

Solid Minerals in the Extractive Industries and Transparency The Broader Context

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Extractive Industry Challenge

- Resource Imbalance – Poor rich countries
- Conflicts – Sierra Leone, Liberia, Angola
- Murky Revenue arrangement s–
- Poor Benefit Streams - Peru
- Non-systemic Corporate Social responsibly - Peru
- Sustainable Development – India,

Key Responses

- Mining and Sustainable Development Project
- World Bank – Extractive Industry Review(Salim Report)
- Kimberley Process
- ICCM

Resources Imbalance

- Social License
- Little connection between the Resource Extractors and Resource Dependents
- Inadequate attention to poverty issues

Solid Mineral Development and Transparency

- Development for Whom?
- Who is the larger good
- Economic Growth – Wealth creation,
Generates Knowledge for social advancement
- Addresses Poverty – Responsive to the needs
of informal miners
- Sustainable Development – supports inter
generational equity

Mining Companies Basis for Investment

- Enabling environment
- Legal framework
- Favourable tax regime
- Adequate data and information?

Developments in Nigeria

- Ancien Regime
 - Opaque Licensing procedures leading to speculative holding of mineral titles
 - Low revenue generating capability
 - Prevalence of illegal & artisanal Miners
 - Conflict between Federal/State governments over ownership of mineral rights
 - Existence of too much discretion per 1999 Mineral & Mining Act, which was also not private sector friendly
 - Lack of geological information and data
 - Government role continued as operator in the sector through the activities of the NMC and NCC

Developments in Nigeria

Current Regime

- Reform
- Clear Roles of Government
- New Policy
- New Legislation
- New Institutions
- Closure of Moribund Institutions

New Policy on Solid Mineral Development

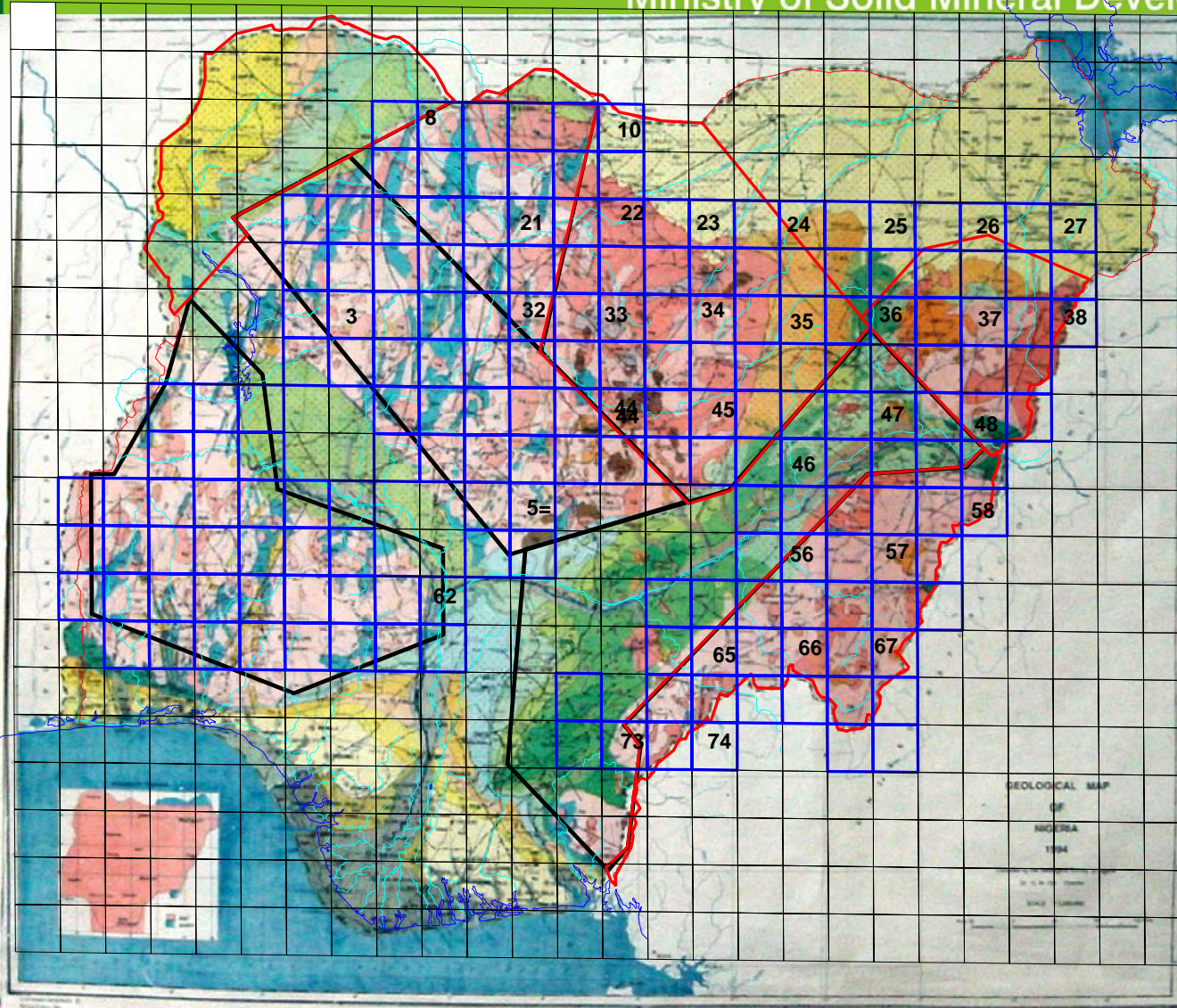
- **Ownership and Management of mineral rights**
- **Legislative framework**
- **Fiscal policy**
- **Small scale mining**
- **Adding value to Nigeria's mineral endowment**
- **Geoscience information dissemination**
- **Beneficiation**
- **Environmental management**

Government versus Private Sector Roles

- Government
 - Owner - Receive Benefits without future liabilities
 - Administrator - Provide and maintain the rules
- Private Sector
 - Operator – Develop the resource
 - Manager – Maintain and pay fees/royalty/taxes

Interface with the Public

- Information Generation and Dissemination
- Licensing
- Regulation Enforcement
- Revenue Collection



Sources of Revenue in Solid Minerals

- Licensing Reconnaissance Permit, Exploration License
 - 3, 823,200 Cadastre Units
 - 7.65 billion Naira i.e 57.5 million dollars if every inch was covered
 - .57 million dollars for 1% coverage
- Royalty 3-5%
- Company Taxes
- VAT

Thank You

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