

The 6th Sustainability in the Extractive Industries (SITEI) Conference: Building Local for Global - Convener's Welcome Address

Picture a Nigeria that thinks locally to build for the global playing field. A Nigeria with a developmental trajectory where thousands of artisanal/local refineries and miners are sustainably engaged and collaborated with to operate legally and participate in the global market. Such a Nigeria is envisaged by **CSR-in-Action**, the foremost sustainability-focused social enterprise with special focus on the integration of sustainability in the extractive industries; a sector renowned for its strong economic contributions to our national economy.

With this year's Conference, we intend to address the opportunities and challenges that may be faced in the transition of local refiners and artisanal miners towards national and global competitiveness – a key factor of which is collaboration within the extractive sector.

The Conference is aligned with national plans of building local capacity within the sector, which for the mining sector is channeled through the Nigerian Mining Industry Roadmap with its 'Seven Strategic Minerals' (coal, bitumen, limestone, iron ore, barites, gold and lead) - a drive to make the Nigerian mining sector globally competitive - and for the oil and gas sector the '*7 Big Wins*' and '*20-point Agenda*' to end militancy in the Niger Delta. The *7 Big Wins* is designed to arrest the 7 thematic areas that have plagued the sector over the years – policy & regulation; business environment & investment drive; gas revolution; refineries & local production capacity; Niger Delta security; transparency & efficiency; and stakeholder management & international coordination.

Estimated to be worth as much as \$8 billion a year, local/illegal refineries in Nigeria represent a mammoth industry which can create more jobs and lift millions of Nigerians out of poverty (Chatham House, 2013). Statistics in 2013 show that although the country makes an estimated \$448,000 billion on crude oil daily, the average person in the Niger-Delta area lives on less than \$2 a day.

Although when the Federal Government released its Economic Recovery & Growth Plan (2017-2020), it recognised solid minerals as the big project required to leapfrog the economy to enviable height, in Nigeria today, the mining sector is marginally regulated and operated mostly by unskilled miners; with concerted efforts by the current administration to address those gaps. According to Nigerian Extractive Industries Transparency Initiative's (NEITI) 2014 Audit Report, the major players in the mining sector only account for an estimated N11.6b from limestone production, in a market that experts estimated to be worth up to \$100 billion to our GDP in four years, and with over 40 different minerals.

NEITI's audit of 2012 equally revealed that 70% of the mineral endowments are located in the northern part of the country. Ironically, this is yet to lift poor people in the region out of poverty but has plagued that part of the nation with environmental degradation and diseases. Furthermore, over 90 percent of mining activities in the country are within the cadre of Artisanal and Small-Scale Mining (ASM), of which 75 percent are illegal miners. As a result, the Mining and Quarrying sector accounted for just 9.12% growth to the Real GDP of the country in the fourth quarter of 2014, according to the Nigerian National Bureau of Statistics.

As recorded in our *Collective Social Investment Report: Nigeria 2014*, 89% of extractive companies, primarily in oil and gas, allegedly have a sustainability strategy framework. However, the report revealed that the extractive industries as a whole have the most impact on the environment, and that oil & gas production accounts for almost half of all emissions (McKinsey, 2010). This informs the pressure that is generally placed on the sector to give back to the earth and society.

Six years ago in 2012, **CSR-in-Action** started one of our flagship advocacy programs, 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 from the private and public sectors to leapfrog the economy of Nigeria. This year's SITEI Conference, with the theme "Building Local for Global", is to facilitate thought leadership amongst the key stakeholders in order to build our local refineries and mines and develop indigenous entrepreneurs not only for national development, but to achieve global competitiveness. The goal is also to position extractive stakeholders especially the indigenous companies, to understand the present dynamics in the sector, identify new hotspots, develop new strategies, and ultimately reap maximally from the present-day extractive sector reality. I am, therefore, glad to see all the key drivers present in this Conference today.

However, to reap all of those promised economic benefits, the Environmental, Social and Governance (ESG) matters have to be addressed in order to maximally benefit for the long term, and to leave behind a habitable earth for generations to come. What do we want to do? Our vision is in line with the Africa Mining Vision's (AMV) goal to promote "transparent, equitable and optimal exploitation of mineral resources" in order to underpin "broad-based sustainable growth and socio-economic development" (UNDP). There is urgent need to mobilise resources to bridge the development issues stated earlier, especially now that reduction in main sources of revenue and the current economic recession has necessitated that our dear country grapple with limited financial resources to meet development needs. Better still, it is better to prevent non-competitive behavior, poor stakeholder engagement, non-adherence to policy and regulation, poor fiscal regime, and poor environmental management, and encourage needed expertise and

technologies to gain the best of our natural resources; in order to quell community and youth restiveness, amongst other triple effects of poor governance. As consumers the world over become more enlightened, they are more inclined to transact business with ethical corporations.

With effective engagement of the youth of the Niger Delta, Nigeria will regain its main source of revenue which was cut by 50 percent as at August 2016 (on account of losing 1.4 million barrels oil production per day) by the activities of illegal refineries and youth restiveness in the Niger Delta. For instance, 6,000 illegal refineries in the country (equivalent to what were reportedly destroyed by the Joint Military Task Force (JTF) in 2012) that are properly engaged, legalised, and regulated, could mean more jobs and improve security in the region.

Imagine a Nigeria where thousands of local miners in 500 different locations in Nigeria are engaged, collaborated with, and support with modern tools and mechanism to mine about 44 different types of minerals? That is the Nigeria we need today to contribute to federal government's efforts to diversify the economy, create jobs, improve security, improve quality of life, and provide a framework for sustainable development.

What are we saying? We cannot talk about economic diversification, recovery and growth plan, without 'Building Local for Global' competitiveness. Building the local capacity in our extractive sector will ensure that local entrepreneurs and investors will seamlessly harness the opportunities in the sector and add value to the local economy, positively influence the development of ancillary industries, and finally make the sector competitive globally. Good policies and supports towards the extractive sector, also means that we are at the verge to embrace new foreign direct investors and mobilise liquidity for the economy.

What better time than now to galvanise resources towards establishing a framework that encompasses environmental management, human rights, community engagement and economic largesse? This is explicitly why we introduced our **Sustainable Extractive and Energy Principles (SEEP)** which are set of intervention principles, in line with internationally frameworks, established primarily for Nigerian and African markets for the sustainable management of critical operations in the extractive and energy industries; including oil and gas, mining, and renewable energy. Shared value earned from the concerted efforts of the key stakeholders seated here truly excites me, as we make a bold step to building our local refiners and refineries and mines and mines into a truly globally competitive sector.

I thank all our partners - NEITI, Federal Ministry of Petroleum Resources, Federal Ministry of Mines and Steel Development, NNPC, Guardian – our special guests – Amina J. Mohammed, Dr. Kayode Fayemi, Dr. Ibe Kachikwu, Mr Waziri Adio, Mr Jubril, Dr. Maikanti Baru, Engr. Simbi Wabote, Frank Dixon Mugenyi) – our sponsors – Ford Foundation, Aiteo, Lafarge, NCDMB, Access Bank Plc – our Steering Committee Members – Oge Modie, Chief of Staff to the

Honourable Minister of State for Petroleum Resources, Tony Attah, Managing Director, NLNG, Sani Shehu, President, MAN, Meka Olowola, Chairman, SITEI Organising Committee, Bank Anthony Okoroafor, Chairman, PETAN, Ladi Bada, CEO, Shoreline Natural Resources, Prof Onwuchekwa Jemie, Editor-in-Chief, BusinessDay Newspaper and our able and amiable Chairman of CSR-in-Action, Prof Wale Omole - and all the wonderful delegates who made out time to be present here today. I congratulate you for the part you play in building a nation with a globally competitive and sustainable extractive sector.

As current key programmes of the industries are represented by the number 7, known to be a lucky number, I look forward to 2017 being the definitive start of the drive for global best practice locally.