

# Solid Minerals Roadmap Revisited

The Federal Ministry of Solid Minerals in its drive to reposition the mining sector took yet another leap of faith with the setting up of a National Consultative meeting on the Validation of the Roadmap for the Solid Minerals sector which was hosted by the Kaduna State government. I was not surprised that the meeting was held in Kaduna as the State government has indeed been making concerted efforts to boost mining in the state and left no one in doubt as to their determination by the way and manner in which the two day meeting was organised. The Consultative meeting boasted an impressive turnout with Dr. Kayode Fayemi, the Minister of Solid Minerals, the Minister of State Hon. Abubakar Bawa Bwari, Governor of Kaduna State Nasir el Rufai, his deputy Arc. Barnabas Bala Bantex and fully 27 states, represented through their Attorneys General and or Commissioners and Special Advisers on Solid Minerals.

In welcoming the participants and appreciating the opportunity to host the meeting Deputy Governor Bantex noted that the event came at the right time when the State was in the process of reinventing its economy through the diversification of its sources of revenue, giving priority to the solid minerals sector.

He further noted that investments in the solid mineral sector would improve internally generated revenue (IGR) for the State, create jobs, and improve the quality of life of the people of the State. He believed the forum would have outcomes that could help boost Kaduna's economic productivity. Dr. Kayode Fayemi on his part in his opening remarks thanked Kaduna State for holding up to the responsibility of hosting the event. Some other major issues the minister highlighted included the ease of issuance of licences to potential investors, all in aid of encouraging investments, juxtaposed with agitation between States and the Federal Government (FG) on this self same matter of license issuance. He added that the Mining Cadastre office was positioning itself to open zonal offices to create the necessary bridge here between State and Federal Governments. The Minister stated that the forum would ensure that the sector regained its relevance in terms of IGR and job creation but he also declared that no mines would be allowed 50 metres of any built up area. He encouraged States to set up mining equipment leasing companies and strongly canvassed for cooperation between the States and the FG. Dr. Fayemi was quite rightly, impressed by the high level of attendance by the States.

The keynote presentation, brilliantly delivered by Mr. Olasupo Shasore SAN, former Attorney - General of Lagos State was titled 'Building a Strong Federal- State Relationship for Sustainable Growth in the Mining Sector'. He set the tone of his presentation by his opening statement wherein he opined 'in order to address the sector and move Nigeria from being a mineral country to being a mining country we must bear the above philosophy to heart - we need to be radical in thinking and attitude towards the challenges'. The foremost of these issues he said were the risks presented by the sector's legal and regulatory framework. This framework is the foundation upon which a sustainable, attractive and globally competitive private sector-led industry must be based and it must therefore be solidly and soundly said to give the mining sector its best chance. He gave examples of a few challenges of note, namely: i) Low

domestic and foreign investment appetite leading to minimal project funding; ii) Gap in sector infrastructure support: access roads, rail from site to use and or export iii) legal risk uncertainty; iv) Illegal mining and community action. He further explained that political risks faced by the sector included slow reform implementation, policy failures and policy U-turns, which are sometimes a feature of political turnover. Others stem from the overlapping jurisdictions of the several authorities involved at various levels of government in the licensing process for mining in Nigeria. The key risks he emphasised arose from uncertainty of legal ownership of mining rights between the Federal and State Governments. This uncertainty is created by apparent conflicts between the Constitution and the Land Use Act which are affecting the activities of the sector.

We all know that the Land Use Act vests all land within a State in the Governor of that State who is further vested with the power to regulate matters relating to land in his state e.g the right to grant and revoke rights of occupancy. Unsurprisingly the states are agitating for control of the minerals within their domain and the session on the state perspective of the Roadmap highlighting areas of interest and concerns to them was a defining moment as the majority of the attendees, without batting an eyelid, just wanted control of their States mineral resources. Some held strong views that solid mineral resources in every state should be owned and managed by the state, only paying royalties to the Federal Government.

I do agree that there is a dire need to amend the legislative framework of the mining sector in order to successfully attract the much desired investment. In all honesty the process will be tedious, long drawn out and would require sustained will power from those in the legislative houses to pull it off.

Mr. Shasore's recommendation of a Memorandum of Agreement (MOA) between the States and the Federal Government I believe is indeed a suggestion which must be seriously considered by the Federal government and the States and without further ado if we are to reach our potential in the mining sector as time is of the essence here. This he said will give fiscal platitude and the successful establishment of greater legal certainty for private sector investors with respect to the ownership of mining rights in Nigeria. The MOA with the right political will could and should be set in motion as soon as possible as the more contentious areas such as revenue sharing and ownership of title, can surely be successfully negotiated and agreed upon.

There has been a genuine fear that giving power to the states to control their mineral resources will also affect the oil producing states who will in turn want control of their oil wealth. Mr. Shasore rightly clarified this point by saying that the principle he is canvassing for is of 'equalisation' which is distinct from 'derivation' as the only way for the mining sector. Federal Government he noted is far away from the people.

He further added that this sort of measure can in practice be passed at the National Economic Council where the states and the Federal government are represented. The NEC is established under S 153 of the Constitution and the NEC can adopt the MOA as a stopgap to legislative reform. The most effective requirement of the MOA he added would be their ability to survive different administrations in order to

create continuity and offer comfort and security to potential investors.

Finally, he concluded by saying that 'the greatest strength of this proposed solution is the fact that having the Government as a joint venture partner would significantly reassure the potential investor on matters of political and legal risk, thus creating a stability which is much needed for the attraction of investors to the Nigerian mining sector'.

The Co-Chair of the Committee on the Development of the Roadmap and Vice Chancellor, Ahmadu Bello University, Zaria Professor Ibrahim Garba gave an overview of the Roadmap for the Solid Minerals sector. He noted that 'the mining industry in Nigeria today contributes almost nothing to Gross Domestic Products (GDP), employment and other economic indicators, unlike other African countries that are enjoying revenue from mining in millions of dollars. Therefore, to bridge the gap between Nigeria and other African countries drastic actions must be taken and we must seem to be committed to mining'. He said that from 2007 to date, the Federal Government had tried to bring mining back to life and give it a prestigious place in the economy and that the Roadmap if followed properly would likely lead to success in the mining industry. Collaboration among states and also with the Federal Government was also essential for the success of mining in Nigeria. He also noted that the institutional framework of mining needed to be strengthened.

It was though a little disconcerting to note, especially considering the impressively high level of attendance and attendees, how so few state representatives had previously read the Roadmap. Though the Roadmap was sent to the governors of all the 36 states and the states were given ample time to review it, for whatever reason it did not appear to have been widely and appropriately distributed as a good number of government participants clearly had not seen it. This was evident from some of their suggestions and comments as the Roadmap is indeed already a robust and all encompassing document, in my admittedly biased opinion!

Participants from the states were actively encouraged to make comments and suggestions and one, that the Federal and State Governments should engage youths in mining activities was significant. In a country where we do not have statistics on employment this is an area to be tapped. 34 Nigerian universities are graduating geoscientists yearly with only a tiny percentage finding work. The employment of graduate scientists and engineers to train artisanal miners would be a welcome development as creating employment is key and one of the sustainable development goals.

Some lamented the issuance of mining licenses to investors without the knowledge of the state government. Whilst others regretted that community development agreements often went unfulfilled. Another pertinent recommendation was for the setting up of mineral buying centres to encourage the fairly priced and profitable selling of solid mineral resources, as was that for government to create mineral equipment leasing companies and to enable the tracking of revenues from mineral resources. Finally came the recommendation that the forum be convened around the different states.

It was interesting to note that Niger state has set up its own company es-



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entially to create a database on the volume, quality and types of mineral resources found in the state and that Kaduna state has over 300 mineral titles, has conducted a comprehensive geological survey and has adequate data on its mineral deposits. As such other states were urged to imbibe the same culture of information gathering.

Mr. Gabe Igboko Abia State Commissioner for Environment and Solid Minerals Development, commended the idea of the Roadmap to improve productivity in the solid mineral sector and felt that implementing just 50% of the policies would go a long way to improving said productivity. He further added that his state only received N3.3 million in 2015 from mining, but with the fine tuning of the policies in the state investors with huge capital have now expressed interest in the sector. Adamawa State Commissioner of Solid Mineral Resources Mrs. Shanti Sashi in commending the idea of the Roadmap noted that her state was able to identify at least one type of solid mineral in each local government of the State. She advocated for the federal government to partner with the states on surveys and inventory documentation of solid minerals around the states. She informed the gathering that four investors have expressed interest in establishing cement factories as most of the southern part of the state is sited on limestone.

Mrs. Fatima Umar-Shinkafi, Commissioner for Commerce and Industry in Zamfara State stated that Zamfara had a large iron ore deposit but that we needed to link infrastructure with solid mineral development for the sector to take off. She further added that we should stop looking for foreign investors but source locally for investors and that exports will come naturally when we start providing the required quality and quantity of these raw materials in Nigeria.

The political will to drive the mining sector has indeed been established but it has to be sustained. Implementation was considered as key as it has not been one of our strengths but thankfully it has been provided for within the framework of the Roadmap by the creation of the Mining Implementation Strategy Team (MIST). The Mining institutions need to be strengthened and given wholehearted support to create an enabling environment for investment and funding.

An observation by a good number of participants was that some of those agitating for control have neither read the Mining Act 2007 or any of the governing laws.

All in all I believe that in the one year of President Muhammadu Buhari's administration the mining sector has indeed been reenergised and is on the right track to succeeding.