THE PRESIDENCY

NEITI

Nigeria
Extractive
Industries
Transparency
Initiative

2022

SOLID MINERALS INDUSTRY REPORT

TABLE OF CONTENTS

TABLE OF CONTENTS 1

FORWARD 5

PREFACE 7

LIST OF ABBREVIATION 9

LIST OF TABLES 12

LIST OF FIGURES 14

LIST OF APPENDICES 15

EXECUTIVE SUMMARY 16

1. BACKGROUND 33

1.1. Introduction 33
1.1.1. Road Map of EITI Implementation in Nigeria 33
1.1.2. Effects of these changes on the report 34
1.1.3. Annual Reporting 37

1.2. Objectives and scope of the Audit 39
1.2.1. Objective of the audit 39
1.2.2. Scope of the Audit 41

1.3. Structure of the report 42

1.4. Audit Approach and Methodology 43

1.5. Materiality Threshold 43
1.5.1. Covered Entities 45
1.5.2. Non-complaint entities 47

1.6. Revenue Stream of covered Entities 49

1.7. Data Quality and Assurance 52

1.8. Findings and Recommendations 52

2. LEGAL AND INSTITUTIONAL FRAMEWORK 57

2.1. Institutional Framework 57

2.2. Legal Framework 58

2.3. Fiscal Regime 59
2.3.1. Annual Service Fee (ASF) 60
2.3.2. Royalty 60

2.4. Fiscal Incentives 60

2.5. Contracts 61

2.6. License Allocation 62
2.6.1. Procedure for Licence Allocation 63
2.6.2. Consolidation, Transfer and Revocation of Licenses 64
2.6. License Register 65
2.6. Buying Centre 66

2.7. Beneficial Ownership 69
2.8. Anti-corruption Policy 70
2.9. State Participation 72
2.10. Reforms in the Sector 72
2.11. Findings and Recommendations 75
3. MINING OPERATIONS IN NIGERIA 84
3.1. Exploration and Reserves 84
3.2. Mineral Exploration 85
3.3. Status Report on Strategic minerals 87
3.4. Proven Reserves of Strategic Mineral 87
3.5. Production Comparison of Seven (7) Strategic Minerals Between 2021 and 2022 88
3.6. Production 90
3.6.1. Production by Mineral Type 90
3.6.2. Production by Company 91
3.6.3. Production by States and Regions 94
3.6.4. Five-Year Production Trend 96
3.6.5. Export by Mineral Type 97
3.7. Export 98
3.7.2. Export by Company 100
3.7.1. Export by Destination 103
3.7.2. Export by mineral 104
3.7.3. Comparison of Exports Records from MID and NCS 104
3.7.4. Mineral Export in The Records of Nigeria Custom Service 106
3.7.5. Five Year Tend of Mineral Export 107
3.8. Artisanal and Small-Scale Mining 108
3.9. Energy Transition Plan (ETP) 109
3.9.1. Nigeria Energy Transition Plan 109
3.9.2. Key Objectives of Energy Transition Plan 110
3.9.3. Energy Transition Minerals 110
3.9.4. GHG Emissions 112
3.10. Finding and Recommendation 114
4. REVENUE COLLECTION AND RECONCILIATION 122
***4.1.* Reported Revenue Stream 122**
4.2. Unilateral Disclosure 123
4.3. Disaggregated Financial Flow 124
4.4. Total Revenue to the Sector 125
4.5. Distribution of Revenue from the Sector 126
4.6. Ten-Year Trend of Total Financial Flows 127
4.7. Reconciliation of Revenue Flows 128
4.8. Royalty and Other Levies Received by the Mines Inspectorate Department. 130

4.8.1. Royalty Payments disaggregated by mineral type 130
4.8.2. Royalty Payments disaggregated by companies 132
4.8.3. Royalty Payments disaggregated by State. 134

4.9. Annual Service Fee and Other Fees by the Mining Cadastre Office 136
4.9.1. MCO Liabilities 136

4.10. Federal Inland Revenue Service Taxes Receipt. 137

4.11. Five Year Trend Analysis of Revenue Paid to the Federation Account 137

4.12. Sale of State's Share of Production or Revenue Collected In-Kind 138

4.13. Infrastructure Provisions and Barter Arrangements 139

4.14. Transportation Revenues 139

4.15. Transactions with State-Owned Enterprises 139

4.16. Subnational and other Agencies Payments 139

4.17. Project Cost 140

4.18. Finding and Recommendation 142

5. REVENUE ALLOCATION 151

5.1. Distribution of Revenues 151

5.2. Subnational Transfers and Distribution. 152

5.3. Solid Minerals Development Fund 152
5.3.1. SMDF Development Operations 153

5.4. Revenue Management and Expenditure 153
5.4.1. Medium-Term Expenditure Framework (MTEF) 153

5.5. Finding and Recommendation 155

6. SOCIAL AND ENVIRONMENTAL EXPENDITURE 157

6.1. Social Expenditure 157

6.2. Quasi-Fiscal Expenditure 158

6.3. Contribution to the Economy 158
6.3.1. Contribution to GDP 159
6.3.2 Five-Year Trend 159
6.3.3 Contribution to Government Revenues 160
6.3.5 Contribution to Export 160
6.3.6. Five-Year Trend Analysis of Contribution to Export 161

6.4. Employment and Gender 162
6.4.1. Gender inclusiveness 163

6.5. Environmental Impact of Mining Operations in Nigeria 164

6.6. Legal and Administrative Framework of the Environment 165

6.7. Environmental Compliance Status of Covered Entities 167

6.8. Environmental Expenditure 168

6.9. Finding and Recommendation 170

7. OUTCOMES AND IMPACT *175*

7.1. Update on Remediation Actions on the 2023 EITI Validation Report **175**

7.2. Updates on Past Recommendations from NEITI 2021 and 2022 Solid Mineral Audit Report 180

7.3. Current Year Observations, Finding and Recommendations **183**

FORWARD

The Federal Government of Nigeria, under the leadership of President Ahmed Bola Tinubu, GCFR, remains committed to implementing the principles and standards of the global Extractive Industries Transparency Initiative (EITI) across the oil, gas, and mining sectors, with renewed priority attention on the solid minerals industry.

Recognizing this sector's transformative potential, we are working towards enhancing governance, optimizing resource management, and fostering a sustainable economic framework that would reposition the sector as an indispensable alternative to oil and gas for revenue generation.

To attain this goal, the FGN is targeting the following important measures using the NEITI/EITI framework:

1. Strengthening Regulatory Compliance and Industry Oversight.

This administration is openly committed to establishing a robust regulatory framework that aligns with EITI standards. To this end, we are focused on reinforcing compliance mechanisms to ensure that companies operating in the solid minerals sector adhere to Nigerian laws and international best practices that support investment inflow and business growth. This current Solid Minerals report reflects our efforts to identify compliance gaps and our resolve to enforce corrective actions to strengthen compliance and industry oversight.

2. Promoting Transparency in Revenue Flows, Contracts Transparency, and

Domestic Resource Mobilization Transparent revenue reporting is essential for building public trust, guiding investment decisions, and mobilizing domestic resources. This is why the FGN will continue to provide NEITI with adequate political and policy support in the discharge of its mandate.

Beyond this, the National Stakeholders Working Group (NSWG), which I chair, remains committed to working with companies and civil society towards the disclosure of all revenue streams derived from the solid minerals sector, including royalties, taxes, and fees, alongside contract details to promote openness. Such transparency will ensure that stakeholders and citizens alike have insight into the true value generated by the sector.

3. Addressing Environmental and Social Impact Concerns

The government prioritizes protecting communities impacted by mining activities. This policy highlights our dedication to mitigating environmental degradation and prioritizing sustainable practices, with an emphasis on community welfare and development. We are initiating programs to assess environmental risks and promote the adoption of best practices in environmental management.

4. Facilitating Economic Diversification and Job Creation

Nigeria's future depends on economic diversification, and the solid minerals sector plays a pivotal role in achieving this goal. This policy is directed at creating an enabling environment that attracts investment, encourages local content, fosters job creation, and reduces poverty. By empowering the sector to contribute meaningfully to economic growth, we aim to reduce reliance on oil and gas revenues and create a resilient, diversified economy.

5. Enhancing Stakeholder Engagement and Community Participation

Building a participatory governance framework is essential to achieving lasting reform in the solid minerals industry. This policy champions inclusive decision-making and continuous dialogue among government, civil society, and private sector stakeholders.

We are dedicated to promoting greater community involvement, ensuring that mining benefits extend to all levels of society.

6. Institutionalizing Data-Driven Policy Formulation

This administration places a strong emphasis on data-driven policies to guide sectoral reforms and enhance operational efficiency. We are committed to leveraging the data and insights from the 2023 Solid Minerals Industry Report to inform policy adjustments and strengthen sectoral planning. We encourage stakeholders to utilize this data to drive strategic interventions and foster informed public discourse.

This policy statement, embodied in NEITI's 2022/23 Solid Minerals Industry Report, underscores our commitment to reforming the sector and maximizing its value for all Nigerians. As we unveil this report, we reaffirm our commitment to transparency, accountability, and sustainable development in Nigeria's extractive industries. I, therefore, on behalf of the National Stakeholders Working Group, invite all in government, extractive companies, civil society, the media, academic institutions, and the general public to use this report as an important tool for knowledge and civic engagement.

Sen. George Akume, CON
Secretary to the Government of the Federation
Chair, NEITI National Stakeholders Working Group
30th October 2024

PREFACE

As Executive Secretary of the Nigeria Extractive Industries Transparency Initiative (NEITI), it is my privilege to present the 2023 Solid Minerals Industry Report. This report represents NEITI's

Steadfast, commitment to transparency, accountability, and responsible governance in Nigeria's extractive sectors, particularly in the solid minerals industry. In an era where economic diversification is paramount to Nigeria's stability and growth, the solid minerals sector stands as a vital pillar for reducing reliance on oil and gas especially at the age of energy transition to repositioning Nigeria on a sustainable development path.

The 2023 Solid Minerals Industry Report provides a detailed analysis of the sector's fiscal performance, operational data, governance structures, and its direct contributions to national revenue. Through rigorous auditing conducted by Haruna Yahaya & Co. (Chartered Accountants), this report underscores the progress and challenges encountered by the sector, highlighting key financial flows, compliance gaps, environmental and social impacts, and production outputs. It reveals that Nigeria's solid minerals sector contributed significantly to government revenues and demonstrated its potential as a source of wealth creation, job opportunities, and community development.

A core focus of this report is the alignment of Nigeria's solid minerals industry with the principles and standards of the global Extractive Industries Transparency Initiative (EITI). With the NEITI National Stakeholders Working Group's oversight, the report explores opportunities to strengthen regulatory compliance, improve governance structures, and build community engagement in industry oversight. These efforts ensure that revenues generated from solid minerals translate into meaningful development outcomes for all Nigerians.

This report also highlights the strategic economic role that the solid minerals sector plays in contributing to Nigeria's GDP, as well as its critical role in local value addition and in attracting foreign investments. As we continue to deepen our understanding of the sector through reliable data and insights, NEITI remains committed to enabling an informed and engaged public, strengthening institutional frameworks, and guiding policy reforms for a more inclusive and transparent industry.

I would like to acknowledge the contributions of our dedicated stakeholders in government, civil society, industry, development partners EITI community around the world and the media, whose commitment and support continue to drive our shared mission forward. As this report is unveiled, we invite all stakeholders and the general public to make use of its findings as a resource for advocacy, policy, and civic engagement. Together, let us work to realize the full potential of Nigeria's solid minerals sector as a cornerstone of economic transformation and sustainable development.

Orji Ogbonnaya Orji, PhD
Executive Secretary/CEO
Nigeria Extractive Industries Transparency Initiative,
NEITI House, Presidency
Abuja.
October 30th, 2024

LIST OF ABBREVIATION

ABBREVIATION	DESCRIPTION
AFS	Audited Financial Statement
AI	Artificial Intelligence
ANFO	Ammonia Fuel Oil
ASM	Artisanal and Small-Scale Mining
BME	Budget Monitoring and Evaluation
BO	Beneficial Ownership
BPE	Bureau of Public Enterprises
CAC	Corporate Affairs Commission
CAMA	The Company and Allied Matters Act 2004 (as amended)
CBN	Central Bank of Nigeria
CDA	Community Development Agreement
CIT	Company Income Tax
CITA	Company Income Tax Act, 2007
DIG	Deputy Inspector General of Police
EDT	Education Tax
EFCC	Economic and Financial Crime Commission
EIA	Environmental Impact Assessment Act 2004
EITI	Extractive Industries Transparency Initiative
EL	Exploratory License
ERGP	Economic Recovery and Growth Plan
FATF	Financial Action Task Force
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FMoF	Federal Ministry of Finance
FoB	Free On Board
FOI	Freedom of Information
FRCN	Financial Reporting Council of Nigeria
IA	Independent Administrator
ICAN	The Institute of Chartered Accountants of Nigeria
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
LGA	Local Government Area
LUA	Land Use Act 2004
MCO	Mining Cadastre Office
MDAs	Ministries, Departments and Agencies

MECD	Mines Environmental Compliance Department
MID	Mines Inspectorate Department
MIREMCO	Mineral Resources and Environmental Management Committee
ML	Mining Lease
MoE	Ministry of Environment
MoU	Memorandum of Understanding
MSMD	Ministry of Solid Minerals Development
MTEF	Medium Term Expenditure Framework
MTEF	Medium-Term Expenditure Framework
NASS	National Assembly
NCC	Nigeria Coal Corporation
NCS	Nigeria Customs Service
NDC	Nationally Determined Contributions
NEITI	Nigeria Extractive Industry Transparency Initiative
NEPC	Nigerian Export Promotion Council
NESREA	National Environmental Standards and Regulations Enforcement Agency
NGSA	Nigeria Geological Survey Agency
NIMEP	National Integrated Mineral Exploration Project
NIOMCO	National Iron Ore Mining Company
NIPC	Nigerian Investment Promotion Commission
NMMA	Nigeria Minerals and Mining Act
NMMP 2008	National Minerals and Metals Policy 2008
NNMR	Nigerian Minerals and Mining Regulations
NNPC	Nigerian National Petroleum Corporation
NSE	Nigerian Stock Exchange
NSRMEA	National Steel Raw Materials Exploration Agency
NSWG	National Stakeholders Working Group
OAGF	Office of the Auditor-General for the Federation
OGP	Open Government Partnership
PAYE	Pay as You Earn
PDT	Project Delivery Team
PITA 2004	Personal Income Tax Act, 2004
PMBC	Private Mineral Buying Centers
PPP	Public-Private Partnership
PSC	Persons with Significant Control
QL	Quarry Lease
REE	Rare Earth Element
RMFAC	Revenue Mobilisation and Fiscal Allocation Commission
RP	Reconnaissance Permit
SBIRS	State Board of Internal Revenue Service
SD	Stamp Duty
SEC	The Securities and Exchange Commission
SG	Specific Gravity

SMA	Solid Minerals Industry Audit
SMDF	Solid Minerals Development Fund
SMSSTF	Special Mines Security and Surveillance Task Force
SOE	State- Owned Enterprise
SPV	Special Purpose Vehicle
SSML	Small Scale Mining Lease
ToR	Term of Reference
VAT	Value Added Tax
WHT	Withholding Tax

LIST OF TABLES

Table 1: Summary of Total Revenue Flows for the 2022 17
Table 2: Five Year Trend of Payments paid into the Federation Account 18
Table 3: Licences Issued During the Year 18
Table 4: Production Disaggregated by Mineral Type 19
Table 5: Production Disaggregated by Company 20
Table 6: Production Disaggregated by State 20
Table 7: Summery of Strategic Minerals 21
Table 8: Energy Transiting Minerals, Production and Licenses 21
Table 9: Fifteen-Year Reporting trend of sector contribution 38
Table 10: Objectives of the Audit 39
Table 11: Materiality Sensitivity Analysis 45
Table 12: List of Covered Companies 46
Table 13: Non-Compliant Entities 48
Table 14: List of Government Entities 49
Table 15: Revenue Stream of Covered Entities 50
Table 16: Data Quality Compliance Indicators 52
Table 17: Institutional organisation 57
Table 18: Laws and Regulations Guiding Operations in Nigeria's Solid Minerals Sector 58
Table 19: Trend Analysis of lease license from 2018 to 2022 62
Table 20: Consolidation, Transfer and Revocation of Licenses in 2022 65
Table 21: Private Mineral Buying Centre 66
Table 22: Distribution of PMBC Across States and The Geo-Political Zones 67
Table 23: Comparison of Buying centres Between 2022 and 2021 68
Table 24: Status Report on Anti-Corruption 71
Table 25: Reforms in the Sector 72
Table 27: Exploration Licenses (EL) issued in 2022 86
Table 28: ValidcMinerals Titles as of 2022 87
Table 29: Proven Reserves of Strategic Mineral 88
Table 30: Production Comparison of Seven (7) Strategic Minerals between 2021 and 2022 88
Table 31: Strategic Minerals Deposit in Nigeria by State 89
Table 32: Minerals Produced by Type 90
Table 33: Summary of Minerals Produced by Companies 92
Table 34: Analysis of Production of Minerals by State 94
Table 35: Five Year Production Trend from 2018 to 2022 96
Table 36: Disaggregation of Export by Minerals 97
Table 37: Export by Company 100
Table 38: Export by Destination 103
Table 39: Export of Minerals by Products 104
Table 40: Comparison of Exports Records from MID and NCS 105
Table 41: NCS Records of Exported Minerals 106
Table 42: Five (5) Year Trend of Mineral Export 107
Table 43: Registered ASM 109

Table 44: Energy Transiting Minerals, Production and Licenses....111
Table 45: Company's Energy Transition Plan....112
Table 46: Company's GHG Emissions Data....113
Table 47: Reported Revenue Streams....122
Table 48: Unilateral Disclosures by Companies....123
Table 49: Unilateral Disclosure by Federal Government Agencies....124
Table 50: Disaggregate Financial Flow....124
Table 51: Comparison Between 2021 and 2022 Revenue Disclosure....125
Table 52:Ten Year Revenue Trend....127
Table 53: Reconciled Revenue Flow....128
Table 54:Royalty and other fees....130
Table 55: Royalty Disaggregation by Minerals....131
Table 56: Royalty Payment by Company....132
Table 57: Royalty Payments Disaggregated by State....134
Table 58: Revenue stream for MCO....136
Table 59: MCO's ASF Liability Receivables....136
Table 60:Tax Revenue from FIRS....137
Table 61: Five Year Trend of Payments paid into the Federation Account....138
Table 62: Sub-National Transfer....140
Table 63: Revenue Distribution Rate....151
Table 64: 2022 Solid Minerals Revenue Account....152
Table 65: Social Expenditures by Companies....158
Table 66 Contribution of Solid Minerals to the Economy....159
Table 67: Five-Year Trend of Solid Mineral Contribution To GDP....159
Table 68: Contribution to Government Revenue....160
Table 69:Five-Year Trend Analysis of Contribution to Government Revenues....160
Table 70: Solid minerals contribution to export....160
Table 71: Five Trend of Export....161
Table 72: Summary of Company's Submission of Gender Policy....163
Table 73:Employment and Gender....163
Table 74: Legal Framework....165
Table 75; Institutional Framework....166
Table 76:Environmental Impact Assessment (EIA) of Companies....167
Table 77: Reclaimed Sites in Nigeria....168
Table 78: Observations and Recommendations for 2022 Extractive Reporting....184

LIST OF FIGURES

Figure 1:EITI Summary of changes 34
Figure 2: Fifteen-year trend of sector contribution 39
Figure 3: Audit approach and methodology 43
Figure 5: Proportion of Revenue Contribution 51
Figure 6: Progress of beneficiary ownership: Source: EITI.org 70
Figure 7: Category of Sectorial Operators 84
Figure 8: Five Year Production and Royalty Trend 97
Figure 9: Graphical representation of the 5-year export Trend 108
Figure 10: Total Revenue to the sector 126
Figure 11:Revenue Distribution 126
Figure 12:Ten-Year Trend of Total Financial Flows 127
Figure 13: Revenue Distribution Formula 152
Figure 14 Solid minerals contribution to export 161
Figure 15: Five-Year Trend of Solid Mineral Contribution to Export 162

LIST OF APPENDICES

Appendix Number	Appendix Description
APPENDIX 1	NSWG Determination of Materiality Report
APPENDIX 2	Terms of Reference for Solid Minerals Audit 2022-2023
APPENDIX 3	List of Companies That Paid Royalty
APPENDIX 4	List of Companies that paid ASF
APPENDIX 5	Contextual Report
APPENDIX 6	Mining Leases issued in 2022
APPENDIX 7	MCO Register of Valid Mining Licenses
APPENDIX 8	Licenses Transferred, Consolidated or Relinquished
APPENDIX 9	Community Development Agreement
APPENDIX 10	2022 Mineral Buying Centres
APPENDIX 11	List of ASM Corporative
APPENDIX 12	Revised Royalty Rates
APPENDIX 13	MID Mineral Export Schedule
APPENDIX 14	MCO Annual Service Fee Liability Schedule
APPENDIX 15	National Anti-corruption Strategy
APPENDIX 16	List of ASM Corporative
APPENDIX 17	Details of Reconciliation
APPENDIX 18	Production by State
APPENDIX 19	Production by Company
APPENDIX 20	GHG
APPENDIX 21	Disaggregated Social Expenditure
APPENDIX 22	Details of Correspondences between IA and entities
APPENDIX 23	Unilaterally Disclosed Federal Government Revenue
APPENDIX 24	Ministry of Solid Minerals Development's Guideline on Mineral Titles Application
APPENDIX 25	Beneficial Ownership Information
APPENDIX 26	Minerals whose packages are standardized and quantifiable
APPENDIX 27	Minerals whose packages are not standardized and not quantifiable

EXECUTIVE SUMMARY

The 2022 solid minerals audit sector report is Nigeria's 13th cycle of the Extractive Industries Transparency Initiative (EITI) audit covering the period 1st January to 31st December 2022. The report contains the outcome from the reconciliation of financial flows (tax and non-tax payments and other payments mandated by relevant Nigerian laws) together with the 'Physical' and 'Process' activities in Nigeria's solid minerals sector in the year 2022 are presented in this report in compliance with the Nigeria Extractive Industries Transparency Initiative (NEITI) Act 2007, 2023 EITI Standard and the Terms of Reference issued for this audit.

Objectives of the audit

The overall objective of the audit is to promote transparency and sustainable growth in the solid mineral sector and to produce a solid minerals industry report for 2022 in accordance with the EITI Standard. The theme of the report is titled "***Unleashing Potential of The Solid Mineral Sector: Assessing the implementation of the Nigeria Mining Road Map"***

Approach and Methodology

The audit has been carefully designed in accordance with 2023 EITI standard and the terms of reference issued by NEITI. The following are some of the key audit approach and methodologies carried out by the independent auditors:

- Carried out preliminary planning and documentation were the audit materiality and covered entities were determined in accordance with NSWG guidelines
- The IA's in conjunction with NIETI collected data from the various covered entities after which there were sorted and analysed.
- Data validation and investigation was equally carried out by the IA to ascertain the data accuracy and completeness
- A tripartite reconciliation (IA's, Covered entities/companies and Government entities) was carried out in Lagos and Abuja on the 26th to 28th August 2024 and 2nd to 4th 2024 September respectively to reconcile positions of the IA with that of the covered entities.
- Upon completion of the tripartite reconciliation a process reporting and contextual report were drafted and submitted to NEITI for review and inputs
- Having carried out all the above procedures and methodology the IA's has submitted a draft report to NEITI for review and approval

Covered Entities

A total of One Thousand Six Hundred and Thirty-One (1,631) companies paid both Royalty and Annual Service Fee during the review period. Then the 2022 SMA covered entities comprises of 85 extractive industries and 9 Government entities. The IA used the NSWG's approved materiality threshold for Royalty payments and Annual Service Fee as the key revenue streams for

determining the companies to be selected, evaluated and reconciled in the audit exercise. As a result, a materiality threshold of N6 million as approved by NSWG was used by the IA. The adopted and evaluated procedure is outlined in detail in *Appendix 1* of this report. A total of One Thousand Six Hundred and Thirty-One (1,631) companies paid both Royalty and (or) Annual Service Fee. However, only Eighty-Five (85) companies qualified for selection in the audit based on the materiality threshold of ₦6 million in the payment of Royalty and (or) Annual Service fee

Total Revenue

The aggregate of total receipts by Federal, States, and Local Government agencies amounted to **₦345.41 Billion** representing amount paid by all companies operating in solid mineral sector in 2022 against ₦173.4 Billion in 2021. This indicates a 49% increase in revenue collection compared to 2021 in the sector. From *Table 1* below, the distribution of the collection by the relevant agencies is as follows:

Table 1: Summary of Total Revenue Flows for the 2022

S/NO	GOVERNMENT ENTITY	AMOUNT (₦)	% CONTRIBUTION TO AMOUNT
1	FIRS	319,813,501,609	92.59%
2	MID	6,311,745,729	1.83%
2	MCO	3,793,679,643	1.10%
3	MOE	8,829,894	0.00%
4	NGSA	40,676,194	0.01%
5	NCS	4,092,733,106	1.18%
6	Subnational Payments (SIRS and LGA)	11,348,689,149	3.29%
	Total	**345,409,855,324**	**100.00%**

Source: NEITI SMA 2022 Templates

OUTSTANDING LIABILITIES

In the year under review, the total outstanding liabilities from 2,593 companies that had not paid their Annual Service Fee was ₦3, 212,202,500 as shown below.

S/N	LICENSE TYPE	AMOUNT OWED (₦)	NUMBER OF COMPANIES
1	Exploration Lease (EL)	344,692,500	850
2	Mining Lease (ML)	2,341,400,000	115
3	Quarry Lease (QL)	183,720,000	426
5	Small Scale Mining Lease (SL)	7,300,000	17
6	Small Scale Mining Lease (SSML)	335,090,000	1,185
	Total	**3,212,202,500**	**2,593**

Source: MCO Record on liability

Table 2 illustrates a 5-year trend of revenue from the solid minerals sector to the federation account. Over the past five years, there has been a consistent year-on-year increase in revenue to the Federation Account. The total revenue accrued to the account during this period amounts to approximately ₦816.60 Billion. This represents a growth of ₦ 271.81 Billion (271.81%), moving from ₦69.47Billion in 2018 to ₦345.41 Billion in 2022.

Table 2: Five Year Trend of Payments paid into the Federation Account

Year	2018	2019	2020	2021	2022	Total
	₦'B	₦'B	₦'B	₦'B	₦'B	₦'B
Total	69.47	79.96	128.17	193.59	345.409	**816.6**
Change (₦'B)		10.49	48.21	65.42	151.819	
% Change		15%	60%	51%	78%	

Source: 2018-2022 NEITI SMA Reports

Subnational Transfers and Distribution.

During the year under review, there were no subnational transfers or distributions of funds from the solid minerals' revenue account.

License Allocation

A total of **1,325** licenses were issued during the year under review which is a decrease of 34.2% compared to the previous year (2021) that was 2,014. *Table 3* below illustrates the distribution of current year mineral license allocation:

Table 3: Licences Issued During the Year

S/NO	LICENSE TYPES	NUMBER OF LICENCES
1	Exploration License (EL)	628
2	Mining Lease (ML)	0
3	Quarry Lease (QL)	195
4	Small Scale Mining Lease (SSML)	502
5	Reconnaissance Permit (RP)	-
	TOTAL	**1,325**

Source:2022 MCO Records

Mineral Production

The total mineral production was **70,727,531** Tonnes which represent a decrease of 5,549,656 Tonnes when compare to the previous production of 76,277,187, this indicate a 7.2% decrease. Accordingly, the total royalty payment was **₦6,272,880,565**. Production volumes and associated

royalty payments, disaggregated by mineral type, company, state and zone are presented in the *Table 4* below

Table 4: Production Disaggregated by Mineral Type

S/NO	MINERAL TYPES	QUANTITY PRODUCED (TONNES)	% CONTRIBUTION TO QUANTITY	ROYALTY PAID (NGN)	% CONTRIBUTION TO ROYALTY PAID
1	Limestone	37,260,778	52.68%	1,880,698,840	29.98%
2	Granite Aggregate	14,673,737	20.75%	1,422,869,150	22.68%
3	Laterite	6,091,900	8.61%	226,012,274	3.60%
4	Sand	5,041,106	7.13%	161,636,675	2.58%
5	Shale	2,085,954	2.95%	59,709,582	0.95%
6	Clay	1,823,700	2.58%	42,345,498	0.68%
7	Granite Dust	1,618,321	2.29%	121,489,224	1.94%
8	Coal	1,505,197	2.13%	277,079,644	4.42%
9	Gypsum	183,628	0.26%	42,938,850	0.68%
10	Other minerals	443,214	0.63%	2,038,100,827	32.50%
	TOTAL	**70,727,531**	**100%**	**6,272,880,565**	**100%**

Source: 2022 NEITI SMA Templates

From the above analysis, it is noted that Minerals with the largest production volume in the year under review are Granite, Limestone, Laterite, Clay and Sand.

Analysis by company shows that the major contributor to production are Dangote, BUA and Lafarge, with a combined production quantity and royalty payment of 33,230,247 Tonnes and ₦1,788,893,363 respectively. Notably, Dangote accounted for a significant share of total production (34.7%) and royalty (19.4%). These figures underscore the significant role played by these major companies in the mining sector. See *Table 5* below for breakdown.

Table 5: Production Disaggregated by Company

S/N	COMPANIES	Quantity PRODUCED (TONNES)	% Contribution TO PRODUCTION	Royalty paid in N	% Contribution to Royalty Paid
1	Dangote Industries Ltd	24,566,180	34.70%	1,216,464,183	19.40%
2	Lafarge PLC	8,664,067	12.20%	572,429,180	9.10%
3	Bua Cement Plc	8,338,170	11.80%	479,167,735	7.60%
4	Julius Berger Nig. Plc	3,489,062	4.90%	161,124,686	2.60%
5	Zeberced Ltd	2,374,988	3.40%	214,362,375	3.40%
6	Other Companies	23,295,064	33.00%	3,629,332,410	57.90%
	TOTAL	**70,727,531**	**100%**	**6,272,880,565**	**100%**

Source: 2022 NEITI SMA Templates

As regards State production, Ogun recorded the highest production in the year under review, with a total of 15.3million Tonnes, followed by Kogi with 14. million Tonnes, and Edo with 8.6 million Tonnes. The least production volume was recorded in Borno State with 105,000 Tonnes as shown in the *Table 6* below

Table 6: Production Disaggregated by State

S/N	STATES	QUANTITY PRODUCED (TONNES)	% CONTRIBUTION TO PRODUCTION	ROYALTY PAID N	% CONTRIBUTION TO ROYALTY
1	Ogun	15,367,624	21.73%	966,827,851.35	15.41%
2	Kogi	14,068,116	19.89%	317,059,571.47	5.05%
3	Edo	8,612,823	12.18%	460,298,581.05	7.34%
4	FCT	3,925,052	5.55%	286,979,573.00	4.57%
5	Cross River	3,842,474	5.43%	446,239,190.01	7.11%
6	Benue	3,630,868	5.13%	122,802,823.00	1.96%
	Other States	21,280,575	30.10%	3,672,672,975.64	58.50%
	TOTAL	**70,727,531**	**100%**	**6,272,880,565**	**100%**

Source: 2022 NEITI SMA Templates

Strategic Minerals

In line with the Federal Government's desire to develop the solid mineral sector, seven (7) strategic minerals have been identified for focused development based on it potential to generate higher revenue. *Table 7* below provides information on the active valid titles for these strategic minerals.

Table 7: Summery of Strategic Minerals

S/N	MINERAL TYPE	QUANTITY PRODUCED (TONNES)	ROYALTY (₦)	EL	ML	SSML	QL	TOTAL
1	Coal	1,505,197	277,079,644	12		3		**15**
2	Limestone	37,260,778	1,880,698,840	56		18	5	**79**
3	Lead/Zinc	89,130	355,639,950	55		33		**88**
4	Gold	2.91	1,262,263,585	256	3	89		**348**
5	Barite	1,170	181,500	13		4		**17**
6	Bitumen	-	-	2				**2**
7	Iron ore	283	128,400	18		3		**21**
	TOTAL	**38,856,561**	**3,775,991,919**	**412**	**3**	**150**	**5**	**570**

Source: 2022 NEITI SMA Templates and MCO Records

Energy Transition Plan (ETP)

This is a strategic roadmap designed to guide the country's shift from fossil fuel-based energy sources to cleaner and more sustainable energy options. The plan aims to diversify the energy mix, promote renewable energy adoption, and reduce carbon emissions to address environmental concerns and enhance energy security.

In relation to the Nigerian Solid Mineral Extractive Sector, the ETP focuses on Nationally Determined Contributions (NDC) and critical minerals to the Energy Transition.

The global EITI also identifies several these five (5) minerals essential for the energy transition. These minerals are listed in *Table 8* below.

Table 8: Energy Transiting Minerals, Production and Licenses

S/N	MINERALS	QUANTITY OF MINERALS PRODUCED (TONNES)	NUMBER OF ISSUED LICENSE VALID AS OF 2022	LOCATIONS
1	Lithium	51,524.53	113	Nasarawa, Kwara, Kogi, Ekiti and Cross Rivers.
2	Nickel	180	4	Kaduna, Kebbi, Nasarawa and Taraba
3	Cobalt	Nil	2	Nasarawa, Bauchi & Plateau
4	Copper	80	160	Zamfara, Sokoto, Nasarawa & Plateau
	TOTAL	**51,785**	**279**	

Source: MCO Records

Key Highlights of the 2022 Solid Minerals Audit Export

COUNTRY	Nigeria
FISCAL PERIOD COVERED	2022
SECTORS COVERED	Solid Minerals (Financial, Physical and Process audit)
INDEPENDENT ADMINISTRATOR	Haruna Yahaya and Co. (Chartered Accountants)
ENTITIES	Total number of entities 1,631
	Entities with Royalty Payments 973
	Entities within threshold 85
GOVERNMENT REVENUES	**Total government revenues (including unilaterally disclosed)**
	₦345,409,855,324
	Final reconciled revenues (excl. unilateral disclosure):
	₦329,918,980,000
COMPANY PAYMENTS	**Total company payments (including non-reconciled):**
	₦345,409,855,324
	Final reconciled payments (excl. unilateral disclosure):
	₦329,918,880,000
COMPANY OUTSTANDING LIABILITIES	**₦3,212,202,500**
LARGEST REVENUE STREAM (TYPE AND %)	Valued Added Tax (VAT) ₦128.32 Billion (38.9%) of 2022 total reconciled flows
COVERAGE (TYPES OF FINANCIAL FLOWS)	**Reconciled financial flows**
	FIRS – Taxes: ₦319,813,550,000 (96.94%)
	MID – Royalty and Others: ₦ 3,793,679,700 (1.15%)
	MCO – Annual Service Fee and Others: ₦ 6,311,750,000 (1.91%)
	Unilaterally disclosed financial flows
	NCS -Registration fees for Environmental Impact Analysis ₦4,092,733,106 (1.18%)
	States – Annual Surface Rents and Others: ₦ 11,348,689,000 (3.29%)
	MoE – Environmental Fee and Others: ₦8,829,894 (0.003%)
	NGSA – Consultancy Fee: 40,676,194 (0.01%)
TOTAL DISCREPANCIES	Initial: ₦301.6Billion (87.31% of initial government revenue)
	Final Reconciled: ₦329.9 Billion Unreconciled: ₦100 Million
PRODUCTION	Total Quantity Used/Sold (70,727,531 Tonnes)
	Total Royalty Paid: ₦6,272,880,565

EXPORT	**Export Minerals by Companies**
	Total Export Quantity: 4,316,210 MT
	Total Export Value ₦117,293,166,902
GDP	GDP: ₦202.36trillion
	Contribution of Solid Minerals Sector to GDP (₦₦1.66 Trillion; 0.83%)
EXCHANGE RATE AND SOURCE	₦448 Central Bank of Nigeria (CBN) official exchange rate as at December, 2022.
RECENT ACTIVITIES	The Nigerian Mining Act 2007 Proposed Replacement: The Nigerian Minerals & Mining Bill 2023 Status: yet to be passed ii. Renaming and Disaggregation of Ministry of Mines and Still Development to The Ministry of Solid Minerals Development (MSMD) and Ministry of Steel Development (MSD) Status: Implemented iii. New Bill: Mining Host Communities Development Bill Status: yet to be passed iv. New Bill: Environmental Protection and Rehabilitation Bill Status: yet to be passed

TOP 3 STATES WITH HIGHEST ROYALTY PAYMENT		
STATE	**QUANTITY (MT)**	**ROYALTY ₦**
Osun	1,191,934	1,589,087,781
Ogun	15,340,100	1,185,989,333
Kogi	10,901,358	836,524,079.80
BOTTOM 3STATES WITH HIGHEST ROYALTY PAYMENT		
Yobe	113,467	5,449,241.25
Imo	40,468	2,118,190
Borno	9,352	134,973

Summary of Findings and Recommendations

Below are summary of key findings and recommendations:

S/N	SPECIFIC FINDINGS	RECOMMENDATION
1	**High number of non-active operators:** The presence of many non-active operators in the sector suggests that some license holders are merely speculative, which discourages genuine investors and reduces potential revenue for the country.	i. The Ministry of Mining Development and Mining Cadastre Office (MCO) should create a system of monitoring and tracking the operators that are active and non-active within the sector ii. MCO should Enforce the penalty of non-usage of licenses as stipulated in the Minerals and Mining Regulations 2011 which states that Part II, Section 93. iii. The Government should increase funding and introduce appropriate technology to support accounting, monitoring and enforcement activities. iv. The Federal Government should encourage whistle blowing on illegal mining and environmental violations by putting in place compatible policies
2	A total of 628 exploration licenses were issued, but none were converted to mining licenses, indicating speculative holding. This practice hinders serious investors, negatively impacts reserve growth, and leads to future revenue losses and illegal mining, undermining the sector's growth and potential. **Decline in the issuance of license** While the number of SSML declined from 771 in 2021 to 502 in 2022. This represents 34.8% decline from the previous year (2022).	These are some of recommendations to the findings **Encourage Exploration:** License holders should start exploration within the stipulated time or face license withdrawal. **Revise Licensing Policies:** Simplify procedures, reduce delays, and tie new licenses to local value addition. **Enhance Regulatory Framework:** Strengthen regulatory bodies, enforce compliance, and implement digital solutions to reduce corruption. **Promote Investment:** Attract investors through incentives and roadshows, and encourage public-private partnerships. **Improve Infrastructure:** Invest in transport and power infrastructure to support mining operations and reduce costs.

	The availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector faces several challenges: i. **Complex Ownership Structures:** Companies use intricate structures to hide true owners. ii. **Regulatory Inconsistencies: Gaps** and inconsistencies in regulations hinder effective BO information collection and sharing. iii. **Data Quality Issues:** Available BO information may be incomplete or inaccurate due to inadequate verification. iv. **Limited Public Access:** Restricted access to BO information limits its usefulness for stakeholders. v. **Weak Enforcement:** Poor enforcement of regulations leads to non-compliance by companies. vi. **Unharmonized Data**: Data from agencies like MCO, CAC, and NEITI are not aligned. These challenges impede efforts to combat corruption, money laundering, and other illicit activities in the sector.	To address the challenges of Beneficial Ownership (BO) information in Nigeria's solid minerals sector, a multi-faceted approach is recommended: i. **Strengthen Legal Frameworks:** Implement robust laws mandating BO disclosure, aligning with international standards. ii. **Strengthen Enforcement Mechanisms**: Enforce strong penalties for non-compliance to deter companies from hiding BO information. iii. **Improve Data Collection and Verification:** Establish comprehensive systems for accurate and complete BO data, using centralized registries and technology. iv. **Enhance Transparency and Public Access:** Make BO information publicly accessible through online platforms for increased transparency and accountability. v. **Capacity Building and Training:** Train regulatory authorities, companies, and stakeholders on BO transparency and compliance. vi. **Centralize Data:** Centralize BO data for access by relevant agencies. vii. **International Cooperation:** ColLabourate with international bodies to harmonize regulations and facilitate cross-border BO information exchange. viii. **Engage Stakeholders**: Involve government agencies, the private sector, and civil society in BO transparency initiatives.
3	The revocation of 3,467 solid mineral licenses in Nigeria has several significant effects: i. **Increased Compliance and Transparency:** Enforces regulatory standards and improves sector transparency. ii. **Encouragement of Active Mining:** Promotes productive use of mineral resources and attracts serious investors. iii. **Revenue Generation**: Increases government revenue through fees, royalties, and taxes.	To address the challenges of License Revocations information in Nigeria's solid minerals sector, a multi-faceted approach is recommended: i. **Legal and Dispute Resolution Mechanisms:** Establishing clear legal and dispute resolution mechanisms can help address any challenges or disputes arising from the revocations. This ensures that affected parties have a fair process to resolve their issues.

	iv. **Market Opportunities:** Opens up the market for new entrants, fostering competition and innovation. v. **Deterrence of Speculative Practices**: Prevents companies from hoarding licenses without mining activities. vi. **Potential Legal Challenges:** May lead to disputes and litigation, causing temporary uncertainty. vii. **Impact on Local Communities**: Can lead to more responsible mining practices but may cause temporary job losses.	ii. **Incentives for Compliance:** Offering incentives for compliance, such as tax breaks or grants for companies that adhere to regulations, can encourage better practices in the sector. This can also attract new, responsible investors. iii. **Monitoring and Evaluation:** Implementing robust monitoring and evaluation systems can help track the impact of license revocations and ensure that the intended benefits are realized. This can involve regular audits and assessments of the sector
4	**UNHARMONIZED MINERAL EXPORT RECORD BETWEEN NCS AND MSMD** Records from the Nigerian Customs Service (NCS) and the MSMD reveals that the colLabouration between both agencies is weak as their reported figures differ significantly. The wide margin between these records underscores the lack of colLabouration and coordination between the two agencies, leading to discrepancies in export data. 1. Revenue Loss for the Government: The lack of coordination between the NCS and MMSD could result in companies exporting minerals without paying the appropriate royalties and fees, leading to significant revenue losses for the government. The disconnect between the agencies may create regulatory gaps, allowing some companies to bypass proper licensing and export procedures. This could lead to an increase in under	i. ColLabouration between NCS and MSMD should be strengthened. MSMD should have a dedicated desk officer at the NCS office to ensure the communication channel is not broken while MSMD staff should be present at all export points to verify and determine the types, volume and value of minerals being exported. This will assist in closing the data gap between the two organizations. Thus, ultimately improving revenue generation from the sector. ii. There should be training for NCS personnel in mineral identification and also, the organization should employ experts in geosciences.

	declaration of exports, under payment of taxes thereby undermining sector's transparency and compliance. The export data from the Nigerian Customs Service (NCS) includes minerals that were not reflected in the production data supplied by the Ministry	
5	**INSECURITY ACROSS MINING SITES AND COUNTRY AT LARGE** According to NGSA's data, there is an estimated large deposit of one of the strategic minerals (gold), The country has witnessed worsening insecurity and threats from multiple armed groups, especially in the Northern part of the country. Where large deposits of gold which happens to be one of the seven strategic minerals in Nigeria is found. The worsened insecurity in the country has hindered mining activities and operations in some mining sites of the country which has resulted in lower activities and production, reducing potential revenue to be generated by the industry.	The Government at all levels (Federal, State and Local) should work towards improving the security of lives and properties across the country as this will also encourage the resumption of mining activities in some areas affected by insecurity.
6	**Multiple Taxation and overlapping Tax Jurisdiction on companies from both Federal, State, Local Government and Other unsanctioned authorities.** Mining companies in Nigeria face both legally mandated taxes and unsanctioned levies, leading to several challenges: i.**Increased Operational Costs:** High taxes and unsanctioned levies increase financial burdens and reduce profitability, deterring investment.	The Taxation problems can be addressed by: **Harmonization of Tax Policies:** • Develop a unified tax framework to eliminate overlapping jurisdictions and reduce the tax burden. • Simplify tax codes to avoid multiple taxes on the same income. **Strengthening Regulatory Oversight:**

	ii. **Administrative Complexity:** Navigating complex tax regulations requires significant resources, leading to higher administrative costs and potential legal issues. iii. **Reduced Competitiveness:** High production costs make Nigerian mineral products less competitive globally, and companies may lose market share. iv. **Encouragement of Informal Activities:** Excessive taxation can drive illegal mining and tax evasion, leading to revenue losses and environmental damage. v. **Adverse Impact on Local Communities:** Higher operational costs reduce companies' ability to invest in community projects, potentially causing social unrest.	• Implement anti-corruption measures and ensure transparency in tax collection. • Conduct regular independent audits of tax authorities. **Capacity Building and Training:** • Train tax officials to correctly apply tax laws. • Provide support to companies for navigating the tax landscape. **Stakeholder Engagement:** • Establish regular dialogue between government authorities and industry stakeholders. • Conduct public awareness campaigns about tax rights and responsibilities. **Leveraging Technology and Innovation:** • Implement digital tax systems to streamline collection and reduce corruption. • Use blockchain for secure and transparent recording of transactions. **Improving Coordination and ColLabouration:** • Foster inter-agency colLabouration for unified revenue tracking. • Align with international standards like EITI for best practices in transparency and accountability. **International Standards:** Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure best practices in transparency and accountability

7	**ANNUAL SERVICE FEE** **i. The amount of ₦3,212,202,500 being owed to MCO by companies as a result of non-payment of ASF** **Reduced Investment:** Widespread non-compliance can create a negative perception of the sector, reducing overall investment and growth. **Regulatory Strain:** Increased non-compliance puts additional strain on regulatory bodies, diverting resources from other critical functions. **ii. Inability to tie some payments to companies** The Annual Service Fee (ASF) records from the MCO has 4,036 entries, among which 475 entries are names of individuals which was not attributed to any company or group. These will result to difficulty in reconciling ASF liabilities by MCO. As a result, they were unilaterally disclosed.	**Regular Audits:** Conduct regular audits to ensure compliance and identify non-payment issues early. **Enhanced Penalties:** Implement stricter penalties for non-compliance to deter companies from defaulting on their liabilities. MCO should ensure proper data collection mechanism by recording payments stating the full details of the company or groups making payment by officers issuing receipt.
8	Due to limited revenue generated from solid minerals as a result of lack of sector-specific fiscal regime leading to heavy reliance of revenue from MCO and MID during the year, it was noted that revenue available for distribution was small	sector-specific fiscal regime should be developed by MSMD to track revenue from multiple sources by reviewing the potential for revenue losses and develop a robust mechanism to ensure that mining activities are commensurate with the revenue generated

	As a result of this abysmal revenue generation, there was no allocations to any tier of government. During the year. As a result, there will be years revenue allocation will be missed out as it happened in the year 2022. As a result, there will be lost opportunities to either invest or develop the country from the solid mineral proceeds	
10	**Poor Disclosure or Execution of Mandatory Social Payments** Only 15 out of the 85 companies made the mandatory social payments as contained in the CDA signed with their host communities while 8 companies made non -mandatory social payments/expenditures and 4 companies made both mandatory and non-mandatory special payments. This reveals poor compliance to the social benefit to host communities' requirements of the NMMA 2007 and NMMR 2011 as embedded in the CDA's. Host communities will feel taken advantage of and the tendency to become hostile to companies becomes high	1. ***Strengthening Regulatory Oversight:*** • **Regular Audits:** Conduct regular audits to ensure companies comply with their CDA commitments • **Penalties for Non-Compliance:** Implement and enforce penalties for companies that fail to meet their social payment obligations 2. ***Public Disclosure:*** • **Transparency:** Make CDAs and compliance reports publicly accessible to enhance transparency and accountability • **Community Involvement:** Engage local communities in monitoring and verifying the implementation of CDA commitments 3. ***Capacity Building:*** • **Training Programs:** Provide training for both companies and community representatives on the importance of CDAs and best practices for implementation **Support Mechanisms:** Establish support mechanisms to help companies and communities effectively manage and utilize social payments

11	**Non-Publication of CDAs on accessible domains by the public** It is noted that the signed CDAs in the custody of the MSMD (MECD) are not publicly accessible. This is conflicting to Nigeria's commitment to open government and the EITI's requirement for open data. As a result, ***1. Transparency and Accountability:*** • **Opaque Processes:** Without public access to CDAs, it is difficult to hold companies accountable for their commitments to host communities • **Trust Deficit:** The lack of transparency can lead to mistrust between communities, companies, and the government ***2. Monitoring and Compliance:*** • **Enforcement Challenges:** Regulatory authorities and communities may struggle to monitor and ensure compliance with the terms of the CDAs if they are not publicly accessible • **Inconsistent Implementation:** There may be inconsistencies in how CDAs are implemented across different regions and companies ***3. Community Benefits:*** • **Unmet Expectations:** Communities may not receive the promised benefits if they are unaware of the specific commitments made by companies	**1. Public Disclosure of CDAs:** • **Online Portals:** Establish online portals where all signed CDAs are made publicly accessible. This can enhance transparency and allow stakeholders to monitor compliance • **Regular Updates:** Ensure that the information on these portals is regularly updated to reflect any changes or new agreements ***2. Strengthening Regulatory Frameworks:*** • **Mandatory Disclosure:** Update regulations to mandate the public disclosure of CDAs as part of the licensing and regulatory process • **Compliance Monitoring:** Implement robust mechanisms for monitoring compliance with CDA commitments, including regular audits and community feedback **3. Community Engagement:** • **Awareness Campaigns:** Conduct awareness campaigns to educate communities about their rights and the contents of CDAs • **Stakeholder Involvement:** Involve local communities in the negotiation and monitoring of CDAs to ensure their needs and concerns are addressed ***4. Leveraging Technology:*** • **Digital Platforms:** Utilize digital platforms and blockchain technology to securely record and track CDA commitments and compliance • **Mobile Applications:** Develop mobile applications that allow communities to access information about CDAs and report non-compliance

	• **Social Unrest:** Lack of transparency can lead to social unrest and conflicts if communities feel they are not being fairly treated	

1. BACKGROUND

1.1. Introduction

The Nigeria Extractive Industries Transparency Initiative (NEITI) conducts audits of the Solid Minerals sector as part of its mandate to promote transparency and accountability in the management of Nigeria's natural resources. This report is the 13th cycle of Nigeria's Solid Minerals Sector audit in compliance with the 2023 Extractive Industries Transparency Initiative (EITI) standard and NEITI Act 2007 covering the period of 1st January to 31st of December 2022. This report examines the reconciliation of the financial flows (tax, non-tax payments and other relevant flows), the physical and process activities in the Nigerian Solid Minerals Sector for the year 2022. This audit examines the contribution of the Nigeria Solid Minerals sector to the national economy, providing a detailed analysis of production volumes, payments to the government, and adherence to legal and regulatory frameworks, and among others highlights the opportunities for reform, ensuring better governance, fostering investment, and enhancing the sector's contribution to national development. This report also aims to support policy formulation and the enforcement of accountability in the management of Nigeria's solid mineral resources.

This report presents the final outcome of the 2022 audit of the Nigerian Solid Mineral sector. Similarly, it is also the 13th Nigeria's cycle of the Extractive Industries Transparency Initiative (EITI) audit covering the period 1st January to 31st December 2022. The report is equally in compliance with the Nigeria Extractive Industries Transparency Initiative (NEITI) Act 2007, 2023 EITI Standard and the Terms of Reference.

1.1.1. Road Map of EITI Implementation in Nigeria

The Nigeria Extractive Industries Transparency Initiative (NEITI) was established following Nigeria's commitment to the Extractive Industries Transparency Initiative (EITI) in 2003, with implementation commencing in February 2004. However, the NEITI Act was not enacted until 2007. NEITI's primary mandate is to implement the EITI Standard in Nigeria, with the goal of promoting transparency and accountability in the management and reporting of resources from the extractive industries. The NEITI governing body, the Nigerian Stakeholders Working Group (NSWG), is responsible for developing policies, programs, and strategic actions to ensure compliance with the NEITI Act and alignment with the EITI Standard. See details here.

In 2023, EITI issued the 2023 EITI Standard which introduced several significant changes aimed at enhancing transparency and accountability in the management of natural resources which has been applied retrospectively to address issues raised in the validation report. Summary of changes is presented in the diagram below:

Source: 2023 EITI Standard

Figure 1:EITI Summary of changes

1.1.2. Effects of these changes on the report

i. Anti-Corruption:

Since 2020, the EITI has been strengthening its work on anti-corruption, recognising the unique opportunity for EITI implementation to address corruption and governance risks in the natural resource sector. For the first time, the 2023 EITI Standard explicitly reflects anti-corruption in the objectives and text of several EITI Requirements. It includes provisions to help EITI implementing countries identify areas across the extractive sector value chain that are vulnerable to corruption, without imposing burdensome reporting requirements. All reporting companies, including state-owned enterprises, are now expected to publish an anti-corruption policy that sets out how they manage corruption risks, including their use of beneficial ownership data[1].

As a result, companies participating in the NEITI reporting are now expected to disclose their anti-corruption policies (if they have one). If not, because this is systematic and progressive improvement in the extractive sector, they will be mandated to have and implement one. This is to satisfy Requirements 1.2, *1.4, 1.5, 2.1, 2.5,* 2.6 *and 7.1* in the 2023 EITI standard. Refer to EITI Standard 2023 | EITI for more information

ii. Energy Transition

The global shift to a low-carbon economy has an impact across the entire extractive sector value chain, from how licenses are awarded to how public revenues will be affected. The energy transition is reshaping the kinds of data, disclosures and dialogue required to support

[1] EITI STANDARD 2023

accountability and good governance of the natural resource sector. Since 2020, the EITI has been taking steps to better reflect considerations related to the energy transition and its impact on resource-rich countries. Recognising the energy transition as a cross-cutting issue, the 2023 EITI Standard supports disclosures and public debate on the impacts of the energy transition on their extractive sectors and national economies. The 2023 EITI Standard introduces new requirements 2.1, 2.2, 2.6, 3.1 and 5.3,

- to increase public understanding about the impact that government policies related to the energy transition may have on the oil, gas and mining sectors.
- Also, companies are encouraged to disclose greenhouse gas emissions, aligning with leading disclosure standards.
- Countries should disclose data on proven oil, gas, and mining reserves, especially those relevant to renewable energy technologies.

As such companies participating in the audit are expected to disclose such information aimed to ensure an equitable, sustainable, and inclusive energy transition[2].

The energy transition will impact government revenues that are generated from both fossil fuel and minerals, particularly those needed for renewable energy technologies. Governments will be expected to disclose their revenue forecasts or scenarios, as well as the assumptions that underlie these forecasts. Companies are expected to disclose information about future production plans, when requested by the multi-stakeholder group.

iii. Gender, Social and Environmental Issues

- ***Gender Consideration:***

In response to growing attention on gender, social and environmental issues related to extractive sector governance, the 2023 EITI Standard includes provisions that promote diverse participation on multi-stakeholder groups and gender-sensitive data disclosures. It includes provisions that promote:

- Diverse Participation: Multi-stakeholder groups (MSGs) are encouraged to include a variety of voices, including women's representation. By fostering diverse participation, we can ensure that decisions related to natural resources benefit all citizens.
- Gender-Sensitive Data Disclosures: Transparency is key. The EITI now emphasizes the need for gender-disaggregated data. This means that information about revenues, employment, and other relevant aspects of the extractive industry should be broken down by gender. Understanding these nuances addresses gender disparities effectively[3].

- ***Environmental Considerations:***

Requirement 2.2, 5.2, 6.1, 6.3 and 6.4 of 2023 EITI Standard also highlights the importance of considering social and environmental factors:

[2] https://eiti.org/blog-post/putting-energy-transition-heart-eiti-standard
[3] https://eiti.org/guidance-notes/gender-responsive-eiti-implementation

- Decision-Making Diversity: By promoting greater diversity in decision-making, we can avoid biases and ensure that policies and practices account for social and environmental impacts. This includes involving local communities, indigenous groups, and other stakeholders.
- Disclosure and Accountability: The EITI encourages comprehensive disclosures related to social and environmental issues. This transparency helps hold companies and governments accountable for their actions.
- Balancing Interests: Managing natural resources requires striking a balance between economic development, environmental protection, and social well-being. The EITI Standard aims to facilitate this delicate equilibrium[4].

Solid Mineral Audits and Beyond:

When it comes to solid minerals, these considerations become even more critical. Mining activities can have significant environmental impacts, affecting ecosystems, water quality, and local communities. Audits of solid mineral extraction should not only focus on financial aspects but also assess the social and environmental consequences. Such as

- Displacement of communities
- Adverse effects on the ecosystem
- Gender-specific effects?

In summary, the 2023 EITI Standard encourages looking beyond financial figures and consider the broader implications of resource extraction.

iv. Revenue Collection

The 2023 EITI Standard includes provisions that require more reliable and comprehensive disclosures on revenues, production and exports. These disclosures can support analysis that can help resource-rich countries to strengthen their tax base and collect revenues more efficiently.

Production and export data that is broken down by project, or by transaction, enables detailed analysis. Under the 2023 EITI Standard, countries must disclose how they monitor and verify the accuracy of production and export data, which is usually sourced from oil, gas and mining companies. Also, an estimate of production and exports resulting from artisanal and small-scale mining should also be disclosed.[5]

Furthermore, the energy transition—the global shift toward cleaner and more sustainable energy sources—has significant implications for government revenues generated from both fossil fuels and minerals. Under the 2023 EITI Standard, countries are expected to disclose their revenue forecasts or scenarios, considering different market conditions. This includes revenues from oil, gas, and solid minerals. As the world transitions to renewable energy technologies, demand for

[4] eiti.org/sites/default/files/2023-06/Explainer_EITI Standard 2023__Summary of changes.pdf

[5] 2023 EITI Standard

certain minerals (like cobalt, lithium, and rare earth elements) will increase. These minerals are essential for batteries, solar panels, and wind turbines. By shedding light on relevant policies and revenue expectations, the EITI Standard ensures transparency and informed public debate about the energy transition's impact on revenue streams.[6]

1.1.3. Annual Reporting

NEITI has conducted audits of the solid minerals sector for the years 2007 to 2021 and has published twelve (12) reports, with the current audit report marking the 13th cycle of reporting. In the period of 2007 - 2021, the solid minerals sector has contributed a total payment of N797.93 Billion to the Nigerian economy through direct payments to governments at all levels. Detailed figures are provided in *Table 9* below.

[6] https://eiti.org/sites/default/files/2024-05/2023%20EITI%20Standard_Key%20changes.pptx

Table 9: Fifteen-Year Reporting trend of sector contribution

S/N	REPORTING YEAR	NUMBER OF REPORTING COMPANIES	GOVERNMENT RECEIPTS ₦'BILLION	CBN EXCHANGE RATE @ 31ST	GOVERNMENT RECEIPTS US$' MILLION	PUBLICATION DATES	INDEPENDENT ADMINISTRATOR
1	2007	78	7.59	116.3	65.26	12 -DEC	Haruna Yahaya & Co
2	2008	78	10.57	130.75	80.82		
3	2009	78	19.15	147.6	129.73		
4	2010	78	17.1	148.67	115		
5	2011	67	27.01	156.2	172.91	13-Jan	Haruna Yahaya & Co
6	2012	65	25.57	155.27	164.67	15-Dec	Moore Stephens LLP
7	2013	65	30.25	155.2	194.93	16-Mar	Moore Stephens LLP
8	2014	39	49.17	167.5	293.57	16-Dec	Amedu Onekpe & Co
9	2015	42	64.46	196.5	328.06	17-Jul	Amedu Onekpe & Co
10	2016	56	43.22	304.5	141.94	18-Nov	Tajudeen Badejo & Co
11	2017	59	52.76	305.5	172.69	19-Oct	Amedu Onekpe & Co
12	2018	69	69.47	306.5	226.66	20-Mar	Tajudeen Badejo & Co
13	2019	74	79.96	306.5	260.88	20-Dec	Haruna Yahaya & Co
14	2020	102	128.17	379.5	337.73	22-Mar	Amedu Onekpe & Co
15	2021	121	173.48	413.3	419.74	07-Mar	Amedu Onekpe & Co
			797.93		**3,104.59**		

Source: NEITI Solid Minerals Audit (SMA) Reports

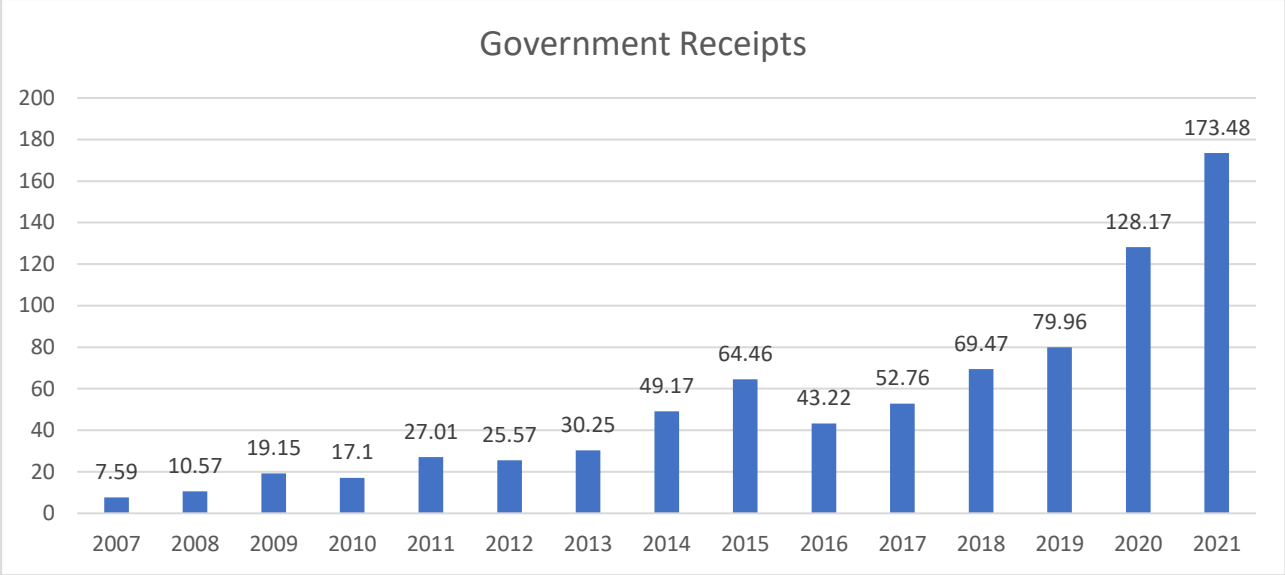


Figure 2: Fifteen-year trend of sector contribution

1.2. Objectives and scope of the Audit

The 2022 audit was carried out in line with the Term of Reference (ToR) which set out the audit scope and objectives of the assignment as summarised in *Table 10* below. Reference was made to the NSWG strategy for the implementation of the EITI in Nigeria, NEITI Strategic Plan for 2022 – 2026, previous solid minerals reports, EITI Validation report and the NEITI Fiscal Allocation and Statutory Disbursement Report.

1.2.1. Objective of the audit

The main objective of this audit is set out as contained in the ToR below:

Table 10: Objectives of the Audit

Key Requirement	Description
Legal and Regulatory Framework	✓ Report on all aspects of the regulatory framework for the solid mineral industry: including the legal framework, fiscal regime, roles of government entities and reforms, laws, and regulations relating to addressing corruption risks in the solid mineral sector ✓ To provide an overview of the statutory procedures for awards and transfers of licenses and assess if these procedures are followed in practice. ✓ To disclose comprehensive information on property rights to mineral licenses and leases.

Key Requirement	Description
	✓ To disclose information the extractive company(s) and community(s) consultation policies, laws, regulations, or contracts highlighting the ethos guiding extractive community free, prior, and informed consent (FPIC) in Nigeria. Detail the consultation processes at all stages of exploration, development, and production between companies and mineral extraction communities
Exploration and Production Information	✓ To disclose comprehensive information on property rights to mineral licenses and leases, ✓ Disclose an overview of the exploration activities in the solid mineral sector highlighting its potential, recent, ongoing, and planned significant exploration activities, ✓ Disclose information about mineral production levels and a valuation of extractive output. Furnish comprehensive reports detailing mineral production, utilization, and storage on a project-specific basis within the sector. This encompasses the documentation of transactions conducted by solid mineral companies in Nigeria, alongside a thorough account of the measures undertaken to oversee and authenticate production accuracy,
Export and Domestic Information	Disclose information on mineral export quantities, assess the value of exports, and report on the steps taken to monitor and verify the accuracy of export data from the sector.
Energy Transition Plan and Climate Change	✓ To disclose greenhouse gas (GHG) emissions from the solid mineral sector, produce an overview of Nigeria's national energy transition commitments, policies, and plans as they pertain to the extractive sector. Provide recommendations if such commitments are not in place, Identify and describe carbon pricing mechanisms, such as carbon taxes or emissions trading schemes, relevant to the extractive sector. ✓ Disclose proposed or actual material payments associated with carbon pricing, identify if any and disclose material subsidies associated with energy transition reforms and other types of subsidies in the extractive sector. Consult the Global Subsidies Initiative for supplementary contextual insight
Revenue and Payment Management and Distribution	✓ Disclose comprehensively and reconcile, all company payments and government revenues from the solid mineral sector to the required level of disaggregation ✓ Disclose information on revenue management and distribution, highlighting subnational transfers and revenue sustainability.

Key Requirement	Description
	✓ Track the utilization of funds meant for the development of the Solid Minerals Sector. Focus areas include the Natural Resources Development Fund, Solid Minerals Development Fund (SMDF), MSMD's Min-Diver Programme, and Solid Minerals Development Funds under the Small and Medium Industries Equity Investment Scheme (SMIEIS) operated through Bank of Industry (BOI).
Gender, social, employment and environmental requirements	✓ Disclose information on Social Payments: Provide a detailed breakdown of company(s) social payments, both voluntary and mandatory, to affected communities. Disaggregate the data by gender and economic status, accounting for marginalized groups. ✓ Disclose information on Employment Data: Collect, collate, and present employment data at different occupational levels, including average earnings by gender, to provide insights into workforce dynamics within the sector ✓ Disclose information on companies social and environmental contributions including assessing their compliance to legal and contractual obligations to undertake social and environmental expenditures
Contribution to Gross Domestic Product (GDP)	✓ Disclose information on the contribution of the solid mineral sector to the economy,
Outcomes and Impacts	✓ Make observations and recommendations that will support policymaking. ✓ conduct the assignment in a manner, which is insightful, and of such integrity as to be reasonably relied upon by the NSWG. ✓ Incorporate suggestions from previous reports and formulating suggestions for any emerging matters encountered during the execution of the task ✓ Address issued raised in the EITI validation report

1.2.2. Scope of the Audit

The scope of the 2022 Solid Minerals Industry Audit in accordance with the Term of Reference[7] covers payments made by companies, to, and receipts by government in the solid minerals sector in the year under review. To emphasize the focus of this year's report, it has been titled "Unleashing the Potential of the Solid Mineral Sector: Assessing the Implementation of the Nigeria

[7] 2022-2023 Solid Minerals Audit Term of Reference

Mining Road Map." This theme highlights the progress made in implementing the strategic initiatives outlined in the Nigeria Mining Road Map and the sector's potential for growth.
The scope of the audit requires the IA to carry out the following activities, a detailed scope of the audit is in *Appendix 2* (ToR)

- ✓ Report on the quantities of minerals produced, utilized and exported in a manner which is insightful, and of such integrity, as to be reasonably relied upon by NSWG
- ✓ Report Federal Government revenue inflow among covered entities in solid minerals sector
- ✓ Report on balances payable/ receivable at the end of the audit period for identified financial flows,
- ✓ Report Revenue and Payment Management and Distribution,
- ✓ Examine Climate Change and Energy Transition Plan policy as it relates to the solid mineral sector,
- ✓ Track funds meant for the development of the Solid Minerals Sector and report level of funds utilization on the assigned task
- ✓ Perform the audit of operational cost to assess if the deduction claims were incurred and correspond to legitimate operational expenses: determine and publish summaries of final tax and cost audits,
- ✓ Report on policies related to ASM with information on planned or ongoing reforms.
- ✓ Report on illegal mining activities and abandoned mine sites and make recommendations thereof.
- ✓ Evaluate the significance and efficacy of environmental payments
- ✓ Provide a final reconciliation report that contains findings, implication and recommendation.

1.3. Structure of the report

The report is structured into seven sections namely:

Section 1: Captures background of EITI in Nigeria, the scope and objectives of the report, methodology used for the audit, the materiality threshold, the work done by the IA, Data Quality and Assurance as well as IA findings and recommendations.
Section 2: Discusses the Legal and Institutional framework including fiscal regime and incentives, allocation of contracts and licenses.
Section 3: Highlights mining operations in Nigeria, including exploration, production, and export.
Section 4: Detailed revenue collection and taxes paid to the government.
Section 5: Revenue allocation and management.
Section 6: Sets out the social, economic and environmental impact of the solid mineral sector: the section also describes industry reforms and other emerging issues.
Section 7: Provides the Independent Administrator's findings and recommendations.

1.4. Audit Approach and Methodology

The approach and methodology to the audit is as presented below:

The Independent Administrator (IA) adopted a six-phase process audit approach and methodology in order to achieve the deliverables set out in the Terms of Reference (ToR) as presented in the diagram below:

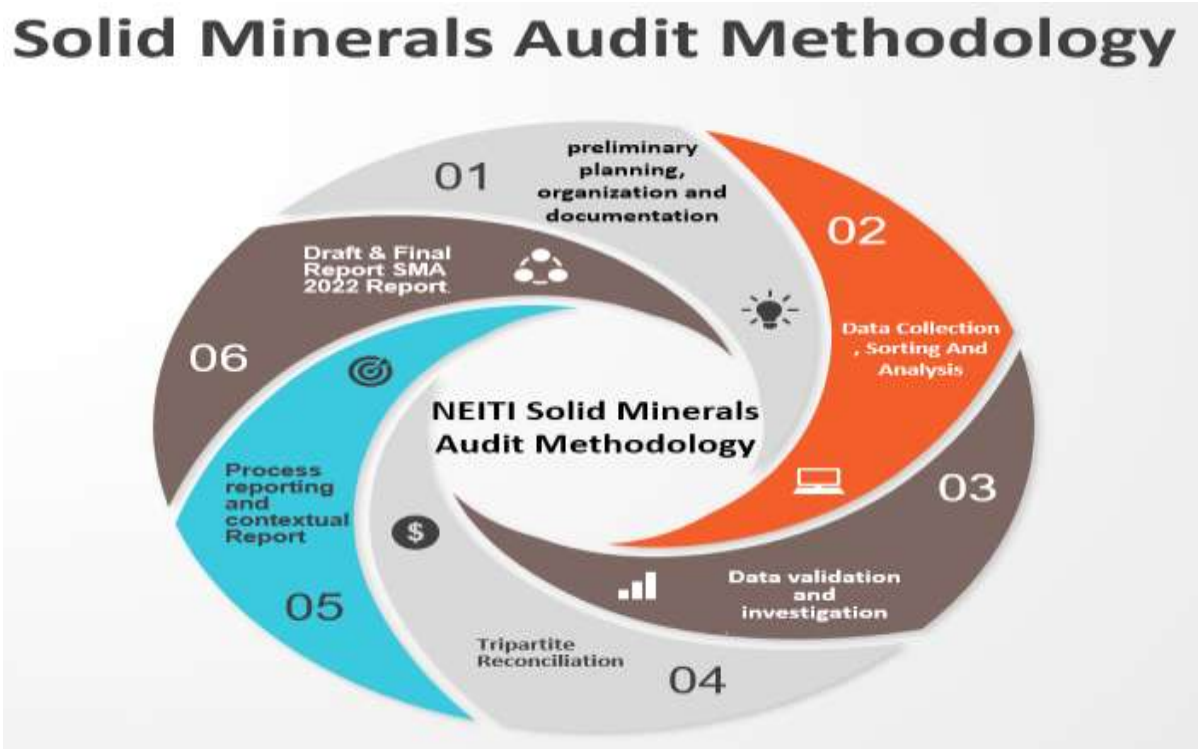


Figure 3: Audit approach and methodology

1.5. Materiality Threshold

The materiality threshold in the NEITI Solid Minerals Audit represents the minimum financial level at which reporting by companies is required for inclusion in the audit. For the 2022 audit, NEITI set the materiality threshold at six million naira upon approval by the NSWG. This means that any company in the solid minerals sector that made payments equal to or above this amount to the government during the 2022 reporting period (typically Royalties or Annual service fee) is required to be included in the audit.

The purpose of setting a materiality threshold is to focus the audit on entities that have a significant financial impact on the sector, allowing for a more efficient and manageable audit process. Companies making payments below this threshold are considered to have a less significant effect on the overall revenue of the sector and are thus excluded from reconciliation to streamline reporting and data analysis.

After engaging with the Ministry of Mines and the Mining Cadastre Office, consulting relevant resources and the recommendation from the 2021 NEITI Solid Minerals industry report, the IA recommended that the NSWG's decision to include the Annual Service Fee as a revenue stream for determining materiality be reconsidered due to material payments on Annual service fee which meets or exceeds the materiality threshold.

The IA conducted a sensitivity analysis on different scenarios in setting the materiality threshold to identify and ensure prioritization on where to focus in data collection and analysis on Royalty payment and Annual Service fee collection. The NSWG set ₦6,000,000 Naira as the materiality threshold for the 2022-2023 audit subject to a reassessment and validation by the IA

This threshold was set after consideration of several thresholds/ scenarios (i.e. ₦10million, ₦ 6.0 million, ₦5.0 million, ₦4.0 million, ₦3.0 million and ₦2.0 million) and the potential impact on the final Report. Refer to *Appendix 1* for more information on the of all the scenarios and its impact on the result in terms selection of companies to be covered. *Table 11* below being an excerpt from *Appendix 1* shows the six (scenarios) of companies to be covered and its impact on the report.

As a result, the IA used the NSWG's approved materiality threshold of ₦6 million for Royalty payments and Annual Service Fee as the key revenue streams for determining the companies to be selected, evaluated and reconciled in the audit exercise. The adopted and evaluated procedure is outlined in detail in *Appendix 1*[8] of this report. A total of One Thousand Six Hundred and Thirty-One (1,631) companies paid both Royalty and Annual Service Fee during the review period.

From the 1,631 companies operating in the mining sector in 2022, 85 companies met or exceeded the materiality threshold of 6 million Naira in royalty and ASF payments. However, only 62 companies provided complete data that could be fully reconciled in the audit. The remaining 23 companies, which made royalty and or ASF payments but whose data were not provided within the timeframe or incomplete data, along with companies whose royalty and other payments fell below the threshold, were unilaterally disclosed.

A cumulative amount of ₦6,272,880,566 was received as total revenue for Royalty of which ₦5,672,476,976 was paid by the material companies covered in this audit exercise. This receipt represents 90.42% of the total royalty revenue. As for the Annual Service fee, a total of ₦2,403,216,332 was received during the year, of which ₦1,435,263,451 was paid by the material companies covered in this audit exercise. These companies' contribution on this payment represents 99.72%**.** Both streams (Royalty and Annual Service Fee) total ₦8,676,096,898 and the selected companies selected based on the ₦6 million materiality cumulatively contributed ₦7,107,740,427 or 82% of the total.

[8] Appendix 1: NSWG Materiality Document

Table 11: Materiality Sensitivity Analysis

Materiality Sensitivity Analysis of 2022									
Option	**Threshold**	**S/N**	**Description**	**Number of Companies and Ratio**		**Annual Service Fee**	**Royalty**	**Total**	**Ratio**
				Number	**%**	**₦**	**₦**	**₦**	**%**
1	**₦10,000,000**	1	Above Threshold	38	2%	872,429,451	5,312,863,735	6,185,293,186	71%
		2	Below Threshold	1,593	98%	1,530,786,881	960,016,831	2,490,803,712	29%
			Total	**1,631**	**100%**	**2,403,216,332**	**6,272,880,566**	**8,676,096,898**	**100%**
2	**₦6,000,000**	1	Above Threshold	85	5%	1,435,263,451	5,672,476,976	7,107,740,427	82%
		2	Below Threshold	1,546	95%	967,952,881	600,403,590	1,568,356,471	18%
			Total	**1,631**	**100%**	**2,403,216,332**	**6,272,880,566**	**8,676,096,898**	**100%**
3	**₦5,000,000**	1	Above Threshold	133	8%	1,728,296,442	5,512,112,468	7,240,408,910	83%
		2	Below Threshold	1,498	92%	674,919,890	760,768,098	1,435,687,988	17%
			Total	**1,631**	**100%**	**2,403,216,332**	**6,272,880,566**	**8,676,096,898**	**100%**
4	**N4,000,000**	1	Above Threshold	178	11%	1,787,577,010	5,756,140,625	7,543,717,635	87%
		2	Below Threshold	1,453	89%	615,639,322	516,739,941	1,132,379,263	13%
			Total	**1,631**	**100%**	**2,403,216,332**	**6,272,880,566**	**8,676,096,898**	**100%**
5	**N3,000,000**	1	Above Threshold	191	12%	1,930,583,171	5,782,140,625	7,712,723,796	89%
		2	Below Threshold	1,440	88%	472,633,161	490,739,941	963,373,102	11%
			Total	**1,631**	**100%**	**2,403,216,332**	**6,272,880,566**	**8,676,096,898**	**100%**
6	**N2,000,000**	1	Above Threshold	209	13%	2,270,365,809	5,903,200,915	8,173,566,724	94%
		2	Below Threshold	1,422	87%	132,850,523	369,679,651	502,530,174	6%
			Total	**1,631**	**100%**	**2,403,216,332**	**6,272,880,566**	**8,676,096,898**	**100%**

Source: MCO and MID Records

1.5.1. Covered Entities

There are One Thousand, Six Hundred and Thirty-One (1,631) companies operating in the Solid Minerals sector within the reporting period. The companies that made royalty payments are Seven Hundred and Seventy-Three (773) out of which Sixty-Two (62) companies met the materiality threshold based on Royalty paid. Eight Hundred and Fifty-Eight (858) companies made Annual Service Fee (ASF) payments during the year out of which Twenty-Three (23) met the materiality threshold set. This brings the total material companies to 85 based on materiality threshold set.

From 85 material companies, 62 completed and returned data collection templates and relevant supporting documents which were reconciled accordingly. Data from the remaining 23 material companies were unilaterally disclosed as they were not returned at the time of publishing this report.

Table 12 consists of breakdown of both payments from Royalty and Annual Service fee alongside percentage contribution to the cumulative receipts of entities selected and covered.

Table 12: List of Covered Companies

S/N	COMPANY	ROYALTY A	ASF B	TOTAL CONTRIBUTION (A+B)	% CONTRIBUTION (A+B)
1	AAY International Mining Ltd	8,371,411	240,000	8,611,411	0.10%
2	Abasa Nigeria Ent. Ltd	-	7,100,000	7,100,000	0.08%
3	Adlas Logistics Limited	31,635,645	345,000	31,980,645	0.37%
4	Arab Contractors	15,310,732	1,400,000	16,710,732	0.19%
5	Ashaka Cem Ltd	65,318,987	50,600,000	115,918,987	1.34%
6	Bua International Ltd	463,043,145	48,457,500	511,500,645	5.90%
7	China Civil Engineering Construction Corporation (CCECC)	24,644,950	200,000	24,844,950	0.29%
8	Century Mining Co. Ltd	27,000,000	9,200,000	36,200,000	0.42%
9	CGC Nigeria Ltd	49,117,429	750,000	49,867,429	0.57%
10	China Solid Rock	26,300,000	-	26,300,000	0.30%
11	Coltan Mineral Ltd	11,234,000	400,000	11,634,000	0.13%
61	Dai Jin Jia Investment Ltd	19,322,497	800,000	20,122,497	0.23%
12	Dangote Industries Ltd	1,214,593,998	358,797,968	1,573,391,965	18.13%
13	Dolvic Global Resources	7,491,000	650,000	8,141,000	0.09%
14	Ekiti State Alliance Gem Miners	12,161,750	40,000	12,201,750	0.14%
15	First Patriot Limited	336,335,070	23,669,000	360,004,070	4.15%
16	Fuhua Quarry Nig	6,524,600	200,000	6,724,600	0.08%
17	Hong- Tai Quarry	14,929,320	200,000	15,129,320	0.17%
18	Inorganic Earth Resources	27,861,812	-	27,861,812	0.32%
19	International Cement Company	-	8,300,000	8,300,000	0.10%
20	Iron Ore Mining Ltd	-	19,600,000	19,600,000	0.23%
21	Jigom Nig. Ltd	10,091,867	200,000	10,291,867	0.12%
22	Jinziang Quarry	6,955,950	300,000	7,255,950	0.08%
23	Julius Berger Plc	161,124,686	1,150,000	162,274,686	1.87%
24	Kaduna Mining Dev Co. Ltd	1,931,330	18,743,000	20,674,330	0.24%
25	Kai Di Investment Ltd	7,991,465	5,400,000	13,391,465	0.15%
26	KCM Mining Nigeria Limited	4,590,000	65,762,000	70,352,000	0.81%
27	Kebara Richland Oil	-	19,600,000	19,600,000	0.23%

28	Kenyang Mining Co. Ltd	14,734,161	-	14,734,161	0.17%
29	Kopek Construction Ltd	59,208,225	850,000	60,058,225	0.69%
30	Kursi Investment Limited	129,959,522	10,400,000	140,359,522	1.62%
31	Lafarage Africa Plc	452,659,698	108,400,000	561,059,698	6.47%
32	Langzhang Continental Services	15,900,000	-	15,900,000	0.18%
33	Longma Industry Ltd	10,690,500	50,000	10,740,500	0.12%
34	Mark Sino Stone	15,021,429	900,000	15,921,429	0.18%
35	Master Rock Ltd	10,385,826	700,323	11,086,149	0.13%
36	Moro Economic	-	11,000,000	11,000,000	0.13%
37	Morsa Energy Ltd	7,374,258	15,200,161	22,574,419	0.26%
38	Mothercat Ltd	50,126,386	100,000,000	150,126,386	1.73%
39	Multiverse Mining & Exploration	11,179,188	100,000	11,279,188	0.13%
40	BNHH Nig Ltd	8,650,905	-	8,650,905	0.10%
41	Neveah Ltd	64,680,000	-	64,680,000	0.75%
42	Omoluabi Mineral Promotion Company Ltd	-	54,609,000	54,609,000	0.63%
62	Orbit Exploration & Natural Products Ltd	-	43,752,000	43,752,000	0.50%
43	Perfect Stone Quarries Ltd	9,085,744	300,000	9,385,744	0.11%
44	Rcc Ltd	147,128,470	1,300,000	148,428,470	1.71%
45	Redkeep Investment Ltd	-	6,567,000	6,567,000	0.08%
46	Rock King	8,537,218	200,000	8,737,218	0.10%
47	S.C.C	42,698,334	2,400,000	45,098,334	0.52%
48	Segilola Resources Operating Ltd	1,355,189,394	93,701,500	1,448,890,894	16.70%
49	Sermatech Nig Ltd	6,788,010	-	6,788,010	0.08%
50	Setraco Ltd	124,594,935	1,500,000	126,094,935	1.45%
51	Southwest Bitumen Ltd	-	69,600,000	69,600,000	0.80%
52	Triacta	6,974,872	2,200,000	9,174,872	0.11%
53	Venus Mining	11,274,301	200,000	11,474,301	0.13%
54	West African Ceramics Ltd	893,682	28,000,000	28,893,682	0.33%
55	Woda Investment	19,492,138	250,000	19,742,138	0.23%
56	Xin Xin Mining Resources Nig. Ltd	6,956,299	100,000	7,056,299	0.08%
57	Z&Y Investments	49,098,911	200,000	49,298,911	0.57%
58	Zeberced Ltd	237,182,375	2,500,000	239,682,375	2.76%
59	Zhong Xing Mining	8,890,000	50,000	8,940,000	0.10%
60	Zuma 828 Coal Ltd	23,162,268	18,585,000	41,747,268	0.48%

Source: 2022 NEITI SMA Templates

1.5.2. Non-complaint entities

From the covered entities listed in *Table 10,* Twenty-Three (23) out of the Eighty-Five (85) entities did not submit the templates and checklist dispatched to them. From this list, some of the

companies did not fill and return templates despite several efforts by the IA, others were unreachable due to either non-availability or change of contact addresses.

It is important to note that the royalty and ASF contributions of these non-compliant material companies to the total contribution of all companies within the materiality threshold is 5.73%. Based on the assessment, the IA affirms that this does not materially affect the quality of the data and information utilized for the report and the reliability of the content of the final report.

Refer to *Table 13* for list of entities that did not return templates sent to out.

Table 13: Non-Compliant Entities

S/N	COMPANY	ROYALTY A	ASF B	TOTAL CONTRIBUTION (A+B)	% CONTRIBUTION TO (A+B)
1	Akamkpa Quarry Ltd	21,793,539	300,000	22,093,539	0.25%
2	Anli Mining	30,204,917	900,000	31,104,917	0.36%
3	Basin Mining Ltd	-	8,801,000	8,801,000	0.10%
4	Calindre Ltd	-	6,450,500	6,450,500	0.07%
5	Chief Conerstone Investment Ltd	6,075,537	-	6,075,537	0.07%
6	China Oriental mining Nig	20,957,143	-	20,957,143	0.24%
7	Crownwell Petroleum Development Company Limited	-	10,949,000	10,949,000	0.13%
8	Diamond Cement Nig Ltd	-	11,520,000	11,520,000	0.13%
9	Georgio Rocks	34,518,921	750,000	35,268,921	0.41%
10	Giant Cement Works Ltd	-	35,420,000	35,420,000	0.41%
11	Gladwyn	-	7,180,000	7,180,000	0.08%
12	Grand Manufacturers Nig. Ltd	-	9,600,000	9,600,000	0.11%
13	Hudson Mining	27,203,900	-	27,203,900	0.31%
14	Mangal Industries Ltd	-	16,763,500	16,763,500	0.19%
15	North South Extractive Co. Ltd	-	79,700,000	79,700,000	0.92%
16	Ratcon Construction Company Construction Company	18,251,083	-	18,251,083	0.21%
17	Rock Bottom Mines	13,662,970	5,582,000	19,244,970	0.22%
18	Saturn Mining	11,810,500	2,000,000	13,810,500	0.16%
19	Senteng International	-	11,663,000	11,663,000	0.13%
20	Shenglong Nig Ltd	9,950,289	400,000	10,350,289	0.12%
21	Triax	-	11,315,000	11,315,000	0.13%
22	Wizchina Worldwide	8,649,484	250,000	8,899,484	0.10%
23	Zilco Ltd	7,000,000	-	7,000,000	0.08%

- **Government Agencies:** Information was obtained from nine (9) Government Agencies as enumerated in *Table 14* below.

Table 14: List of Government Entities

S/N	Government collecting agencies	Data Extract
1	Federal Inland Revenue Service (FIRS)	Company Income Tax (CIT), Value Added Tax (VAT), Withholding Tax (WHT), Education Tax (EDT)
2	Ministry of Solid Minerals Development: Mines Environmental Compliance Department, Mines Inspectorate Department, Artisanal and Small-Scale Mining Department,	Royalty, permits and levies
3	Mining Cadastre Office (MCO)	Fees (e.g., Annual service fee, Application fees)
4	Nigeria Custom Service (NCS)	Export Data
5	Central Bank of Nigeria (CBN)	Export Data
6	Revenue Mobilization Allocation and Fiscal Commission (RMAFC)	Revenue Distribution Data
7	Ministry of Environment	Levies and Fees
8	Nigeria Geological Survey Agency: NGSA	Levies and fees
9	State Internal Revenue Service	PAYE, Withholding Tax, Service Ground Rent, Business Premises and levies

1.6. Revenue Stream of covered Entities

Fifty-three (53) revenue streams were identified by the NSWG[9]. These streams flow into the Federal, State or Local Governments accounts. Thirty-Four (34) of these streams are paid into the Federal Government's Account. In this audit, twenty-five (25) of the thirty-four (34) paid to Federal Government were reconciled. The other nine (9) were unilaterally disclosed. This was due to the fact that these 9 streams were not material enough to be reconciled and some were attributable to sub-national levels. A total revenue of ₦345.40 Billion was paid by all companies operating in

[9] NSWG Materiality Document

solid mineral sector in 2022 against ₦173.4 Billion in 2021. This represents 49% increase in revenue collection in the sector. *Table 15* below shows the revenues that were reconciled and the ones that were unilaterally disclosed.

Table 15: Revenue Stream of Covered Entities

Financial Flows				
		REVENUE HEAD	**₦**	**% Contribution**
	i - RECONCILED FINANCIAL FLOW			
1	FIRS	Value Added Tax (VAT)	128,323,013,219	37.15%
2	FIRS	Company Income Tax (CIT)	146,359,961,297	42.37%
3	FIRS	Education Tax	20,735,891,061	6.00%
4	FIRS	Withholding Tax Credit	23,669,658,173	6.85%
5	FIRS	Capital Gain Tax	676,700,638	0.20%
6	FIRS	Stamp Duties	48,277,221	0.00%
Sub-Total (A) – FIRS			***319,813,501,609***	***92.59%***
8	MCO	Mining titles(s) annual service fees	2,403,216,332	0.70%
9	MCO	Mining titles(s) application processing fee	764,574,875	0.22%
10	MCO	Mining title(s) fee for processing of renewal application	124,577,875	0.04%
11	MCO	Transfer of Deed of Assignment	104,373,250	0.03%
12	MCO	Other Payments	396,937,311	0.11%
Sub-Total (B) – MCO			***3,793,679,643***	***1.10%***
13	MID	Royalty	6,272,880,566	1.82%
14	MID	Permit to mix ANFO	960,000	0.00%
15	MID	License to manufacture explosives	40,000	0.00%
16	MID	Permit to erect a magazine	4,080,161	0.00%
17	MID	Blasting Certificates	1,300,000	0.00%
18	MID	License to buy explosives	2,722,806	0.00%
19	MID	License to sell explosives	360,000	0.00%
20	MID	Explosives magazine License	18,211,550	0.01%
21	MID	Permit to blast on the road	300,000	0.00%
22	MID	Explosives Handlers Permit	945,000	0.00%
23	MID	License to Export	250,000	0.00%
24	MID	Other Payments	9,695,646	0.00%
Sub-Total (C) – MID			***6,311,745,729***	***1.83%***
ii – Unilaterally Disclosed Financial Flows				
Other National Payments				
25	NGSA	Consultancy Fees	40,676,194	0.01%
26	MOE	Registration fees for Environmental Impact Analysis	350,000	0.00%
27	MOE	Other Payments	8,479,894	0.00%

	NCS	The Nigerian Export Supervision Scheme (NESS) Fee	4,092,733,106	1.18%
Sub-Total (D) - Other National Payments			**4,142,239,194**	***1.20%***
Sub-National Payments				
29	SIRS	Annual surface rents (Grounds Rents)	190,273,730	0.06%
30	SIRS	Withholding Tax (WHT)	906,677,426	0.26%
31	SIRS	Pay as You Earn (PAYE)	10,130,178,558	2.93%
32	SIRS	Business Premises	69,667,042	0.02%
33	SIRS	Penalties	24,076,797	0.01%
34	SIRS	Development Levy	400,300	0.00%
35	LGC	Local Government Area (LGA)	27,415,296	0.01%
Sub-Total (E) - Sub-National Payments			***11,348,689,149***	***3.29%***
TOTAL			**345,409,855,324**	**100%**

Source: NEITI SMA 2022 Templates

Based on the chart in *Figure 5*, FIRS generated the most revenue of 94% of the total revenue from the solid mineral sector followed by payments to MDAs at the subnational level.

Overall, the main MDAs which are MID and MCO tasked with overseeing the sector made each a contribution of 1.11% and 1.85% of the total contribution for the year.

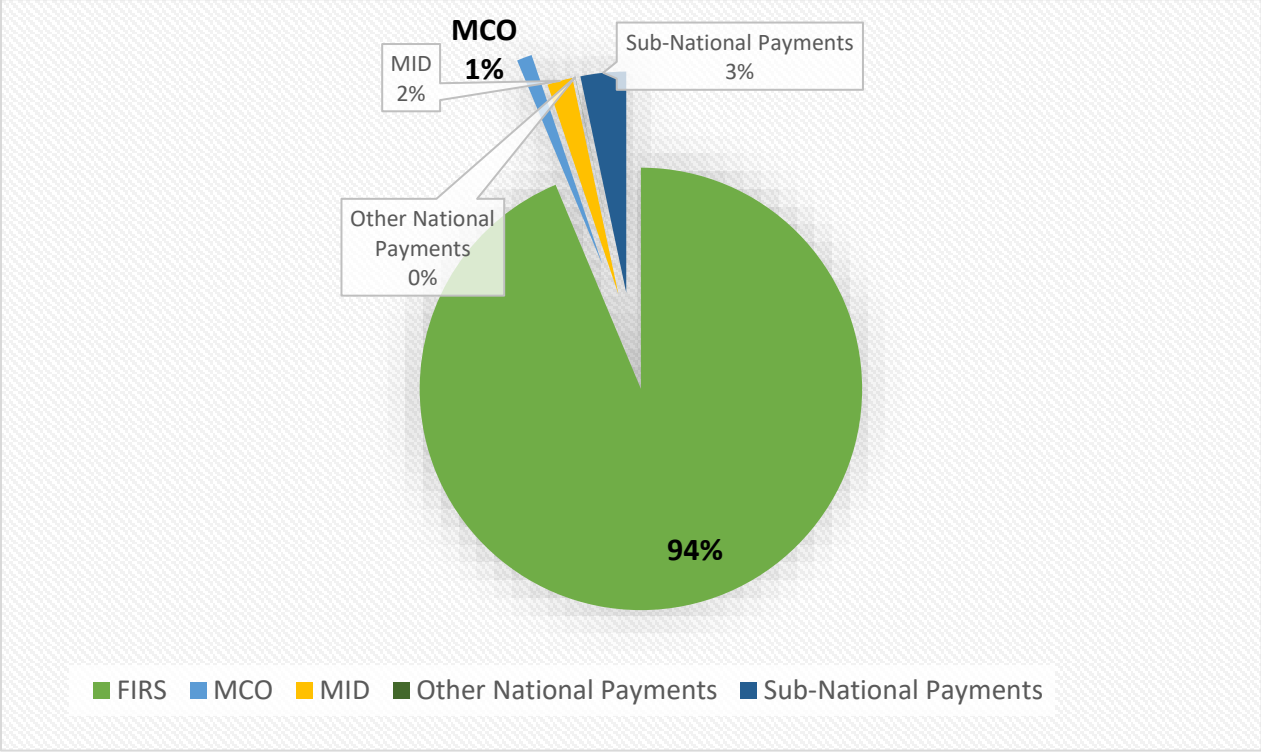


Figure 4: Proportion of Revenue Contribution

1.7. Data Quality and Assurance

To ensure adequate measures for achieving data quality, the IA conducted a thorough review of all completed and returned NEITI audit data collection templates from sixty-two (62) material companies. The review process adhered to all legal and regulatory frameworks governing data quality and assurance in Nigeria, including the Nigeria Data Protection Regulation (NDPR) of 2019. Furthermore, we ensured that all material companies submitted accurate and complete data in full compliance with the stipulated guidelines.

i. Templates signed off by senior officers in the covered entities,
ii. Audited Financial Statements (AFS)/Management Accounts,
iii. Tripartite reconciliation sign-off,
iv. Third party receipts, bank statement, remita payment evidence and relevant documents for validation.

Table 16 below summarizes the compliance level based on the review conducted.

Table 16: Data Quality Compliance Indicators

S/N	Parameter	No of reporting companies	Provided	Not Provided	% Coverage	Impact Assessment
1	Audited financial statement/ Management Account	85	11	74	12.94%	Low
2	Template sign off by senior officer	85	62	23	72.94%	High
3	Tripartite Reconciliation sign-off	85	58	27	68.24%	Medium
4	Official Receipts / General Ledger/Bank Statement	85	62	23	72.94%	High

Source: NEITI SMA 2022 Templates

1.8. Findings and Recommendations

After a thorough review of the populated templates, supporting documents, and the reconciliation exercise, the report identified and categorized findings into specific and general issues. These findings were accompanied by actionable recommendations aimed at improving overall, the sector's operations and governance status.

S/N	SPECIFIC FINDINGS	RECOMMENDATION
1	**High number of non-active operators:** There are 1,631 companies with operating licenses, in the solid mineral sector. However, only 973 (64%) are active and pay royalty from production, while there is no evidence of payment of royalty from 574 (36%) companies. Refer to A*ppendix 3* and *Appendix 4* **IMPLICATION:** Considering the number of non-active operators, and the potential of the sector in national development it can be inferred that some license holders are speculative holders thereby hindering genuine investors from investing in the sector It also reduces potential revenue generation to the country.	**Recommendation:** i. The Ministry of Mining Development and Mining Cadastre Office (MCO) should create a system of monitoring and tracking the operators that are active and non-active within the sector ii. MCO should Enforce the penalty of non-usage of licenses as stipulated in the Minerals and Mining Regulations 2011 which states that Part II, Section 93. iii. The Government should increase funding and introduce appropriate technology to support accounting, monitoring and enforcement activities. iv. The Federal Government should encourage whistle blowing on illegal mining and environmental violations by putting in place compatible policies
2	**Non-complaint Companies:** A total number of 85 companies which fell within the materiality threshold were covered for 2022 solid minerals audit. Out of the 85, twenty-three (23) companies failed to respond or submit the administered template to NEITI. Non-compliance of companies to the request for information for validation purposes by the IA takes away from the comprehensiveness of the report**.** Where companies are not penalized for not honoring the annual NEITI request for data and information from companies, an essential component of the	NEITI should consider invoking sanctions as based on Section 16 of the NEITI Act 2007, as it relates to companies not compliant with the EITI process. NEITI should also activate the various MOUs entered into with anticorruption agencies (EFCC, ICPC and NFIU) to serve as a deterrent to others. sanctioning non-compliant companies and either through relevant provision and/or through other relevant agencies,

	reporting process , it opens the door for those companies that are compliant to become non-compliant to the NEITI process.	
3	The sector recorded a significant increase in revenue contribution from ₦193.59 Billion in 2021 to ₦345.41 in 2022 representing 76% growth. Though, this is commendable, however the sector has a potential to contribute more to the Nigerian economy.	**i. Strengthen Regulatory Framework:** • ***Enhance Transparency and Accountability:*** Implement stricter regulations and ensure compliance through regular audits and monitoring. The Nigeria Extractive Industries Transparency Initiative (NEITI) has been instrumental in this regard. • ***Simplify Licensing Processes:*** Streamline the process for obtaining mining licenses to attract more investors. **ii. Improve Infrastructure:** • ***Develop Transport Networks:*** Invest in roads, railways, and ports to facilitate the efficient movement of minerals from mining sites to markets. • ***Upgrade Power Supply:*** Ensure reliable electricity supply to mining areas to reduce operational costs and increase productivity. **iii. Promote Value Addition:** • ***Encourage Local Processing:*** Establish processing plants to add value to raw minerals before export. This can significantly increase revenue and create jobs. • ***Support Small and Medium Enterprises (SMEs):*** Provide incentives and support for SMEs involved in mineral processing and related activities. **iv. Enhance Data Collection and Management:**

		• ***Conduct Comprehensive Geological Surveys:*** Update and expand geological data to identify new mineral deposits and attract investment. • ***Implement Digital Solutions:*** Use technology to improve data collection, management, and dissemination. **v. Foster Public-Private Partnerships (PPPs):** • ***ColLabourate with Private Sector:*** Engage private companies in infrastructure development and mining operations through PPPs. • ***Leverage International Expertise:*** Partner with international mining companies to bring in expertise, technology, and investment. **vi. Tax and Revenue Management:** • ***Optimize Tax Policies:*** Review and adjust tax policies to ensure they are competitive and fair, encouraging investment while maximizing government revenue. • ***Improve Revenue Collection:*** Strengthen the capacity of revenue collection agencies to minimize leakages and ensure all dues are collected.

4	**Inadequate supervision and/or oversight by government agencies and poor record keeping culture of companies:** Due to inadequate supervision by regulatory bodies in the sector, significant number of companies in the solid mineral sector have poor record keeping culture. Good and up to date record eases the assessment of mineral production volumes, royalties, and other fees payable to the Government. For instance, out of the 85 companies within the materiality threshold for the 2022 audit, only 62 material companies provided complete financial and volumetric information which facilitated full reconciliation. As a result of the inadequate record keeping both National and Sub-national governments are losing revenue accruable to them	Recommendations to the findings include: i. MCO, MSMD FIRS and other regulatory authorities should increase their oversight function and sanction any erring operator. ii. The financial reporting council and professional accountancy bodies should develop accounting standards to address the challenges of solid minerals sector

2. LEGAL AND INSTITUTIONAL FRAMEWORK

This section provides a summary of the legal and institutional framework, the licensing process and license register, government policies on anticorruption and beneficial ownership information of Nigeria's solid mineral sector.

2.1. Institutional Framework

The solid minerals sector of the economy is managed and regulated by various institutions as presented in the *Table 17* below. Detailed information about the legal and institutional framework are discussed in the *Appendix 5*.

Table 17: Institutional organisation

S/N	Name of Ministry/Agency	Reference link
1	Federal Ministry of Solid Minerals Development (MSMD)	https://msmd.gov.ng/
2	Federal Inland Revenue Service (FIRS)	http://www.firs.gov.ng/
3	Nigerian Geological Survey Agency (NGSA)	https://ngsa.gov.ng/
4	Nigerian Steel Raw Materials Exploration Agency (NSRMEA)	http://www.nsrmea.gov.ng/services
5	Nigerian Customs Service (NCS)	http://www.customs.gov.ng/
6	Revenue Mobilization Allocation and Fiscal Commission (RMAFC)	https://rmafc.gov.ng/
7	Corporate Affairs Commission (CAC)	https://www.cac.gov.ng/about/
8	Mining Cadastre Office (MCO)	https://www.miningcadastre.gov.ng/
9	Nigerian Investment Promotion Commission	http://www.nipc.gov.ng/
10	National Environmental Standards and Regulations Enforcement Agency	https://www.nesrea.gov.ng/
11	Ministry of Environment	https://environment.gov.ng/

2.2. Legal Framework

The ownership and control of all minerals in the country both on land and its territorial waters and exclusive economic zone is under the exclusive list of the Federal Government as provided in section 44(3) of the 1999 Constitution of Nigeria. See details in *Appendix 5* of the Contextual Report[10].

Table 18 below provides a summary of the laws and regulations guiding the operations of the solid mineral sector in Nigeria.

Table 18: Laws and Regulations Guiding Operations in Nigeria's Solid Minerals Sector

S/NO	LAW/REGULATION	KEY FEATURES
1	1999 Constitution of the Federal Republic of Nigeria (as amended)	The Constitution of the federal republic of nigeria is the supreme law of the country. Section 44(3) and item 39, Schedule II of the 1999 federal constitution of Nigeria states that the control and magement of the sector is the sole responsibility of the federal Government Nigeria.
2	Nigerian Minerals and Mining Act, 2007	The Act provides provide guides to minerals prospecting, mining and quarry as well as operations in the solid mineral sector. Click link Nigeria Mineral Act,2007
3	Nigerian Minerals and Mining Regulations of 2011	The regulations provide guidelines on how mining operations should be conducted and should be used vis a vis the Nigeria Mineral Act 2007. The Nigerian Minerals and Mining Regulations of 2011 can be found here
4	Land Use Act, 2004	The Act gives authority over all land in the territory of each state solely to the governor of the state, except lands vested to the Federal Government or its Agencies. The governor exercises authority over land use in such a way that benefits all the citizens, click here for details
5	Environmental Impact Assessment Act, 2004	The Act mandates that an impact assessment be done in respect of any proposed project or activity (including mining) to evaluate likely environmental effects before the commencement of the activity to propose appropriate remedial actions, click here for details.
6	The Company and Allied Matters Act, 2020(As amended)	The Act establishes the Corporate Affairs Commission, deals with the incorporation of companies in Nigeria and incidental matters, registration of business names and the incorporation of trustees of certain communities, bodies and association. It also relates to terms of partnerships and administrative proceedings of companies. click link for the Act:

[10] Contextual Report Appendix 5

7	Nigerian Investment Promotion Commission Act, 2004	The act establishes the Nigerian investment Promotion Commission (NIPC), to encourage and promote investment in the Nigerian economy: and for matters connected therewith, which includes mining of solid minerals. The NIPC is mandated to initiate and support measures which shall enhance the investment climate in Nigeria for both nationals and foreign investors. click here for details.
9	Nigerian Environmental Standard Regulation and Enforcement Agency (NESREA) Act	The Act establishes NESREA as the body to enforce appropriate and adequate regulations and sanctions for the protection of the environment. NESREA has developed thirty-three (33) environmental regulations which have been published in the official Gazette of the Federal Government of Nigeria. click here for details.
10	Company Income Tax Act	The company Income Tax Act (CITA) is the principal law that regulates the taxation of companies in Nigeria. The Federal Inland Revenue Service (FIRS) administers the income tax which is on the profits of registered companies in Nigeria. click here for details.
11	Finance Act 2019	The Finance Act reviews and consolidates into one statute, many tax provisions from different statutes. The focus of the Act is to increase revenue of the Federal Government and to curb avenues by which tax has been evaded and avoided over the years. click here for details.
12	Personal Income Tax Act	The Act guides the taxes paid on income of individuals, corporate, sole or body of individuals, communities, Families and trustees or executors of any settlement. The rate of the tax ranges from 7% to 24%, depending on the amount of chargeable income and is administered by the State Inland Revenue Service in respect of their residents. click here for details.
13	Value Added Tax, Act	This is an Act to impose and charge Value Added Tax on certain goods and services and to provide for the administration of the tax and matters related thereto. The tax is computed at a specified rate on the value of all goods and services unless otherwise stated, click here for details.

Source: Contextual Report

2.3. Fiscal Regime

The fiscal regime in the solid minerals sector is designed to regulate and manage the extraction and taxation of mineral resources through fees payable to MCO in form of ASF and other fees, MID

in form Royalty and Taxations across National and Sub-national levels[11]. However, it is important to note that there is no there is no sector specific fiscal regime for solid minerals in Nigeria.

However, Royalty and Annual Service Fees (ASF) being the two major revenue streams from the Solid Mineral Sector, find below a brief understanding of both payment flows

2.3.1. Annual Service Fee (ASF)

In Nigeria's solid minerals sector, the Annual Service Fee (ASF) is a mandatory payment that mining companies must make to the government. This fee is part of the regulatory framework designed to ensure compliance and proper management of mining activities. Here are some key points about the ASF:

- **Purpose:** The fee is intended to cover administrative costs associated with the regulation and monitoring of mining operations.
- **Calculation:** is calculated at a fixed rate per cadastre unit as set out in Schedule 1 of Nigerian Minerals and Mining Regulations 2011.The amount of the ASF can vary depending on the size and scope of the mining operation. It is typically calculated based on factors such as the type of mineral being extracted and the scale of the operation.
- **Payment Schedule:** Companies are required to pay this fee annually to maintain their mining licenses and permits.
- **Compliance:** Failure to pay the ASF can result in penalties, including the suspension or revocation of mining licenses.
- **Regulatory Authority:** The Ministry of Mines and Steel Development through the Mines Cadastre Ofice (MCO) is responsible for collecting the annual service fee and ensuring that mining companies comply with all regulatory requirements.

2.3.2. Royalty

Every mineral titleholder other than the holder of reconnaissance permit (RP) or water use permit operating in the sector is obligated to pay royalty which ranges from 3% - 5% depending on the type of mineral being mined as provided for in Section 33(1) of Nigerian Mineral and Mining Act 2007 and further prescribed in Section 99(1) of Nigeria Minerals and Mining Regulation 2011.

2.4. Fiscal Incentives

Investment in the Nigerian mining sector is supported by various incentives, including those outlined in the Nigerian Minerals and Mining Act (NMMA) 2007, the Nigerian Investment

[11] https://portal.citn.org/wp-content/uploads/2022/03/Understanding-Solid-Mineral-Laws-and-taxation.pdf

Promotion Commission (NIPC) regulations, and the Companies Income Tax Act (CITA) 2004. Additionally, the Finance Act 2019, which became effective in February 2020, provides further incentives to attract investment and promote sustainable development in the sector.The Ministry of Solid Minerals Development (MSMD) deployed a catalogue containing sectoral incentive click here for details.

2.5. Contracts

Requirement 2.4(a(i)) of the EITI Standard 2023 mandates the disclosure of contracts related to the exploitation of oil, gas, and mineral resources by implementing countries. This report establishes that no contracts exist in the solid mineral sector as strictly defined by the afore mentioned requirement. However, since the 2023 EITI Standard also applies to licenses, the report confirms that the custodian of Nigeria's solid minerals licenses and leases, i.e., the Mining Cadastre Office (MCO) provides standardized mining licenses/leases (i.e., proforma) containing the underlisted items:

i. Type of Title
ii. Title Number
iii. Mineral Type(s)
iv. Geographic Coordinates
v. Number of Cadastre Units (CU)
vi. Area(km2)
vii. Local Government Area(s)
viii. State(s)
ix. Validity Period (No. of years) of the Title
x. Effective Date
xi. Expiry Date

Refer to *Appendix 6* - Mining Leases for additional information

In addition, Section 116(1) of the Nigerian Minerals and Mining Act (NMMA) 2007 mandates that, before commencing any development activity within a lease area, the holder of a mineral title must conclude an agreement with the host community. This agreement, known as a Community Development Agreement (CDA) aims to ensure the transfer of social and economic benefits to the extractive community.

These agreements maintained by the Mining Environmental Compliance Department (MECD) of MSMD (in hard copy) and can be accessed by the public upon formal request to the MECD. Some copies of the CDA's are accessible through EITI reporting **here**, whereas efforts are underway at the MSMD to digitize these agreements and make them accessible to the general public in the near future. The Federal Government of Nigeria (FGN) recognizes CDAs as one of the security interests to be registered with the MCO, as per Government Notice No. 21 of 2022. However, there are no specific government policies on the public disclosure of CDAs hence the non-

disclosure of these contracts publicly. The IA obtained CDAs from 51 out of 80 material companies covered in the audit, see details in *Appendix 9.*

2.6. License Allocation

The granting of a mineral title provides the holder with the right to explore or exploit minerals in Nigeria, as stipulated in the Nigerian Minerals and Mining Act (NMMA) 2007. To qualify, an applicant must submit an application in line with the Nigerian Minerals and Mining Regulations, accompanied by an irrevocable consent form from landowners or occupiers. Detailed procedures for license application, bidding, and issuance are thoroughly discussed in the *Appendix 5*.

In line with the Terms of Reference (ToR), the report reviewed the status of licenses issued up until 31st December 2022 to determine compliance with regulations outlined in the mining legislation. It sampled each category of mineral title issued in 2022 to assess the license allocation process. The review confirmed that there was no evidence of irregularities: the allocation processes were transparent, fair, and compliant with the provisions of the Mining Act and Regulations. The number of licenses/leases issued in 2022, along with data from the three years preceding 2022 is presented in *Table 19* below.

Table 19: Trend Analysis of lease license from 2018 to 2022

S/N	TITLE TYPE	2018	2019	2020	2021	2022	TOTAL
1	Exploration License (EL)	634	501	516	840	628	**3119**
2	Mining Lease (ML)	35	24	12	40	0	**111**
3	Quarry Lease (QL)	212	169	185	255	195	**1016**
4	Small Scale Mining Lease (SSML)	499	602	598	771	502	**2972**
5	Reconnaissance Permit (RP)	137	-	171	139	341	**137**
	Total	**1,517**	**1,296**	**1,482**	**2,014**	**1,325**	**7355**

Source:2022 MCO Records

There has been a noticeable decrease in the issuance of licenses in Nigerian solid minerals sector. This trend can be attributed to:

i. **Regulatory Reviews:** The Nigerian government has been conducting thorough reviews of existing licenses and regulatory frameworks to ensure compliance and sustainability. This has led to a temporary suspension or slowdown in the issuance of new licenses.
ii. **Market Dynamics:** Changes in market conditions, such as fluctuating commodity prices and economic uncertainties, have also impacted the number of application for new licenses. Companies have become more cautious about investing in new projects under uncertain market conditions.

iii. **Security Concerns:** In some regions, security issues have made it challenging to operate safely, leading to a reduction in the number of licenses issued. This is particularly relevant in areas affected by insurgency or other forms of conflict.

2.6.1. Procedure for Licence Allocation

The procedure for obtaining a license in Nigeria's solid minerals sector involves several steps and requirements as follows[12]:

STEP 1: Application Submission:

- **Formal Application:** Write a formal application letter addressed to the Director of Mines Inspectorate Department, Ministry of Mines and Steel Development. This letter should be on the company's letterhead and specify the type of mineral you intend to explore or mine.
- **Required Documents:** Submit the following documents along with your application:
  - Certificate of Incorporation from the Corporate Affairs Commission (CAC), including CAC Form 2 and Form 7.
  - Tax Clearance Certificate showing three years of tax clearance.
  - Attestation of Non-Conviction from the Mines Inspectorate Department.
  - Banker's Guarantee, a reference letter from your company's bank.
  - Letter of introduction/consent from a licensed mineral title holder.
  - Evidence of technically competent personnel, such as a geologist with COMEG accreditation12.

STEP 2: Evaluation and Approval:

- The Ministry evaluates the technical and financial capability of the applicant to ensure they can undertake the proposed mining activities.
- Environmental Impact Assessment (EIA): An EIA report may be required to assess the potential environmental impacts of the mining activities[13].

STEP 3: Issuance of License:

- Grants the holder the exclusive right to conduct exploration activities within the specified area. It is initially granted for three years and can be renewed for two additional periods of two years each.
- Mining Lease: Issued after successful exploration and feasibility studies, allowing the holder to mine and extract minerals. The lease is typically granted for a period of 25 years and can be renewed.

Refer to *Appendix 23* for more details

[12] Ministry of Solid Minerals Development's Guideline on Mineral Titles Application
[13] https://portal.minesandsteel.gov.ng/Home/Guidelines

2.6.2. Consolidation, Transfer and Revocation of Licenses

In line with Section 89 of the Mining Regulation, a title holder has the right to consolidate multiple licenses under their control. Sections 91 and 92 of the Regulation outline the process for the transfer of licenses, providing clear guidance on the necessary steps. Additionally, Section 97 grants the Minister of Mines Development the authority to revoke a mining license under specific conditions.

In Nigeria's solid minerals sector, the processes for consolidation, transfer, and revocation of licenses are governed by specific regulations to ensure proper management and compliance. Here's an overview of each process:

A. Consolidation of Licenses

Consolidation involves merging multiple licenses into a single license to streamline operations and reduce administrative burdens. The process typically includes:

1. **Application:** The license holder must submit an application to the Ministry of Mines and Steel Development, detailing the licenses to be consolidated and the reasons for consolidation.
2. **Evaluation:** The Ministry evaluates the application to ensure that the consolidation will not negatively impact the environment or local communities.
3. **Approval:** If approved, the Ministry issues a consolidated license, which combines the rights and obligations of the original licenses.

B. Transfer of Licenses

Transferring a license allows the current holder to transfer their rights and obligations to another party. The process includes:

1. **Application for Transfer:** The current license holder must apply to the Ministry for approval to transfer the license. This application should include details of the transferee and the terms of the transfer.
2. **Due Diligence:** The Ministry conducts due diligence to ensure the transferee meets all regulatory and financial requirements.
3. **Approval and Documentation:** Upon approval, the Ministry issues a new license in the name of the transferee, and all relevant documentation is updated to reflect the change.

C. Revocation of Licenses

Revocation occurs when a license is withdrawn due to non-compliance or other issues. The process includes:

1. **Notice of Non-Compliance:** The Ministry issues a notice to the license holder, detailing the reasons for potential revocation and providing a period for rectification.
2. **Hearing and Review:** If the issues are not resolved, a hearing may be conducted to review the case. The license holder can present their case and provide evidence of compliance.
3. **Revocation:** If the Ministry determines that the license holder has failed to comply with the regulations, the license is revoked.

The *Table 20* below provides a summary of licenses/leases for the review period

Table 20: Consolidation, Transfer and Revocation of Licenses in 2022

S/N	TITLE	CONSOLIDATION	TRANSFER	RELINQUISHED	REVOKED
1	Exploration License (EL)	-	60	2	1034
2	Mining Lease (ML)	-	4	5	76
3	Quarry Lease (QL)	-	9	4	657
4	Small Scale Mining Lease (SSML)	-	12		1700
	Total	**0**	**85**	**11**	**3,467**

Source:2022 MCO Records

The IA reviewed the transferred, relinquished, and revoked licenses in accordance with the Mining Regulation 2011 and the Minerals and Mining Act, 2007. The review confirmed that all actions were in compliance with the relevant provisions of these regulations. Refer to *Appendix 8* for the full list and schedule.

2.6. License Register

The Mining Cadastre Office (MCO) in line with the Sections 5(1) and 7 of the Nigerian Minerals and Mining Act of 2007 maintains a mining License register that is accessible to the public on MCO website here. The License register conforms to requirement 2.3 of the EITI 2023 standard. See *Appendix 7* for detail of licenses as of 2022

A further review of the License register showed that the register contains the following information:

i. Title Type
ii. Code
iii. Holder details
iv. Minerals
v. Coordinating unit
vi. Area (SQ. KM)
vii. State
viii. LGA
ix. Effective Date of issuance
x. Expiring Date

xi. Address
xii. Email
xiii. Telephone Number

2.6. Buying Centre

The MSMD established the Mineral Buying Centres to address various challenges, including smuggling of solid minerals and loss of government revenue, among others. To mitigate these issues and ensure the sector's full potential is realized, Section 133 of the Nigerian Minerals and Mining Regulation 2011 was enacted. This regulation governs the possession and purchasing of minerals from multiple parties. Details on the operations of these buying centres are provided in *Appendix 5*. Additionally, information on the activities and geographical distribution of the 214 registered private mineral buying centres can be found in *Appendix 10.* Also, *Table 21 and Table 22* below shows the locations of the associated with each mineral that has a buying centre.

Table 21: Private Mineral Buying Centre

S/N	CATEGORY OF MINERAL TYPE	NO. OF PMBC	LOCATION
1	Coal	1	Kogi
2	Gemstone	28	Lagos, Fct, Plateau, Kano, Niger, Kogi, Nasarawa, Kwara, Ogun, Oyo
3	Gold	1	Kaduna
4	Metallic	115	Lagos, FCT, Plateau, Kano, Niger, Kogi, Nasarawa, Kwara, Ogun, Oyo, Bauchi, Kebbi, Zamfara, Taraba
5	Non-Metallic	24	Lagos, FCT, Lagos, Fct, Plateau, Kano, Niger, Kogi, Nasarawa, Kwara, Ogun, Oyo, Bauchi, Kebbi, Zamfara, Osun, Adamawa
6	Precious Metal	45	Lagos, FCT, Plateau, Kano, Niger, Kogi, Nasarawa, Ogun, Oyo, Bauchi, Kebbi, Zamfara, Osun, Adamawa
	Total	**214**	

Source: 2022 MID

Table 22: Distribution of PMBC Across States and The Geo-Political Zones

NORTH CENTRAL		NORTH WEST		NORTH EAST		SOUTH WEST		SOUTH EAST		SOUTH-SOUTH	
STATE	**TOTAL**	**STATE**	**TOTAL**	**STATE**	**TOTAL**	**STATE**	**TOTAL**	**STATE**	**TOTAL**	**STATE**	**TOTAL**
Kogi	5	Kaduna	6	Gombe	-	Ekiti	-	Ebonyi	-	Rivers	-
Fct	54	Kano	7	Taraba	3	Ogun	6	Abia	-	Delta	-
Benue	-	Sokoto	-	Yobe	-	Oyo	5	Anambra	-	Bayelsa	-
Kwara	6	Katsina	-	Adamawa	1	Lagos	34	Enugu	-	Akwa Ibom	-
Nasarawa	11	Zamfara	4	Bauchi	7	Ondo	-	Imo	-	Cross River	-
Niger	14	Jigawa	-	Borno	-	Osun	5				
Plateau	39	Kebbi	7								
Sub Total	***129***	***Sub Total***	***24***	***Sub Total***	***11***	***Sub Total***	***50***	***Sub Total***	-	***Sub Total***	-
TOTAL PMBC REGISTERED IN 2023 = 214											

Source: 2022 MID

Table 22 above shows the distribution of PMBC across the states in the geo-political zones. It can be seen that states like Benue, Gombe, Yobe, Borno, Sokoto, Katsina, Jigawa, Ebonyi, Abia, Anambra, Enugu, Imo, Rivers, Delta, Bayelsa, Akwa Ibom, Cross River, Edo, Ekiti and Ondo do not have any.

2.6.2.1. *Comparison of Buying centres Between 2022 and 2021*

Table 23: Comparison of Buying centres Between 2022 and 2021

S/N	CATEGORY OF MINERAL TYPE	NO. OF PMBC	
		2022	2021
1	Coal	1	-
2	Gemstone	28	76
3	Metallic Minerals	115	285
4	Non-Metallic Minerals	24	39
5	Non-Precious Metal	-	1
6	Precious Metal	46	162
	Total	**214**	**563**

Source: ASM - MSMD Report, 2021 SMA Report

Table 23 above indicates that there is decline in the number of centres during the years (2022 and 2023). **Decline of Private Mineral Buying Centres (PMBC)**

It is noted that there is a 61.98% decline in the PMBC during the year as there were 563 centres in 2021 and 214 in 2022.

The decline of Private Mineral Buying Centres in Nigeria can be attributed to several factors ranging from:

i. **Regulatory Challenges:** Inconsistent enforcement of regulations and bureaucratic hurdles can discourage the establishment and operation of buying centers. This includes delays in licensing and compliance issues
ii. **Security Concerns:** The prevalence of illegal mining activities and insecurity in some mining regions can deter investors and operators from setting up or maintaining buying centers
iii. **Economic Factors:** Fluctuations in global mineral prices and economic instability can impact the profitability of buying centres, leading to closures or reduced operations.
iv. **Infrastructure Deficiencies:** Poor infrastructure, such as inadequate transportation networks and lack of reliable power supply, can hinder the efficient operation of buying centers.
v. **Market Access Issues:** Artisanal and small-scale miners may struggle to access buying centers due to their remote locations or lack of awareness about these centers[14].
vi. **Financial Constraints:** Limited access to credit and financial services can restrict the ability of buying centers to purchase minerals from miners and invest in necessary infrastructure.

[14] https://eiti.org/sites/default/files/2024-01/NEITI-SMA-2021-Report.pdf

vii. **Environmental and Social Issues:** Conflicts with local communities and environmental degradation can create operational challenges for buying centres, leading to their decline[15].

2.7. Beneficial Ownership

The term "beneficial owner" in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity.

At the 2016 London Anti-Corruption Summit, Nigeria joined over 100 countries in committing to the use of beneficial ownership (BO) transparency to combat illicit financial flows, particularly in the extractive industries. In line with this commitment, NEITI launched its Beneficial Ownership Portal in 2019. By 2023, Nigeria's Corporate Affairs Commission (CAC) had deployed the updated Persons with Significant Control Register, which collects and publishes data in accordance with the Beneficial Ownership Data Standard (BODS). This initiative provides high-quality, structured data on the beneficial owners of Nigerian companies through a designated portal.

For the period under review, the diagram below illustrates the progress made in collecting and validating BO data in the extractive sector.

[15] https://www.pwc.com/ng/en/assets/pdf/nigerian-mining-progress-but-still-a-long-way-to-go1.pdf

Figure 5: Progress of beneficiary ownership: Source: EITI.org

Out of the 62 companies that participated in the current audit, an assessment was conducted to verify the accuracy of their ownership disclosures. A sample of producing companies was engaged to evaluate the completeness, comprehensiveness, and robustness of the BO data disclosed on the two main portals managed by CAC and NEITI. Additionally, the BO information collected and supplied by the Mining Cadastre Office (MCO) to NEITI during the audit was reviewed. *Appendix 25* presents the outcomes of the search and findings of some of the companies.

In terms of submission from companies, 18 provided complete information on their beneficial owners, while 26 companies provided partial BO information. However, six (6) companies failed to provide any beneficial ownership information.

2.8. Anti-corruption Policy

In 2003, Nigeria joined the world to sign the United Nations Convention Against Corruption (UNCAC) which entered into force in 2005. Consequently, the country established different agencies to tackle corruptions and promote transparency and accountability. Some of these

institutions are Revenue Mobilization Allocation and Fiscal Commission (RMAFC), the Independent Corrupt Practices and Other Related Offences Commission (ICPC), the Economic and Financial Crimes Commission (EFCC), Nigerian Financial Intelligence Unit (NFIU), the Bureau for Public Procurement (BPP), the Nigerian Extractive Industry Initiative (NEITI), and the Code of Conduct Bureau and Code of Conduct Tribunal (CCT). The federal government through the Federal Ministry of Justice lunched the National Anti-corruption strategy[16] to address issues relating to corruption.

In addition, the establishment of the Anti-Corruption and Transparency Unit (ACTU) within the Ministry of Solid Minerals Development launched in colLabouration with the Independent Corrupt Practices Commission (ICPC) to combat corruption and ensure compliance with anti-corruption laws by

- ✓ **Monitoring and Managing Risks:** ACTU identifies, monitors, and manages risks to the Ministry's integrity systems. This involves examining and reviewing corruption-prone systems, practices, and procedures
- ✓ **Promoting Prevention Strategies:** The unit develops and implements strategies to mitigate integrity vulnerabilities and prevent ethical breaches. This includes creating a code of ethics for staff and ensuring strict compliance
- ✓ **ColLabouration with ICPC:** ACTU works closely with the Independent Corrupt Practices Commission (ICPC) to identify and address corruption risks. This colLabouration helps in enforcing anti-corruption laws and fostering a culture of transparency

In order to promote transparency and accountability in the sector, NEITI signed a Memorandum of Understating (MOU) with anti-corruption agencies such as ICPC, NFIU and EFCC. To gain and assess companies' level of compliance to anti-corruption drive and policies of the country, the IA requested for companies' policy statements on anti-corruption.

Table 24 below provides details of eighty-five (85) companies anti-corruption policy status

Table 24: Status Report on Anti-Corruption

Company's Disposition	Parameters	Response	
		No.	%
Complaint	Available	3	3.53%
	Not Available	44	51.76%
	Work-In-Progress	15	17.65%
Non-Compliant	None	23	27.06%
Total		**85**	**100%**

Source: 2022 NEITI SMA Templates

[16] National anti-corruption strategy appendix 13

2.9. State Participation

There was no state participation in the Nigeria solid minerals sector in 2022 as there was no active state-owned enterprise.

2.10. Reforms in the Sector

The Federal Government of Nigeria (FGN), through the supervising Ministry and Agencies in the solid minerals sector has carried out different reform and development projects in the sector with the aim of developing the solid minerals sector and diversifying the economy. *Table 25* below presents the various reform accrued out.

Table 25: Reforms in the Sector

S/N	ACTIVITIES	DESCRIPTION	RESPONSIBLE INSTITUTION
1	Policy framework	✓ Development of a Mineral Value Chain Policy to support Mineral and Metals sector ✓ National Barite Value Chain Policy: ✓ PAGMI (Presidential Artisanal Gold Mining Initiative): ✓ Development of the Metallurgical Industry Bill has been approved by the Federal Executive Council (FEC) for onward transmission to the National Assembly. ✓ Granting of Coal Mining licenses to operators in line with coal to power policy	Ministry of Solid Minerals Development
2	Institutional development and reforms put in place to build the organizational and functional capabilities of the Ministry	As enshrined in the Nigerian Minerals and Mining Act, 2007, the Ministry of Mines Development has carried out the underlisted activities. i. Execution of safer mining projects by the ASM Department in Niger and Kwara States where operators were trained on safer mining techniques. ii. Distribution of wet milling machines and PPEs to operators in project areas. . iii. Resolve outstanding court cases and	Ministry of Solid Minerals Development

		liabilities against Ajaokuta Steel Company Limited and National Iron Ore Mining Limited for the resuscitation of the plants iv. Harmonization of CDA	
3	Enlightenment Programme	✓ Engagement of communities through the coordination of Corporate Social Responsibility (CSR) programs, incentivized participation, and education ✓ The Ministry set up a Community Development Agreement (CDA) to ensure the transfer of Economic and Social benefits to the mining communities	Ministry of Solid Minerals Development
4	Development activities made to improve trading and ease of transactions through the set-up and formalization of metal exchanges and mineral certification authorities	World Bank (Mindiver) project on the Formalization of Artisanal Miners **into** Cooperatives and Small-Scale Miners into Larger Mineral and Financial Enterprises Together with the Design and Implementation of an ASM Remote Sensing Monitoring System in the Mining and Steel Sector aimed at: i. Capacity Building programme for the ASM Department. ii. Formalization of ASM activities. iii. Mapping of ASM mines and trading centers. iv. Setting up an IT unit with GIS, database, and Remote Sensing applications to promote the ASM Department's data acquisition, analysis, and interpretation. v. Development of a strategy for the formalization process of ASM. vi. Creation of Mines Marshals across the 36 states and FCT	
5	Gender and Social Exploitation	The ministry initiates efforts to ensure social equity in the labour force by addressing issues of exploitation of women	Ministry of Solid Minerals Development

		and children. i. The Ministry has mainstreamed gender into its plans and programs by making sure that objectives set for its activities are achieved. ii. It has also carried out a lot of sensitization campaigns towards gender. iii. mainstreaming across the country. iv. Embarked on support for women cooperatives through capacity building and the provision of light tools for their work. v. Women cooperative groups are being trained to achieve the economic sustainability of their cooperatives and to help them grow from artisanal miners to small-scale miners. vi. Children are being supported through the provision of school bags and learning materials such as textbooks and books including writing materials. vii. Schools had been renovated in mine host communities to ensure that children are repatriated back to school.	
	Review of The Nigeria Solid Mineral Development Company (Establishment) Bill, 2023, Repealing Nigerian Mining Corporation Act No. 39 1972	✓ The proposed bill aims to establish the Nigeria Solid Mineral Development Company. This new entity is designed to play a pivotal role in the management, development, and value addition of Nigeria's solid mineral resources. ✓ By repealing the outdated Nigerian Mining Corporation Act, the government seeks to create a more modern and effective legal framework for the sector.	

2.11. Findings and Recommendations

S/N	FINDINGS	RECOMMENDATION
1	A total of 628 exploration licenses were issued during the year. It was also observed that there was no conversion of EL to ML during the year. This is an indication that companies/people hold licenses for speculatory purposes. Holding a license without commencing exploration or operation creates a barrier for serious investors or operators, negatively impacting reserve base growth and hindering subsequent development and production. This leads to future revenue losses for the government, and fosters the proliferation of illegal mining activities, ultimately undermining the sector's overall growth and potential. **Decline in the issuance of license** While the number of SSML declined from 771 in 2021 to 502 in 2022. This represents 34.8% decline from the previous year (2022).	The report recommends that exploration license holders should be encouraged by the MCO to commence exploration within the stipulated time. If they are unable to meet this requirement, they should either relinquish the license or face withdrawal by the MCO upon the expiration of the allotted period. This approach will ensure optimal utilization of licensed areas, prevent stagnation, and create opportunities for other potential investors. To address the decline in the issuance of licenses in Nigeria's solid mineral sector, several strategic actions can be taken: **1. Revise Licensing Policies** • MCO should simplify Licensing Procedures by streamlining the application process to make it more efficient and transparent, reducing bureaucratic delays. • **Incentivize Local Value Addition:** Ensure that new licenses are tied to plans for local processing and value addition, which can boost economic benefits and create jobs. **2. Enhance Regulatory Framework**

		• **Strengthen Regulatory Bodies**: Increase the capacity and resources of regulatory agencies like the Ministry of Solid Minerals Development (MSMD) to enforce compliance and monitor activities effectively[17]. • **Implement Digital Solutions**: Utilize technology to automate and manage the licensing process, making it more accessible and reducing opportunities for corruption **3. Promote Investment** • ***Attract Foreign and Domestic Investors***: Conduct roadshows and provide incentives to attract both local and international investors to the sector. • ***Public-Private Partnerships (PPPs):*** Encourage colLabourations between the government and private sector to develop infrastructure and mining projects. **4. Improve Infrastructure** ***Develop Transport and Power Infrastructure:*** Invest in roads, railways, and reliable power supply to support mining operations and reduce operational costs.

[17] https://www.pwc.com/ng/en/assets/pdf/nigerian-mining-progress-but-still-a-long-way-to-go1.pdf

	Inconsistent and Incomplete Beneficial Ownership The availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector faces several challenges such as: i. **Complex Ownership Structures:** Many companies use intricate ownership structures to hide the true owners, making it difficult to trace beneficial ownership. ii. **Regulatory Inconsistencies:** There are often gaps and inconsistencies in regulations across different jurisdictions, which can hinder the effective collection and sharing of BO information. iii. **Data Quality Issues:** Even when BO information is available, it may be incomplete or inaccurate due to inadequate verification processes. iv. **Limited Public Access:** Access to BO information is often restricted to certain authorities, limiting its usefulness for stakeholders like civil society organizations and the general public. v. **Weak Enforcement:** Poor enforcement of existing regulations can lead to non-compliance by companies,	Addressing the challenges associated with the availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector requires a multi-faceted approach: i. **Strengthening Legal Frameworks:** Implementing robust laws and regulations that mandate the disclosure of BO information is crucial. This includes aligning with international standards such as the Extractive Industries Transparency Initiative (EITI) and the Financial Action Task Force (FATF) recommendations. ii. **Strengthening Enforcement Mechanisms:** Ensuring that there are strong penalties for non-compliance and that these penalties are consistently enforced can deter companies from hiding beneficial ownership information. iii. **Improving Data Collection and Verification:** Establishing comprehensive systems for collecting and verifying BO information can enhance data accuracy and completeness. This might involve creating centralized registries and using technology to cross-check information. iv. **Enhancing Transparency and Public Access:** Making BO information publicly accessible can increase transparency and accountability. This can be achieved through online platforms where stakeholders, including civil society organizations, can easily access and scrutinize the data. v. **Capacity Building and Training:** Providing training for regulatory authorities, companies, and other stakeholders on the importance

	further complicating efforts to obtain accurate BO information vi. **Unharmonized data:** data from agencies such as MCO, CAC and NEITI are not at par. These challenges can impede efforts to combat corruption, money laundering, and other illicit activities in the solid minerals sector.	of BO transparency and how to comply with disclosure requirements can improve compliance and enforcement. vi. **Centralization of Data:** BO data harvested over the period should be centralized and access by relevant agencies. vii. **International Cooperation:** ColLabourating with international bodies and other countries can help harmonize regulations and facilitate the exchange of BO information across borders, making it harder for illicit actors to exploit regulatory gaps. viii. **Engaging Stakeholders:** Involving a wide range of stakeholders, including government agencies, the private sector, and civil society, in the development and implementation of BO transparency initiatives can ensure that these measures are comprehensive and effective.
	DECLINE IN PRIVATE MINERAL BUYING CENTRES (PMBC) It was noted that there was a 61.98% decline in the number of PMBC during the year as there were 563 centres in 2021 and 214 in 2022. The decline of Private Mineral Buying Centres in Nigeria can be attributed to several factors ranging from: i. **Regulatory Challenges:** Inconsistent enforcement of regulations and bureaucratic hurdles can discourage the establishment and operation of buying centers. This includes delays in licensing and compliance issues ii. **Security Concerns:** The prevalence of illegal mining activities and insecurity in some mining regions can deter	Addressing the decline of Private Mineral Buying Centers in Nigeria requires a comprehensive approach that tackles the root causes and enhances the overall environment for their operation. i. **Regulatory Reforms:** Streamlining the regulatory framework to reduce bureaucratic hurdles and ensure consistent enforcement of laws can encourage the establishment and operation of buying

	investors and operators from setting up or maintaining buying centers	centers. Simplifying the licensing process and providing clear guidelines can help attract more investors[20]. ii. **Security Enhancements:** Improving security in mining regions is crucial. This can involve increased policing, community engagement, and the use of technology to monitor and protect mining activities. Ensuring the safety of both the centers and the transportation of minerals can boost confidence among operators.[21]
	iii. **Economic Factors:** Fluctuations in global mineral prices and economic instability can impact the profitability of buying centres, leading to closures or reduced operations.	iii. **Economic Incentives:** Providing financial incentives such as tax breaks, subsidies, or access to low-interest loans can help buying centers overcome financial constraints. These incentives can make it more viable for centers to operate and invest in necessary infrastructure
	iv. **Infrastructure Deficiencies:** Poor infrastructure, such as inadequate transportation networks and lack of reliable power supply, can hinder the efficient operation of buying centers.	iv. **Infrastructure Development:** Investing in infrastructure, such as roads, power supply, and communication networks, can improve access to buying centers and enhance their operational efficiency. This can also make it easier for miners to transport their minerals to these centers.
	v. **Market Access Issues:** Artisanal and small-scale miners may struggle to access buying centers due to their remote locations or lack of awareness about these centers[18].	v. **Market Access and Awareness:** Conducting awareness campaigns to inform miners about the existence and benefits of buying centers can increase their utilization. Additionally, establishing more centers in strategic locations can improve accessibility for miners.
	vi. **Financial Constraints:** Limited access to credit and financial services can restrict the ability of buying centers to purchase minerals from miners and invest in necessary infrastructure.	

[18] https://eiti.org/sites/default/files/2024-01/NEITI-SMA-2021-Report.pdf
[20] https://www.pwc.com/ng/en/assets/pdf/nigerian-mining-progress-but-still-a-long-way-to-go1.pdf
[21] https://eiti.org/sites/default/files/2024-01/NEITI-SMA-2021-Report.pdf

	vii. **Environmental and Social Issues:** Conflicts with local communities and environmental degradation can create operational challenges for buying centres, leading to their decline[19].	vi. **Capacity Building:** Providing training and support to operators of buying centers can enhance their ability to comply with regulations and manage their operations effectively. This can include training on best practices, financial management, and the use of technology. vii. **Environmental and Social Governance (ESG):** Implementing strong ESG practices can help mitigate conflicts with local communities and reduce environmental impacts. This can involve engaging with communities, conducting environmental impact assessments, and adopting sustainable practices.
	Low compliance on the Anti-corruption policy by companies Low compliance with anti-corruption policies in Nigeria's solid minerals sector is a significant challenge As result, the extractive sector is exposed to **i. Economic Losses:** • ***Revenue Leakages:*** Corruption leads to significant revenue losses for the government due to underreporting of mineral production and illegal mining activities. • ***Reduced Investment:*** Investors are deterred by the high risk of corruption, leading to reduced FDI in the sector. **ii. Operational Inefficiencies:**	**i. Strengthen Regulatory Framework:** • ***Enhance Capacity of Regulatory Bodies:*** Increase funding and resources for regulatory agencies such as the Independent Corrupt Practices Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) to improve enforcement. • ***Implement Digital Solutions:*** Use technology to automate monitoring and reporting processes, making it easier to detect and address corruption. **ii. Increase Awareness and Training:** • ***Educational Campaigns:*** Conduct awareness campaigns to educate companies about anti-corruption policies and the importance of compliance. • ***Training Programs***: Provide regular training for company executives and employees on ethical practices and compliance requirements.

[19] https://www.pwc.com/ng/en/assets/pdf/nigerian-mining-progress-but-still-a-long-way-to-go1.pdf

- ***Increased Costs:*** Companies may face higher operational costs due to bribery and other corrupt practices, which can reduce profitability.
- ***Poor Resource Management:*** Corruption can result in the misallocation of resources, leading to inefficiencies and reduced productivity.

iii. Environmental and Social Impact:

- ***Environmental Degradation:*** Corrupt practices often lead to non-compliance with environmental regulations, resulting in significant environmental damage.
- ***Social Unrest:*** Communities affected by corrupt practices may experience social unrest and conflicts, which can disrupt mining operations.

iv. Reputational Damage:

- ***Loss of Trust:*** Companies involved in corrupt practices risk losing the trust of stakeholders, including investors, customers, and the public. If the numbers of companies are high enough, this will decimate the trust stakeholders have in the industry.
- ***Legal Consequences:*** Non-compliance with anti-corruption policies can lead to legal actions, fines, and sanctions.

iii. Promote Transparency and Accountability:

- ***Public Disclosure:*** Require companies to publicly disclose their anti-corruption policies and compliance records.
- ***Whistle-blower Protection:*** Strengthen protections for whistle blowers to encourage reporting of corrupt practices without fear of retaliation.

iv. Foster a Culture of Integrity:

- ***Leadership Commitment:*** Ensure that company leaders demonstrate a strong commitment to ethical practices and set a positive example for employees.
- ***Ethical Standards:*** Develop and enforce a code of ethics that all employees must adhere to, with clear consequences for violations.

v. ColLabourate with External Stakeholders:

- ***Partnerships with NGOs and Civil Society:*** Work with non-governmental organizations and civil society groups to promote transparency and accountability in the sector.
- ***International Cooperation:*** Engage with international bodies to adopt best practices and benefit from global expertise in combating corruption.

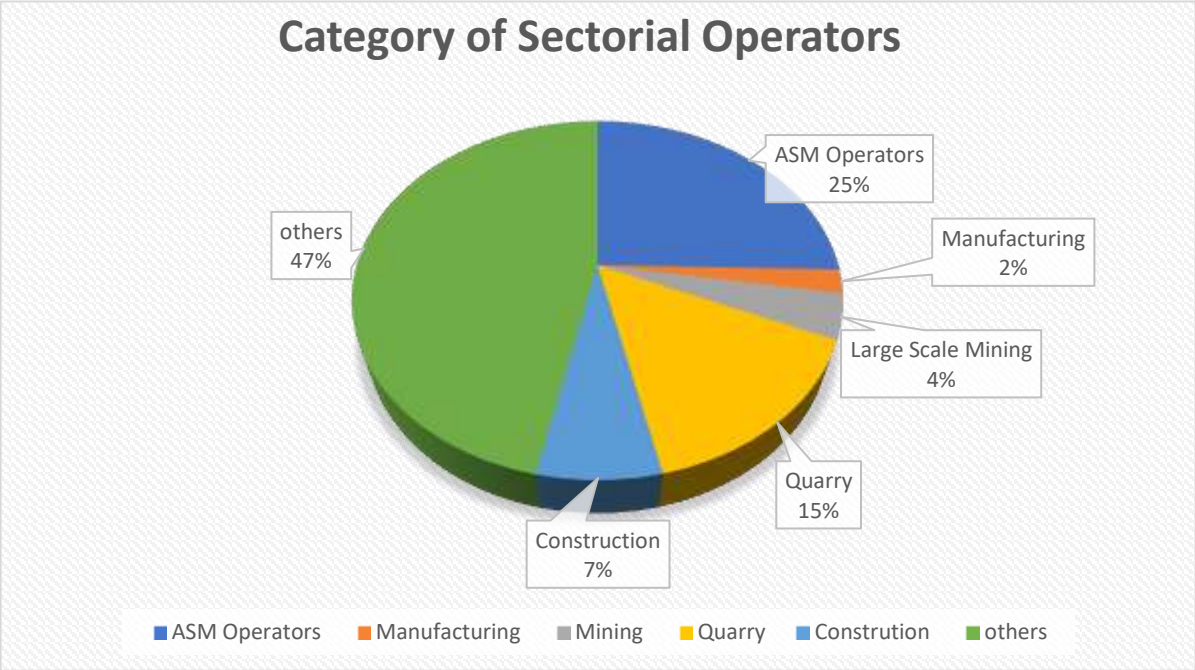
	REVOCATION OF LICENSES DURING THE YEAR During the year under review 3,467 licenses were revoked. The revocation of these solid mineral licenses in Nigeria have several significant effects on the sector and the economy at large: These effects are i. **Increased Compliance and Transparency:** The revocation of licenses, particularly those that are dormant or non-compliant, helps to enforce regulatory standards and improve transparency in the sector. This can lead to a more orderly and accountable mining industry[22]. ii. **Encouragement of Active Mining:** By revoking licenses from inactive holders, the government encourages more active and productive use of mineral resources. This can attract serious investors who are committed to developing mining projects. iii. **Revenue Generation:** Ensuring that only compliant companies hold licenses can increase government revenue through the collection of fees, royalties, and taxes. This is crucial for funding public services and infrastructure. iv. **Market Opportunities:** The revocation of licenses opens up opportunities for new entrants into the market. This can lead to increased competition, innovation, and investment in the mining sector.	i. **Legal and Dispute Resolution Mechanisms:** Establishing clear legal and dispute resolution mechanisms can help address any challenges or disputes arising from the revocations. This ensures that affected parties have a fair process to resolve their issues. ii. **Incentives for Compliance:** Offering incentives for compliance, such as tax breaks or grants for companies that adhere to regulations, can encourage better practices in the sector. This can also attract new, responsible investors. iii. **Monitoring and Evaluation:** Implementing robust monitoring and evaluation systems can help track the impact of license revocations and ensure that the intended benefits are realized. This can involve regular audits and assessments of the sector

[22] https://fmino.gov.ng/mining-sector-fg-revokes-1633-mineral-titles/

	v. **Deterrence of Speculative Practices:** The "Use it or Lose it" policy deters companies from hoarding licenses for speculative purposes without actual mining activities. This helps to prevent market distortions and ensures that mineral resources are utilized efficiently. vi. **Potential Legal Challenges:** Companies whose licenses are revoked may challenge the decision legally, leading to potential disputes and litigation. This can create a temporary period of uncertainty in the sector. vii. **Impact on Local Communities:** The revocation of licenses can have mixed effects on local communities. While it can lead to more responsible mining practices and better community engagement, it may also result in temporary job losses if companies cease operations	
	POOR /UNDERDEVELOPED CORPORATE GOVERNANCE STRUCTURE IN THE SOLID MINERAL SECTOR The solid mineral sector of Nigeria is poorly developed operations and governance-wise. Unlike in the Oil and Gas sector where the standard Cooperate Governance code guiding operations is comparatively more advanced, the solid mineral sector in Nigeria is besieged with operational and governance gaps occasioned by a combination of regulatory neglect and prolonged de-investment Poor compliance and difficulty in monitoring the activities of companies. Revenue loss from inadequate oversight by regulatory and tax authorities and environmental despoliation.	The security and Exchange commission, Corporate affairs commission, and Financial Reporting Council of Nigeria in conjunction with Ministry of Solid Mineral Development, Joint Tax Board and FIRS should come up with a standard code of cooperate governance structure that will guide the operators in the solid minerals industry

3. MINING OPERATIONS IN NIGERIA

This segment provides an overview of the Nigeria solid minerals industry in Nigeria. Nigeria is endowed with vast deposits of mineral resources spread across its thirty-six states and the Federal Capital Territory. The solid minerals sector contributes 0.53% to the country's Gross Domestic Product (GDP). This sector is primarily dominated by construction companies. Other players are the quarry's, informal artisanal and small-scale miners, mining operators, and manufacturing companies. The contributions of these players in the sector are illustrated in the figure below. The growth and formalization of this sector are crucial for the development of Nigeria's industrial economy.



Source: MID

Figure 6: Category of Sectorial Operators

3.1. Exploration and Reserves

The development of a mineral field depends largely on the availability of mineral deposits. Before any field is developed, the licensee will examine the mineral reserves (proven and unproven) in the field. The Field Development Plans (FDPs) must be developed before License are issued. These plans are crucial for outlining the development and production strategies for a mining project. An FDP typically includes:

1. Resource Assessment: Detailed analysis of the mineral resources available.
2. Mining Methods: Selection of appropriate mining techniques and technologies.
3. Infrastructure Development: Planning for the necessary infrastructure, such as roads, power supply, and water management.
4. Environmental Impact Assessment: Evaluating and mitigating the environmental impacts of mining activities.

5. Economic Analysis: Financial projections and cost-benefit analysis to ensure the project's viability.
6. Regulatory Compliance: Ensuring all activities comply with local, national, and international regulations.

The current minerals deposit reserves in Nigeria across different as presented below:

3.2. Mineral Exploration

The country has a large deposit of mineral resources which cuts across the thirty-six (36) states of the federation and Federal Capital Territory of Nigeria. These minerals have been categorised as energy, industrial, metallic ores and precious stones. Click here for mineral distribution network in Nigeria. For details of exploration activities in the review period, see *Appendix 5*.

The Mining Cadastre Office (MCO) in Nigeria plays a crucial role in the management and regulation of the country's solid minerals sector. The key functions of the MCO are:

1. **License Issuance and Management:** The MCO is responsible for the issuance, renewal, and revocation of mining licenses and permits. This includes exploration licenses, mining leases, and small-scale mining licenses.
2. **Regulatory Compliance:** The MCO ensures that all mining activities comply with the Nigerian Minerals and Mining Act, 2007, and other relevant regulations. This includes monitoring and enforcing compliance with environmental, safety, and operational standards
3. **Data Management:** The MCO maintains a comprehensive database of all mining licenses and permits issued in Nigeria. This database includes information on the location, status, and ownership of mining titles
4. **Revenue Collection:** The MCO is involved in the collection of fees, royalties, and other payments related to mining activities. This includes annual service fees, application fees, and royalties based on mineral production
5. **Conflict Resolution:** The MCO helps resolve disputes related to mining titles and operations. This includes conflicts between mining companies and host communities, as well as disputes between different mining title holders
6. **Public Awareness and Education:** The MCO provides information and education to the public and stakeholders about the mining sector. This includes publishing guidelines, reports, and other resources to promote transparency and understanding of mining regulations.

In the year under review MCO issued six hundred and twenty-eight (628) exploration Licenses as shown in *Table 27* below

Table 26: Exploration Licenses (EL) issued in 2022

S/N	Mineral	Number of License issued
1	Gold	130
2	Lithium	78
3	Aquarmarine	37
4	Coal	32
5	Copper	30
6	Barite	28
7	Lead/Zinc	25
8	Columbite	23
9	Beryl	23
10	Limestone	21
11	Amethyst	21
12	Granite	12
13	Ilmenite	11
14	Gemstone	9
15	Corundom	9
16	Iron Ore	8
17	Quartz	8
18	Gypsum	8
19	Sand	8
20	Bentonite	8
21	Marble	8
22	Cassiterite	8
23	Tin	7
24	clay	6
25	Tantalum	5
26	Manganese	5
27	Graphite	5
28	Topaz	5
29	Fluorspar	4
30	Cerium	4
31	Chorium	4
32	Lignite	4
33	cobalt	4
34	Talc	3
35	Anthracite	3
36	Bitumen	3
37	Feldspar	2
38	Kaolin	2
39	Tourmaline	2
40	Calcite	2
41	Calcite	2

42	Barium	2
43	Bauxite	2
44	Chalcopyrite	2
45	Aluminium	1
46	Garnet	1
47	Mica	1
48	Monazite	1
49	Antimony	1
	Total	**628**

Source: 2022 NEITI SMA Templates

3.3. Status Report on Strategic minerals

In line with the Federal Government's desire to develop the solid mineral sector, seven (7) strategic minerals have been identified for focused development. The status of these strategic minerals is detailed in *Appendix 5*. The *Table 28* below provides information on the active valid titles for these strategic minerals.

Table 27: ValidcMinerals Titles as of 2022

S/N	MINERAL	EL	ML	SSML	QL	TOTAL
1	Coal	12		3		**15**
2	Limestone	56		18	5	**79**
3	Lead/Zinc	55		33		**88**
4	Gold	256	3	89		**348**
5	Barite	13		4		**17**
6	Bitumen	2				**2**
7	Iron ore	18		3		**21**
	Total	**412**	**3**	**150**	**5**	**570**

Source: 2022 NEITI SMA Templates

3.4. Proven Reserves of Strategic Mineral

Based on Federal Government's classification of certain minerals as the seven strategic minerals as shown in T*able 29* below, the proven reserves and basis of measurement.

Table 28: Proven Reserves of Strategic Mineral

SN	STRATEGIC MINERALS	PROVEN RESERVES IN MILLION TONNES	TOTAL RESERVES IN MILLION TON	MEASUREMENT BASIS OF RESERVES	PRODUCTION (TONNES)	ROYALTY
						₦
1	Gold	3,482,395	200	Ounces	3	1,262,263,585
2	Limestone	876,080,052	2,300,000	Metric Tonnes	37,260,778	1,880,698,840
3	Lead/Zinc	108.1	10	Metric Tonnes	89,130	355,639,950
4	Iron Ore		10,000	Metric Tonnes	283	128,400
5	Barite		15	Metric Tonnes	1,170	181,500
6	Coal		2,750	Metric Tonnes	1,505,197	277,079,644
7	Bitumen		27,000	Barrels	-	-
Total					**1,990,210**	**3,775,991,919**

Source: 2022 NEITI SMA Templates

Table 30 below shows the thirty-six (36) states deposit of the seven strategic minerals across the federation.

3.5. Production Comparison of Seven (7) Strategic Minerals Between 2021 and 2022

Table 29: Production Comparison of Seven (7) Strategic Minerals between 2021 and 2022

		2021		2022			
S/N	MINERAL TYPE	QUANTITY PRODUCED (TONNES)	ROYALTY (₦)	QUANTITY PRODUCED (TONNES)	ROYALTY (₦)	% Change Quantity	% Change ROYALTY
1	Coal	1,821,059	111,105,110	1,505,197	277,079,644	-17%	149%
2	Limestone	35,608,204	1,034,281,154	37,260,778	1,880,698,840	5%	82%
3	Lead/Zinc	129,529	173,005,598	89,130	355,639,950	-31%	106%
4	Gold	0.54	95,905,277	2.90	1,262,263,585	370%	1216%
5	Barite	1,560	624,000	1,170	181,500	-25%	-71%
6	Bitumen	-	-	-	-	0%	0%
7	Iron ore	2,453	478,300	283	128,400	-88%	-73%

As shown in *Table 30* above, it can be seen that the production of gold has gone up by 370%. This is attributable to the entry of Segilola Resources in the production of gold. The royalty payment from Segilola is the highest ever recorded royalty received from a core mining company. This also demonstrate the potential the sector has in terms of revenue generation to Nigeria as well as creation of jobs.

This also demonstrates that Nigeria has the capacity to monitor and track production of rare metals and mineral production

Table 31 below shows the deposit of the Seven-Strategic minerals in the respective states.

Table 30: Strategic Minerals Deposit in Nigeria by State

SN	Location	Gold	Limestone	Lead/Zinc	Iron Ore	Barite	Coal	Bitumen
1	Abia	✓	✓	✓			✓	
2	Adamawa					✓	✓	
3	Akwa Ibom		✓				✓	
4	Anambra				✓			
5	Bauchi	✓	✓		✓			
6	Bayelsa		✓					
7	Benue		✓	✓	✓	✓	✓	
8	Borno		✓					
9	Cross River		✓		✓	✓		
10	Delta		✓					
11	Ebonyi		✓	✓	✓	✓		
12	Edo		✓					
13	Ekiti							
14	Enugu		✓				✓	
15	Federal Capital Territory	✓		✓				
16	Gombe		✓			✓	✓	
17	Imo		✓		✓			
18	Jigawa							
19	Kaduna	✓						
20	Kano							
21	Katsina				✓			
22	Kebbi							
23	Kogi	✓					✓	
24	Kwara	✓			✓			
25	Lagos							✓
26	Nasarawa	✓		✓	✓	✓	✓	
27	Niger							
28	Ogun	✓	✓					✓
29	Ondo		✓					✓
30	Osun	✓						
31	Oyo	✓	✓		✓			
32	Plateau				✓			
33	Rivers							
34	Sokoto		✓					
35	Taraba			✓	✓	✓		
36	Yobe							
37	Zamfara			✓	✓			

Source: National Bureau of Statistics

3.6. Production

This report provides the total volume of minerals mined or quarried based on mineral type, company, state and geo-political zones. Information on royalty paid, and market value of the minerals are presented in the tables below. In the year under review, the royalty rate was reviewed upward in July,2022 for two reasons:

i. *Market Realities Alignment:* The primary goal was to align the solid minerals sector with current market realities. As market conditions change, it's crucial to adjust policies and regulations accordingly. By reviewing royalties, the government aimed to ensure that the rates were in line with the actual value of minerals in the market[23].
ii. *Effective Resource Management:* Effective management of Nigeria's mineral resources was another key driver. By revisiting royalty rates, the government sought to optimize revenue collection while promoting sustainable mining practices. This approach benefits both the country and the industry stakeholders[24].

The review aimed to strike a balance between revenue generation, environmental sustainability, and industry growth. Refer to *Appendix 12* for the revised royalty rates.

3.6.1. Production by Mineral Type

Table 32 below shows the distribution of minerals produce in 2022 based on mineral types. A total of 46 mineral types were either mined or quarried during the period under review. Limestone Granite and Clay constituted 83.2% of total mineral produced in the year.

Table 31: Minerals Produced by Type

S/N	MINERAL TYPE	QUANTITY (TONNES)	%CONTRIBUTION	ROYALTY PAID (₦)	%CONTRIBUTION
1	Limestone	37,260,778	52.68%	1,880,698,840	29.98%
2	Granite Aggregate	14,673,737	20.75%	1,422,869,150	22.68%
3	Laterite	6,091,900	8.61%	226,012,274	3.60%
4	Sand	5,041,106	7.13%	161,636,675	2.58%
5	Shale	2,085,954	2.95%	59,709,582	0.95%
6	Clay	1,823,700	2.58%	42,345,498	0.68%
7	Granite Dust	1,618,321	2.29%	121,489,224	1.94%
8	Coal	1,505,197	2.13%	277,079,644	4.42%
9	Gypsum	183,628	0.26%	42,938,850	0.68%
10	Lead/Zinc Ore	89,130	0.13%	355,639,950	5.67%
11	Kaolin	70,396	0.10%	7,150,900	0.11%
12	Manganese	56,014	0.08%	19,604,949	0.31%
13	Lithium Ore	51,524	0.07%	201,134,052	3.21%
14	Tourmaline	41,386	0.06%	3,299,513	0.05%
15	Feldspar	37,250	0.05%	4,366,550	0.07%

[23] https://msmd.gov.ng/stakeholders-back-license-review-get-nod-to-propose-royalties/
[24] https://msmd.gov.ng/stakeholders-back-license-review-get-nod-to-propose-royalties/

16	Dolomite	17,282	0.02%	2,423,873	0.04%
17	Granite Block	12,430	0.02%	7,792,500	0.12%
18	Marble	10,460	0.01%	1,389,100	0.02%
19	Quartz	9,667	0.01%	1,702,000	0.03%
20	Rubellite	7,350	0.01%	183,750	0.00%
21	Granite Marbles	7,114	0.01%	1,422,750	0.02%
22	Columbite	5,899	0.01%	128,072,585	2.04%
23	Basalt	5,173	0.01%	388,000	0.01%
24	Spodumene	3,420	0.00%	513,000	0.01%
25	Ilmenite	3,062	0.00%	1,416,900	0.02%
26	Talc	2,777	0.00%	316,500	0.01%
27	Monazite	2,535	0.00%	17,500	0.00%
28	Gravel	2,200	0.00%	180,000	0.00%
29	Tin Ore	1,705	0.00%	7,729,130	0.12%
30	Silver	1,600	0.00%	5,333,333	0.09%
31	Amethyst	1,266	0.00%	1,256,400	0.02%
32	Barites	1,170	0.00%	181,500	0.00%
33	Topaz	748	0.00%	242,000	0.00%
34	Dolomite	500	0.00%	50,000	0.00%
35	Beryl	349	0.00%	11,423,500	0.18%
36	Iron Ore	283	0.00%	128,400	0.00%
37	Beryllium	172	0.00%	11,349,000	0.18%
38	Fluorite	127	0.00%	146,530	0.00%
39	Kunzite	110	0.00%	275,000	0.00%
40	Cooper	82	0.00%	38,640	0.00%
41	Mica	15	0.00%	22,500	0.00%
42	Aquamarine	5	0.00%	1,000	0.00%
43	Sapphire	5	0.00%	2,505	0.00%
44	Tantalite	4	0.00%	581,100	0.01%
45	Gold	2.9	0.00%	1,262,263,585	20.12%
46	Gemstone	1	0.00%	62,332	0.00%
	Total	**70,727,531**	**100%**	**6,272,880,565**	**100.00%**

Source: 2022 NEITI SMA Templates

3.6.2. Production by Company

As presented in Table 33 below, the Dangote Group, consisting of Dangote Industries and Dangote Cement, made the largest contribution with 24.9 million tonnes, accounting for 35.34% of the total mineral production for the year. In contrast, Kursi Investment Limited, a gold producer, recorded the lowest production volume at 0.227 Tonnes of gold.

The reason for these two extremes in volume is as a result of

i. Dangote is the main producer of cement in Nigeria. As a result, limestone used in produce the cement is highly demanded and produced in large volumes.

ii. Gold on the hand is measured and paid for in ounces due to its rarity and expensive nature. To satisfy the uniformity concept in accounting, items measured in ounces, kilograms or grams were all converted to Tonnes. Thus, the low value of gold in tonnage.

The total cumulative mineral production for the year stood at 70,727,531 Tonnes.

Table 32: Summary of Minerals Produced by Companies

S/N	NAME OF COMPANY	QUANTITY (TONNES)	% CONTRIBUTION	ROYALTY PAID (₦)	% CONTRIBUTION
1	Dangote Industries Ltd	24,993,598	35.34%	1,277,125,443	20.36%
2	Lafarge PLC	8,664,067	12.25%	572,429,180	9.13%
3	Bua Cement Plc	8,338,170	11.79%	479,167,735	7.64%
4	Julius Berger Nig. Plc	3,499,716	4.95%	168,938,326	2.69%
5	Zeberced Ltd	2,374,988	3.36%	214,362,375	3.42%
6	RCC Nigeria Ltd.	1,512,446	2.14%	145,293,578	2.32%
7	China Civil Engineering Construction Corporation (CCECC) Nig. Limited	922,243	1.30%	89,694,950	1.43%
8	Setraco Nigeria Limited	823,405	1.16%	125,701,917	2.00%
9	S C C Nig Ltd	780,596	1.10%	55,180,311	0.88%
10	Ashaka Cement Company Plc.	500,938	0.71%	34,971,529	0.56%
11	Kopek Constr Ltd	463,542	0.66%	60,492,825	0.96%
12	Perfect Stone Quarries Ltd	463,397	0.66%	7,655,384	0.12%
13	West Africa Ceramics	460,685	0.65%	12,857,832	0.20%
14	Triacta Nig. Limited	423,638	0.60%	40,798,284	0.65%
15	Inorganic Earth Resources Limited	404,900	0.57%	27,538,138	0.44%
16	Kai Di Investment Limited	351,963	0.50%	34,324,656	0.55%
17	Georgio Rocks Ltd.	316,898	0.45%	34,518,921	0.55%
18	Cgc Nigeria Limited	306,208	0.43%	57,930,137	0.92%
19	Mothercat Nigeria Limited	287,378	0.41%	17,235,747	0.27%
20	Akamkpa Quarry Ltd	272,845	0.39%	33,604,039	0.54%
21	Z & Y Investment	256,289	0.36%	38,109,411	0.61%
22	Arab Contractors	200,573	0.28%	18,205,120	0.29%
23	Dai Jin Jia Investment Ltd	197,788	0.28%	22,588,852	0.36%
24	Woda Mountain Invest. Nig. Ltd	165,069	0.23%	24,762,921	0.39%
25	Multiverse Exploration	154,528	0.22%	11,179,188	0.18%
26	Zuma 828 Limited	154,415	0.22%	23,162,268	0.37%
27	Hongtai Quarry Co Ltd	153,375	0.22%	14,929,320	0.24%
28	Chief Cornerstones Investment Limited	128,186	0.18%	8,165,937	0.13%
29	Venus Mining Company Ltd	123,522	0.17%	10,354,301	0.17%
30	Ratcon Construction Company	121,673.89	0.17%	18,251,083	0.29%
31	Jigom Nig. Ltd	106,221	0.15%	10,091,867	0.16%

32	Lanzaang Continential Services Ltd	106,000	0.15%	15,900,000	0.25%
33	Zhon Zing Mining Ltd.	100,955	0.14%	8,890,000	0.14%
34	Longma Industry Ltd	98,481	0.14%	10,244,600	0.16%
35	Mark-Sino Nig. Ltd	98,141	0.14%	14,271,429	0.23%
36	China Oriental Mining Nig. Ltd	97,314	0.14%	20,597,143	0.33%
37	Rock King Ltd.	91,216	0.13%	10,429,579	0.17%
38	Rock Bottom Minens Power	87,870	0.12%	13,662,970	0.22%
39	NBHH Nig Ltd	86,562	0.12%	7,804,075	0.12%
40	Saturn Mining	78,736.67	0.11%	11,810,500	0.19%
41	China Solid Rock Nigeria Ltd	75,333	0.11%	11,300,000	0.18%
42	First Patriot Limited	63,494	0.09%	296,590,500	4.73%
43	Xin Xin Mining Resources Nig. Ltd	58,341	0.08%	6,956,298.75	0.11%
44	Wiz China	57,663	0.08%	8,649,484	0.14%
45	Dolvic Global Resources & Continental Services	53,700	0.08%	5,992,500	0.10%
46	AAY International Mining Ltd	50,340	0.07%	8,371,411	0.13%
47	Shenglong Nig. Ltd	48,075	0.07%	8,711,379	0.14%
48	Zilco Ltd	46,667	0.07%	7,000,000	0.11%
49	Fuhua Quarry Nig	40,393	0.06%	6,524,600	0.10%
50	Jinziang Quarry Co. Ltd	40,338	0.06%	7,295,950	0.12%
51	Sermatech Nig Ltd	34,254	0.05%	6,787,958	0.11%
52	Morsa Energy Ltd	23,595	0.03%	6,524,259	0.10%
53	Master Rock Ltd	21,528	0.03%	3,229,215	0.05%
54	Century Mining Co. Ltd	15,000	0.02%	27,000,000	0.43%
55	Anli Mining	6,041	0.01%	30,204,917	0.48%
56	Adlas Logistics Limited	3,180	0.00%	31,635,000	0.50%
57	Ekiti State Alliance Gem Miners	2,130	0.00%	10,180,500	0.16%
58	Kaduna Mining Dev Co. Ltd	2,130	0.00%	10,180,500	0.16%
59	Neveah Ltd	1,615	0.00%	64,680,000	1.03%
60	Kenyang Mining Co. Ltd	1,229	0.00%	14,734,000	0.23%
61	Hudson Mining Ltd.	638	0.00%	28,367,650	0.45%
62	Coltan Mineral Limited	161	0.00%	11,234,000	0.18%
63	Segilola Resources	2.78	0.00%	1,298,734,887	20.70%
64	Kursi Investment Limited	0.227	0.00%	129,959,522	2.07%
65	Abasa Nigeria Ent. Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
66	Basin Mining Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
67	Calindre Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
68	Crownwell	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
69	Diamond Cement Nig Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
70	Giant Cement Works Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%

71	Gladwyn Investment Company Limited	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
72	Grand Manufacturers Nig. Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
73	International Cement Company	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
74	Iron Ore Mining Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
75	KCM Mining Nigeria Limited	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
76	Kebara Richland Oil	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
77	Mangal Industries Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
78	Moro Economic	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
79	North South Extractive Co. Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
80	Omoluabi Mineral Promotion Company Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
81	Orbit Exploration & Natural Products Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
82	Redkeep Investment Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
83	Senteng International	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
84	Triax	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
85	Southwest Bitumen Ltd	NO PRODUCTION	0.00%	NO PRODUCTION	0.00%
	Others	11,313,149.13	16.00%	428,804,167.17	6.84%
	Total	**70,727,531**	**100%**	**6,272,880,566**	**100%**

Source: 2022 NEITI SMA Templates

The companies tagged with NO PRODUCTION were chosen based on their payment of ASF as they were yet to commence production as at the time of audit. Also, companies like Segilola and Kursi have low production tonnage and a high royalty paymen as a result of the the mineral they produce (which is gold). Gold is a rear metal with a high royalty rate.

3.6.3. Production by States and Regions

In 2022, total production amounted to 70,727,531 Tonnes, with a corresponding royalty payment of N6.272 Billion. This marks an 8% decrease from the 2021 production figure of 76,277,187 Tonnes. The production of various minerals, along with their values by state, is presented in *Table 34*. Edo, Kogi, and Ogun states contributed 54% of the total production. The North Central Zone had the highest production contribution at 32.32%, followed by the Southwest with 29.41%, which accounted for 46.08% of the total royalty contribution.

Table 33: Analysis of Production of Minerals by State

S/N	STATE	QUANTITY (TONNES)	% CONTRIBUTION	ROYALTY (₦)	% CONTRIBUTION	REGION
1	Kogi	14,068,116	19.89%	317,059,571.47	5.05%	**North Central**
2	FCT	3,925,052	5.55%	286,979,573.00	4.57%	
3	Benue	3,630,868	5.13%	122,802,823.00	1.96%	

4	Kwara	498,325	0.70%	158,651,353.05	2.53%	
5	Nasarawa	484,471	0.68%	205,423,865.00	3.27%	
6	Niger	220,055	0.31%	37,218,396.26	0.59%	
7	Plateau	33,687	0.05%	59,855,040.93	0.95%	
	Sub Total	***22,860,573***	***32.32%***	***1,187,990,623***	***18.94%***	
8	Gombe	807,786	1.14%	56,811,798.26	0.91%	**North East**
9	Taraba	238,595	0.34%	32,503,171.50	0.52%	
10	Yobe	218,233	0.31%	9,250,679.00	0.15%	
11	Adamawa	155,157	0.22%	15,483,288.55	0.25%	
12	Bauchi	79,733	0.11%	19,108,744.25	0.30%	
13	Borno	105	0.00%	145,000.00	0.00%	
	Sub Total	***1,499,610***	***2.12%***	***133,302,682***	***2.13%***	
14	Kaduna	3,307,894	4.68%	206,756,661.41	3.30%	**North West**
15	Kano	3,229,045	4.57%	115,143,787.87	1.84%	
16	Sokoto	3,018,957	4.27%	187,936,894.74	3.00%	
17	Katsina	597,109	0.84%	31,875,071.25	0.51%	
18	Zamfara	146,450	0.21%	17,581,500.00	0.28%	
19	Jigawa	129,754	0.18%	6,728,604.00	0.11%	
20	Kebbi	106,197	0.15%	20,800,448.50	0.33%	
	Sub Total	***10,535,407***	***14.90%***	***586,822,968***	***9.35%***	
21	Ebonyi	607,984	0.86%	445,283,314.46	7.10%	**South East**
22	Abia	294,362	0.42%	25,553,447.76	0.41%	
23	Anambra	231,089	0.33%	6,824,500.00	0.11%	
24	Enugu	183,502	0.26%	6,112,535.00	0.10%	
25	Imo	77,106	0.11%	3,464,250.00	0.06%	
	Sub Total	***1,394,042***	***1.97%***	***487,238,047***	***7.77%***	
26	Rivers	8,612,823	12.18%	460,298,581.05	7.34%	**South South**
27	Delta	3,842,474	5.43%	446,239,190.01	7.11%	
28	Bayelsa	701,564	0.99%	31,875,071.25	0.51%	
29	Akwa Ibom	292,878	0.41%	8,786,331.25	0.14%	
30	Cross River	185,083	0.26%	11,766,402.00	0.19%	
31	Edo	1,350	0.00%	27,737,018.72	0.44%	
	Sub Total	***13,636,171***	***19.28%***	***986,702,594***	***15.73%***	
32	Ekiti	297,581	0.42%	45,853,425.00	0.73%	**South West**
33	OGUN	15,367,624	21.73%	966,827,851.35	15.41%	

34	OYO	2,543,688	3.60%	288,862,104.71	4.60%	
35	Lagos	1,734,183	2.45%	82,053,404.26	1.31%	
36	ONDO	763,671	1.08%	110,046,095.74	1.75%	
37	OSUN	94,981	0.13%	1,397,180,770.92	22.27%	
38	***Sub Total***	***20,801,728***	***29.41%***	***2,890,823,652***	***46.08%***	
	Total	**70,727,531**	**100.00%**	**6,272,880,566**	**100.00%**	

Source: 2022 NEITI SMA Templates

3.6.4. Five-Year Production Trend

Table 34: Five Year Production Trend from 2018 to 2022

Year	2018	2019	2020	2021	2022	TOTAL
Quantity (Ton)	46,680,658	59,820,953	71,151,030	76,277,187	**70,727,531**	**324,657,359**
Difference	-	13,140,295	11,330,077	5,126,157	(5,549,656)	
% Change Quantity		28%	19%	7%	-7%	
Royalty Paid in ₦'000	1,962,050	2,502,229	3,016,582	3,570,893	6,272,881	**17,325**
Difference	540	514	554	2,702	540	
% Change Quantity		28%	21%	18%	76%	

Source: *NEITI Solid Minerals Audit (SMA) Reports*

Over a five-year period, total solid mineral production reached 324,657,359 Tonnes, reflecting a general upward trend in production. This increase can be attributed to government reforms in the sector and heightened demand for minerals driven by local, regional, and international markets, particularly for some solid minerals and manufactured goods (e.g., cement). However, despite this overall growth, production in 2022 saw a decline of 5,549,656 Tonnes, representing an 7% decrease compared to 2021. As shown above in *Table 35*

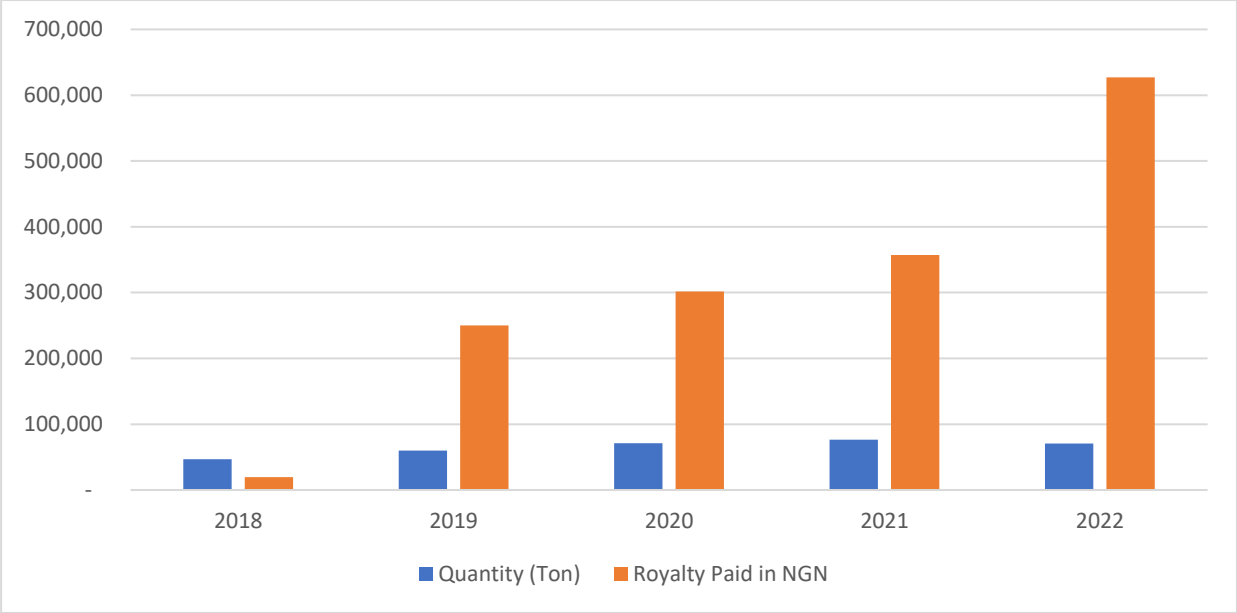


Figure 7: Five Year Production and Royalty Trend

3.6.5. Export by Mineral Type

Records from Mining Inspectorate Department (MID) showed that, total export in the year under review was 262,774.75 Tonnes from the cumulation of 21 minerals with ₦2,422,722,433 paid as Royalty. Refer to *Table 36* below for more information.

Table 35: Disaggregation of Export by Minerals

S/N	MINERAL	QUANTITY EXPORTED (TONNE)	ROYALTY PAID(NAIRA)
1	Aquamarine, Tourmaline, Topaz and Amethyst	107.7500	72,511
2	Cabo-Chen Morganite & Low grade Rubellite	0.0515	183,750
3	Coal	132,000	18,427,558
4	Columbite	1,449.6500	56,198,700
5	Gold	3.51	1,791,377,831
6	Ilmenite Ore	2,126.0000	1,355,000
7	Industrial Kunzite	54.0000	135,000
8	Industrial Quartz	2,000.0000	400,000
9	Lead Ore	472.2400	637,500
10	Lead/Zinc ore	72,725.0000	308,720,075
11	Lithium ore	25,916.4000	118,691,250
12	Manganese ore	15,000.0000	5,316,209
13	Mica	1,288.0000	23,800
14	Monazite	50.0000	25,000
15	Quartz	2,000.0000	400,000

16	Talc	50.0000	10,000
17	Tantalite Ore	47.0000	8,070,000
18	Tin Ore	3,378.6080	96,427,000
19	Tourmaline	0.0005	299,250
20	Zinc Ore	112.0000	168,000
21	Zircon Sand	3,994.5400	15,834,000
Total		**262,774.75**	**2,422,772,433.64**

Source: MSMD Export Records

3.7. Export

The export of solid minerals presents a significant opportunity for economic growth, job creation, and sustainable development. With an abundance of untapped resources and a growing global demand for minerals. Nigeria is strategically positioned to become a key player in the international minerals market.

The volume of minerals exported are weighed using the weighing scales to measure the export volumes in which the calculations of materials is bagged and weighed. The weighing bridge is used for bulk materials while gemstones and gold are usually weighed using digital table scales to determine the value or tonnage in order to calculate the royalty of the mineral exported.

The total exported mineral ores and concentrates in 2022 was 92,346 Tonnes per with NCS records. Further analysis of minerals export by type, destination and the exporting companies during the year under review is also presented in *Appendix 13*[25] and table 20 shows a Five Year Tend of Mineral Export. As for the Nigerian Customs Service (NCS), total volume of minerals exports from the (NCS) records are categorized by mineral type, exporter and destination. Refer to NCS portal on https://trade.gov.ng/en/tools/tariff-search [26] for more information on the codes, tariffs etc.

3.7.1.1. Export Process in Nigeria:

To engage in export of Solid Minerals in Nigeria, series of critical steps have to be taken

1. **Exporter Registration**:
   - ✓ To initiate exports from Nigeria, an exporter must first undergo registration with the **Nigerian Export Promotion Council (NEPC)** to obtain an **Exporter Registration Certificate** this validates the status as an exporter.
   - ✓ Additionally, exporter needs to establish an **export proceed domiciliary account** with a Nigerian commercial bank. This account facilitates financial transactions related to goods exports.

[25] Schedule of MID mineral export
[26] https://trade.gov.ng/en/tools/tariff-search

2. **Documentation**:

Once registered, gather the necessary export documentation. These typically include:

i. **Bill of Lading**: A document issued by the shipping company that acknowledges receipt of goods for shipment.
ii. **Commercial Invoice**: Details the value of the goods being exported.
iii. **Exit Note**: Required for customs clearance.
iv. **Form 'M' Entry Declaration**: A form declaring the import/export transaction.
v. **Packing List**: Describes the contents of each package.
vi. **Single Goods Declaration**: Provides information about individual items.
vii. **Product Certificate**: May be needed for specific goods (e.g., quality certification)[27].

3. **Customs Clearance**:

The **Nigerian Customs Service (NCS)** plays a crucial role in the export process. Here's how it works:

i. **Customs Declaration**: the exporter will make a customs declaration, providing details about the goods you're exporting.
ii. **NCS Export Seat**: Submit the necessary documents to the NCS export seat.
iii. **Supervision and Compliance**: The NCS ensures compliance with export regulations, including proper valuation, classification, and adherence to export restrictions.
iv. **Joint Examination**: Goods may undergo a joint examination by relevant agencies (e.g., NCS, Standards Organization of Nigeria, National Agency for Food and Drug Administration and Control, etc.).
v. **Customs Release**: Once cleared, exporter will a obtain customs release.
vi. **Export Gate Presentation**: Exporter presents the release documents at the export gate for final approval[28].

4. **Role of the Mines Inspectorate Department**:

The **Mines Inspectorate Department**, under the **Ministry of Solid Minerals Development**, oversees mining activities in Nigeria. While its primary focus is on mining operations, it also relates to exports by:

- **Permits and Compliance**: The Mines Inspectorate ensures that mining companies comply with regulations related to exploration and exploitation of mineral deposits. This includes issuing permits[29].
- **Geological Information**: The department contributes to accurate geological information, which is essential for identifying valuable mineral resources.
- **Investment Environment**: By promoting a conducive environment for private-sector mining, the Mines Inspectorate indirectly encourages investment in exploration and mining.

[27] https://msmd.gov.ng/the-ministry/
[28] https://nigerianports.gov.ng/import-export-guidelines-3/
[29] https://msmd.gov.ng/the-ministry/

- **Coordination**: It colLabourates with other agencies, including the NCS, to ensure seamless processes and ensure Royalties are paid in full[30].

3.7.2. Export by Company

The NCS record is categorised into two.

i. The one whose measurements are standardised and could be measured based on the packages used as demonstrated in *Appendix 26*.
ii. The ones that could not be measured due to non-standardization of unit of package (*Appendix 27)*.

The standardised record shows that 92,346 Tonnes of minerals were exported by 85 companies with a FoB value of ₦68,165,761,892 as shown in *Table 37* below.

Table 36: Export by Company

S/N	COMPANY	QUANTITY EXPORTED IN (TONNES)	Item FOB (NGN)
1	Segilola Resources Operating Limited	2.621	31,621,363,094
2	First Patriot Ltd	1,545.00	12,786,529,985
3	Neveah Limited	294.08	11,320,874,490
4	Synee Alumony Mining Limited	9,580	1,601,532,510
5	Natijah Mineral Nigeria Ltd	6,737.50	887,446,876
6	Abdulrasaq & Co International Mining Limited	12,014.56	862,305,972
7	Tai-Sino Global Resources Limited	7,746.25	608,528,970
8	Coltan Minerals Limited	45.75	606,077,777
9	Anyang Kuangye Investment Ltd	4,557.50	506,695,794
10	Indviz Metals Limited	1.93	501,268,838
11	Am&C Limited	4,474.20	462,521,636
12	Igor Logistics And Services Limited	1,608.00	407,782,807
13	Venuz Worldclass Limited	6,850.00	397,298,610
14	Resources Global Foresight Ltd	4.05	380,070,000
15	Oriental International Transport Nigeria Limited	3,037.85	376,564,910
16	Premier Standard International Nigeria Limited	3,852.50	365,069,617
17	Whiterain Global Business Limited	678.84	346,459,204
18	Great Focus Nigeria Investment Consultants Ltd	4,246.50	343,218,052

[30] https://customs.gov.ng/?page_id=9315

19	Peramare Enterprises Ltd	0.020	327,016,000
20	Dragon Abundant International Trading Ltd	11.93	292,474,935
21	Sino Minmetals Co. Limited	8,027	250,921,804
22	Astro Minerals Limited	0.63	236,676,808
23	Norah Minning Ltd	2,652.00	198,956,534
24	Emirate Mining & Geominerals Limited	1,437.25	194,914,656
25	Hungu And Adamu Global Nigeria Limited	268.53	148,982,044
26	Al-Sadeeq Logistics Limited	12.50	143,069,500
27	Mayahacd Global Limited	2,258.75	138,162,825
28	Deptop Nigeria Limited	101.25	128,558,165
29	Dason Commodities Ltd	208.13	114,722,018
30	Infinite Dental Technology Ltd	310.00	101,170,575
31	Nextrance West Africa Limited	4.05	90,060,206
32	Bawell International Ltd	976.00	88,077,655
33	Obedom Twins Freighters Ltd	837.58	80,465,657
34	Horse Race Nigeria Ltd	2,179.08	78,896,372
35	Kenyang Mining Company Ltd	1,759.10	77,754,211
36	Badger Mines Nigeria Limited	0.002	75,509,883
37	Tianneng Nigeria Ltd	9.45	69,531,776
38	Channelwell Global Ltd	216.20	61,863,252
39	Jd Mining Nigeria Company Ltd.	1,150.00	59,025,240
40	Ilera Mines Ltd	38.00	57,146,046
41	Longriver Mining Nigeria Limited	250.00	48,071,352
42	Gwin Glad Services	0.03	44,147,160
43	Best Lee Investment Ltd	175.00	39,319,489
44	Golden Oceans Global Investment Ltd,	164.80	38,771,836
45	Solserve Mines Limited	4.40	38,721,524
46	Intercity Minerals Limited	9.40	37,647,717
47	Land Mass Resources Development Limited	130.00	35,411,404
48	Yunisco International Agency Ltd	41.85	32,632,809
49	Greenwealth Industries Ltd	12.50	32,094,800
50	Vertex Booming Nigeria Limited	353.38	29,266,494
51	Garamu Invest. Nig. Ltd.	75.00	27,959,868
52	Abyem-Diva International Limited	182.50	27,591,974
53	Compass Gems Limited	100	26,458,865

54	Akins Gems International Limited	6.43	22,232,496
55	Vanni Height Nigeria Limited	0.550	22,073,580
56	Purechem Manufacturing Limited	0.65	20,732,396
57	Hbr International Limited	10.000	19,457,452
58	Yan Global Limited	52.20	18,682,552
59	Jobido Global Logistics Ltd	64.85	16,530,307
60	Kelelsie International Links Ltd	25.88	15,328,875
61	Walhas Nig Co. Ltd	112.50	13,530,000
62	West Jin Investment Limited	98.70	13,162,394
63	Simdav Standard Services Ltd	77.50	13,091,300
64	Barrington Enterprise Limited	20.00	12,263,100
65	Havilah Peniel Nigeria Limited	53.75	10,546,266
66	Saint David's Porter Limited	4.25	10,423,635
67	Vandame A Ritis Gemstone Limited	22.28	10,152,297
68	Starich Recycling Technology Co. Ltd	21.00	9,442,587
69	Azort Nigeria Limited	12.50	9,422,148
70	Liweiglobe International Ltd.	39.70	8,438,648
71	Up & Up Dageli Nig Ltd	50	8,175,400
72	Juri Logistics Limited Lagos	20.00	7,911,300
73	K.G. Interbiz	49.50	7,010,180
74	Amocity And Enochris Global Services Ltd	8.10	6,622,074
75	Mezico Global Service Ltd Enugu	125.00	6,293,910
76	Hua Hui International Trading Limited	12.50	4,905,240
77	Rejoicepraise International Company Ltd	13.00	4,251,208
78	Esprit Mines Ltd	27.00	4,223,000
79	Chimex Max Trade Concept	51.93	3,649,452
80	Premier Overseas Exim Limited	40.00	3,270,160
81	Midfaaz International Limited Jos	1.25	3,065,775
82	Timadix Geomin Consult Ltd	72.50	2,984,021
83	Harrisonford3 Intl Ltd	12.50	2,043,850
84	Josilver Farms Ltd Yaba	7.00	2,020,141
85	Eye Global Shipping Limited	0.00	165,552
		92,346	**68,165,761,892**

Source: NCS Export Records

3.7.1. Export by Destination

As shown in *Table 38* below, China is the largest importer of minerals from Nigeria, with the highest quantity and a wide assortment of minerals, ranging from lithium to mica. This highlights China's significant role in the Nigerian solid mineral export market with recipient of 90,643.80 Tonnes that is 98% of total export from Nigeria.

Table 37: Export by Destination

S/N	EXPORT DESTINATION	MINERAL	QUANTITY EXPORTED (TONNE)	FOB (NGN)
1	CHINA	Zirconium ores and concentrates, Zinc ores and concentrates, Titanium ores and concentrates, Tin ores and concentrates, Quartz, Other ores and concentrates, Nonagglomerated: Iron ores fines, Mica powder,Manganese ores/concentrates, Lead ores and concentrates, Feldspar, Chromium ores and concentrates, Antimony ores and concentrates, Agglomerated Iron ores and concentrates,	90,643.80	23,149,191,774
2	Hong Kong	Feldspar, Agglomerated Iron ores and concentrates	712.33	53,153,179
3	United Arab Emirates	Gold bullion, Granite cut into blocks or slabs, Zinc ores and concentrates, Lead ores and concentrates.	526.27	3,699,368,500
4	Malaysia	Agglomerated Iron ores and concentrates, Lead ores and concentrates, Tin ores and concentrates, Zirconium ores and concentrates	165.11	9,415,472,310
5	India	Zirconium ores and concentrates, Feldspar	133.40	62,653,778
6	TURKEY	Feldspar	49.50	7,010,180
7	PAKISTAN	Other ores and concentrates.	41.85	32,632,809
8	BENIN	Other clays	0.65	20,732,396
9	USA	Titanium ores and concentrates, Quartz	39.00	6,008,919
10	Morocco	Aluminium ores and concentrates.	21.00	9,442,587
11	Vietnam	Copper ores and concentrates.	7.00	2,020,141.00
12	Switzerland	Gold bullion	2.623	31,696,872,977
13	Indonesia	Lead ores and concentrates.	3.38	11,036,790
14	ITALY	Lead ores and concentrates.	0.0003	165,552
		TOTAL	**92,345.91**	**68,165,761,892**

Source: MSMD Export Records

3.7.2. Export by mineral

In the year under review, a total of 92,346 Tonnes of Nineteen different minerals were exported. The highest export quantity at 26,634.71 Tonnes is that of minerals that are generically categorized thereby unknown, followed closely by zinc ore, which totalled 19,021 Tonnes as shown in *Table 39.*

Table 38: Export of Minerals by Products

S/N	MINERAL	QUANTITY EXPORTED IN TONNE	ITEM FOB (NGN)
1	Other ores and concentrates.	26,634.71	2,394,933,117
2	Zinc ores and concentrates.	19,020.50	7,885,910,038
3	Lead ores and concentrates.	13,771.36	9,448,939,777
4	Zirconium ores and concentrates	8,432.08	2,017,103,428
5	Manganese ores/concentrates	8,026.50	250,921,804
6	Titanium ores and concentrates.	4,033.03	455,508,648
7	Feldspar	3,658	525,921,556
8	Agglomerated Iron ores and concentrates	3,135.59	478,818,213
9	Nonagglomerated: Iron ores fines	2,907.18	410,710,038
10	Chromium ores and concentrates.	1,828.75	490,178,575
11	Quartz	243	228,357,003
12	Tin ores and concentrates.	180.38	11,186,251,617
13	Mica powder	134.05	103,345,231
14	Silica sands and quartz sands	115.78	79,064,293
15	Granite cut into blocks or slabs in rectangular/ square shape	101.25	128,558,165
16	Copper ores and concentrates.	71.5	23,742,761
17	Antimony ores and concentrates	49	12,876,255
18	Gold bullion	2.64	32,023,888,977
19	Other clays	0.648	20,732,396
	TOTAL	**92,346**	**68,165,761,892**

Source: MSMD Export Records

3.7.3. Comparison of Exports Records from MID and NCS

The Nigerian Customs Service (NCS) and the Mining Inspectorate Department play crucial roles in the export process of solid minerals. The export of solid minerals in Nigeria involves a colLabourative process between the Nigerian Customs Service and the Mining Inspectorate Department. Together, they ensure that the exportation is conducted legally and sustainably, complying with both customs and mining regulations. This framework is essential for fostering a responsible mining sector and promoting Nigeria's mineral resources in the global market.

Records of solid minerals exported in 2022 by NCS and MID are presented in *Table 40* below.

Table 39: Comparison of Exports Records from MID and NCS

S/N	MINERAL	NCS	MSMD	VARIANCE
		QUANTITY EXPORTED IN TONNE	QUANTITY EXPORTED IN TONNE	QUANTITY EXPORTED IN TONNE
1	Other ores and concentrates.	26,634.71		26,634.71
2	Agglomerated Iron ores and concentrates	3,135.59		3,135.59
3	Antimony ores and concentrates	49.00		49.00
4	Aquamarine, Tourmaline, Topaz and Amethyst		0.00	- 0.00
5	Cabo-Chen Morganite & Low grade Rubellite		0.01	- 0.01
6	Chromium ores and concentrates.	1,828.75		1,828.75
7	Coal		122,000.00	- 122,000.00
8	Columbite Ore		43,382.33	- 43,382.33
9	Copper ores and concentrates.	71.50		71.50
10	Feldspar; Containing by weight more than 97 % of calcium fluoride	3,658.00		3,658.00
11	Gold	2.64	4.20	- 1.56
13	Granite cut into blocks or slabs in rectangular/ square shape	101.25		101.25
14	Ilminite		2,126.00	- 2,126.00
15	Industrial Kunzite		54.00	- 54.00
16	Industrial Quartz		2,000.00	- 2,000.00
18	Lead ores and concentrates.	13,771.36	472.24	13,299.12
19	Lead/Zinc ore		72,725.00	- 72,725.00
20	Lithium ore		25,916.40	- 25,916.40
21	Manganese ore	8,026.50	15,000.00	- 6,973.50
22	Mica	134.05	1,288.00	- 1,153.95
23	Monazite		50.00	- 50.00
24	Nonagglomerated: Iron ores fines	2,907.18		2,907.18
25	Other clays	0.65		0.65
26	Quartz	243.00	2,000.00	- 1,757.00
27	Silica sands and quartz sands	115.78		115.78
28	Talc		50.00	- 50.00
29	Tantalite		39.00	- 39.00
30	Tantalite Concentrate		8.00	- 8.00
31	Tin ores and concentrates.	180.38	9,405.58	- 9,225.20
32	Titanium ores and concentrates.	4,033.03		4,033.03
33	Tourmaline		0.00	- 0.00
34	Zinc ores and concentrates.	19,020.50	112.00	18,908.50
35	Zirconium ores and concentrates	8,432.08	846.11	7,585.97
		92,345.95	**297,478.87**	**-205,132.92**

Source: MSMD and NCS Export Records

The comparative analysis of export data from these agencies reveals a variance of 5,591,973 Tonnes. This discrepancy stems from a lack of colLabouration between the

Nigerian Customs Service (NCS) and the Ministry of Solid Mineral Development (MSMD), resulting in some companies exporting minerals without obtaining the necessary permits from the ministry. This lack of coordination also enables companies to export without paying the applicable royalties, leading to potential revenue losses for the government.

3.7.4. Mineral Export in The Records of Nigeria Custom Service

The Nigeria Customs Service (NCS) recorded a total export of 92,345.95 Tonnes of solid minerals, which differs significantly from the Ministry's export record of 297,478.87 metric Tonnes for the same period. This discrepancy strongly highlights a lack of synergy and colLabouration between the NCS and MSMD, resulting in some companies exporting without obtaining the necessary permits from MMSD or paying the applicable royalties.

Table 41 provides a breakdown of exported minerals alongside their FoB values in USD and Naira.

Table 40: NCS Records of Exported Minerals

S/N	MINERAL	QUANTITY EXPORTED (TONNES)	ITEM FOB (NGN)
1	Other ores and concentrates.	26,634.71	2,394,933,117
2	Zinc ores and concentrates.	19,020.50	7,885,910,038
3	Lead ores and concentrates.	13,771.36	9,448,939,777
4	Zirconium ores and concentrates	8,432.08	2,017,103,428
5	Manganese ores/concentrates, including ferruginous manganese' dry content =>20 %	8,026.50	250,921,804
6	Titanium ores and concentrates.	4,033.03	455,508,648
7	Feldspar; Containing by weight more than 97 % of calcium fluoride	3,658	525,921,556
8	Agglomerated Iron ores and concentrates	3,135.59	478,818,213
9	Nonagglomerated: Iron ores fines	2,907.18	410,710,038
10	Chromium ores and concentrates.	1,828.75	490,178,575

11	Quartz	243	228,357,003
12	Tin ores and concentrates.	180.38	11,186,251,617
13	Mica powder	134.05	103,345,231
14	Silica sands and quartz sands	115.78	79,064,293
15	Granite cut into blocks or slabs in rectangular/ square shape	101.25	128,558,165
16	Copper ores and concentrates.	71.5	23,742,761
17	Antimony ores and concentrates	49	12,876,255
18	Gold bullion	2.64	32,023,888,977
19	Other clays	0.648	20,732,396
		92,345.91	**68,165,761,892.00**

Source: NCS Export Records

3.7.5. Five Year Tend of Mineral Export

A five-year export trend as shown in *Table 42* below reveals a total of 537,144.01 metric Tonnes of mineral exports, with a Free on Board (FOB) value of $3,036,831.14. The fluctuating nature of export volumes during this period indicates an unstable sector, though one with significant potential for growth. Notably, in 2022, the sector experienced an 84% increase in mineral exports compared to 2020, highlighting the potential for expansion despite its volatility.

Table 41: Five (5) Year Trend of Mineral Export

Year	**2018**	**2019**	**2020**	**2021**	**2022**
Quantity (t)	124,748	7,019	32.99	142,537.48	262,774.75
FOB Value (US$)	144,379	2,531,911	42,458	101,294.14	216,789
% Change Quantity		**-1677%**	**-21176%**	**100%**	**46%**
% Change FOB		**94%**	**-5863%**	**58%**	**53%**

Source: MSMD Export Records

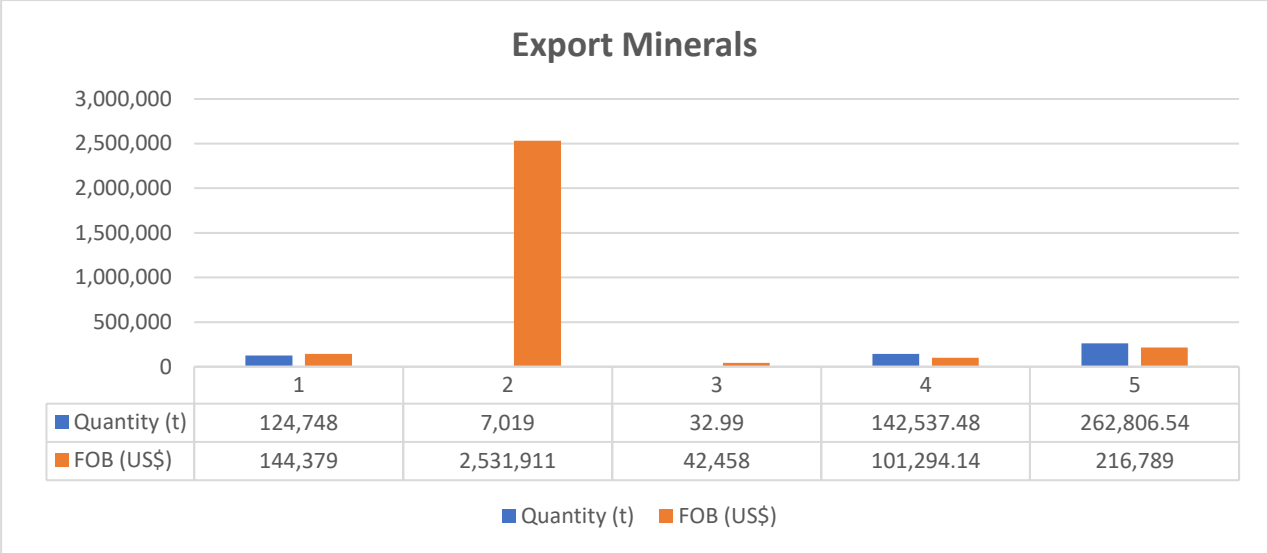


Figure 8: Graphical representation of the 5-year export Trend

3.8. Artisanal and Small-Scale Mining

In 2022, the Federal Government through the Artisanal and Small-Scale Mining Department of the Ministry carried out the following activities in its effort to formalize ASM in the sector. This activity involves the following:

i. verification exercise of Artisanal and Small-scale Mining sites across some states in the country
ii. The biometric capturing exercise of Artisanal and Small-scale Miners across the country
iii. Recertification of mineral buying centre
iv. Capacity building on gender and related matters for twenty-three (23) officers
v. Capacity building with community engagement for women miners in Kogi state.
vi. Capacity building for 85 women on economic sustainable development.
vii. Employment of 20 mining labourers with light tools and personal protective equipment to protect their health and safety.
viii. Capacity building with community engagement for women miners in Ebonyi state.

A total of 393 Artisanal and Small-Scale Mining (ASM) Cooperatives were enumerated, comprising 4,663 miners. *Table 43 below* provides detailed information on the identified Artisanal and Small-Scale Mining Cooperatives in Nigeria during the review period.

Table 42: Registered ASM

S/N	STATE	NO. OF CAPTURED ASM COOPERATIVES	NO. OF INDIVIDUALS CAPTURED
1	Niger	133	1114
2	Kogi	16	302
3	Kwara	15	211
5	Nasarawa	2	27
7	Benue	3	22
8	Lagos	10	92
9	Ogun	5	55
10	Oyo	3	53
11	Osun	27	208
12	Ondo	11	78
13	Ekiti	11	85
14	Kaduna	24	504
15	Jigawa	21	479
16	Adamawa	18	244
17	Taraba	26	508
18	Kano	4	21
19	Akwa Ibom	26	169
20	Bayelsa	2	20
21	Cross River	7	155
22	Delta	5	117
23	Edo	24	199
	Total	**393**	**4,663**

Source: ASM - MSMD

3.9. Energy Transition Plan (ETP)

This is a strategic roadmap designed to guide the country's shift from fossil fuel-based energy sources to cleaner and more sustainable energy options. The plan aims to diversify the energy mix, promote renewable energy adoption, and reduce carbon emissions to address environmental concerns and enhance energy security.

3.9.1. *Nigeria Energy Transition Plan*

The global energy transition plan which focuses on shifting from fossil fuels to cleaner, more sustainable energy sources to combat climate change and achieve net-zero emissions by 2050.
In furtherance to this global initiative, Nigeria developed the Nigeria Energy Transition Plan (ETP) which aims to achieve carbon neutrality by 2060 and addresses emissions reduction across different sectors of the economy which includes power, cooking, oil and gas, transport, and solid industry. The plan highlights the importance of transitioning from fossil fuels to renewable energy

sources and includes strategies for managing the economic and social impacts of this transition. The country therefore must carry out these actions:

i. To drive Nigeria energy transition, efforts must be made toward strengthening the Regulatory Frameworks to promote investments, infrastructure and sustainability goals in the energy sector through the development of transition minerals.
ii. Concerted efforts must be made towards monitoring the effect of the mining of these transition minerals on the environment.
iii. Develop a framework for International Cooperation on energy transitions with multinational development organisations.

In relation to the Nigerian Solid Mineral Extractive Sector, the ETP focuses on Nationally Determined Contributions (NDC) and critical minerals to the Energy Transition. NDCs are central to the Paris Agreement and represent each country's efforts and commitment to reduce national emissions and adapt to the impacts of climate change.

Commitments: Nigeria's NDC includes commitments to reduce greenhouse gas emissions and adapt to climate impacts, focusing on sectors such as energy, agriculture, and waste management.

Implementation: The country aims to achieve these targets through various policies, measures, and initiatives that promote sustainable development and resilience to climate change.

These policies include Increasing the share of renewable energy in the national energy mix, including solar, wind, and hydroelectric power. Which is in congruence with the energy ETP and harnessing the economic potentials of the solid minerals critical to renewable and clean energy.

As a result, Nigeria is developing energy transition minerals. Details of Energy transition plan is in *Appendix 5*.

3.9.2. Key Objectives of Energy Transition Plan

I. ***Poverty Alleviation:*** Lifting 100 million Nigerians out of poverty is a central goal. Economic growth and job creation are intertwined with the transition.
II. ***Universal Energy Access:*** Bringing modern energy services to every corner of Nigeria is essential for development.
III. ***Leadership Role for Africa:*** Nigeria aims to lead by example, promoting a fair and inclusive energy transition across the continent. Gas, as a "transitionary fuel," will play a role.
IV. ***Job Creation:*** The net-zero pathway is expected to create significant jobs—up to 340,000 by 2030 and up to 840,000 by 2060, especially in the power, cooking, and transport sectors.[i]

3.9.3. Energy Transition Minerals

According to global EITI the term "transition minerals" refer to minerals that serve an essential function in the transition from fossil fuels to low-carbon energy sources and transportation. These are sometimes also called "green minerals", "energy transition minerals" (ETMs), "strategic

minerals" or "critical minerals"[31]. The global EITI also identifies several these five (5) minerals essential for the energy transition. These minerals are listed in *Table 44* below:

Table 43: Energy Transiting Minerals, Production and Licenses

S/N	MINERALS	USES OF THE MINERALS	QUANTITY OF MINERALS PRODUCED (TONNES)	NUMBER OF ISSUED LICENSE VALID IN 2022	LOCATIONS
1	Lithium	Used in batteries for electric vehicles (EVs) and energy storage systems	51,524.53	113	Nasarawa, Kwara, Kogi, Ekiti and Cross Rivers.
2	Nickel	used in batteries, particularly in high-energy-density batteries for EVs	180	4	Kaduna, Kebbi, Nasarawa and Taraba
3	Cobalt	component of batteries, especially for stability and energy density.	Nil	2	Nasarawa, Bauchi & Plateau
4	Copper	Essential for electrical wiring and components in renewable energy systems like wind turbines and solar panels	80	160	Zamfara, Sokoto, Nasarawa & Plateau
5	**Vanadium**	Used in energy transmission in batteries	0	0	NIL

Source: MCO Records

In the year under review, the total lithium produced in 2022 was 51,524 Tonnes, this is an indicator of the increase in the demand for the mineral. The development of these minerals will accelerate

[31] https://eiti.org/sites/default/files/2022-10/EITI%20Mission%20Critical%20Report%202022.pdf

the development of new technologies that promotes sustainable and cleaner energy, such as solar panels, electric vehicles and wind turbines.
Key responses of 85 participating companies on their energy transition plans indicate that 51 companies have no energy transition plan, while 23 companies said they are working on it as presented in the *Table 45* below:

Table 44: Company's Energy Transition Plan

Company's Disposition	Parameters	Response	
		No.	%
Complaint	Available	11	12.94%
	Not Available	28	32.94%
	Work-In-Progress	23	27.06%
Non-Compliant	None	23	27.06%
Total		**85**	**100%**

Source: 2022 NEITI SMA Templates

3.9.4. GHG Emissions

Greenhouse gas (GHG) emissions refer to the release of gases that trap heat in the Earth's atmosphere, contributing to global warming and climate change. The primary greenhouse gases include:

- *Carbon Dioxide (CO2):* Produced by burning fossil fuels (coal, oil, natural gas), deforestation, and various industrial processes.
- Methane (CH4): Emitted during the production and transport of coal, oil, and natural gas, as well as from livestock and other agricultural practices.
- Nitrous Oxide (N2O): Released from agricultural and industrial activities, as well as during the combustion of fossil fuels and solid waste.
- Fluorinated Gases: Synthetic gases used in a variety of industrial applications, including refrigeration and air conditioning.

In Nigeria's solid mineral sector, GHG emissions primarily come from the use of fossil fuels in mining operations and the processing of minerals.Though Specific data on GHG emissions solely from the solid mineral sector is limited, the sector's activities, such as mining and processing, do contribute to emissions through the use of fossil fuels and electricity.[32] However, from the miniscule data and indicators available, Greenhouse gas (GHG) emissions in Nigeria's solid mineral sector are relatively low compared to other sectors like oil and gas[33]. However, the sector still contributes to the country's overall emissions. As a result of the cumulative emissions from various

[32] https://unfccc.int/sites/default/files/resource/Nigeria_LTS1.pdf
[33] https://unfccc.int/sites/default/files/resource/Nigeria_LTS1.pdf

sectors, Nigeria has made a significant commitment to achieving net-zero greenhouse gas emissions by 2060[34].

Here are some key points about this commitment:

1. **Announcement and Legislation**: At the COP26 climate summit in Glasgow in 2021, then-President Muhammadu Buhari announced Nigeria's goal to reach net-zero emissions by 20601. This commitment was further solidified with the signing of the Climate Change Act, which sets out a framework for achieving this target.
2. **Climate Change Act:** The Act includes provisions for creating five-year emission budgets and developing National Climate Change Action Plans. These plans are designed to ensure that national emissions align with a carbon budget, which will be periodically reviewed[35]
3. **Energy Transition Plan:** Nigeria's Energy Transition Plan, released in August 2022, outlines the pathway towards achieving the 2060 net-zero target. This plan integrates renewable energy sources, energy efficiency measures, and other strategies to reduce emissions across various sectors.
4. **Long-Term Vision:** Nigeria has also launched a long-term vision to 2050, which will guide the development of their Long-Term Low Emission Development Strategy. This vision aims to balance economic growth with environmental sustainability.
5. **International Support:** Nigeria's commitment includes a conditional pledge to reduce its greenhouse gas emissions by 47% by 2030, contingent on receiving international support. Without such support, the target is a 20% reduction.

To satisfy the EITI requirements 3.4 that encourages companies to disclose their GHG, templates were administered to 85 selected companies, only 6 responded with details of their GHG for the period under review.

Refer to *Table 46* for further information

Table 45: Company's GHG Emissions Data

Company's Disposition	Parameters	Response	
		No.	%
Complaint	Available	6	7.06%
	Not Available	54	63.53%
	Work-In-Progress	2	2.35%
Non-Compliant	None	23	27.06%
Total		**85**	**100%**

Source: 2022 NEITI SMA Templates

[34] https://climateactiontracker.org/countries/nigeria/net-zero-targets/
[35] https://unfccc.int/sites/default/files/resource/Nigeria_LTS1.pdf

3.10. Finding and Recommendation

Outline of findings and recommendations are contained in the table below:

S/N	FINDINGS	RECOMMENDATION
1	**UNHARMONIZED MINERAL EXPORT RECORD BETWEEN NCS AND MSMD** Records from the Nigerian Customs Service (NCS) and the MSMD reveals that the colLabouration between both agencies is weak as their reported figures differ significantly. The wide margin between these records underscores the lack of colLabouration and coordination between the two agencies, leading to discrepancies in export data. 1. Revenue Loss for the Government: The lack of coordination between the NCS and MMSD could result in companies exporting minerals without paying the appropriate royalties and fees, leading to significant revenue losses for the government. The disconnect between the agencies may create regulatory gaps, allowing some companies to bypass proper licensing and export procedures. This could lead to an increase in under declaration of exports, under payment of taxes thereby undermining sector's transparency and compliance.	ii. ColLabouration between NCS and MSMD should be strengthened. MSMD should have a dedicated desk officer at the NCS office to ensure the communication channel is not broken while MSMD staff should be present at all export points to verify and determine the types, volume and value of minerals being exported. This will assist in closing the data gap between the two organizations. Thus, ultimately improving revenue generation from the sector. v. There should be training for NCS personnel in mineral identification and also, the organization should employ experts in geosciences.

	The export data from the Nigerian Customs Service (NCS) includes minerals that were not reflected in the production data supplied by the Ministry	
2	**1. Insufficient Data on Proven Mineral Reserves Critical to Energy Transition** Despite Nigeria's mineral endowment, there's insufficient data on proven reserves for most of the critical minerals. There is a reliance on historical geological maps and data which is gap in making investment decisions. The lack of data for proven mineral reserves critical for the energy transition, such as lithium, cobalt, and rare earth elements, can significantly hinder the development and deployment of renewable energy technologies. This deficiency may delay efforts to reduce dependence on fossil fuels and obstruct progress toward international climate commitments, slowing the transition to a sustainable energy future. This situation may deter investors due to perceived resource scarcity, while also heightening the risk of over- or underspending on exploration activities, leading to misallocated resources and ineffective investment decisions. **2. Data Deficiency and Transparency:**	i. NGSA should update and ensure accurate geological maps of all critical mineral locations. ii. NGSA should upgrade and have their Labouratories certified in accordance with international best industry standard iii. NGSA should colLabourate with universities and other higher institutions in area of Research and Development for the country to fully harness the opportunities and potentials in the current energy transition trend. Implementing these strategies can significantly improve data transparency and accountability in Nigeria's solid mineral sector, leading to better governance and sustainable development. *1.* ***Implementing Robust Data Collection Systems through****:* **Digitalization:** Adopt digital tools and platforms for real-time data collection and reporting. This can include the use of Geographic Information Systems (GIS) and remote sensing technologies to monitor mining activities1.

	Comprehensive and certified data are lacking in the mineral sector, which hinders investors' ability to make informed financing decisions based on accurate information. i. **Investor Withdrawal**: The lack of comprehensive and certified data may deter potential investors from entering the mineral sector, fearing uncertainty and inadequate information for making informed financing decisions. ii. **Growth of Artisanal Mining**: Insufficient regulatory oversight and data availability can lead to the proliferation of artisanal mining activities, which may operate outside legal frameworks, further undermining the sector's integrity and potential. iii. **Underutilization of Sector Potential**: Without accurate data, the full potential of the mineral sector cannot be realized, resulting in missed opportunities for economic growth and development. v. **Erosion of Trust**: Companies that conduct surveys in certain areas may be reluctant to share their exploratory reports with authorities due to concerns about information leakage. This apprehension can lead to a breakdown in trust between industry stakeholders and regulatory bodies, ultimately hindering colLabouration and progress in the sector.	**Standardized Reporting:** Establish standardized reporting formats and protocols to ensure consistency and accuracy in data collection across the sector. **2. Strengthening Regulatory Frameworks:** **Enforcement of Regulations:** Enhance the enforcement of existing regulations and introduce new policies that mandate comprehensive data reporting by mining companies. **Capacity Building:** Train regulatory bodies and stakeholders on best practices for data management and transparency. ***3. Promoting Open Data Initiatives:*** **Public Access to Data:** Make data on mining activities, revenues, and environmental impacts publicly accessible through online portals and open data platforms. **Stakeholder Engagement:** Involve local communities, civil society organizations, and other stakeholders in monitoring and verifying data. ***4. Leveraging Technology and Innovation:*** **Blockchain Technology:** Utilize blockchain for secure and transparent recording of transactions and data related to the mining sector. **Artificial Intelligence (AI):** Implement AI and machine learning algorithms to analyze large datasets and identify patterns or anomalies in mining operations. ***5. Enhancing ColLabouration and Partnerships:***

		Multi-Stakeholder ColLabouration: Foster colLabouration between government agencies, mining companies, and international organizations to share best practices and resources for data management1. **International Standards:** Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure transparency and accountability. ***6. Regular Audits and Reviews:*** **Independent Audits:** Conduct regular independent audits of mining operations and data reporting to ensure compliance and identify areas for improvement. **Periodic Reviews:** Establish mechanisms for periodic review and updating of data collection and reporting practices to adapt to changing circumstances and technologies
3	**Weak Value Addition (Beneficiation)** Most companies in the sector primarily focus on extracting and exporting precious solid minerals without engaging in refining or value addition. This trend is as a result of two main factors: i. **Lack of Technical Know-How:** Many companies may lack the necessary expertise and knowledge to implement effective refining processes, which hinders their ability to add value to the extracted minerals.	Improving value addition in Nigeria's solid mineral sector is essential for maximizing economic benefits and fostering sustainable development. Here are some strategies that will tackle weak value addition in the sector: ***i. Capacity Building and Skill Development:*** • **Training Programs:** Implement training programs to develop the skills of local workers in advanced mining and processing techniques. • **Technical Education:** Promote technical education and vocational training in mining-related fields to build a skilled workforce

	ii. **High Cost of Setting Up Value Addition Plants:** The financial burden associated with establishing value addition plants can be prohibitive for many companies, preventing them from investing in the necessary infrastructure to refine minerals locally. **Implications to the findings above:** 1. **Reduced Economic Benefits**: The lack of value addition means that countries miss out on potential revenue from higher-value products, which could have provided greater economic returns compared to raw mineral exports. This situation limits job creation and economic growth opportunities in the local communities that could benefit from processing and refining activities. 2. **Increased Dependence on Raw Material Exports**: Focusing solely on extraction and export of unrefined minerals increases dependency on volatile global commodity prices. This reliance can expose the economy to fluctuations in market demand and prices, leading to instability and unpredictability in revenue generation for both the companies involved and the government.	*ii. Enhancing Infrastructure:* • **Improve Transportation Networks:** Develop and maintain efficient transportation networks, including roads, railways, and ports, to facilitate the movement of minerals and finished products • **Reliable Power Supply:** Ensure a stable and reliable power supply to support mining and processing activities. Investing in renewable energy sources can also provide sustainable power solutions **iii. Developing Processing and Refining Facilities:** • **Establish Local Processing Plants:** Invest in local processing and refining facilities to convert raw minerals into finished products. This reduces the need for exporting raw materials and increases the value added within the country • **Public-Private Partnerships:** Encourage public-private partnerships to fund and manage these facilities, leveraging both government support and private sector expertise *iv. Strengthening Regulatory Frameworks:* • **Incentives for Value Addition:** Introduce policies and incentives that encourage companies to invest in value addition activities, such as tax breaks or subsidies for setting up processing plants • **Enforce Compliance:** Strengthen the enforcement of regulations that mandate value addition before export

		v. Promoting Research and Development (R&D): • **Innovation Hubs:** Establish innovation hubs and research centers focused on developing new technologies and processes for mineral beneficiation and value addition • **ColLabourative Research:** Encourage colLabouration between universities, research institutions, and the mining industry to drive innovation and improve value addition techniques ***vi. Market Development and Access:*** • **Export Promotion:** Develop strategies to promote Nigerian value-added mineral products in international markets • **Trade Agreements:** Negotiate favorable trade agreements that provide access to new markets for value-added products **v. Environmental and Social Governance (ESG):** • **Sustainable Practices:** Implement sustainable mining practices that minimize environmental impact and ensure the well-being of local communities. • **Community Engagement:** Engage with local communities to ensure that value addition activities benefit them and address their concerns.

4	**INSECURITY ACROSS MINING SITES AND COUNTRY AT LARGE** According to NGSA's data, there is an estimated large deposit of one of the strategic minerals (gold), The country has witnessed worsening insecurity and threats from multiple armed groups, especially in the Northern part of the country. Where large deposits of gold which happens to be one of the seven strategic minerals in Nigeria is found. The worsened insecurity in the country has hindered mining activities and operations in some mining sites of the country which has resulted in lower activities and production, reducing potential revenue to be generated by the industry.	**Recommendation:** The Government at all levels (Federal, State and Local) should work towards improving the security of lives and properties across the country as this will also encourage the resumption of mining activities in some areas affected by insecurity.

5	**POOR GHG EMISSION DISCLOSURE** It was noted that only a few companies operating in the sector disclosed their GHG emmisions. Effects of Non-Disclosure of GHG Emissions in Solid Mineral Production in Nigeria **i. Regulatory and Compliance Issues:** •***Weak Enforcement:*** Lack of disclosure undermines regulatory efforts to monitor and control emissions, weakening overall environmental governance. **a. Economic Consequences:** •***Investment Deterrence:*** Investors are increasingly prioritizing environmental, social, and governance (ESG) criteria. Non-disclosure can deter investment, as companies may be perceived as high-risk. •***Operational Costs:*** Companies may incur higher operational costs in the long run due to inefficiencies and potential fines associated with non-compliance. **b. Social and Health Impacts:** • ***Public Health Risks:*** Increased GHG emissions can lead to air pollution, which poses significant health risks to local communities, including respiratory and cardiovascular diseases.	**i. Strengthen Regulatory Framework:** •***Mandatory Reporting:*** MoE Implement mandatory GHG emission reporting requirements for all companies in the solid mineral sector. •***Enhanced Monitoring:*** Increase the capacity of regulatory bodies to monitor and verify emissions data. **ii. Adopt Best Practices:** •***International Standards:*** Align with international standards and best practices for GHG emission reporting, such as those set by the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD). •***Technology Integration:*** Utilize advanced technologies for accurate measurement and reporting of emissions. **iii. Promote Transparency and Accountability:** •***Public Disclosure:*** Require companies to publicly disclose their GHG emissions data and sustainability practices. •***Stakeholder Engagement:*** Engage with stakeholders, including local communities, investors, and NGOs, to build trust and ensure accountability. **iv. Incentivize Compliance:** •**Financial Incentives:** Provide tax breaks or subsidies for companies that demonstrate strong environmental performance and transparency. •**Recognition Programs:** Establish awards and recognition programs for companies that excel in GHG emission disclosure and sustainability practices.

4. REVENUE COLLECTION AND RECONCILIATION

This section contains report of revenue collected from companies operating in the solid minerals sector of the Nigerian economy. A total of thirty-four (34) revenue streams were reported. These are further disaggregated into taxes, non-taxes as well as department - specific revenue streams.

4.1. Reported Revenue Stream

Fifty-three (53) revenue streams were identified by the NSWG[36]. These streams flow into the Federal, State or Local Governments accounts. Twenty-Four (24) of these streams are paid into the Federal Government's Account through the Federal Inland Revenue Service (FIRS), MID-MSMD, and the MCO. In this audit, twenty-four (24) of the thirty-five (35) paid to the Federal Government were reconciled. The other eleven (11) were unilaterally disclosed. *Table 47* below shows the revenue stream as well as the agencies responsible for collecting each revenue stream.

Table 46: Reported Revenue Streams

Financial Flows		
		REVENUE HEAD
i - RECONCILED FINANCIAL FLOW		
1	FIRS	Value Added Tax (VAT)
2	FIRS	Corporate Income Tax (CIT)
3	FIRS	Education Tax
4	FIRS	Withholding Tax Credit
5	FIRS	Capital Gain Tax
6	FIRS	Stamp Duties
7	FIRS	Other Payments
8	MCO	Mining titles(s) annual service fees
9	MCO	Mining titles(s) application processing fee
10	MCO	Mining title(s) fee for processing of renewal application
11	MCO	Transfer of Deed of Assignment
12	MCO	Other Payments
13	MID	Royalty
14	MID	Permit to mix ANFO
15	MID	Licence to manufacture explosives
16	MID	Permit to erect a magazine
17	MID	Blasting Certificates
18	MID	Licence to buy explosives
19	MID	Licence to sell explosives
20	MID	Explosives magazine licence

[36] NSWG Materiality Document

21	MID	Permit to blast on the road
22	MID	Explosives Handlers Permit
23	MID	Licence To Export
24	MID	Other Payments
ii - Unilaterally Disclosed Financial Flows		
Other National Payments		
25	NGSA	Consultancy Fees
26	MOE	Registration fees for Environmental Impact Analysis
27	MOE	Other Payments
28	NCS	The Nigerian Export Supervision Scheme (NESS) Fee
Sub-National Payments		
29	SIRS	Annual surface rents (Grounds Rents)
30	SIRS	Withholding Tax (WHT)
31	SIRS	Pay as You Earn (PAYE)
32	SIRS	Business Premises
33	SIRS	Penalties
34	SIRS	Development Levy
35	LGC	Local Government Area (LGA)

Source: NSWG Materiality Report

4.2. Unilateral Disclosure

Unilateral disclosures refer to unreconciled financial flows reported unilaterally from either the government or companies. In 2022, some financial flows were disclosed unilaterally government and its agencies as presented in *Tables 48 and 49* below.

A total of ₦15.49 Billion was unilaterally disclosed by companies out of which State Board of Internal Revenue (SBIR) and LGA collection accounted for ₦11.34 Billion (73.26%) and Nigerian Custom Service ₦4.09 (26.42%) Billion giving a combined total of 99.68%. Other unilateral flows accounted for ₦49.50 Million (0.32%).

Table 47: Unilateral Disclosures by Companies

PAYMENT STREAMS	PAYMENT DECLARED BY COMPANIES IN ₦	CONTRIBUTION (%)
Consultancy Fees (NGSA)	40,676,194	0.26%
Local Government Area (LGA)	27,415,296	0.18%
Ministry of Environment	8,829,894	0.06%
NESS Fee	4,092,733,106	26.42%
State Board of Internal Revenue (SBIR)	11,321,273,853	73.08%
ASM	14,250,000	
TOTAL	**15,490,928,343.46**	**100.00%**

Source: 2022 Solid Minerals Audit Template

Table 48: Unilateral Disclosure by Federal Government Agencies

DECLARING MDA	DECLARED REVENUE	GOVERNMENT RECEIPT	CONTRIBUTION (%)
MID	Royalty*	600,403,590	38.28%
MCO	Annual Service Fee*	967,952,881	61.72%
	TOTAL	**1,568,356,471**	**100.00%**

Source: MCO and MID 2022 Records

**Royalty and ASF are for companies below materiality threshold*

4.3. Disaggregated Financial Flow

The total financial receipts of ₦345.409 Billion received in 2022 is further disaggregated in *Table 50* below.

Table 49: Disaggregate Financial Flow

Financial Flows				
		REVENUE HEAD	**₦**	**% Contribution**
	i - RECONCILED FINANCIAL FLOW			
1	FIRS	Value Added Tax (VAT)	128,323,013,219	37.15%
2	FIRS	Corporate Income Tax (CIT)	146,359,961,297	42.37%
3	FIRS	Education Tax	20,735,891,061	6.00%
4	FIRS	Withholding Tax Credit	23,669,658,173	6.85%
5	FIRS	Capital Gain Tax	676,700,638	0.20%
6	FIRS	Stamp Duties	229,530	0.00%
7	FIRS	Other Payments	48,047,691	0.01%
Sub-Total (A) - FIRS			***319,813,501,609***	***92.59%***
8	MCO	Mining titles(s) annual service fees	2,403,216,332	0.70%
9	MCO	Mining titles(s) application processing fee	764,574,875	0.22%
10	MCO	Mining title(s) fee for processing of renewal application	124,577,875	0.04%
11	MCO	Transfer of Deed of Assignment	104,373,250	0.03%
12	MCO	Other Payments	396,937,311	0.11%
Sub-Total (B) - MCO			***3,793,679,643***	***1.10%***
13	MID	Royalty	6,272,880,566	1.82%
14	MID	Permit to mix ANFO	960,000	0.00%
15	MID	License to manufacture explosives	40,000	0.00%
16	MID	Permit to erect a magazine	4,080,161	0.00%
17	MID	Blasting Certificates	1,300,000	0.00%
18	MID	License to buy explosives	2,722,806	0.00%
19	MID	License to sell explosives	360,000	0.00%
20	MID	Explosives magazine License	18,211,550	0.01%
21	MID	Permit to blast on the road	300,000	0.00%
22	MID	Explosives Handlers Permit	945,000	0.00%
23	MID	License To Export	250,000	0.00%
24	MID	Other Payments	9,695,646	0.00%
Sub-Total (C) - MID			***6,311,745,729***	***1.83%***

ii – Unilateral Financial Flows				
Other National Payments				
25	NGSA	Consultancy Fees	40,676,194	0.01%
26	MOE	Registration fees for Environmental Impact Analysis	350,000	0.00%
27	MOE	Other Payments	8,479,894	0.00%
	NCS	The Nigerian Export Supervision Scheme (NESS) Fee	4,092,733,106	1.18%
Sub-Total (D) - Other National Payments			**4,142,239,194**	***1.20%***
Sub-National Payments				
29	SIRS	Annual surface rents (Grounds Rents)	190,273,730	0.06%
30	SIRS	Withholding Tax (WHT)	906,677,426	0.26%
31	SIRS	Pay as You Earn (PAYE)	10,130,178,558	2.93%
32	SIRS	Business Premises	69,667,042	0.02%
33	SIRS	Penalties	24,076,797	0.01%
34	SIRS	Development Levy	400,300	0.00%
35	LGC	Local Government Area (LGA)	27,415,296	0.01%
Sub-Total (E) - Sub-National Payments			***11,348,689,149***	***3.29%***
TOTAL			**345,409,855,324**	**100%**

Source: NEITI SMA 2022 Templates

4.4. Total Revenue to the Sector

The total revenue disclosure denotes total receipts by Federal, states and Local Government Agencies. The total revenue receipt for the year 2022 was ₦345,409,855,324 representing an increase of 76.29% from ₦193.591Billion received in 2021 as shown in *Table 51 comparing* 2021 and 2022 below.

Table 50: Comparison Between 2021 and 2022 Revenue Disclosure

Description	2022	2021	Change	
	₦	₦	₦	%
FIRS	319,813,501,609	169,516,581,325	150,296,920,284	99.0%
MCO	3,793,679,643	4,301,178,122	(507,498,479)	-0.3%
MID	6,311,745,729	3,618,519,270	2,693,226,459	1.8%
Other Agencies	4,142,239,194	19,610,000	(4,122,629,194)	2.7%
Sub National Transfer	11,348,689,149	16,135,468,210	(4,786,779,061)	-3.2%
Total	**345,409,855,324**	**193,591,356,927**	**151,818,498,397**	**100%**

Source: 2022 NEITI SMA Template, MCO, FIRS, MID Records

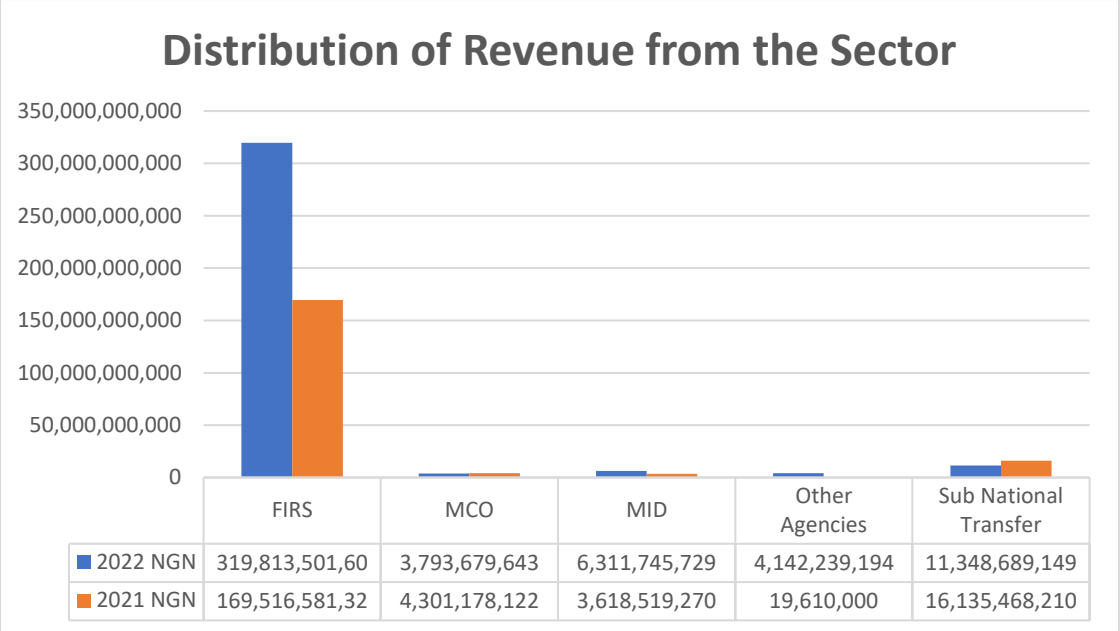


Figure 9: Total Revenue to the sector

4.5. Distribution of Revenue from the Sector

A further analysis of the revenue distribution from the ₦345.40 Billion received in 2022 reveals that ₦328.214 Billion (96.65%) was transferred into the Federation Account. This amount comprises revenue from the FIRS at ₦319.813 Billion, the MCO at ₦3.793 Billion, and the MID at ₦6.311 Billion. Additionally, a total of ₦11.359 Billion was subnational payments to states and other agencies as illustrated in the figure below.

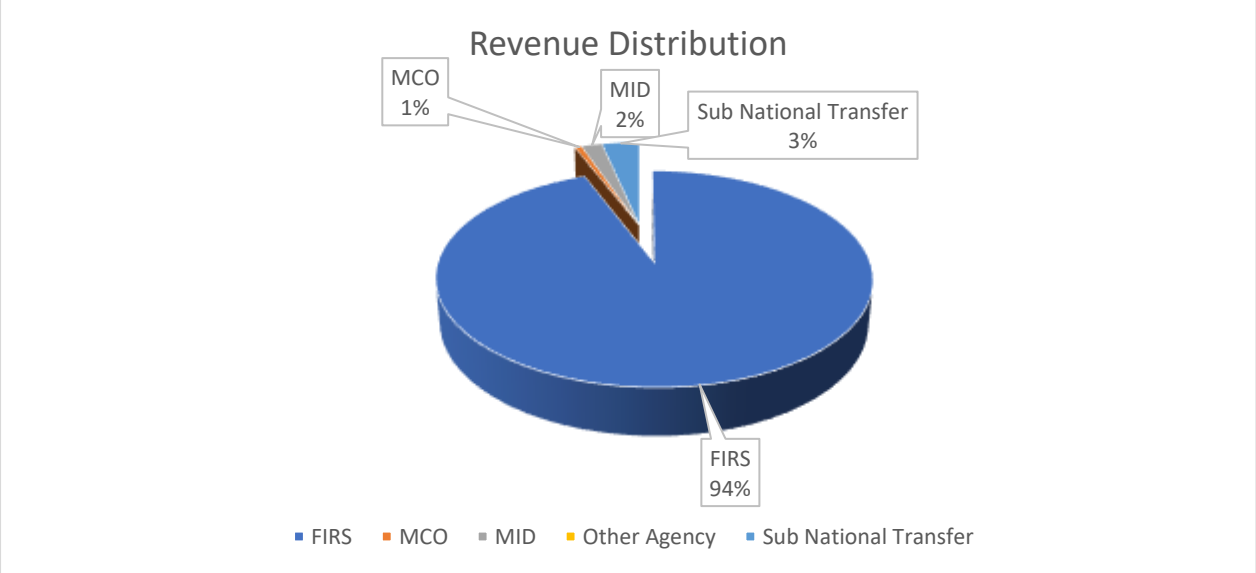


Figure 10:Revenue Distribution

A disaggregation of the Subnational transfers of ₦11.359 Billion shows that Ministry of Environment (MoE) and Nigerian Geological Survey Agency (NGSA) accounted for

₦10.729million representing 0.91% of the sub-national transfer while State Internal Revenue Services received ₦11.348 Billion representing 99.1% of the sub-national transfer.

4.6. Ten-Year Trend of Total Financial Flows

The total revenue flow from the solid mineral sector over a ten-year period (2013 to 2022) amounted to ₦1,050.62 Billion, with the highest revenue recorded in 2022, reflecting an increase of 147.69%. Revenue has steadily increased since 2016, a trend attributed to growing investments in, and government support to the sector,
as detailed in the *Table 52* below.

Table 51:Ten Year Revenue Trend

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	₦'B	₦'B	₦'B	₦'B	₦'B	₦'B	₦'B	₦'B	₦'B	₦'B	₦'B
Total	30.25	49.17	64.46	43.22	52.76	69.47	79.96	128.17	193.59	345.409	**1,056.46**
Change (₦'B)		18.92	15.29	-21.24	9.54	16.71	10.49	48.21	65.42	151.819	
% Change		63%	31%	-33%	22%	32%	15%	60%	51%	78%	

Source: 2013 - 2022 NEITI SMA Reports

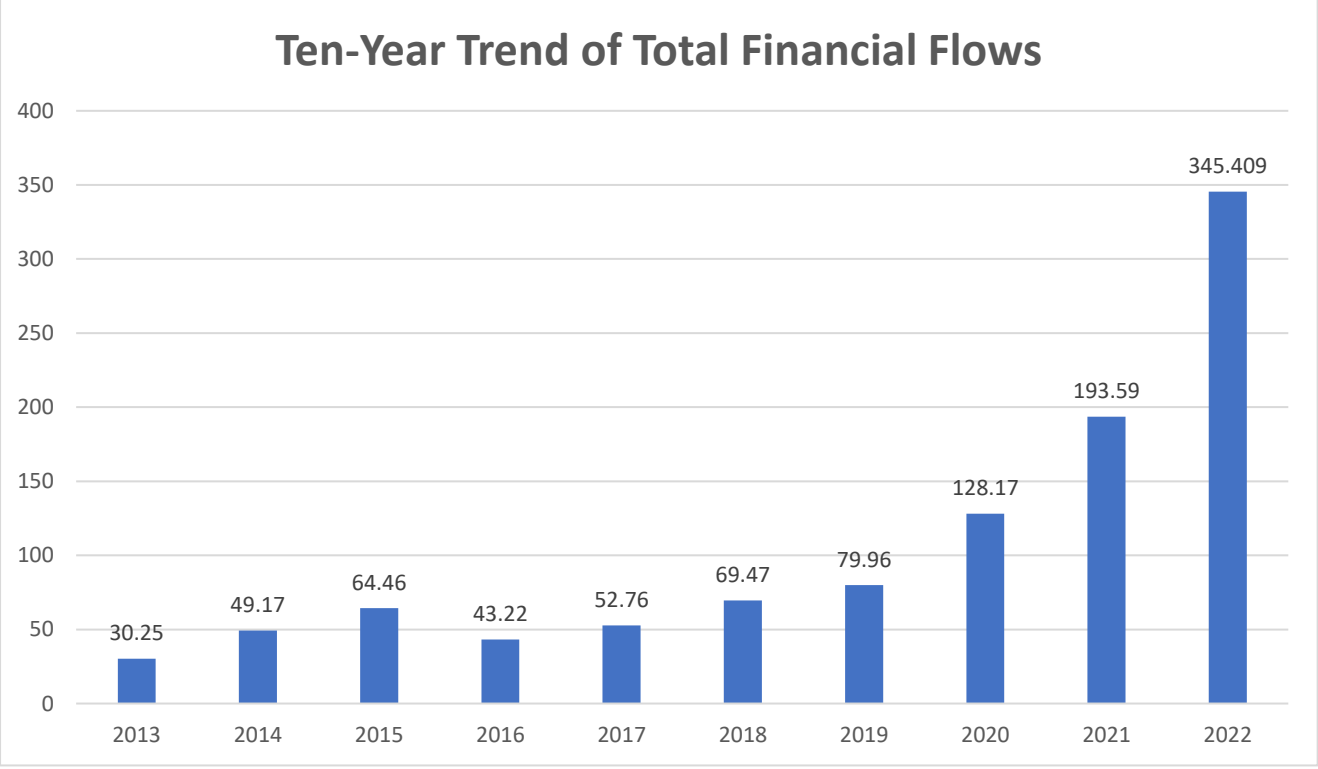


Figure 11:Ten-Year Trend of Total Financial Flows

4.7. Reconciliation of Revenue Flows

The IA reconciled companies' and government records at the company level and by revenue stream as approved by the NSWG's Materiality Document (*Appendix 1).* All initial templates submitted by the companies were validated using source documents and cross-checked with respective government records. Adjustments were made where necessary. Out of the thirty-five (35) reported revenue streams, twenty-four (24) were identified to be reconciled and were fully reconciled, while the remaining ten (11) were unilaterally disclosed per NSWG materiality decision. *Table 53* provides detailed information on the reconciliation process conducted by the IA to arrive at the reconciled revenue streams.

Table 52: Reconciled Revenue Flow

S/N	DESCRIPTION	INITIAL RECONCILIATION			ADJUSTMENT		FINAL RECONCILIATION		
		COMPANY	GOVERNMENT	DIFFERENCE	COMPANY	GOVERNMENT	COMPANY	GOVERNMENT	DIFFERENCE
		₦'M	₦'M	₦'M	₦'M	₦'M	₦'M	₦'M	₦'M
1	Value Added Tax (VAT)	243778.00	128643.01	115134.99	(115454.99)	(320.00)	128323.01	128323.01	0.00
2	Corporate Income Tax (CIT)	134900.00	136359.96	(1459.96)	11459.96	10000.00	146359.96	146359.96	0.00
3	Education Tax	25391.00	20721.89	4669.11	(4655.11)	14.00	20735.89	20735.89	0.00
4	Withholding Tax Credit	6392.00	6669.66	(277.66)	17277.66	17000.00	23669.66	23669.66	0.00
5	Capital Gain Tax	573.00	676.70	(103.70)	103.70	0.10	676.70	676.80	(0.10)
6	Stamp Duties	0.23	0.23	0.00	0.00	0.00	0.23	0.23	0.00
7	Other Payments	48.00	38.50	9.50	0.00	9.50	48.00	48.00	0.00
8	Mining titles(s) application processing fee	8.23	9.13	(0.90)	756.34	755.45	764.57	764.57	0.00
9	Mining titles(s) annual service fees						2403.22	2403.22	
10	Mining title(s) fee for processing of renewal application	2184.00	2072.00	112.00	(2059.42)	(1947.42)	124.58	124.58	0.00
11	Transfer of Deed of Assignment	6.00	6.43	(0.43)	98.37	97.94	104.37	104.37	0.00

12	Other Payments	0.80	0.77	0.03	396.14	396.17	396.94	396.94	0.00
13	Royalty	6239.00	6373.00	(133.88)	33.88	(100.00)	6272.88	6272.88	0.00
14	Permit to mix ANFO	0.96	0.90	0.06	0.00	0.06	0.96	0.96	0.00
15	License to manufacture explosives	0.04	0.04	0.00	0.00	0.00	0.04	0.04	0.00
16	Permit to erect a magazine	4.00	4.08	(0.08)	0.08	0.00	4.08	4.08	0.00
17	Blasting Certificates	0.80	1.30	(0.50)	0.50	0.00	1.30	1.30	0.00
18	License to buy explosives	2.80	2.72	0.08	(0.08)	0.00	2.72	2.72	0.00
19	License to sell explosives	0.36	0.36	0.00	0.00	0.00	0.36	0.36	0.00
20	Explosives magazine License	17.00	18.21	(1.21)	1.21	0.00	18.21	18.21	0.00
21	Permit to blast on the road	0.22	0.30	(0.08)	0.08	0.00	0.30	0.30	0.00
22	Explosives Handlers Permit	0.65	0.95	(0.29)	0.29	0.00	0.95	0.95	0.00
23	License To Export	0.30	0.25	0.05	(0.05)	0.00	0.25	0.25	0.00
24	Other Payments	9.76	9.76	0.00	(0.06)	(0.06)	9.70	9.70	0.00
	TOTAL	**419557.15**	**301610.00**	**117947.13**	**(92041.49)**	**25905.00**	**329918.88**	**329918.98**	**(0.10)**

Source: NEITI SMA 2022 Templates

4.8. Royalty and Other Levies Received by the Mines Inspectorate Department.

Royalty payments by extractive companies in the solid mineral sector are made to the government in exchange for the right to extract minerals. This highlights the significance of royalty as the largest revenue source for the Mining Inspectorate Department (MID), a key department within the MSMD.

In 2022, Government's total revenue receipt amounted to ₦6.311 Billion, with ₦5.395 Billion (85.49%) successfully reconciled. Out of this amount, royalties contributed ₦5.356 Billion, representing 95.28% of the reconciled revenue flows. This marks a significant increase of ₦2.056 Billion compared to the 2021 collection of ₦3.30 Billion. The rise in royalty payments is largely attributed to the upward revision of royalty rates in June 2022 and increase in production, alongside continued government reforms which have boosted revenue generation. Detailed information is provided in *Table 54* below.

Table 53:Royalty and other fees

S/N	REVENUE STREAM	AMOUNT	% Contribution
	Reconciled Financial Flow	**₦**	
A	Royalty	5,356,140,625	84.86%
	Other fees		
B	Permit to mix ANFO	960,000	0.02%
3	License to manufacture explosives	40,000	0.00%
4	Permit to erect a magazine	4,080,161	0.06%
5	Blasting Certificates	1,300,000	0.02%
6	License to buy explosives	2,722,806	0.04%
7	License to sell explosives	360,000	0.01%
8	Explosives magazine License	18,211,550	0.29%
9	Permit to blast on the road	300,000	0.00%
10	Explosives Handlers Permit	945,000	0.01%
11	License to Export	250,000	0.00%
12	Other Payments	9,695,646	0.15%
	Sub-total	**5,395,005,788**	**85.48%**
	Unilaterally Disclosed Revenue	916,739,941	14.52%
	Grand Total	**6,311,745,729**	**100.00%**

Source: MSMD Data

4.8.1. Royalty Payments disaggregated by mineral type

Table 55 below provides a detailed breakdown of royalty payments categorized by mineral type, quantity produced, royalty paid, and the percentage of royalty contribution. Total royalties attributed to the sector in 2022 was ₦6.227Billion with a corresponding production volume of 70.272million tonnes. Limestone, granite, Gold combinedly contributed 79.14% (₦ 4.964Billion) of total royalty collection in the year, while 43 other minerals contributed ₦1.308 Billion representing 20.86% of total royalty payment.

Table 54: Royalty Disaggregation by Minerals

S/N	MINERAL TYPE	QUANTITY	%CONTRIBUTION TO QUANTITY	ROYALTY PAID	%CONTRIBUTION TO ROYALTY
1	Limestone	37,260,778.30	52.68%	1,980,698,839.81	29.98%
2	Granite Aggregate	14,673,736.99	20.75%	1,622,869,150.22	22.68%
3	Laterite	6,091,899.52	8.61%	286,012,273.64	3.60%
4	Sand	5,041,105.81	7.13%	161,636,675.20	2.58%
5	Shale	2,085,953.65	2.95%	59,709,582.46	0.95%
6	Clay	1,823,699.57	2.58%	42,345,497.56	0.68%
7	Granite Dust	1,618,320.71	2.29%	121,489,224.39	1.94%
8	Coal	1,505,197.29	2.13%	277,079,644.37	4.42%
9	Gypsum	183,627.70	0.26%	42,938,849.88	0.68%
10	Lead/Zinc Ore	89,129.87	0.13%	360,639,950.00	5.67%
11	Kaolin	70,395.54	0.10%	7,150,900.00	0.11%
12	Manganese	56,014.14	0.08%	19,604,948.50	0.31%
13	Lithium Ore	51,524.23	0.07%	201,134,052.40	3.21%
14	Tourmoline	41,385.70	0.06%	3,299,513.00	0.05%
15	Feldspar	37,249.98	0.05%	4,366,550.00	0.07%
16	Dolomite	17,282.00	0.02%	2,423,873.00	0.04%
17	Granite Block	12,429.93	0.02%	7,792,500.00	0.12%
18	Marble	10,460.42	0.01%	1,389,100.00	0.02%
19	Quartz	9,666.65	0.01%	1,702,000.00	0.03%
20	Rubelite	7,350.00	0.01%	183,750.00	0.00%
21	Granite Marbles	7,113.75	0.01%	1,422,750.00	0.02%
22	Columbite	5,899.27	0.01%	138,072,585.00	2.04%
23	Basalt	5,173.28	0.01%	388,000.00	0.01%
24	Spodumene	3,420.00	0.00%	513,000.00	0.01%
25	Ilmenite	3,061.60	0.00%	1,416,900.00	0.02%
26	Talc	2,776.66	0.00%	316,500.00	0.01%
27	Monazide	2,535.00	0.00%	17,500.00	0.00%
28	Gravel	2,200.00	0.00%	180,000.00	0.00%
29	Tin Ore	1,704.86	0.00%	7,729,130.00	0.12%
30	Silver	1,600.00	0.00%	5,333,333.33	0.09%
31	Amethyst	1,265.50	0.00%	1,256,400.00	0.02%
32	Barites	1,170.00	0.00%	181,500.00	0.00%
33	Topaz	748.00	0.00%	242,000.00	0.00%
34	Dolomite	500.00	0.00%	50,000.00	0.00%
35	Beryl	349.00	0.00%	11,423,500.00	0.18%
36	Iron Ore	283.00	0.00%	128,400.00	0.00%
37	Beryllium	172.18	0.00%	11,349,000.00	0.18%
38	Flourite	127.00	0.00%	146,530.00	0.00%
39	Kunzite	110.00	0.00%	275,000.00	0.00%
40	Copper	82.00	0.00%	38,640.00	0.00%
41	Mica	15.00	0.00%	22,500.00	0.00%
42	Aquamarine	5.00	0.00%	1,000.00	0.00%

43	Sapphire	5.00	0.00%	2,505.00	0.00%
44	Tantalite	3.74	0.00%	581,100.00	0.01%
45	Gold	2.54	0.00%	1,360,700,140.47	20.12%
46	Gemstone	1.00	0.00%	62,332.15	0.00%
	Total	**70,727,531.39**	**100%**	**6,272,880,565.37**	**100%**

Source:2022 NEITI Solid Minerals Audit Template and MSMD Data

4.8.2. Royalty Payments disaggregated by companies

Table 56 below provides a detailed breakdown of royalty payments by each company, the quantity of minerals produced, and their percentage contribution to the total royalty payments during the review period. The total royalty collected in 2022 amounted to ₦6.227 Billion, corresponding to a production volume of 70.272 million Tonnes. Segilola Resources made the highest royalty payment of ₦1.298 Billion for the production of 2.27 Tonnes of gold, followed closely by Dangote, Lafarge Plc, and Bua Industries, as detailed in the table below.

Table 55: Royalty Payment by Company

S/N	NAME OF COMPANY	QUANTITY (TONNES)	ROYALTY PAID (₦)	% ROYALTY CONTRIBUTION
1	Segilola Resources	2.78	1,298,734,887	20.70%
2	Dangote Industries Ltd	24,993,598	1,277,125,443	20.36%
3	Lafarge PLC	8,664,067	572,429,180	9.13%
4	Bua Cement Plc	8,338,170	479,167,735	7.64%
5	First Patriot Limited	63,494	296,590,500	4.73%
6	Zeberced Ltd	2,374,988	214,362,375	3.42%
7	Julius Berger Nig. Plc	3,499,716	168,938,326	2.69%
8	RCC Nigeria Ltd.	1,512,446	145,293,578	2.32%
9	Kursi Investment Limited	0.227	129,959,522	2.07%
10	Setraco Nigeria Limited	823,405	125,701,917	2.00%
11	China Civil Engineering Construction Corporation (CCECC) Nig. Limited	922,243	89,694,950	1.43%
12	Neveah Ltd	1,615	64,680,000	1.03%
13	Kopek Constr Ltd	463,542	60,492,825	0.96%
14	Cgc Nigeria Limited	306,208	57,930,137	0.92%
15	S C C Nig Ltd	780,596	55,180,311	0.88%
16	Triacta Nig. Limited	423,638	40,798,284	0.65%
17	Z & Y Investment	256,289	38,109,411	0.61%
18	Ashaka Cement Company Plc.	500,938	34,971,529	0.56%
19	Georgio Rocks Ltd.	316,898	34,518,921	0.55%
20	Kai Di Investment Limited	351,963	34,324,656	0.55%
21	Akamkpa Quarry Ltd	272,845	33,604,039	0.54%
22	Adlas Logistics Limited	3,180	31,635,000	0.50%
23	Anli Mining	6,041	30,204,917	0.48%
24	Hudson Mining Ltd.	638	28,367,650	0.45%
25	Inorganic Earth Resources Limited	404,900	27,538,138	0.44%
26	Century Mining Co. Ltd	15,000	27,000,000	0.43%

27	Woda Mountain Invest. Nig. Ltd	165,069	24,762,921	0.39%
28	Zuma 828 Limited	154,415	23,162,268	0.37%
29	Dai Jin Jia Investment Ltd	197,788	22,588,852	0.36%
30	China Oriental Mining Nig. Ltd	97,314	20,597,143	0.33%
31	Ratcon Construction Company	121,674	18,251,083	0.29%
32	Arab Contractors	200,573	18,205,120	0.29%
33	Mothercat Nigeria Limited	287,378	17,235,747	0.27%
34	Lanzaang Continential Services Ltd	106,000	15,900,000	0.25%
35	Hongtai Quarry Co Ltd	153,375	14,929,320	0.24%
36	Kenyang Mining Co. Ltd	1,229	14,734,000	0.23%
37	Mark-Sino Nig. Ltd	98,141	14,271,429	0.23%
38	Rock Bottom Minens Power	87,870	13,662,970	0.22%
39	West Africa Ceramics	460,685	12,857,832	0.20%
40	Saturn Mining	78,737	11,810,500	0.19%
41	China Solid Rock Nigeria Ltd	75,333	11,300,000	0.18%
42	Coltan Mineral Limited	161	11,234,000	0.18%
43	Multiverse Exploration	154,528	11,179,188	0.18%
44	Rock King Ltd.	91,216	10,429,579	0.17%
45	Venus Mining Company Ltd	123,522	10,354,301	0.17%
46	Longma Industry Ltd	98,481	10,244,600	0.16%
47	Ekiti State Alliance Gem Miners	2,130	10,180,500	0.16%
48	Kaduna Mining Dev Co. Ltd	2,130	10,180,500	0.16%
49	Jigom Nig. Ltd	106,221	10,091,867	0.16%
50	Zhon Zing Mining Ltd.	100,955	8,890,000	0.14%
51	Shenglong Nig. Ltd	48,075	8,711,379	0.14%
52	Wiz China	57,663	8,649,484	0.14%
53	Aay International Mining Ltd	50,340	8,371,411	0.13%
54	Chief Cornerstones Investment Limited	128,186	8,165,937	0.13%
55	NBHH Nig Ltd	86,562	7,804,075	0.12%
56	Perfect Stone Quarries Ltd	463,397	7,655,384	0.12%
57	Jinziang Quarry Co. Ltd	40,338	7,295,950	0.12%
58	Zilco Ltd	46,667	7,000,000	0.11%
59	Xin Xin Mining Resources Nig. Ltd	58,341	6,956,299	0.11%
60	Sermatech Nig Ltd	34,254	6,787,958	0.11%
61	Fuhua Quarry Nig	40,393	6,524,600	0.10%
62	Morsa Energy Ltd	23,595	6,524,259	0.10%
63	Dolvic Global Resources & Continental Services	53,700	5,992,500	0.10%
64	Master Rock Ltd	21,528	3,229,215	0.05%
65	Abasa Nigeria Ent. Ltd	-	-	0.00%
66	Basin Mining Ltd	-	-	0.00%
67	Calindre Ltd	-	-	0.00%
68	Crownwell	-	-	0.00%
69	Diamond Cement Nig Ltd	-	-	0.00%

70	Giant Cement Works Ltd	-	-	0.00%
71	Gladwyn Investment Company Limited	-	-	0.00%
72	Grand Manufacturers Nig. Ltd	-	-	0.00%
73	International Cement Company	-	-	0.00%
74	Iron Ore Mining Ltd	-	-	0.00%
75	KCM Mining Nigeria Limited	-	-	0.00%
76	Kebara Richland Oil	-	-	0.00%
77	Mangal Industries Ltd	-	-	0.00%
78	Moro Economic	-	-	0.00%
79	North South Extractive Co. Ltd	-	-	0.00%
80	Omoluabi Mineral Promotion Company Ltd	-	-	0.00%
81	Orbit Exploration & Natural Products Ltd	-	-	0.00%
82	Redkeep Investment Ltd	-	-	0.00%
83	Senteng International	-	-	0.00%
84	Triax Company Nig. Ltd	-	-	0.00%
85	Southwest Bitumen Ltd	-	-	0.00%
	Others	11,313,149	428,804,167	6.84%
	Total	**70,727,531**	**6,272,880,566**	**100%**

Source: NEITI SMA 2022 Templates

4.8.3. Royalty Payments disaggregated by State.

Table 57 below provides a detailed breakdown of royalty payments, categorized by state, region, mineral production quantity, and percentage contribution to total royalty payments. From the total royalty payment of ₦6.227 Billion in 2022, Osun State in the Southwest contributed the highest amount of ₦1.397 Billion (22.27%), followed closely by Ogun State, also in the Southwest, with a royalty payment of ₦966.82 million. The lowest contributing state was Borno State in the Northeast, with a contribution of ₦145,000.

Table 56: Royalty Payments Disaggregated by State.

S/N	STATE	QUANTITY (TONNES)	ROYALTY (₦)	% CONTRIBUTION TO ROYALTY	REGION
1	Kogi	14,068,116	317,059,571.47	5.05%	North Central
2	FCT	3,925,052	286,979,573.00	4.57%	
3	Nasarawa	484,471	205,423,865.00	3.27%	
4	Kwara	498,325	158,651,353.05	2.53%	
5	Benue	3 ,630,868	122,802,823.00	1.96%	
6	Plateau	33,687	59,855,040.93	0.95%	
7	Niger	220,055	37,218,396.26	0.59%	

	Sub Total	**22,860,573**	**1,187,990,623**	**18.94%**	
8	Gombe	807,786	56,811,798.26	0.91%	North East
9	Taraba	238,595	32,503,171.50	0.52%	
10	Bauchi	79,733	19,108,744.25	0.30%	
11	Adamawa	155,157	15,483,288.55	0.25%	
12	Yobe	218,233	9,250,679.00	0.15%	
13	Borno	105	145,000.00	0.00%	
	Sub Total	**1,499,610**	**133,302,682**	**2.13%**	
14	Kaduna	3,307,894	206,756,661.41	3.30%	North West
15	Sokoto	3,018,957	187,936,894.74	3.00%	
16	Kano	3,229,045	115,143,787.87	1.84%	
17	Katsina	597,109	31,875,071.25	0.51%	
18	Kebbi	106,197	20,800,448.50	0.33%	
19	Zamfara	146,450	17,581,500.00	0.28%	
20	Jigawa	129,754	6,728,604.00	0.11%	
	Sub Total	**10,535,407**	**586,822,968**	**9.35%**	
21	Ebonyi	607,984	445,283,314.46	7.10%	South East
22	Abia	294,362	25,553,447.76	0.41%	
23	Anambra	231,089	6,824,500.00	0.11%	
24	Enugu	183,502	6,112,535.00	0.10%	
25	Imo	77,106	3,464,250.00	0.06%	
	Sub Total	**1,394,042**	**487,238,047**	**7.77%**	
26	Edo	8,612,823	460,298,581.05	7.34%	South - South
27	Cross River	3,842,474	446,239,190.01	7.11%	
28	Akwa Ibom	701,564	31,875,071.25	0.51%	
29	Rivers	1,350	27,737,018.72	0.44%	
30	Delta	185,083	11,766,402.00	0.19%	
31	Bayelsa	292,878	8,786,331.25	0.14%	
	Sub Total	**13,636,171**	**986,702,594**	**15.73%**	
32	Osun	94,981	1,397,180,770.92	22.27%	South West
33	Ogun	15,367,624	966,827,851.35	15.41%	
34	Oyo	2,543,688	288,862,104.71	4.60%	
35	Ondo	763,671	110,046,095.74	1.75%	
36	Lagos	1,734,183	82,053,404.26	1.31%	
37	Ekiti	297,581	45,853,425.00	0.73%	
	Sub Total	**20,801,728**	**2,890,823,652**	46.08%	
	Total	**70,727,531.46**	**6,272,880,565.52**	**100.00%**	

Source: NEITI SMA 2022 Templates

4.9. Annual Service Fee and Other Fees by the Mining Cadastre Office

The Mining Cadastre Office (MCO), an agency under the Ministry of Solid Minerals Development, holds exclusive responsibility for receiving, processing, and granting applications related to the transfer, renewal, modification, and relinquishment of mineral titles, as well as for extending areas. In line with this role, MCO collects an annual service fee from extractive companies holding valid titles.

In the year under review, MCO's total receipts amounted to ₦3.793 Billion. The breakdown of the cumulative amount is shown in *Table 58* below, of which ₦896.689 million, representing 23.8%, were reconciled revenue receipts. Notably, a significant portion of the licenses granted by MCO are for exploration activities.

Table 57: Revenue stream for MCO

S/N	Revenue Stream		
		Amount (₦)	% Contribution
1	Reconciled Revenue Stream		
2	Mining titles(s) Annual Service Fees	880,324,451	23.24%
3	Other Revenue		
4	Mining titles(s) application processing fee	9,129,484	0.24%
5	Mining title(s) fee for processing of renewal application	6,436,000	0.17%
6	Transfer of Deed of Assignment	400,000	0.01%
7	Other Payments	400,000	0.01%
	Sub-Total MCO (A + B)	**896,689,935**	**23.68%**
	Unilateral Contribution		
	Annual Service Fee	1,522,891,880.75	40.14%
8	Other Fees and payments	1,374,097,827.00	36.22%
	Sub-Total (C)	**2,896,989,707.75**	76.36%
	Grand Total (A+B+C)	**3,793,679,643.00**	**100.00%**

Source:2022 NEITI Solid Minerals Audit Template

4.9.1. MCO Liabilities

In the year under review, the total outstanding liabilities from 2,593 companies that had not paid their Annual Service Fee was ₦3,212,202,500. *Table 59* below provides a summarized debt profile categorized by mineral license type.

Table 58: MCO's ASF Liability Receivables

S/N	LICENSE TYPE	AMOUNT OWED (₦)	NUMBER OF COMPANIES
1	Exploration Lease (EL)	344,692,500	850
2	Mining Lease (ML)	2,341,400,000	115
3	Quarry Lease (QL)	183,720,000	426
5	Small Scale Mining Lease (SL)	7,300,000	17
6	Small Scale Mining Lease (SSML)	335,090,000	1,185
	Total	**3,212,202,500**	**2,593**

Source: MCO Record on liability.

Appendix 14 shows the respective break down of the owing companies and accrued cost

4.10. Federal Inland Revenue Service Taxes Receipt.

The total receipts by the Federal Inland Revenue Service (FIRS) amounted to **₦319.813** Billion, as contained in the table 41 below. Company Income Tax (CIT), Value-Added Tax (VAT), Withholding Tax (WHT), and Education Tax (EDT) are the major sources of revenue for FIRS. CIT contributed ₦146.359Billion (45.76%), VAT contributed ₦128.323Billion (40.12%), WHT contributed ₦23.669Billion (7.40%), and EDT contributed ₦20.735Billion (6.48%), these four revenue heads contributed a total of ₦319.045Billion (99.76%). See Table 60 below for the breakdown and contribution of each stream.

Table 59:Tax Revenue from FIRS

S/N		DESCRIPTION	₦	% OF CONTRIBUTION
1.	FIRS	Value Added Tax (VAT)	128,323,013,219.	40.12%
2.	FIRS	Corporate Income Tax (CIT)	146,359,961,297.	45.76%
3.	FIRS	Education Tax	20,735,891,061.	6.48%
4.	FIRS	Withholding Tax Credit	23,669,658,173.	7.40%
5.	FIRS	Capital Gain Tax	676,700,638.	0.21%
6.	FIRS	Stamp Duties	229,530	0.00%
7.	FIRS	Other Payments	48,047,691	0.02%
		Total	**319,813,501,609**	**100%**

Source: NEITI SMA 2022 Templates

4.11. Five Year Trend Analysis of Revenue Paid to the Federation Account

Table 61 illustrates a 5-year trend of revenue from the solid minerals sector to the federation account. Over the past five years, there has been a consistent year-on-year increase in revenue to the Federation Account. The total revenue accrued to the account during this period amounts to approximately ₦487,877Billion. This represents a growth of ₦151,806 Billion (85.56%), moving from ₦69,471Billion in 2018 to ₦487,877 Billion in 2022.

Revenue from FIRS also demonstrated steady growth, rising from ₦65,689 Billion in 2018 to ₦319,137 Billion in 2022. The major drivers of tax revenue are value-added tax (VAT), withholding tax (WHT), and company income tax (CIT). This growth in tax revenue can be attributed to several factors, including new policy reforms within the Service, changes in tax laws by the Finance Acts, enhanced compliance monitoring efforts, the introduction of the TaxPro-Max platform.

Revenue from MID showed a consistent growth, increased by ₦2,693 Billion (74.41%) in 2022 from ₦3,619 in 2021. The major contributor to MID revenue remains royalties, which accounted for ₦12,798 Billion between 2018 and 2022. Successful implementation of reforms and compliance monitoring activities facilitated this growth.

Table 60: Five Year Trend of Payments paid into the Federation Account

Number of companies covered		*69*	*68*	*102*	*121*	*44*	
A	**FIRS**	2018 ₦'million	2019 ₦'million	2020 ₦'million	2021 ₦'million	2022 ₦'million	Total ₦'million
	VAT	39,578	41,913	67,520	96,783	128,323	279,819
	CIT	10,035	4,557	17,043	32,020	146,360	66,015
	EDT	3,790	5,214	7,930	2,185	20,736	21,642
	WHT	12,286	17,195	16,224	36,480	23,670	92,435
	Stamp Duties	-	450	549	1,760	0.230	2,758
	Other (FIRS)	-	590	2,209	288	48	3,091
Sub Total of Payments to FIRS (A)		***65,689***	***69,918***	***111,474***	***169,516***	***319,137***	***465,760***
Changes (%)			6.44	59.43	52.07	46.88	
B	**MCO**						
	Annual Service Fee	1,186	1,757	1,787	3,042	2,403	8,048
	Fees & other MCO	385	623	517	1,259	1,390	4,517
Sub Total of Payments to MCO (B)		***1,571***	***2,380***	***2,304***	***4,301***	***3,794***	***12,565***
Changes (%)			51.5	-3.19	86.68	-11.80	
C	**MID**						
	Royalty	2,147	2,502	3,017	3,571	6,273	12,798
	Permits, Fees & Other payments	64	51	21	48	39	207
Sub Total of Payments to MID (C)		***2,211***	***2,553***	***3,037***	***3,619***	***6,312***	***13,006***
Changes (%)			15.47	18.96	19.16	74.41	
Grand Total (D = A+B+C)		**69,471**	**74,851**	**116,815**	**177,436**	**329,242**	**487,877**
Changes (%)		31.68	7.74	56.06	51.89	85.56	

Source: 2018-2022 NEITI SMA Reports

4.12. Sale of State's Share of Production or Revenue Collected In-Kind

Payments in kind represents a form of transaction that involves the exchange of goods and services without the use of money as a medium. These are the use of non-financial transactions to offset payments such as taxes, royalty, levies, and other liabilities. In the year

under review, the IA assessed the various transaction and operations of Government that occurred in the sector as well as the Materiality threshold document as approved by NSWG, and affirmed that there are no State-Owned Enterprise (SOE) in the sector, hence there are no sales of state's share of production nor any form of In-kind payment in the period under review.

4.13. Infrastructure Provisions and Barter Arrangements

The EITI consider Infrastructure Provisions and Barter Arrangements as the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities. This includes the provision of goods and services collateralised by future streams of income from their natural resource wealth that meets the International Monetary Fund's definition of collateralised sovereign debt. In line with requirement 4.3 of the 2023 EITI standard the IA carried out desk review and engagement with stakeholders and hereby confirm, that there are no infrastructure and/or barter arrangement in the solid minerals sector in 2022.

4.14. Transportation Revenues

Based on the IA's engagement with various stakeholders, it was established that the solid minerals sector did not generate any transportation revenue in 2022.

4.15. Transactions with State-Owned Enterprises

As reiterated in section 5.10 of this report, there are no State-Owned Enterprise in the sector as define under requirement 4.5 of the 2023 EITI standard on State Owned Enterprises transactions. The government's role during this time focused mainly on administrative and regulatory functions, while the private sector took on ownership and operational duties within the sector.

However, the National Assembly is presently considering the Nigeria Solid Minerals Development Company (ESTABLISHMENT) BILL, 2023, which aims to establish a new private entity to promote solid minerals development in the country.

4.16. Subnational and other Agencies Payments

Subnational payments are payments made to other government agencies, state and local governments that are not paid directly into the Federation Account. In 2022, all payments to subnational agencies were not reconciled by was validated and reported. A disaggregation of the Subnational payments shows that State Internal Revenue Services received ₦11.348 Billion for both state and Local Government as shown *Table 62*.

Table 61: Sub-National Transfer

S/N		REVENUE HEAD	AMOUNT	% Contribution
		Responsible Agency	₦	
Unilateral Financial Flows: Sub National Transfer				
1	SIRS	Annual surface rents (Grounds Rents)	190,273,730	1.68%
2	SIRS	Withholding Tax (WHT)	906,677,426	7.99%
3	SIRS	Pay As You Earn (PAYE)	10,130,178,558	89.26%
4	SIRS	Business Premises	69,667,042	0.61%
5	SIRS	Penalties	24,076,797	0.21%
6	SIRS	Development Levy	400,300	0.00%
7	SIRS	Other Payments	27,415,296	0.24%
		GRAND TOTAL	**11,348,689,149**	**100.00%**

Source: NEITI SMA 2022 Templates

4.17. Project Cost

The cost of projects in Nigeria's solid mineral sector can be quite complex and varies depending on several factors. Here's a breakdown of the key components:

1. **Exploration Costs**
- *Geological Surveys:* Initial costs include geological surveys and feasibility studies to determine the viability of mining operations.
- *Drilling and Sampling:* Costs for drilling, sampling, and assaying to estimate the quantity and quality of the mineral deposits.

2. **Development Costs**
- *Infrastructure:* Building necessary infrastructure such as roads, power supply, and water systems.
- *Equipment:* Purchasing and installing mining equipment and machinery.
- *Environmental Compliance:* Costs associated with environmental impact assessments and obtaining necessary permits.

3. **Operational Costs**
- *Labour:* Wages for skilled and unskilled Labour.
- *Energy:* Costs for electricity, fuel, and other energy sources required for mining operations.
- *Maintenance:* Regular maintenance of equipment and facilities.

4. **Regulatory and Compliance Costs**
- *Licensing Fees:* Fees for obtaining mining licenses and permits.
- *Taxes and Royalties:* Payment of taxes and royalties to the government. Nigeria offers some incentives like tax holidays and reduced tax rates for mining companies.

5. **Capital Allowances and Incentives**

- *Capital Allowances*: Accelerated capital allowances allow companies to deduct a significant portion of their capital expenditure from their taxable income.
- *Import Duty Exemptions:* Exemptions on customs and import duties for mining equipment.

6. **Financing Costs**

- *Equity and Debt Financing:* Costs associated with raising capital through equity or debt. Early-stage projects often rely on equity due to higher risks.
- *Interest Payments:* Interest on loans and other financing costs.

7. **Community and Social Costs**

- *Community Engagement:* Costs for engaging with local communities and addressing their concerns.
- *Corporate Social Responsibility (CSR):* Investments in local infrastructure, education, and healthcare as part of CSR initiatives.

See *Appendix 5* for more information

4.18. Finding and Recommendation

Outline of findings and recommendations are contained in the table below:

S/N	Findings	RECOMMENDATIONS
1	**Inability to link revenues to specific activity in the sector** Due poor disaggregation culture in the sector, the primary challenge in distributing revenue from the solid minerals sector is the lack of a dedicated fiscal framework. Most of the revenue (92.5%) is collected by the Federal Inland Revenue Service (FIRS) and cannot be allocated to states because it is difficult to trace these taxes back to specific sector activities, such as taxes from quarrying by construction companies. Consequently, only the revenues from the Mining Cadastre Office (MCO) and the Mining Inspectorate Department (MID) of the Ministry of Solid Minerals Development are distributed among the states. Unfortunately, these revenues are so minimal that allocations are sometimes skipped for years to allow the funds to accumulate to a significant amount. This inability to link revenue to specific activities in Nigeria's solid mineral sector has several major implications, including: ***i. Lack of Accountability:*** • **Mismanagement of Funds:** Without clear links between revenue and specific activities, it becomes challenging to hold entities accountable for the proper use of funds.	Addressing the inability to link revenue to specific activities in Nigeria's solid mineral sector requires a multi-faceted approach. Here are some effective solutions: ***i. Implementing Comprehensive Data Management Systems:*** • **Digital Platforms:** Develop and deploy digital platforms for real-time tracking and reporting of mining activities and revenues. This can include the use of blockchain technology to ensure transparency and immutability of records • **Standardized Reporting:** Establish standardized reporting formats and protocols for all mining companies to ensure consistency and accuracy in data collection ***ii. Strengthening Regulatory Frameworks:*** • **Clear Regulations:** Update and enforce regulations that mandate detailed reporting of revenues linked to specific mining activities

	• **Corruption:** This opacity can foster corruption, as it is easier for funds to be diverted or misused without detection. ***ii. Inefficient Resource Allocation:*** • **Misallocation of Resources:** Funds may not be allocated to the most critical areas, leading to inefficiencies and suboptimal outcomes in the sector. • **Delayed Projects:** Important projects may face delays or underfunding due to the inability to track and allocate revenue accurately. ***iii. Reduced Investor Confidence:*** • ***Uncertainty:*** Investors may be hesitant to invest in the sector due to the lack of transparency and the perceived risk of financial mismanagement. • **Lower Investments:** This can result in reduced foreign and domestic investments, hindering the sector's growth and development. ***iv. Impact on Local Communities:*** • **Unmet Community Needs:** Revenues intended for community development projects may not reach their	• **Regular Audits:** Conduct regular independent audits of mining companies to verify reported data and ensure compliance with regulations ***iii. Enhancing Institutional Capacity:*** • **Training and Capacity Building**: Provide training for regulatory bodies and stakeholders on best practices for data management and revenue tracking • **Resource Allocation:** Allocate sufficient resources to regulatory bodies to enable effective monitoring and enforcement ***iv. Promoting Transparency and Accountability:*** • **Public Disclosure**: Make data on mining revenues and activities publicly accessible through online portals and open data platforms • **Stakeholder Engagement:** Involve local communities, civil society organizations, and other stakeholders in monitoring and verifying data ***v. Leveraging Technology and Innovation:*** • **Blockchain Technology:** Utilize blockchain for secure and transparent recording of transactions and data related to the mining sector • **Artificial Intelligence (AI):** Implement AI and machine learning algorithms to analyze large datasets and identify patterns or anomalies in mining operations.

	intended targets, leading to unmet needs and potential social unrest. • **Distrust:** Local communities may lose trust in both the government and mining companies, leading to conflicts and resistance to mining activities. ***v. Policy and Planning Challenges:*** • **Inaccurate Data:** Policymakers rely on accurate data to make informed decisions. The inability to link revenue to specific activities can result in flawed data, affecting policy formulation and implementation. **Ineffective Monitoring:** It becomes difficult to monitor and evaluate the effectiveness of policies and programs without clear revenue tracking.	***vi. Improving Coordination and ColLabouration:*** • **Inter-Agency ColLabouration:** Foster colLabouration between different government agencies to ensure a unified approach to revenue tracking and management. • **International Standards:** Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure best practices in transparency and accountability.

2	**Multiple Taxation and overlapping Tax Jurisdiction on companies from both Federal, State, Local Government and Other unsanctioned authorities.** Companies engaged in mining activities have been subjected to paying both legally mandated taxes, fees and dues which is documented and the non-legally mandated ones ranging from unsanctioned union dues to paying off individuals known as "agberos, omonile or yan garaji". Failure to pay the non-legally mandated dues results to frustration of the company's activity or in some extreme cases bodily harm being meted on company staff or damage to company properties. As a result, ***2. Increased Operational Costs:*** • **Financial Burden:** Companies face a heavy financial burden due to taxes imposed by federal, state, and local governments, as well as unsanctioned levies. This significantly increases operational costs, reducing profitability. • **Reduced Investment:** High taxation can deter both local and foreign investments, as potential investors may perceive the sector as financially unviable. ***3. Administrative Complexity:*** • **Compliance Challenges:** Navigating the complex tax landscape requires significant administrative effort and resources. Companies must comply with multiple tax	***1. Harmonization of Tax Policies:*** • **Unified Tax Framework:** Develop a unified tax framework that clearly delineates the tax responsibilities of federal, state, and local governments. This can help eliminate overlapping tax jurisdictions and reduce the tax burden on companies • **Simplified Tax Codes:** Simplify tax codes to reduce ambiguities and ensure that companies are not subject to multiple taxes on the same income ***2. Strengthening Regulatory Oversight:*** • **Anti-Corruption Measures:** Implement strict anti-corruption measures to prevent illegal levies and ensure transparency in tax collection • **Regular Audits:** Conduct regular independent audits of tax authorities to ensure compliance with established tax laws and regulations ***3. Capacity Building and Training:*** • **Training for Tax Officials:** Provide training for tax officials at all levels to ensure they understand and correctly apply tax laws. • **Support for Companies:** Offer support and resources to companies to help them navigate the tax landscape and comply with regulations. Something similar to customer care service. ***4. Stakeholder Engagement:*** • **Dialogue with Industry:** Establish regular dialogue between government authorities (FIRS, SIRS, MSMD and other

	regulations, leading to increased administrative costs and potential legal issues. • **Inconsistent Enforcement:** Inconsistent enforcement of tax laws can create uncertainty, making it difficult for companies to plan and budget effectively. ***4. Reduced Competitiveness:*** • **Higher Production Costs:** The cumulative effect of multiple taxes can lead to higher production costs, making Nigerian mineral products less competitive in the global market • **Market Disadvantages:** Companies may struggle to compete with counterparts in countries with more favorable tax regimes, potentially losing market share ***5. Encouragement of Informal Activities:*** • **Illegal Mining:** Excessive taxation can drive some operators to engage in illegal mining activities to evade taxes, leading to revenue losses for the government and environmental degradation • **Tax Evasion:** Companies may resort to underreporting production volumes and revenues to reduce their tax liabilities, further complicating revenue collection efforts. ***6. Adverse Impact on Local Communities:***	regulatory agencies) and industry stakeholders to address tax-related issues and develop mutually beneficial solutions • **Public Awareness Campaigns:** Conduct public awareness campaigns to educate both companies and tax authorities about their rights and responsibilities ***5. Leveraging Technology and Innovation:*** • **Digital Tax Systems:** Implement digital tax systems to streamline tax collection and reduce the opportunities for corruption and tax evasion • **Blockchain Technology:** Utilize blockchain for secure and transparent recording of transactions and data related to the mining sector ***6. Improving Coordination and ColLabouration:*** • **Inter-Agency ColLabouration:** Foster colLabouration between different government agencies to ensure a unified approach to revenue tracking and management **International Standards:** Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure best practices in transparency and accountability

	• **Reduced Social Investments:** With higher operational costs, companies may have fewer resources to invest in community development projects, affecting local communities' well-being • **Social Unrest:** Unfair taxation practices can lead to social unrest and conflicts between mining companies and local communities. .	

3	**Issuing manually written receipts** During the course of the audit, IA noticed that manually written receipts are still being issued to companies by MID. This means there is now the receipts given can be authenticated or verified This means there is no centralized ledger neither is there a safe guard to ensure all monies due to MID is fully received and accounted for. **Implication:** 1. ***Lack of Transparency***: • **Fraud and Corruption:** Manually written receipts are more susceptible to fraud and corruption, as they can be easily altered or forged • **Inconsistent Records:** Manual receipts can result in inconsistent record-keeping, making it difficult to track and verify transactions 2. ***Inefficiency:*** • ***Time-Consuming:*** The process of manually writing and managing receipts is time-consuming and labour-intensive. • **Human Error:** There is a higher risk of human error in manually written receipts, which can lead to discrepancies and disputes.	**MID through the support of MSMD should** 1. ***Digitalization of Receipts:*** • **Electronic Receipts:** Implement electronic receipt systems to replace manually written receipts. This can enhance transparency, reduce errors, and streamline record-keeping. • ***Blockchain Technology:*** Utilize blockchain technology to create immutable and transparent records of transactions, ensuring that receipts cannot be altered or forged 2. ***Training and Capacity Building:*** • **Training Programs:** Provide training for regulatory staff on the use of digital tools and systems for issuing and managing receipts • **Capacity Building:** Invest in capacity building to ensure that regulatory authorities have the necessary skills and resources to implement and maintain digital systems 3. ***Regulatory Reforms:*** • **Policy Updates:** Update policies and regulations to mandate the use of electronic receipts and discourage the use of manually written receipts. • **Compliance Monitoring:** Establish mechanisms to monitor compliance with new regulations and ensure that companies and regulatory authorities adhere to best practices

	3. Limited Accessibility: • ***Storage Issues:*** Physical receipts require significant storage space and can be easily lost or damaged • ***Difficulty in Retrieval:*** Retrieving information from manual records can be cumbersome and slow, especially when dealing with large volumes of data.	***4. Public Awareness and Engagement:*** • **Awareness Campaigns:** Conduct public awareness campaigns to educate companies and stakeholders about the benefits of digital receipts and the importance of transparency • **Stakeholder Engagement:** Engage with industry stakeholders to gather feedback and ensure that the transition to digital receipts meets their needs and addresses their concerns

4	**ANNUAL SERVICE FEE** **i. The amount of ₦3,212,202,500 being owed to MCO by companies as a result of non-payment of ASF** **Reduced Investment:** Widespread non-compliance can create a negative perception of the sector, reducing overall investment and growth. **Regulatory Strain:** Increased non-compliance puts additional strain on regulatory bodies, diverting resources from other critical functions. **ii. Inability to tie some payments to companies** The Annual Service Fee (ASF) records from the MCO has 4,036 entries, among which 475 entries are names of individuals which was not attributed to any company or group. These will result to difficulty in reconciling ASF liabilities by MCO. As a result, they were unilaterally disclosed.	**Regular Audits:** Conduct regular audits to ensure compliance and identify non-payment issues early. **Enhanced Penalties:** Implement stricter penalties for non-compliance to deter companies from defaulting on their liabilities. MCO should ensure proper data collection mechanism by recording payments stating the full details of the company or groups making payment by officers issuing receipt.

5. REVENUE ALLOCATION

As a fiscal federal state, Nigeria's Federal Government is legally required to distribute revenue from the Federation Account among the three tiers of government: federal, state, and local. This system ensures that financial resources are allocated equitably across all levels of governance in line with constitutional provisions. This section highlights the budgetary process, including budget monitoring and implementation, and the distribution of revenue based on the principle of derivation. Additionally, it reviews the funding mechanism for the Solid Minerals Development Fund (SMDF), examining its prospects, challenges, and investments in the solid minerals sector.

5.1. Distribution of Revenues

Revenue accruing to the Federation Account are distributed among the three tiers of government of Federal, State and Local Government Councils in line with Section 162(1) of the 1999 Constitution of the Federal Republic of Nigeria. The constitution mandates that the Federal Government maintain a special account known as the Federation Account, this account is to receive all revenues collected by the federal government, with the exception of personal income tax proceeds from armed forces personnel, the Nigeria Police Force, the Ministry of Foreign Affairs, and residents of the Federal Capital Territory.

These accrued revenues are distributed in line with the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) Act and Section 162(2) of the Constitution. Similarly, 13% of revenue generated from any natural resource is allocated to the states from which the resources are derived, thereby promoting equity and development across the country. Details on processes, legislations guiding revenue distribution and allocation are contained in *Appendix 5*.

The current revenue sharing formula as determined by RMAFC is presented in *Table 63* below:

Table 62: Revenue Distribution Rate

S/N	Beneficiary Tier	Distributary Rate	
		Mineral	**Non-Mineral**
	Federal Government	45.83	52.68
	State Government	23.25	26.72
	Local Government Area	17.92	20.60
	13% Derivation	13%	-
	Total	**100%**	**100%**

Source: Federation Account Allocation Committee Report, 2022

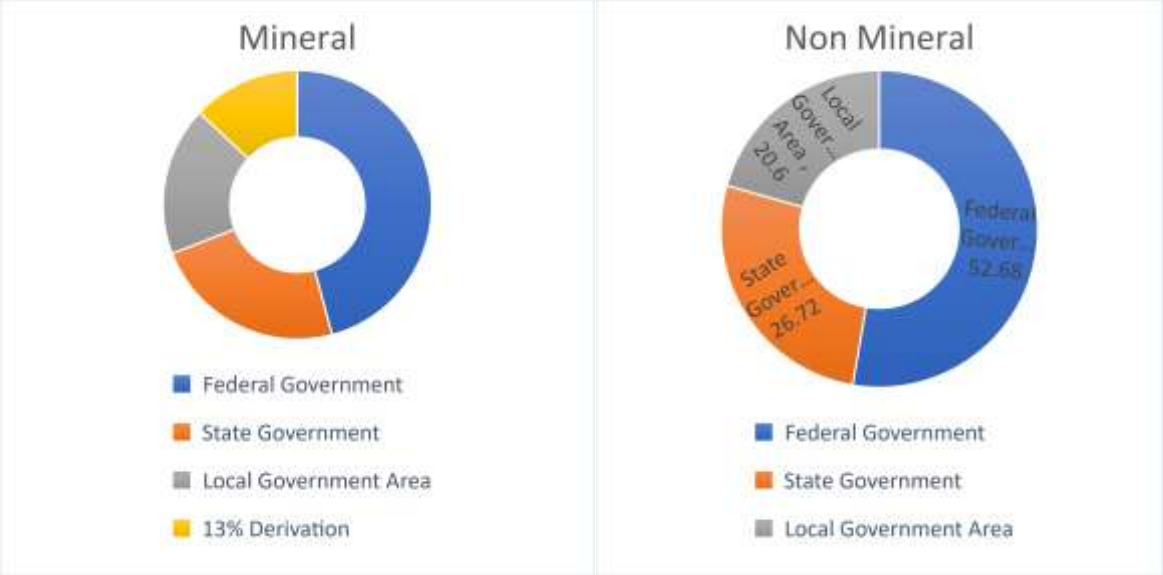


Figure 12: Revenue Distribution Formula

5.2. Subnational Transfers and Distribution.

The report confirms that there were no subnational transfers or distributions of funds from the solid minerals' revenue account during the year under review, as shown in *Table 64* below.

Table 63: 2022 Solid Minerals Revenue Account

Description	Total Revenue
Opening Balance as at 1st January, 2022	5,669,856,652.27
Contribution during the year	11,011,134,338.66
Closing Balance as at December,2022	16,680,990,990.93

Source: Federation Account Allocation Committee Report, 2022

5.3. Solid Minerals Development Fund

The Solid Minerals Development Fund (SMDF) was established under Section 34 of the Minerals and Mining Act, 2007, to serve as a catalyst for accelerating the development of Nigeria's mining sector, in alignment with the 2016 Nigerian Mining Industry Roadmap. The fund aims to focus on sustainable, profit-oriented investments and interventions in key areas, while colLabourating with relevant industry stakeholders

The Solid Minerals Development Fund (SMDF) derives its revenue from multiple sources as stipulated in the Act:

1. **Government Allocations**: budgetary funding from the Nigerian government to supports the SMDF's overhead, capital and personnel expenditures.
2. **Private Sector Investments**: ColLabourations with private sector stakeholders attract investments into the mining sector.

3. **International Partnerships**: Contributions from international financial institutions and development agencies to bolster the fund.
4. **Revenue from Mining Activities**: Profits generated from mining projects are reinvested into the fund to sustain further development.

5.3.1. SMDF Development Operations

To accelerate the development of the mining sector, the Solid Minerals Development Fund (SMDF) and Africa Finance Corporation (AFC) and have partnered to co-fund and co-develop commercial-scale mining projects in Nigeria. This initiative was launched to fast track the development of priority mining projects in Nigeria, to mitigate risks and create a pipeline of high-quality projects with economic impact. The Project Development Facility focuses on precious and base metals, bulk minerals, and minerals critical to the global energy transition. The AFC-SMDF partnership seeks to address challenges hindering Nigeria's mining potential and unlock its full spectrum of opportunities details can be found here https://smdf.gov.ng/.

Solid Minerals Development Fund (SMDF) has only received government allocations since its inception, with no additional funding to support its operations. This lack of financial resources has hindered SMDF's ability to drive sustainable growth and development in Nigeria's mining sector.

5.4. Revenue Management and Expenditure

The Federal budget for each fiscal year is prepared in accordance with the National Chart of Accounts (NCOA) and the International Public Sector Accounting Standards (IPSAS) as enshrined in the constitution. The budgeting process begins with the Budget Office under the supervision of the Ministry of Budget and National Planning, using the medium following consultations with key economic and revenue-generating agencies. The President present to the national assemble the proposed budget as prepared by the Budget Office, under the supervision of the Ministry of Budget, and National Planning, using the Medium-Term Expenditure Framework (MTEF) as approved by the National Assembly. Details of budgetary process and procedure is contained in *Appendix 5*

5.4.1. Medium-Term Expenditure Framework (MTEF)

The Medium-Term Expenditure Framework (MTEF) is a critical financial planning tool mandated by the Fiscal Responsibility Act (FRA) of 2007. It serves as the foundation for the annual budget preparation in Nigeria by outlining the government's revenue and expenditure projections over a medium-term period, typically three years.

Key components of the MTEF include:

1. **Revenue Projections:** Estimating the government's income from various sources, such as oil revenues, taxes, and grants.
2. **Expenditure Estimates:** Detailing expected government spending across different sectors and programs, ensuring alignment with national priorities.
3. **Fiscal Targets:** Setting targets for budget deficits, debt levels, and other fiscal indicators to maintain sustainable public finances.
4. **Policy Prioritization:** Allocating resources to priority areas based on strategic objectives, such as economic growth, social development, and infrastructure.
5. **Performance Monitoring:** Establishing mechanisms to track and evaluate the effectiveness of spending and policy implementation

5.5. Finding and Recommendation

Outline of findings and recommendations are contained in the table below:

S/N	Findings	Implications
1	Due to limited revenue generated from solid minerals as a result of lack of sector-specific fiscal regime leading to heavy reliance of revenue from MCO and MID during the year, it was noted that revenue available for distribution was small As a result of this abysmal revenue generation, there was no allocations to any tier of government. During the year. As a result, there will be years revenue allocation will be missed out as it happened in the year 2022. As a result, there will be lost opportunities to either invest or develop the country from the solid mineral proceeds	sector-specific fiscal regime should be developed by MSMD to track revenue from multiple sources by reviewing the potential for revenue losses and develop a robust mechanism to ensure that mining activities are commensurate with the revenue generated

	The lack of funding from the Solid Minerals Development Fund (SMDF) has significant effects on the solid minerals sector in Nigeria. Here are some of the key impacts and potential solutions: i. ***Stalled Projects:*** Many mining projects, especially those in the exploration and early development stages, may be stalled due to insufficient funds. This delays the discovery and exploitation of mineral resources. ii. ***Limited Technological Advancement:*** Without adequate funding, companies struggle to invest in modern technologies and equipment, which are crucial for efficient and environmentally friendly mining operations. iii. **Economic Impact:** The mining sector's potential to contribute to Nigeria's GDP and create jobs is significantly hampered. This also affects the country's ability to diversify its economy away from oil dependency.	i. ***Strategic Partnerships:*** ColLabourations like the one between SMDF and the Africa Finance Corporation (AFC) can help de-risk the sector and provide much-needed funding and technical support. These partnerships can also help scale up artisanal miners to industrial levels. ii. ***Alternative Financing Options:*** Exploring other financing methods such as equity investment, public offerings, and private sector funding can provide additional resources. Equity funding, for instance, allows investors to share in the risks and returns of mining projects. iii. ***Government Initiatives:*** The government can introduce special initiatives and incentives to attract investment in the mining sector. This could include tax breaks, subsidies, and streamlined licensing processes.

6. SOCIAL AND ENVIRONMENTAL EXPENDITURE

This section reports on the social and environmental expenditures information from companies in line with Requirement 6.1 of the EITI Standard 2023.

6.1. Social Expenditure

Social expenditures are incurred by companies to fulfil their responsibilities towards their host communities and the environment as enshrined in section 116 of the Nigerian Minerals and Mining Act, 2007 and Mining Regulation 2011. The underlying principle is that a company, as a participant in a community, shares similar responsibilities to society as any other citizen.

Social expenditures by companies can either be mandatory, as required by law or regulations, or voluntary which are offered discretionary, or voluntarily by the company.

Mandatory social expenditures which are also referred to as statutory are those outlined in Community Development Agreements (CDAs) and are legally binding. While voluntary social expenditures are contributions made by companies beyond what is expressly written and required by law.

These payments or contributions are meant to promote development and foster better partnerships between the host communities and the companies. These are either made in cash or in kind depending on the arrangements in place. These expenditures covers the following areas:

a) Educational scholarships (primary, secondary and tertiary)
b) Amenities and social infrastructure (road, potable water, health centres, etc.)
c) Educational scholarships (primary, secondary and tertiary)
d) Skills acquisition (fashion designing, hairdressing, cobbling etc.)
e) Agricultural support (provisions of seedlings, fertilisers, fishing gears, etc.)#
f) Company support on community , social and cultural activies and soicial

In 2022, the total sum of ₦1.882Billion was spent as social expenditure, out of which ₦ 192.372million was spent as mandatory social expenditure representing 10.22% of total expenditure. It can be inferred from the table that majority of companies make more of voluntary expenditure due to pressure from host communities and exigencies of times. The total non-mandatory expenditure was ₦1.690Billion representing 89.88% of companies total expenditure as detailed in Table 49. These payments were documented and validated by the IA and represented in *Table 65* below.

Table 64: Social Expenditures by Companies

S/N	Name of Company	Mandatory	Non-mandatory	Total (₦)
1	Zuma 828	13,000,000	306,238,000	319,238,000
2	Mother Cat	2,317,400	-	2,317,400
3	China Civil Engineering Construction Corporation (CCECC)	29,800,000	-	29,800,000
4	Mark Sino	6,400,000	-	6,400,000
5	Moro Economic	2,700,000	-	2,700,000
6	NBHH	500,000	-	500,000
7	Zeberced	6,789,861	-	6,789,861
8	Blaco Nigeria Limited	500,000	250,000	750,000
9	Bua International	-	919,542,754	919,542,754
10	Dangote Cement	24,706,000	424,120,067	448,826,067
11	Kcm	16,733,850	-	16,733,850
12	Kopek Construction		2,360,000	2,360,000
13	First Patriot	25,000,000	800,000	25,800,000
14	Hi-Tech Construction	2,670,000	-	2,670,000
15	Okpella Cement	34,255,600	36,507,849	70,763,449
16	Manhardi	27,000,000	-	27,000,000
17	Ore-Oke Development		500,000	500,000
	Total	**192,372,711**	**1,690,318,670**	**1,882,691,381**
	% Contribution	**10.22%**	**89.78%**	**100.00%**

Source: 2022 NEITI SMA Templates

A TABE OF COMPANIES THAT DID NOT PROVIDE CDAs

6.2. Quasi-Fiscal Expenditure

Quasi-fiscal expenditure occurs when State Own Enterprises (SOEs) undertake public social expenditures outside of the national budgetary process. These may include, among other things payments for social services, public infrastructure, fuel subsidies, and national debt servicing. The IA confirms that there was no quasi-fiscal expenditure in the solid minerals sector in 2022.

6.3. Contribution to the Economy

In 2022, there was a 0.83% GDP growth from 0.63% in 2022 in the solid minerals sector economic growth and development, due to a steady increase in government revenue. This contributed to the gross domestic product (GDP), exports, and employment.

6.3.1. *Contribution to GDP*

The total Gross Domestic Product (GDP) for the country in 2022 was ₦202.36trillion out of which the Solid minerals sector contributed ₦1.675trillion representing 0.83%. While year on year sectoral percentage change was 52.01% from ₦1,101 trillion in 2021 to ₦1.675trillion in 2022. The contributions from various solid minerals sub-sectors are detailed in the *Tale 66* below:

Table 65 Contribution of Solid Minerals to the Economy.

	2022		2021		
Activities	**₦' Billion**	**Contribution to Total GDP**	**₦' Billion**	**Contribution to Total GDP**	**Year On %Change**
Country Total GDP	**202,365.03**		**176,075.50**		**14.93%**
Solid Mineral Sector					
Coal Mining	22.20	0.01%	16.34	0.01%	35.90%
Metal Ores	23.67	0.01%	17.56	0.01%	34.79%
Quarrying and Other Minerals	1,629.64	0.81%	1,067.67	0.61%	52.64%
Total Solid Mineral Sector	**1,675.51**	**0.83%**	**1,101.56**	**0.63%**	52.10%

Source: NBS, Reports | National Bureau of Statistics (nigerianstat.gov.ng)

6.3.2 Five-Year Trend

The total contribution of the solid minerals sector over the last five years from 2018 to 2022 was ₦802,733.57Billion as presented in *Table 67*. There was a steady growth in the contribution of the solid minerals sector to the economy, from 0.18% in 2018 to 0.83% in 2022.

Table 66: Five-Year Trend of Solid Mineral Contribution To GDP

Year	2018	2019	2020	2021	2022	Total
National GDP (N' Billion)	127,762.55	144,210.49	152,320	176,075.50	202,365.03	802,733.57
Sector contribution (N' Billion)	224.79	368.998	686.64	1,101.56	1,675.51	4,057.50
Percentage contribution	0.18%	0.26%	0.45%	0.63%	0.83%	0.51%

Source: 2018-2022 NEITI SMA Reports

6.3.3 Contribution to Government Revenues

The total revenue generated by the Federal government in 2022 was ₦12.586trillion with the solid minerals sector contribution ₦329.87Billion representing 2.62% as presented in Table 68.

Table 67: Contribution to Government Revenue

Description	₦ Billion	% of Contribution
Total Federal Government Revenue	12,586.53	100%
Revenue in the solid Mineral Sector	329.87	2.62%
MID	6.31	0.05%
MCO	3.79	0.03%
FIRS	319.77	2.54%
Other Federal Agencies	0.000011	0.00%

Source: 2022 NEITI SMA Templates, CBN https://view.officeapps.live.com/

6.3.1.1. Five-Year Trend Analysis of Contribution to Government RevenuesThe total revenue accruing to the federal Government in the last five (5) years from all sectors was ₦ 50.862 trillion with the solid minerals sector contributing ₦765.139Billion, representing 1.50% as presented in *Table 69*

Table 68:Five-Year Trend Analysis of Contribution to Government Revenues

Description	2018	2019	2020	2021	2022	Total
	₦Billion	₦Billion	₦Billion	₦Billion	₦Billion	₦Billion
Total revenue	9,544.30	9,819.80	8,569.20	10,343.00	12,586.53	50,862.83
Solid Minerals Sector	69.47	75.019	116.8	173.98	329.87	765.139
Percentage contribution	0.73%	0.76%	1.36%	1.68%	2.62%	1.50%

Source: 2018-2022 NEITI SMA Reports, CBN https://view.officeapps.live.com/

6.3.5 Contribution to Export

Nigeria Bureau of Statistics (NBS) reports that Nigeria's total export in 2022 was ₦26.79 trillion with the solid minerals export accounting for ₦84.173Billion, representing 0.31% of the total export value. *Table 70* below shows a breakdown.

Table 69: Solid minerals contribution to export

Description	2022	
Export Category	**₦'Billion**	**% of Contribution**
Total Export	26,796.754	100.%
Solid Minerals	84.173	0.31%
Oil and Gas	21,099.177	78.74%
Other Export	5,613.403	20.95%

Source: National Bureau of Statistics

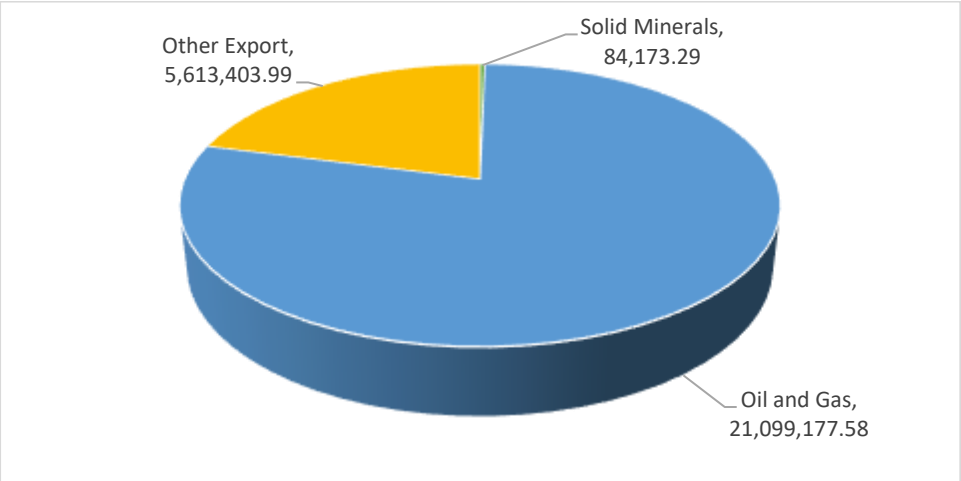


Figure 13 Solid minerals contribution to export

6.3.6. Five-Year Trend Analysis of Contribution to Export

The total value of export in the last five (5) years starting from 2018 to 2022 from all sectors was ₦ 96.519 trillion with the solid minerals sector contributing ₦242.79Billion, representing 0.25% as presented in *Table 71* below.

Table 70: Five Trend of Export

Description	2018	2019	2020	2021	2022	Total
	₦ Billion	₦ Billion	₦ Billion	₦ Billion	₦ Billion	₦ Billion
Total Export	19,099.55	19,192.23	12,522.68	18,907.79	26,796.7	**96,519.01**
Solid Minerals Sector	64.41	24.79	13.34	56.08	84.17	**242.79**
Percentage Contribution	0.34%	0.13%	0.11%	0.30%	0.31%	**0.25%**

Source: 2018-2022 NEITI SMA Reports

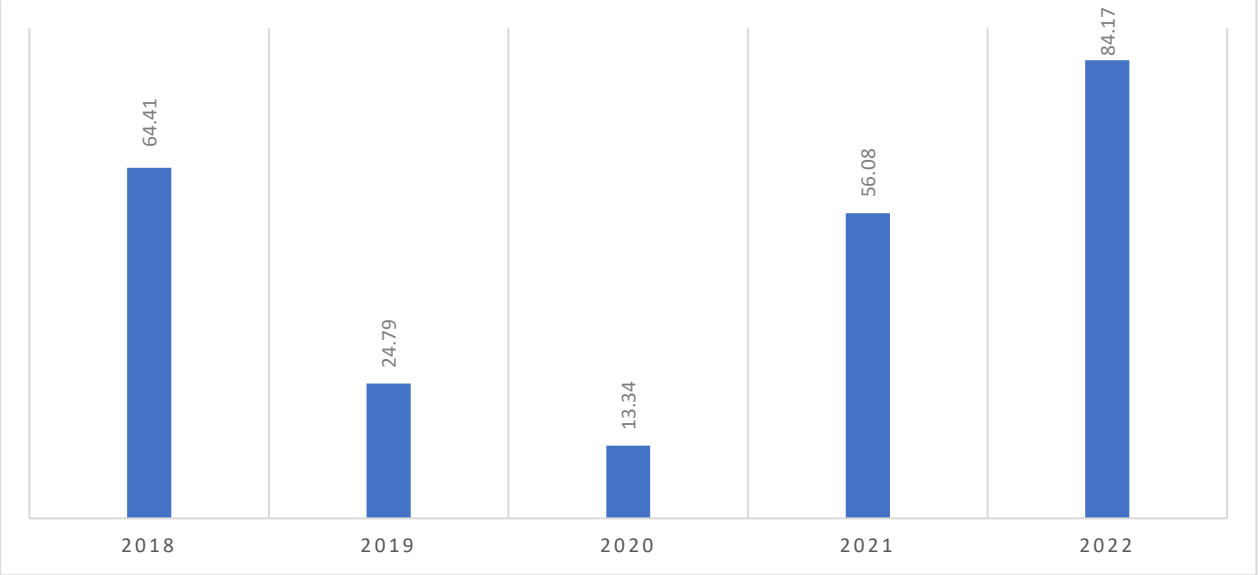


Figure 14: Five-Year Trend of Solid Mineral Contribution to Export

There has been an increase in

6.4. Employment and Gender

The solid mineral sector is a significant source of employment, accommodating various categories of employees. Based on information provided by covered entities, the IA analysed the data by gender, occupational level, and the locale status of employees, disaggregating them into indigenous communities of operation, national, and expatriates. Additionally, information on physically challenged employees was provided.

A total of 62 companies submitted employment information out of the 85 covered entities. Out of the 62 companies, 8 (9.41%) reported having gender policies that guide employment within their organizations, as shown in *Table 72.*

Analysis of the returned templates showed that the total workforce in the solid mineral sector is 29,145. Male employees constitute 92.7% (27,030), while female employees account for 7.3% (2,115), as shown in *Table 73*. Additionally, indicates that Nigerian nationals make up 97.38% (28,384) of the total workforce, while expatriates represent 2.62% (761) in the solid mineral industry.

Table 71: Summary of Company's Submission of Gender Policy

Company's Disposition	Parameters	Response	
		No.	%
Complaint	Available	8	9.41%
	Not Available	39	45.88%
	Work-In-Progress	13	15.29%
Non-Compliant	None	25	29.41%
Total		85	100%

Source: 2022 NEITI SMA Templates

Table 72:Employment and Gender

	NIGERIAN NATIONALS		EXPATRIATES	PHYSICALLY CHALLENGED	TOTAL	% Contribution
	Local	National				
MALE	9,353	16,907	756	14	27,030	92.7%
FEMALE	352	1,758	5	-	2,115	7.3%
TOTAL	9,705	18,665	761	14.00	29,145	100.%
% OF EMPLOYEES	33.3%	64.0%	2.6%	0.05%	100.%	

Source: 2022 NEITI SMA Templates

6.4.1. Gender inclusiveness

Gender inclusiveness in the Nigerian solid mineral sector is crucial for ensuring equitable opportunities and sustainable development. Here are some key points and findings related to gender inclusiveness in this sector:

i. **Gender Inclusiveness Standards**

- **Policy Frameworks**: The Nigerian government has launched gender strategies to promote equity in the mining and steel sectors. These strategies aim to foster diversity, empower women, and enhance the overall sustainability of the sector[37].
- **Representation:** Women are significantly involved in the solid mineral sector, particularly in artisanal and small-scale mining (ASM). Despite their contributions, women often face invisibility and lack recognition in many spheres, including development programs and the private sector.
- **Roles and Contributions:** Women participate in various capacities, from manual Labour to professional roles such as engineers and geologists. However, a large

[37] https://msmd.gov.ng/fg-launches-gender-strategy-prioritises-equity-in-mining-steel-sectors/

proportion of women in mining are engaged in non-digging activities like crushing, sluicing, and sorting, which are often undervalued.

Refer to the Appendix 5 for details

6.5. Environmental Impact of Mining Operations in Nigeria

Solid minerals are essential for economic growth and development: however, the extraction process can be harmful on both the environment and human health. Mining operations in Nigeria have significant environmental impacts, affecting both the ecosystem and human health, often leading to environmental degradation. The effects are particularly evident in states like Niger, Osun, Zamfara, and Plateau. This degradation is primarily caused by the release of waste into the environment and the contamination of underground water during mining activities. Some of the devastating effects of mining activities include:

- ✓ **Deforestation and Soil Erosion**: Mining activities often lead to the clearing of large areas of forest, resulting in loss of biodiversity and soil erosion:

- ✓ **Water and Air Pollution**: The release of harmful chemicals and heavy metals into water bodies and the atmosphere is common. This pollution can contaminate drinking water sources and degrade air quality, posing health risks to nearby communities.

- ✓ **Health Issues**: Dust, noise, and vibrations from mining operations contribute to respiratory diseases, hearing loss, and high blood pressure among workers and residents. Also, deterioration of mental health in residents due to trauma from blasting activities.
- ✓ **Landscape Degradation**: Mining alters the natural landscape, leading to geological instability, landslides, and flooding.
- ✓ **Radiation Hazards**: Some mining activities, especially those involving radioactive minerals, can expose workers and the environment to harmful radiation.
- ✓ **Biodiversity Loss**: The destruction of habitats due to mining activities results in the loss of biodiversity, endangering plant and animal species.
- ✓ **Public Health Risks**: Communities living near mining areas are exposed to harmful pollutants, increasing the risk of diseases such as lead poisoning, which has been a major issue in areas like Zamfara.
- ✓ **Adverse Impact on Social and Cultural Life**: mass migration of people from site known to have mineral deposits which leads to loss of cultural heritage.

These environmental impacts underscore the need for stringent regulatory measures and sustainable mining practices to mitigate the long-term consequences on both the environment and public health.

Governments have been implementing various measures to minimize the harmful effects of mining on the environment by enforcing policies and environmental regulations that uphold the highest standards of environmental protection within the mining industry. Efforts to mitigate these impacts include the promotion of sustainable mining practices, proper waste

management, and the implementation of mine reclamation plans. These measures aim to reduce environmental degradation, protect natural resources, and enhance the health and safety of communities affected by mining activities.

6.6. Legal and Administrative Framework of the Environment

To mitigate the effect of mining activities, the federal government enacted laws and policies to address mining activities, some of these laws and administrative framework are listed in *Tables 74 and 75* below: -

Table 73: Legal Framework

S/NO	Law/Regulation	Key Features
1	Nigerian Minerals and Mining Act, 2007	The Act provide guides to minerals prospecting, mining and quarry as well as operations in the solid mineral sector. Click link Nigeria Mineral Act,2007
2	Nigerian Minerals and Mining Regulations of 2011	The regulations provide guidelines on how mining operations should be conducted and should be used vis-a-vis the Nigeria Mineral Act 2007. The Nigerian Minerals and Mining Regulations of 2011 can be found here
3	Harmful Waste (Special Criminal Provisions etc.) Act 2004	The Act prohibits, without lawful authority, the carrying, dumping or depositing of harmful waste in the air, land or waters of Nigeria and provides a punishment of life imprisonment for offenders as well as the forfeiture of land or anything used to commit the offence
4	Environmental Impact Assessment Act, 2004	The Act mandates that an impact assessment be done in respect of any proposed project or activity (including mining) to evaluate likely environmental effects before the commencement of any activity to propose appropriate remedial actions, click here for details.
5	Nigerian Environmental Standard Regulation and Enforcement Agency (NESREA) Act	The Act establishes NESREA as the body to enforce appropriate and adequate regulations and sanctions for the protection of the environment. NESREA has developed thirty-three (33) environmental regulations which have been published in the official Gazette of the Federal Government of Nigeria. click here for details.

Table 74; Institutional Framework

S/NO	Institution	Key Functions
1	Ministry of Solid Minerals Development (MSMD)	The MSMD is responsible for identifying the nation's solid minerals, advising government on the formulation and execution of laws and regulations guiding the various stages of prospecting, quarrying, and mining and handling the sale and consumption of solid minerals in the country, through the issuance of Permits, Licenses, Leases and Collection of rents, Fees and Royalties. The Department of Mines Environmental Compliance (MEC) is one of the technical departments created during the restructuring/reforms in the Ministry in 2005. Its operation took off in March 2006 and the creation was backed up by Section 16 Sub-Section 1 (b) of the Nigerian Minerals and Mining Act, 2007. The Department comprise of two (2) Divisions namely, Environmental Impact Assessment (EIA) and Reclamation and Rehabilitation (R&R) and Four Units namely, Monitoring and Enforcement, Social Analysis, Reclamation Management and Environmental and social Rehabilitation. Details here
2	Mineral Resources and Environmental Management Committee (MIRENCO)	MIREMCO was established by Section 19 (1) of the Nigerian Minerals and Mining Act, 2007 in order to create a synergy between the 3 tiers of government (Federal, State & Local Govt) which is a major factor in the development of solid mineral resources in Nigeria. Details can be found here
3	Environmental Protection and Rehabilitation Fund	i. The Mining Act requires the Minister of Mines and Steel Development to establish an Environmental Protection and Rehabilitation Fund (EPRF) to guarantee the environmental obligations of mineral title holders, including obligations in relation to mine closure and remediation. ii. The Fund shall operate in accordance with the provisions of the Trustees Investments Act, Cap. T22 Laws of the Federation of Nigeria, 2004 or amendments thereof. Every holder of a mineral title shall commence contributions to the Environmental Protection and Rehabilitation Fund in accordance with the amounts specified in the approved Environmental Protection and Rehabilitation Program not later than one year from such approval
4	Federal Ministry of Environment (FMoE)	The Federal Ministry of Environment works to ensure environmental protection, natural resources conservation and sustainable development. Since its establishment, the Ministry has impacted on raising the issue of environmental consciousness in the minds of Nigerians as well as the interface with the Global environmental best practices. It has focused on involving

		innovative strategies that emphasize the use of environmental re – engineering as a veritable tool for job creation, poverty eradication, ensuring food security, encouraging sustainable economic development and general improvement in the livelihood of Nigerian populace. Details here
5	National Environmental Standard Regulation and Enforcement Agency (NESREA)	The Agency is responsible for protecting Nigeria's environment by enforcing all environmental laws, regulations, guidelines and standards. This includes enforcing environmental conventions, treaties and protocols details here
6	Federal Ministry of Water Resources	The Federal Ministry of Water Resources is a federal ministry in **Nigeria** that is responsible for the management of water supply, irrigation, freshwater, and aquaculture. The ministry was established in 1976 to oversee the eleven river basin development authorities in Nigeria. details here

6.7. Environmental Compliance Status of Covered Entities

In the year under review, Department of Mines Environmental Compliance (MEC) approved nine (9) Environmental Impact Assessment (EIA) as enumerated in *Table 76* below.

Table 75:Environmental Impact Assessment (EIA) of Companies

S/N	NAME OF COMPANY	LOCATION	DATE
1	KCM Mining Limited KC Steel Billet Plant project	Agbaja Plateau , Lokoja LGA, Kogi State	22nd February, 2022
2	Levene Hydrocarbon Limited	waterside LGA, Ogun and Odigbo LGA, Ondo State	4th March, 2022
3	North South Extractive Company Limited	Pategi LGA, Kwara State and Yagba- East LGA, Kogi State	21st April, 2022
4	Minaj Holdings Limited	Udeni and Nsukka LGA, Enugu State	11th – 13th May, 2022
5	Mplus Multi-Services Nigeria Limited	Jaguna village, Obafemi-Owode LGA, Ogun State	17th May, 2022
6	Flourishing Mining Development Limited	Ikpeshi Community, Akoko-Edo LGA, Edo State	30th June, 2022
7	Western Earth Mining and Mineral Limited	Apata, IyanrunIkire, Irewole LGA, Osun	27th July, 2022
8	Mermat- NB Ceramics Limited	Dakatsalle, Bebeji LGA, Kano State	9th December, 2022
9	FC Mining Company Limited	Lagbare Camp, Ondo West LGA, Ondo State	9th December, 2022

Source: Department of Mines Environmental Compliance (MEC)

The need for Environmental Impact Assessments (EIA) from companies, especially in the extractive industries like the solid mineral sector, arises from several key factors:

i. **Environmental Protection:**
- **Preventing Environmental Degradation:** EIAs help identify potential environmental impacts of mining activities and propose measures to mitigate them, thus preventing significant environmental degradation.
- **Sustainable Development:** Ensuring that mining activities are conducted in a manner that is sustainable and minimizes harm to the environment.

ii. **Regulatory Compliance:**
- **Legal Requirements:** Many countries, including Nigeria, have laws and regulations that mandate EIAs for certain types of projects to ensure compliance with environmental standards.
- **International Standards:** Adhering to international environmental standards and best practices, which often require comprehensive impact assessments.

iii. **Community and Stakeholder Engagement:**
- **Public Participation:** EIAs involve consultations with local communities and stakeholders, ensuring their concerns and inputs are considered in project planning.
- **Transparency and Accountability:** Promoting transparency and accountability in the decision-making process by making information about potential environmental impacts publicly available.

6.8. Environmental Expenditure

Environmental payments are often mandated for companies by the government to mitigate the potential environmental impacts of their mining activities. These payments are required by law, regulations, or contractual agreements and may include various charges such as: Fees for environmental licenses, Specific taxes, Emissions or pollution-related payments, Water and energy usage fees, Waste fees and Contributions to environmental protection agencies or funds. However, the Federal Government incurred some environmental expenditures through MEC for the reclamations of some sites in six locations as presented in *Table 77* below.

Table 76: Reclaimed Sites in Nigeria

S/N	SITE LOCATION	STATE
1.	Ihietutu, Ishiagu, Ivo L.G.A,	Ebonyi State
2.	Dawa Village, Toro L.G.A	Bauchi State
3.	Uyangha Village, Akamkpa L.G.A	Cross River State
4.	TuduUku, Kokona L.G.A,	Nasarawa State
5.	Oke-Odo, Ijesha Town, Atakunmosa West L.G.A	Osun State
6.	Rayfield, Jos South L.G.A	Plateau State

Source: Department of Mines Environmental Compliance (MEC).

6.9. Finding and Recommendation

Outline of findings and recommendations are contained in the table below:

S/N	Findings	Implications

1	It is noted that the solid minerals sector contributed less than 1% to the national GDP in 2022, and accounted for 2.6% of total revenue and 0.31% of total exports. While there has been some improvement compared to previous years, the sector has not yet reached its full potential in making a significant impact on the overall Nigerian economy. Underutilization of natural resources becomes prevalent giving room to the proliferation of illegal mining activities and under development of the country as a whole	The FGN in colLabouration with MMSD and other relevant agencies should have engagements with operators to enable them to understand the key challenges and develop a wholistic framework that will create an enabling environment for mining operations and investments. the FGN and MMSD could consider: ● Strengthen the regulatory framework for the mining sector. This could involve updating the mining laws and regulations. ● Accelerating approval processes by streamlining and expediting the approvals for exploration licenses to encourage more companies to engage in exploration activities that will boost the identification and development of mineral reserves. ● Investment Incentives: Consider providing incentives such as tax breaks, grants, or subsidies to attract investments and encourage mining companies to expand their operations ● Resolve land use and mineral rights (exclusive and concurrent list items) dichotomy in Nigeria through: - harmonizing the laws governing land and mineral rights to ensure consistency and clarity. This may involve reviewing and amending relevant laws to eliminate conflicts and overlapping jurisdictions. - developing comprehensive land use plans that consider both agricultural and mining activities to avoid conflicts and promote sustainable development. - improving coordination between different levels of government (federal, state, and local) to ensure a unified approach to land and mineral rights management. - Raising public awareness about land and mineral rights, their importance, and the government's efforts to resolve disputes and promote responsible resource management.

2	**Poor Disclosure or Execution of Mandatory Social Payments** Only 15 out of the 85 companies made the mandatory social payments as contained in the CDA signed with their host communities while 8 companies made non -mandatory social payments/expenditures and 4 companies made both mandatory and non-mandatory special payments. This reveals poor compliance to the social benefit to host communities' requirements of the NMMA 2007 and NMMR 2011 as embedded in the CDA's. Host communities will feel taken advantage of and the tendency to become hostile to companies becomes high	***4. Strengthening Regulatory Oversight:*** • **Regular Audits:** Conduct regular audits to ensure companies comply with their CDA commitments • **Penalties for Non-Compliance:** Implement and enforce penalties for companies that fail to meet their social payment obligations ***5. Public Disclosure:*** • **Transparency:** Make CDAs and compliance reports publicly accessible to enhance transparency and accountability • **Community Involvement:** Engage local communities in monitoring and verifying the implementation of CDA commitments ***6. Capacity Building:*** • **Training Programs:** Provide training for both companies and community representatives on the importance of CDAs and best practices for implementation • **Support Mechanisms:** Establish support mechanisms to help companies and communities effectively manage and utilize social payments

Non-Publication of CDAs on accessible domains by the public

It is noted that the signed CDAs in the custody of the MSMD (MECD) are not publicly accessible. This is conflicting to Nigeria's commitment to open government and the EITI's requirement for open data.

As a result,

4. ***Transparency and Accountability:***

- **Opaque Processes:** Without public access to CDAs, it is difficult to hold companies accountable for their commitments to host communities
- **Trust Deficit:** The lack of transparency can lead to mistrust between communities, companies, and the government

5. ***Monitoring and Compliance:***

- **Enforcement Challenges:** Regulatory authorities and communities may struggle to monitor and ensure compliance with the terms of the CDAs if they are not publicly accessible
- **Inconsistent Implementation:** There may be inconsistencies in how CDAs are implemented across different regions and companies

6. ***Community Benefits:***

- **Unmet Expectations:** Communities may not receive the promised benefits if they are unaware of the specific commitments made by companies

5. **Public Disclosure of CDAs:**

- **Online Portals:** Establish online portals where all signed CDAs are made publicly accessible. This can enhance transparency and allow stakeholders to monitor compliance
- **Regular Updates:** Ensure that the information on these portals is regularly updated to reflect any changes or new agreements

6. ***Strengthening Regulatory Frameworks:***

- **Mandatory Disclosure:** Update regulations to mandate the public disclosure of CDAs as part of the licensing and regulatory process
- **Compliance Monitoring:** Implement robust mechanisms for monitoring compliance with CDA commitments, including regular audits and community feedback

7. **Community Engagement:**

- **Awareness Campaigns:** Conduct awareness campaigns to educate communities about their rights and the contents of CDAs
- **Stakeholder Involvement:** Involve local communities in the negotiation and monitoring of CDAs to ensure their needs and concerns are addressed

8. ***Leveraging Technology:***

- **Digital Platforms:** Utilize digital platforms and blockchain technology to securely record and track CDA commitments and compliance

	• **Social Unrest:** Lack of transparency can lead to social unrest and conflicts if communities feel they are not being fairly treated	• **Mobile Applications:** Develop mobile applications that allow communities to access information about CDAs and report non-compliance

7. OUTCOMES AND IMPACT

Outcomes and impacts discussed in the report are update on the remediation action on the 2023 EITI validation exercise. It also examined the status of implementation on past recommendations from the NEITI 2021 Solid Minerals Audit reports, this includes the aggregated reoccurring issues identified with further recommendations in the current audit cycle.

The newly identified and non-reoccurring issues are aggregated under the subsection of observation, findings and recommendations of the NEITI 2021 Solid Minerals Audit reports.

7.1. Update on Remediation Actions on the 2023 EITI Validation Report

#	Corrective Issues	Activities, Tasks & Implementation Instruments
A	**Stakeholder Engagement Component**	
1	The government should ensure NSWG is consistently constituted on time and that there is sufficient opportunity for the broader industry and civil society constituencies to nominate their representatives.	FG has reconstituted NWSG and ensured the self-nomination of companies and civil society stakeholders.
		Sustained implementation of NEITI Policy Guideline on the Nomination of Civil Society and Company representation into the NSWG.
2	The government should ensure consistent oversight of the NEITI secretariat, including in its financial management and recruitment practices.	Regular capacity building for NSWG members/supervisory authorities on oversight of the NEITI operations.
		Regular sensitization/training on the EITI code of conduct for NSWG & NEITI staff members
3	Nigeria should ensure that civil society is fully, actively and effectively engaged in all aspects of the EITI process.	Sustained implementation of NEITI Policy Guideline on Nomination of Civil Society representative into the NSWG.
		Consultation with civil society constituency in the development, implementation, monitoring & evaluation of NEITI country work plan.
		Design & administer information and data gathering template for annual work plan and APR.
		MSG Consultation/ Approvals of the APR.

#	Corrective Issues	Activities, Tasks & Implementation Instruments
4	Civil society groups must be substantially engaged in the design, implementation, monitoring and evaluation of the EITI process, and ensure that it contributes to public debate.	Sustained and strengthen NEITI-Civil Society Steering Committee, and its quarterly meetings.
		Sustained implementation of NEITI-Civil Society MoU.
5	Government is required to ensure that there are no obstacles to civil society participation in the EITI process and to ensure that there is adequate civil society representation in the oversight of Nigeria EITI to represent the constituency's diversity,	Develop and operationalize NEITI-Civil Society engagement Framework
		Sustain implementation of NEITI-Civil Society MoU.
		Guarantee independence of civil society actors in their engagement with NEITI process.
6	Government should undertake measures to prevent civil society actors from being harassed, intimidated, or persecuted for expressing views related to oil, gas or mining governance.	Conduct targeted engagements with security/law enforcement agencies and secure their commitment on protection of civil society actors that are engaging in natural resources governance. (NEITI is working on MoU with National Human Rights Commission)
7	Government in colLabouration with the NSWG, should document the measures it undertakes to remove any obstacles to civil society participation in the process.	Conduct targeted engagements with security/law enforcement agencies and secure their commitment on protection of civil society actors that are engaging in natural resources governance.
		Develop and implement NEITI-Civil Society Engagement Framework.
8	Invitation to civil society and companies' constituencies to participate in the NSWG should be open and transparent.	Sustain implementation of Civil Society Nomination Policy Guideline.
		Regular sensitization programs for Secretary to the Government of Federation (SGF) on the global EITI standard & requirements.
9	Each stakeholder group must have the right to appoint its own representatives, bearing in mind the desirability of pluralistic and diverse representation. The nomination process must be independent and free from any suggestion of coercion.	Regular sensitization programs for civil society/companies' constituencies on the global EITI standard & requirements
		Sustain implementation of NEITI-Civil Society MoU: NEITI-Companies Forum MoU, and Civil Society Nomination Policy Guideline.

#	Corrective Issues	Activities, Tasks & Implementation Instruments
		Developed Framework/Guideline for Guaranteeing independence of Civil Society actors in their engagement with NEITI process
10	Each constituency should consider gender balance in their representation to progress towards gender parity.	Develop and publish NEITI Gender policy
		Conduct engagement with companies to develop and publish gender policy setting out measures to promote equity in their operations.
B	Transparency Component	
11	In accordance with requirement 2.3, Nigeria is required to ensure that dates of application and License coordinates of each extractive License and contract are publicly accessible for each active License and contract in the mining, oil and gas sector.	Conduct specific engagements with , MCO and MSMD-MID on contracts and licenses disclosure on their website
12	Nigeria is encouraged to pursue its efforts to update the cadastre management system for its oil and gas sector.	Conduct specific engagements with MCO and MSMD-MID on the development of a modern cadastre/license register for the oil sector
13	In line with requirement 2.4, Nigeria is expected to disclose any contracts and licenses that are granted, entered into or amended from January 1, 2021	Conduct specific engagements with MCO and MSMD-MID on contract disclosure on their individual websites. This is contained in their website
14	Nigeria is encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.	Conduct specific engagements with MCO on contract disclosure on their individual websites
15	Nigeria should ensure all published contracts and licenses have a reference or link to the location where the contract or licensee is published.	Conduct specific engagements with MCO on contract disclosure on their individual websites.
16	Nigeria is required to disclose the beneficial owners of all companies holding or applying for extractive licenses, particularly for all extractive companies considered as 'high risk' by Nigeria EITI.	Conduct specific engagements with CAC and MCO on BO disclosure on their individual websites
17	Nigeria should ensure that the identity of any politically exposed person that is a beneficial owner of extractives	Conduct specific engagements with MCO and CAC on BO disclosure on their individual websites

#	Corrective Issues	Activities, Tasks & Implementation Instruments
	companies is disclosed, regardless of the level of ownership.	
18	Nigeria is expected to disclosures from the government and NNPCL of their level of ownership in mining, oil and gas companies operating within the sector.	Not applicable to the solid mineral sector
19	Nigeria should indicate which extractive industry revenues, whether cash or in kind, are recorded in the national budget.	Ensure in subsequent EITI reports the classification of extractive revenue streams that are included in the national budget alongside those that are not, providing comprehensive explanations for each category.
20	Where revenues are not recorded in the national budget, the allocation of these revenues, must be explained, with links provided to relevant financial reports as applicable.	Ensure in subsequent EITI reports the classification of extractive revenue streams that are included in the national budget alongside those that are not, providing comprehensive explanations for each category.
21	In line with requirement 5.2, Nigeria should disclose the revenue sharing formula for the 13% derivations in the solid minerals, oil and gas sectors as well as actual amount that was transferred between the central government and each relevant state government.	The report on FSSP Audit should be release. Conduct special studies on allocation and utilization of 13% derivation
		Sustain conduct and publication of NEITI Quarterly Review – Analysis of revenue distribution by Federation Account Allocation Committee (FAAC)
C	Outcomes & Impacts Component	
22	NSWG should consider whether there are any agreements or sets of agreements involving concessions or physical delivery of such commodities, including both resource-backed loans.	This is not applicable to the solid mineral sector as there are no such agreement.
23	Nigeria should identity licenses transferred and the process for transferring licenses, and the technical and financial criteria assessed.	Conduct specific engagements with MCO on the disclosure on their website the complete process of license allocation and transfer, including the weightings of the technical and financial criteria assessed. MCO provided the details of all licenses transferred and the process for transferring licenses, and the technical and financial criteria assessed. This is domiciled with them however due to security reasons these are not publicly

#	Corrective Issues	Activities, Tasks & Implementation Instruments
		disclosed but can be made avaliable on request.
24	Nigeria should use the EITI to strengthen the solid minerals sector regulator's systematic disclosures of licensing information, including retention of historical data.	Conduct targeted engagements with relevant agencies and companies on systematic disclosures
25	Nigeria should demonstrate commitment to resolving bottlenecks such as legal barriers to disclosures, outreach to stakeholders that are not members of the NSWG, use of EITI data and other information to promote public debate.	Participation of Companies representative in NSWG meetings and programs
		Participation of companies' constituency in all NEITI outreaches
		Regular conduct of NEITI Audit Template Workshop for companies/Covered Entities.
		Regular Hosting of NEITI-Companies Forum.
		Feedback from NEITI-Companies Forum is incorporated into NEITI work plan and process.
		Sustain implementation of NEITI Communication Strategy.

Source: NEITI 2022-2023 SMA, 2024

7.2. Updates on Past Recommendations from NEITI 2021 and 2022 Solid Mineral Audit Report

S/N	Key Point	Past Findings	Further Recommendation
1	**Level of Activities in the Sector** : Low level of reporting companies in the sector.	The 2021 report identify low number of companies operating in the sector, paying royalties compared to the number of companies operating in the sector. **Current Status:** Relevant in the year This issue remains persistent, as the numbers of companies paying royalty that met the materiality level reduced from121 to 85 with only 62 responding within the year.	As reiterated by previous IA. there is a need for increased or constant monitoring and surveillance of the operators. MSMD should partner with multinational agencies and private investors to the deploy appropriate technology to support monitoring and enforcement activities of the ministry. MSMD to colLabourate with other security agencies and anticorruption agencies to tackle incidence of under payment and non-payment. MSMD should set up whistle blower mechanism to encourage individuals with knowledge of illegal mining or environmental violation, to report such activities confidentially
2	**Level of Activities in the Sector** : Exploration Licenses increased	Exploration Licenses increased significantly by 324 licenses from 516 in 2020 to 840 in 2021, indicating a sustained interest in mineral exploration and production **Current Status:** Relevant in the year The exploration License issued reduced to 628 from 840 in 2022, however this does not indicate non prioritization of the sector's development.	Government should relent in their efforts in developing the sector, but should intensify effort on investing in advanced geochemical and geophysical techniques to enhance the accuracy and efficiency of exploration efforts.
3	**Level of Activities in the Sector:** Increase in ASM operators without commensurate production data	There was an 85% increase in the number of ASM operators, from 1,273 in 2020 to 2,336 in 2021 across the six geo-political zones of the country without commensurate production data **Current Status:** Activity resolved In 2022, government commenced the revalidation and biometric registration of ASM operators and	Government should continue its advocacy and sensitization programme.

S/N	Key Point	Past Findings	Further Recommendation
		buying centres in the sector. As well as carried sensitization workshop for ASM operators across the country	
4	Revenue Generation: low Revenue Generation.	The total revenue from the sector over the last fifteen years (2007 – 2021) is 814.59bn. **Current Status:** Activity resolved Revenue generated from (2007 – 2022) has increased to 1,052.33Billion from 814.59bn in 2021. This is a significant increase indicating that MSMD efforts to increase revenue generation is yielding result. However, there is still room to improve.	As reiterated in the last report, the FGN through the MSMD should establish a Special Purpose Vehicle (SPV) dedicated to derisking the solid minerals sector value chain so as to attract investment such as the establishment of a SPV similar to NIRSAL Plc in the agricultural sector.
5	Revenue Generation: Low contribution to GDP and export.	The audit revealed that the solid minerals sector contributed less than 1% to the national GDP in 2021, and accounted for 2.62% of total revenue and 0.24% of total exports. **Current Status:** Relevant in the year There was a marginal increase in contribution of the sector to the economy. While aggregate total revenue increased. Concerted efforts should be made by MSMD to increase the development pace of the sector.	As reiterated in the previous reports, the FGN through the MSMD should implement recommendations in previous report while adopting technology in blocking of leakages and increase revenue drive.
6	Revenue Generation: lack of fiscal regimefor revenue distribution	The lack of revenue distribution from the solid minerals sector due to the absence of a sectorspecific fiscal regime. **Current Status:** Relevant in the year This issue poses a serious challenge and there is an urgent need to address it.	As reiterated in previous reports, the federation, through either the Ministry of Solid Minerals Development (MSMD), Ministry of Finance, Ministry of Justice and Revenue Mobilization, Fiscal Allocation (RMFAC) should create a robust sector-specific fiscal regime that will accurately link revenues to specific sector activities and ensure transparent and equitable distribution of revenue to the federal and subnational governments.

S/N	Key Point	Past Findings	Further Recommendation
7	Revenue Generation: limestone as a dominate revenue contributor	The seven (7) strategic minerals in the sector contributed a total of ₦1.42 Billion in royalty payments, with limestone being the dominant contributor at ₦1.03 Billion (73.07%). **Current Status:** findings applicable In the year under review, limestone was the highest mineral contributor of royalty of ₦1.981bn, followed closely by Granite contributing ₦1.622Billion and gold which contributed ₦1.3bn. The royalty rate was also reviewed upward in line with current economic reality	Government effect is yielding the desired result, but it should intensify effort in implementing the relevant recommendations from previous NEITI SMA report
8	Revenue Generation: 19 states contributed less than 1% each to the total royalty receipts	Nineteen (19) states in Nigeria, including Zamfara and Enugu, contributed less than 1% each to the total royalty receipts from the solid minerals sector **Current Status:** findings applicable This finding is still relevant to the current year as there are now 21 states that contributed less than 1% each of total royalty receipts.	As reiterated in 2021 SMA reports, government both at federal and state level must develop workable policies that will attract investment to the sector, Similarly, they have to embrace Public-Private Partnership (PPP) to unlock the potential of coal, gold, bitumen, lead/zinc, Iron ore and Barites, in the various States with commercial quantities.
9.	Cessation of business by Rockwaters Integrated Service Nigeria Limited and Kaidi Investment Limited	During the reconciliation exercise, two companies, Rockwaters Integrated Service Nigeria Limited and Kaidi Investment Limited, claimed to have ceased operations and did not participate, without colLabourating evidence from MSMD. **Current Status:** findings applicable In the year under view Kaidi Investment Limited was involve in the audit	It is imperative that MSMD-MID and MCO should carry out audit of all companies to verify their operational status.
10	Mineral Export: variance of 38,145,850 Tonnes between solid minerals export data	The report noted a significant variance of 38,145,850 Tonnes between solid minerals export data reported by NCS and MSMD-MID. **Current Status:** findings applicable	There should be strategic colLabouration between MSMD-MID NCS on the issue of export permit. The NCS should enforce compliance on export

S/N	Key Point	Past Findings	Further Recommendation
	reported by NCS and MSMD-MID	The records between NCS and MSMD-MID did not align as there are differences in their export records	permits from MID prior to mineral export.
11	Community Development Agreement (CDA) with covered entities	Only 67 out of 121 companies covered in the audit, executed CDAs with their host communities. **Current Status:** findings applicable In the year under review, only 30 CDA report was reviewed	MECD should enforce compliance with Section 116(1) of the NMMA 2007 while also carry out spot checks on mining sites to ensure that companies are implementing the CDAs.
12.	Community Development Agreement (CDA) with covered entities	MSMD-MECD only has signed CDAs for 56 out of the 121 companies covered in the audit. These CDAs are also not publicly accessible contrary to Nigeria's commitment to open government and the EITI's requirement for open data. **Current Status:** findings applicable The is applicable to the year as only xxxx was signed by MSMD-MECD	Efforts should be made that all CDA are signed. MSMD should host all signed CDAs on its website to make them easily accessible to the public. However, if there are reasons legally or otherwise why this can't be made public it should be stated.
			•

7.3. Current Year Observations, Finding and Recommendations

In 2022, in addition to updating the 2021 findings and recommendations to reflect the current state, newly identified non-reoccurring issues were aggregated and presented as observations, findings, and recommendations in the 2022 solid mineral report, as outlined in the table below.

Table 77: Observations and Recommendations for 2022 Extractive Reporting

S/N	SPECIFIC FINDINGS	RECOMMENDATION
1	**High number of non-active operators:** There are 1,631 companies with operating licenses, in the solid mineral sector. However, only 973 (64%) are active and pay royalty from production, while there is no evidence of payment of royalty from 574 (36%) companies. Refer to A*ppendix 3* and *Appendix 4* **IMPLICATION:** Considering the number of non-active operators, and the potential of the sector in national development it can be inferred that some license holders are speculative holders thereby hindering genuine investors from investing in the sector It also reduces potential revenue generation to the country.	**Recommendation:** v. The Ministry of Mining Development and Mining Cadastre Office (MCO) should create a system of monitoring and tracking the operators that are active and non-active within the sector vi. MCO should Enforce the penalty of non-usage of licenses as stipulated in the Minerals and Mining Regulations 2011 which states that Part II, Section 93. vii. The Government should increase funding and introduce appropriate technology to support accounting, monitoring and enforcement activities. viii. The Federal Government should encourage whistle blowing on illegal mining and environmental violations by putting in place compatible policies
2	**Non-complaint Companies:** A total number of 85 companies which fell within the materiality threshold were covered for 2022 solid minerals audit. Out of the 85, twenty-three (23) companies failed to respond or submit the administered template to NEITI.	NEITI should consider invoking sanctions as based on Section 16 of the NEITI Act 2007, as it relates to companies not compliant with the EITI process. NEITI should also activate the various MOUs entered into with anticorruption agencies (EFCC, ICPC and NFIU) to serve as a deterrent to others. sanctioning non-compliant companies and either through relevant provision and/or through other relevant agencies,

	Non-compliance of companies to the request for information for validation purposes by the IA takes away from the comprehensiveness of the report. Where companies are not penalized for not honoring the annual NEITI request for data and information from companies, an essential component of the reporting process, it opens the door for those companies that are compliant to become non-compliant to the NEITI process.	
3	The sector recorded a significant increase in revenue contribution from ₦193.59 Billion in 2021 to ₦345.41 in 2022 representing 76% growth. Though, this is commendable, however the sector has a potential to contribute more to the Nigerian economy.	**vii. Strengthen Regulatory Framework:** • ***Enhance Transparency and Accountability:*** Implement stricter regulations and ensure compliance through regular audits and monitoring. The Nigeria Extractive Industries Transparency Initiative (NEITI) has been instrumental in this regard. • ***Simplify Licensing Processes:*** Streamline the process for obtaining mining licenses to attract more investors. **viii. Improve Infrastructure:** • ***Develop Transport Networks:*** Invest in roads, railways, and ports to facilitate the efficient movement of minerals from mining sites to markets. • ***Upgrade Power Supply:*** Ensure reliable electricity supply to mining areas to reduce operational costs and increase productivity. **ix. Promote Value Addition:**

		• ***Encourage Local Processing:*** Establish processing plants to add value to raw minerals before export. This can significantly increase revenue and create jobs. • ***Support Small and Medium Enterprises (SMEs):*** Provide incentives and support for SMEs involved in mineral processing and related activities. **x. Enhance Data Collection and Management:** • ***Conduct Comprehensive Geological Surveys:*** Update and expand geological data to identify new mineral deposits and attract investment. • ***Implement Digital Solutions:*** Use technology to improve data collection, management, and dissemination. **xi. Foster Public-Private Partnerships (PPPs):** • ***CollLabourate with Private Sector:*** Engage private companies in infrastructure development and mining operations through PPPs. • ***Leverage International Expertise:*** Partner with international mining companies to bring in expertise, technology, and investment. **xii. Tax and Revenue Management:** • ***Optimize Tax Policies:*** Review and adjust tax policies to ensure they are competitive and fair, encouraging investment while maximizing government revenue.

		• ***Improve Revenue Collection:*** Strengthen the capacity of revenue collection agencies to minimize leakages and ensure all dues are collected.
4	**Inadequate supervision and/or oversight by government agencies and poor record keeping culture of companies:** Due to inadequate supervision by regulatory bodies in the sector, significant number of companies in the solid mineral sector have poor record keeping culture. Good and up to date record eases the assessment of mineral production volumes, royalties, and other fees payable to the Government. For instance, out of the 85 companies within the materiality threshold for the 2022 audit, only 62 material companies provided complete financial and volumetric information which facilitated full reconciliation. As a result of the inadequate record keeping both National and Sub-national governments are losing revenue accruable to them	Recommendations to the findings include: iii. MCO, MSMD FIRS and other regulatory authorities should increase their oversight function and sanction any erring operator. iv. The financial reporting council and professional accountancy bodies should develop accounting standards to address the challenges of solid minerals sector

5	A total of 628 exploration licenses were issued during the year. It was also observed that there was no conversion of EL to ML during the year. This is an indication that companies/people hold licenses for speculatory purposes. Holding a license without commencing exploration or operation creates a barrier for serious investors or operators, negatively impacting reserve base growth and hindering subsequent development and production. This leads to future revenue losses for the government, and fosters the proliferation of illegal mining activities, ultimately undermining the sector's overall growth and potential. **Decline in the issuance of license** While the number of SSML declined from 771 in 2021 to 502 in 2022. This represents 34.8% decline from the previous year (2022).	The report recommends that exploration license holders should be encouraged by the MCO to commence exploration within the stipulated time. If they are unable to meet this requirement, they should either relinquish the license or face withdrawal by the MCO upon the expiration of the allotted period. This approach will ensure optimal utilization of licensed areas, prevent stagnation, and create opportunities for other potential investors. To address the decline in the issuance of licenses in Nigeria's solid mineral sector, several strategic actions can be taken: **1. Revise Licensing Policies** • MCO should simplify Licensing Procedures by streamlining the application process to make it more efficient and transparent, reducing bureaucratic delays. • **Incentivize Local Value Addition:** Ensure that new licenses are tied to plans for local processing and value addition, which can boost economic benefits and create jobs. **2. Enhance Regulatory Framework** • **Strengthen Regulatory Bodies**: Increase the capacity and resources of regulatory agencies like the Ministry of Solid Minerals Development (MSMD) to enforce compliance and monitor activities effectively[38].

[38] https://www.pwc.com/ng/en/assets/pdf/nigerian-mining-progress-but-still-a-long-way-to-go1.pdf

		• **Implement Digital Solutions**: Utilize technology to automate and manage the licensing process, making it more accessible and reducing opportunities for corruption **3. Promote Investment** • ***Attract Foreign and Domestic Investors***: Conduct roadshows and provide incentives to attract both local and international investors to the sector. • ***Public-Private Partnerships (PPPs):*** Encourage colLabourations between the government and private sector to develop infrastructure and mining projects. **4. Improve Infrastructure** ***Develop Transport and Power Infrastructure:*** Invest in roads, railways, and reliable power supply to support mining operations and reduce operational costs.

6	**Inconsistent and Incomplete Beneficial Ownership** The availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector faces several challenges such as: vii. **Complex Ownership Structures:** Many companies use intricate ownership structures to hide the true owners, making it difficult to trace beneficial ownership. viii. **Regulatory Inconsistencies:** There are often gaps and inconsistencies in regulations across different jurisdictions, which can hinder the effective collection and sharing of BO information. ix. **Data Quality Issues:** Even when BO information is available, it may be incomplete or inaccurate due to inadequate verification processes. x. **Limited Public Access:** Access to BO information is often restricted to certain authorities, limiting its usefulness for stakeholders like civil society organizations and the general public. xi. **Weak Enforcement:** Poor enforcement of existing regulations can lead to non-compliance by companies,	Addressing the challenges associated with the availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector requires a multi-faceted approach: i. **Strengthening Legal Frameworks:** Implementing robust laws and regulations that mandate the disclosure of BO information is crucial. This includes aligning with international standards such as the Extractive Industries Transparency Initiative (EITI) and the Financial Action Task Force (FATF) recommendations. ii. **Strengthening Enforcement Mechanisms:** Ensuring that there are strong penalties for non-compliance and that these penalties are consistently enforced can deter companies from hiding beneficial ownership information. iii. **Improving Data Collection and Verification:** Establishing comprehensive systems for collecting and verifying BO information can enhance data accuracy and completeness. This might involve creating centralized registries and using technology to cross-check information. iv. **Enhancing Transparency and Public Access:** Making BO information publicly accessible can increase transparency and accountability. This can be achieved through online platforms where stakeholders, including civil society organizations, can easily access and scrutinize the data. v. **Capacity Building and Training:** Providing training for regulatory authorities, companies, and other stakeholders on the importance of BO transparency and how to comply with disclosure requirements can improve compliance and enforcement.

	further complicating efforts to obtain accurate BO information xii. **Unharmonized data:** data from agencies such as MCO, CAC and NEITI are not at par. These challenges can impede efforts to combat corruption, money laundering, and other illicit activities in the solid minerals sector.	vi. **Centralization of Data:** BO data harvested over the period should be centralized and access by relevant agencies. vii. **International Cooperation:** ColLabourating with international bodies and other countries can help harmonize regulations and facilitate the exchange of BO information across borders, making it harder for illicit actors to exploit regulatory gaps. **Engaging Stakeholders:** Involving a wide range of stakeholders, including government agencies, the private sector, and civil society, in the development and implementation of BO transparency initiatives can ensure that these measures are comprehensive and effective.

7	**DECLINE IN PRIVATE MINERAL BUYING CENTRES (PMBC)** It was noted that there was a 61.98% decline in the number of PMBC during the year as there were 563 centres in 2021 and 214 in 2022. The decline of Private Mineral Buying Centres in Nigeria can be attributed to several factors ranging from: i. **Regulatory Challenges:** Inconsistent enforcement of regulations and bureaucratic hurdles can discourage the establishment and operation of buying centers. This includes delays in licensing and compliance issues ii. **Security Concerns:** The prevalence of illegal mining activities and insecurity in some mining regions can deter investors and operators from setting up or maintaining buying centers iii. **Economic Factors:** Fluctuations in global mineral prices and economic instability can impact the profitability of buying centres, leading to closures or reduced operations. iv. **Infrastructure Deficiencies:** Poor infrastructure, such as inadequate transportation networks and lack of reliable power supply, can hinder the efficient operation of buying centers.	Addressing the decline of Private Mineral Buying Centers in Nigeria requires a comprehensive approach that tackles the root causes and enhances the overall environment for their operation. i. **Regulatory Reforms:** Streamlining the regulatory framework to reduce bureaucratic hurdles and ensure consistent enforcement of laws can encourage the establishment and operation of buying centers. Simplifying the licensing process and providing clear guidelines can help attract more investors[41]. ii. **Security Enhancements:** Improving security in mining regions is crucial. This can involve increased policing, community engagement, and the use of technology to monitor and protect mining activities. Ensuring the safety of both the centers and the transportation of minerals can boost confidence among operators.[42] iii. **Economic Incentives:** Providing financial incentives such as tax breaks, subsidies, or access to low-interest loans can help buying centers overcome financial constraints. These incentives can make it more viable for centers to operate and invest in necessary infrastructure iv. **Infrastructure Development:** Investing in infrastructure, such as roads, power supply, and communication networks, can improve access to buying centers and enhance their operational efficiency. This can also make it easier for miners to transport their minerals to these centers. v. **Market Access and Awareness:** Conducting awareness campaigns to inform miners about the existence and benefits of buying centers can

[41] https://www.pwc.com/ng/en/assets/pdf/nigerian-mining-progress-but-still-a-long-way-to-go1.pdf
[42] https://eiti.org/sites/default/files/2024-01/NEITI-SMA-2021-Report.pdf

	v. **Market Access Issues:** Artisanal and small-scale miners may struggle to access buying centers due to their remote locations or lack of awareness about these centers[39]. vi. **Financial Constraints:** Limited access to credit and financial services can restrict the ability of buying centers to purchase minerals from miners and invest in necessary infrastructure. vii. **Environmental and Social Issues:** Conflicts with local communities and environmental degradation can create operational challenges for buying centres, leading to their decline[40].	increase their utilization. Additionally, establishing more centers in strategic locations can improve accessibility for miners. vi. **Capacity Building:** Providing training and support to operators of buying centers can enhance their ability to comply with regulations and manage their operations effectively. This can include training on best practices, financial management, and the use of technology. **Environmental and Social Governance (ESG):** Implementing strong ESG practices can help mitigate conflicts with local communities and reduce environmental impacts. This can involve engaging with communities, conducting environmental impact assessments, and adopting sustainable practices.

[39] https://eiti.org/sites/default/files/2024-01/NEITI-SMA-2021-Report.pdf
[40] https://www.pwc.com/ng/en/assets/pdf/nigerian-mining-progress-but-still-a-long-way-to-go1.pdf

8	**Low compliance on the Anti-corruption policy by companies** Low compliance with anti-corruption policies in Nigeria's solid minerals sector is a significant challenge As result, the extractive sector is exposed to **i. Economic Losses:** • ***Revenue Leakages:*** Corruption leads to significant revenue losses for the government due to underreporting of mineral production and illegal mining activities. • ***Reduced Investment:*** Investors are deterred by the high risk of corruption, leading to reduced FDI in the sector. **ii. Operational Inefficiencies:** • ***Increased Costs:*** Companies may face higher operational costs due to bribery and other corrupt practices, which can reduce profitability. • ***Poor Resource Management:*** Corruption can result in the misallocation of resources, leading to inefficiencies and reduced productivity. **iii. Environmental and Social Impact:** • ***Environmental Degradation:*** Corrupt practices often lead to non-compliance with environmental regulations, resulting in significant environmental damage.	**i. Strengthen Regulatory Framework:** • ***Enhance Capacity of Regulatory Bodies:*** Increase funding and resources for regulatory agencies such as the Independent Corrupt Practices Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) to improve enforcement. • ***Implement Digital Solutions:*** Use technology to automate monitoring and reporting processes, making it easier to detect and address corruption. **ii. Increase Awareness and Training:** • ***Educational Campaigns:*** Conduct awareness campaigns to educate companies about anti-corruption policies and the importance of compliance. • ***Training Programs***: Provide regular training for company executives and employees on ethical practices and compliance requirements. **iii. Promote Transparency and Accountability:** • ***Public Disclosure:*** Require companies to publicly disclose their anti-corruption policies and compliance records. • ***Whistle-blower Protection:*** Strengthen protections for whistle blowers to encourage reporting of corrupt practices without fear of retaliation. **iv. Foster a Culture of Integrity:** • ***Leadership Commitment:*** Ensure that company leaders demonstrate a strong commitment to ethical practices and set a positive example for employees.

	• ***Social Unrest:*** Communities affected by corrupt practices may experience social unrest and conflicts, which can disrupt mining operations. **iv. Reputational Damage:** • ***Loss of Trust:*** Companies involved in corrupt practices risk losing the trust of stakeholders, including investors, customers, and the public. If the numbers of companies are high enough, this will decimate the trust stakeholders have in the industry. • ***Legal Consequences:*** Non-compliance with anti-corruption policies can lead to legal actions, fines, and sanctions.	• ***Ethical Standards:*** Develop and enforce a code of ethics that all employees must adhere to, with clear consequences for violations. **v. ColLabourate with External Stakeholders:** • ***Partnerships with NGOs and Civil Society:*** Work with non-governmental organizations and civil society groups to promote transparency and accountability in the sector. • ***International Cooperation:*** Engage with international bodies to adopt best practices and benefit from global expertise in combating corruption.

9	**REVOCATION OF LICENSES DURING THE YEAR** During the year under review 3,467 licenses were revoked. The revocation of these solid mineral licenses in Nigeria have several significant effects on the sector and the economy at large: These effects are i. **Increased Compliance and Transparency:** The revocation of licenses, particularly those that are dormant or non-compliant, helps to enforce regulatory standards and improve transparency in the sector. This can lead to a more orderly and accountable mining industry[43]. ii. **Encouragement of Active Mining:** By revoking licenses from inactive holders, the government encourages more active and productive use of mineral resources. This can attract serious investors who are committed to developing mining projects. iii. **Revenue Generation:** Ensuring that only compliant companies hold licenses can increase government revenue through the collection of fees, royalties, and taxes. This is crucial for funding public services and infrastructure. iv. **Market Opportunities:** The revocation of licenses opens up opportunities for new entrants into the market. This can lead to increased competition, innovation, and investment in the mining sector.	i. **Legal and Dispute Resolution Mechanisms:** Establishing clear legal and dispute resolution mechanisms can help address any challenges or disputes arising from the revocations. This ensures that affected parties have a fair process to resolve their issues. ii. **Incentives for Compliance:** Offering incentives for compliance, such as tax breaks or grants for companies that adhere to regulations, can encourage better practices in the sector. This can also attract new, responsible investors. iii. **Monitoring and Evaluation:** Implementing robust monitoring and evaluation systems can help track the impact of license revocations and ensure that the intended benefits are realized. This can involve regular audits and assessments of the sector

[43] https://fmino.gov.ng/mining-sector-fg-revokes-1633-mineral-titles/

	v. **Deterrence of Speculative Practices:** The "Use it or Lose it" policy deters companies from hoarding licenses for speculative purposes without actual mining activities. This helps to prevent market distortions and ensures that mineral resources are utilized efficiently. vi. **Potential Legal Challenges:** Companies whose licenses are revoked may challenge the decision legally, leading to potential disputes and litigation. This can create a temporary period of uncertainty in the sector. **Impact on Local Communities:** The revocation of licenses can have mixed effects on local communities. While it can lead to more responsible mining practices and better community engagement, it may also result in temporary job losses if companies cease operations	

10	**POOR /UNDERDEVELOPED CORPORATE GOVERNANCE STRUCTURE IN THE SOLID MINERAL SECTOR** The solid mineral sector of Nigeria is poorly developed operations and governance-wise. Unlike in the Oil and Gas sector where the standard Cooperate Governance code guiding operations is comparatively more advanced, the solid mineral sector in Nigeria is besieged with operational and governance gaps occasioned by a combination of regulatory neglect and prolonged de-investment Poor compliance and difficulty in monitoring the activities of companies. Revenue loss from inadequate oversight by regulatory and tax authorities and environmental despoliation.	The security and Exchange commission, Corporate affairs commission, and Financial Reporting Council of Nigeria in conjunction with Ministry of Solid Mineral Development, Joint Tax Board and FIRS should come up with a standard code of cooperate governance structure that will guide the operators in the solid minerals industry

11	**UNHARMONIZED MINERAL EXPORT RECORD BETWEEN NCS AND MSMD** Records from the Nigerian Customs Service (NCS) and the MSMD reveals that the colLabouration between both agencies is weak as their reported figures differ significantly. The wide margin between these records underscores the lack of colLabouration and coordination between the two agencies, leading to discrepancies in export data. Revenue Loss for the Government: The lack of coordination between the NCS and MMSD could result in companies exporting minerals without paying the appropriate royalties and fees, leading to significant revenue losses for the government. The disconnect between the agencies may create regulatory gaps, allowing some companies to bypass proper licensing and export procedures. This could lead to an increase in under declaration of exports, under payment of taxes thereby undermining sector's transparency and compliance. The export data from the Nigerian Customs Service (NCS) includes minerals that were not reflected in the production data supplied by the Ministry	i. ColLabouration between NCS and MSMD should be strengthened. MSMD should have a dedicated desk officer at the NCS office to ensure the communication channel is not broken while MSMD staff should be present at all export points to verify and determine the types, volume and value of minerals being exported. This will assist in closing the data gap between the two organizations. Thus, ultimately improving revenue generation from the sector. ii. There should be training for NCS personnel in mineral identification and also, the organization should employ experts in geosciences.

12	**3. Insufficient Data on Proven Mineral Reserves Critical to Energy Transition** Despite Nigeria's mineral endowment, there's insufficient data on proven reserves for most of the critical minerals. There is a reliance on historical geological maps and data which is gap in making investment decisions. The lack of data for proven mineral reserves critical for the energy transition, such as lithium, cobalt, and rare earth elements, can significantly hinder the development and deployment of renewable energy technologies. This deficiency may delay efforts to reduce dependence on fossil fuels and obstruct progress toward international climate commitments, slowing the transition to a sustainable energy future. This situation may deter investors due to perceived resource scarcity, while also heightening the risk of over- or underspending on exploration activities, leading to misallocated resources and ineffective investment decisions. **4. Data Deficiency and Transparency:** Comprehensive and certified data are lacking in the mineral sector, which hinders investors' ability to make informed financing decisions based on accurate information. i. **Investor Withdrawal**: The lack of comprehensive and certified data may deter potential investors from entering the mineral	iv. NGSA should update and ensure accurate geological maps of all critical mineral locations. v. NGSA should upgrade and have their Labouratories certified in accordance with international best industry standard vi. NGSA should colLabourate with universities and other higher institutions in area of Research and Development for the country to fully harness the opportunities and potentials in the current energy transition trend. Implementing these strategies can significantly improve data transparency and accountability in Nigeria's solid mineral sector, leading to better governance and sustainable development. *7. **Implementing Robust Data Collection Systems through**:* **Digitalization:** Adopt digital tools and platforms for real-time data collection and reporting. This can include the use of Geographic Information Systems (GIS) and remote sensing technologies to monitor mining activities1. **Standardized Reporting:** Establish standardized reporting formats and protocols to ensure consistency and accuracy in data collection across the sector. **8. Strengthening Regulatory Frameworks:** **Enforcement of Regulations:** Enhance the enforcement of existing regulations and introduce new policies that mandate comprehensive data reporting by mining companies.

	sector, fearing uncertainty and inadequate information for making informed financing decisions. ii. **Growth of Artisanal Mining**: Insufficient regulatory oversight and data availability can lead to the proliferation of artisanal mining activities, which may operate outside legal frameworks, further undermining the sector's integrity and potential. viii. **Underutilization of Sector Potential**: Without accurate data, the full potential of the mineral sector cannot be realized, resulting in missed opportunities for economic growth and development. x. **Erosion of Trust**: Companies that conduct surveys in certain areas may be reluctant to share their exploratory reports with authorities due to concerns about information leakage. This apprehension can lead to a breakdown in trust between industry stakeholders and regulatory bodies, ultimately hindering colLabouration and progress in the sector.	**Capacity Building:** Train regulatory bodies and stakeholders on best practices for data management and transparency. ***9. Promoting Open Data Initiatives:*** **Public Access to Data:** Make data on mining activities, revenues, and environmental impacts publicly accessible through online portals and open data platforms. **Stakeholder Engagement:** Involve local communities, civil society organizations, and other stakeholders in monitoring and verifying data. ***10. Leveraging Technology and Innovation:*** **Blockchain Technology:** Utilize blockchain for secure and transparent recording of transactions and data related to the mining sector. **Artificial Intelligence (AI):** Implement AI and machine learning algorithms to analyze large datasets and identify patterns or anomalies in mining operations. ***11. Enhancing ColLabouration and Partnerships:*** **Multi-Stakeholder ColLabouration:** Foster colLabouration between government agencies, mining companies, and international organizations to share best practices and resources for data management1. **International Standards:** Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure transparency and accountability. ***12. Regular Audits and Reviews:***

		Independent Audits: Conduct regular independent audits of mining operations and data reporting to ensure compliance and identify areas for improvement. **Periodic Reviews:** Establish mechanisms for periodic review and updating of data collection and reporting practices to adapt to changing circumstances and technologies

13	**Weak Value Addition (Beneficiation)** Most companies in the sector primarily focus on extracting and exporting precious solid minerals without engaging in refining or value addition. This trend is as a result of two main factors: i. **Lack of Technical Know-How:** Many companies may lack the necessary expertise and knowledge to implement effective refining processes, which hinders their ability to add value to the extracted minerals. ii. **High Cost of Setting Up Value Addition Plants:** The financial burden associated with establishing value addition plants can be prohibitive for many companies, preventing them from investing in the necessary infrastructure to refine minerals locally. **Implications to the findings above:** i. **Reduced Economic Benefits**: The lack of value addition means that countries miss out on potential revenue from higher-value products, which could have provided greater economic returns compared to raw mineral exports. This situation limits job creation and economic growth opportunities in the local communities that could benefit from processing and refining activities. ii. **Increased Dependence on Raw Material Exports**: Focusing solely on extraction and export of unrefined minerals increases dependency on volatile global commodity prices. This reliance can expose the economy to fluctuations in market demand and prices, leading to instability and	Improving value addition in Nigeria's solid mineral sector is essential for maximizing economic benefits and fostering sustainable development. Here are some strategies that will tackle weak value addition in the sector: ***i. Capacity Building and Skill Development:*** • **Training Programs:** Implement training programs to develop the skills of local workers in advanced mining and processing techniques. • **Technical Education:** Promote technical education and vocational training in mining-related fields to build a skilled workforce ***ii. Enhancing Infrastructure:*** • **Improve Transportation Networks:** Develop and maintain efficient transportation networks, including roads, railways, and ports, to facilitate the movement of minerals and finished products • **Reliable Power Supply:** Ensure a stable and reliable power supply to support mining and processing activities. Investing in renewable energy sources can also provide sustainable power solutions **iii. Developing Processing and Refining Facilities:** • **Establish Local Processing Plants:** Invest in local processing and refining facilities to convert raw minerals into finished products. This reduces the need for exporting raw materials and increases the value added within the country • **Public-Private Partnerships:** Encourage public-private partnerships to fund and manage these facilities, leveraging both government support and private sector expertise ***iv. Strengthening Regulatory Frameworks:***

	unpredictability in revenue generation for both the companies involved and the government.	• **Incentives for Value Addition:** Introduce policies and incentives that encourage companies to invest in value addition activities, such as tax breaks or subsidies for setting up processing plants • **Enforce Compliance:** Strengthen the enforcement of regulations that mandate value addition before export ***v. Promoting Research and Development (R&D):*** • **Innovation Hubs:** Establish innovation hubs and research centers focused on developing new technologies and processes for mineral beneficiation and value addition • **Collaborative Research:** Encourage collaboration between universities, research institutions, and the mining industry to drive innovation and improve value addition techniques ***vi. Market Development and Access:*** • **Export Promotion:** Develop strategies to promote Nigerian value-added mineral products in international markets • **Trade Agreements:** Negotiate favorable trade agreements that provide access to new markets for value-added products **x. Environmental and Social Governance (ESG):** • **Sustainable Practices:** Implement sustainable mining practices that minimize environmental impact and ensure the well-being of local communities. 9. **Community Engagement:** Engage with local communities to ensure that value addition activities benefit them and address their concerns.

14	**INSECURITY ACROSS MINING SITES AND COUNTRY AT LARGE** According to NGSA's data, there is an estimated large deposit of one of the strategic minerals (gold), The country has witnessed worsening insecurity and threats from multiple armed groups, especially in the Northern part of the country. Where large deposits of gold which happens to be one of the seven strategic minerals in Nigeria is found. The worsened insecurity in the country has hindered mining activities and operations in some mining sites of the country which has resulted in lower activities and production, reducing potential revenue to be generated by the industry.	**Recommendation:** The Government at all levels (Federal, State and Local) should work towards improving the security of lives and properties across the country as this will also encourage the resumption of mining activities in some areas affected by insecurity.

15	**POOR GHG EMISSION DISCLOSURE** It was noted that only a few companies operating in the sector disclosed their GHG emmisions. Effects of Non-Disclosure of GHG Emissions in Solid Mineral Production in Nigeria **i. Regulatory and Compliance Issues:** • ***Weak Enforcement:*** Lack of disclosure undermines regulatory efforts to monitor and control emissions, weakening overall environmental governance. **a. Economic Consequences:** • ***Investment Deterrence:*** Investors are increasingly prioritizing environmental, social, and governance (ESG) criteria. Non-disclosure can deter investment, as companies may be perceived as high-risk. • ***Operational Costs:*** Companies may incur higher operational costs in the long run due to inefficiencies and potential fines associated with non-compliance. **b. Social and Health Impacts:** ***Public Health Risks:*** Increased GHG emissions can lead to air pollution, which poses significant health risks to local communities, including respiratory and cardiovascular diseases.	**i. Strengthen Regulatory Framework:** • ***Mandatory Reporting:*** MoE Implement mandatory GHG emission reporting requirements for all companies in the solid mineral sector. • ***Enhanced Monitoring:*** Increase the capacity of regulatory bodies to monitor and verify emissions data. **ii. Adopt Best Practices:** • ***International Standards:*** Align with international standards and best practices for GHG emission reporting, such as those set by the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD). • ***Technology Integration:*** Utilize advanced technologies for accurate measurement and reporting of emissions. **iii. Promote Transparency and Accountability:** • ***Public Disclosure:*** Require companies to publicly disclose their GHG emissions data and sustainability practices. • ***Stakeholder Engagement:*** Engage with stakeholders, including local communities, investors, and NGOs, to build trust and ensure accountability. **iv. Incentivize Compliance:** • **Financial Incentives:** Provide tax breaks or subsidies for companies that demonstrate strong environmental performance and transparency. **Recognition Programs:** Establish awards and recognition programs for companies that excel in GHG emission disclosure and sustainability practices.

16	**Inability to link revenues to specific activity in the sector** The primary challenge in distributing revenue from the solid minerals sector is the lack of a dedicated fiscal framework. Most of the revenue (92.5%) is collected by the Federal Inland Revenue Service (FIRS) and cannot be allocated to states because it is difficult to trace these taxes back to specific sector activities, such as taxes from quarrying by construction companies. Consequently, only the revenues from the Mining Cadastre Office (MCO) and the Mining Inspectorate Department (MID) of the Ministry of Solid Minerals Development are distributed among the states. Unfortunately, these revenues are so minimal that allocations are sometimes skipped for years to allow the funds to accumulate to a significant amount. This inability to link revenue to specific activities in Nigeria's solid mineral sector has several major implications, including: ***i. Lack of Accountability:*** • **Mismanagement of Funds:** Without clear links between revenue and specific activities, it becomes challenging to hold entities accountable for the proper use of funds. • **Corruption:** This opacity can foster corruption, as it is easier for funds to be diverted or misused without detection.	Addressing the inability to link revenue to specific activities in Nigeria's solid mineral sector requires a multi-faceted approach. Here are some effective solutions: ***i. Implementing Comprehensive Data Management Systems:*** • **Digital Platforms:** Develop and deploy digital platforms for real-time tracking and reporting of mining activities and revenues. This can include the use of blockchain technology to ensure transparency and immutability of records • **Standardized Reporting:** Establish standardized reporting formats and protocols for all mining companies to ensure consistency and accuracy in data collection ***ii. Strengthening Regulatory Frameworks:*** • **Clear Regulations:** Update and enforce regulations that mandate detailed reporting of revenues linked to specific mining activities • **Regular Audits:** Conduct regular independent audits of mining companies to verify reported data and ensure compliance with regulations ***iii. Enhancing Institutional Capacity:*** • **Training and Capacity Building**: Provide training for regulatory bodies and stakeholders on best practices for data management and revenue tracking • **Resource Allocation:** Allocate sufficient resources to regulatory bodies to enable effective monitoring and enforcement

ii. Inefficient Resource Allocation:

- **Misallocation of Resources:** Funds may not be allocated to the most critical areas, leading to inefficiencies and suboptimal outcomes in the sector.
- **Delayed Projects:** Important projects may face delays or underfunding due to the inability to track and allocate revenue accurately.

iii. Reduced Investor Confidence:

- ***Uncertainty:*** Investors may be hesitant to invest in the sector due to the lack of transparency and the perceived risk of financial mismanagement.
- **Lower Investments:** This can result in reduced foreign and domestic investments, hindering the sector's growth and development.

iv. Impact on Local Communities:

- **Unmet Community Needs:** Revenues intended for community development projects may not reach their intended targets, leading to unmet needs and potential social unrest.
- **Distrust:** Local communities may lose trust in both the government and mining companies, leading to conflicts and resistance to mining activities.

v. Policy and Planning Challenges:

- **Inaccurate Data:** Policymakers rely on accurate data to make informed decisions. The inability to link revenue to

iv. Promoting Transparency and Accountability:

- **Public Disclosure**: Make data on mining revenues and activities publicly accessible through online portals and open data platforms
- **Stakeholder Engagement:** Involve local communities, civil society organizations, and other stakeholders in monitoring and verifying data

v. Leveraging Technology and Innovation:

- **Blockchain Technology:** Utilize blockchain for secure and transparent recording of transactions and data related to the mining sector
- **Artificial Intelligence (AI):** Implement AI and machine learning algorithms to analyze large datasets and identify patterns or anomalies in mining operations.

vi. Improving Coordination and Collaboration:

- **Inter-Agency Collaboration:** Foster collaboration between different government agencies to ensure a unified approach to revenue tracking and management.
- **International Standards:** Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure best practices in transparency and accountability.

	specific activities can result in flawed data, affecting policy formulation and implementation. **Ineffective Monitoring:** It becomes difficult to monitor and evaluate the effectiveness of policies and programs without clear revenue tracking.	

17	**Multiple Taxation and overlapping Tax Jurisdiction on companies from both Federal, State, Local Government and Other unsanctioned authorities.** Companies engaged in mining activities have been subjected to paying both legally mandated taxes, fees and dues which is documented and the non-legally mandated ones ranging from unsanctioned union dues to paying off individuals known as "agberos, omonile or yan garaji". Failure to pay the non-legally mandated dues results to frustration of the company's activity or in some extreme cases bodily harm being meted on company staff or damage to company properties. As a result, ***i. Increased Operational Costs:*** • **Financial Burden:** Companies face a heavy financial burden due to taxes imposed by federal, state, and local governments, as well as unsanctioned levies. This significantly increases operational costs, reducing profitability. • **Reduced Investment:** High taxation can deter both local and foreign investments, as potential investors may perceive the sector as financially unviable. ***ii. Administrative Complexity:*** • **Compliance Challenges:** Navigating the complex tax landscape requires significant administrative effort and resources. Companies must comply with multiple tax	***i. Harmonization of Tax Policies:*** • **Unified Tax Framework:** Develop a unified tax framework that clearly delineates the tax responsibilities of federal, state, and local governments. This can help eliminate overlapping tax jurisdictions and reduce the tax burden on companies • **Simplified Tax Codes:** Simplify tax codes to reduce ambiguities and ensure that companies are not subject to multiple taxes on the same income ***ii. Strengthening Regulatory Oversight:*** • **Anti-Corruption Measures:** Implement strict anti-corruption measures to prevent illegal levies and ensure transparency in tax collection • **Regular Audits:** Conduct regular independent audits of tax authorities to ensure compliance with established tax laws and regulations ***iii. Capacity Building and Training:*** • **Training for Tax Officials:** Provide training for tax officials at all levels to ensure they understand and correctly apply tax laws. • **Support for Companies:** Offer support and resources to companies to help them navigate the tax landscape and comply with regulations. Something similar to customer care service. ***iv. Stakeholder Engagement:*** • **Dialogue with Industry:** Establish regular dialogue between government authorities (FIRS, SIRS, MSMD and other regulatory agencies) and industry stakeholders to address tax-related issues and develop mutually beneficial solutions

regulations, leading to increased administrative costs and potential legal issues.

- **Inconsistent Enforcement:** Inconsistent enforcement of tax laws can create uncertainty, making it difficult for companies to plan and budget effectively.

iii. Reduced Competitiveness:

- **Higher Production Costs:** The cumulative effect of multiple taxes can lead to higher production costs, making Nigerian mineral products less competitive in the global market
- **Market Disadvantages:** Companies may struggle to compete with counterparts in countries with more favorable tax regimes, potentially losing market share

iv. Encouragement of Informal Activities:

- **Illegal Mining:** Excessive taxation can drive some operators to engage in illegal mining activities to evade taxes, leading to revenue losses for the government and environmental degradation
- **Tax Evasion:** Companies may resort to underreporting production volumes and revenues to reduce their tax liabilities, further complicating revenue collection efforts.

- **Public Awareness Campaigns:** Conduct public awareness campaigns to educate both companies and tax authorities about their rights and responsibilities

v. Leveraging Technology and Innovation:

- **Digital Tax Systems:** Implement digital tax systems to streamline tax collection and reduce the opportunities for corruption and tax evasion
- **Blockchain Technology:** Utilize blockchain for secure and transparent recording of transactions and data related to the mining sector

vi. Improving Coordination and Collaboration:

- **Inter-Agency Collaboration:** Foster collaboration between different government agencies to ensure a unified approach to revenue tracking and management

International Standards: Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure best practices in transparency and accountability

	v. Adverse Impact on Local Communities: • **Reduced Social Investments:** With higher operational costs, companies may have fewer resources to invest in community development projects, affecting local communities' well-being • **Social Unrest:** Unfair taxation practices can lead to social unrest and conflicts between mining companies and local communities. .	

18	**Issuing manually written receipts** During the course of the audit, IA noticed that manually written receipts are still being issued to companies by MID. This means there is now the receipts given can be authenticated or verified This means there is no centralized ledger neither is there a safe guard to ensure all monies due to MID is fully received and accounted for. ***i. Lack of Transparency***: • **Fraud and Corruption:** Manually written receipts are more susceptible to fraud and corruption, as they can be easily altered or forged • **Inconsistent Records:** Manual receipts can result in inconsistent record-keeping, making it difficult to track and verify transactions ***ii. Inefficiency:*** • ***Time-Consuming:*** The process of manually writing and managing receipts is time-consuming and labour-intensive. • **Human Error:** There is a higher risk of human error in manually written receipts, which can lead to discrepancies and disputes. ***iii. Limited Accessibility:***	**MID through the support of MSMD should** ***i. Digitalization of Receipts:*** • **Electronic Receipts:** Implement electronic receipt systems to replace manually written receipts. This can enhance transparency, reduce errors, and streamline record-keeping. • ***Blockchain Technology:*** Utilize blockchain technology to create immutable and transparent records of transactions, ensuring that receipts cannot be altered or forged ***ii. Training and Capacity Building:*** • **Training Programs:** Provide training for regulatory staff on the use of digital tools and systems for issuing and managing receipts • **Capacity Building:** Invest in capacity building to ensure that regulatory authorities have the necessary skills and resources to implement and maintain digital systems ***iii. Regulatory Reforms:*** • **Policy Updates:** Update policies and regulations to mandate the use of electronic receipts and discourage the use of manually written receipts. • **Compliance Monitoring:** Establish mechanisms to monitor compliance with new regulations and ensure that companies and regulatory authorities adhere to best practices ***iv. Public Awareness and Engagement:***

	• ***Storage Issues:*** Physical receipts require significant storage space and can be easily lost or damaged. ***Difficulty in Retrieval:*** Retrieving information from manual records can be cumbersome and slow, especially when dealing with large volumes of data.	• **Awareness Campaigns:** Conduct public awareness campaigns to educate companies and stakeholders about the benefits of digital receipts and the importance of transparency. • **Stakeholder Engagement:** Engage with industry stakeholders to gather feedback and ensure that the transition to digital receipts meets their needs and addresses their concerns.

19	**ANNUAL SERVICE FEE** **i. The amount of ₦3,212,202,500 being owed to MCO by companies as a result of non-payment of ASF** **Reduced Investment:** Widespread non-compliance can create a negative perception of the sector, reducing overall investment and growth. **Regulatory Strain:** Increased non-compliance puts additional strain on regulatory bodies, diverting resources from other critical functions. **ii. Inability to tie some payments to companies** The Annual Service Fee (ASF) records from the MCO has 4,036 entries, among which 475 entries are names of individuals which was not attributed to any company or group. These will result to difficulty in reconciling ASF liabilities by MCO. As a result, they were unilaterally disclosed.	**Regular Audits:** Conduct regular audits to ensure compliance and identify non-payment issues early. **Enhanced Penalties:** Implement stricter penalties for non-compliance to deter companies from defaulting on their liabilities. MCO should ensure proper data collection mechanism by recording payments stating the full details of the company or groups making payment by officers issuing receipt.

20	Due to limited revenue generated from solid minerals as a result of lack of sector-specific fiscal regime leading to heavy reliance of revenue from MCO and MID during the year, it was noted that revenue available for distribution was small As a result of this abysmal revenue generation, there was no allocations to any tier of government. During the year. As a result, there will be years revenue allocation will be missed out as it happened in the year 2022. As a result, there will be lost opportunities to either invest or develop the country from the solid mineral proceeds.	sector-specific fiscal regime should be developed by MSMD to track revenue from multiple sources by reviewing the potential for revenue losses and develop a robust mechanism to ensure that mining activities are commensurate with the revenue generated.

21	The lack of funding from the Solid Minerals Development Fund (SMDF) has significant effects on the solid minerals sector in Nigeria. Here are some of the key impacts and potential solutions: i. ***Stalled Projects:*** Many mining projects, especially those in the exploration and early development stages, may be stalled due to insufficient funds. This delays the discovery and exploitation of mineral resources. ii. ***Limited Technological Advancement:*** Without adequate funding, companies struggle to invest in modern technologies and equipment, which are crucial for efficient and environmentally friendly mining operations. iii. **Economic Impact:** The mining sector's potential to contribute to Nigeria's GDP and create jobs is significantly hampered. This also affects the country's ability to diversify its economy away from oil dependency.	i. ***Strategic Partnerships:*** Collaborations like the one between SMDF and the Africa Finance Corporation (AFC) can help de-risk the sector and provide much-needed funding and technical support. These partnerships can also help scale up artisanal miners to industrial levels. ii. ***Alternative Financing Options:*** Exploring other financing methods such as equity investment, public offerings, and private sector funding can provide additional resources. Equity funding, for instance, allows investors to share in the risks and returns of mining projects. iii. ***Government Initiatives:*** The government can introduce special initiatives and incentives to attract investment in the mining sector. This could include tax breaks, subsidies, and streamlined licensing processes.

22	It is noted that the solid minerals sector contributed less than 1% to the national GDP in 2022, and accounted for 2.6% of total revenue and 0.31% of total exports. While there has been some improvement compared to previous years, the sector has not yet reached its full potential in making a significant impact on the overall Nigerian economy. Underutilization of natural resources becomes prevalent giving room to the proliferation of illegal mining activities and under development of the country as a whole	The FGN in collaboration with MMSD and other relevant agencies should have engagements with operators to enable them to understand the key challenges and develop a wholistic framework that will create an enabling environment for mining operations and investments. the FGN and MMSD could consider: ● Strengthen the regulatory framework for the mining sector. This could involve updating the mining laws and regulations. ● Accelerating approval processes by streamlining and expediting the approvals for exploration licenses to encourage more companies to engage in exploration activities that will boost the identification and development of mineral reserves. ● Investment Incentives: Consider providing incentives such as tax breaks, grants, or subsidies to attract investments and encourage mining companies to expand their operations ● Resolve land use and mineral rights (exclusive and concurrent list items) dichotomy in Nigeria through: - harmonizing the laws governing land and mineral rights to ensure consistency and clarity. This may involve reviewing and amending relevant laws to eliminate conflicts and overlapping jurisdictions. - developing comprehensive land use plans that consider both agricultural and mining activities to avoid conflicts and promote sustainable development. - improving coordination between different levels of government (federal, state, and local) to ensure a unified approach to land and mineral rights management. - Raising public awareness about land and mineral rights, their importance, and the government's efforts to resolve disputes and promote responsible resource management.

23	**Poor Disclosure or Execution of Mandatory Social Payments** Only 15 out of the 85 companies made the mandatory social payments as contained in the CDA signed with their host communities while 8 companies made non -mandatory social payments/expenditures and 4 companies made both mandatory and non-mandatory special payments. This reveals poor compliance to the social benefit to host communities' requirements of the NMMA 2007 and NMMR 2011 as embedded in the CDA's. Host communities will feel taken advantage of and the tendency to become hostile to companies becomes high	***i. Strengthening Regulatory Oversight:*** • **Regular Audits:** Conduct regular audits to ensure companies comply with their CDA commitments • **Penalties for Non-Compliance:** Implement and enforce penalties for companies that fail to meet their social payment obligations ***ii. Public Disclosure:*** • **Transparency:** Make CDAs and compliance reports publicly accessible to enhance transparency and accountability • **Community Involvement:** Engage local communities in monitoring and verifying the implementation of CDA commitments ***iii. Capacity Building:*** • **Training Programs:** Provide training for both companies and community representatives on the importance of CDAs and best practices for implementation **Support Mechanisms:** Establish support mechanisms to help companies and communities effectively manage and utilize social payments

24	**Non-Publication of CDAs on accessible domains by the public** It is noted that the signed CDAs in the custody of the MSMD (MECD) are not publicly accessible. This is conflicting to Nigeria's commitment to open government and the EITI's requirement for open data. ***i. Transparency and Accountability:*** • **Opaque Processes:** Without public access to CDAs, it is difficult to hold companies accountable for their commitments to host communities • **Trust Deficit:** The lack of transparency can lead to mistrust between communities, companies, and the government ***. Monitoring and Compliance:*** • **Enforcement Challenges:** Regulatory authorities and communities may struggle to monitor and ensure compliance with the terms of the CDAs if they are not publicly accessible • **Inconsistent Implementation:** There may be inconsistencies in how CDAs are implemented across different regions and companies ***. Community Benefits:*** • **Unmet Expectations:** Communities may not receive the promised benefits if they are unaware of the specific commitments made by companies	**i. Public Disclosure of CDAs:** • **Online Portals:** Establish online portals where all signed CDAs are made publicly accessible. This can enhance transparency and allow stakeholders to monitor compliance • **Regular Updates:** Ensure that the information on these portals is regularly updated to reflect any changes or new agreements ***ii. Strengthening Regulatory Frameworks:*** • **Mandatory Disclosure:** Update regulations to mandate the public disclosure of CDAs as part of the licensing and regulatory process • **Compliance Monitoring:** Implement robust mechanisms for monitoring compliance with CDA commitments, including regular audits and community feedback **ii. Community Engagement:** • **Awareness Campaigns:** Conduct awareness campaigns to educate communities about their rights and the contents of CDAs • **Stakeholder Involvement:** Involve local communities in the negotiation and monitoring of CDAs to ensure their needs and concerns are addressed ***v. Leveraging Technology:*** • **Digital Platforms:** Utilize digital platforms and blockchain technology to securely record and track CDA commitments and compliance

	• **Social Unrest:** Lack of transparency can lead to social unrest and conflicts if communities feel they are not being fairly treated.	• **Mobile Applications:** Develop mobile applications that allow communities to access information about CDAs and report non-compliance.

THE PRESIDENCY

NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
NEITI HOUSE 121, Danladi Kifasi Close,
Wuye District, Abuja.
+234 9 2905984 |+234 9 2906624
info@neiti.gov.ng | www.neiti.gov.ng

PRINTED WITH THE SUPPORT OF THE
RULE OF LAW AND ANTI-CORRUPTION
(RoLAC) PROGRAMME

Funded by
the European Union