**PRESENTATION OF THE HONOURABLE MINISTER OF STATE, MINISTRY OF SOLID MINERALS DEVELOPMENT HONOURABLE ABUBAKAR BAWA BWARI ON INCREASE REVENUE GENERATION THROUGH SOLID MINERALS SUB-SECTOR AT THE 2016 JOINT PLANNING BOARD AND NATIONAL COUNCIL ON DEVELOPMENT PLANNING MEETINGS HELD FROM 23RD – 25TH AUGUST 2016 AT TAHIR GUEST PALACE, KANO, KANO STATE**

***Protocol***

Distinguished ladies and gentlemen, I am delighted to make this presentation on “Increase Revenue Generation through the Solid Minerals Sub-sector” at this important national strategic planning meeting which is aimed at discussing policy issues with a view to proposing optimal approach for enhancing economic management process at the national and sub-national levels.

Taking into consideration the desire of the present Administration to diversify the economy of the nation through Agriculture and the Solid Minerals Sub- sector, I intend to give a brief historical perspective of mining industry and the potentials it holds before delving into the efforts which the Ministry of Solid Minerals Development is making in repositioning the minerals sector on the path of sustainable development. Thereafter, I shall endeavor to highlight the efforts beingmade with a viewto attaining the goal of increased generation of revenue and employment opportunities for our teeming unemployed youths and wealth creation for economic development of the country.

***Historical development of the Minerals Sector***

Organized mining started in Nigeria in 1902 by a British owned company called Royal Niger Company with the mining of Cassiterite (Tin ore)and Columbite in Jos,Plateau State. The production and exportations of these minerals reached a peak that placed Nigeria on the global mining map as the 1st and 6th largest producer of Columbite and Tin ore in the world respectively.

In 1903 and 1904, the mineral surveys of Southern and Northern Nigeria were inaugurated respectively with the objective of exploring for minerals. This effort led to the discovery of coal in 1909 at Udi near Enugu, further exploration work led to the discovery of more coal resources in other parts of Enugu, Owukpa in Benue and Okaba in Kogi State.

Later in 1919, the Geological Survey of Nigeria now Nigerian Geological Survey Agency was established as a Government Department charged with the mandate of exploring for minerals. The development of Tin, Colombite, Coal and other solid minerals contributed significantly to the national revenue and Gross Domestic Product (GDP) of Nigeria up to 1976 when the sector began to experience a downturn.

The major factors for the decline of mining sector growth are the discovery of oil in 1958 which substituted the use of coal in driving trains and the indigenization Decree of the 1970s that led to most of the expatriate mining companies leaving Nigeria. Other factors that contributed to the neglect of the mining sector and eventual collapse of the industry were the depletion of near surface deposits and low mineral commodity prices in the international mineral market.

***Mineral Potentials of Nigeria***

Nigeria is endowed with extensive mineral assets with important regional concentrations of key mineral resources. Current geological data indicates that the country is endowed with different types of solid minerals occurring in over 500 locations spread across the 36 States of the Federation and the Federal Capital Territory, Abuja. The high prospectivity minerals include metallic minerals such as Gold, Iron Ore, Tin Ore, Lead and Zinc ore and industrial minerals including Limestone, Baryte, Kaolin, Feldspar. Others are energy minerals such as Coal and Bitumen, Precious stones and Dimension stones.

As a way of catalyzing the contribution of the Solid Minerals Sector to the nation’s economy, the Ministry has chosen seven strategic minerals as priority for development. These are:

* **Coal** Over 2.7billiontonnes- located in Enugu, Anambra,

Kogi, Benue, Gombe, Edo States

* **Bitumen** About 27 billion barrels of oil equivalent, occur

inOndo, Ogun, Lagos, Edo States

* **Iron Ore** About 10 billion tonnes occurring in Kogi,

Nassarawa, Bauchi, Kaduna, Yobe Statesand the FCT, Abuja

* **Gold**: Estimated 1million ounce resources occur in

Osun State alone. Other locations of Gold are

 Zamfara, Kebbi, Kaduna and Niger States

* **Lead/Zinc** Estimated 55million tonnes occurin Ebonyi, Plateau,

Cross-River, Zamfara, Bauchi, States and the FCT

* **Limestone** About 3trillion tonnes occurin Gombe, Sokoto,

Ogun, Kogi, Ebonyi, Cross-River, Edo States

* **Barytes** Estimated 22million tonnes occurin Nassarawa,

Taraba, Benue, Cross-River, Plateau, Zamfara

 States

These mineral resources have remained largely untapped thereby offering an extensive investment window in the areas of mineral exploration, exploitation, beneficiation and downstream industries along the value chain line.

***Mining Sector Reforms***

Mr. Chairman, it is necessary to point out that the mining sector with its huge wealth spinning potential had remained neglected this long by successive past Governmentswhile the country continued to wallow in poverty. Even with the creation of the Ministry of Solid Minerals Development in 1995 with a mandate to fast track the beneficial development of the nation’s solid minerals resources; there has not been appreciable progress in the development of the sector particularly in terms of mineral production and contribution to national revenue and GDP.

However, the notable reform programmes embarked upon by past Governments starting from 1999 is an attempt to grow the mineral sector for increase revenue generation. Some of these reforms include but not limited to the following:

1. Deregulation of the coal sub-sector in 1999 which was hitherto exclusively reserved for the Government owned Nigerian Coal Corporation (now privatized) thereby allowing private companies to participate in coal exploration and mining activities.
2. Change in minerals policy which made the private sector the owner and operator of mineral and mining projects with Government’s role restricted to regulatory and administrative functions. This led to the divestment of Government equities in Nigerian Mining Corporation (NMC), Nigerian Coal Corporation (NCC), Nigerian Iron-ore Mining Company (NIOMCO), Ajaokuta Steel Company of Nigeria (ALSCON)and Delta Steel Company amongst others.
3. Enactment of internationally acclaimed legal and regulatory framework considered strong to attract local and global demand for strategic target minerals such as Coal, Gold, Iron ore, Lead-Zinc etc. The Framework consistsof:
* National Minerals and Metal Policy approved in 2008,
* Nigerian minerals and mining Act, 2007
* Nigerian minerals and mining Regulations, 2011
* Explosive Act of 1964 (Still under review).
1. Establishment of institutions to facilitate the sustainable growth of the sector, key amongst which are:
* Nigerian Geological Survey Agency (NGSA)
* Nigeria Mining Cadastre Office (MCO)
* Nigerian Institute of Mining and Geosciences
* Solid Minerals Development Fund.
* Three technical departments in the Ministry namely Mines Inspectorate, Mines Environmental Compliance and Artisanal and Small Scale Mining Departments.

While the framework compares favorably to that of top mining jurisdictions in the World, Nigeria still suffers from perception problem attributed to continued existence of a number of fundamental challenges and issues not yet addressed. These challenges include:

* Lack of adequate geosciences data
* Limited federal budget to support the sector’s developmental activities
* Poor and limited critical infrastructures of roads & rail lines linking mine sites with mineral commodity destination, electric power etc.
* Federal - state tension over interest on mineral revenue
* Illegal mining and host community issues

As a result of these issues, development of the sector has been retarded such that the sector’s contribution tonational revenue and GDP has sharply declined in the past 20 years of our nationhood.

These challenges notwithstanding, Nigeria still has a number of local and foreign investors presently working in the country the major amongst themare:

1. Eta-Zuma Group - Coal exploration and mining in Kogi

 State

1. Ashaka cement Plc - Mining of Limestone and Coal in Gombe

 State

1. Gangote cement - Limestone mining in Kogi, and Ogun

 State

1. Wapco/Larfage Nig. -Mining of Limestone in Ogun State
2. Australian Mines - Gold exploration in KebbiState
3. Seglola/Tropical Mines - Gold exploration in Osun State
4. Tongyi Allied Mining - Mining of Led/Zinc in Plateau State,

 Tin and Columbite in BauchiState

1. KCM Nigeria Limited - Exploration of Iron ore in Kogi state
2. African Natural Resources

and Mines Limited - Coal and Iron ore exploration in Kogi

 State

***Status of the Mining Industry Operations***

At present, the mining landscape is dominated by artisanal and small scale mines and sizeable stone and limestone quarries which account for more than 90% of the revenue generated by the Ministry. As mentioned earlier, there are only a few medium scale exploration and mining companies operating in the country and this explains the current low contribution of the mining sector of 0.33% to the GDP as at 2015.

The sector provides gainful employment to about 300,000 people and over 2,000,000 indirect jobs along the mineral value chain.If properly developed, the mineral sector has the capacity to generate employment opportunities for over 500,000 people with increased funding of the sector’s programmes and activities.

In addition to this, the mineral sector can significantly and comfortably contribute 3% - 5% to the GDP in the medium term. At the present, the quantum of mineral raw materials produced and used locally place the sector as the backbone to cement manufacture which uses over 95% mineral raw material input and construction industry which depends on almost 100% construction minerals including stone aggregates, gravels, sand and metal products.

***Revenue Generation and Management***

The revenue types accruable to Government from the mineral sector consist of;

* Mineral title application, processing and annual rental fees
* Explosives licence/permit applications and processing fees
* Mineral royalties which was last reviewed in April, 2015. The royalty rate ranges between 3%-5% advolerem
* Company’s income tax

The revenue generation, collection and management procedures employed by the Ministry require mines inspectors to visit mines and quarries at least twice monthly to assess mineral productionoperations while mining operators are obligated to render monthly returns and pay royalty on the assessed minerals produced into the Single Treasury Account (TSA) of the Federal Government.A fiscal regime for the mining sector is being developed by the Ministry in collaboration with the Federal Ministry of Finance to eliminate the challenge of multiple taxation.

***Emerging High Level Strategic Growth Plan for the Minerals Sector for enhanced revenue***

Ladies and gentlemen, as you may be aware, Mr. President has identified the minerals sector as one of the 2 key growth sectors to drive the Nigerian economy away from the vulnerable mono-oil dependent economy. The goal of Government as I said earlier is to transform the mining sector and position it for sustainable growth to make significant contribution to the GDP, generate employment and wealth and serve as the bedrock for Nigerian’s long term industrial and economic development.

The mandate given to the Ministryby President Buhariis to ensure the attainment of thisgoal in the shortest time possible.

In pursuant of this economic objective of the Government, therefore,the Ministry of Solid Minerals Development has painstakingly reviewed the mining sector performance and identified the principal impediments militating against the growth of the sector. We are committed to tackling the known challenges and deepening the sector’s operations to unlock its enormous socio-economic benefits for the peace and prosperity of Nigeria.

To this end, the Ministry has developed a high level strategic growth plan for the minerals sector. The plan is encapsulated in a Roadmap which is presently being subjected to wider stakeholder’s review after which it will be approved by Mr. President in Council for implementation.

The Government’s dream is to create a globally competitive mining sector capable of contributing to wealth creation, provide jobs and advancing Nigeria’s social and human security. We can achieve this by using mineral assets to drive domestic industrialization first and then migrate to wining in foreign direct investments. The Roadmap being put in place will be used as the compass to guide the development of the minerals sector.

***Highlights of the Strategic Growth Plan***

The mineral sector Roadmap is structured using as a guide, the identified critical hindrances to development that the mining sector faces today and proposes solutions to overcome these challenges. The priority activities for implementationof the Roadmap are articulated in a coherent manner for the buying in and participation of all stakeholders in the sector.

Key elements of the strategic framework of the Roadmap amongst others include:

1. Aspiration for building a world class minerals sector designed to serve targeted domestic and export minerals and ores
2. Building a mining sector by first focusing on Nigeria’s industrial minerals endowment to support and strengthen Nigeria’ s industrial growth
3. Investing in a range of enablers including the development of needed infrastructures such as roads, railways, electric power etc to enhance mining business operations and profitability
4. Increase and expand coverage, resolution of and access to quality geosciences data in Nigeria
5. Develop and harmonize incentives for attracting mining majors and juniors to Nigeria.
6. Drive the growth of export of value added mining products to end the export of mineral commodities in crude form whichmainly lead to creating wealth and employment opportunities to the developed nations.
7. Work with relevant MDAs involved in the mining sector activities to coordinate policies, regulations and ensure effective implementation and enforcement
8. Reconcessioning of the National Iron Ore Mining Company (NIOMCO)Itakpe to Messrs Global Steel Holdings Limited which is a major breakthrough that would lead to removal of encumbrance that has hitherto been stalling the operationalization of the Ajaokuta Steel Complex, and the Adlaja Steel Company.

This progress will lead to the development of a real steel sector needed for the implementation of the Industrial Revolutional Plan of the country. In addition, this giant step will lead to increase revenue, job creation, Foreign Direct Investment, technology acquisition and export diversification.

With regards to job creations, AjaokutaSteel Plant alone is capable of providing 75,000 direct jobs and over 1million indirect jobs in the mining of Iron ore, Coal, Carbonates and Refractorieswhich are basic mineral raw materials for the steel production.

In its effort to increase mineral revenue, the Ministry is also intensifying efforts towards strengthening collaboration with relevant MDAs and security Agencies to:

* Ensure effective mines-field monitoring and surveillance to curb illegal and other associated vices such as land degradation, insecurity as a result of influx of foreigners into the country, inappropriate mining ethnics that compromises health and safety and huge loss of revenue to Government.
* Block illegal exportation of minerals and revenue leakages.
* Acquire background information on Bill of Engineering Measurement and Evaluation (BEME) from Ministry of works which will serve as a guide for assessing quarriable minerals such as granite, sand and laterite often used in the construction of infrastructures such as roads, buildings, bridges by civil engineering contractors.

Successful execution of the strategic Action Plan (Roadmap) will achieve a clear set of results for Nigeria in the following ways:

* Increased contribution of the mining sector to GDP over the coming decade
* Increased job growth in the sector which will likely be formal jobs across a range of specialty areas such as geology, finance, engineering services etc
* Increased capital inflow into the sector that would boost key operations and set up the sector for long term success as investors become more confident in the stability of the sector.
* Starting up mining value chain and beneficiation cycles with key mineral processing plants finalized and put into operations. Domestic manufacturing sector will be able to rely on utilizations of locally produced mineral raw materials to sustain their manufacturing operations.
* Increased growth in tax revenue to the Federal Government that would likely accelerate over the medium term as investor confidence in the sector rises up.

***Conclusion***

Mr. Chairman, Ladies and Gentlemen, I would like to conclude this presentation by inviting you to note that the minerals and metals sector is very strategic to industrial revolution of Nigeria through diversification of the national economy. The sector has the capacity to create significant number of employment opportunities and generate sizeable revenue. It also has the potential to make significant contribution to the nation’s GDP.

The key to this success is to ensure effective and progressive implementation of the Mining Sector Roadmap.

***Thank you for listening.***