised to suit each state's unique needs.

There mere thought of all we can achieve with the concerted efforts of key stakeholders within the industry – all of us seated here – truly excites me. Industry applications, poverty alleviation, employment, skills development, technological development, trade (local and international) are just a few of the benefits we are set to unlock at SITEI today as we make the leap towards a thriving, export-driven extractive sector. I thank all our sponsors, partners, speakers and delegates present

here today and I congratulate you for the part you have played in building a nation we can all be proud of.