

There should be strict regulations to ensure that the all stakeholders benefit from the Mining sector

In a recent development the Minister of Solid Minerals Development, Mr. Dele Alake, has cautioned against arbitrary closure of mining operations by state governments, warning that such an act could abort efforts by the federal government to attract Foreign Direct Investments (FDI). He handed down the warning while announcing a fact-finding committee to look into the face-off between the Osun State government and Thor Explorations Limited, owners of the Segilola Resources Operating Limited over taxation and operational matters. Alake's warning was contained in a statement by the Special Assistant on Media to the minister, Segun Tomori in Abuja. He warned that mining operations and regulations are the exclusive rights of the federal government and not the sub-nationals. The minister directed the committee headed by the Permanent Secretary of the Ministry, Dr. Mary Ogbe to probe the claims and counter-claims by the Osun State government and the private firm by engaging both parties towards resolving the dispute and restoring industrial harmony. He observed that the federal government has been marketing opportunities for investments in the solid minerals sector across the world and cautioned that closure of mining operations by sub-nationals could abort efforts to attract Foreign Direct Investments (FDI) and provoke divestment. "Indiscriminate closures of mining operations by sub-nationals raise the risk of discouraging foreign direct investments and even worse, possible divestment by existing companies. Mining is on the exclusive legislative list. The Ministry of Solid Minerals should be consulted before such disruptive actions are taken," Alake asserted.

The minister reiterated the federal government's interest in raising the tempo of productive activities nationwide to boost economic growth, increase employment and community development. Alake stressed that any cessation of industrial



production will undermine the goals of economic prosperity, deny workers the opportunity to earn income, and further contribute to adversity. The minister then called on both parties to co-operate with the fact-finding team and allow production to continue while the issues are resolved. Industry watchers are of the opinion that the Federal Government should tread with caution especially in the manner that prospecting licenses are granted to foreigners who come solely to exploit our mineral resources and cart away huge profit while leaving our states and environment devastated without devastated without commensurate input into the system. The various states and their communities bear the brunt as they become the victim of these devastations. They

believe that a situation where miners and investors gets licenses from the federal Government and move into the State where the mineral resources are domiciled to begin to explore without due consultation or recourse to the State Government is a step in the wrong direction. A proper procedure must be in place to ensure that the State Government and the Communities where the mineral resources are located are effectively carried along. In as much as the control and ownership of mineral resources in Nigeria has been prescribed by the Constitution of the Federal Republic of Nigeria to belong to the Federal Government for the common good and benefit of the citizens, it behooves on the Federal Government to ensure that all stakeholders are carried along for the maximum benefit of the people. Agreed that mining is on the exclusive list and it is the prerogative of the Federal Government, sourcing for marketing opportunities for investment in the solid minerals should be handled in a way that the process does not expose the country to the influx of terrorists and unscrupulous persons or organizations who could hide under the toga of prospecting for mineral resources in the country to cause mayhem and constitute security risk to the nation.

The Federal Government should not in the guise of attracting Direct Foreign Investment bring criminal elements into the country. The current security situation in the country may not be completely divulge from some of the activities of these miners who take advantage of the liberty they enjoy to commit heinous crimes that endangers the lives of the communities they operate. It is very imperative that Sub-national and the Communities that house these mineral resources should play a critical role that will help to checkmate the activities of miners. The Federal Government should redesign a workable framework that will give the sub-national and host community more opportunity and confidence in the entire process. According to reports increased competition among miners is creating tension in the communities and their activities have become a security threat; they are now living in fear, not knowing what to expect and unsure of the future and their safety. This has once again brought to the fore the unorganized state of mineral resources mining in the country and the attendant problems associated with it. As the Zamfara nightmare has shown, illegal mining inevitably conflates with violent crimes such as banditry and terrorism.

Nigeria is endowed with many types of minerals, including crude oil, gas, bitumen, marble, gypsum, lithium, silver, granite, gold, gemstones, bentonite, iron ore and talc. Spread over all the 36 states of the federation and the Federal Capital Territory, 44 mineral types have been identified and prepared for commercial exploitation by the Federal Ministry of Solid Minerals Development. Some states have abundant and diversified mineral types, enough to sustain them financially and wean them from the ruinous dependency on federal allocation. But they remain largely untapped, while the few being exploited are in the hands of non-state actors, with little or no benefits accruing to the government or the people. Nigeria's mining sector is underdeveloped, contributing only 0.3 per cent to Gross Domestic Product. This forces the country to import many minerals that it could produce domestically. The National Bureau of Statistics says mining's contribution to GDP increased to N1.38 billion in the third quarter of 2021, from N1.23 billion in Q2. Conversely, in Australia, despite the overall economy contracting, the mining industry's GDP increased by 4.9 per cent in 2019-20 and totaled \$202 billion. Mining is Australia's largest industry with a 10.4 per cent share of the economy. At the peak of natural resource extraction and favourable commodity prices, South Africa's mining industry contributed 22 per cent to the country's GDP and employed over 760,000 people.

The huge prospects of mining in Nigeria are undermined by official negligence, and criminals, who profiteer from the sector at the expense of vulnerable populations. They should be stopped. Collusion between politically connected Nigerians and foreign nationals deepens illegal mining, fuels rural banditry and violent local conflicts, especially in the North-West, North-Central, and lately, creeping into the South-West. The mining industry also throws up the inherent contradictions in Nigeria's pseudo-federalism. While the constitution vests ownership of all mineral resources in the Federal Government

to the exclusion of state governments, the same basic law vests custody of land in the state governors. The absurdity inhibits fiscal federalism and impoverishes the sub-national governments. Exploitation and exploration of solid minerals are governed by the Nigerian Minerals and Mining Act, 2007, and the Nigerian Minerals and Mining Regulation, 2011. These give the Federal Government ownership and exclusive control over all mineral resources in the country, including the mining process.

This contradiction results in a lack of clear policies and in frequent policy reversals. For instance, a former Minister of Mines and Steel Development, Kayode Fayemi, had stated in December 2016 that the Federal Government had given approval for the implementation of the constitutionally guaranteed 13 per cent derivation from mineral revenues to deserving states. He said this would encourage beneficial participation of state governments in natural resources governance, and that the central government was working closely to build the capacity of state governments to structure special purpose vehicles to participate in mining in their jurisdictions.

There has been calls to amend the exclusive list in the constitution to allow states have participatory roles in mining, but the FG had always dismissed this, saying doing so would amount to "selfishness" and detrimental to the country's economic system emphasizing that such reasoning and policy reversal are retrogressive and out of step with the practice in other federations. To derive maximum benefits from its natural endowments, the government must ensure true fiscal federalism, block revenue leakages, and align scarce human and financial resources to priority projects. It should actively monitor mining activities to outlaw illegal levies on legitimate miners. Nigeria's mining roadmap unveiled in 2016 targets raising its contribution to GDP to 3.0 per cent or \$27 billion by 2025 from the measly \$256 million it contributed in 2020. The government needs to pursue its realization with vigour as well as its planned integration of artisanal miners.

The states should exploit the federal policy permitting them to set up companies, in partnership with domestic and foreign partners, to exploit the minerals in their respective jurisdictions. Using the Land Use Act, they should checkmate traditional rulers and land speculators alleged to be selling communal land to illegal miners. There is also the need to improve the security at the mines and stop illegal operators and their promoters. The law must be strictly applied to deal with those engaged in unauthorized mining, be they Nigerians or foreigners. The government should promote a policy formalizing the activities of artisanal miners, improve mining infrastructure requirements by promoting public-private partnerships. Ghana has a novel programme of legitimizing artisanal miners under its mining sector roadmap under which it trained 3,000 small miners in 2018. There should be strict regulation in safety measures to meet international standards, to protect the health of miners, the communities, and the environment.