



**MINISTRY OF SOLID MINERALS DEVELOPMENT**

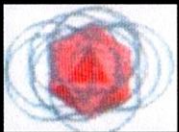
**A PRESENTATION ON NIGERIA'S POLICY AND  
PLANS ON THE SOLID MINERALS AND METALS  
SECTOR**

**TO THE  
NATIONAL ECONOMIC COUNCIL**

**By**

**Hon. Abubakar Bawa Bwari**

**Minister of State**



**MSMD**

Thursday, January 28, 2016

# Agenda

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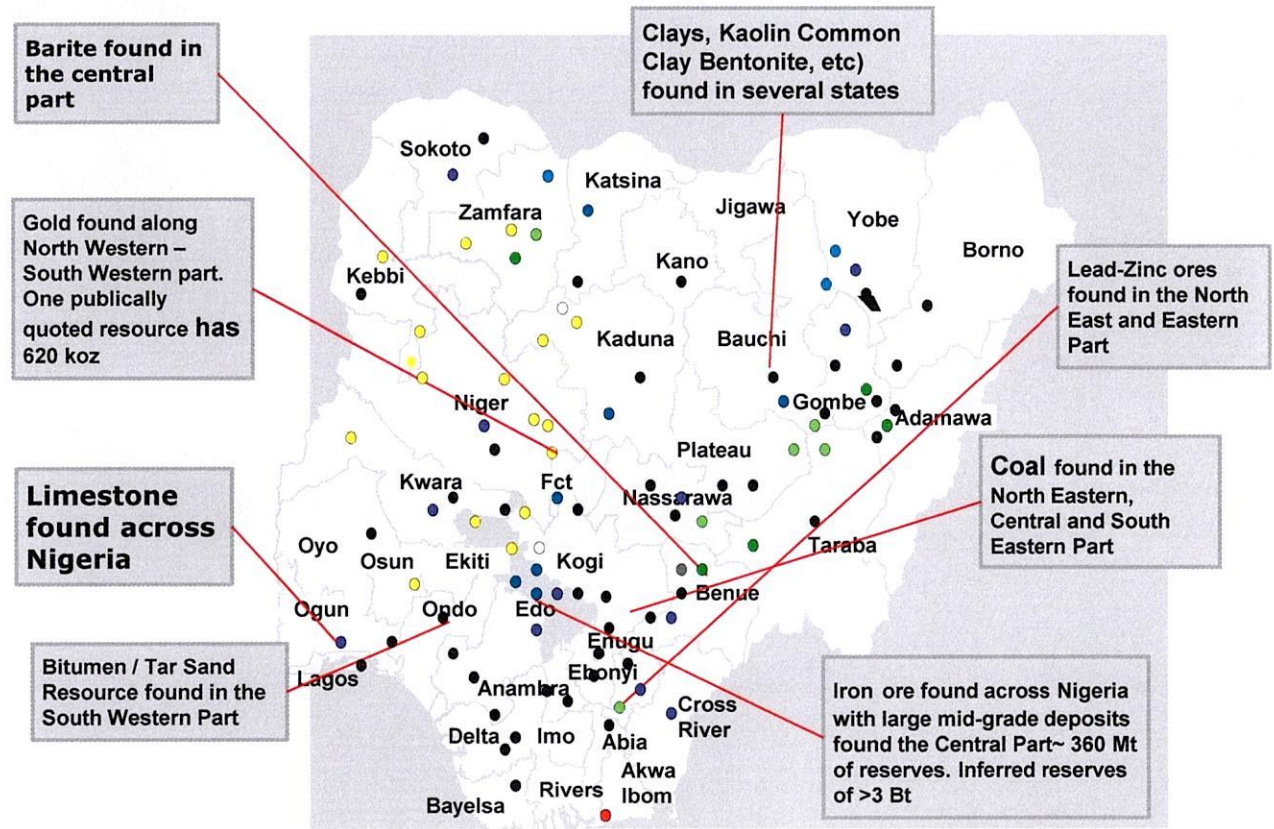
- Overview of Current Nigerian Mining Sector
- Ministry's Emerging High Level Strategic Growth Plan
- Ministry's Next Steps and Anticipated Outcomes

# Nigeria has extensive mineral assets with important regional concentrations of select ores

## INTRODUCTION

Nigeria is endowed with different types of solid minerals spread across the 36 States of the Federation and the FCT .

These minerals occur in several locations with at least one mineral resource in virtually each of the 774 Local Government Areas.



**Nigeria's Key Mineral Resource Endowment**

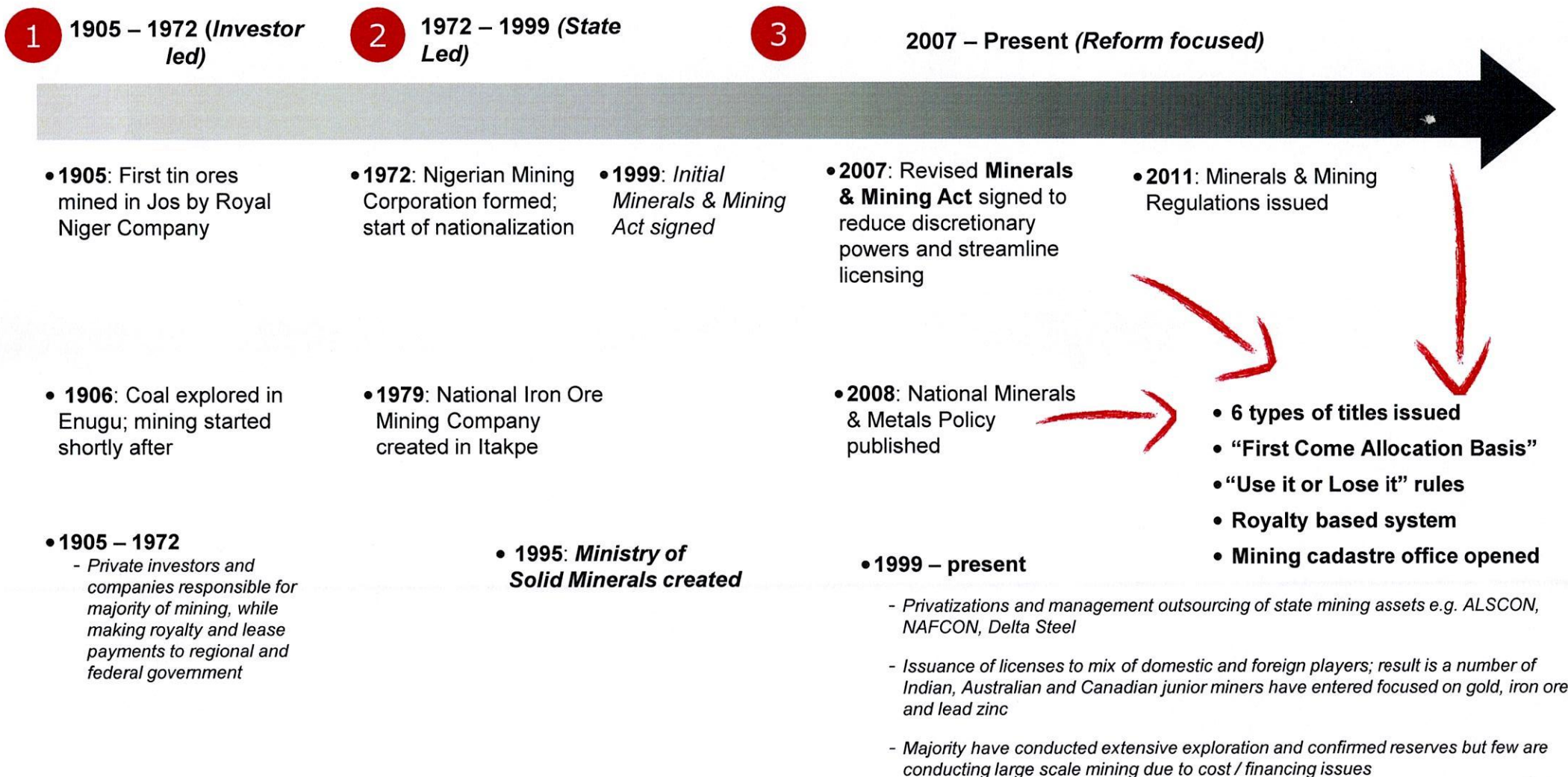
- Legend:**
- Iron ore
  - Coal ore
  - Gold ore
  - Barite
  - Clay
  - Lead/Zinc ore
  - Bitumen
  - Limestone

# Historical Perspective

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- Organized mining started in 1902 resulting in Nigeria producing and exporting Columbite (World's largest producer), Tin (world's 6th) and Coal for energy and railway locomotives;
- Tin and associated minerals mining were initiated by the Royal Niger company in Jos Plateau in 1905;
- Contributed significantly to GDP up till 1976;
- Geological Surveys of Nigeria was established in 1919 as a Government Department to explore for minerals;
- Discovery of oil, Indigenization decree of the 1970s, depletion of near surface deposits and low minerals commodity prices led to total neglect of the mining sector and eventual collapse of the industry.

# Starting in 2007, a 3<sup>rd</sup> deep wave of reform has characterized how the sector is organized and managed



# Current State of Legal/Regulatory Framework

Reform Action	Achieved?	Commentary
<b>Control of minerals resources vested in the State</b>	✓	<ul style="list-style-type: none"> <li>The 2007 Mining Act (the "Act") vested the regulation of the mining sector under the Minister for Solid Minerals Development who has authority on behalf of the Federal Government of Nigeria (FGN) to issue licenses to mining operators</li> </ul>
<b>Prohibition of exploration/exploitation of Minerals without authority</b>	✗	<ul style="list-style-type: none"> <li>Artisanal and small-scale miners currently perform the bulk of mining activities (~80-85%)</li> <li>The segment is dominated by illegal miners who operate outside the formal economy, and bypass royalty payments due to Government</li> </ul>
<b>Establishment of the Mining Cadastre Office</b>	✓	<ul style="list-style-type: none"> <li>The 2007 Mining Act established a Mining Cadastre Office responsible for the administration of Mineral Titles and the maintenance of the cadastral registers</li> </ul>
<b>Environmental Considerations</b>	✗	<ul style="list-style-type: none"> <li>Miners are to ensure that they minimise environmental degradation, and make efforts to rehabilitate affected areas</li> <li>The Ministry needs to lead in ensuring environmental compliance</li> </ul>
<b>Requirements for grant of mineral titles</b>	✓	<ul style="list-style-type: none"> <li>The Mining Cadastre Office (MCO) has set up better transparency in the issuance of mining titles.</li> <li>However, there is a need for better monitoring of work obligations on licensees</li> </ul>
<b>"Use it or Lose it" Principle</b>	✓	<ul style="list-style-type: none"> <li>The MCO revokes the licenses of companies that are not utilizing them</li> <li>A significant number of licenses have been revoked by the MCO (&gt;5,000)</li> </ul>
<b>Competitive Investment Incentives</b>	✓	<ul style="list-style-type: none"> <li>Incentives have been introduced to stimulate investments. However there have not been any significant investments in the mining sector in recent times</li> </ul>
<b>Geological Studies &amp; Mapping</b>	✓	<ul style="list-style-type: none"> <li>The Nigerian Geological Survey Agency has started a geological survey of mineral sites in Nigeria and has completed an airborne geophysical survey</li> <li>Of great additional value would be a comprehensive survey of the entire country using remote sensing equipment and digitization of maps</li> </ul>

# While that framework compares favorably to top mining economies, Nigeria still suffers from a perception problem

	Australia	Chile	South Africa	USA	Nigeria	
<b>Corporate Income Tax</b>	30%	20%	28%	40%	20-30%	
<b>Royalty</b>	<b>Coal</b>	2.75-15%	0-14%	0.5-7%	8-12.5%	3-5%
	<b>Gold</b>	2.5-5%	0-14%	0.5-7%	4-10%	3-5%
	<b>Copper</b>	2.5-5%	0-20%	0.5-7%	4-10%	3-5%
	<b>Iron ore</b>	5.35-7.5%	0-14%	0.5-7%	4-10%	3-5%
<b>Financial Incentives</b>	<ul style="list-style-type: none"> <li>EDI encourages shareholder <b>investment in small exploration companies</b> by offering tax credits</li> </ul>	<ul style="list-style-type: none"> <li>Companies under <b>stability tax agreements</b> charged flat tax rate (4-5%), lower than progressive tax rate paid by others</li> </ul>	<ul style="list-style-type: none"> <li><b>CAPEX</b> by mining companies can be <b>fully deducted against tax</b> <ul style="list-style-type: none"> <li>E.g. spending on prospecting; mining equipment etc.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Tax structure permits <b>depletion deduction</b> which can lower federal income tax rate by ~3%</li> </ul>	<ul style="list-style-type: none"> <li><b>Tax holiday</b> for an initial period of <b>3 years</b> from commencement of operations</li> </ul>	
<b>Custom duty</b>	<ul style="list-style-type: none"> <li><b>5% import duty</b> for importing <b>mining equipment</b></li> <li>Additional import processing charge</li> </ul>	<ul style="list-style-type: none"> <li><b>6% import duty</b> for importing mining equipment</li> </ul>	<ul style="list-style-type: none"> <li><b>0% import duty</b> rate for importing <b>mining equipment</b></li> </ul>	<ul style="list-style-type: none"> <li><b>0% import duty</b> rate for importing <b>mining equipment</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Exemption from custom and import duties</b> on mining equipment*</li> </ul>	
<b>Lease duration</b>	21 years	Indefinite	30 years	20 years	25 years	
<b>Ownership requirement</b>	<ul style="list-style-type: none"> <li>Acquisition of 15% or more interest in any Australian mining co</li> <li>Acquisition of interest in an operational mine</li> </ul>	<ul style="list-style-type: none"> <li>Non-discrimination between domestic and foreign-owned entities</li> </ul>	<ul style="list-style-type: none"> <li>26% stake by a local directly or via holding Co.</li> </ul>		<ul style="list-style-type: none"> <li>Foreign company to incorporate local subsidiary (with exceptions)</li> </ul>	
<b>Mining production index (2014)</b>	131.2	111	98	133.9	84.1	
<b>Policy perception index (2013/14)</b>	76.61/70.47**	70.86/72.23	39.78/44.47	71.8/69.08**	30.54/10.63	

Notes: EDI = Exploration Development Incentive, EPBS = Enhanced Project By-law Scheme; higher mining production index indicates better performance

Source: Fraser institute annual- Survey of Mining Companies, 2014; Literature Search

# Those poor perceptions can be attributed to the continued existence of a number of fundamental issues

1	<b>Lack of Geosciences Data</b>	<ul style="list-style-type: none"><li>• Lack of investment grade data has been identified as a major hindrance to the development of the minerals and mining sector</li><li>• Mining licenses issued by the Cadastre Office should be able to serve as collateral for loans, if supported by reliable information in the quality and grade of deposits</li></ul>
2	<b>Limited Federal Budget Support</b>	<ul style="list-style-type: none"><li>• Over the past decade, budget support for mining sector has been limited; in 2014, ~₦10 billion was budgeted for the sector but that remained insufficient to conduct range of technical work, enforce regulatory framework or complete projects such as Ajaokuta</li></ul>
3	<b>Absence of Critical Infrastructure</b>	<ul style="list-style-type: none"><li>• Infrastructural imbalance within Nigeria, particularly, adequate electricity supply, and access roads to sites of mineral deposits have inhibited the growth of the sector</li><li>• The linkage of mining sites via rail or roads, and the resultant ease of transportation of minerals for sale, would catalyse the development of the mining sector e.g. Itakpe and Ajaokuta rail link</li></ul>
4	<b>Federal – State Subsidiarity / Tensions</b>	<ul style="list-style-type: none"><li>• Absence of incentives for states to become involved in mining is a key constraint i.e. royalties and taxes not directly accessible to states; need to review this arrangement</li><li>• States have also not taken full advantage by setting up mining joint ventures, limiting their capacity to generate IGR</li></ul>
5	<b>Illegal mining and community challenges</b>	<ul style="list-style-type: none"><li>• Illegal mining activities are common in Nigeria, leading to leakages in government revenue, as well as low mining productivity</li><li>• Host community also feel a sense of entitlement to minerals mining, hence in some areas up to 80% of mining is outside of the law</li></ul>



# If we deep dive into one issue – Federal / State subsidiarity, we can see how it is a source of challenge



- 1999 Constitution (and its amendments) confer significant economic authority on the FGN
- Within mining, the licensing fees, taxes generated, and royalty earned is transferred to the Federal Government
- Put differently, the FGN earns the upside while playing a limited regulatory role
- States in principle can generate some income from land fees and a narrow set of limited taxes
- States bear the burden of immediate environmental and community risk challenges, with no special upside
- Today, limited incentives for states to champion mining; states can be treated like another equity investor in a joint venture



**For mining to grow, economics of mining will likely need to become more equitable between Federal and State level e.g. royalty share and establishment of SPV to engage directly in mineral development cycle.**

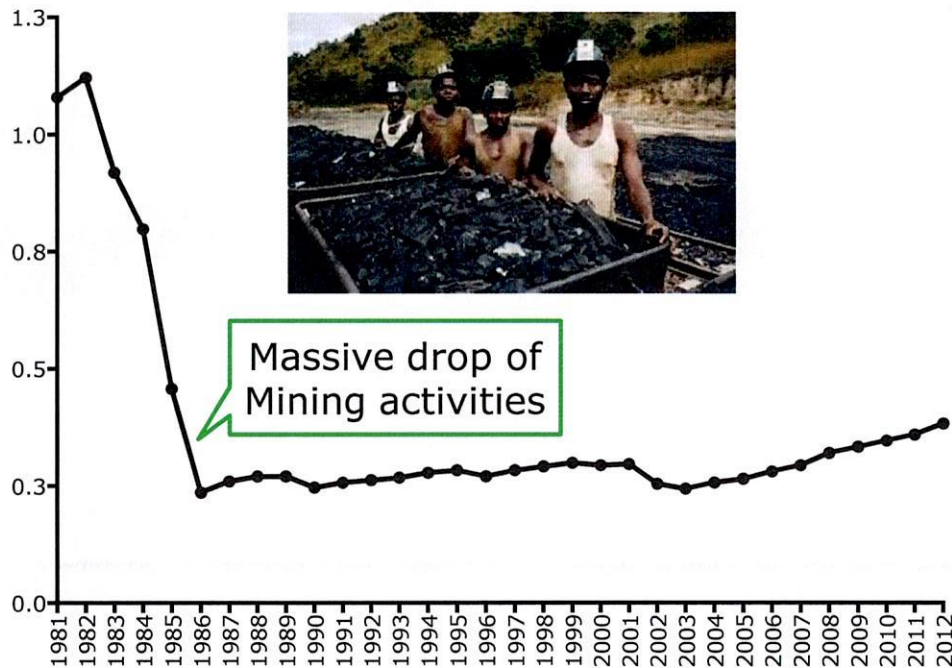
# A number of these fundamental issues are mining specific while others affect the overall business environment

6	<b>Ministry's Weak Institutional Capacity</b>	<ul style="list-style-type: none"><li>• The Ministry has undergone significant change since 2007 but still remains constrained with respect to enforcing the Mining Act, supervising mines, and leading the provision of geosciences data</li><li>• The Ministry will need to add technical experts e.g. geophysicists, engineers, etc. and reduce the number of administrative staff</li><li>• Ministry has also not being optimally organized to deliver value</li></ul>
7	<b>Limited Enforcement of Regulations</b>	<ul style="list-style-type: none"><li>• Compliance with existing regulations including the Mining Act has been more in the breach than in fact due to insufficient Mining Inspectorate staff</li><li>• As a result, significant amounts of mining licenses are outstanding but unproductive; we need to start enforcing "use it or lose it" principles</li></ul>
8	<b>Weak Ease of Doing Business</b>	<ul style="list-style-type: none"><li>• Nigeria still remains a challenging place to do business based on data from the World Bank's survey over the past decade; while we have improved, that has had a negative impact on mining</li><li>• Mining specific data i.e. the Fraser Institute survey puts Nigeria near the bottom of investor friendly destinations, even if that is more noise than reality, it shapes investor perception</li></ul>
9	<b>Lack of Funding / Sector Finance</b>	<ul style="list-style-type: none"><li>• Slow implementation of the Federal Government's reform agenda have contributed to the reluctance of multinationals to fund major mining projects in the country</li><li>• Nigerian banks are also not that familiar with mining sector, and hence limited in their credit exposure; situation similar to agribusiness in 2010/2011 before start of reform process / Nirsal Plc</li></ul>

# As a result, mining's share of GDP has sharply declined in the past 20 years

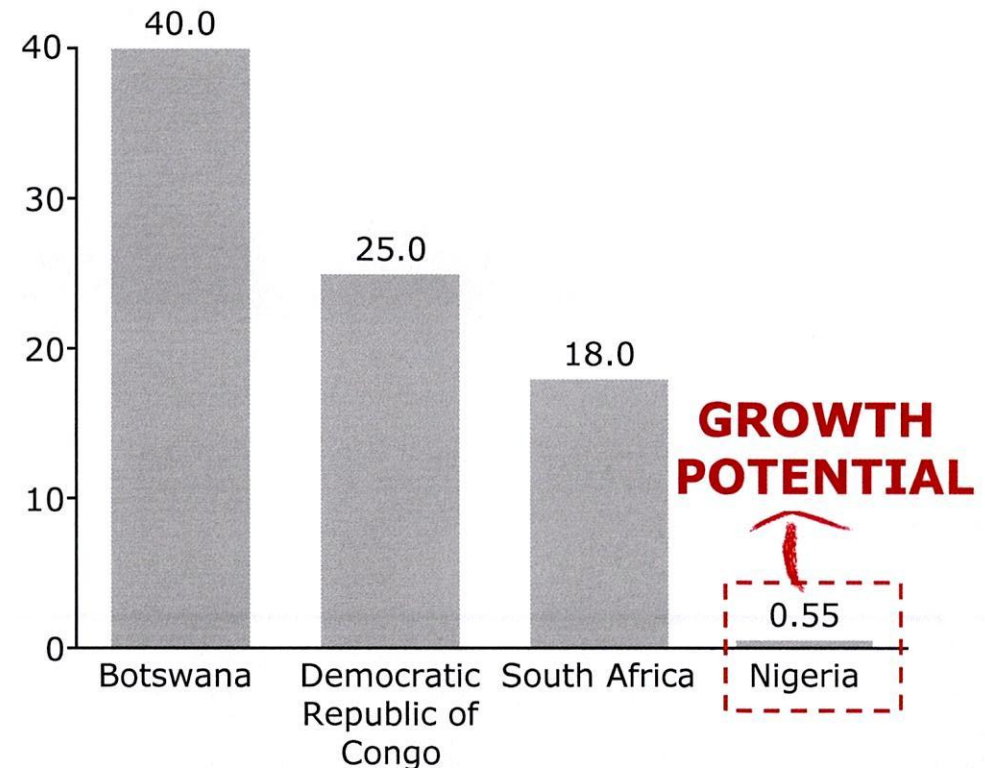
## MINING SECTORS' CONTRIBUTION TO GDP HAS DECLINED...

Mining and quarrying contribution to GDP at constant basic 1990 prices



## ... AND IS SIGNIFICANTLY LAGGING COMPARED TO OTHER AFRICAN PEERS

% contribution of mining sector to GDP



**Limited Exploration is taking place in Nigeria- Exploration spend in our neighbouring Countries in 2014/2015 are: Burkina Faso (\$146M/\$99M), Ghana (\$85M/70M), Mali (\$77M/\$53.9M), Cote D'Ivoire (\$42.2M/\$43M), and Nigeria is (\$0.2M/\$0.0M)**

# Despite these challenges, Nigeria still has a number of investors working in mining; we will aim to build on these



	Coal	Bitumen	Limestone	Iron Ore	Barites	Lead/Zinc	Gold
INTERNATIONAL	Tropical Mines						✓
	Erin Resources						✓
	Australian Mines						✓
	Segilola Gold						✓
	C G C Nigeria						✓
	Earthstone Nigeria				✓		
	Kogi Iron				✓		
	Royal Salt						✓
	Tongyi Allied Mining						✓
JOINT VENTURES	Savannah Mining						✓
	Zuma Energy Nigeria	✓					✓
	Iss - Hass Nigeria						✓
	Greenfield Metals + Fujian Sannong Calcium Carbonate						✓
	Wapco/Lafarge Nigeria			✓			
	AshakaCem Plc Nigeria			✓			
DOMESTIC	Multiverse Resources				✓	✓	
	Dangote Cement	✓		✓			
	Kaduna Refining & Petrochemical		✓				

# Thus, Buhari Administration's early commitment to growing mining has been a boost for the Ministry's efforts

## MINING KEY FOCUS AREA; NEW GOVT. TAKING STEPS TO IMPROVE SECTOR

- **Mining Declared one of 2 key growth sectors**
  - President Buhari has repeated in multiple speeches that mining will be one of 2 key growth sectors to drive diversification of the economy
- **Curbing of illegal mining**
  - President Buhari has also committed to the formalization of the sector, and reduction of illegal mining across the country
- **Promote partnerships to support funding**
  - World Bank and Nexim bank recently partnered to revamp mining sector
- **Host mining sector focused forums**
  - Hosted iPAD Nigeria Mining Forum in Nov. 2015 to discuss the way forward

## RECENT INCREASE IN INTEREST FROM COUNTRIES & INT'L COMPANIES

- Multiple foreign countries have declared interest in Nigerian mining sector
  - Countries include **Australia, South Africa, Brazil, Thailand, United Arab Emirates (Dubai) and Canada**
- Within **gold mining** for example, **6 international companies recently received licenses** to start operations
- A growing number of private and public mining companies have also started to make additional inquiries
- **Nigerian banks and private equity investors** have started to explore the market, an important financing signal to international lenders
- **Development partners** including multilateral institutions have made offers to support the FGN's commitment to accelerating growth in the mining sector

# If we tackle the known challenges, Nigeria stands to unlock significant value from deepening its mining sector

## OPPORTUNITIES

## EXAMPLES

1

**We can contribute to bridging the power supply gap through investments in coal-powered turbines**

- The capital intensive nature of developing a gas supply network across the country makes coal-powered plants a viable alternative
  - Inland Gencos operating outside the Niger Delta considered conversion of their gas-powered plants to coal due to challenges with gas supply
  - In 2014 Dangote Cement announced an investment of \$250m in coal-based power plants (total 90MW capacity) to be located in Ibeshe, Obajana & Gboko. In this regard, an order for 30,000t. of coal was placed to be shipped from SA due to unreliable domestic Nigerian supply

2

**Solid minerals will boost internal revenue and generate foreign exchange**

- At a projected production target of 14 million tons per annum by 2020, subject to market conditions, potential revenues are approximately \$6.5 billion<sup>1</sup>

3

**By substituting imports, we can save billions in foreign exchange**

- **Bitumen:** About ₦5 billion was spent on asphalt imports in 2014<sup>2</sup>. Huge domestic market with just about 60,000km of paved roads of its over 194,000 km road network<sup>3</sup>.
- **Industrial Minerals:** Realisation of housing development plan will boost internal consumption of iron ore and steel

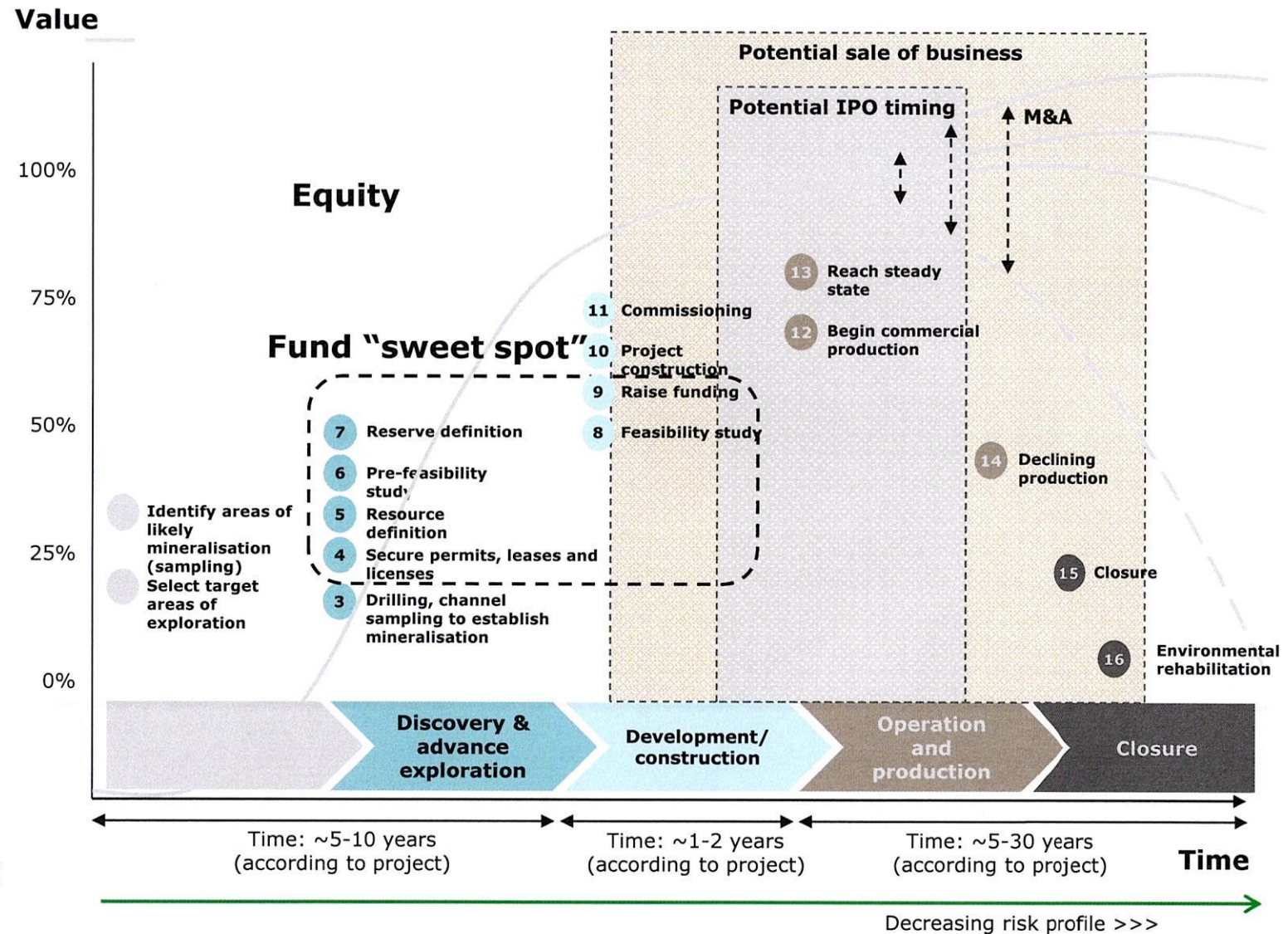
4

**We can create jobs and reduce unemployment**

- Increased employment of Nigerians, particularly in the rural areas where the minerals are found
- **Coal:** South Africa coal industry employs over 50,000 people and pays about US \$450 million in salaries annually
  - Based on the SA employment rate of 0.0026 persons/tonne of coal produced, and a production target of 15,000,000t per annum, the Nigerian coal industry has the potential to employ approximately 40,000 persons
- **Bitumen:** At a projected target of 14 million tons per annum, the sector can potentially generate 20,000 jobs

# Given that mining is a long term business, we also have to build the house to be successful 20 to 30 years hence

- During the early prospecting, exploration & mineral discovery phases, the risk profile of a mining project is considered to be high
- Mining assets usually only become "bankable" in the post-exploration /discovery phases when risk profiles are lower
- Post exploration, available banking products include structured mining finance, equity raise through IPOs, M&A funding
- Unlike in the Oil & Gas sector, sizeable government free carry initiatives are not attractive to investors



# 8 Critical Success Factors for the Nigerian mining sector (1 of 2)

**BACKUP**

**1**

## **Integrated strategic plan, pro-actively communicated**

- Multi-year detailed plan on how to drive mining GDP, with clear accountabilities, milestones & success metrics
- Programme Office to track & report progress
- Pro-active approach to communicating to investors and other stakeholders

**2**

## **Investor-friendly regulatory environment**

- Simple, stable & fair tax and regulatory systems
- Coordination across national & state level; and across different government MDAs
- Efficient and effective execution and enforcement bodies

**3**

## **Partnership approach to stakeholders & communities**

- Ongoing consultation with all stakeholders especially States
- Win-win approach adopted with communities (e.g. collaborative partnership with selected mining companies; Artisanal miners regularised & supported; sound environmental policies)

**4**

## **Geoscientific value add**

- Collaboration between government, industry, academia and technical partners to support geoscience data collection
- Provision of pre-competition geoscientific information to mining companies to support economically viable exploration



# 8 Critical Success Factors for the Nigerian mining sector (2 of 2)

**BACKUP**

5

## Coordinated infrastructure investments

- Fit for purpose infrastructure, both to support development of sustainable mining communities and to access ports/internal markets
- Right funding mechanisms

6

## Investment funding

- Advice and support to Nigerian financial institutions and investors e.g. mining economics and reserves analysis
- De-risking initial investments into mining (e.g. Mining Finance Fund provided for in Mining Act)

7

## Institutional reform









- Renewed focus on eliminating corruption within the system with the attendant revenue leakages
  - Diligent implementation and enforcement of compliance to relevant laws and regulations
- Other reforms: technology upgrade, review of planned privatizations, conduct of outstanding licensing rounds

8

## Mining growth used as development catalyst

- Skills development programme
- Technology transfer agreements
- Community development programmes

# Across these criteria, we have a number of gaps today; we have started working on fixing each of these

	<b>Status</b>	<b>Preliminary assessment</b>
<b>1</b> Integrated strategic plan, pro-actively communicated		<ul style="list-style-type: none"> <li>• No coordinated plan</li> <li>• Low investor confidence</li> </ul>
<b>2</b> Investor-friendly regulatory environment		<ul style="list-style-type: none"> <li>• Robust legislation in place, but implementation and enforcement is poor. Sub-optimal coordination between Federal &amp; State Governments</li> </ul>
<b>3</b> Partnership approach to stakeholders & communities		<ul style="list-style-type: none"> <li>• Insufficient partnership with internal stakeholders (artisanal miners) and external stakeholders (international mining players)</li> </ul>
<b>4</b> Geoscientific data value add		<ul style="list-style-type: none"> <li>• Limited geoscience data collection and availability</li> </ul>
<b>5</b> Coordinated Infrastructure investments		<ul style="list-style-type: none"> <li>• Limited applicable infrastructure e.g. dedicated rail road/barges</li> </ul>
<b>6</b> Investment funding		<ul style="list-style-type: none"> <li>• Mining Finance Fund not yet launched; Limited mining desks</li> <li>• Limited lending to the mining industry (&lt;1% and not in top 12 sectors for bank lending according to the CBN)</li> </ul>
<b>7</b> Institutional reforms		<ul style="list-style-type: none"> <li>• The weak institutional capacity of the public sector has contributed to the slow pace of development within the mining sector</li> </ul>
<b>8</b> Mining growth used as development catalyst		<ul style="list-style-type: none"> <li>• Gaps in development programmes, hence impact on immediate communities unclear</li> </ul>

 = some gaps  = not in place

# The Ministry's strategy is based on a long term commitment to mining which can be summarized as:

## Our Commitment to the Nigerian Mining Industry

- **Mining is a business**, and we want Nigeria to profit from it sustainably within the time frame of the proven, commercially viable assets we have; Nigeria will also champion a direct link between its assets and **domestic beneficiation** e.g. steel production
- The Government of Nigeria will pursue a **market based strategy** that relies on private investors to utilize **high quality public geosciences information** to unlock mining wealth alongside financial institutions, communities and end customers
- Nigeria guarantees that it will **fully implement the transparent, robust and sustainable fiscal and enforcement regime** it has designed in the Mining Act
- While we are building for a multi-decade exposure, we recognize that there are **immediate and medium term steps Government needs to take** to establish a track record as an attractive, **environmentally sustainable**, mining destination
- In partnership with a wide network of stakeholders, **Government will continue to invest in and incentivize** the creation of the right talent pool, infrastructure, and de-risking mechanisms to support mining and related value chain job growth and profitability

# That said, in the first 3 to 12 months of work, the Ministry will focus on making progress in the following areas

## COORDINATION

- Expand **stakeholder visits** and communication
- Establish **Inter-Ministerial coordination council** to ensure alignment on key decisions related to transport networks, land use rights, water permits, and talent development
- Open **discussions with States and communities** on how to incentivize their support for mining growth e.g. royalty share and set-up of JVs
- **Engage National Assembly** in early dialogue on amendment to the Mining Act in 2017/18; also work with MDAs e.g. Transport on related legal elements e.g. remove monopoly in NRC Act

## BENEFICIATION

- Form **Special Market & Investment Advisory team** focused on **problem solving** to ensure that key projects are completed. i.e. Audit of privatised assets – NMC, NCC, Rolling Mills
- Prioritize the rapid development of industrial minerals e.g. iron ore, coal; partner with motivated Nigerian companies and select foreign investors
- Focus on helping key projects underway achieve commercial success
- **Review, understand and resolve the challenges of Delta Steel, Alcon, Itakpe and Ajaokuta:** get the assets working and end the years of contracting uncertainty

## FINANCE

- Review existing **Mining Development Fund** in the Mining Act, and work with key DFIs and partners to activate the Fund
- **Provide training and support to banks** as they set-up Mining desks
- **Conclude delayed payments on existing geological surveys**, analyse the data and make it publicly available to investors; selectively contract for additional surveys
- **Support states to set up mining investment initiatives** that make them economic partners in growth

## INTERNAL MSMD

- Commence **review of existing licenses** to ensure market compliance and incentivize existing investors to use the licenses and drive job growth
- Strengthen **key technical and regulatory teams in Ministry** to ensure growth in capacity, improvements to morale, and professionalism
- **Revamp the Mining Cadastral** and related offices e.g. Geological Survey, and make offices more transparent, process automated, and responsive to rapidly evolving investor needs

The next 12 to 36 months of work would be focused on making progress in the following areas

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- Strengthen the environmental regulatory function of the Ministry  
Establish an industry standard, accredited Geo-sciences Laboratory(ies)
- Intensive exploration activities in identified mineral corridors of the Benue trough, Anambra Basin and the Western axis and development of a new mineral exploration investment promotion plan aimed at diversifying funding streams
- Link the development of the mining sector with multi-purpose infrastructural planning i.e. transportation (extension of the Central Rail Line from on-going Kaduna – Abuja to Lokoja - Ajaokuta axis), power (coal to power generation) and enhancement of industrial minerals for import substitution, large scale manufacturing and industrialisation and export.

For example, our new **market advisory** team will focus on supporting investors to accelerate growth

## MARKET & INVESTMENT ADVISORY

### Short term actions

- **Constitute new Advisory Team** composed of financial analysts, legal advisers, technical advisers and asset experts to enhance investment attractiveness
- Develop **market baseline** on Nigeria's mineral assets and make these available online; where case studies exist as well as geological estimates, provide full access
- Provide **existing mining investors and license holders** e.g. Kogi Iron Ore appropriate support to "get them over the line" to production
- Launch a **market awareness sessions for bankers**, investors, financial sponsors, and funds; use forum to problem solve specific challenges
- Develop **statistical and related reporting relationship** with the National Bureau of Statistic (NBS) to improve visibility and scope of mining related data
- Work with domestic and foreign financing partners to **activate and launch the Mining Finance Fund** provided for in Mining Act; focus on helping de-risk initial sector investments

### Medium term actions

- Expand **targeted engagement with key global mining conferences** and investor meetings to support repositioning of Nigeria's mining industry
- Improve **Ease of Doing Business** gaps e.g. licensing and infrastructure access by 10% - 20% per annum

# Our **regulatory enforcement** approach will focus on creating a stable, predictable framework for the market

## REGULATORY ENFORCEMENT

### Short term actions

- Improve **transparency and availability of data on existing mining licenses** by category using web based tracking system
- Require all license holders to start complying with their **data capture and statistical reporting obligations** specified in the Act to improve understanding of sector
- **Revamp and upgrade the Mining Inspectorate team** to ensure compliance with key regulatory provisions including safety and royalties
- **Consider an amnesty period for violators of the Mining Act** to become compliant and avoid enforcement action
- **Evaluate all existing licenses** to confirm continued validity with terms of issuance and “use it or lose it” principles of Mining Act
- Review **work flow and costs for issuance of all categories of mining licenses** to identify opportunities for more efficient process and improved pricing

### Medium and Long term actions

- Every 3 to 5 years, in partnership with stakeholders, conduct a “lessons learned review” of the operations of the Mining Act to evaluate what amendments may be required given market outlook and a need to boost overall productivity of the sector

# Our **stakeholder engagement** is designed to create a differentiated approach to mining extraction in Nigeria

## STAKEHOLDER ENGAGEMENT

### Short term actions

- **Host Investment Sessions** with domestic mining industry groups and investors with a focus on specific assets e.g. Iron ore, gold, manganese, Lead/Zinc
- Attend the key investment platforms in Mining i.e. Mining Indaba in South Africa.
- **Host “Town Hall” sessions with key mining communities**, social activists and other community associations
- **Engage key Nigerian and international media** on potential of the country’s mining sector; actively work to shape a narrative that is reinforcing of commitment to a private sector led mining sector strategy
- **Launch educational programmes** as appropriate in partnership with Chambers of Commerce to broaden societal understanding of mining’s opportunities, challenges and required accountabilities in order to build sustainable sector
- Engage mining companies on adherence to regulatory principles designed to **create an environmentally stable and sustainable sector**

### Medium term actions

- Host strategy discussions with key global mining houses and executives; **focus on problem solving** required to shift Fraser Institute scores on policy and investor friendliness perception
- Conduct annual meetings with key industry participants to ensure alignment on continued refinements to policy and regulatory regime



# Institutional reforms are required to build a more “fit for market” Ministry required to safeguard investments

## INSTITUTIONAL REFORMS

### Short term actions

- Review and **upgrade the skill base / capabilities of key agencies of the Ministry** make them more market relevant and career enhancing
- Draft a revised organizational structure designed to support “market focused Ministry” and capacity to grow best talent internally
  - Review and assess existing research commissioned by Ministry on organizational effectiveness and capability requirements
  - Devolve additional authority to field officers.
  - Streamline reporting lines and roles to focus on results/performance
- Design and launch **Talent Expansion Grants** for mining companies and technical training institutions to use in expanding capacity of young Nigerians to prepare for jobs in mining

### Medium term actions

- **Work with National Assembly to revise key aspects of the Mining Act , The Explosives Act and the Mining Tax Bill** to reflect focus on creating MDA able to unlock sector’s GDP
- Expand **geophysical mapping of Nigeria** at rising degrees of accuracy e.g. from 250,000: 1 to 100,000: 1 scale; focus initially on known and viable assets
- Sign long term **technical data and training partnership** agreements with key global mining institutions e.g. BGS, USGS, Canada, Australia and Brazil
- Periodically review the Ministry’s organizational design to ensure it continues to align with the market, professional staff needs, and public policy priorities; work on staff motivation

# Our **inter-agency coordination** will focus on solving mining challenges with inter-MDA input requirements

## INSTITUTIONAL REFORMS

### Short term actions

- Design and **launch a regular platform for key MDAs to meet with Solid Minerals** to discuss areas of common interest e.g. water permitting, land use, and enabling infrastructure. Early agenda items for Ministry will include:
  - Expand understanding across MDAs of what mining sector is, and role of multiple MDAs to support its growth
  - Secure support for key infrastructure investments and related policy changes e.g. removing NRC monopoly in rail transport, expansion of inland barge ports on Rivers Niger/Benue, etc.
  - Ensure Customs enforcement of fiscal provisions related to Mining e.g. zero tariffs on equipment imports
  - Development of double taxation treaties between Nigeria and key mining investor sources e.g. United States to improve investor attractiveness
  - Work with Governors Forum to improve incentives and therefore drive receptivity of States to mining activity
  - Develop fast track environmental review process to support sector's sustainability

### Medium term actions

- Revise inter-agency agenda based on market insights and evolving industry needs e.g. shift to more domestic ore processing versus exports
- Chair annual meetings to review progress of mining sector development and identify key opportunities for cross-MDA partnerships to support market's growth

# Successful execution of the strategy will mean a clear set of results for Nigeria and the Buhari Administration

- 1** GDP DIVERSIFICATION
  - Mining and (related and supporting industries) will **increase their contribution to gross domestic product (GDP)** over the coming decade; in near term, we will share additional analysis on our estimates for mining's direct and indirect GDP contributions
- 2** GROWTH IN JOBS
  - **Job growth will resume in the sector once again**, and these will likely be formal sector jobs across a range of specialty areas e.g. geology, finance, engineering services, etc.
- 3** RISE IN CAPITAL FLOWS INTO MINING
  - **Capital will start to flow into the sector**, boosting key operations and setting the sector up for long term success as investors become more confident in the stability of the sector
- 4** GROWTH IN DOMESTIC PROCESSING
  - Mining's value chain and **beneficiation cycles will start up**, with key processing plants finalized and working once again; the domestic manufacturing sector will be able to start purchasing key raw materials in Nigeria again e.g. hot rolled steel
- 5** GROWTH IN TAX REVENUES
  - **Tax revenues to the FGN will start to grow slowly**, and then likely accelerate over the medium term as investor confidence and production results begin to create a virtuous cycle; that is when lift-off happens

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THANK YOU.