



FEDERAL REPUBLIC OF NIGERIA  
**MINISTRY OF MINES AND STEEL DEVELOPMENT**  
OFFICE OF THE MINISTER

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**FORGING THE PATH TO SHARED MINING PROSPERITY**

Being the text of the ministerial address by

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at the  
5th Sustainability in the Extractive Industries Conference 2016

**Theme: Revisiting The Nigerian Economy Beyond Oil: Prospects for a  
Thriving Export-Driven Extractive Sector**

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**Protocols and Introduction**

I am more than delighted to be asked to deliver the keynote address on the occasion of the 5th Sustainability in the Extractive Industries (SITEI) Conference, organized by one of our foremost non-State partners in the extractive sector CSR-in-Action, in partnership with a range of other important stakeholders including NEITI, Ford Foundation and Global Rights. I must state that this conference is also fully endorsed by the Ministry of Mines and Steel Development.

Permit me to preface my presentation by commending the organizers of this important conference. I am aware of several efforts put together to reach this milestone. In fact, I recall the first notification I received in regards to this event several months ago and how I had charged my team to work closely with the organizers towards realizing the lofty goals of this event. So when we had the Road to SITEI briefing earlier on in September, I knew straight away that the tone had been set for a successful conference.

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We must acknowledge the serendipity of this conference coming on date, which coincides with the 22nd Session of the Conference of Parties (COP22) holding about now in Marrakesh, Morocco. As we may all know, COP22 is where State Parties will determine what actions need to be taken to combat effects of Climate Change. Since the Paris Agreement on Climate Change came into effect on 4th November, this conference thus sets the stage for African nations to mobilize support for adaptation plans. As a sector with core operations impacting significantly on the environment, we are keen on outcomes from such conferences as COP22 in Marrakesh as well as this one holding in Abuja and we more than welcome the initiatives driving it.

### **The Need for Partnerships That Work**

This administration has not relented to avow its high esteems for the ethos of collaboration, inclusion and broad based participation of all stakeholders in governance. We have established a consistent pattern of engaging and listening to stakeholders as necessary, to secure their inputs into policy formulation and implementation. We also encourage a very active media, civic sector, and enlightened citizenry, to hold us to account and provide constructive criticism when necessary. We spend considerable time engaging with the public because we believe it is imperative for us to mobilize Nigerians to go beyond the usual cynicism and distrust of their government, and to rally us all behind government's efforts to reposition our economy. This is not a task that government can do alone. If we are to bring about sustainable development, and serve our long-term national interests, all stakeholders must work together with government.

In the mining sector, we have found these guiding principles particularly very instructive in our efforts to reposition the sector, to achieve our mandates of increasing mining's contribution to GDP and creating jobs, while delivering shared prosperity to all stakeholders. Many well-intentioned policies and programmes initiated in the past, achieved very little impact because it lacked the broad based buy-in and supports from critical stakeholders – we are therefore guided by history. This partnership approach has been in force in the development of a Roadmap for the sector. We started by ensuring the Roadmap committee comprised representatives of every stakeholder group.

Allow me remind you that the multi-stakeholder committee submitted the draft roadmap on March 31, 2016, which was subsequently taken through a rigorous feedback/validation process, which included a two-day workshop with state governments and other stakeholders held in Kaduna state on May 25 & 26, 2016. It was



not until we had given industry stakeholders opportunities to make their input, that we approached the Executive Council of the Federation (EXCOF) for approval. Ladies and gentlemen, I am therefore pleased to announce that EXCOF approved the Mining Sector Roadmap on August 31, 2016, which now provides a pathway for the sustainable turnaround and growth of the mining and metals sector, over the short, medium, and long term. It is therefore heartening to learn that many of the topics being addressed during this conference are priority areas that the Roadmap seeks to address.

### **Looking Ahead: The State of the Mineral Sector and the Possibilities Ahead**

Ladies and gentlemen, I am certain that considering that Mr. President has seized every opportunity to reiterate the place of the mining sector in the Federal Government's economic priorities, there is no doubt in our minds that this administration is committed to executing our vision of diversifying our economy's revenue base from dependence on Oil and Gas, and positioning the mining sector to play an increasingly prominent role in revenue generation and jobs creation. I must however warn that the mining sector is one that requires a lot of patience and consistent painstaking commitments. As we are wont to say, there are low hanging fruits in the industry, which we have already started achieving; however, repositioning the sector sustainably and multiplying the gains therein, require consistency in policy and unrelenting political will to achieve. The challenges we face in the industry have taken several years to calcify and will not soften or cake overnight.

The debate continues on how we missed our opportunities in the past to leverage our vast resources to industrialize and become a mining nation. How, in spite of the blessing that Oil boom after Oil boom was supposed to be to us, Nigeria's Oil rather stunted our development potentials and further divided us in our unenviable struggles to have access to oil rents. Needless to say, the verdict of history is that we did not take advantage of our oil wealth over the past decades to become an economic superpower, but rather indulged in unbridled profligacy, and further lost traction in our development journey, reversing the modest gains we had achieved in the growth of other important sectors such as our mining and agriculture sectors, as well as the supporting institutions that sustain economic growth, such as our tax-based revenue generating capacities.

As far as the mining sector is concerned however, we have since 1999 begun to find our way out of the woods. I must emphasize that before now, the sector has witnessed some positive developments and what we are doing is building on the efforts already



established by our ministerial predecessors. Successive administrations since 1999 have conducted reforms based on an important philosophical principle: government as an **administrator-regulator**, and the recognition of the private sector as **owner-operator**. Key elements of the reformist platform include but are not limited to the following:

- Enactment of the Nigerian Minerals and Mining Act, 2007
- Formulation of the National Minerals and Metals Policy, 2008
- Formulation of the Nigerian Minerals and Mining Regulations, 2011
- Establishment of the Mining Cadastre Office (MCO)
- Establishment of the Nigerian Institute of Mining and Geosciences (NIMG)
- Establishment of control departments for Mines Inspectorate (MI), Mines Environmental Compliance (MEC) and Artisanal and Small Scale Mining (ASM)

The Act and the supporting body of regulations have been designed to give Nigeria a competitive legal and regulatory framework for the sector. For example, in the design and set-up of the Mining Cadastre Office as the sole issuer of mineral titles today, a great deal of efforts went into understanding the best practices globally. The Cadastre's predecessor entity had overseen a cumbersome process fraught with unclear licenses, limited control, inefficiency, opacity and long delays. For this reason, the reformed Mining Cadastre Office adopted a "first-come-first-served" and non-discretionary granting of mineral titles rule. Today, the MCO issues 6 types of licenses and permits to cover all activities from identification to exploration and to mineral production. Licenses can be granted in 30–45 days using transparent rules and regulations.

### **On the Road to Shared Mining Prosperity: So Far, So Good**

Friday November 11, 2016, marked a full year since we were appointed into office. In what has now become standard practice, we take every opportunity to acquaint Nigerians of our efforts and exploits as we serve them. On that basis, I must seize advantage of this opportunity to give highlights of the significant shifts and major achievements we all have worked together to achieve so far for the mining sector.

1. Formulation of a new roadmap for the transformation of the minerals and metals sector by a multi-stakeholder Committee. This identified key challenges hindering the sector from significantly contributing to the GDP and outlined strategies with specific timelines for tackling the observed challenges. The road



map has been approved by the Executive Council of the Federation and is easily accessible on our reworked website at [www.minesandsteel.gov.ng](http://www.minesandsteel.gov.ng).

2. Secured improved funding of the mining sector through:
  - 2.1. Increased budgetary allocation; and
  - 2.2. Activation of the 0.5% mining sector component of the Natural Resources Development Fund (NRDF) and approval of the release of Thirty Billion Naira (₦30bn) intervention fund.
  - 2.3. International Development Partners through the African Development Bank (AfDB), The World Bank (WB) and United Nations agencies—UNDP and UNIDO.
  - 2.4. Donor agencies like United Kingdom's Department for International Development (DfID), Ford Foundation and Open Society Initiative for West Africa (OSIWA).

While the funds from the NRDF will be utilized for geosciences data generation, improved mines-field security, monitoring and enforcement of the provisions of the Nigerian Minerals and Mining Act 2007 and its Regulations of 2011 amongst others, the funds from the International Development Partners will be used for implementing Nigeria Mineral Sector Support for Economic Diversification (MinDiver) “*Proof-of-Concept*” Projects.

The MinDiver will amongst others, provide assistance to a selection of mineral exploration and/or mining projects in order to assist in their development. The project will give attention to identified strategic minerals (gold, lead-zinc ores, iron ore, barite and limestone), tin ore, tantalite, columbite, gemstones and kaolin, precious stones. We hope to channel the supports from the AfDB towards development of our coal-to-power projects and commencement of production and processing of bitumen.

3. Engaging our development partners towards implementing signed MOUs, especially those that border on geosciences data generation, integration, storage and dissemination – an aspect considered vital in attracting mining investments into the country. Arrangements are being concluded to sign a Memorandum of Understanding between the Nigerian Geological Survey Agency and its Chinese counterpart, the Geological Survey of China (CGS) on a geosciences data generation programme, after the signing of a global MoU between the Ministry of



Mines and Steel Development and the Chinese Ministry of Land and Resources as part of the bilateral relationships between Nigeria and China.

4. Improving revenue generation/collection through:
    - 4.1. Identification and plugging of revenue leakages;
    - 4.2. Review of royalty rates to reflect current commodity prices; and
    - 4.3. Review of mineral licensing fees to discourage mineral title speculation.
    - 4.4. The target of the Ministry is to achieve 5% contribution to the GDP by 2020 as against the current 0.34%.
  
  5. Facilitating Infrastructural Development through collaboration with relevant Ministries, Departments and Agencies (MDAs). Current works being carried out on the standard gauge rail line from Warri–Ajaokuta–Abuja–Kaduna–Kano and the dredging of the inland waterways will go a long way in lowering haulage costs for mineral commodities thus making previously unattractive mineral assets very attractive.
  
  6. Ajaokuta – Only recently, on 1st August, did we conclude the resolution of the litigation issues surrounding Ajaokuta Steel Company Limited (ASCL) and Nigeria Iron Ore Mining Company Limited (NIOMCO), Itakpe considered key, to Nigeria’s industrialization. With the resolution of the litigation and conclusion of final stages of the mediation process, Ajaokuta Steel Plant will soon be freed of any encumbrance and released to the Federal Government for operation or concession to a competent investor while Global Infrastructure Nigeria Limited (GINL) will retain NIOMCO for the remaining period of seven years to complete the Modified Concession Agreement (MCA). A key point in the MCA is that supply of iron ore to Ajaokuta is guaranteed during this period. The resolution will therefore make it possible for the two facilities to add value to the Nigerian economy as against remaining a drain to the national economy.
  
  7. Governance and Institutional Reforms – we have launched an aggressive plan for reforming our institutions and positioning the ministry to undertake its roles as an administrators and regulators. We remained steadfast on the path to ensure that our departments and agencies under us pursue top-notch service delivery. Easily, those coming in contact with our departments and agencies have a new service experience with our frontline personnel. We have achieved this through new orientation programmes and trainings. As we speak, the Government of
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Australia through its High Commission in Abuja is helping facilitate a training workshop for our director cadre staff across the ministry. We are also expanding technology adoption as well as provisioning of logistics support for various cadre of personnel. We intend to grow a first-class ministry able to significantly improve our clients' experiences and better the perception about doing mining business in Nigeria.

8. Facilitating the more effective operations of the Mines Surveillance Task Team (i.e. Mines police) aimed at minimizing illegal mining operations along with the negative impacts associated with such operations. This is in addition to the formalization and extension services being rendered by the Artisanal and Small Scale Mining Department of the Ministry for the purposes of making artisanal mining operations safer and sustainable.
9. Revoked non-performing mineral titles in line with the provisions of the Nigerian Minerals and Mining Act, 2007 and its regulations of 2011 aimed at making such areas available for acquisition by financially and technically viable investors.
10. Completed the revision of the Explosives Act. A draft copy of the revised Explosives Act is being vetted by the Office of the Attorney General of the Federation and Minister of Justice in preparation for consideration of the Executive Council of the Federation.
11. Cultivating Robust Partnerships and expanding the role of State Governments in Mining Sector Growth – we have rightly identified as one of our priorities the need to improve our engagement of stakeholders at the sub-national level, particularly the state governments and communities. We realize that in order to give the states good reason to work with us, we need to create avenues for a greater degree of financial participation and revenue sharing. Accordingly, we have been able to secure approval for state governments to be beneficiaries of thirteen percent (13%) derivation from mining revenue this is in line with Section 162 of the Constitution of the Federal Republic of Nigeria 1999 (as amended). This is a significant shift that signposts our commitment to facilitating a win-win situation for all stakeholders and reduce subsidiarity tensions between Federal and State Governments.

Also, in the spirit of cooperative federalism, we recognize our obligations to encourage a greater role for the states in the governance of the sector. To this

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end, we have proposed the establishment of a Council of Mining and Mineral Resources, which will be a platform to discuss pertinent issues in the mining sector, especially which is of concern to the federal and state governments. These regular meetings will also allow us the opportunity to track progress on agreed areas of collaboration.

We are also working with State Governors to revive the MIREMCO provisions of the Mining Act, so that all the key governance provisions are adhered to. We have also set machinery in motion to establish zonal offices of the Mining Cadastre Office so that its operations are closer to the states, and there is as much transparency about the MCO as possible. Working with the National Assembly, and recognizing the role of States in implementing the Land Use Act, we will ensure alignment between the two key acts to prevent conflicts. Finally, and equally importantly, we will work with States to find commercial means for them to co-invest alongside private companies to bring mining assets to market faster and more profitably.

12. Recognizing the extreme importance of environmental and social justice, we have commenced interactions with non-State actors to promote issues associated with these aspects. We recognize the need for fair treatment and meaningful inclusion of communities and stakeholders in ensuring that mining laws, regulations and policies are dutifully implemented. We are conscious that the key operations in our sector entail the removal of non-replenishable materials from the earth and thus have adverse effects on the environment. We continue to be committed to ensure that in our quest for expanded economic opportunities, we do not create an environment that leaves much to be desired for future generations. Hence, we continue to work out collaborative efforts, as this one, with NGOs and communities to promote sustainable mining operations or minerals exploitation.
13. The combination of all of the efforts above has seen an almost 300% leap in revenues accruing from the sector jumping from N700mn to about N2bn per month within a year alone. This is not a mean feat by any standards, however our gaze is fixed spiritedly on not just increasing the revenue stream from the sector but also creating jobs and expanding economic opportunities for Nigeria and Nigerians.





## Conclusion

We will continue to nurture the right partnerships that will deliver the sustainable development of the mining sector. Our vision for the coming years will see us deliver the following:

1. Investor-friendly regulatory environment – sustained partnership approach to stakeholders and communities, collaborative partnership with selected mining companies; Artisanal miners regularized and supported accordingly; with sound environmental policies with increased number of proof-of-concept transactions brought to contractual close.
2. Geological prospectivity – enhanced through an integrated geological database made publically accessible; Collaboration between government of Nigeria, industry, academia and technology partners to support geoscience data collection and representation. Provision of pre-competitive geoscientific information to mining companies to support economically viable mining exploration.
3. Import Substitution with an increased number of domestic manufacturers sourcing mining materials locally leading to economic impact in target areas;
4. Formalisation of Artisanal Miners with an increase in the number of ASM operators inventoried, formalized, and supported through technical assistance; an increase in the percentage of mining exportation and production projects subject to formal environmental and safety inspections following good international practices; Increased production data collected from Artisanal, Small and Medium size mining operations; Coordinated Infrastructure Investments (fit-for-purpose infrastructure, both to support development of sustainable mining communities and to access ports/internal markets).

Overall, we are working to make mining a major developmental catalyst for our dear country, and I count on the sustained support of all stakeholders in making this a reality. I thank you all for listening and wish you very successful conference outcomes.

**Dr. Kayode FAYEMI,**

Minister of Mines and Steel Development

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