

NATIONAL DRIVE TOWARDS A SUCCESSFUL MINING SECTOR IN NIGERIA IN THE 21ST CENTURY: CHALLENGES AND THE WAY FORWARD

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Abstract

This paper tried to examine the various ways the Nigerian government can use to explore a successful and sustainable mining sector in the 21st century. This is because in 2105, the world experienced a market crash in crude oil, including Nigeria. Today, all indications shows that countries are now planning on less dependency on the use of fossil fuel because of environmental issues, especially the climate change challenges. This paper therefore tried to examine how oil rich nations like Nigeria which have a long history of oil dependence to sustain its 36 states of the federation should start drawing up strategies of diversifying their economies from crude oil. In this direction, the paper tried to examine how the mining sector is a major alternative to help the country come out of economic recession. This is because with over forty minerals found across Nigeria, the country has great potential to generate wealth and jobs from the mining sector.

Keywords: Nigeria's over dependence on crude oil money, crash in oil price, economic recession, diversification of the economy, exploring the mining sector for wealth and jobs creation.

Africa is blessed with abundance of natural resources. That was why European powers scrambled for territories in Africa during the scramble and partition of Africa. The aim of Otto Von Bismarck, the German Chancellor, for holding the Berlin Conference of 1884 – 1885 was to ensure that they do not disgrace themselves by fighting each other over natural resources in the African soil. For example, Nigeria is estimated to have the second largest deposit of bitumen in the world. Spanning over 120km across Lagos, Ogun, that of coal is estimated at 2.7 billion metric tons, while iron ore, limestone and lead are 10 billion, 3 trillion and 5 million metric tons respectively. Nigeria has at least 40 other minerals with varying estimates of resources, out of which government is concentrating on developing seven priority minerals namely coal, lead zinc, iron ore, gold, bitumen, barite and limestone (Fayemi, 2017)

The reality of our Nigerian situation since independence is that these minerals have co-existed with us untapped as well as majority of Nigerians facing abject poverty, inequality, conflict and environmental degradation. A paradox of relative deprivation whereby a people like us have plenty of mineral resources but yet the citizenry are poor. In the untapped mining sector of Nigeria this paradox has been the subject of scholarly interrogation, debate and analysis over the years.

The challenges before successive administrations of the Nigerian government and this study, therefore, have been how to turn the tides and make our resources work optimally for us. For example, the Buhari administration has entreated that one of its policy priorities is to reposition the mining sector to place a more prominent role in addressing key national challenges. The objective is to grow the sector's contribution to GDP as part of a broader agenda to diversify government's revenue sources and address our historical dependence on crude oil and gas from the rich oil Niger Delta region of Nigeria. This paper tried to examine the various ways the mining sector could be explored to create jobs opportunities available to Nigerians. This paper also tried to examine the state of the Nigerian mining sector. How have the government, the Ministry of Mines and Steel Development developed the mining sector with the mandate given to them.

The Need for Developing a Prosperous Mining Sector in Nigeria in the 21st Century

Since the discovery of crude oil in the oil rich Niger Delta region in 1958, till today, the country has witnessed a long historical dependence on crude oil as the only source of generating revenue to sustain the 36 states of the federation. This attitude has label Nigeria as a “mono-cultural oil economy” that solely depends on crude oil money for budget implementation, because of cheap and easy crude oil money from the Niger Delta region.

Nigeria has neglected other key sectors of the economy like agriculture, manufacturing, and mining. Unfortunately as the crude oil prices has fallen in the

world market and militants continues the bombing of oil facilities in the Niger Delta region. This made the crude oil output production to reduce. More so, the reduction in crude oil price has made the Nigerian economy to slide into economic recession.

Today, the Federal Government finds it difficult to implement its budget and the 36 states of the federation finds it difficult to pay workers salary because of over dependence of crude oil money that is experiencing fall in its prices.

The challenge before Nigerians and successive administrations, therefore, has been the need to diversify our economy into other alternative sources of generating income, such as, mining, agriculture and the manufacturing sector. This will turn the tides and make our resources work optimally for us. The Buhari's administration has set a road map towards a national drive to reposition the mining sector to play a vital economic role in addressing the unemployment problem in Nigeria. The objective of the government is to grow a prosperous mining sector that would contribute to increase the GDP as part of a broader agenda to diversity government's revenue sources and to address Nigeria's over dependence on crude oil.

The mining sector is been explore to create jobs and increase the range of economic opportunities available to Nigerians. This paper tried to examine the state of the Nigerian mining sector and to proffer better strategies to boost the Nigerian economy.

According to Rotimi (2017) commenting on the "road map for the growth and development of the Nigerian mining sector", which was approved by the Federal Executive Council on August 31, 2016, Fayemi (2017) clarified that this was not yet another policy document produced for the sake of it, especially since a previous road map was produced as recently as 2012. The road map is carefully developed document that synthesis critical elements from all existing legal and policy instruments regulating the mining sector into actionable goals and strategies, with definite targets over short, medium and long term. It builds on and seeks to address grey areas in such policy instruments as the Nigerian Mining and Minerals Act, 2007; National Minerals and Metal Policy, 2008; Nigerian Minerals and Mining Regulation, 2011; as well as the 2012 road map. The attention paid to ensuring continuity in policy direction, as well as the inclusive process of broad consultation that guided the development of the road map, has augured well for its acceptability and the restoration of the confidence of investors and other stakeholders in the sector. This is significant considering that the sector requires a great deal of consensus building and collaboration in tackling the challenges of the sector. It is important to note that a positive road map for developing a prosperous mining sector will record considerable achievements for Nigeria's business world view and entrepreneurs.

According to Eze (2017) it is in the need of developing a prosperous mining sector in Nigeria in the 21st century that the Federal Government inaugurated the board of the Solid Minerals Development Fund (SMED), charging it to actualize the Buhari administrations target of fixing the nation's mining industry to become a key

contributor to achieving national goals of diversifying the sovereign revenue base and creating jobs. The Minister of Mines and Steel Development, Fayemi (2017) opined that the first quarterly 2017 gross domestic product report released by the National Bureau of Statistics showed that “coal mining, metal ores, and quarrying and other metals grew strongly by 2.03 percent, 40.79 percent and 52.54 percent, respectively”, which was indicative that the mining sector had continued to justify the priority given to it by the Federal Government.

To generate more employment and revenue for Nigeria a lot more ground was yet to be covered in the mining sector. This is also to meet the need of Economic Recovery and Growth Plan (2017-2020) of the Federal Government; which projected that the minerals and metals sector being one of those to drive Nigeria’s economy; would grow sectoral contribution to Gross Domestic product (GDP) from N103 billion (2015) to N141 billion in 2020, at an average annual growth rate of 8.54 percent.

Fayemi (2017) tasked the Board of the Solid Minerals Development Fund (SMDF) to continue with the processes already initiated to raise \$600 million from the Sovereign Wealth Fund (SWF) as well as establish solid minerals funds in the Nigerian Stock Exchange. Likewise, the Chairman of the (SMDF), Uba Malami opined that they would be innovative and ingenious while working assiduously to mobilize funds to grow the mining sector.

Contemporary Nigeria’s Mining Road Map

The Buhari administration has come under public scrutiny since Nigeria slipped into recession in the second quarter of 2016. The country slide through what is perhaps the toughest down turn in its economic history in three decades. As a result of its long history of over dependence on crude oil to sustain the 36 states from the rich oil Niger Delta region. This made the Buhari administration to introduce the diversification of the economy policy to other key sectors of the economy beyond crude oil, to real sectors, such as, agriculture, manufacturing and mining. In line with the vaunted economy recovery and diversification agenda, great attention is given to mining sector in this paper; as it examines Nigeria’s mining road map and records of achievements in line with the diversification plan of the Buhari administration and other regimes.

According to Fayemi (2017) today in Nigeria the country’s neglected solid mineral resources is awarded a total budget of N23.27 billion with capital expenditure at N12.89 billion. The Ministry of Mines and Steel Development intends to step up surveillance of mines as well as carry out, assessment with a view to living the right information to lure foreign investors. It plans to spend N10 million surveying abandoned mine sites, N528, million on purchase of field vehicles, and N687 million on buying equipment, government intends to spend N178 million on reclamation of abandoned mine sites, N658 million on core drilling of Mambilla Plateau, N168

million on media campaign/documentary on mineral investment opportunities, 255 million for technical capacity building and N295 million on IT automation. While government hopes to curb artisanal mining, liberation of the sector and fresh incentives for big time operations is already attracting the attention of investors both local and foreign.

In line with the road map of diversification of the economy to the mining sector, Fayemi (2017) pointed out that the Ministry of Mines and Steel Development intends to collaborate with the private sector to effectively utilize much of the funds in the 2017 budget to make the Nigerian mining sector more competitive in global mining space.

According to Onwuamaeze (2017) the recent approval of a new road map for the growth and development of the nation's mining sector, and the renaming of the Federal Ministry of Solid Minerals by the Federal Executive Council marks a new dawn for Nigeria's solid mineral development. The ministry will now be known as Federal Ministry of Mines and Steel Development. It is projected that the road map would enable the nation to increase earning from solid minerals from mere N2 billion in 2013 to N27 billion in 2025. Another achievement to the new road map for mining sector is government's determination to satisfy investor's demand for the establishment of an independence regulatory agency and halt the era when the ministry used to be the facilitator and regulator. The road map would also create a partnership between the Federal and State Government to address persistent conflict between the Federal Ministry of Mines and Steel Development and states' Ministries of Mines. The road map will also enable the ministry to install automated device that would enable investors verify the quality, type and locations of various minerals available in Nigeria. that is the reason Fayemi (2017) is negotiating with the Nigerian Sovereign Investment Authority (NSIA), managers of the nation's sovereign wealth fund, to support a long term development plan for the country's mining sector with a N500 million investment fund. Furthermore, the World Bank has indicated its willingness to provide funding to help the sectors transactional activities.

According to Sani Shehu (2017). President, Miners Association of Nigeria, (MAN), the mining sector is expected to boost the economy through the exploration of industrial minerals; this would overcome the challenge whereby the country relied on the importation of industrial mineral the Nigerian economy would change if adequate fund is allocated to the mining sector.

As Shehu (2017) pointed out statistics from the Federal Ministry of Mines and Steel Development shows that about 44 minerals have be discovered across the 36 states. For instance, over 40 million tonnes deposits of talc have been identified in Niger, Ogun, Kogi, Ogun, and Kaduna States. The Raw Materials Research and Development Council's (RMRDC's) reveals that about 3,000 tonnes per annum catalytic plant is the only talc plant in the country. The talc industry represents one of

the most versatile sectors of the industrial minerals of the world. The exploitation of the vast deposits would therefore satisfy both local demand and export.

Another industrial mineral the country has in large quantity is gypsum. About one billion tonnes of gypsum deposits are spread over many states. It is an important component for the production of cement. It is also used for the production of Plaster of Paris (P.O.P) and classroom chalks. All that is needed for its optimal exploration is the replication of the strategy for large scale mining in the cement industries to sustain the existing plant and meet the future expansion, (Onwuameze, 2017).

Nigeria also has over 3 million metric tones of iron ore deposits in Kogi, Enugu, and Niger States as well as the Federal Capital Territory. Iron ore is mined at Itakpe in Kogi State. The Aladja and Ajaokuta Steel complex are ready for consumers of billets and other iron products for down-stream industries. Nigeria is also blessed with lead, zinc, barite, gold, coal, bitumen, rock and salt. Fayemi (2017) aptly believes that the mining sector of the Nigerian economy could fetch the country N5 trillion revenue annually. Mining sector can contribute to the growth of the nation's Gross Domestic product (GDP) and enable the country come out of recession and be on the path of sustainable growth and development.

Challenges Facing the Mining Sector in Nigeria

Since independence little attention has so far been given to solid mineral development in Nigeria, whereas Nigeria is endowed and blessed across the 36 states of the federation. At least two major mineral endowments are found in each state of the federation; which can make its people viable and sustainable, if properly developed. Among others are, gold, diamond, uranium, platinum, zinc, salt, lead, silver, iron-ore, limestone, coal and tin are richly adorn the underground chambers of our great country. However, lack of reliable data on their degree of availability, distribution, quantity and level of exploitation constitute a major challenge till date.

There have been also calls for the urgent need to remove or liberalize mining development rights from the exclusive list of the Federal Government, so that states and private entities can be licensed to operate. The inability to amend this provision has made it increasingly easy for illegal miners to virtually take over the business, at government's loss. It is not enough to create the ministry of solid minerals without creating the enabling environment for it to live up to expectation, neither does it make sense to make policy statements that cannot be backed up by actions.

Nigeria's mining sector over the years has been untapped while the people continue to suffer relative deprivation in the mist of plenty. Majority of Nigerian youths are unemployed, poor and hungry, whereas the mining sector remains untapped and underdeveloped.

Obnoxious laws in Nigeria do not allow states and private individuals to explore their mineral resources. Whereas many states find it difficult to pay workers

salary because of over dependence on the dwindling crude oil money from the Niger Delta area.

Today, as Nigeria has entered into recession professional miners are almost exhausted to tap the mining sector. Over the years, Federal and State Governments policy inconsistently has been a bane to the mining sector development and growth. It is true that when policies to explore our mines are not well thought out and implemented the growth and development of the next generation as at stake.

A critical look at the mining sector over the years depicts that of rot, decay and infrastructural deficiency. A good example is the Enugu Coal Mine. After the colonial master establishment it and manage it well to serve their self-fish interest. Our past colonial regimes have left the Enugu coal mine to rot till today. These are some of the challenges facing the mining sector in Nigeria in the 21st century.

Other challenges facing the mining sector in Nigeria over the years has been the problem of insufficient funding, lack of human and material resources to explore the mining sector. Likewise absence of infrastructural facilities like lack of good roads, lack of water supply, epileptic power supply and lack of information and communication technology and other tools of trade are hindrances to government diversification to the mining sector. Moreso, high cost of acquiring modern mining machines, raw materials, among others are big challenges to the mining sector.

Furthermore, other challenges facing the mining sector in Nigeria are inadequate working capital, for example, lack of fund to start a mining factory. Banks are reluctant to give loans to intending miners because they lack collateral security. Moreso, banks charge high interest rate, sometime, as high as 21 percent. Moreso, Nigerians are not well mentored and guided by banks and government financial institutions.

Other challenges facing the mining sector in Nigeria are the problem of low standard of education. The school, universities, and industrial training centres are not well funded and equipped with the mining skills of modern times. Our educational system is more theoretical than practical to provide skillful miners. More so, government policies, high and double taxation, difficulties of the ease of doing business and the problem of corruption are some of the challenges of the mining sector in Nigeria in the 21st century.

The Way Forward and Strategies to Curb the Challenges Facing the Mining Sector in Nigeria

The following strategies would go a long way to curb the challenges facing the mining sector in Nigeria in the 21st century.

1. The Federal Government should encourage State Governments to explore areas of mining in their state. For example, the Enugu State Government has expressed its willingness to establish a viable partnership with a South African firm Simang Group as its technical partners towards the exploration of the local deposits in

the state for purpose of power generation. States exploration of the coal mining sector was in line with the power sector reforms initiative of president Buhari aimed at developing alternative and more viable sources of power generation in the country and the action of exploring coal in the state was in respond to the goals for discovery and development of new sources of revenue as a result of the negative development in the oil sector. It is important to note that the coal fields of Enugu State will once again play a major role in the socio-economic development of the state and the country. Exploring the Enugu State coal field will boost industrial growth and generate employment for Enugu State and the Eastern region in general.

2. Another strategy to curb the challenges facing the mining sector in Nigeria is for the Federal Government and the Ministry of Mines and Steel Development to revoke all the dormant licenses or leases to the mining fields in the states and re-award them to State Governments to operate.

3. The Federal Government should open-up resource control fronts in the 36 states of the federation, so that they can truly practice true federation, to enable each state of the federation to explore optimally the resources God has given to them and pay tax to the Federal Government at the center. This can be achieved through the removal of obnoxious laws that are barriers to resource control such as the Land Use act.

4. The Federal Government should explore reliable data on the available distribution, quality and the level of exploration of the mining sector across the 36 states of the federation. So that proper usage and exploration is applied on the mining sector in Nigeria. This will also help to check the activity of illegal miners in the country.

5. The Federal Government should provide sufficient funding to miners to enhance the growth and development of the mining sector in Nigeria.

6. The Federal Government should also provide infrastructural facilities, sea ports and easy rail ways and airports to enhance the development of mining sector in the country.

7. The Federal Government should encourage financial institutions to assist miners in Nigeria to achieve their goals. Since modern machines for mining are expensive.

8. Miners in Nigeria should be well mentored by financial institutions and association of miners in Nigeria by providing miners seminars and conferences to enhance their knowledge and skills on the mining innovations.

9. Government should open-up more industrial training centres in Nigeria to introduce modern mining technology to indigenous miners.

Conclusion

Nigeria needs a comprehensive special report on National Mining Summit. A mining road map that will address grey areas in the industry. So that the mining sector will begin to record considerable achievements. It is important to note that today in Nigeria solid mineral is recognized to be a viable alternative to oil, although the industry in Nigeria is almost starting from the scratch because presently its contribution to the nations GDP is about 0.3 percent compared to the 5 percent it recorded in the 60s.

The Federal Government needs to create a stable investor friendly environment in order to position the mining sector to compete globally. The government should partner with the private sectors in scaling-up the mining sector for sustainable economic growth. With over 40 minerals found across Nigeria, the country has great potential to generate wealth and jobs from the mining sector.

Recommendations

This paper has come forth with the following recommendations to enhance the growth and development of the mining sector in Nigeria.

1. The Federal Government and the Ministry of Mines and Steel Development with the private sectors and international economic organizations, such as, the United Nations Industrial Development Organization (UNIDO), African Development Bank (AFDB), Deloitte, Coming West Africa, Dangote cement etc, to enable Nigeria unearth her mineral resources.

2. With the right technologies to extract and process, Nigeria can take advantage of her mineral resources to become not only a regional mining giant but set up a robust and modern national quality infrastructure for the sector. This will profile the country to become a major exporter of processed mineral products.

3. The Federal Government needs to position the mining sector to compete globally. The sector has to be streamlined as a major sector of important revenues it has to be formalized and applied to modern technologies to upgrade productivity, which is still mainly dominated by artisanal and small scale initiatives.

4. The Federal Government needs continuous close relationship with the key players and progressive monitoring of the mining sector. This can be achieved by

coordinating the miner groups into cooperatives to make it easier for the miners to access government tax incentives, training, finance, etc.

5. Government should promote ease of doing business; unnecessary taxation must be eliminated while prices of licenses and permits should be considerably affordable. Government should encourage investors because mining is a capital intensive sector with associated infrastructures and expensive machineries to run the business.

6. The national drive to diversify the economy of Nigeria beyond crude oil dependence to agriculture, manufacturing and mining is a welcome development in the 21st century.

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