



FEDERAL REPUBLIC OF NIGERIA
MINISTRY OF MINES AND STEEL DEVELOPMENT
OFFICE OF THE HON. MINISTER OF STATE

Address delivered by

Dr. Kayode Fayemi

His Excellency

Hon. Minister of Ministry of Mines and Steel Development

at the:

**7TH SUSTAINABILITY IN THE
EXTRACTIVE INDUSTRIES (SITEI) CONFERENCE**

Abuja | Tuesday, May 22, 2018

Protocols

I feel highly honoured to be invited to open the second day of the CSR-in-Action's **7th Sustainability in the Extractive Industries (SITEI) Conference**.

1. I must register my appreciation over the depth of discussions and experiences always shared at SITEI and to the organisers, CSR-in-Action, for their commitment to sustainability of the extractive sector through their annual SITEI conferences since 2002.
 2. Mining has the potential to lift people and countries out of poverty from the vast foreign exchange and fiscal revenues generated by the sector. The United States, Sweden, Finland, Canada, and Australia have successfully achieved substantive and sustained economic and human development from the sector. These countries utilised the seminal economic linkages, intrinsic growth potential of their mineral sectors, and wealth generated from their mining sectors to industrialise.
 3. However, this has been the reverse in many mineral-rich developing countries in Southern America, Africa, and Asia where fiscal revenues have not necessarily translated into sustainable economic and human development. In
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many instances, mining has increased inequality and triggered as well as exacerbated conflict. Thankfully, Botswana, Chile and China are examples of countries that have experienced strong growth and human development rates.

4. Violent conflict, usually over land ownership, has been a part of human civilisation almost from the beginning of time. In mining, the potential for conflict is almost certain because of its nature and inherent impact on the environment and people's livelihoods, health, and safety. Tensions tend to exist in the relationships between companies, all levels of government, communities, and civil society.
5. Several structural and contextual factors are responsible for triggering conflict in mineral rich countries, particularly those that are already experiencing fragility and conflict. Mining generates revenues but can also result in severe macroeconomic and social problems for the government and communities.
6. A key structural factor comes from macroeconomic policies that only focus on increasing foreign direct investments (FDI) into mining to the detriment of the human rights of host mining communities. A key contextual factor arises from poorly designed and implemented mineral strategies that focus on attracting FDI and not on sharing economic prosperity.
7. There is a strong correlation between a rise in investment in exploration and mining and conflict incidences. Investments in exploration and mining increase in response to an increase in the global demand for minerals and metals and their prices. Increase in investment, in turn, triggers conflict incidences associated with environment and land issues in the host communities particularly when their rights to participate in decision making around those investments are repressed.
8. Apart from conflict that can be triggered by the introduction of a formal large-scale mining industry, a lot of conflict is also because of a fight over control of one mineral resource or the other to fund wars by self-styled war lords. We are working hard to ensure that the ongoing conflicts in Zamfara, Birnin-Gwari, and Plateau and other locations do not escalate into mineral-associated conflicts.
9. A key policy decision faced by many governments is whether to promote mining sector development or to postpone or avoid development to prevent violent conflict and all other negative impacts. This is where designing a sector development strategy that equally balances economic and social objectives and addresses the structural and contextual triggers of conflict is important.



10. Our policy thrust in the robust roadmap for the growth and development of the mining sector, which we launched in August 2017, balances these objectives. Our aspiration is to build a world class minerals and mining ecosystem to serve a targeted domestic and export market. In the roadmap, we set a target of 3 percent of GDP from mining by 2025 from 0.33 percent in 2015.
11. However, we were mindful of the negative impacts that could arise from increased mining investment on our communities, states, and the national economy. So, our reform objectives extend beyond generating revenues for the government into creating opportunities for citizens to benefit directly and minimising the inherent triggers of conflict before we experience a mining boom in the future.
12. We seek to ensure that private sector investments into the sector have a multiplier effect on the rest of the economy beyond just increased taxes and royalty receipts. Accordingly, the focus is to deliver broader development and macroeconomic objectives, including job creation, economic empowerment of our citizens, and stimulation of industrialisation alongside macroeconomic stability and GDP growth.
13. So far, we have tremendously improved funding for the sector and created a sustainable pathway to reinvigorate the sector for public good. We have deployed resources to strengthen our institutional capacity to manage the sector and enforce regulations more effectively and strengthen transparency and accountability in the sector in line with Nigeria Extractives Industry Transparency Initiatives (NEITI) mining audit findings.
14. We will achieve our broader macroeconomic objectives by linking the mining sector more strongly with the rest of the economy and transition our country from being a commodity exporter to a knowledge intensive economy. Our strategy encompasses the development of mineral economic linkages across the entire mineral value chain to enhance job creation and poverty alleviation opportunities. This is to ensure that all levels of Nigerian entrepreneurs participate at all stages of the mineral value chain.
15. Our upstream or backward economic linkage strategy will strengthen the connection between the mining industry with its supply chain through local content policy. Our downstream or forward linkage strategy will strengthen value addition, beneficiation, and processing. Our spatial linkage strategy will establish mineral resource-based infrastructure to promote broader

development. Other linkages include knowledge linkages to research and development (R&D), skills, technology.

16. Our reform program also seeks to strengthen the participation of host mining communities and local and state authorities in the key decision points along the mining life cycle to ensure that the rights of communities to determine their own development pathways are sacrosanct. We will review the process and manner in which communities provide consent, participate and agree with environmental and social impact assessments, and negotiate community development agreements and monitor their implementation.
17. For far too long, our minerals have been traded unofficially and smuggled out of the country or their value undeclared when exported. Our miners have also struggled to access formal markets and receive fair market prices for their minerals. This will change with the introduction of new market development strategies to formalise the mineral trading and export system.
18. We are also intensifying our efforts to formalise our artisanal and small-scale miners to strengthen their knowledge, increase their output, and access to markets. Additionally, we are working on strengthening the cooperation between artisanal and small-scale miners (ASM) and large-scale miners (LSM) to provide more opportunities for the ASM to grow.
19. It is certainly in everyone's best interest for our mining sector to transform from an enclave that only meets the needs of export markets to a vital catalyst for broad-based economic growth and development in Nigeria. This is what will create employment in our rural and urban communities, industrialise our country, and support efforts to bring real and sustainable peace.
20. I wish you all a successful conference

Dr. Kayode Fayemi
Honorable Minister
May 22, 2018