



THE STATE OF EXTRACTIVE INDUSTRIES IN NIGERIA

PENGASSAN PERSPECTIVES



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Introduction

Nigeria is endowed with vast reserves of solid minerals, including, but not limited to, precious and base minerals, industrial minerals, energy minerals and metals. The country was a major exporter of tin, columbite and coal in the 1960s to early 1970s. However, activities in this sector began to nose-dive considerably by the mid-1970s due to a number of political and economic factors, especially the significant focus on crude oil production as a major source of foreign exchange for the country.

The Oil and gas sector however dominate the extractive segment in Nigeria, and the country holds twenty nine percent of Africa's proven oil reserves. Most of the oil and gas activities are found in the Niger Delta which is the southern part of the country. Nigeria is richly endowed with various types of mineral resources and presently, there are over thirty-four mineral finds in commercial quantity spread across the entire country. Some key mineral resources include gold, coal, bitumen, iron ore, tantalite/columbite, lead/zinc sulphides, barytes, cassiterite, gemstones, talc, feldspar, and marble.

The State of Extractive Industries in Nigeria

The nation's extractive industry is made up of mainly the ones that are involved with the Oil and Gas sector including those in the Mines – the coal, iron ore, tin and others.

They are mainly Public sector dominated and as a result receive much governmental interventions in their operations. When such behemoths as NNPC, Shell, Exxon Mobil, Iron mining Itakpe etc are mentioned, we are talking about companies in the Extractive Industry.

The mining of minerals in Nigeria accounts for only 0.3% of its GDP, due to the influence of its vast oil and gas resources. The domestic mining industry is

underdeveloped, leading to Nigeria having to import minerals that it could produce domestically, such as salt or iron ore. Rights to ownership of mineral resources is held by the Federal government of Nigeria, which grants titles to organizations to explore, mine, and sell mineral resources. Organized mining began in 1903 when the Mineral Survey of the Northern Protectorates was created by the British colonial government. A year later, the Mineral Survey of the Southern Protectorates was founded. By the 1940s, Nigeria was a major producer of tin, columbite, and coal. The discovery of oil in 1956 hurt the mineral extraction industries, as government and industry both began to focus on this new resource. The Nigerian Civil War in the late 1960s led many expatriate mining experts to leave the country. Mining regulation is handled by the Ministry of Solid Minerals Development, which oversees the management of all mineral resources. Mining law is codified in the Federal Minerals and Mining Act of 1999. Historically, Nigeria's mining industry was monopolized by state-owned public corporations. This led to a decline in productivity in almost all mineral industries. The Obasanjo administration began a process of selling off government-owned corporations to private investors in 1999.

Nigeria's mining sector can be categorized according to the key activities in the sector as follows: exploration and mining (upstream), processing and beneficiation (mid- stream), and marketing and transportation (downstream).

Only the upstream and downstream subsectors are currently active. The Government plans to implement some initiatives to enliven the mid-stream subsector. For example, there are plans to bolster production and beneficiation of industrial and ferrous minerals by initiating policies that stipulate minimum local content threshold for the utilization of these minerals by various industries/ sectors. Whilst the downstream subsector is dominated by individuals and indigenous companies, the upstream subsector is dominated by small scale/artisanal miners, and local integrated manufacturing companies (for example, cement manufacturers that extract limestone for use). Also, a few

junior mining companies have executed joint venture arrangements with indigenous companies for mining operations.

As at December 2016, a total of 2,395 companies and individuals were licenced to operate in the upstream subsector.

The Nigerian Minerals and Mining Act is the principal legislation that regulates the sector. The Act vests the control, regulation and ownership of all mineral resources in the Federal Government of Nigeria (FGN). The Minerals and Mining Regulations and the National Minerals and Metals Policy also govern the sector. The Ministry of Mines and Steel Development (“MMSD” or “the Ministry”) oversees the mining sector in Nigeria, and administers the provisions of the Nigerian Minerals and Mining Act.

The Ministry is supported in performing its functions by the following statutory departments

1. Mines Inspectorate Department
2. Mines Environment and Compliance
3. Mining Cadastre Office
4. Artisanal and Small-scale Mining Department.

The Ministry plans to set-up a super regulatory agency that would combine the key functions of the above departments, which will be independent and self-funding.

In executing its mandate, some of the key challenges facing the Ministry and the sector include, but not limited to the following:

➤ Limited geoscience data and information

Most of the available geological / geoscience data are outdated. This affects the credibility of the resource information, and has impacted the bankability of mining projects. To address this challenge, the Nigerian Geological Survey Agency (NGSA) has conducted a high resolution airborne geophysical survey of the country, and is collating information on the location and quantity of available minerals for easy accessibility.

➤ Infrastructure development

A major challenge to the development of the sector is the infrastructural imbalance within Nigeria, particularly adequate electricity supply, and access roads to sites of mineral deposits.

➤ Security

A number of the mineral rich communities in the Northern region of Nigeria have now been liberated from the occupation of the terrorist group – Boko Haram. However, a number of communal and religious conflicts occur intermittently in the mid-belt region of Nigeria, which is known to be rich in minerals and metals. However, the Ministry is doing its best in strengthening the operations of the Mines Surveillance Task Team to tackle the challenges of illegal mining. Security concerns are, of the magnitude that could discourage investors in the Nigerian mining sector.

➤ Illegal mining and community challenges

There are pockets of Illegal mining activities in some of the regions, with attendant risks and community challenges. However, with the enactment of the Mining Act, foreign investors with the necessary permits and licences are guaranteed unfettered operation of their legitimate business in the country. Furthermore, the Ministry is putting in place a framework for a single point of engagement with host communities, involving the respective state governments. The Ministry is also working with State Governors to revive the Mineral

Resources and Environment Management Committee (MIREMCO) a statutory body provided for in the Nigerian Minerals and Mining Act, to enhance governance of the sector.

➤ Project funding:

Due to the long period of inactivity and the slow implementation of the Federal Government's reform agenda in the sector, multinational corporations have been reluctant to fund major mining projects in the country.

However, as stated earlier, the Ministry has been able to obtain a N30 billion intervention fund from the Natural Resources Development Fund (NRDF), and additional funding from International Development Partners through the World Bank. While the funds from the NRDF will be utilized for exploration and research, geosciences data generation, improved mines field security, etc.; the funds from the International Development Partners will be used to promote the development of select mineral exploration projects as part of the Nigeria Mineral Sector Support for Economic Diversification Project.

➤ Lack of robust fiscal framework

The existing fiscal framework for investors in the mining sector is not friendly enough and does not consider the peculiar nature of the sector, particularly, its long gestation period. Therefore, Nigeria will need to revisit the entire fiscal framework for the taxation of mining operation, in order to attract mining majors and foreign investors.

Challenges Facing the Extraction industries in Nigeria in terms of Unionisation and Working Conditions

Trade Unions play active roles in the extractive industry in Nigeria. The Niger Delta has been a center of protests due to the activities of oil multinational corporations (OMNCs) and the inactions of governmental agencies. Trade Unions and many communities have been at the forefront of promoting the interests of

the people of the Niger Delta. Recently, these activities of trade unions have impacted on the regulatory framework in the extractive sector in Nigeria.

Arguably, unions in Nigeria play vital roles in information gathering in Nigeria's extractive sector. Williams et al states that information gathering entails the "provision for information-gathering, producing knowledge and enabling actors to judge levels of risks. Unions engage in information gathering activities in the regulation process by reporting on the industry, acting as watch dogs over government activities and engaging in auditing or monitoring of government activities, among other activities.

There is a plethora of publications commissioned by labour centers on Nigeria's oil industry (including in-house reports, discussion papers, briefings, books, newspaper articles, etc.) that provide valuable insights into an erstwhile opaque industry tainted with corruption. A good example is the 2012 "subsidy saga" wherein the federal government announced the removal of subsidies on petroleum products thereby driving petrol prices up from N65 to N141 per litre. This led to the increase in the prices of goods and services including basic necessities such as food, rent, transport and electricity.

The federal government made the announcement on 1 January 2012 even when consultations with labour centers on the issue were ongoing. There are two important things to glean from the above. First is that the government deemed it pertinent to engage with civil society and labour thereby highlighting recognition of the role that they play in information gathering and dissemination. Here, the protests were mainly organised online and via the use of social media and mobile phones. Also, protests took place within and outside Nigerian borders. Second is that it was also an acknowledgment that trade unions wield influence over the populace.

With regards to the role of unions acting as watchdogs of the oil industry and other extraction industries, a good example is its involvement in the Nigerian Extractive Industries Transparency Initiative (NEITI). Nigeria signed up to the EITI initiative in 2003 as part of the economic reforms under the Obasanjo

administration. Thus, the NEITI have always engaged Civil Societies and trade unions in its activities as a means of improving transparency and opening the process to the Nigerian public. This deliberate strategy of NEITI's involvement with NGOs can be traced to the onset of the EITI implementation or localisation in Nigeria, where a coalition of Civil societies led by Publish What You Pay, through its various activities, sensitised the Nigerian public on the inherent benefits accruing from the implementation of the EITI to the extractive companies, government and the public.

Furthermore, a host of other unions have been active in the EITI localisation by providing input and the NIETI board (management) have provided training and support to enhance the capacity of trade unions effective participation in the NEITI in Nigeria. The EITI "is a global coalition of governments, companies and civil society working together to improve openness and accountable management of revenues from natural resources". The NEITI Act that aims to promote and ensure due process in the payments made by extractive companies to the coffers of the federal government of Nigeria is one of the few laws regulating Nigeria's oil and gas industry that expressly provides for the participation of unions in its activities.

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SUBMISSION OF THE ENGLISH SPEAKING GROUP AT THE WORKSHOP

Date: October 24, 2018

After extensive deliberations, the group resolved to adopt the following strategies towards achieving the goals of **AMV** and **ECOWAS** Policy;

ON AMV;

1. Advocacy; Improve knowledge on the existence and availability of mining products within a locality through the effective use of the media, labour unions and civil societies organisations (CSO), ministry and other government agencies and stakeholders in the sector.
2. Data collection and tracking of the minerals deposits within a location.
3. Networking and linkages which OTUWA should champion. ie Tripartite meetings
4. Set up Technical/Steering committee. With the inclusion of Miners Association and host communities
5. Capacity building of trade union members, media, CSOs and Miners

ON ECOWAS POLICY

Strategies for Trade Unions and Civil Society Organizations' Involvement in the Implementation of the ECOWAS Mineral Development Policy.

1. Advocacy/sensitization
2. Lobbying
3. Advocacy for domestication of AMVDP in all member states
4. Resource mobilization,
 - funding for the activities of trade unions
 - Develop proposal
 - write letter of intent
5. Host a donor meeting AMV and EMDP implementation.

Note; strategies are applicable to both scenarios

